

CASE NO.

7607

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
9 June 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Com-
pany for the abolishment of the Blanco-
Pictured Cliffs Pool and the expansion of
the South Blanco-Pictured Cliffs Pool in
Rio Arriba, Sandoval, and San Juan Counties,
New Mexico.

CASE
7607

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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Division:

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For the Applicant:

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For Amoco Production Co.
and Mesa Petroleum: William F. Carr, Esq.
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2 MR. STAMETS: We will call at this time
3 Case 7607.

4 MR. PEARCE: Case 7607 is the application
5 of El Paso Natural Gas Company for the abolishment of the
6 Blanco-Pictured Cliffs Pool and the expansion of the South
7 Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San
8 Juan Counties, New Mexico.

9 MR. NANCE: Mr. Examiner, my name is
10 John Nance. For the purposes of this hearing I am associated
11 with the firm of Montgomery and Andrews.

12 El Paso has four exhibits which we will
13 be entering. We have three witnesses who need to be sworn.

14 MR. STAMETS: Are there any other ap-
15 pearances and witnesses today?

16 MR. CARR: May it please the Examiner,
17 my name is William F. Carr, with the law firm Campbell, Byrd,
18 and Black, P. A., of Santa Fe, appearing on behalf of Amoco
19 Production Company and Mesa Petroleum Company.

20 We do not intend to call a witness.

21 MR. STAMETS: Any other appearances?
22 I'd like to have the witnesses stand and be sworn at this
23 time, please.

24
25 (Witnesses sworn.)

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3 MR. NANCE: For our first witness I'll
4 call Mr. Kendrick.

5 What we would like to do is have some of
6 Mr. Kendrick's testimony. We will interrupt that testimony
7 to proceed with some geological and reservoir engineering
8 testimony from our other two witnesses and then we will con-
9 clude with summary testimony by Mr. Kendrick.

10
11 H. L. KENDRICK

12 being called as a witness and being duly sworn upon his oath,
13 testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. NANCE:

17 Q Mr. Kendrick, would you please state
18 your name and address for the record, please?

19 A Harold L. Kendrick, Box 1492, El Paso,
20 Texas.

21 Q Could you tell by whom you are employed
22 and in what capacity, please?

23 A Employed by El Paso Natural Gas Company
24 as a Senior Proration Engineer.

25 Q Have you previously appeared as a wit-

1
2 ness before this body?

3 Q Yes, sir, I have.

4 Q Are you familiar with El Paso's applica-
5 tion in this particular case?

6 A Yes, sir, I am.

7 MR. NANCE: Are the witness' qualifica-
8 tions acceptable?

9 MR. STAMETS: They are.

10 Q Mr. Kendrick, could you tell us what El
11 Paso is seeking in this application?

12 A It is El Paso's opinion that the two
13 pools in question here today, the Blanco-Pictured Cliffs
14 Pool and the South Blanco-Pictured Cliffs Pool should be com-
15 bined as a single pool.

16 Q Would you please provide the Examiner
17 with some history of the two pools?

18 A Yes, sir. The Blanco-Pictured Cliffs
19 Pool was established on March the 15th, 1950, by Order No.
20 R-13. This pool contained three sections in the southwest
21 part of Township 30 North, Range 9 West.

22 The South Blanco-Pictured Cliffs Pool
23 was established on May the 20th, 1952, by Order No. R-156.
24 This pool contained 4-1/2 sections in the northwest part of
25 Township 26 North, Range 7 West, and the southwest part of

Township 27 North, Range 7 West.

Thus the acreage of these two pools were located approximately 18 miles from each other at that time. Each pool continued to grow in size until finally, with the signing of Order R-4002, effective September the 1st, 1970, the pools were near enough to each other that the same acreage between the pools could be incorporated into either pool.

At the present time the two pools are now joined along a line in Ranges 7 and 8 West; along and near the township line between Township 28 and 29 North. That line is approximately eight miles long as a common boundary between the two pools.

Q. Mr. Kendrick, do you believe that each pool is a separate source of supply?

A. No, sir, I do not. I believe the two pools represent a single common reservoir.

MR. NANCE: At this time I would like to call Mr. Craney to testify on El Paso's behalf with respect to certain geological information which we are submitting.

DANA L. CRANEY

BEING called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. NANCE:

Q Mr. Craney, would you please state your name and address for the record.

A My name is Dana L. Craney. My address is 3905 Sierra Vista, Farmington.

Q By whom are you employed and in what capacity?

A I'm a geologist II with El Paso Exploration.

Q Have you previously testified before the Commission or one of its Examiners?

A No, sir.

Q Would you please state your educational background?

A Yes, sir. I received a Bachelor of Science degree in geology from the University of Southern Colorado and a Master of Science degree in geology from the University of Oklahoma.

Q And could you also state your work experience?

A I've worked for El Paso Natural Gas and El Paso Exploration Company for approximately three and a

1
2 half years in the San Juan Basin and specialized in Pictured
3 Cliffs and Fruitland development.

4 Q Are you familiar with what El Paso is
5 seeking in this particular case?

6 A Yes, sir, I am.

7 MR. NANCE: Are the witness' qualifica-
8 tions acceptable?

9 MR. STAMETS: They are.

10 MR. NANCE: Thank you.

11 Q Mr. Craney, have you either prepared or
12 been responsible for the preparation of certain exhibits in
13 this case?

14 A Yes, sir.

15 Q Could you describe generally what these
16 exhibits show?

17 A Generally these exhibits show -- are
18 three cross sections showing stratigraphic relationships of
19 the Pictured Cliffs sandstones in wells on either side of
20 the current boundary between the Blanco-Pictured Cliffs and
21 the South Blanco-Pictured Cliffs Gas Pools.

22 Generally the cross sections will indi-
23 cate the continuity of the two sandstone depositional units
24 across the boundary and the absence of any barriers between
25 the two pools.

1
2 Q We would like to refer now to each of the
3 exhibits individually. The first exhibit we would designate
4 El Paso Exhibit Number One, and could you please describe
5 what appears on that exhibit, Mr. Craney?

6 A Yes, sir. I'd like to first refer you to
7 the small index map down at the bottom. The index map shows
8 a northwest/southeast cross section straddling the pool
9 boundaries, which is the heavy dashed line running along the
10 boundary between Townships 29 North and 28 North.

11 The cross section above is based on a
12 datum, which is the Pictured Cliffs Lewis transition zone.
13 It is a shale zone. The sandstones are yellow. The coal,
14 just for a reference point, in the -- the lowest Fruitland
15 coal is colored gray above.

16 The logs are IES. The cross sections
17 were constructed in conjunction with gamma ray density poro-
18 sity, too, but for the -- for the sake of the presentation
19 just the IES logs are shown.

20 I would like to add that the gamma ray
21 density data did not show any pool boundary, either, and what
22 it shows is on either side of the pool boundary that the sand-
23 stones are continuous.

24 I think --

25 Q Anything else on this exhibit?

1
2 A. I don't know. I think it would be
3 obvious.

4 Q. Okay, could you please refer to what El
5 Paso has designated Exhibit Number Two.

6 A. Okay.

7 Q. And explain that exhibit.

8 A. Again referring to the index map, you
9 can see that this cross section is east of the other. The
10 circle in the middle -- the gas symbols are Pictured Cliffs
11 gas wells. The circle indicates a deeper well, a Dakota well,
12 that is not producing, or was not producing in the Pictured
13 Cliffs at the time this map was made.

14 Again this cross section shows continuity
15 of the Pictured Cliffs Reservoir on both sides of the pool
16 boundary.

17 Q. Okay, finally would you explain what
18 appears on the cross section that we have designated El Paso
19 Exhibit Number Three?

20 A. Exhibit Number Three shows a northwest/
21 southeast cross section on the east side of the pool boundary.
22 It again shows continuity of the sediments along strike and
23 the reason this cross section is extended so far to the south-
24 east is that once you go across the pool boundary you go into
25 an area that is not producing in the Pictured Cliffs sand-

1
2 stone at the present time and just to -- to tie the cross
3 section into a -- into the South Blanco Pool, I had to extend
4 it a couple miles down to the southeast.

5 The cross section above again shows that
6 the sandstones are continuous. They are continuous across the
7 undesignated area, where the Pictured Cliffs is not being
8 produced at this present time, and continuous then to the
9 South Blanco Pictured Cliffs Gas Pool.

10 I'd like to add that when I had these in
11 work form I went over to the Aztec Oil -- the New Mexico OCD
12 at Aztec to see if they had any data in their files that would
13 contradict this, just to make sure that we weren't overlooking
14 anything, and talked with Jeff and Frank there, and they had
15 no data to contradict it.

16 Q What -- could you please summarize then
17 the conclusions that these three exhibits demonstrate to
18 you?

19 A Yes, sir. The conclusions these three
20 cross sections have demonstrated is the Pictured Cliffs sand-
21 stones in the Blanco Pictured Cliffs Gas Pool are continuous
22 across the pool boundary and are in fact the same sandstones
23 in the South Blanco Pictured Gas Pool; that geologically a
24 pool boundary does not exist between Township 28 and 29, Range
25 8 West, in the Pictured Cliffs producing formation.

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2 Q Is there anything else that you would
3 like to add to that?

4 MR. NANCE: El Paso would like to submit
5 Exhibits Number One, Two, and Three into evidence in this
6 case.

7 MR. STAMETS: The exhibits will be ad-
8 mitted.

9 MR. NANCE: And the witness is ready for
10 cross examination, if any.

11
12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q Mr. Craney, in each case you show the
15 formation running from one pool to the other. Do you have any
16 evidence that the gas drains across that line?

17 Or will there be an engineering witness
18 who will demonstrate that?

19 MR. NANCE: We do have an engineering
20 witness. I'm not sure which one would be in a better position
21 to address that question.

22 Can you --

23 A I think that you might be best answering
24 that question.

25 MR. MALDONADO: I'll answer that one.

MR. NANCE: Okay, can we wait till --

MR. STAMETS: We'll put that off till

then.

Q. How are these sands laid down in this area?

A. Okay, the --

Q. Are they laid in there in such a manner that we have a nice, broad, flat, uniform sand body to the north, south, east, west, or is the -- instead are the sands discontinuous? Do they have long axes? If so, what direction does that axis take?

A. Okay, the cross sections are laid out along the axes of the sandstone deposition. The strike of the deposition is northwest to southeast.

Q. So if I were looking at this area when it was laid down and I was looking at a sandbar in the area, that sandbar would be stretching from northwest to southeast?

A. Yes, sir.

Q. Okay.

MR. STAMETS: Any other questions of this witness? Mr. Carr?

CROSS EXAMINATION

BY MR. CARR:

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Q Mr. Craney, just one question. Are you familiar with other Pictured Cliffs pools in the area that have as they've expanded actually -- now actually join or meet, or is this a unique situation?

A I'm familiar with some other boundaries between the pools, yes, sir.

Q And there are other situations where pools have actually, as they've been expanded, actually met in the Pictured Cliffs?

A Well, I'm not familiar --

Q Formation?

A I can't say that. I've seen that between other pools there's definitely a reason for the boundary. In some of the pools I've seen definitely a reason for the boundary to be there, you know, shaling out or something, that's caused a permeability barrier between two pools.

Q So this situation would be unique, you think, in your experience.

A I don't know if it's unique or not. There's just something that will probably be looked into in the future.

Q Okay.

MR. CARR: Nothing further.

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2 MR. STAMETS: Any other questions for
3 this witness? He may be excused.

4 MR. NANCE: Our next witness is Mr.
5 Maldonado.

6
7 NESTOR MALDONADO
8 being called as a witness and being duly sworn upon his oath,
9 testified as follows, to-wit:

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11 DIRECT EXAMINATION

12 BY MR. NANCE:

13 Q Could you please state your name and
14 address for the record?

15 A My name is Nestor Maldonado. My address
16 is P. O. Box 1492, El Paso.

17 Q By whom are you employed and in what
18 capacity?

19 A Okay. I'm employed by El Paso Natural
20 Gas as a Senior Reservoir Engineer.

21 Q Have you previously testified before the
22 New Mexico Oil Conservation Division or one of its examiners?

23 A No, I have not.

24 Q Could you please state your educational
25 background?

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2 A. I graduated from the University of New
3 Mexico in 1974 with a degree in chemical engineering, after
4 which I went to work for Amoco Production as a production en-
5 gineer for one year.

6 After I left Amoco I worked for Conoco
7 in Hobbs, New Mexico, as a production engineer for two and a
8 half years.

9 And after that point I went to work for
10 El Paso Natural Gas in Farmington, New Mexico, as a production
11 engineer. I worked in that position for two years, after
12 which I was a drilling engineer for one year, and after that
13 point I transferred to El Paso as a reservoir engineer.

14 Q Okay, so you are in El Paso's main of-
15 fice?

16 A. Right, main office.

17 Q Are you familiar with what El Paso is
18 seeking in this application?

19 A. Yes, I am.

20 MR. NANCE: Are the witness' qualifica-
21 tions acceptable?

22 MR. STAMETS: They are.

23 Q El Paso has prepared what we would de-
24 signate Exhibit Number Four, Mr. Maldonado, could you please
25 explain what is shown on this Exhibit Number Four?

1
2 A. Okay. The Exhibit Number Four is a map
3 of the area around the present Blanco and South Blanco boundary,
4 and what was plotted on this map are the initial shut-in pres-
5 sures and the date the pressures were taken for the wells in
6 this area.

7 Q. Could you explain the significance of the
8 colors on this map?

9 A. Okay, the shut-in pressures were color
10 coded to indicate various ranges of shut-in pressures.

11 Yellow indicates pressures of 900 psi,
12 or greater.

13 The red indicates pressures of 700 to
14 900 psia, and blue indicates pressures below 700 psia.

15 Q. Could you explain now what relevance the
16 shut-in -- initial shut-in pressures have in this case?

17 A. The New Mexico Oil Conservation Division
18 uses pressures to determine what pool a well will be assigned
19 to, and so we looked at -- took the initial shut-in pressures
20 to determine what -- what they looked like on each side of
21 the boundary.

22 Q. And could you tell me what conclusions
23 you have drawn from the data appearing on this exhibit?

24 A. If you look up there in the Blanco area
25 north of that boundary, you'll see that yellow area, that big

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2 large, yellow area up there, indicating pressures of 900 psi
3 or greater, it extends down into the South Blanco area, as
4 you can see there, and the same with the red area up there.
5 That's the 700 to 900 psia range, it also extends down into
6 the Blanco -- South Blanco area, which --- and I believe that
7 this trend of pressure shows that it's a continuous field.

8 Q There isn't anything in these pressures
9 that leads you to believe that there is a separation occurring
10 at that surface boundary line, is that correct?

11 A That's correct.

12 MR. NANCE: El Paso would submit Exhibit
13 Number Four into evidence.

14 MR. STAMETS: Exhibit Four will be ad-
15 mitted.

16 MR. NANCE: And we will tender Mr. Mal-
17 donado for cross examination, if any.

18
19 CROSS EXAMINATION

20 BY MR. STAMETS:

21 Q Mr. Maldonado, looking at the Exhibit
22 Four --

23 A Uh-huh.

24 Q -- those pressures have been taken over
25 many, many years. There's a 1957 pressure, and there are

1
2 some 1980, and '81. Why have you used pressures that span
3 over twenty years as opposed to using some sort of current
4 pressure data?

5 A Well, the initial pressure is the base
6 for the determination of field extent, and the spacing is 160
7 acres, so theoretically, a well in 1957, if it had a pressure
8 of 1000 pounds or 1050 pounds, if a well is drilled next to
9 it, it should not have been drained and it should also have
10 the initial reservoir pressure regardless of when it was
11 drilled, theoretically.

12 And in a lot of cases, if you'll look,
13 the later wells will have as high a pressure as some of the
14 wells that were drilled in the fifties.

15 Q So what you're saying is that theoreti-
16 cally, and then obviously, actually, we're not getting drain-
17 age significantly over a 160 acres in this area.

18 Does that mean that we're not getting
19 any drainage across this magic line separating these two
20 fields?

21 A Well, I mean it's the same there as it
22 is here, down in the South Blanco or in the Blanco.

23 In some cases you do get, you know,
24 drainage between two wells but it depends on the -- on the
25 individual wells or a characteristic of sands between two

1
2 wells.

3 Q Looking in the center of the exhibit, in
4 Section 33, whatever township that is, Section 33, immediately
5 below the word "Blanco" in the Blanco Field, there's a test
6 in 5-73 of 1025 pounds.

7 A Uh-huh.

8 Q Immediately to the southeast of that, in
9 1980 there's a pressure of 1,034 pounds.

10 A Uh-huh.

11 Q Is that indicative of any drainage in
12 that area?

13 A No.

14 MR. STAMETS: Any other questions of this
15 witness?

16 MR. CARR: No.

17 MR. STAMETS: He may be excused.

18 How much more do you have, Mr. Nance?

19 MR. NANCE: We have, I would guess,
20 perhaps ten minutes of Mr. Kendrick's testimony to resume.

21 MR. STAMETS: Well, let's take about a
22 ten or fifteen minute recess.

23 MR. NANCE: All right.

24

25 (Thereupon a recess was taken.)

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3 MR. STAMETS: The hearing will please
4 come to order.

5 Mr. Nance, you may proceed.

6 MR. NANCE: We'd like to resume with some
7 additional testimony by Mr. Kendrick.

8
9 H. L. KENDRICK

10 being recalled as a witness and being previously sworn upon
11 his oath, testified as follows, to-wit:

12
13 DIRECT EXAMINATION

14 BY MR. NANCE:

15 Q Mr. Kendrick, is the Blanco-Pictured
16 Cliffs Pool currently prorated by the rules and regulations
17 of the New Mexico Oil Conservation Commission?

18 A No, sir.

19 Q Is the South Blanco-Pictured Cliffs sub-
20 ject to proration rules?

21 A Yes, sir, it is.

22 Q Could you tell me what you propose to do
23 about proration in this area if it is made into a single pool?

24 A I propose that the total area be consi-
25 dered as one pool and be produced and prorated according to

1
2 the existing rules and regulations of the New Mexico Oil Con-
3 servation Division for the South Blanco-Pictured Cliffs Pool.

4 Q And what name would you propose for the
5 new combined pool?

6 A There are presently approximately 1607
7 wells in the South Blanco-Pictured Cliffs Pool and approxi-
8 mately 718 wells in the Blanco-Pictured Cliffs Pool. In an
9 effort to save in the amount of paper work to be processed,
10 I would recommend that the surviving name be the one from the
11 pool with the most wells, which would be the South Blanco-
12 Pictured Cliffs Pool.

13 This would also avoid the need for amending
14 the special pool rules for the South Blanco-Pictured Cliffs
15 Pool simply to accommodate a name change for the pool; or,
16 stated another way, this would eliminate the necessity of
17 having to write special pool rules for a newly named pool to
18 accommodate the same results for the same wells.

19 Q Okay, you are recommending that the sur-
20 viving pool be prorated. Is this necessary?

21 A At the present time El Paso Natural Gas
22 Company predicts its demand for gas from the San Juan Basin
23 in the coming months will be somewhat lower than the present
24 demand. If this forecast is true, then El Paso will be
25 taking less gas. With proration rules in effect as specified

1
2 for the South Blanco-Pictured Cliffs Pool all wells could be
3 produced in an equitable manner.

4 Q Do you have in mind a date as to when
5 this could be affected?

6 A As far as El Paso is concerned, July
7 the 1st, 1982, would be satisfactory; however, I would recom-
8 mend that the effective date be worked out with the New Mexico
9 Oil Conservation Division and other pipelines and producers
10 so that this might be implemented at the earliest possible,
11 practical date.

12 Q In this connection would El Paso be able
13 and willing to provide the Oil Conservation Division with any
14 assistance in gathering information for this purpose?

15 A Yes, we would try to assist them in any
16 way that we could to get this implemented.

17 Q Mr. Kendrick, do you have any specific
18 suggestions as to how proration should be implemented?

19 A Yes, I have a few suggestions. One would
20 be that a name should be devised so that each well transferred
21 from the South Blanco -- pardon me, that each well transferred
22 from the Blanco-Pictured Cliffs Pool to the South Blanco-
23 Pictured Cliffs Pool would become prorated without the issuance
24 of a supplement for each individual well.

25 The second thing is that all new wells

1
2 from the Blanco-Pictured Cliffs Pool would be brought into
3 the South Blanco-Pictured Cliffs Pool with a zero status, ef-
4 fective -- on the effective date of this order.

5 This means that none of the transferred
6 wells would come into the pool as either over produced or
7 under produced.

8 Third, I believe that the Division directive
9 or in accordance with Rule 7-A of Order R-1670-K, each pipe-
10 line would be required to present a new nomination for the
11 first month of operation as a newly enlarged pool to indicate
12 their projected takes from the pool. This, of course, would
13 be continued as necessary.

14 Fourth item would be with these nomina-
15 tion figures an attempt would be made by the New Mexico Oil
16 Conservation Division with whatever assistance can be provided
17 by any pipeline company, whether it be El Paso or others, or
18 any operator, to classify each well as a marginal well or as
19 a non-marginal well in the South Blanco-Pictured Cliffs Pool.
20 And this attempt at classification should be done using what-
21 ever production history is available to make a proper classi-
22 fication.

23 To elaborate on that point just a little,
24 I'm saying that we can look at production history from these
25 wells only for the purpose of establishing a classification

1
2 as marginal or non-marginal, certainly not bringing production
3 history into a status situation or a standing of over or under
4 produced for those wells as they enter the pool.

5 This --

6 MR. STAMETS: Excuse me, Mr. Kendrick,
7 did you indicate that all the transporters in the area should
8 participate in doing this, or is this something you expect to
9 do or something you expect the Division to do?

10 A. I think it is the responsibility of the
11 Division to make this classification, but in accordance with
12 other rules and regulations of the Division, certain classifi-
13 cations can be done in various manners by the Secretary of
14 the Division and by presenting data necessary to show the
15 classification by any operator or other interested party.

16 So what I'm saying is, whatever coopera-
17 tion can be mustered to aid the Oil Conservation Division in
18 making these classifications, it should all be put together
19 in one effort to carry forward to implement this program.

20 MR. STAMETS: Thank you.

21 A. This classification is necessary to cause
22 the total allowable from the pool to be assigned to wells in
23 a manner that will permit the demand for gas to be met. In
24 other words, the allowable to be produced must be assigned
25 to the wells that will produce the allowable necessary to meet

1
2 the demand.

3 The classification of wells as marginal
4 or non-marginal be made with the full understanding that the
5 Division Director has the authority to reclassify any well at
6 any time. The well's production data, deliverability data,
7 or other evidence as to the well's producing ability, justifies
8 such reclassification, as set forth in Order R-1670, Rule
9 16-B, and that any operator or other interested person who
10 can present data to the Division showing that a well is im-
11 properly classified can cause that classification to be changed
12 similarly to Rule 16-A of Order R-1670.

13 And one further item that is, I propose
14 that some system be devised to transfer a well automatically
15 or by rubber stamp from the Blanco-Pictured Cliffs Pool to
16 the South Blanco-Pictured Cliffs Pool without the necessity
17 of each operator refiling C-104 forms for each individual
18 well. Hopefully, a system could be worked out between the
19 Division, the operators, and the pipeline companies to elimin-
20 ate excessive paper work.

21 Q Mr. Kendrick, do you believe the proposal
22 that El Paso has set out will be in the best interest of all
23 producers and pipeline companies involved and will aid in the
24 protection of correlative rights and prevention of waste?

25 A Yes, I do.

1
2 Q I'd like to ask you if you could elaborate
3 just a little bit on what information El Paso has available
4 to it that would enable us to assist the -- the Division in
5 implementing this program?

6 A All right. El Paso has in some of its
7 computer records the production of each well in the San Juan
8 Basin; thereby, we may be able to furnish to the Commission,
9 if they desire to have the data, the past year's production
10 from each individual well that is at least a year old, or
11 whatever production data is available. This might aid in
12 making classification assignments to the wells as either mar-
13 ginal or non-marginal.

14 Q Do you have anything further in this case,
15 Mr. Kendrick?

16 A No, sir.

17 MR. NANCE: The witness is tendered for
18 any questions.

19

20 CROSS EXAMINATION

21 BY MR. STAMETS:

22 Q Mr. Kendrick, why is it necessary to
23 combine these two pools?

24 A That might be answered in another ques-
25 tion. Is it necessary to keep the two pools separated? An-

1
2 other answer might be --

3 Q When you've got a good thing, don't mess
4 around with it; if it ain't broke, don't fix it.

5 A Those make a good idea, too; however, the
6 Blanco-Pictured Cliffs Pool is the largest producing pool in
7 the San Juan Basin that is not prorated, and by the fact that
8 it does join the South Blanco-Pictured Cliffs Pool that is a
9 prorated pool, and secondly, from the evidence that we have
10 presented today, we do not believe there to be a boundary be-
11 tween the two pools, then the Blanco-Pictured Cliffs Pool
12 could be incorporated in the South Blanco-Pictured Cliffs
13 Pool and be prorated according to the rules of the South Blanco-
14 Pictured Cliffs Pool.

15 MR. NANCE: May I ask him a clarifying
16 question here, also?

17 MR. STAMETS: Yes.

18 MR. NANCE: Does El Paso feel that the
19 proposal that it's making is the most expeditious way of
20 accomplishing proration for what is currently considered the
21 Blanco-Pictured Cliffs Pool?

22 A Yes, I think it is, by virtue of more
23 than one pipeline being in existence in the Blanco-Pictured
24 Cliffs Pool. There are at least three pipelines involved.
25 El Paso knows or has a very strong interpretation that our

1
2 demand from the San Juan Basin will be restricted enough this
3 summer we will be having to curtail production from all wells,
4 or from all pools of the San Juan Basin, and possibly other
5 pipelines may have the same problem.

6 El Paso could implement pipeline pro-
7 ration in non-prorated pools. Our type of pipeline proration
8 might not be the same as another pipeline company's proration
9 and we feel that if the State had rules for proration that
10 they would be equitable for all the pipelines and for all of
11 the operators.

12 Q Now let me see if I understand this.
13 What you're saying is that El Paso thinks that perhaps its
14 demand might be down this summer; they don't know that it will,
15 is that right?

16 A Well, a crystal ball is only so good that
17 we are making our nominations reduced through this summer,
18 through these summer months, very definitely.

19 Q Then you're also concerned about other
20 transporters in the area and their demands, is that correct?

21 A We do not know their problems or their
22 demands, but we know what ours will be, and just making a
23 correlation, if theirs are similar to ours, then curtailment
24 will exist on all pipelines this summer. If they're not the
25 same as ours, well, we're happy for them.

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Q. But we haven't heard anything from them so we don't know about the other transporters.

A. I do not know.

Q. And, thus, I don't know, since it's not in the record.

Now, I still feel that what we have is -- is maybe, and possibly, and perhaps, identifying El Paso's demand this summer. I haven't heard anything here that says El Paso's demand will be down 17 percent this summer.

A. I did not name a percent but El Paso's demand will be down this summer, and I am not at this time presenting you with the nomination figures for the various months that they will be down, and we have notified operators of wells connected to our system that our takes will be reduced.

Q. Can you tell me what bad is going to happen if these pools aren't consolidated?

A. If correlative rights become violated because of one pipeline taking differently from another pipeline, or one pipeline taking differently from one operator than another operator on that same pipeline, then we do have a problem.

Q. So we don't know anything about any other pipeline and we don't have any firm figures for El Paso, so

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2 what we have it total speculation based on little or no evi-
3 dence in that case.

4 MR. NANCE: Can you give the Examiner
5 an idea, at least an approximation of El Paso's takes from the
6 Blanco-Pictured Cliffs Pool in relation to the takes of other
7 pipeline companies from that pool?

8 And why El Paso's anticipated takes have
9 an impact on that pool?

10 A. I believe in the Blanco-Pictured Cliffs
11 Pool El Paso is connected to approximately 600 wells out of
12 slightly over 700 wells. Not knowing the other pipelines'
13 takes and percentagewise, but El Paso has been taking greater
14 than 85 percent of the gas available to it.

15 Our takes are then reduced this summer
16 to 75 percent of the gas available to it as a first point in
17 reduced takes. We do not know if the takes will be below
18 that. The average for the year will be above 75 percent of
19 the gas available to it, but the summer months are right now
20 being cut to 75 percent.

21 MR. NANCE: So it's El Paso's position
22 that proration rules are required for the -- what is now the
23 Blanco-Pictured Cliffs Pool in order to equitably treat the
24 reduced production that El Paso will be receiving, and it is
25 not critical to El Paso -- it is not as critical to El Paso

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2 that it be brought in as part of the South Blanco-Pictured
3 Cliffs Pool, or be kept separate, the important thing is the
4 proration rules, is that correct?

5 A. I believe that would be correct.

6 MR. NANCE: And it is El Paso's position
7 that bringing it in as part of the South Blanco-Pictured
8 Cliffs Pool is a reasonable way of interpreting the pool and
9 that it would be the most expeditious way of implementing
10 proration rules for the pool, is that correct?

11 A. Yes, sir, in my opinion.

12 Q. Would El Paso be able to take ratably
13 from its connections in the Blanco-Pictured Cliffs without
14 proration?

15 A. El Paso has always tried to take ratably
16 between all wells connected to the system and would have no
17 reason to venture away from that policy.

18 Q. So you're here trying to protect the
19 correlative rights of the operators of leases you're not con-
20 nected to.

21 A. And assure the operators that are con-
22 nected to us that we are still protecting their correlative
23 rights in the takes that would be made from their wells ac-
24 cording to the rules of prorationing for that pool.

25 Q. Mr. Kendrick, do you have any information

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2 on the other pipelines in the area, what percentage of the gas
3 available to them that they're taking?

4 A. No, sir, I do not.

5 Q. They might be taking 90 percent of what
6 is available to them, is that correct?

7 A. I don't know.

8 Q. Or it might be 50 percent.

9 A. It could be any figure as far as I know.

10 Q. So, again, based on the testimony, we
11 don't know if El Paso is protecting those operators or not
12 in this case, since we have no way of gauging takes from those
13 leases versus the leases that El Paso's connected to.

14 A. There are production records available
15 for each of the wells in this non-prorated pool through the
16 New Mexico Engineering Committee Report that would give that
17 data as to how much gas is being produced by each pipeline.

18 I do not have it tabulated.

19 Q. I believe you indicated El Paso would
20 furnish the Division with certain data on wells to assist in
21 any work we might do relative to determining the marginal or
22 non-marginal status of certain wells. Now, is that informa-
23 tion on El Paso connections only or would that be for all
24 wells in the Blanco-Pictured Cliffs Pool?

25 A. As I understand it, in some of our data

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2 banks we do have the production for every well in the San
3 Juan Basin, regardless of pipeline connection.

4 MR. STAMETS: Are there other questions
5 of this witness? Mr. Nutter.

6
7 QUESTIONS BY MR. NUTTER:

8 Q Mr. Kendrick, in the absence of proration,
9 if a pipeline has to curtail production from a well, is there
10 any assurance that well would ever be able to make it up
11 again, in the absence of proration?

12 A Would you state that again, please?

13 Q Okay, I'll put it another way. Does the
14 practical effect of prorationing result in -- I should say,
15 does the practical effect of curtailing production under pro-
16 rationing result in the accumulation of under production
17 which can be made up when the market gets better, and in the
18 absence of prorationing is this effect lost?

19 A It may be lost in the absence of pro-
20 rationing.

21 Q Because there's no obligation to any
22 pipeline to make up curtailment if there is no prorationing,
23 is there?

24 A That is correct, other than what their
25 contract stipulations might be with each individual operator.

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Q Uh-huh, and you don't have to whatever the contract calls for.

A Yes, sir.

Q And that's 80 percent of the deliverability, or something like that, usually, isn't it?

A Or whatever figure, yes, sir.

Q So if you're taking 85 percent now, you are taking more than the contract price -- obligation, but if you're going to curtail to 75 percent you'd be taking less than the contract.

A That's possible.

Q So the 5 percent from 85 percent down to 80 is -- you're not obligated to ever take that, then.

A That would be true under the conditions as you stated.

Q Without proration.

A Yes, sir.

Q But if the wells were prorated and accumulated under production there would be some sort of an obligation to take the under production that's accumulated.

A That is correct.

Q Or it would be cancelled, then you check with the producer.

A Yes, sir.

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2 Q Now, at the beginning of your testimony,
3 Mr. Kendrick, you said the Commission could consult with the
4 producers and the pipelines to see how this would be imple-
5 mented. I'd like for you to tell me how we're going to imple-
6 ment consultation with the producers and the pipelines.

7 A I'll tell you --

8 Q As of the date of this hearing.

9 A My thoughts might be that such a directive
10 might be written, or an open order of invitation, that we plan
11 to prorate a pool. We would like to have your assistance in
12 gathering data for this pool; the acreage factors for all your
13 wells or the acreage factors for wells connected to your
14 system; whatever data that you can furnish to help make your
15 data base complete in order to establish that as soon as
16 possible so that proration could be implemented as soon as
17 possible.

18 Q Now, when you mentioned that El Paso
19 would furnish us with production histories on the wells in
20 the pool, which would assist us in making a determination as
21 to whether the well should be classified as marginal or non-
22 marginal, we have to have a figure to put that production
23 history up against, and that is a predicted allowable.

24 A That is correct.

25 Q How are we going to arrive at the pre-

dicted allowable? Would we have to wait for the nominations to come in and then work from that?

A. Yes, it has to be worked with nominations and at the same time the pipeline companies could be asked to submit those nominations so you would have that to work with.

Q. I see. Normally nominations come in at the beginning of the proration period for a period of twelve months. I suppose preliminary nominations would be for the remaining months in the current proration period, be it six months, five months, or whatever would be left, or eight months, before the expiration of the current period, and then supplemental nominations each month after that. Would that be --

A. Well, supplemental nominations are coming in monthly now.

Q. Right.

A. It would not be beyond reason for me to understand the Commission to say, look, you have new figures for the now South Blanco-Pictured Cliffs Pool, so the total deliverability tied to each pipeline is far different to when you gave us your preliminary nominations, give us a new set of preliminary nominations for this pool for the remainder of this proration year.

Q. For the remainder of the proration period.

A. Yes, sir. And then, of course, your

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2 supplemental nominations coming in monthly to help keep us
3 closer to the actual expected withdrawals from each pool to
4 continue.

5 Q And you would recommend that all the wells
6 that are in the Blanco-Pictured Cliffs would come into the
7 South Blanco-Pictured Cliffs with a zero status.

8 A Absolutely.

9 Q Okay.

10 MR. NUTTER: That's all.

11 MR. STAMETS: Mr. Carr?

12
13 CROSS EXAMINATION

14 BY MR. CARR:

15 Q Mr. Kendrick, as I understand it, the
16 purpose of the hearing and the purpose of the application is
17 to extend prorationing to the South Blanco -- to the area
18 now included in the Blanco-Pictured Cliffs Pool, is that
19 right?

20 A Yes, sir.

21 Q And the purpose -- and the reason for
22 this is to deal with a problem that results from reduced de-
23 mand.

24 A Yes, sir.

25 Q Now, if your proposal couldn't be imple-

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2 mented until the end of the summer, due to problems just get-
3 ting the wells classified, and all, would it accomplish its
4 purpose for El Paso?

5 A. It may not accomplish as much of the
6 purpose that we would be -- that we are setting out for today,
7 as it would be if it were initiated today. Our hope would be
8 for the more equitable take from each operator off of each
9 well, that this be implemented as soon as possible.

10 Q. Now if I understand your answer, it is
11 that even if it doesn't meet the short term problem for this
12 summer, that you think it might address problems later on.

13 A. Yes, sir, it might.

14 Q. How many wells are there in the Blanco-
15 Pictured Cliffs Pool that would be affected? Do you have an
16 approximate number?

17 A. Do you mean how many would be marginal,
18 how many would be non ---

19 Q. No, I mean how many wells would, because
20 of this application, become subject to prorationing?

21 A. Approximately 718, or the total number
22 of wells within that pool today.

23 Q. And that's how many would have to be
24 reviewed and determinations made as to whether or not they're
25 marginal or not?

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A. Yes, sir.

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Q. Now I don't pretend to understand prorationing, but is it not possible that the short term problem could be handled simply by adjusting the nominations?

6

7

A. There are no nominations for non-prorated pools.

8

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Q. And so by adjusting the nominations, you're only affecting the South Blanco-Pictured Cliffs Pool.

10

11

A. The South Blanco-Pictured Cliffs Pool being one pool that's under question today, yes, sir.

12

13

Q. Are there other Pictured Cliffs pools in the basin that are not prorated?

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A. Yes, sir, there are.

16

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Q. Does El Paso purchase from some of those?

A. Yes, sir.

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Q. If this application is important to protect correlative rights, why shouldn't all Pictured Cliffs wells in the basin be subject to prorationing?

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A. I believe there were four other Pictured Cliffs Pools in the San Juan Basin that were prorated at one time, being the West Kutz, Fulcher Kutz, Ballard, and Aztec, Pictured Cliffs pools that were prorated and proration was eliminated in those pools at a time when the takes were high and it was felt that proration was not serving any good in

1
2 those areas.

3 Also, those areas are very low producers.
4 As I mentioned earlier, the Blanco-Pictured Cliffs Pool is the
5 largest producing pool in the San Juan Basin that is not pro-
6 rated; largest in total gas available per day.

7 Q Well, when you say these other areas are
8 low producers, are you talking about the area? You're not
9 talking about individual wells?

10 A I'm talking about both the wells are small
11 producers and the total amount of gas from the pool is a small
12 volume.

13 Q Do you think that instituting a prorationing
14 in these other Pictured Cliffs pools would tend to protect
15 correlative rights of operators in those pools?

16 A I do not feel that it is necessary at
17 this time in those other pools.

18 Q Now, what effect would your proposal
19 have on the takes from wells that are now in the Blanco-Pic-
20 tured Cliffs Pool? If your proposal is accepted by the Com-
21 mission, will the takes from those wells be affected?

22 A The takes will be affected from all wells
23 in the Blanco-Pictured Cliffs Pool.

24 The takes by El Paso Natural Gas from all
25 wells in the San Juan Basin will be affected this summer.

1
2 Q Will the institution -- or the imposition
3 of -- or whatever the term is -- instituting of prorationing
4 in the, what is now the South Blanco-Pictured Cliffs Pool re-
5 sult in lower takes from the wells in that area than would
6 result if the area was not prorated?

7 A You said in the South Blanco --

8 Q I'm talking about the Blanco-Pictured
9 Cliffs Pool area, and if that area is now prorated, will the
10 takes be reduced as compared to what they would be absent pro-
11 rationing?

12 A If El Paso took 100 percent of -- or was
13 connected to all of the wells in the Blanco-Pictured Cliffs
14 Pool, possibly the need for a State-administered proration
15 formula would not be necessary, because El Paso would try to
16 take equitably from each well.

17 But with different pipelines existing
18 in the pool, we do not know what the other pipelines will be
19 doing while we are taking at a reduced rate.

20 Q Now, if we look in this Blanco-Pictured
21 Cliffs Pool at the wells that will be affected by institution
22 of -- of prorationing --

23 A Yes, sir.

24 Q -- and we look just at the El Paso wells,
25 the wells that are selling to El Paso, will the fact that

1
2 the wells are being prorated reduce the takes from those
3 wells?

4 A. We would have to consider the nomina-
5 tions of each pipeline company, the percentage that they're
6 taking from the pool, each pipeline company, and by El Paso
7 taking a greater percentage from the pool, the other pipeline
8 companies takes or nominations would have less effect on the
9 proration from those wells than would El Paso's takes. So
10 what El Paso does in this case may have a greater effect than
11 what any other one does.

12 It is very possible for wells connected
13 to El Paso's system the takes would be the same under pro-
14 ration or without proration.

15 Q And is it possible that under proration
16 the takes would be reduced?

17 A. Not any more than without proration. In
18 fact, we may have some lost takes by not having proration.

19 Q So it's your testimony that the -- that
20 prorating wells connected to the El Paso system in the Blanco-
21 Pictured Cliffs Pool will not reduce the takes from those
22 wells.

23 MR. NANCE: May I ask a clarifying ques-
24 tion, Mr. Carr?

25 Would you say that it would not reduce

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2 the takes on a total pool basis, although it might vary the
3 takes on an individual well-by-well basis, having prorationing
4 in effect as opposed to not having proration in effect?

5 A. Now I can't answer that this way.

6 MR. NANCE: Sorry.

7 A. If El Paso is going to take a figure of
8 100, that is what we intend to take and that's what we will
9 take. Now how that 100 is arrived at on a per well basis may
10 be different under proration or if not under proration, due to
11 influence of other pipelines.

12 If El Paso simply reduces its takes to
13 a figure of 100, we would try to set up our system to reduce
14 the total available to us to a figure of 100. Without pro-
15 ration we will not become under produced with some wells, as
16 Mr. Nutter outlined before, so we might not have any under
17 production to make up. So that production might eventually,
18 say, be lost, not to be made up.

19 Does that answer the question?

20 Q. Let me ask a question this way, Mr. Ken-
21 drick.

22 Let me ask you a hypothetical question.
23 If I owned every well in the Blanco-Pictured Cliffs Pool,
24 and the pool was prorated pursuant to your plan, would the
25 gas that I sold El Paso, the volume be reduced with prorationing

as opposed to operating as is without prorationing?

A. I think the answer that you're looking for is no.

Q. All right.

A. If we're going to take 100, we're going to take 100 this way or that way, and you, if you owned every well, we're going to still get that 100.

Q. And so prorationing wouldn't effect takes from the pool, the volume total from the pool?

A. That is correct.

Q. Now, if I owned even one well in the Blanco-Pictured Cliffs Pool, it is possible that the take would be affected, is that correct?

A. Yes, sir.

Q. It might be less and it might be more.

A. Might be less, yes, sir.

Q. It wouldn't be more?

A. With the thought in mind we are reducing our takes totally, and I do not see how we would be taking more from an individual.

Q. Well, if you're going to take no more from any individual but less from some, how could you take the same amount from the whole pool?

A. We're going to take an amount from the

pool.

Q. Uh-huh.

A. Just how it's allocated between wells yes, so we're having to reduce total takes, so some wells will be cut maybe more than others.

Q. I see.

MR. CARR: I have no further questions.

RECROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Kendrick, Mr. Nutter was talking about contracts a little while ago. Were those contracts to your knowledge voluntary arms-length agreements?

A. I am not qualified to answer that.

Q. All right. How many non-marginal wells are there in the South Blanco-Pictured Cliffs Pool?

A. Let me look in a schedule. This is the May, 1982, State of New Mexico Energy and Minerals Department Oil Conservation Division, San Juan Basin Gas Proration Schedule. For South Blanco there are 1424 marginal wells, 183 non-marginal.

Q. Can you give me a figure, Mr. Kendrick, that would represent what you think would be a reasonable increase in the number of non-marginal wells in South Blanco

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2 resulting from El Paso's decreased demand and the resultant
3 fact being that more wells then would be producing a non-mar-
4 ginal allowable?

5 A. I cannot give you that figure at this
6 time. It's determined by the total nominations, or could be
7 determined by total nominations, total takes, and well re-
8 classification. It is very possible that reclassification
9 could happen decreasing the number of marginal wells and in-
10 creasing the number of non-marginal wells.

11 With reduced takes that would be what
12 you would expect to happen.

13 Q. To your knowledge, is there any reason
14 to think that the number of non-marginal wells in the Blanco-
15 Pictured Cliffs Pool, at least as a percentage, would be sig-
16 nificantly different from the wells in the South Blanco?

17 A. Roughly, the figures I have looked at
18 would indicate that possibly the wells in the Blanco-Pictured
19 Cliffs Pool are generally better producers than the South
20 Blanco-Pictured Cliffs, and thus they may have a higher per-
21 centage of non-marginal wells compared to marginal wells, for
22 that group of 700+ wells.

23 Q. Mr. Kendrick, the proration period for
24 prorated gas pools in the state begins on April 1. Perhaps
25 that would be a nice date to begin prorating any pool that's

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2 going to require as much work as this thing is going to re-
3 quire.

4 What would the effect be of an order
5 granting the relief El Paso is seeking but making April 1,
6 1983, the effective date?

7 A. As far as near term predictions of gas
8 to be produced through El Paso's pipeline, we feel the greatest
9 need is in the immediate future and hopefully, some recovery
10 toward the time that -- of April of 1983, to where that our
11 takes have recovered somewhat from the lower takes that we
12 will experience this summer.

13 Q. Do you mean to say that by April 1, 1983,
14 you may be back with the situation that you were in last year?

15 A. Pipelines seemingly follow a feast or
16 famine situation. One day you may not have enough gas;
17 another day you may have far too much gas for your market re-
18 quirements, and the market is semi-unstable, if you please,
19 and what predictions are available for 1983, I don't know.

20 Q. What's the life expectancy of these pools?

21 A. I can't answer that. Forever.

22 Q. Does El Paso anticipate these pools will
23 be supplying gas to their system in the next 20 years?

24 A. If you please, I'll answer it this way.
25 The first pool of the Blanco-Pictured Cliffs Pool was esta-

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2 blished around an area that had a well called the Godey No. 1
3 that I believe was drilled in 1928, and if memory serves me
4 correctly, that well has now been plugged, but not many years
5 ago.

6 So the pool life might be several years.

7 Q Is it possible that El Paso is proposing
8 the Division rush into something that really doesn't need to
9 be done? We're looking at recovery inside of nine months,
10 and maybe a pool life of twenty years or more?

11 A We don't feel that you're being pushed
12 to rush into something that we do not feel needs to be done.
13 We feel that it's in everyone's interest to instigate this
14 proration this way.

15 Q El Paso is aware, certainly, of the ex-
16 pense of proration, the great deal of work that goes into it,
17 and time that is generated on the computer and by Division
18 personnel and company personnel keeping up with what's going
19 on in prorationing. It certainly seems as though that should
20 be given some weight in this proposal, especially if we're
21 looking at something that has solved itself in nine months.

22 A We don't know that it will be absolutely
23 solved in nine months.

24 MR. STAMETS: Any other questions of
25 the witness? He may be excused.

Does anyone have anything further that they wish to offer in this case?

If there is nothing further, then, the case will be taken under advisement, and the hearing is adjourned.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7607 heard by me on 6/29 1982.
Richard H. Dunn, Examiner
 Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

July 19, 1982

POST OFFICE BOX 2088
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Mr. John Nance, Attorney
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: CASE NO. 7607
ORDER NO. 2-7029

Applicant:

El Paso Natural Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD _____
Artesia OCD x _____
Aztec OCD x _____
 x _____

Other William F. Carr

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7607
Order No. R-7029

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ABOLISHMENT OF THE
BLANCO-PICTURED CLIFFS POOL AND THE
EXPANSION OF THE SOUTH BLANCO-PICTURED
CLIFFS POOL IN RIO ARRIBA, SANDOVAL AND
SAN JUAN COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 9, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of July, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, El Paso Natural Gas Company, seeks
the abolishment of the Blanco-Pictured Cliffs Pool and the
expansion of the horizontal limits of the South Blanco-Pictured
Cliffs Pool to include the abolished acreage in Rio Arriba,
Sandoval and San Juan Counties, New Mexico. Also to be
considered is the appropriate method for institution of gas
prorationing for wells effected by the change in pool
designation (consolidation).

(3) That said pools are joined by a common boundary eight
miles long.

(4) That geologically, the two pools are very similar and
indistinguishable along their common boundary.

(5) That the engineering evidence presented at the hearing
did not demonstrate any drainage across pool boundaries but in
fact tended to show that such drainage was not occurring.

-2-

Case No. 7607
Order No. R-7029

(6) That no evidence was presented to demonstrate that waste would occur if said pools were not consolidated.

(7) That evidence was presented attempting to demonstrate that consolidation of the pools was necessary to protect correlative rights but that such evidence was insufficient.

(8) That the evidence presented did show that the proposed pool consolidation would impose additional administrative burdens on operators in the Blanco-Pictured Cliffs Pool and the Division without discernible benefit.

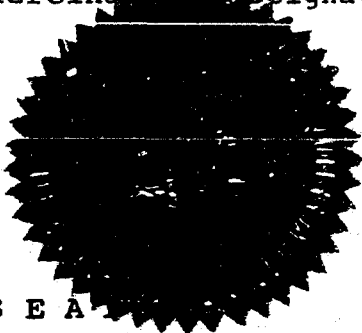
(9) That as insufficient evidence was presented to demonstrate any prevention of waste, protection of correlative rights, or any other benefit which might accrue as a result of granting the application in this case, the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for abolishment of the Blanco-Pictured Cliffs Pool and the extension of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage, all in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E A

Dockets Nos. 19-82 and 20-82 are tentatively set for June 23 and July 7, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 2, 1982
OIL CONSERVATION COMMISSION - 9 A.M.
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 7522: (DE NOVO - Continued from May 17, 1982, Commission Hearing)

Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the N/2 of said Section 14 to be dedicated to the well.

Upon application of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7521: (DE NOVO)

Application of William B. Barnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the S/2 of said Section 35 to be dedicated to the well.

Upon application of Chama Petroleum Company and William B. Barnhill, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 17-82

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 9, 1982
9 A.M. MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 7599: Application of Barber Oil Inc. for an Exception to Rule 705-A Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Rule 705-A of the Division Rules and Regulations to permit 37 temporarily abandoned injection wells in its Russell Pool waterflood project to remain inactive for a period of up to three years without the required cement or bridge plugs being installed therein to isolate the injection zone.

CASE 7600: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the perforated interval from 3338 feet to 3448 feet in its Arnott-Ramsay (NCT-8) Well No. 4 located in Unit D of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool.

CASE 7548: (Continued from April 14, 1982, Examiner Hearing)

Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.

CASE 7601: Application of Claude Walker for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NE/4 NE/4 of Section 11, Township 10 South, Range 35 East.

CASE 7602: Application of Riqueza, Inc. for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil in the NE/4 of Section 26, Township 22 South, Range 29 East.

CASE 7603: Application of Riqueza, Inc. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into an unlined surface pit located near its proposed oil treating plant in the NE/4 of Section 26, Township 22 South, Range 29 East.

CASE 7512: (Continued from May 26, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafes Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7604: Application of Rio Pecos Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the W/2 of Section 2, Township 19 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7605: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the uppermost 100 feet of the Mississippian Chester Limestone underlying the W/2 of Section 35, Township 19 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7606: Application of MTS Limited Partnership Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Abo formation underlying the NW/4 of Section 5, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7592: (Continued from May 26, 1982, Examiner Hearing)

Application of OXOCO for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mesa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7586: (Continued and Readvertised)

Application of Standard Resources Corp. for designation of a tight formation, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Abo-Wolfcamp formation underlying all or portions of Township 15 South, Ranges 23 through 25 East, Township 19 South, Range 20 East, and Township 20 South, Range 20 East, all in Chaves County; in Eddy County: Township 16 South, Ranges 23 through 26 East, Township 17 South, Ranges 21, 23, 24, and 25 East, and Township 18 South, Ranges 21, 23, 24 and 25 East, Township 19 South, Ranges 21, 23 and 24 East, and Township 20 South, Ranges 21, 23 and 24 East, containing 460,800 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7607: Application of El Paso Natural Gas Company for the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage.

Also to be considered will be the appropriate method for institution of gas prorationing for wells effected by the change in pool designation.

CASE 7608: Application of Tenneco Oil Company for designation of a tight formation, San Juan County, New Mexico. Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicant, in the above-styled cause, seeks the designation as a tight formation of the Dakota Producing Interval underlying the following described lands:

All of:

Sections 1 thru 6, Township 29 North, Range 8 West;

Sections 1 and 2, Township 29 North, Range 9 West;

Sections 1 thru 18 and Section 24, Township 30 North, Range 10 West;

Sections 7 thru 9, 16 thru 21 and 25 thru 36, Township 32 North, Range 7 West;

All sections, Township 32 North, Range 8 West; and

All sections, Township 32 North, Range 9 West;

Also:

All of Township 30 North, Range 8 West except Sections 3 thru 5 and Section 35;

All of Township 30 North, Range 9 West except Sections 31 thru 34;

All of Township 31 North, Range 8 West except Section 32; and

All of Township 31 North, Range 9 West except Sections 27 and 28

containing 149,760 acres, more or less.

CASE 7609: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Middle Bell Canyon production and designated as the Brushy Draw-Middle Bell Canyon Gas Pool. The discovery well is the J. C. Williamson EP-USA Well No. 2 located in Unit O of Section 26, Township 26 South, Range 29 East, NMPM. Said Pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 26: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Legg-Bone Spring Pool. The discovery well is the Amoco Production Company State LT Well No. 1 located in Unit K of Section 32, Township 21 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 32: SW/4

- (c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the White Ranch-Atoka Gas Pool. The discovery well is the Depco, Inc. White Ranch Unit Well No. 1 located in Unit F of Section 8, Township 13 South, Range 30 East, NMPM. Said Pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 30 EAST, NMPM
Section 8: W/2

- (d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 5: N/2 and SW/4

- (e) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 18: NE/4

- (f) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 8: S/2

- (g) EXTEND the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 6: S/2

- (h) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 34: N/2
Section 35: N/2

- (i) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 3: S/2
Section 10: N/2

- (j) EXTEND the EK Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 9: SW/4

- (k) EXTEND the Elkins-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 22: S/2 NW/4

- (l) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 20: N/2

- (m) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 31: S/2

- (n) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 34: N/2

- (o) EXTEND the House-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 2: NE/4

EXAMINER HEARING - WEDNESDAY - JUNE 9, 1982

EXAMINER HEARING WEDNESDAY-JUNE(

- (p) EXTEND the South Kunitz Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 19: S/2

- (q) EXTEND the East Larica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 35: S/2

- (r) EXTEND the North Loving-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: All

- (s) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 6: S/2

- (t) EXTEND the Maljamar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 28: E/2

- (u) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, and 8

- (v) EXTEND the Sand Hills Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 31: SE/4

- (w) EXTEND the Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 4: N/2

- (x) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 35: NE/4

- (y) EXTEND the Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2 NW/4

- (z) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 27: E/2

- (aa) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 13: All

- (bb) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 4: SE/4
Section 11: W/2

Docket No. 18-82

DOCKET: EXAMINER HEARING - THURSDAY- JUNE 17, 1982

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE
ROOM, STATE LAND OFFICE BUILDING, SANTA FE,
NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

J. O. SETH (1883-1963)
FRANK ANDREWS (1914-1981)

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JOHN E. CONWAY
JEFFREY R. BRAHNNEN
JOHN B. POUND
GARY R. KILPATRIC
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR
MICHAEL W. BRENNAN
ROBERT P. WORCESTER
JOHN B. DRAPER
NANCY M. ANDERSON
RUDOLPH B. SACKS, JR.
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EDWARD F. MITCHELL III
CARRIE L. PARKER
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MAUREEN A. SANDERS

June 8, 1982

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REPLY TO SANTA FE OFFICE

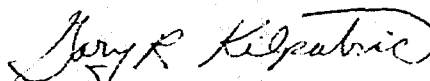
New Mexico Energy and
Minerals Department
Oil Conservation Division
Land Office Building
Santa Fe, New Mexico 87503

Re: Application of El Paso Natural Gas Company for
the abolishment of the Blanco-Pictured Cliffs
Pool and the expansion of the South Blanco-
Pictured Cliffs Pool in Rio Arriba, Sandoval
and San Juan Counties, New Mexico;
NMOCD Case No. 7607

Gentlemen:

Please be advised that John Nance of the office of
General Counsel of El Paso Natural Gas Company, El Paso,
Texas, is associated with our firm for the presentation
of evidence and argument in the above-referenced case.

Very truly yours,


Gary R. Kilpatric

GRK:cs
7652-82-4

El Paso NATURAL GAS
COMPANY

TELETYPE
MAY 20 1982

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600

May 17, 1982

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 7607

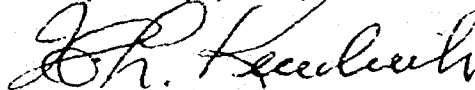
Attention: Mr. Joe D. Ramey, Division Director

Dear Mr. Ramey:

In accordance with Rule 1203 of the Oil Conservation Division's Rules on Procedure, El Paso Natural Gas Company respectfully requests a hearing be set before an examiner of the Oil Conservation Division to consider the abolition of the Blanco-Pictured Cliffs Gas Pool in Rio Arriba and San Juan Counties and to expand the horizontal limits of the South Blanco-Pictured Cliffs Gas Pool of Rio Arriba, Sandoval, and San Juan Counties to include that area deleted from the Blanco-Pictured Cliffs Gas Pool. All rules and regulations presently governing the drilling, producing, and prorating of wells in the South Blanco-Pictured Cliffs Gas Pools would remain as the rules governing the drilling, producing, and prorating of wells in the newly expanded South Blanco-Pictured Cliffs Gas Pool.

If you have any questions regarding this application, please contact me.

Very truly yours,



H. L. Kendrick
Staff Engineer

DICK

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JGR

CASE NO. 7607

Order No. R-760729

WBB

*Roll
ms.*

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE ABOLISHMENT OF THE
BLANCO-PICTURED CLIFFS POOL AND THE
EXPANSION OF THE SOUTH BLANCO-PICTURED
CLIFFS POOL IN RIO ARRIBA, SANDOVAL AND
SAN JUAN COUNTIES, NEW MEXICO.

Jan

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 9, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of July, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, El Paso Natural Gas Company, seeks the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage in Rio Arriba, Sandoval and San Juan Counties, New Mexico. Also to be considered is the appropriate method for institution of gas prorationing for wells effected by the change in pool designation (consolidation).

(3) That said pools are joined by a common boundary eight miles long.

(4) That geologically, the two pools are very similar and indistinguishable along their common boundary.

(5) That the engineering evidence presented ^{at the hearing} did not demonstrate any drainage across pool boundaries. *but in fact it tended to show that such drainage was not occurring.*

(6) That no evidence was presented to demonstrate that waste would occur if said pools were not consolidated.

(7) That ^{was} ~~the~~ evidence presented attempting to demonstrate that consolidation of the pools was necessary to protect ^{but that such evidence} ~~correlative rights~~ was insufficient.

(8) That the evidence ^{presented} did show that the proposed pool consolidation would impose additional administrative burdens on operators in the Blanco-Pictured Cliffs Pool, ~~gas transporters operating in such pool~~, and the Division without ^{discernable} benefit.

(9) That ^ainsufficient evidence was presented to demonstrate any prevention of waste, protection of correlative rights, or any other benefit which might accrue as a result of granting the application in this case,

~~(10) That~~ the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for abolishment of the Blanco-Pictured Cliffs Pool and the extension of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage, all in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L

DESIGNATION OF A TIGHT FORTIFICATION, SAN
JUAN COUNTY NEW MEXICO

DOCKET MARK

5/28/82