

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

6 APPLICATION OF COULTHURST
7 MANAGEMENT & INVESTMENT, LLC
8 TO RE-OPEN CASE NO. 14835 TO
9 AMEND ORDER NO. R-2975-A.

CASE NO. 14835

ORIGINAL

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS
11 EXAMINER HEARING

12
13 BEFORE: DAVID K. BROOKS, Chief Examiner
14 PHILLIP GOETZE, Technical Examiner

15 February 7, 2013
16 Santa Fe, New Mexico

17
18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, David K. Brooks
20 Chief Examiner, and Phillip Goetze, Technical Examiner,
21 on Thursday, February 7, 2013, at the New Mexico Energy,
22 Minerals and Natural Resources Department, 1220 South
23 St. Francis Drive, Porter Hall, Room 102,
24 Santa Fe, New Mexico.

25 REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102

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APPEARANCES

FOR APPLICANT COULTHURST MANAGEMENT & INVESTMENTS, LLC:

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1 (8:23 a.m.)

2 EXAMINER BROOKS: Then at this time we will
3 call Case Number 14835, application of Coulthurst
4 Management & Investment, LLC to re-open Case Number
5 14835 to amend Order R-2975-A.

6 MR. RANKIN: Thank you, Mr. Brooks. Adam
7 Rankin on behalf of Coulthurst Management & Investment,
8 LLC. I've got no appearances -- no witnesses this
9 morning. I'm presenting this case by affidavit.

10 EXAMINER BROOKS: Okay.

11 MR. RANKIN: Good morning, Mr. Goetze.

12 The affidavit that I'll be presenting this
13 morning is from Paul C. Thompson, who's a petroleum
14 engineer and previously testified in this case, which we
15 are seeking to re-open. In Mr. Thompson's affidavit, he
16 indicates that he resides in Farmington, is employed as
17 an engineer by Walsh Engineering. He indicates that
18 Coulthurst seeks to re-open Case Number 14835 in order
19 to amend Order R-2975-A in order to address additional
20 injection zones and approve additional injection zones
21 that were slightly shallower than previously authorized
22 in the original order.

23 He indicates that Coulthurst's application
24 originally sought to authorize injection into the Erin
25 Number 2, Menefee Formation, through perforations

1 between 535 feet and 580 feet, and the Division heard
2 that application on May 10th, 2012 and authorized
3 injection through Order Number R-2975: ^{DE}A

4 While attempting to perform the mechanical
5 integrity test that's required prior to injection of the
6 Erin Number 2, Mr. Thompson states that he discovered
7 that the Erin Number 2 has additional perforations that
8 he was not aware of previously in the wellbore in some
9 upper Menefee Formation sands at approximately 438 feet
10 to 453 feet, and from 456 feet to 461 feet.

11 Attached as Exhibit A to the affidavit is
12 an amended C-108 well data sheet for the Erin Number 2
13 well indicating the additional perforations and
14 additional injection zones and the shallower perms.
15 That is essentially the only change to the C-108, other
16 than the fact that the packer will be set at
17 approximately 400 feet instead of the originally
18 proposed 500 feet in order to accommodate the shallower
19 perforations.

20 Also as a consequence of the additional
21 shallower perforations, Mr. Thompson indicated that the
22 proposed injection pressure will be reduced from 105
23 pounds per square inch, as approved, to 87 pounds per
24 square inch to correspond to the shallower injection
25 zones.

1 Mr. Thompson reviewed the offsetting wells,
2 the Erin Number 3 and Erin Number 9, which are the wells
3 that are expected to demonstrate a positive response
4 from the injection in the Erin Number 2. They are also
5 completed in some of the Menefee sands, with
6 corresponding completions with those wells.

7 Accordingly, Mr. Thompson indicates in his
8 analysis and conclusion that the injection into the Erin
9 Number 2 will benefit production in the Erin Number 3
10 and Erin Number 9, remains valid and will, in his
11 opinion, reduce waste.

12 He did another follow-up review of the
13 offsetting wells to ensure that the -- in the area of
14 review to ensure that there are no other issues. He's
15 indicated in his affidavit that there are no additional
16 wells that penetrate the injection interval from the
17 previous review and that, based on his review, he's
18 confirmed the original analysis and the conclusion that
19 the wells are adequately cemented across the injection
20 interval, the system is closed and that no water
21 injected through the Erin Number 2 will escape the
22 Menefee Formation.

23 Exhibit B, attached thereto, is a letter
24 from John Coulthurst, who is the president of Coulthurst
25 Management & Investment, LLC, the Applicant, stating

1 that the pressure maintenance project area, as approved
2 in the original order, remains the same and is
3 coterminous with federal lease MMSF 008 117 1 K. And
4 accordingly, the pressure maintenance project will
5 remain as originally approved in the same project area
6 under Order Number R-2975-A.

7 Mr. Thompson also indicated that he
8 reviewed the potentially affected parties and that those
9 are have not changed, and he's directed that notice be
10 delivered to those parties, Three Forks Resources and
11 the BLM, who's the surface landowner. And the notice is
12 attached as Exhibit C, towards the back, including an
13 affidavit from the corporation attorney, myself,
14 indicating that notice was provided as required. Behind
15 the affidavit is a copy of the sample -- a copy of the
16 notice letter that was sent to Three Forks, sent to the
17 BLM indicating the purpose of the application, to reopen
18 the case.

19 Mr. Thompson indicates, in paragraph 12 of
20 his affidavit, that none of the interests who are
21 affected parties have changed, as I mentioned, since the
22 original application or Order Number R-2975 as approved.

23 Exhibit D is a copy of the notice letter
24 that was sent to the parties, as I indicated. And a
25 copy of the notice list and the green cards on the last

1 page indicate that the affected parties both received
2 notice, the BLM and Three Forks Resources, LLC.

3 Mr. Thompson, paragraph number 16,
4 indicates that all other aspects of the proposed
5 injection, including his analysis and conclusion
6 supporting the original Order R-2975-A, remain the same.
7 And it is his opinion, as he states in paragraph 17,
8 that granting the application will not result in waste
9 or impair correlative rights.

10 That is the extent and content of the
11 affidavit, Mr. Examiner?

12 EXAMINER BROOKS: Does the affidavit have
13 an exhibit number? Looks like it's Exhibit Number 4.

14 MR. RANKIN: It's Exhibit Number 6,
15 Mr. Brooks.

16 EXAMINER BROOKS: 6. I should put on my
17 glasses.

18 MR. RANKIN: This is a continuation. Since
19 it's a reopening of the case, we numbered it Number 6.

20 EXAMINER BROOKS: Are you tendering Exhibit
21 Number 6?

22 MR. RANKIN: Yes, Mr. Brooks, I would
23 tender Exhibit 6 for admission into the record.

24 (Coulthurst Management & Investment, LLC
25 Exhibit Number 6 was offered and admitted

1 into evidence.)

2 EXAMINER BROOKS: Okay. Exhibit Number 6
3 is admitted.

4 Does that conclude your presentation?

5 MR. RANKIN: That does, Mr. Brooks.

6 EXAMINER BROOKS: If there is nothing
7 further, then Case Number 14835 will be taken under
8 advisement.

9 MR. RANKIN: Thank you.

10 EXAMINER BROOKS: This docket stands
11 adjourned.

12 (Case 14835 concludes; docket concludes,
13 8:31 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14835
heard by me on 2-7-2013
David K. Brooks
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither
16 employed by nor related to any of the parties or
17 attorneys in this case and that I have no interest in
18 the final disposition of this case.

19



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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2013

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