

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:) CASE NO. 12,923
)
AMENDED APPLICATION OF YATES PETROLEUM)
CORPORATION FOR APPROVAL OF A UNIT)
AGREEMENT AND AN UNORTHODOX GAS WELL)
LOCATION, LEA COUNTY, NEW MEXICO)
)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 19th, 2002

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, September 19th, 2002, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

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12,923

I N D E X

September 19th, 2002
 Examiner Hearing
 CASE NO. 12,923

	PAGE
APPEARANCES	3
APPLICANT'S WITNESSES:	
<u>BILL OWEN</u> (Landman)	
Direct Examination by Mr. Carr	5
Examination by Examiner Stogner	16
<u>KEITH E. MCKAMEY</u> (Geologist)	
Direct Examination by Mr. Carr	19
Examination by Examiner Stogner	24
REPORTER'S CERTIFICATE	28

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	7	16
Exhibit 2	9	16
Exhibit 3	11	16
Exhibit 4	13	16
Exhibit 5	21	24
Exhibit 6	22	24

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A P P E A R A N C E S

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By: WILLIAM F. CARR

* * *

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1 WHEREUPON, the following proceedings were had at
2 8:29 a.m.:

3 EXAMINER STOGNER: At this time I will call Case
4 Number 12,923. This is an amended Application of Yates
5 Petroleum Corporation for approval of a unit agreement and
6 an unorthodox gas well location in Lea County, New Mexico.

7 Call for appearances.

8 MR. CARR: May it please the Examiner, my name is
9 William F. Carr with the Santa Fe office of Holland and
10 Hart, L.L.P. We represent Yates Petroleum Corporation and
11 David Petroleum Corporation in this matter, and I have two
12 witnesses.

13 EXAMINER STOGNER: Any other appearances?

14 I'll ask that the witnesses stand to be sworn at
15 this time.

16 (Thereupon, the witnesses were sworn.)

17 EXAMINER STOGNER: Mr. Carr --

18 MR. CARR: Yes, sir.

19 EXAMINER STOGNER: -- this is an amended
20 Application?

21 MR. CARR: Yes, sir. I filed the Application,
22 and I had the acreage incorrectly stated, and the next day
23 I filed with the correct description of the unit boundary.
24 That's why it was an amended Application.

25 EXAMINER STOGNER: Okay. Now, the information

1 that shows up on the docket, is that correct?

2 MR. CARR: That is correct. I checked the
3 docket, it is correct.

4 EXAMINER STOGNER: You may continue.

5 MR. CARR: May it please the Examiner, at this
6 time we call Mr. Owen.

7 BILL OWEN,
8 the witness herein, after having been first duly sworn upon
9 his oath, was examined and testified as follows:

10 DIRECT EXAMINATION

11 BY MR. CARR:

12 Q. Would you state your full name for the record,
13 please?

14 A. Bill Owen.

15 Q. Where do you reside?

16 A. Roswell, New Mexico.

17 Q. By whom are you employed?

18 A. David Petroleum.

19 Q. Mr. Owen, what is the relationship between David
20 Petroleum and Yates Petroleum Corporation, the Applicant in
21 this case?

22 A. David Petroleum is a working interest partner
23 with Yates Petroleum. Yates Petroleum is the designated
24 operator of this area for us.

25 Q. Have you personally worked on this unit proposal

STEVEN T. BRENNER, CCR
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1 for some time?

2 A. Yes, sir, for years.

3 Q. And so you are actually the land person who has
4 been responsible for the land effort to put this unit
5 together; is that correct?

6 A. Yes, sir.

7 Q. Have you previously testified before the New
8 Mexico Oil Conservation Division?

9 A. Yes, sir.

10 Q. At the time of that testimony, were your
11 credentials as an expert in petroleum land matters accepted
12 and made a matter of record?

13 A. Yes, sir.

14 Q. Are you familiar with the Application filed in
15 this case?

16 A. Yes, sir.

17 Q. Are you familiar with the proposed Calfrope
18 Exploratory Unit, including the status of the lands in the
19 unit area?

20 A. Yes, sir.

21 MR. CARR: Are the witness's qualifications
22 acceptable?

23 EXAMINER STOGNER: They are.

24 Q. (By Mr. Carr) Mr. Owen, would you briefly
25 summarize for the Examiner what it is that is being sought

1 in this Application?

2 A. Basically two things. One, the approval of the
3 Calfropo Exploratory Unit agreement. It's a voluntary
4 agreement, it contains three state leases covering 1560
5 acres. And also the approval of an unorthodox well
6 location for the initial test well, which would be 2068
7 feet from the south line, 610 feet from the west line of
8 Section 28, Township 15 South, Range 34 East.

9 Basically, it's a re-entry of the former Chevron
10 State Number 1 well.

11 Q. And this unorthodox location, you will show, is
12 encroaching only on acreage that will be 100-percent
13 committed to the unit; is that correct?

14 A. That's correct.

15 Q. Have you prepared certain exhibits for
16 presentation here today?

17 A. Yes.

18 Q. Let's go to what has been marked as Exhibit 1,
19 and I would ask you to identify that, please.

20 A. Exhibit 1 is the state exploratory unit.

21 Q. And this is on the State of New Mexico form?

22 A. Yes, sir.

23 Q. Would you turn to what is marked Exhibit A to the
24 unit agreement and identify and review that?

25 A. Exhibit A is, of course, the outline of the unit,

1 covering almost two and a half sections in 15 South, 34
2 East, Lea County.

3 It covers all of Section 29 and all of Section
4 32, and the -- most of the west half of Section 28,
5 excluding the northeast of the northwest. It's three
6 separate state leases.

7 Q. Is 100 percent of the working interest in the
8 unit area committed to the unit agreement?

9 A. Yes.

10 Q. Let's go to the next page of Exhibit 1, the
11 Exhibit B to the unit agreement, the ownership breakdown.
12 Would you review that?

13 A. As you can see, on the Exhibit B again it
14 identifies all three of these specific leases with their
15 respective expiration dates, also shows on the far right-
16 hand side the working interest ownership of each of the
17 three leases, which is uniform throughout all three leases.

18 Q. So in each of the leases, even the percentage
19 ownerships are identical?

20 A. Yes, sir.

21 Q. Has the Commissioner of Public Lands given his
22 preliminary approval to the proposed unit?

23 A. Yes, he has. We actually met with Pete Martinez
24 and his entire group on September the 10th and went through
25 the entire process with them.

1 Q. Is Exhibit Number 2 a copy of the approval letter
2 from the Commissioner of Public Lands?

3 A. Yes, sir.

4 Q. Mr. Owen, there have been several voluntary
5 exploratory units approved in the immediate area of the
6 proposed Calfroppe State Exploratory Unit; is that correct?

7 A. That's correct.

8 Q. And these units, can you identify them for me,
9 please?

10 A. We've been in this area about five years, and
11 within the last year we've put together two previous state
12 units, one is called our New Grass Unit, which is located,
13 I guess you would call it, kind of north and east of this
14 particular unit that we're talking about today. It
15 contains multiple sections.

16 We've recently drilled our first well within the
17 unit, the New Grass State Number 1 well. It has been a
18 proven successful well that was just recently completed and
19 put on line.

20 The second unit that we've put together is called
21 our Big Hat Unit, which is several miles to the west of
22 this acreage that we're talking about again today, called
23 our Big Hat Unit. It also has at this point proved
24 successful, we've drilled a successful well. It hasn't yet
25 been formally completed and put on line, but we believe it

1 to be a successful venture.

2 Q. Now, this is the third voluntary unit in this
3 immediate area?

4 A. Yes, sir.

5 Q. Has there been any active development in this
6 area during the past eight or ten years?

7 A. No, sir.

8 Q. And as to each of these units, the unit operator
9 is Yates Petroleum Corporation; is that correct?

10 A. That's correct.

11 Q. Who has actually been responsible, however, for
12 putting these unit plans together?

13 A. David Petroleum, as I mentioned earlier in your
14 first question, are working interest partners with Yates
15 Petroleum. The areas such as this that we've been very
16 active in, we've kind of taken the lead in most of the land
17 work, as well as the exploration work, just simply because
18 this is an area that we have spent many, many years
19 exploring in. So we've kind of been the lead, although
20 Yates has been the designated operator for us.

21 Q. And is it your request that Yates be designated
22 operator of this unit?

23 A. Yes, sir.

24 Q. Would you go to what has been marked Exhibit
25 Number 3 and identify that and review it for Mr. Stogner?

1 A. Exhibit 3 is an AFE.

2 Q. And what are the totals set out on this exhibit?

3 A. Totals are, for a dry hole, \$438,700 and for a
4 completed well \$927,500.

5 Q. And this will be a re-entry of an existing well?

6 A. Re-entry of the Chevron State Number 1 well, yes,
7 sir.

8 Q. How soon do you plan to actually re-enter the
9 well?

10 A. We plan to be out there before October the 1st.

11 Q. And what is the reason for that?

12 A. We have a lease expiration, one of the leases
13 within the unit, that expires October the 1st. And
14 actually the next lease expires just one month later.

15 Q. Does the unit agreement provide for the periodic
16 filing of plans of development with the Commissioner of
17 Public Lands?

18 A. Yes.

19 Q. And will these plans be filed with the Oil
20 Conservation Division as well as the State Land Office?

21 A. Yes, sir.

22 Q. And how often are these plans to be filed?

23 A. Well, the initial plan would be within six
24 months, and thereafter every year.

25 Q. What horizons are you proposing to unitize in the

1 Calfropo Exploratory Unit?

2 A. All horizons.

3 Q. Now, you've indicated you're going to be re-
4 entering the Chevron State Well Number 1?

5 A. Yes, sir.

6 Q. Can you just briefly describe for Mr. Stogner
7 what it is you intend to do, what depth, what formations
8 you intend to take this well to?

9 A. We intend to re-enter the well, to drill it
10 down -- I believe it's about 2000 feet deeper than where
11 we're at right now, which none of our primary formations
12 have been tested in this well, so we're looking at a total
13 depth of approximately 14,000 feet.

14 Q. And what formation will that be in?

15 A. The Mississippian.

16 Q. And what acreage is dedicated to that well?

17 A. To the 320 -- to the --

18 Q. Yes.

19 A. -- well itself? It would be a 320-acre spacing
20 unit.

21 Q. If we look at that spacing unit, the northeast
22 quarter of the northwest quarter of Section 28 is not
23 included in the unit.

24 A. That's correct.

25 Q. Would you refer to Exhibit Number 6 and review

1 for the Examiner the circumstances which resulted in this
2 tract not being in the unit area?

3 A. Well, Exhibit 6 is a summary of the contact --

4 Q. I'm sorry, it's actually Exhibit 4.

5 A. I'm sorry, you're right. Exhibit 4 is a summary
6 of our kind of ongoing negotiations with the Etcheverry
7 family, who have an interest in that northeast of the
8 northwest quarter. We first contacted them not only about
9 this particular tract but about several tracts they own in
10 this area, sometime back, and our negotiations are still
11 ongoing at this point.

12 As you can see as you go through the
13 chronological list, we've maintained pretty regular
14 communication with them, and sometimes they don't go along
15 quite as smoothly or as rapidly as we would like.

16 Back on -- as part of one of the exhibits, you'll
17 notice -- part of one of the dates there, you'll notice on
18 October the 21st, 2002, Yates Petroleum at our direction
19 went ahead and sent a letter to the Etcheverry family
20 requesting to be participating in the actual well.

21 Q. And that was August 21st?

22 A. Yes, sir, and a copy of that letter is attached.

23 Q. Have you also discussed with the Etcheverry
24 family inclusion of their acreage in the unit area?

25 A. Yes, sir, on October the 23rd, we had sent a

1 letter also, giving them the opportunity to participate in
2 the entire unit. They have indicated they do not want to
3 participate in the unit.

4 The actual ownership in that 40-acre tract is
5 broken up into basically two entities. The first entity
6 owns one-third of that, a little over 13 acres, and which
7 we already have under lease. The rest of it, the other
8 approximately 26 acres, is owned by a different part of the
9 family which are not -- although they may be related,
10 they're not tied together through any negotiations. And
11 those 26 2/3 acres are what we are still working on
12 negotiating.

13 Q. If their tract was included in the unit, what
14 share of the unit production would they have?

15 A. Well, it would be minimal. I'd have to punch out
16 the actual fraction, but they would have approximately 26
17 acres under 1600 acres. That's -- They're not interested
18 in doing that at all. They can see that they will be a
19 very, very minor interest.

20 Q. Have you been talking with the Etcheverrys about
21 committing their interest to a well on a 320-acre unit?

22 A. Yes.

23 Q. And if they did that, they would have 26 acres in
24 320; is that right?

25 A. That's correct.

1 Q. So they'd have a larger interest in the initial
2 test well?

3 A. That's correct.

4 Q. Have you also been in negotiations with the
5 Etcheverrys concerning the surface of the land under the
6 40-acre tract in which they own their interest?

7 A. Yes, sir.

8 Q. And what is the status of those negotiations?

9 A. Well, they are very proud of their surface
10 ownership out there, and they prefer to not have any direct
11 operations on their land. They have a very -- what I would
12 call a serious surface agreement that they like to always
13 attach to their leases in that area, knowing that what we
14 have basically told them is that we would conduct our
15 operations and remain completely off of their property. We
16 have committed to them that we will not touch any of their
17 land relative to this well or these operations, which
18 obviously they were pleased to know that.

19 Q. In your discussions, did you advise them that we
20 were going forward with the unit hearing?

21 A. Yes, sir.

22 Q. And are you continuing discussions directed at a
23 voluntary agreement for the commitment of their 26 acres to
24 the spacing unit for the initial --

25 A. Yes.

1 Q. -- test well on the unit?

2 A. Yes, sir, I'm very optimistic that we will make a
3 deal with them so that they will have voluntary inclusion
4 in the initial test well.

5 Q. Are you dealing directly with members of the
6 family in these --

7 A. Yes, sir.

8 Q. -- negotiations?

9 Were Exhibits 1 through 4 prepared by you or
10 compiled at your direction?

11 A. Yes, sir.

12 Q. Will there be a geological witness who will
13 review the technical basis for this unit area?

14 A. Yes, sir.

15 MR. CARR: Mr. Stogner, at this time we would
16 move the admission into evidence of Yates/David Exhibits 1
17 through 4.

18 EXAMINER STOGNER: Exhibits 1 through 4 will be
19 admitted into evidence at this time.

20 MR. CARR: That concludes my direct examination
21 of Mr. Owen.

22 EXAMINATION

23 BY EXAMINER STOGNER:

24 Q. Okay, Mr. Owen, let's see. First thing that pops
25 up at me here is an unorthodox location, but there is no

1 indication on the Application, or even with your testimony
2 -- well, I shouldn't say that -- of what the proposed
3 spacing unit for this unorthodox location is.

4 A. The proposed spacing unit would be the west half
5 of Section 28.

6 Q. Okay, and that would be for the Mississippian?

7 A. Yes, sir.

8 Q. Okay. Now then, at this point it's my
9 understanding that for just the west-half spacing unit, the
10 Mississippian, the Etcheverrys have not reached a voluntary
11 agreement; is that correct?

12 A. That's correct, sir.

13 Q. But you hope so, and you're not seeking force
14 pooling either at this time or with an application in the
15 near future that's already been applied for or anything?

16 A. We have not applied for -- At this point, sir, we
17 have not applied for a force pooling. We honestly don't
18 believe we're going to have to. We are optimistic that
19 we're going to be able to bring them in either through
20 joining in the well or through a lease.

21 Q. Now, as far as looking at Exhibit Number B on --
22 I'm sorry, that is attachment B, Exhibit B --

23 A. Yes, sir.

24 Q. -- unit agreement which is Exhibit 1, all the
25 working interests, as you said, have ratified the unit?

1 A. Yes, sir.

2 Q. Okay. There's a name down there, William B.
3 Owen. Is that you?

4 A. Yes, sir.

5 EXAMINER STOGNER: All right. At this time I'll
6 take administrative notice of the well file or records
7 pertaining to that old Chevron well.

8 And with that, I have no other questions of Mr.
9 Owen at this time.

10 Any other questions of this witness?

11 MR. BROOKS: No, your Honor.

12 EXAMINER STOGNER: You may be excused. Thank
13 you, Mr. Owen.

14 THE WITNESS: Thank you.

15 EXAMINER STOGNER: Mr. Carr?

16 MR. CARR: Mr. Stogner, I would note that we have
17 reviewed the well file on that old Chevron well and could
18 not find an order number approving the prior unorthodox
19 location. We also got the API number and with Ms. Valdez
20 looked for any approval -- prior approval of that location
21 and have just been unable to find it. But in any event,
22 just for your information, we did look for that and were
23 unable to identify it.

24 EXAMINER STOGNER: So noted, thank you.

25 MR. CARR: At this time we call Mr. McKamey.

1 EXAMINER STOGNER: Let me guess, this is Kenneth
2 E. McKamey; is that correct?

3 MR. MCKAMEY: Keith.

4 EXAMINER STOGNER: With a K.

5 MR. CARR: M-c-K-a-m-e-y.

6 EXAMINER STOGNER: Okay.

7 MR. CARR: And I think you will find, Mr. Stogner
8 on Exhibit B to the unit agreement --

9 EXAMINER STOGNER: Ah, I wondered where I found
10 that.

11 KEITH E. MCKAMEY,
12 the witness herein, after having been first duly sworn upon
13 his oath, was examined and testified as follows:

14 DIRECT EXAMINATION

15 BY MR. CARR:

16 Q. Would you state your name for the record, please?

17 A. Keith McKamey.

18 Q. Mr. McKamey, where do you reside?

19 A. Artesia, New Mexico.

20 Q. By whom are you employed?

21 A. David Petroleum.

22 Q. And what is your current position with David
23 Petroleum Corporation?

24 A. Exploration geologist.

25 Q. Have you previously testified before this

1 Division?

2 A. Yes, I have.

3 Q. At the time of that testimony, were your
4 credentials as an expert in petroleum geology accepted and
5 made a matter of record?

6 A. Yes, they were.

7 Q. Have you made a geological study of the area
8 which is the subject of this Application?

9 A. Yes, I have.

10 Q. And are you prepared to share the results of your
11 work with Mr. Stogner?

12 A. I sure will.

13 MR. CARR: Are the witness's qualifications
14 acceptable?

15 EXAMINER STOGNER: They are.

16 Q. (By Mr. Carr) Mr. McKamey, what is the primary
17 objective in the initial test well on the unit?

18 A. It's the Atoka-Morrow formation.

19 Q. And will this be a wildcat well?

20 A. Yes, it will be.

21 Q. Are there any Atoka-Morrow penetrations currently
22 within the unit area?

23 A. There are no Morrow penetrations in the unit
24 area.

25 Q. Are there secondary objectives?

1 A. There are three secondary objectives, the
2 Wolfcamp, the Cisco-Canyon and the Mississippian.

3 Q. Let's go to what has been marked for
4 identification as David/Yates Exhibit Number 5. I would
5 ask you to first identify the exhibit and review the
6 information thereon for Mr. Stogner.

7 A. Exhibit Number 5 is the Calfroppe Unit Morrow
8 structure map, built on the top of the Morrow formation.
9 The proposed unit area is outlined in red. The re-entry
10 location has an arrow pointing to it; it's in the northwest
11 of the southwest of Section 28, 15-34. We intend to re-
12 enter that well and deepen it 2350 feet. It was dry and
13 abandoned 1-27 of 1990.

14 This map illustrates a structural low, with the
15 upper reaches of that structural low, is what we intend to
16 test. The structural low is oriented kind of north-south.
17 We do expect to have better quality sands in this low
18 because it channels the clastics that come off the nearby
19 highs.

20 One key well, other than the well in 28, is in
21 the northwest quarter of 33. That well had shows in the
22 Atoka-Morrow formation. The sands were a little dirty. We
23 expect to encounter better-quality sands in the re-entry
24 location.

25 There are no commercial wells nearby, either in

1 the unit area or outside the unit area, in the outside
2 surrounding sections. The production numbers are in red.
3 For example, in Section 2 at the bottom of the map, that
4 well has produced right at a third of a BCF. The well in
5 Section 1 in the northwest quarter has made a little over
6 3/4 of a BCF, so they are not commercial by today's
7 standards.

8 Q. Let's go to Exhibit Number 6. What is this?

9 A. Exhibit Number 6 is a 2-D seismic isochron map.
10 The interval mapped in that particular map is from the base
11 of the Atoka to the base of the Morrow, so it's the Morrow
12 isochron that we're mapping here.

13 There are two things that are important to
14 exploration in the Morrow clastics in this area. One is
15 that you have a structural low that channels clastics and
16 kind of confines your boundaries with the sands, and the
17 other thing is to have a thick Morrow section. That way
18 you improve your odds of finding sands in the Morrow.

19 And this isochron map validates the structure
20 map. In other words, we expect to find thick Morrow
21 sediments in a structural low where we expect to have
22 improved quality of sands.

23 I want to also point out that the hot colors on
24 this map are thins, the cold colors are thicks.

25 Q. Now, this map was prepared from what data? 3-D

1 or 2-D seismic?

2 A. 2-D seismic data. We have 3-D east of here about
3 a mile and west of here about three miles in both the
4 previous units that we have drilled. This particular area
5 is not covered with 3-D. We do have several lines criss-
6 crossing Section 28 and, in fact show that that re-entry
7 candidate is located in a low, and that is enough for us to
8 warranty a re-entry.

9 Q. Mr. McKamey, if you're successful with the
10 initial test well, do you have any estimate at this time
11 how many additional wells you might drill within the unit
12 area?

13 A. We anticipate drilling 2350 feet on the re-entry
14 well and two additional offset locations based on the
15 development plan.

16 Q. And based on your understanding of the reservoir
17 at this time, would development of the unitized area under
18 a unit plan and the drilling of three wells on it
19 effectively and efficiently drain the Morrow reserves you
20 believe are there?

21 A. We do, yes.

22 Q. In your opinion, will approval of this
23 Application and the development of this area as you propose
24 be in the best interest of conservation, the prevention of
25 waste and the protection of correlative rights?

1 A. Certainly.

2 Q. Were Exhibits 5 and 6 prepared by you?

3 A. Exhibit 5 was prepared by me. Exhibit 6 was
4 prepared under my supervision.

5 Q. Can you testify as to the accuracy of the data
6 depicted on --

7 A. Yes.

8 MR. CARR: May it please the Examiner, at this
9 time we'd move the admission into evidence of David/Yates
10 Exhibits 5 and 6.

11 EXAMINER STOGNER: Exhibits 5 and 6 will be
12 admitted into evidence.

13 MR. CARR: And that concludes my examination of
14 Mr. McKamey.

15 EXAMINATION

16 BY EXAMINER STOGNER:

17 Q. Mr. McKamey, again on Exhibit Number 5, the red
18 numbers indicate what again? Cumulative production in the
19 Morrow?

20 A. Yes, sir, the left side of the hexagon is the
21 cumulative production, the right side is the last monthly
22 rate production.

23 Q. And if I have a number to the right, that means
24 that well is currently producing or --

25 A. Correct, as of last PI report, yes.

1 Q. Okay. Not its last month of production?

2 A. Right.

3 Q. There's a well to the west over in Section 30.
4 Now, I assume that the TD was 13,000. What information
5 were you able to get off of that old well?

6 A. That is not deep enough to evaluate the Morrow
7 formation, and the Morrow is our primary objective. It is
8 a Cisco/Canyon test and, in fact, does have some shows, log
9 shows, I might add, that give us some indication there may
10 be some Cisco/Canyon in the area.

11 Q. Now, the two wells at the bottom of Exhibit
12 Number 5 that currently has production, do you know who the
13 operator is?

14 A. I can probably tell you real quick. Look on the
15 cross-section. I've got -- The well in the northwest of 1
16 was operated by H&G. It's called the Lovington Plains
17 Number 1 State Com. I do not have the name of the operator
18 in the northeast of 2.

19 Q. But it's not Yates or David; is that correct?

20 A. No, sir, it is not.

21 Q. Okay, so far I've got the Morrow as a primary,
22 the Wolfcamp, the Mississippian and the Cisco/Canyon as the
23 secondary. Is there any other possible gas-productive
24 intervals above the Wolfcamp?

25 A. Not to our knowledge, not for gas.

1 Q. Okay. And let's see, according to this map, the
2 Wolfcamp, the Mississippian, that is all Wolfcamp that
3 you're aware of?

4 A. Correct.

5 Q. And the nearest production would be the Morrow,
6 and that's to the south there in Sections 1 and 2. Do you
7 know what pool that production is designated to at this
8 time?

9 A. No, sir, I do not. I know that there's a Hume
10 Gas Pool to the south, I just don't know whether those
11 wells are included in that.

12 Q. Spelled H-u-m-e?

13 A. I believe that's right.

14 EXAMINER STOGNER: Again, Mr. Carr, I'll take
15 administrative notice of the Division's records on deep gas
16 production. I'm going to assume at this point the
17 unorthodox location would be for anything spaced on 320 --

18 MR. CARR: Yeah.

19 EXAMINER STOGNER: -- is that correct?

20 MR. CARR: I believe that's correct, yes, sir.

21 EXAMINER STOGNER: And that's what you're seeking
22 at this time?

23 MR. CARR: Yes, it is, at this time.

24 EXAMINER STOGNER: Okay. I have no other
25 questions of Mr. McKamey at this time.

1 Any other questions of this witness?

2 MR. BROOKS: No, sir.

3 MR. CARR: Mr. Stogner, that concludes our
4 presentation in this case.

5 EXAMINER STOGNER: Thank you, Mr. Carr. And your
6 presentation was much improved over the last one, if I may
7 say.

8 MR. CARR: Thank you, sir.

9 EXAMINER STOGNER: With that, Case Number 12,923
10 will be taken under advisement. I'll take note of the
11 October 1st lease date, expiration date, and act
12 accordingly.

13 With that, this case will be taken under
14 advisement.

15 (Thereupon, these proceedings were concluded at
16 8:56 a.m.)

17 * * *

18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. 12923,
21 heard by me on 19 September 2002.
22 *Michael L. Allen*, Examiner
23 Oil Conservation Division
24
25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL September 19th, 2002.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002