

CASE 6750: CO₂-IN-ACTION, INC. FOR
CREATION OF A NEW CARBON DIOXIDE GAS
POOL AND SPECIAL POOL RULES, HARDING
COUNTY, NEW MEXICO

Case No.

6750

Application

Transcripts.

Small Exhibits

ETC.

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. 6750
Order No. R-6230

APPLICATION OF CO₂-IN-ACTION, INC.
FOR CREATION OF A NEW CARBON DIOXIDE
GAS POOL AND SPECIAL POOL RULES,
HARDING COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of January, 1980, 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, CO₂-In Action, Inc. seeks the creation of the North Bueyeros-Santa Rosa CO₂ Gas Pool comprising all or parts of Sections 1, 2, 3, 10, 11, and 12, Township 20 North, Range 30 East and Sections 20 through 23 and 26 through 35, Township 21 North, Range 30 East, and the promulgation of special rules therefor including a provision for 160-acre spacing units with the option to drill on 40 acres, and with well locations as close as 330 feet to the unit boundary.

(3) That the evidence presented in this case was insufficient to demonstrate that the proposed North Bueyeros-Santa Rosa CO₂ Gas Pool is a separate and distinct gas pool.

(4) That there are carbon dioxide gas wells and indications of carbon dioxide gas reservoir(s) outside the proposed pool which may be part of the same common source of supply.

-2-

Case No. 6750
Order No. R-6230

(5) That the proposed North Bueyeros-Santa Rosa CO₂ Gas Pool should not be created pending further study and the application for such creation should, therefore, be denied.

(6) That there is little available reservoir data on wells within and near the proposed pool upon which to base pool creation or to establish pool rules.

(7) That to provide for the collection of reservoir data including pressures, porosity, reservoir interference, well logs, samples, and other data the applicant should be permitted to drill one infill well within the SW/4 of Section 27, Township 21 North, Range 30 East, Harding County, New Mexico.

(8) That the applicant, prior to the drilling of said infill well, should confer with the supervisor of the Division's district office at Santa Fe to prepare a drilling, testing, and production program which will yield appropriate reservoir and reservoir drainage data.

(9) That approval of the application for infill drilling with the provisions set out above, should serve to develop needed reservoir data and should not cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of CO₂-In-Action, Inc. for the creation of the North Bueyeros-Santa Rosa CO₂ Gas Pool in Harding County, New Mexico, is hereby denied.

(2) That the applicant is hereby authorized to drill an infill well within the SW/4 of Section 27, Township 21 North, Range 30 East, Harding County, New Mexico, for purposes of both production and development of reservoir data.

(3) That the applicant, prior to the drilling of said infill well, shall confer with the supervisor of the Division's district office at Santa Fe to prepare a drilling, testing, and production program which will yield appropriate reservoir and reservoir drainage data.

(4) That the applicant shall supply the Division with one copy of all well logs or other reservoir data developed through the drilling and testing of said infill well.

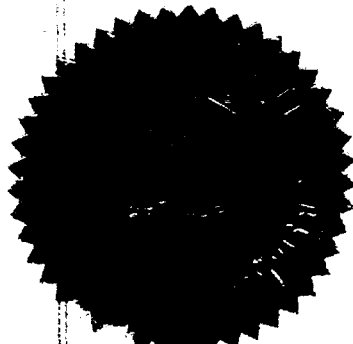
-3-

Case No. 6750

Order No. R-6230

(5) 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 10, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
15051 827-2434

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6750
ORDER NO. R-6230

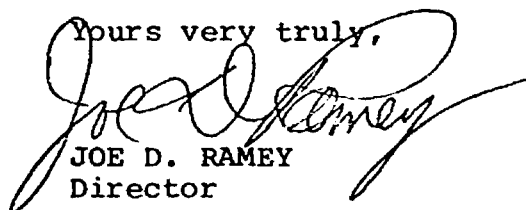
Applicant:

CO₂-In-Action, Inc.

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 x
Artesia OCD x
Aztec OCD

Other Sally Trigg

CO₂ IN ACTION - STATE NO. 1

SHUT IN PRESSURE
P.S.I. GAUGE

ABANDON

50

40

30

20

10

0

10-12-78

10-10-79

10-10-80

PRODUCTION MCF

VOLUMETRIC RESERVES
FOR 40 ACRES

BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION

3

EXHIBIT NO.

CASE NO. 6750

Submitted by

Hearing Date 2-8-80

CO2-IN-ACTION - BUEYEROS PLANT
RESERVE CALCULATIONS

I. Volumetric Reserves: Based on: Porosity 40%
Water Saturation 25%
BRP 50 PSIG

LEASE NAME:	STATE	GONZALES	GONZALES	MINERALS	GALLAGER
Well No.	#1	#A-1	#2	#1	#1
Ft. of Pay	52'	35'	21'	28'	35'

Reserves: Based on 10 PSIG SIP Abandonment

MCF/40 Ac.	76,108	51,227	30,736	40,981	51,227
MCF/160 Ac.	304,432	204,906	122,944	163,925	204,906

II. Recoverable Reserves: Based on 10 PSIG SIP Abandonment
(Decline Curve)

LEASE NAME:	STATE	GONZALES	GONZALES	MINERALS	GALLAGER
Well No.	#1	#A-1	#2	#1	#1
SIP 10-12-78	36	37	39	39	39
SIP 10-10-79	22	31	32	34	31
PSI Drop	14	6	7	5	8
Production (MCF)	31,138	41,585	50,073	42,118	24,719
MCF/PSI	2,224	6,931	7,153	8,424	3,090
<u>Recoverable Reserves</u>	<u>57,828</u>	<u>187,133</u>	<u>207,445</u>	<u>244,284</u>	<u>89,606</u>

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

CO2 EXHIBIT NO. 4

CASE NO. 6750

Submitted by _____

Hearing Date 28 Nov 79

LEASE NAME	STATE	CONZALES	CONZALES	MINERALS	GALLAGER
Well#	#1	#A-1	#2	#1	#1
Sec-Twp-Range	27-21N-30E	32-21N-30E	9-21N-30E	16-21N-30E	9-21N-30E
County	Harding	Harding	Harding	Harding	Harding
State	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico
T.D.	972	894	928	847	815
Casing	10" @ 920'	8 5/8" @ 859	7" @ 907'	8 5/8" @ 819'	8" @ 780'
Completed	10-12-37	1-23-44	7-31-41	11-14-50	9-3-37
Potential 4-17-78					
SIP	36.3	37.4	38.4	38.7	38.8
AOF Mcfd	360	805	1,700	1,090	850

Production Mcf

Oct. 1978	822	954	824	659	460
Nov. "	1,336	1,681	1,086	1,622	830
Dec. "	3,964	4,687	2,378	3,421	3,096
Total 1978	6,122	7,322	4,288	5,702	4,386
Jan. 1979	3,239	4,128	1,655	3,574	2,269
Feb. "	3,026	3,222	2,217	3,158	1,728
Mar. "	2,671	3,764	3,273	3,324	1,760
Apr. "	2,802	5,323	6,116	5,193	2,873
May "	3,979	4,134	6,773	4,482	2,115
June "	1,639	1,612	2,771	1,667	757
July "	2,547	3,225	5,198	3,182	1,543
Aug. "	2,970	4,781	7,328	4,720	2,334
Sept. "	2,143	4,074	10,454	7,116	4,954
Oct. "					
Nov. "					
Dec. "					
Total 1979 to Date	25,016	34,263	45,785	36,416	20,333

Total Since Oct. 1978

31,138	41,585	50,073	42,118	24,719
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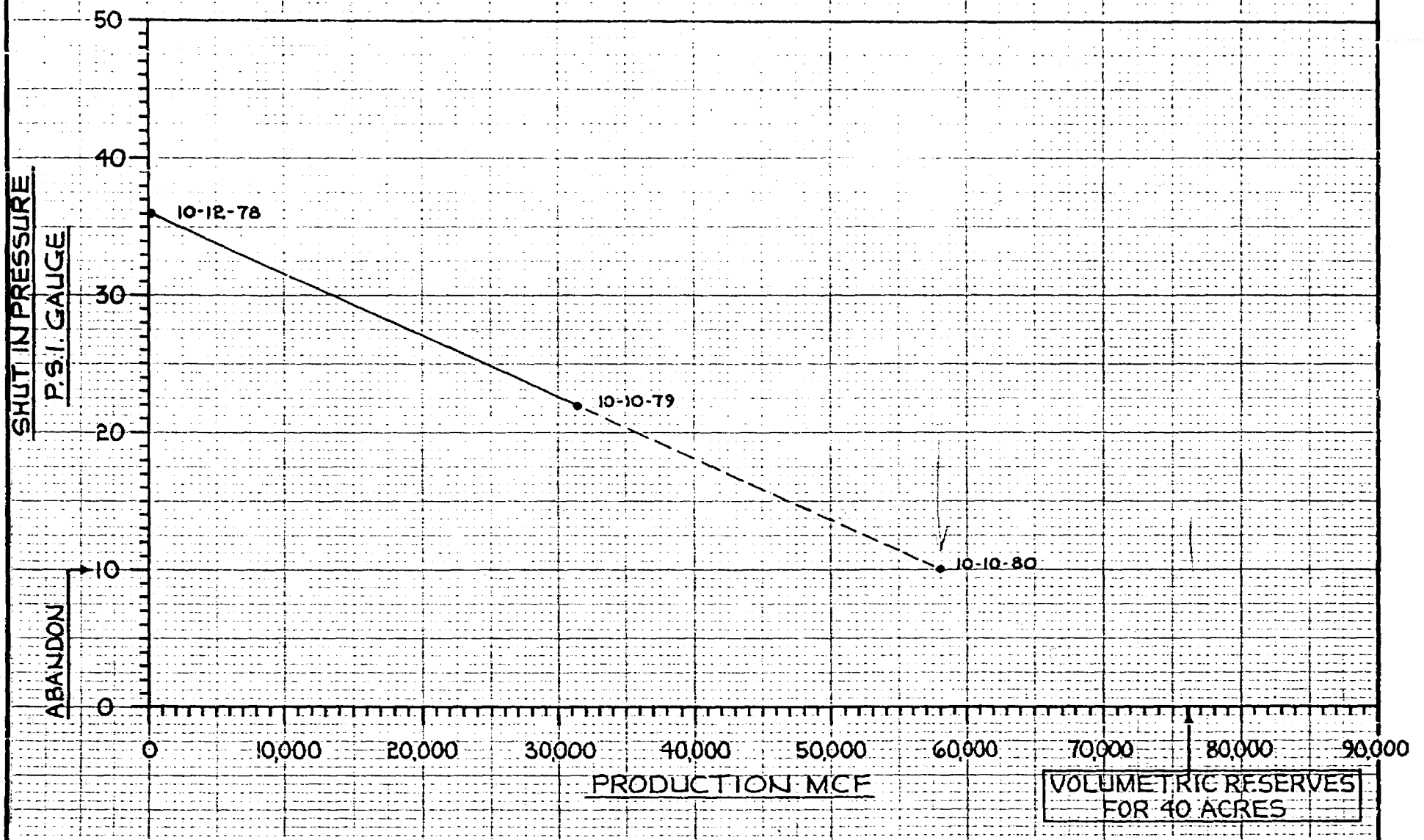
Total all wells 189,633

SIP 10-12-78	36	37	39	39	39
SIP 9-27-79	28	32	31	34	34
SIP 10-10-79	22	31	32	34	31

EXAMINER STATEMENTS
OIL CONSERVATION DIVISION

C62 EXHIBIT NO. 5
CASE NO. 6750
Submitted by
Hearing Date 28 Nov 79

CO₂ IN ACTION - STATE NO. 1



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of CO₂-In-Action, Inc.)
for creation of a new carbon dio-)
xide gas pool and special pool rules,)
Harding County, New Mexico.)

CASE
6750

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

For Richard Russell:

Sally Trigg, Esq.
Mosquero, New Mexico

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Santa Fe, New Mexico 87501

I N D E X

CHESTER LAMBERT

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	18
Cross Examination by Mr. Ulvog	22
Cross Examination by Ms. Trigg	23
Recross Examination by Mr. Stamets	27

E X H I B I T S

Applicant Exhibit One, Structure Map	6
Applicant Exhibit Two, Map	11
Applicant Exhibit Three, Document	13
Applicant Exhibit Four, Document	14
Applicant Exhibit Five, Tabulation	17

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1 MR. STAMETS: We'll call next Case 6750.

2 MR. PADILLA: Application of CO₂-In-Action,
3 Inc. for creation of a new carbon dioxide gas pool and
4 special pool rules, Harding County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case.

7 MR. KELLAHIN: I'm Tom Kellahin of Santa
8 Fe, New Mexico, appearing on behalf of the applicant, and I
9 have one witness.

10 MR. STAMETS: Any other appearances in this
11 case?

12 MS. TRIGG: Yes. Sally Trigg from Mosquero
13 New Mexico, appearing on behalf of Richard Russell. I don't
14 know -- I don't have any witnesses but I may want to cross
15 examine.

16 MR. STAMETS: Okay. Any other appearances?
17 I'd like to have the witness stand and be sworn, please.

18
19 (Witness sworn.)

20
21 CHESTER LAMBERT
22 being called as a witness and having been duly sworn upon his
23 oath, testified as follows, to-wit:
24
25

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Would you please state your name, by whom you're employed, and in what capacity?

A. I am Chester Lambert. I've Vice President of CO₂-In-Action, a subsidiary of Baker and Taylor Drilling Company, of which I am Vice President, and head of the geology department of our oil and gas producing.

Q. Where is your home office?

A. Amarillo.

Q. Is that where you're based?

A. Yes.

Q. Mr. Lambert, have you testified before the Oil Conservation Division?

A. No, I have not.

Q. Would you briefly summarize for benefit of the Examiner what the nature of this application is and what experience you've had with the CO₂ production?

A. The nature of this request is to do some infill drilling for testing purposes and to accumulate some data that we can rely on in this old field.

Q. Where is this field located?

A. It's in Harding County, New Mexico, near Bueyeros.

Q. How long has CO₂-In-Action owned or operated

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1 this CO₂ plant and facility?

2 A. We've operated it since -- since October
3 of '78, and we purchased it, I believe, just a month or so be-
4 fore.

5 Q. How long have you been employed by CO₂-In-
6 Action?

7 A. Since its -- since it's been formed, which
8 was in -- the company is now two years old.

9 Q. And before that where were you employed?

10 A. Before that I was with Baker and Taylor
11 for thirteen years.

12 Q. In what capacity, Mr. Lambert?

13 A. As geological engineer and into Vice Presi-
14 dent over contracts and geological.

15 MR. KELLAHIN: I tender Mr. Lambert as an
16 expert witness.

17 MR. STAMETS: Okay. Mr. Lambert, I presume
18 you're testifying today as an expert geologist?

19 A. As a geologist, yes, sir.

20 MR. KELLAHIN: Mr. Lambert does not hold
21 a professional degree.

22 A. I have twenty-three years experience in
23 some phase of petroleum geology.

24 MR. STAMETS: Okay, so you'll be testifying
25 as a practical geologist --

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1 A. Yes, sir.

2 MR. STAMETS: -- and your experiences have
3 been varied experience in oil and gas operations?

4 A. Yes, sir, from well-sitting to evaluating
5 prospects.

6 MR. STAMETS: I believe this witness is
7 considered qualified as a practical oil man and he should be
8 able to cover the matters before us today.

9 Q. Mr. Lambert, let me direct your attention
10 to what has been marked as the Applicant Exhibit Number One,
11 and would you tell me what this exhibit is?

12 A. This is a structure map of the area that
13 has been in some form of production off and on for since
14 about 1938. We feel that the south structure at this point
15 is separated from the producing wells up to the north.

16 Q. Let me ask you this: Upon what structure
17 is the map imposed?

18 A. This would be what I refer to as the south
19 area.

20 Q. Yes, sir, this is the top of the Santa Rosa
21 formation --

22 A. This is the top of the Santa Rosa, yes.

23 Q. And that Santa Rose formation is a CO₂-
24 bearing sand, is it?

25 A. That's correct.

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1 Q Are there any other CO₂-bearing sands in
2 this area?

3 A Yes. We have the Tubb, which none of these
4 wells have penetrated the Tubb.

5 Q At what depth would you encounter the Tubb
6 production?

7 A About 21 - 2200 feet.

8 Q And at what depth would you encounter the
9 Santa Rosa production?

10 A At about 8-900 feet.

11 Q Would you first of all, Mr. Lambert, ident-
12 ify for me what has been outlined by the red outline?

13 A This is an area that we feel is productive
14 in this Santa Rosa with the information that we have at the
15 present time.

16 Q Describe for me now the contours on the
17 structure map contained within that red boundary.

18 A Well, the -- we have this on a 50-foot con-
19 tours on top of the Santa Rosa.

20 Q In your opinion, Mr. Lambert, are you likely
21 to encounter CO₂ production from the Santa Rosa formation at
22 depths of greater than 3700 feet?

23 A No, I don't -- no, I don't think so.

24 Q All right. What is the range of depth,
25 then, of the Santa Rosa formation within the red boundaried

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1 area in which the Santa Rosa CO₂ production is contained?

2 A. These wells would be from 850 to 950 feet.

3 Q. In your opinion, Mr. Lambert, is the pro-
4 posed outlined area a reasonable configuration which contains
5 a logical proportion of acreage to be dedicated to the pro-
6 posed CO₂ Pool?

7 A. We feel that it is, yes, sir.

8 Q. Would you describe for me now what, in your
9 opinion, and the reasons for that opinion, separate the pro-
10 posed pool from production to the north?

11 A. The difference in the elevation, the field
12 that is on top of the sand. It appears that we do have two
13 separate reservoirs, plus we have the dry hole here that is
14 adding to that as a separation.

15 Q. The dry hole in Section 21?

16 A. That's correct.

17 Q. Do you know approximately when that well
18 was drilled?

19 A. In the late '30s, '39, I'm going to say.
20 Most of these wells were drilled from '38 to '40.

21 Q. By most of the wells, do you mean the wells
22 contained on this exhibit?

23 A. Yes, that's correct.

24 Q. And that includes the wells within the
25 bounded area outlined in red?

1 A. Yes.

2 Q. Would you go to Section 27 for me and
3 identify that well for me?

4 A. That is the State No. 1 and it is now
5 producing. We -- the pressure decline since we have kept
6 the -- well, since October of '78, well, we've had good --
7 excellent daily records and pressure data, indicate that this
8 well is -- the well is declining very rapidly, and we are --
9 we do have some doubts, extreme doubts, that we are actually
10 draining 160 acres with this well.

11 Q. Do you have an opinion as to how many acres
12 you're actually draining by the No. 1 State Well?

13 A. At this point closer to 40 acres.

14 Q. And when was that well completed?

15 The approximate date?

16 A. Approximately in 1938.

17 Q. Where is your CO₂ plant? I assume you have
18 one.

19 A. It's very near this well. It's in the same
20 40-acre block.

21 Q. How many wells are hooked into that plant?

22 A. Five wells.

23 Q. How about this well in Section 34?

24 A. In 34 the well, we have very little, prac-
25 tically no data on as far as production or pressure. It did

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Santa Fe, New Mexico 87501

1 produce in the '30s, late '30s, early '40s, connected with
2 an ice plant, and has been plugged and abandoned.

3 Q Who operates that section, do you know?

4 A The operator of that section is Amoco.

5 Q If you'll look down in the southeastern
6 portion of your plat, there is a No. 1 Neill Well in Section
7 1?

8 A Yes, sir.

9 Q Would you describe that well for me?

10 A That would be the same -- in the same cate-
11 gory as the previous well. Both of them were connected to
12 an ice plant. We have no data that's reliable from these
13 wells.

14 Q Do you have any production history from
15 that well?

16 A No, we do not.

17 Q Would you go back up now to Section 32.
18 There are two wells in that section. Would you describe for
19 us the Neill-Harris Well?

20 A The Neill-Harris Well was, as far as the
21 records indicate, was abandoned because of depletion, or what
22 appeared to be depletion. The 1-A Gonzales Well is still
23 producing.

24 Q And who is the operator of that well?

25 A We are the operator.

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1 Q CO₂-In-Action, then, is the only operator
2 within the proposed pool.

3 A That's correct.

4 Q Current operator.

5 A That's correct. I might make a correction
6 on 34. Amoco has the lease on that section.

7 Q I meant to say operator with producing wells.
8 Would you refer to Exhibit Number Two and identify that?

9 A This is a lease ownership map of the general
10 area.

11 Q Would you describe for me the color code
12 used in the lease map?

13 A The blue is Amoco. The yellow is CO₂-In-
14 Action. The white is still Federal KGS land, and the pink
15 is an individual in El Paso, and the green is Amerada Hess.

16 Q Now if you'll look at both Exhibits One
17 and Two, Mr. Lambert, would you identify for me the acreage
18 dedicated to the No. 1 State Well?

19 A The No. 1 State Well has 40 acres dedicated
20 to it, which would be the east half of that 80-acre block.

21 Q Isn't the current statewide rule for CO₂
22 wells 160 acres?

23 A Yes, but when these wells were drilled it
24 was 40.

25 Q I understand. All right. What acreage is

1 dedicated to the Gonzales 1-A Well in Section 32?

2 A. That 40 acres which is the northeast quarter
3 of this 160 that it's in.

4 Q. And that well was also drilled prior to
5 the statewide rules on spacing.

6 A. That's correct, yes, sir.

7 Q. All right. Would you describe for the
8 Examiner what your proposed plan of development is for this
9 new pool?

10 A. We would like to drill a maximum of two
11 wells on basically 40-acre spacing. That would be in the
12 southeast quarter of the southwest quarter of 27 and the
13 northeast quarter of the southwest quarter of 27.

14 Q. What would be the purpose of those two
15 wells?

16 A. To produce these wells and gather data,
17 production data, pressure data, and come up with an answer
18 that we don't have from this well as to what we can drain
19 and if 160 acres is -- can be drained by one well.

20 Q. What period of time do you think would be
21 a reasonable period in which to drill, complete, produce,
22 and evaluate the information from those two wells?

23 A. At this time we think a year would be
24 enough.

25 Q. Would you please refer to what I've marked

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San Francisco, California 94101

1 as Exhibit Three and identify that?

2 A Exhibit Three is a production decline curve
3 and this, here again, this is in the period of time where we
4 have the complete and accurate records. As you can see, this
5 well right now indicates that somewhere around 58,000 Mcf
6 will be -- the well will be abandoned. On just volumetrics
7 with the pressure data that we have, somewhere in the range
8 of 76,000 Mcf would be a normal for 40 acres.

9 Q You're saying an abandonment pressure of
10 what?

11 A 10 pounds.

12 Q Is this No. 1 State Well capable of making
13 a 40-acre allowable?

14 A At this time?

15 Q Yes, sir.

16 A Yes, yes, it would be.

17 Q Now, you projected your production decline
18 curve to an abandonment pressure of 10 pounds.

19 A Uh-huh.

20 Q What would be the total estimated production
21 by the time of the abandonment pressure?

22 A 58,000 Mcf.

23 Q And according to your calculations, what
24 would be the volume required in order to drain a 40-acre
25 tract?

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Santa Fe, New Mexico 87501

1 A Some 76,000.

2 Q So may we conclude that this well will not
3 drain 40 acres?

4 A At this time, yes.

5 Q Would you refer to what we've marked as
6 Exhibit Number Four and identify that?

7 A This is -- and here we have to use some
8 imagination and also we are guessing at some of these poro-
9 sities, but these are based on sample descriptions as far
10 as porosities, water saturation are strictly a guess. These
11 wells have no electric logs, and based on an estimated poro-
12 sity of 40 percent with a water saturation of 25 percent,
13 bottom hole pressures of 50 psi, these are strictly volu-
14 metric calculations. On the State well with 52 feet of pay,
15 the 40 acres would contain, with the present pressure that
16 we have, 76,108 Mcf. 160 acres would contain 304,432 Mcf,
17 and we have the other wells, for the other Gonzales Well, the
18 Well A-1, calculated on this basis it has 40 acres with 51,227
19 and at 160, 204,906.

20 Q Mr. Lambert, do you have an explanation for
21 the fact that the State No. 1 Well with 52 feet of net sand --

22 A Yes.

23 Q -- is only a third or a fourth the producer
24 that the Gonzales Well is, and that well only has 35 feet of
25 pay?

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San Antonio, Texas 78201

1 A. That is correct. These are based on -- see,
2 we had a higher pressure on the Gonzales than we do on the
3 State Well.

4 Q. At this point, Mr. Lambert, are you able
5 to project whether the next well is going to be more like the
6 State No. 1 Well or like the Gonzales one, anyway?

7 A. No, we have no data to predict that except
8 the area that has the -- that we would like to evaluate, is
9 near the center of the structure here, and that's where the
10 State Well is.

11 Q. Do you have any reason to believe that the
12 State No. 1 Well was damaged in any way when it was originally
13 completed and produced?

14 A. No evidence of that. They were all com-
15 pleted in the same manner.

16 Q. In fact, the reason for the proposed tempo-
17 rary pool rules is to allow you an opportunity to drill that
18 next well and to determine what a new well would drain in
19 terms of acreage.

20 A. That's -- that's the data we need at this
21 time, yes, sir.

22 Q. And in your opinion will approval of that
23 type of application be in the best interests of conservation,
24 the prevention of waste, and the protection of correlative
25 rights?

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Santa Fe, New Mexico 87501

1 A. We feel that it will, yes, sir.

2 Q. Now let me see if I understand your propo-
3 sal. You're proposing that the pool be spaced on 160 acres
4 with a provision within the pool rules to allow for well
5 density based on 40-acre tracts.

6 A. That's correct.

7 Q. For a temporary period of one year.

8 A. Right.

9 Q. And that at that time you would come in
10 and hope to sustain your burden of proof to establish that
11 the one well will drain 40 acres or in fact may drain 160,
12 and at that time we can set permanent pool rules.

13 A. That is correct.

14 Q. And your proposal would include the
15 drilling of not more than two wells.

16 A. Correct.

17 Q. And those two wells would be located in
18 the northeast quarter of the southwest quarter and in the
19 southeast quarter of the southwest quarter of Section 27.

20 A. Correct.

21 Q. That will be the extent of your develop-
22 ment.

23 A. Yes, sir.

24 Q. Now, do you have any proposal with regards
25 to the location of those wells?

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1 A. At this point, near the center of the
2 quarter, not closer than 330 from a quarter section line,
3 or 40-acre spacing line.

4 Q. I think you had one last exhibit there, Mr.
5 Lambert. You had a tabulation of some production.

6 A. Yes, that is.

7 Q. Would you describe Exhibit Number Five for
8 us?

9 A. All right. That is the production from
10 the wells exhibited here since October of '78 when we started
11 the operation of the plant and these are based on accurate
12 daily records.

13 Q. Would you identify again for the Examiner's
14 benefit which of these wells falls within the proposed pool
15 and which wells are outside the pool?

16 A. The State No. 1 is in the proposed area and
17 the Gonzales A-1. The rest of the wells are not in the pro-
18 posed area.

19 Q. Do you have a proposed name for this pool?

20 A. Yes. We would like to call it the North
21 Bueyeros Gas Pool.

22 Q. And were Exhibits One through Four either
23 prepared by you directly or tabulated under your direction
24 and supervision?

25 A. That is correct, yes.

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1 MR. KELLAHIN: We move the introduction of
2 Exhibits One through Four.

3 MR. STAMETS: These exhibits will be ad-
4 mitted.

5
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Mr. Lambert, in Section 21, 21 North, 30
9 East, you show a dry hole identified as Adams and McGahay
10 No. 1. Did you examine the records on that well?

11 A We have the -- just what's available. The
12 depth, and I believe what was filed with the State.

13 Q Was there an indication that they had
14 tested the Santa Rosa in this well?

15 A It's my understanding that they did, yes,
16 sir.

17 Q And what did the records reflect, to your
18 knowledge?

19 A Very little gas; not enough to warrent a
20 pipeline to it. A show of CO₂, I believe, was the way it
21 was reported.

22 Q So it's possible that -- would it be pos-
23 sible, then, that we really don't have separate pools here,
24 but we just have a non-commercial in-jet between the two
25 pools?

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1 A. We could have, possibly have a permeability
2 barrier of some sort right here, or an area that is not
3 connected, as you can see, we could -- we could very well have
4 a connection here. The reason that we suspect that they are
5 divided is because of the, you see, the difference in the
6 depths of the sand. That much difference there, we think
7 there is a possibility they are divided.

8 Q. About the situation in the northern pool,
9 has your operation up there shown you that -- to be draining
10 160 acres, where you don't need the infill drilling?

11 A. This is from the volumetric data, which is
12 all we have to go by right now, they indicate that they pro-
13 bably will drain 160 acres.

14 Q. On your Exhibit Number Four you show a
15 porosity factor of 40 percent. Where did you derive that
16 figure?

17 A. In one of the old Adams-McGahey re-
18 ports there was -- some geologist described some of this sand
19 as having 40 percent porosity, 30 to 40, and that is just a
20 figure, really. There's no -- we have nothing to indicate
21 exactly what these porosities are.

22 Q. Have you drilled any new wells in this area?

23 A. No, we have not.

24 Q. So, okay, that's --

25 A. Now, we do have some in the general area but

1 they are several miles away, some recent drilling, and some
2 of this Santa Rosa will calculate that high on some of these.
3 Not our wells, but they are -- Amoco and Amerada have done
4 some drilling in the area.

5 Q Now there's some slight difference between
6 what was advertised in this case and what's inside your red
7 line.

8 A Yes sir.

9 Q I presume you would ask for no more than
10 is inside your red line.

11 A No, sir.

12 MR. KELLAHIN: We may have made an error
13 in the red line. Wanted all of Section 1; all of 2, 3, and
14 4.

15 MR. STAMETS: Okay, let me look here at the
16 docket. All right, I don't find Section 4 as having been ad-
17 vertised; at least it's not on the docket.

18 MR. KELLAHIN: I don't think that's criti-
19 cally important to us. The omission of that section is not
20 critical.

21 MR. STAMETS: Okay.

22 MR. KELLAHIN: The north half of Sections
23 10, 11, and 12.

24 MR. STAMETS: Okay, all of 10, 11, and 12
25 were advertised, but you don't want more than the north half?

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1 MR. KELLAHIN: We felt that would be the
2 logical southern limits of the pool.

3 MR. STAMETS: Okay.

4 MR. KELLAHIN: And then in the top township,
5 we have the south half of Section 20 through 23.

6 MR. STAMETS: Okay, and all of 20 through
7 23 got advertised.

8 MR. KELLAHIN: It was our intent to split
9 those sections in half because we felt that to be the appro-
10 ximate limits of that permeability barrier, keying on that
11 dry hole. And the application further asked for Sections 26
12 through 35, all of those sections.

13 MR. STAMETS: Okay, those were advertised.
14 I see the red line leaves out Sections 30 and 31.

15 (There followed a discussion
16 off the record.)

17 MR. STAMETS: Okay, so the only thing that
18 would be left out that you would need is the Section 4, and
19 as you indicated, that's not critical to your application.

20 MR. KELLAHIN: I don't believe so. I think
21 if the pool is developed in that direction, we'll have oppor-
22 tunity to expand the limits of the pool.

23 MR. STAMETS: Okay. Would you have any ob-
24 jection to limiting these special pool rules to the boundary,
25 to anything within the boundaries of the pool? Normally,

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1 special rules apply to anything within one mile, but since
2 you have such a well defined area here, it might be well to
3 just limit the rules to what's inside the area.

4 A. That's correct. That would be no problem.

5 Q. Okay.

6 MR. STAMETS: Are there other questions of
7 the witness.

8 MR. ULVOG: I have a question.

9 MR. STAMETS: Mr. Ulvog.

10 CROSS EXAMINATION

11 BY MR. ULVOG:

12 Q. You're proposing the name of the North
13 Bueyeros-Santa Rosa Pool, Carbon Dioxide Pool, to this area
14 outlined by your red line, is that correct?

15 A. Carl, originally we -- we thought that all
16 of this would be referred to North Bueyeros. At this time
17 I really have no objection either way. We could let it go
18 for the whole area or just this outlined area.

19 Q. Well, I think we need to know because if
20 the -- if the special pool rules are written they'll be ap-
21 plied to the pool as created.

22 A. Well, then let's go with the outlined area.

23 Q. Do you have any idea of what we're going to
24 call the production that's north of the North Bueyeros?
25

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1 A No, sir.

2 Q That's coming somewhere down the road, you

3 see. It's producing.

4 A Those wells are right on the Ute Creek.

5 Let's just call it the Ute Creek.

6 Q I don't have any objection, but now that's --

7 I believe I understood you to say that you consider this to

8 be a separate pay.

9 A We suspect that it is at this time.

10 Further drilling in the area may prove that that is not correct.

11 Q But you still want the statewide spacing

12 there?

13 A In the outlined area.

14 Q That still would be 160 acres to the north.

15 A To the north, yes, sir, no change there.

16 MR. ULVOG: That's all I have.

17 MR. STAMETS: Ms. Trigg, do you have some

18 questions?

19 MS. TRIGG: One or two.

20

21 CROSS EXAMINATION

22 BY MS. TRIGG:

23 Q Mr. Lambert, explain to me again exactly

24 what your application and proposal is with respect to the

25 red outline line.

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1 A. That this be a proposed area to -- with an
2 application to -- or right to drill the two locations which I
3 described, and actually have some 40-acre units inside the
4 160, and have one year to test these wells and bring the re-
5 sults in to the Commission to -- and study this data, and
6 then determine whether the 160 is the proper spacing in this
7 area or not.

8 Q. Upon a showing in a year that 40-acre
9 spacing, at least as it applies to the acreage surrounding
10 the State No. 1, if 40 acres did effectively -- was effectively
11 drained by one well, then you want to apply those special
12 field rules at that time within this whole outlined area?

13 A. Yes, if it was justified, by our data.

14 Q. Based just on these -- these wells here?

15 A. That is correct.

16 Q. And you feel as if the information from the
17 Neill-Harris, from the A-1, or 1-A Gonzales, South Kerlin,
18 and the Neill Smith & Mierra, would justify including this
19 amount of acreage within it?

20 A. I think that with -- with the data that we
21 want to acquire we can come up with a reasonable spacing and
22 definite field rules for this -- for this area, which right
23 now we don't have.

24 Q. But again, these would not apply to this
25 northern portion which you consider a separate pool?

1 A. At this time, yes.

2 Q. Mr. Lambert, isn't there a well in the
3 southwest quarter of the southwest quarter of Section 28?
4 I believe that was called the Gonzales No. 1.

5 A. Yes. That's been --

6 MR. STAMETS: Ms. Trigg, what's the location
7 of that well?

8 MS. TRIGG: It's not shown on the map.

9 MR. STAMETS: Okay, southwest southwest of
10 28?

11 MS. TRIGG: Yes. It was 660 from the south
12 660 from the west.

13 A. I'm at a loss right now. I think there --
14 you may be right, but it's a dry hole, as far as I know.

15 Q. But you don't recall?

16 A. I don't recall it, no.

17 Q. Likewise, wasn't there one drilled this
18 summer in Section 36 that's not shown on your --

19 A. That is correct. I did not have that at
20 the time this map was drawn. We didn't have that information.

21 Q. What do you know about that well?

22 A. Only that it -- it does test some CO₂.

23 It blows down rather rapidly. I understand it has just sur-
24 face casing set; was drilled then with air; and does have a
25 wellhead on it, or a sledge with a valve, and will accumulate

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1 some CO₂ over a period of time and blow down rather rapidly.

2 Q Have you contacted the offset operators to
3 the two proposed wells?

4 A No, I have not.

5 Q But they've not objected?

6 A No. Not formally. They are aware of what
7 we're doing, but I have not contacted them formally or by
8 letter.

9 Q All right. Now, you state that you have a
10 producing plant close to the State No. 1.

11 A Yes.

12 Q What is your total production from that
13 plant?

14 A At this time our maximum production is
15 about 56 tons a day.

16 Q How many --

17 A All liquid CO₂.

18 Q How many Mcf is that?

19 A That is -- that's about 960,000.

20 Q And you say that you're presently producing
21 from five separate wells?

22 A Yes, that's correct.

23 Q Are those adequate to supply the amount of
24 gas required?

25 A Yes, we're having no problem with our plant

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1 capacity at this time.

2 Q So in fact your application is one for the--
3 for the development of these two wells on a temporary basis,
4 is just to test the area.

5 A That's correct.

6 Q And to collect test data.

7 A That is correct.

8 Q Do you have any indication as to what --
9 or thoughts as to what you might do vis-a-vis the offset
10 operators if it were shown these wells drilled something more
11 than 40 acres?

12 A I think that would be determined by the
13 Commission at the time that we come back with our data.

14 Q Okay.

16 RECROSS EXAMINATION

17 BY MR. STAMETS:

18 Q I'd like to clarify something now resulting
19 from Ms. Trigg's questioning.

20 The application would result in an order
21 coming out to allow you infill drilling anywhere within the
22 pool that would be defined, but your intent is only to drill
23 the two wells during the coming year.

24 A That is correct. I would -- I would specify
25 that in the -- or I would certainly go along with putting

1 that in this application, and specify these two locations.

2 MR. KELLAHIN: The reason that's done, if
3 I may, please, Mr. Examiner.

4 MR. STAMETS: Okay.

5 MR. KELLAHIN: Ms. Trigg represents the
6 surface owner of some of the tract that is currently under
7 lease to Amoco, and is an offset interest owner, and as part
8 of the agreement with that interest owner, we have selected
9 certain areas to specifically drill and test, and although
10 orders normally issued will allow us to infill in any portion
11 of the reservoir, it is our agreement with him that we would
12 select only those two locations during the one-year test
13 period, and that if additional drilling is felt necessary,
14 we would again apply to the Commission and give them notice
15 of hearing and opportunity to object to the plan.

16 MS. TRIGG: Mr. Examiner, if I might add,
17 I'm certainly not a geologist or a reservoir engineer. Our
18 concern, of course, was the vast amount of acreage that is
19 to be included in the order. Certainly upon -- upon proof
20 that these wells only drill 40 acres, it seems to me would
21 be the time to enlarge this area. I fail to see how you
22 can include some 10,000 acres based on three wells. As you
23 can see, this north of the proposed drillsites, we have
24 three wells, two of which are on 40-acre spacing. How are
25 we to know that there might not be some delineation further

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1 down in this field? It does seem, and the concern was, that
2 this vast amount of acreage included within this application,
3 based on a showing of only the two additional wells to be
4 drilled was -- was a bit unreasonable.

5 MR. STAMETS: We -- as I read the proposal,
6 it would not prohibit any of the other owners in this parti-
7 cular described pool from drilling up to four wells on -- on
8 160 acres tract.

9 Is there any objection to that?

10 MS. TRIGG: As an operator? I think one
11 would have to talk to an operator concerning that. I think
12 Amoco Production Company is the only operator and, as you know
13 they're not interested in Santa Rosa gas. Their interest is
14 is the gas in the Tubb formation.

15 MR. STAMETS: I was trying to figure out
16 what kind of an order to write in this case.

17 MS. TRIGG: I would ask that the order be
18 limited specifically to that 160-acre -- 160 acres in Section
19 27 in the southwest quarter. Then if at such time it looks
20 as if the evidence justifies expanding that, I think that
21 would -- could come up before the Commission in the next year,
22 and another application be made.

23 MR. KELIAHIN: I would object to that.
24 We've made substantial concessions to Ms. Trigg's client
25 already on the location and drilling of number of wells to

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1 develop this area, and it comes as something of a surprise
2 at this late date to realize that now they want to limit the
3 boundaries of the pool. The logical configuration of a pool,
4 I think, has been reasonably defined by the drilling of the
5 dry wells as proposed -- as the outline proposed, to include
6 those areas.

7 The point is, I think it's a logical con-
8 figuration; that we ought to control that amount of acreage
9 in terms of providing spacing on 160 acres, with the capacity
10 to infill drill, knowing that this operation, apparently the
11 only one of concern to anyone that's actively going to do
12 something, is going to limit his development at this point to
13 those two 40-acre tracts. As a practical matter it might not
14 mean anything, but I think in order to be consistent with the
15 past special pool rules that the Commission has entered, it
16 is necessary to look at what is a logical configuration for
17 a proposed pool, and not just specifically limit yourself to
18 a 160-acre tract within a defined area and then next month
19 be proposed by someone else in an offsetting section that we
20 go to 320. You're boxing yourself into a problem, I think.

21 MR. STAMETS: We'll certainly take all those
22 things into consideration when we're writing an order in
23 this case and to face all of these issues to the greatest
24 benefit to all.

25 One other thing, Mr. Lambert. Did you in-

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1 dicate that you wanted to be able to locate your wells as
2 close as 330 to the outer boundary of the 160-acre tract,
3 or was that 660 from the outer boundary and 330?

4 A. Our plans at the moment are --- are 660 on
5 this first proposal. Now, I had asked for the 330, no closer
6 than 330 to this boundary line in case the first well indi-
7 cated that we might to get somewhere other than the center
8 of that 40 acres.

9 I really have no objection to that. Right
10 now the 660 is all right, but I had asked for the 330.

11 MR. STAMETS: Any other questions of the
12 witness? He may be excused.

13 Is there anything further in this case?

14 The case will be taken under advisement.

15
16 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached 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 from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Examiner hearing of Case no. 6750
heard by me on 11-29 1979.
Richard L. Starnes, Examiner
Oil Conservation Division

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- CASE 6745: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the W/2 of Section 28, Township 23 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6746: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the S/2 of Section 31, Township 18 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1100 feet from the West line of said Section 31. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6747: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the S/2 of Section 23, Township 18 South, Range 25 East, to be dedicated to a well to be drilled at an unorthodox location in the center of Unit P of said Section 23. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6748: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Pecos "M" Fed. Well No. 1, a Morrow test to be drilled 1980 feet from the South line and 1100 feet from the East line of Section 29, Township 18 South, Range 27 East, the S/2 of said Section 29 to be dedicated to the well.
- CASE 6749: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly, Blinbry, and Drinkard production in the wellbore of its Warlick Well No. 3 located in Unit P of Section 18, Township 21 South, Range 37 East.
- CASE 6750: Application of CO₂-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO₂ Gas Pool comprising all or parts of Sections 1, 2, 3, 10, 11, and 12, Township 20 North, Range 20 East and Sections 20 thru 23 and 26 thru 35, Township 21 North, Range 30 East, and the promulgation of special rules therefor including a provision for 160-acre spacing units with the option to drill on 40 acres, and with well locations as close as 330 feet to the unit boundary.
- CASE 6725: (Continued from November 14, 1979, Examiner Hearing)
Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6751: Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.
- CASE 6357: (Reopened and Readvertised)
In the matter of Case 6357 being reopened pursuant to the provisions of Order No. R-5853 which order established temporary special rules and regulations for the South Peterson-Pennsylvanian Pool, with provisions for 80-acre spacing. All interested parties may appear and show cause why the South Peterson-Pennsylvanian Pool should not be developed on 40-acre spacing units.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of CO₂-In-Action, Inc.
 for creation of a new carbon dio-
 xide gas pool and special pool rules,
 Harding County, New Mexico.

CASE
 6750

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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I N D E X

CHESTER LAMBERT

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	16
Cross Examination by Mr. Ulvog	22
Cross Examination by Ms. Trigg	23
Recross Examination by Mr. Stamets	27

E X H I B I T S

Applicant Exhibit One, Structure Map	6
Applicant Exhibit Two, Map	11
Applicant Exhibit Three, Document	13
Applicant Exhibit Four, Document	14
Applicant Exhibit Five, Tabulation	17

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MR. STAMETS: We'll call next Case 6750.

MR. PADILLA: Application of CO -In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

MR. STAMETS: Any other appearances in this case?

MS. TRIGG: Yes. Sally Trigg from Mosquero New Mexico, appearing on behalf of Richard Russell. I don't know -- I don't have any witnesses but I may want to cross examine.

MR. STAMETS: Okay. Any other appearances? I'd like to have the witness stand and be sworn, please.

(Witness sworn.)

CHESTER LAMBERT
being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you're employed, and in what capacity?

A I am Chester Lambert. I've Vice President of CO₂-In-Action, a subsidiary of Baker and Taylor Drilling Company, of which I am Vice President, and head of the geology department of our oil and gas producing.

Q Where is your home office?

A Amarillo.

Q Is that where you're based?

A Yes.

Q Mr. Lambert, have you testified before the Oil Conservation Division?

A No, I have not.

Q Would you briefly summarize for benefit of the Examiner what the nature of this application is and what experience you've had with the CO₂ production?

A The nature of this request is to do some infill drilling for testing purposes and to accumulate some data that we can rely on in this old field.

Q Where is this field located?

A It's in Harding County, New Mexico, near Bueyeros.

Q How long has CO₂-In-Action owned or operated

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this CO 2 plant and facility?

A. We've operated it since -- since October of '78, and we purchased it, I believe, just a month or so before.

Q. How long have you been employed by CO 2 In-Action?

A. Since its -- since it's been formed, which was in -- the company is now two years old.

Q. And before that where were you employed?

A. Before that I was with Baker and Taylor for thirteen years.

Q. In what capacity, Mr. Lambert?

A. As geological engineer and into Vice President over contracts and geological.

MR. KELLANIN: I tender Mr. Lambert as an expert witness.

MR. STAMETS: Okay. Mr. Lambert, I presume you're testifying today as an expert geologist?

A. As a geologist, yes, sir.

MR. KELLANIN: Mr. Lambert does not hold a professional degree.

A. I have twenty-three years experience in some phase of petroleum geology.

MR. STAMETS: Okay, so you'll be testifying as a practical geologist --

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1 A. Yes, sir.

2 MR. STAMETS: -- and your experiences have

3 been varied experience in oil and gas operations?

4 A. Yes, sir, from well-sitting to evaluating

5 prospects.

6 MR. STAMETS: I believe this witness is

7 considered qualified as a practical oil man and he should be

8 able to cover the matters before us today.

9 Q Mr. Lambert, let me direct your attention

10 to what has been marked as the Applicant Exhibit Number One,

11 and would you tell me what this exhibit is?

12 A. This is a structure map of the area that

13 has been in some form of production off and on for since

14 about 1938. We feel that the south structure at this point

15 is separated from the producing wells up to the north.

16 Q Let me ask you this: Upon what structure

17 is the map imposed?

18 A. This would be what I refer to as the south

19 area.

20 Q Yes, sir, this is the top of the Santa Rosa

21 formation --

22 A. This is the top of the Santa Rosa, yes.

23 Q And that Santa Rose formation is a CO₂-

24 bearing sand, is it?

25 A. That's correct.

Q Are there any other CO₂-bearing sands in this area?

A Yes. We have the Tubb, which none of these wells have penetrated the Tubb.

Q At what depth would you encounter the Tubb production?

A About 21 - 2200 feet.

Q And at what depth would you encounter the Santa Rosa production?

A At about 8-900 feet.

Q Would you first of all, Mr. Lambert, identify for me what has been outlined by the red outline?

A This is an area that we feel is productive in this Santa Rosa with the information that we have at the present time.

Q Describe for me now the contours on the structure map contained within that red boundary.

A Well, the -- we have this on a 50-foot contours on top of the Santa Rosa.

Q In your opinion, Mr. Lambert, are you likely to encounter CO₂ production from the Santa Rosa formation at depths of greater than 3700 feet?

A No, I don't -- no, I don't think so.

Q All right. What is the range of depth, then, of the Santa Rosa formation within the red bounded

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1 area in which the Santa Rosa CO₂ production is contained?

2 A. These wells would be from 350 to 950 feet.

3 Q. In your opinion, Mr. Lambert, is the pro-
4 posed outlined area a reasonable configuration which contains
5 a logical proportion of acreage to be dedicated to the pro-
6 posed CO₂ Pool?

7 A. We feel that it is, yes, sir.

8 Q. Would you describe for me now what, in your
9 opinion, and the reasons for that opinion, separate the pro-
10 posed pool from production to the north?

11 A. The difference in the elevation, the field
12 that is on top of the sand. It appears that we do have two
13 separate reservoirs, plus we have the dry hole here that is
14 adding to that as a separation.

15 Q. The dry hole in Section 21?

16 A. That's correct.

17 Q. Do you know approximately when that well
18 was drilled?

19 A. In the late '30s, '39, I'm going to say.
20 Most of these wells were drilled from '38 to '40.

21 Q. By most of the wells, do you mean the wells
22 contained on this exhibit?

23 A. Yes, that's correct.

24 Q. And that includes the wells within the
25 bounded area outlined in red?

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1 A. Yes.
2 Q. Could you go to Section 27 for me and
3 identify that well for me?

4 A. That is the State No. 1 and it is now
5 producing. We -- the pressure decline since we have kept
6 the -- well, since October of '78, well, we've had good --
7 excellent daily records and pressure data, indicate that this
8 well is -- the well is declining very rapidly, and we are --
9 we do have some doubts, extreme doubts, that we are actually
10 draining 160 acres with this well.

11 Q. Do you have an opinion as to how many acres
12 you're actually draining by the No. 1 State Well?

13 A. At this point closer to 40 acres.

14 Q. And when was that well completed?
15 The approximate date?

16 A. Approximately in 1938.

17 Q. Where is your CO₂ plant? I assume you have
18 one.

19 A. It's very near this well. It's in the same
20 40-acre block.

21 Q. How many wells are hooked into that plant?

22 A. Five wells.

23 Q. How about this well in Section 34?

24 A. In 34 the well, we have very little, prac-
25 tically no data on as far as production or pressure. It did

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1 produce in the '30s, late '30s, early '40s, connected with
2 an ice plant, and has been plugged and abandoned.

3 Q Who operates that section, do you know?

4 A The operator of that section is Amoco.

5 Q If you'll look down in the southeastern
6 portion of your plat, there is a No. 1 Neill Well in Section
7 1?

8 A Yes, sir.

9 Q Would you describe that well for me?

10 A That would be the same -- in the same cate-
11 gory as the previous well. Both of them were connected to
12 an ice plant. We have no data that's reliable from these
13 wells.

14 Q Do you have any production history from
15 that well?

16 A No, we do not.

17 Q Would you go back up now to Section 32.
18 There are two wells in that section. Would you describe for
19 us the Neill-Harris Well?

20 A The Neill-Harris Well was, as far as the
21 records indicate, was abandoned because of depletion, or what
22 appeared to be depletion. The 1-A Gonzales Well is still
23 producing.

24 Q And who is the operator of that well?

25 A We are the operator.

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1 Q CO₂-Injection, then, is the only operator
2 within the proposed pool.
3 A That's correct.
4 Q Current operator.
5 A That's correct. I might make a correction
6 on 34. Amoco has the lease on that section.
7 Q I meant to say operator with producing wells.
8 Would you refer to Exhibit Number Two and identify that?
9 A This is a lease ownership map of the general
10 area.
11 Q Would you describe for me the color code
12 used in the lease map?
13 A The blue is Amoco. The yellow is CO₂-In-
14 Action. The white is still Federal KGS land, and the pink
15 is an individual in El Paso, and the green is Amerada Hess.
16 Q Now if you'll look at both Exhibits One
17 and Two, Mr. Lambert, would you identify for me the acreage
18 dedicated to the No. 1 State Well?
19 A The No. 1 State Well has 40 acres dedicated
20 to it, which would be the east half of that 80-acre block.
21 Q Isn't the current statewide rule for CO₂
22 wells 160 acres?
23 A Yes, but when these wells were drilled it
24 was 40.
25 Q I understand. All right. What acreage is

1 dedicated to the Comales 1-A Well in Section 32?

2 A That 40 acres which is the northeast quarter
3 of this 160 that it's in.

4 Q And that well was also drilled prior to
5 the statewide rules on spacing.

6 A That's correct, yes, sir.

7 Q All right. Would you describe for the
8 Examiner what your proposed plan of development is for this
9 new pool?

10 A We would like to drill a maximum of two
11 wells on basically 40-acre spacing. That would be in the
12 southeast quarter of the southwest quarter of 27 and the
13 northeast quarter of the southwest quarter of 27.

14 Q What would be the purpose of those two
15 wells?

16 A To produce these wells and gather data,
17 production data, pressure data, and come up with an answer
18 that we don't have from this well as to what we can drain
19 and if 160 acres is -- can be drained by one well.

20 Q What period of time do you think would be
21 a reasonable period in which to drill, complete, produce,
22 and evaluate the information from those two wells?

23 A At this time we think a year would be
24 enough.

25 Q Would you please refer to what I've marked

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1 as Exhibit Three and identify that?

2 A Exhibit Three is a production decline curve
3 and this, here again, this is in the period of time where we
4 have the complete and accurate records. As you can see, this
5 well right now indicates that somewhere around 58,000 Mcf
6 will be -- the well will be abandoned. On just volumetrics
7 with the pressure data that we have, somewhere in the range
8 of 76,000 Mcf would be a normal for 40 acres.

9 Q You're saying an abandonment pressure of
10 what?

11 A 10 pounds.

12 Q Is this No. 1 State Well capable of making
13 a 40-acre allowable?

14 A At this time?

15 Q Yes, sir.

16 A Yes, yes, it would be.

17 Q Now, you projected your production decline
18 curve to an abandonment pressure of 10 pounds.

19 A Uh-huh.

20 Q What would be the total estimated production
21 by the time of the abandonment pressure?

22 A 58,000 Mcf.

23 Q And according to your calculations, what
24 would be the volume required in order to drain a 40-acre
25 tract?

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1 A Some 76,000.

2 Q So may we conclude that this well will not
3 drain 40 acres?

4 A At this time, yes.

5 Q Would you refer to what we've marked as
6 Exhibit Number Four and identify that?

7 A This is -- and here we have to use some
8 imagination and also we are guessing at some of these poro-
9 sities, but these are based on sample descriptions as far
10 as porosities, water saturation are strictly a guess. These
11 wells have no electric logs, and based on an estimated poro-
12 sity of 40 percent with a water saturation of 25 percent,
13 bottom hole pressures of 50 psi, these are strictly volu-
14 metric calculations. On the State well with 52 feet of pay,
15 the 40 acres would contain, with the present pressure that
16 we have, 76,108 Mcf. 160 acres would contain 304,432 Mcf,
17 and we have the other wells, for the other Gonzales Well, the
18 Well A-1, calculated on this basis it has 40 acres with 51,227
19 and at 160, 204,906.

20 Q Mr. Lambert, do you have an explanation for
21 the fact that the State No. 1 Well with 52 feet of net sand --

22 A Yes.

23 Q -- is only a third or a fourth the producer
24 that the Gonzales Well is, and that well only has 35 feet of
25 pay?

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1 A That is correct. These are based on -- see,
2 we had a higher pressure on the Gonzales than we do on the
3 State Well.

4 Q At this point, Mr. Lambert, are you able
5 to project whether the next well is going to be more like the
6 State No. 1 Well or like the Gonzales one, anyway?

7 A No, we have no data to predict that except
8 the area that has the -- that we would like to evaluate, is
9 near the center of the structure here, and that's where the
10 State Well is.

11 Q Do you have any reason to believe that the
12 State No. 1 Well was damaged in any way when it was originally
13 completed and produced?

14 A No evidence of that. They were all com-
15 pleted in the same manner.

16 Q In fact, the reason for the proposed tempo-
17 rary pool rules is to allow you an opportunity to drill that
18 next well and to determine what a new well would drain in
19 terms of acreage.

20 A That's -- that's the data we need at this
21 time, yes, sir.

22 Q And in your opinion will approval of that
23 type of application be in the best interests of conservation,
24 the prevention of waste, and the protection of correlative
25 rights?

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1 A We feel that it will, yes, sir.
2 Q Now let me see if I understand your propo-
3 sal. You're proposing that the pool be spaced on 160 acres
4 with a provision within the pool rules to allow for well
5 density based on 40-acre tracts.
6 A That's correct.
7 Q For a temporary period of one year.
8 A Right.
9 Q And that at that time you would come in
10 and hope to sustain your burden of proof to establish that
11 the one well will drain 40 acres or in fact may drain 160,
12 and at that time we can set permanent pool rules.
13 A That is correct.
14 Q And your proposal would include the
15 drilling of not more than two wells.
16 A Correct.
17 Q And those two wells would be located in
18 the northeast quarter of the southwest quarter and in the
19 southeast quarter of the southwest quarter of Section 27.
20 A Correct.
21 Q That will be the extent of your develop-
22 ment.
23 A Yes, sir.
24 Q Now, do you have any proposal with regards
25 to the location of those wells?

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1 A At this point, near the center of the
2 quarter, not closer than 220 from a quarter section line,
3 or 40-acre spacing line.

4 Q I think you had one last exhibit there, Mr.
5 Lambert. You had a tabulation of some production.

6 A Yes, that is.

7 Q Would you describe Exhibit Number Five for
8 us?

9 A All right. That is the production from
10 the wells exhibited here since October of '78 when we started
11 the operation of the plant and these are based on accurate
12 daily records.

13 Q Would you identify again for the Examiner's
14 benefit which of these wells falls within the proposed pool
15 and which wells are outside the pool?

16 A The State No. 1 is in the proposed area and
17 the Gonzales A-1. The rest of the wells are not in the pro-
18 posed area.

19 Q Do you have a proposed name for this pool?

20 A Yes. We would like to call it the North
21 Bueyeros Gas Pool.

22 Q And were Exhibits One through Four either
23 prepared by you directly or tabulated under your direction
24 and supervision?

25 A That is correct, yes.

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1 MR. ROBINSON: We move the introduction of
2 Exhibits One through Four.

3 MR. STAMETS: These exhibits will be ad-
4 mitted.

5
6 CROSS EXAMINATION
7 BY MR. STAMETS:

8 Q Mr. Lambert, in Section 21, 21 North, 30
9 East, you show a dry hole identified as Adams and McGahay
10 No. 1. Did you examine the records on that well?

11 A We have the -- just what's available. The
12 depth, and I believe what was filed with the State.

13 Q Was there an indication that they had
14 tested the Santa Rosa in this well?

15 A It's my understanding that they did, yes,
16 sir.

17 Q And what did the records reflect, to your
18 knowledge?

19 A Very little gas; not enough to warrant a
20 pipeline to it. A show of CO₂, I believe, was the way it
21 was reported.

22 Q So it's possible that -- would it be pos-
23 sible, then, that we really don't have separate pools here,
24 but we just have a non-commercial in-jet between the two
25 pools?

1 A He could have, possibly have a permeability
2 barrier of some sort right here, or an area that is not
3 connected, as you can see, we could -- we could very well have
4 a connection here. The reason that we suspect that they are
5 divided is because of the, you see, the difference in the
6 depths of the sand. That much difference there, we think
7 there is a possibility they are divided.

8 Q About the situation in the northern pool,
9 has your operation up there shown you that -- to be draining
10 160 acres, where you don't need the infill drilling?

11 A This is from the volumetric data, which is
12 all we have to go by right now, they indicate that they pro-
13 bably will drain 160 acres.

14 Q On your Exhibit Number Four you show a
15 porosity factor of 40 percent. Where did you derive that
16 figure?

17 A In one of the old Adams-McGahey re-
18 ports there was -- some geologist described some of this sand
19 as having 40 percent porosity, 30 to 40, and that is just a
20 figure, really. There's no -- we have nothing to indicate
21 exactly what these porosities are.

22 Q Have you drilled any new wells in this area?

23 A No, we have not.

24 Q So, okay, that's --

25 A Now, we do have some in the general area but

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1 they are several miles away, some recent drilling, and some
2 of this Santa Rosa will calculate that high on some of these.
3 Not our wells, but they are -- Amoco and Amerada have done
4 some drilling in the area.

5 Q Now there's some slight difference between
6 what was advertised in this case and what's inside your red
7 line.

8 A Yes sir.

9 Q I presume you would ask for no more than
10 is inside your red line.

11 A No, sir.

12 MR. KELLAHIN: We may have made an error
13 in the red line. Wanted all of Section 1; all of 2, 3, and
14 4.

15 MR. STAMETS: Okay, let me look here at the
16 docket. All right, I don't find Section 4 as having been ad-
17 vertised; at least it's not on the docket.

18 MR. KELLAHIN: I don't think that's criti-
19 cally important to us. The omission of that section is not
20 critical.

21 MR. STAMETS: Okay.

22 MR. KELLAHIN: The north half of Sections
23 10, 11, and 12.

24 MR. STAMETS: Okay, all of 10, 11, and 12
25 were advertised, but you don't want more than the north half?

1 MR. KELLAHIN: We felt that would be the
2 logical southern limits of the pool.

3 MR. STAMETS: Okay.

4 MR. KELLAHIN: And then in the top township,
5 we have the south half of Section 20 through 23.

6 MR. STAMETS: Okay, and all of 20 through
7 23 got advertised.

8 MR. KELLAHIN: It was our intent to split
9 those sections in half because we felt that to be the appro-
10 ximate limits of that permeability barrier, keying on that
11 dry hole. And the application further asked for Sections 26
12 through 35, all of those sections.

13 MR. STAMETS: Okay, those were advertised.
14 I see the red line leaves out Sections 30 and 31.

15 (There followed a discussion
16 off the record.)

17 MR. STAMETS: Okay, so the only thing that
18 would be left out that you would need is the Section 4, and
19 as you indicated, that's not critical to your application.

20 MR. KELLAHIN: I don't believe so. I think
21 if the pool is developed in that direction, we'll have oppor-
22 tunity to expand the limits of the pool.

23 MR. STAMETS: Okay. Would you have any ob-
24 jection to limiting these special pool rules to the boundary,
25 to anything within the boundaries of the pool? Normally,

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1 special rules apply to anything within one mile, but since
2 you have such a well defined area here, it might be well to
3 just limit the rules to what's inside the area.

4 A. That's correct. That would be no problem.

5 Q. Okay.

6 MR. STAMETS: Are there other questions of
7 the witness.

8 MR. ULVOG: I have a question.

9 MR. STAMETS: Mr. Ulvog.

10
11 CROSS EXAMINATION

12 BY MR. ULVOG:

13 Q. You're proposing the name of the North
14 Bueyeros-Santa Rosa Pool, Carbon Dioxide Pool, to this area
15 outlined by your red line, is that correct?

16 A. Carl, originally we -- we thought that all
17 of this would be referred to North Bueyeros. At this time
18 I really have no objection either way. We could let it go
19 for the whole area or just this outlined area.

20 Q. Well, I think we need to know because if
21 the -- if the special pool rules are written they'll be ap-
22 plied to the pool as created.

23 A. Well, then let's go with the outlined area.

24 Q. Do you have any idea of what we're going to
25 call the production that's north of the North Bueyeros?

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A. No, sir.

Q That's coming somewhere down the road, you see. It's producing.

A. Those wells are right on the Ute Creek. Let's just call it the Ute Creek.

Q I don't have any objection, but now that's -- I believe I understood you to say that you consider this to be a separate pay.

A. We suspect that it is at this time. Further drilling in the area may prove that that is not correct.

Q But you still want the statewide spacing there?

A. In the outlined area.

Q That still would be 160 acres to the north.

A. To the north, yes, sir, no change there.

MR. ULVOG: That's all I have.

MR. STAMETS: Ms. Trigg, do you have some questions?

MS. TRIGG: One or two.

CROSS EXAMINATION

BY MS. TRIGG:

Q Mr. Lambert, explain to me again exactly what your application and proposal is with respect to the red outline line.

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1 A That this be a proposed area to -- with an
2 application to -- or right to drill the two locations which I
3 described, and actually have some 40 acre units inside the
4 160, and have one year to test these wells and bring the re-
5 sults in to the Commission to -- and study this data, and
6 then determine whether the 160 is the proper spacing in this
7 area or not.

8 Q Upon a showing in a year that 40-acre
9 spacing, at least as it applies to the acreage surrounding
10 the State No. 1, if 40 acres did effectively -- was effectively
11 drained by one well, then you want to apply those special
12 field rules at that time within this whole outlined area?

13 A Yes, if it was justified, by our data.

14 Q Based just on these -- these wells here?

15 A That is correct.

16 Q And you feel as if the information from the
17 Neill-Harris, from the A-1, or 1-A Gonzales, South Kerlin,
18 and the Neill Smith & Mierra, would justify including this
19 amount of acreage within it?

20 A I think that with -- with the data that we
21 want to acquire we can come up with a reasonable spacing and
22 definite field rules for this -- for this area, which right
23 now we don't have.

24 Q But again, these would not apply to this
25 northern portion which you consider a separate pool?

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1 A. At this time, yes.

2 Q. Mr. Lambert, isn't there a well in the

3 southwest quarter of the southwest quarter of Section 28?

4 I believe that was called the Gonzales No. 1.

5 A. Yes. That's been --

6 MR. STAMETS: Ms. Trigg, what's the location

7 of that well?

8 MS. TRIGG: It's not shown on the map.

9 MR. STAMETS: Okay, southwest southwest of

10 28?

11 MS. TRIGG: Yes. It was 660 from the south,

12 660 from the west.

13 A. I'm at a loss right now. I think there --

14 you may be right, but it's a dry hole, as far as I know.

15 Q. But you don't recall?

16 A. I don't recall it, no.

17 Q. Likewise, wasn't there one drilled this

18 summer in Section 36 that's not shown on your --

19 A. That is correct. I did not have that at

20 the time this map was drawn. We didn't have that information.

21 Q. What do you know about that well?

22 A. Only that it -- it does test some CO₂.

23 It blows down rather rapidly. I understand it has just sur-

24 face casing set: was drilled then with air; and does have a

25 wellhead on it, or a sledge with a valve, and will accumulate

1 some CO₂ over a period of time and blow down rather rapidly.

2 Q Have you contacted the offset operators to
3 the two proposed wells?

4 A No, I have not.

5 Q But they've not objected?

6 A No. Not formally. They are aware of what
7 we're doing, but I have not contacted them formally or by
8 letter.

9 Q All right. Now, you state that you have a
10 producing plant close to the State No. 1.

11 A Yes.

12 Q What is your total production from that
13 plant?

14 A At this time our maximum production is
15 about 56 tons a day.

16 Q How many --

17 A All liquid CO₂.

18 Q How many Mcf is that?

19 A That is -- that's about 960,000.

20 Q And you say that you're presently producing
21 from five separate wells?

22 A Yes, that's correct.

23 Q Are those adequate to supply the amount of
24 gas required?

25 A Yes, we're having no problem with our plant

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1 capacity at this time.

2 Q To in fact your application is one for the--
3 for the development of these two wells on a temporary basis,
4 is just to test the area.

5 A That's correct.

6 Q And to collect test data.

7 A That is correct.

8 Q Do you have any indication as to what --
9 or thoughts as to what you might do vis-a-vis the offset
10 operators if it were shown these wells drilled something more
11 than 40 acres?

12 A I think that would be determined by the
13 Commission at the time that we come back with our data.

14 Q Okay.

15
16 RECROSS EXAMINATION

17 BY MR. STAMETS:

18 Q I'd like to clarify something now resulting
19 from Ms. Trigg's questioning.

20 The application would result in an order
21 coming out to allow you infill drilling anywhere within the
22 pool that would be defined, but your intent is only to drill
23 the two wells during the coming year.

24 A That is correct. I would -- I would specify
25 that in the -- or I would certainly go along with putting

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1 that in this application, and specify those two locations.

2 MR. EXAMINER: The reason that's done, if
3 I may, please, Mr. Examiner.

4 MR. JOHNSON: Okay.

5 MR. WILLIAMS: Ms. Trigg represents the
6 surface owner of some of the tract that is currently under
7 lease to Amoco, and is an offset interest owner, and as part
8 of the agreement with that interest owner, we have selected
9 certain areas to specifically drill and test, and although
10 orders normally issued will allow us to infill in any portion
11 of the reservoir, it is our agreement with him that we would
12 select only those two locations during the one-year test
13 period, and that if additional drilling is felt necessary,
14 we would again apply to the Commission and give them notice
15 of hearing and opportunity to object to the plan.

16 MS. TRIGG: Mr. Examiner, if I might add,
17 I'm certainly not a geologist or a reservoir engineer. Our
18 concern, of course, was the total amount of acreage that is
19 to be included in the order. Certainly upon -- upon proof
20 that these wells only drill 40 acres, it seems to me would
21 be the time to enlarge this area. I fail to see how you
22 can include some 10,000 acres based on three wells. As you
23 can see, this north of the proposed drillsites, we have
24 three wells, two of which are on 40 acre spacing. How are
25 we to know that there might not be some delineation further

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1 down in this field? It does seem, and the concern was, that
2 this vast amount of acreage included within this application,
3 based on a showing of only the two additional wells to be
4 drilled was -- was a bit unreasonable.

5 MR. STAMETS: We -- as I read the proposal,
6 it would not prohibit any of the other owners in this parti-
7 cular described pool from drilling up to four wells on -- on
8 160 acres tract.

9 Is there any objection to that?

10 MS. TRIGG: As an operator? I think one
11 would have to talk to an operator concerning that. I think
12 Amoco Production Company is the only operator and, as you know
13 they're not interested in Santa Rosa gas. Their interest is
14 is the gas in the Tubb formation.

15 MR. STAMETS: I was trying to figure out
16 what kind of an order to write in this case.

17 MS. TRIGG: I would ask that the order be
18 limited specifically to that 160-acre -- 160 acres in Section
19 27 in the southwest quarter. Then if at such time it looks
20 as if the evidence justifies expanding that, I think that
21 would -- could come up before the Commission in the next year,
22 and another application be made.

23 MR. KELIAHIN: I would object to that.
24 We've made substantial concessions to Ms. Trigg's client
25 already on the location and drilling of number of wells to

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1 develop this area, and it comes as something of a surprise
2 at this late date to realize that now they want to limit the
3 boundaries of the pool. The logical configuration of a pool,
4 I think, has been reasonably defined by the drilling of the
5 dry wells as proposed -- as the outline proposed, to include
6 those areas.

7 The point is, I think it's a logical con-
8 figuration; that we ought to control that amount of acreage
9 in terms of providing spacing on 160 acres, with the capacity
10 to infill drill, knowing that this operation, apparently the
11 only one of concern to anyone that's actively going to do
12 something, is going to limit his development at this point to
13 those two 40-acre tracts. As a practical matter it might not
14 mean anything, but I think in order to be consistent with the
15 past special pool rules that the Commission has entered, it
16 is necessary to look at what is a logical configuration for
17 a proposed pool, and not just specifically limit yourself to
18 a 160-acre tract within a defined area and then next month
19 be proposed by someone else in an offsetting section that we
20 go to 320. You're boxing yourself into a problem, I think.

21 MR. STAMETS: We'll certainly take all those
22 things into consideration when we're writing an order in
23 this case and to face all of those issues to the greatest
24 benefit to all.

25 One other thing, Mr. Lambert. Did you in-

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Santa Fe, New Mexico 87501

1 dicato that you wanted to be able to locate your wells as
2 close as 330 to the outer boundary of the 160-acre tract,
3 or was that 660 from the outer boundary and 330?

4 A. Our plans at the moment are -- are 660 on
5 this first proposal. Now, I had asked for the 330, no closer
6 than 330 to this boundary line in case the first well indi-
7 cated that we might to get somewhere other than the center
8 of that 40 acres.

9 I really have no objection to that. Right
10 now the 660 is all right, but I had asked for the 330.

11 MR. STAMETS: Any other questions of the
12 witness? He may be excused.

13 Is there anything further in this case?

14 The case will be taken under advisement.

15
16 (Hearing concluded.)
17
18
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25

reporting service

General Court Reporting Service
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached 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 from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

reporting service
General Court Reporting Service
Santa Fe, New Mexico 87501

KELLAHIN and KELLAHIN

ATTORNEYS AT LAW

800 DON GASPAR AVENUE

P. O. BOX 1769

SANTA FE, NEW MEXICO 87501

JASON W. KELLAHIN

W. THOMAS KELLAHIN

KAREN AUBREY

TELEPHONE 982-4288

AREA CODE 505

November 5, 1979

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

Case 6750

Re: CO₂ in Action

Dear Joe:

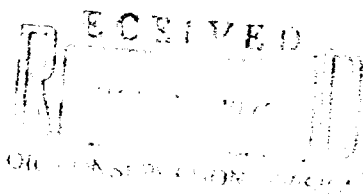
Please set the case for hearing on November 28, 1979
which I understand is the next available hearing.

Very truly yours,

Jason Kellahin
Jason Kellahin

JK:mm

cc: Mr. Chester Lambert



STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CO₂ IN ACTION FOR CREATION OF A NEW
CARBON DIOXIDE GAS POOL AND SPECIAL
POOL RULES, HARDING COUNTY, N.M.

Case 6750

APPLICATION

COMES NOW CO₂ IN ACTION, by and through its attorneys,
Kellahin & Kellahin, and applies to the Oil Conservation
Division of New Mexico for the creation of a new carbon
dioxide gas pool and Special Pool Rules Harding County,
New Mexico and would show the Division:

1. Applicant is an operator in the North Bueyeros-
Santa Rosa CO₂ Gas Pool and requests that a carbon dioxide
gas pool be created to include the following acreage:

Townership 20 North, Range 30 East, NMPM;

Sections 1: All

2: All

3: All

4: All

10: N/2

11: N/2

12: N/2

Townership 21 North Range 30 East, NMPM;

Sections: 20 through 23: S/2

26 through 35: All

RECEIVED
OIL CONSERVATION DIVISION
JAN 10 1968

2. Applicant requests the creation of said pool with 160 acre spacing and proration units but with a provision to allow for the drilling of additional wells within each said proration unit not to exceed a density of one well per 40 acre tract.

3. Applicant further seeks permission to locate wells so that no well is closer than 330 feet to any boundary of any quarter-quarter section.

4. That approval of the application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that the matter be set for hearing and that after notice and hearing, the application be approved as requested.

CO₂ IN ACTION

By Jason Kellahin
Jason Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501
Phone: (505) 982-4285

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CO₂ IN ACTION FOR CREATION OF A NEW
CARBON DIOXIDE GAS POOL AND SPECIAL
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Sections: 20 through 23: S/2
26 through 35: All

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OIL CONSERVATION DIVISION
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CO₂ IN ACTION

By Jason Kellahin
Jason Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501
Phone: (505) 982-4285

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
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CARBON DIOXIDE GAS POOL AND SPECIAL
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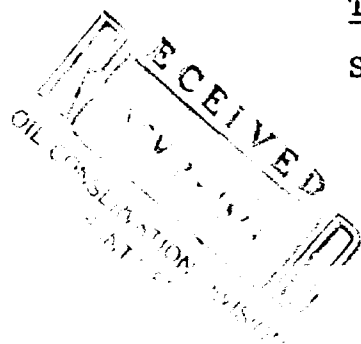
1. Applicant is an operator in the North Bueyeros-
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gas pool be created to include the following acreage:

Township 20 North, Range 30 East, NMPM;

Sections 1: All
2: All
3: All
4: All
10: N/2
11: N/2
12: N/2

Township 21 North Range 30 East, NMPM;

Sections: 20 through 23: S/2
26 through 35: All



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4. That approval of the application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that the matter be set for hearing and that after notice and hearing, the application be approved as requested.

CO₂ IN ACTION

By Jason Kellahin
Jason Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501
Phone: (505) 982-4285

Application of CO₂-In-Action, Inc for
creation of a new carbon dioxide gas
pool and special pool rules, Harding
County, New Mexico.

Applicant in the above styled Cause seeks the
creation of the North Breyeros-Santa Rosa
CO₂ Gas Pool comprising all or parts of
Sections 1, 2, 3, 10, 11, and 12, Township 20 North, Range
30 East and Sections 20 thru 23 and 26 thru 35,
Township 21 North Range 30 East, applicant and
~~applicant~~ ^{unit} the promulgation of special
rules therefor including a provision for
400-acre spacing, with the option to drill on
40^{acres}, and with well locations as close
as 330 feet to the unit boundary.

County, _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Form 104—(Four on Township)

30

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36

21

20

CO₂ in Action
New Case
(no 28)

ROUGH

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. 6750

Order No. R-6230

Application of CO₂-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 19 79, at Santa Fe, New Mexico, before Examiner R.L. Stamets.

NOW, on this _____ day of January, 19 80, 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, CO₂-In-Action, Inc.

seeks the creation of the North Bueyeros-Santa Rosa CO₂ Gas Pool comprising all or parts of Sections 1, 2, 3, 10, 11, and 12, Township 20 North, Range 30 East and Sections 20 thru 23 and 26 thru 35, Township 21 North, Range 30 East, and the promulgation of special rules therefor including a provision for 160-acre spacing units with the option to drill on 40 acres, and with well locations as close as 330 feet to the unit boundary.

-2-
Case No. 6750
Order No. R-

(3) That the evidence presented in this case was insufficient to demonstrate that the proposed North Bueyeros-Santa Rosa CO₂ Gas Pool is a separate and distinct gas pool.

(4) That there are carbon dioxide gas wells and indications of carbon dioxide gas reservoir(s) outside the proposed pool which may be part of the same common source of supply.

(5) That the proposed North Bueyeros-Santa Rosa CO₂ Gas Pool should not be created pending further study and the application for such creation should, therefore, be denied.

(6) That there is little available reservoir data on wells within and near the proposed pool upon which to base pool creation or to establish pool rules.

(7) That to provide for the collection of reservoir data including pressures, porosity, reservoir interference, well logs, samples, and other data the applicant should be permitted to drill one infill well within the SW/4 of Section 27, Township 21 North, Range 30 East, Harding County, New Mexico.

(8) That the applicant, prior to the drilling of said infill well, should confer with the supervisor of the Division's district office at Santa Fe to prepare a drilling, testing, and production program which will yield appropriate reservoir and reservoir drainage data.

(9) That approval of the application for infill drilling with the provisions set out above, should serve to develop *needed* reservoir data and should not cause waste nor violate correlative rights.

-3-
Case No. 6750
Order No. R-

IT IS THEREFORE ORDERED:

(1) That the application of CO₂-In-Action, Inc. for the creation of the North Bueryeros-Santa Rosa CO₂ Gas Pool in Harding County, New Mexico, is hereby denied.

(2) That the applicant is hereby authorized to drill an infill well within the SW/4 of Section 27, Township 21 North, Range 30 East, Harding County, New Mexico, for purposes of both production and development of reservoir data.

(3) That the applicant, prior to the drilling of said infill well, shall confer with the supervisor of the Division's district office at Santa Fe to prepare a drilling, testing, and production program which will yield appropriate reservoir and reservoir drainage data.

(4) That the applicant shall supply the Division with one copy of all well logs or other reservoir data developed through the drilling ^{and testing} of said infill well.

(5) 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.