

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

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

IN THE MATTER OF CASE 13,242 BEING)
REOPENED PURSUANT TO THE PROVISIONS OF)
DIVISION ORDER NO. R-12,133, WHICH ORDER)
PROMULGATED TEMPORARY SPECIAL POOL RULES)
FOR THE QUERECHO PLAINS-STRAWN POOL,)
LEA COUNTY, NEW MEXICO)

CASE NOS. 13,242

IN THE MATTER OF CASE 13,243 BEING)
REOPENED PURSUANT TO THE PROVISIONS OF)
DIVISION ORDER NO. R-12,134, WHICH ORDER)
PROMULGATED TEMPORARY SPECIAL POOL RULES)
FOR THE YOUNG-STRAWN POOL, LEA COUNTY,)
NEW MEXICO)

and 13,243

2005 NOV 17 PM 4 08

(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

ORIGINAL

BEFORE: DAVID R. CATANACH, Hearing Examiner

November 3rd, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday November 3rd, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

November 3rd, 2005
 Examiner Hearing
 CASE NOS. 13,242 and 13,243 (Consolidated)

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<u>BRYAN M. MONTGOMERY</u> (Engineer)	
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A P P E A R A N C E S

FOR MEWBOURNE OIL COMPANY:

JAMES G. BRUCE
 Attorney at Law
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3 EXAMINER CATANACH: At this time I will call Case
4 13,242, which is in the matter of Case 13,242 being
5 reopened pursuant to the provisions of Division Order
6 Number R-12,133, which order promulgated temporary special
7 pool rules for the Querecho Plains-Strawn Pool in Lea
8 County, New Mexico.

9 Call for appearances in this case?

10 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
11 representing the Applicant. I have one witness, and I'd
12 ask that this case be consolidated for hearing with Case
13 13,243.

14 EXAMINER CATANACH: All right, at this time I'll
15 call Case 13,243, in the matter of Case 13,243 being
16 reopened pursuant to the provisions of Division Order
17 Number R-12,134, which order promulgated temporary special
18 pool rules for the Young-Strawn Pool in Lea County, New
19 Mexico.

20 Call for any additional appearances in these
21 cases?

22 Okay, there being no additional cases, you may
23 proceed, Mr. Bruce.

24 Oh, sorry, witness please stand to be sworn in.

25 (Thereupon, the witness was sworn.)

1 BRYAN M. MONTGOMERY,

2 the witness herein, after having been first duly sworn upon
3 his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. BRUCE:

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

7 A. My name is Bryan Montgomery.

8 EXAMINER CATANACH: I'm sorry, who are you
9 appearing on behalf of?

10 MR. BRUCE: For Mewbourne Oil Company.

11 Q. (By Mr. Bruce) Sorry, go ahead, Bryan.

12 A. My name is Bryan Montgomery.

13 Q. And where do you reside?

14 A. In Tyler, Texas.

15 Q. Who do you work for and in what capacity?

16 A. I work for Mewbourne Oil Company as a reservoir
17 engineer.

18 Q. Have you previously testified before the
19 Division?

20 A. I have.

21 Q. And were your credentials as an expert reservoir
22 engineer accepted as a matter of record?

23 A. They were.

24 Q. And are you familiar with the engineering matters
25 involved in these two cases?

1 A. I am.

2 Q. And was Mewbourne the original applicant in these
3 two cases?

4 A. Yes, that's correct.

5 Q. And did you testify on behalf of Mewbourne at the
6 original hearing?

7 A. Yes, I did.

8 MR. BRUCE: Mr. Examiner, I tender Mr. Montgomery
9 as an expert reservoir engineer.

10 EXAMINER CATANACH: He is so qualified.

11 Q. (By Mr. Bruce) Mr. Montgomery, could you
12 identify Exhibit 1, identify the two pools we're talking
13 about today and just give a little more information on the
14 Strawn pools in this area?

15 A. Yes, Exhibit 1 is a map showing an area in Eddy
16 County in Township 18-32, that shows some Strawn pools
17 outlined. The wells that you see spotted on the map are
18 penetrations that penetrated at least to the Strawn. The
19 wells that have a blue dot around them are wells that have
20 produced from the Strawn.

21 And you see three pools and a part of a fourth
22 pool in the south. The Lusk-Strawn is the large pool we
23 have just the edge of there. Then north of that, the North
24 Lusk-Strawn Pool. And then north of that the two pools in
25 question today, the Young-Strawn Pool and the Querecho

1 Plains-Strawn Pool.

2 And noted on the map are the pool rules for these
3 pools, and also cumulative production next to the well
4 spots. I'll be talking about these wells, and I apologize,
5 I don't have the well names on here, but we'll go through
6 six of these wells in particular.

7 And if you look at the Young-Strawn Pool outline,
8 there's two wells in Section 17. The one to the north is
9 the SF 17 Number 1, and the one in the southeast quarter is
10 the SF 17 Number 2. And just south of that in Section 20
11 is the Young Deep Well, I believe they call it.

12 And then over in the Querecho Plains-Strawn Pool,
13 there was a well in the southeast quarter of Section 22
14 that is the Mewbourne SF 22 Number 1 that I'll be talking
15 about. And then in the southwest quarter of the pool, the
16 original well for that pool is the Querecho Plains Unit
17 Number 1. And then in the northwest quarter with the blue
18 dot, the producing well, would be the Querecho Plains
19 Number 2, originally drilled by Pecos.

20 Q. Okay. Now, as shown on your map, you've also
21 included GOR and spacing data. Most of these pools in this
22 area have been developed on something in excess of
23 statewide rules, have they not?

24 A. That's correct, most of them are special pool
25 rules. You notice the Lusk-Strawn Pool, 160-acre spacing

1 with a 4000-to-1 GOR; the North Lusk-Strawn Pool, 40-acre
2 spacing with a 20,000-to-1 GOR, and it had a special pool
3 -- no, I believe that was statewide, 365 barrels of oil per
4 day.

5 Q. And they did recently -- about the time these
6 hearings were instituted, they did -- the operator in that
7 pool did get a special GOR for that pool, did it not?

8 A. Right, that 20,000-to-1 was a special. Yeah,
9 that's the only thing special about those pool rules; their
10 GORs had gotten very high.

11 Q. Now, in -- you'll address this later -- the GOR
12 in the two pools today, the Querecho Plains and the Young-
13 Strong, has statewide GOR of 2000-to-1, does it not?

14 A. That's correct.

15 Q. And at the time of the hearing, a 2000-to-1 -- or
16 excuse me, I believe Mewbourne requested a 4000-to-1 GOR?

17 A. That's correct.

18 Q. Now, that was denied; is that correct?

19 A. That's correct.

20 Q. Did -- At this time, is a 4000-to-1 GOR
21 necessary?

22 A. It's not necessary in that the gas allowables are
23 used in conjunction with the oil allowables, and no wells
24 can produce higher than the calculation that follows that.
25 But the wells are all over about 4000 GOR at this time.

1 They weren't at the initial hearing.

2 Q. Okay. Well, let's discuss first the Querecho
3 Plains-Strawn Pool. What does Exhibit 2 represent?

4 A. Exhibit 2 is a table on the first page, and then
5 I believe some decline curves stapled behind that. And
6 just looking at the table first, and then we'll go to the
7 decline curves and maybe come back to the table, we see the
8 three wells that I'm going to talk about in this pool.
9 There's a fourth well in Section 15 to the north that is a
10 very poor producer and I have left off, so this is not
11 every well in the pool on this table.

12 But on this table what we have are initial dates
13 that the wells were completed, porosity feet of the wells,
14 or a combination as you'll see in a minute of an area where
15 there may be some communication based on logs. I don't
16 have those today. We had those in the original exhibit,
17 and nothing's changed there.

18 The cumulative production and the estimated
19 ultimate recoveries for oil and gas for these wells, that
20 will be based on the decline curves we'll look at in a
21 minute.

22 And then the drainage area calculated
23 volumetrically from those estimated ultimate recoveries
24 using similar -- or the same actual factors that we used in
25 the original hearing. That would have been a 30-percent

1 recovery factor that you don't see on this exhibit, I
2 apologize, and a 15-percent water saturation. And then the
3 original formation volume factors of these wells.

4 So this table shows, I think, that the SF 22
5 Number 1, it is my estimation, will be draining and
6 affecting 157 acres, and that the Querecho Plains Unit
7 Number 1 and Number 2 in conjunction, when you add the
8 reserves together, are affecting about 105 acres. And the
9 reason I add those together is that when the Number 2 well
10 was drilled there was a very low DST pressure, you may
11 remember from the first hearing, and it showed very
12 significant communication between those wells, and I felt
13 it simpler and more appropriate to combine the production
14 from the two wells, combine the porosity feet that's an
15 average of the two wells, and then calculate the area that
16 they were both affecting.

17 The Querecho Plains Unit Number 1 has stopped
18 producing from the Strawn, is now in the Morrow, back down
19 deeper. And the Number 2 is producing still, and we'll see
20 those on the decline curves on the next few pages.

21 So if we'll just turn to those, then we can come
22 back to this table.

23 I'm not sure which one you have first there,
24 Judge --

25 EXAMINER CATANACH: Number 1.

1 THE WITNESS: The Number 1 Querecho Unit, SF
2 Number 1? Okay. Well, let's flip to the Querecho Plains
3 Unit Number 1, because it was the first well drilled. And
4 just a quick reminder of what we went through before, and
5 there's not much new here. The well had production prior
6 to 1970, so it's not shown on the monthly plot here that I
7 get from the public data service that we use, but it shows
8 the oil in green, the gas in red, and the gas-oil ratio in
9 an aqua-blue-type color.

10 And what we see is, over on the right-hand side,
11 some cumulative production numbers where the gas is
12 1,124,702 MCF, the oil 546,451 thousand barrels of oil.
13 And what we found was, when this well was out there and we
14 wanted to offset it, that we had a lot of cumulative
15 production and a question about drainage, but a GOR that
16 only gotten up to maybe 3000 to 4000 after all those years.
17 And these initially come on more like 1500 to 1800 GOR.

18 So we went in and drilled the SF 22. And if
19 we'll flip back to that well, on the decline curve, the
20 colors are the same. You see the oil and the gas and the
21 GORs. It looks a little different, but we did start out
22 with a fairly low GOR. We had a DST that had almost virgin
23 pressure, and so we knew we were very poorly connected to
24 the production of this first well, which was a good sign in
25 that we would have some good pressure and some reserves.

1 We did come on at very high rates, and the State
2 allowed us a 720-oil-per-day allowable, which was used with
3 the 2000 GOR to produce these few months or couple years
4 that you see here. The cumulative production in oil is
5 about 150,000 barrels of oil, and we still have remaining
6 reserves. We put the well on pump, oh, about halfway
7 through what you see there -- I think it was early '05 --
8 and the well is still very economic and doing just fine.

9 So what I did was made a projection for the
10 remaining reserves of this well, for oil and gas to use in
11 our drainage calculations back on the first table. The GOR
12 here, you see, was closer to 1000, maybe 1200, and has come
13 up now to maybe 3000 GOR.

14 The next well drilled, and the last well on this
15 exhibit, is the Querecho Unit Number 2, and it was drilled
16 about the same time, a little after our well, and this is
17 the one they encountered the high pressures -- low
18 pressures from a DST. And the well has performed nicely.
19 It's not as strong of a well. In fact, I have it with
20 30,000 barrels of cumulative oil production and about
21 56,000 ultimate oil production, which is about what I would
22 have given the old initial well, had I just put the old
23 decline curve in a projection mode and said how much longer
24 would -- that old well would have gone. And it had been
25 producing for many, many years.

1 So it looks like they're picking up at least most
2 of what the original Querecho 1 left behind, in a much
3 faster rate. They have a much better-looking log. The
4 well was obviously -- the Querecho Unit Number 1 was
5 obviously draining from this compartment all those years.

6 The GOR here, of course, was higher just because
7 the pressure was lower, and the nature of these oil
8 reservoirs are to increase in GOR as the pressure declines.
9 And so it started higher and has been bouncing around but
10 close to 6000 to 7000 GOR ever since initial production.

11 So going back to the original table, those
12 ultimate recoveries that you see that I used were used in a
13 volumetric equation to calculate drainage area. And what I
14 think we have here are wells that are certainly capable of
15 draining over 40 acres, maybe up to 160 acres, just
16 depending what they're connected to. And that 80-acre
17 spacing is appropriate and the oil allowable was
18 appropriate. We don't have wells that can still produce
19 720 barrels of oil per day, but certainly the prolific
20 wells could do that initially. It was not harmful to the
21 reservoir.

22 And the GOR, if it remains at 2000, will not make
23 a material effect on Mewbourne, but the GORs are probably
24 closer to 4000 or slightly greater at this point in time in
25 this field. And so I think if we kept the rules just like

1 they were as temporary, we would be fine, we would protect
2 correlative rights and we would prevent waste.

3 Q. (By Mr. Bruce) Why don't you move on, then, to
4 Exhibit 3 and discuss the results of the wells drilled in
5 the Young-Strawn Pool?

6 A. Exhibit 3 is the same type of exhibit, and of
7 course these fields are just a mile apart, but we feel
8 they're separated. There have been wells drilled in
9 between the two. They have their own story, and these
10 Strawn reservoirs can be isolated like this. And so what
11 we've done is analyze the Young-Strawn Pool as its own
12 reservoir compartment.

13 And if we look at the three -- Well, let's start
14 with the table. The table shows the three wells, and these
15 are the only wells in the Young-Strawn Pool. It's also an
16 80-acre spacing temporarily with a 2000-to-1 GOR and a 720-
17 barrel-of-oil-per-day top allowable.

18 The Young Federal Number 1 was the original well
19 drilled in this pool, in Section 20, and I show it has a
20 drainage area of about 70 acres based on my remaining
21 reserve estimates of the well's future production. The
22 well has cumulated about 106,000 barrels, and I expect it
23 to make a little more to get to 120,000 barrels of oil. It
24 came on in June of 1975.

25 And then we drilled our two Mewbourne wells to

1 the north, the 17 Number 1, which encountered a poor Strawn
2 that may not be connected very well either to the main
3 reservoir, and then the 17 Number 2 with a better-looking
4 log and certainly better performance and more likely
5 connected to the Strawn reserves that the Young Federal had
6 encountered.

7 I show the 17 Federal Number 1 to drain maybe 17
8 acres and the 17 Number 2 151 acres. These areas seem
9 reasonable to me. And I might note that on the Exhibit 1
10 that we talked about there's a blue outline, and it's not
11 meant that that blue outline be the drainage area
12 represented with these calculations; it's just a cartoon
13 drawing to show the outline of the producers in the pool.
14 But these drainage areas could be superimposed, you know,
15 onto the well spots to give an idea of what's affecting
16 what.

17 Going through the rest of the exhibit, there's
18 three decline curves, and if we start with the well that's
19 called the Young Federal Number 1, we see it came on in
20 1975 and has produced ever since, until about 2000, where
21 they tried some other zones as the well had gotten down to
22 four barrels of oil a day. Then they didn't do too well in
23 those other zones, and they came back to the Strawn. There
24 was a little increase in production, flush production, if
25 you will, and the well has pulled back down close to the

1 old rate where they left it in 2000. So I have projected
2 that trend prior to 2000, from here forward, to give me the
3 ultimate recovery for this well.

4 The GOR here, you can see, bounced around through
5 the history of the well based on probably how the well was
6 produced, pumped or not pumped, or loading up. The GORs
7 went from 1000 to 3000 over the life of the well, sort of
8 up and down. In the end it was probably slowly increasing
9 up to 2000 or 2500 GOR, and that's where it's at right
10 about now.

11 So what we did was, we -- Mewbourne Oil Company
12 drilled a couple wells to the north. And if you flip over
13 to the 17 Federal Com Number 1, the first well we drilled,
14 we really didn't get much of a connection to the main
15 reservoir, and we didn't do very well on results. Probably
16 in retrospect it was not an economic well. It has cum'd
17 close to 6000 barrels of oil, and I only project it to make
18 7000. The GOR does show a trend going from 2000-to-1 up to
19 4000 or 5000-to-1. But it's not much of a well, and it's
20 discounted in my analysis.

21 The 17 Number 2 is a good well. If we flip over
22 to it, we see it came on with high initial rates where we
23 did need the higher initial oil allowable. The GORs did
24 rapidly increase on this well, showing less of a tank, more
25 of a depletion, whether that's competing and connected to

1 the Section 20 well, which I believe is probably the case,
2 you just never know. It had DST pressures that were fairly
3 high, so we think there could be some connection, but it
4 wasn't being drained from the well in 20. And we found
5 that to be the case because we're going to make pretty good
6 cumulative and ultimate production from this well. In
7 fact, it'll be very similar to the well in 20. The
8 cumulative production here shows 71,000 barrels or so of
9 oil, and remaining reserves will give an ultimate recovery
10 of 108,000 barrels of oil.

11 So flipping back to the table and using those
12 ultimate recoveries and the logs that were shown in the
13 previous hearing -- PVT properties, recovery factors, like
14 I said, were 30 percent -- we come up with these drainage
15 areas. And to repeat, the Young Federal Number 1
16 calculates about 70 acres. I want to say, when we last did
17 this, I was calculating 55 or 60 acres, and so there's a
18 little change there, I think, with respect of some extra
19 oil.

20 The SF 17 Number 1 and 2 were just beginning to
21 be produced, and so we didn't have an estimate there what
22 they would ultimately do, other than some guesswork, maybe,
23 on what they might drain. But now that we have some
24 production, I think we can see they're feeling acreage
25 drainage areas that are in the range of these areas here,

1 where the 17 Number 1 would be 17 acres and the 17 Number 2
2 151 acres. So again, here we have greater than 40-acre
3 drainage estimates, up to maybe 160-acre-type numbers, and
4 80 acres seems reasonable to me.

5 Q. Okay, so you have drainage from 15 to 150 acres,
6 and it seems to be kind of variable by wells, is it not?

7 A. It is very much so.

8 Q. And based on this, do you think the 80-acre
9 spacing should be left in effect?

10 A. I do.

11 Q. And although we're not here to discuss the GOR
12 today, it appears that most of these wells have over time,
13 in these two pools, gotten up to producing at what, 4000 to
14 5000 GOR at a producing --

15 A. Right, each one's a little different. It's
16 amazing. They're not all the same, but yes, that would be
17 a good range of estimates, 4000 to 5000.

18 Q. But because of the natural decline in these wells
19 at this point, you don't need a higher GOR?

20 A. Right, it would -- the GOR would not restrict
21 Mewbourne because if we stay at 720 barrels of oil per day,
22 multiply times 2000, none of the wells can do that 1.4
23 million cubic feet a day.

24 Q. And in your opinion will leaving the spacing at
25 80 acres per well result in the prevention of waste?

1 A. Yes, this will prevent waste.

2 Q. Were Exhibits 1 through 3 prepared by you or
3 under your supervision?

4 A. They were.

5 MR. BRUCE: And with that, Mr. Examiner, I'd move
6 the admission of Exhibits 1 through 3.

7 EXAMINER CATANACH: Exhibits 1 through 3 will be
8 admitted.

9 EXAMINATION

10 BY EXAMINER CATANACH:

11 Q. Mr. Montgomery, which wells does Mewbourne
12 operate in this pool --

13 A. Mewbourne operates --

14 Q. -- these pools?

15 A. -- in the Young-Strawn Pool, the 17 Number 1 in
16 the northeast of 17, and the 17 Number 2 in the southeast
17 of 17, and Chesapeake operates the well in Section 20.

18 In the Querecho Plains-Strawn Pool, Mewbourne
19 operates only the SF 22 Number 1 in the southeast of
20 Section 22. The other wells were, at the time of the last
21 hearing, operated by Pecos, and I believe now are operated
22 by Chesapeake; is that correct?

23 MR. BRUCE: (Nods)

24 THE WITNESS: Chesapeake.

25 Q. (By Examiner Catanach) Including the well in

1 Section 15, or is that still producing?

2 A. It shows to be plugged out on my map, and I don't
3 have the curve here to answer that with any assurance, but
4 I believe that well was plugged out many years ago.

5 Q. So what do you attribute the differences in the
6 drainage areas for these wells?

7 A. I think it's mostly geologic, I think it's what
8 you're connected to that counts. And it obviously also
9 matters if you're competing with another well. We've had
10 other fields, as you know, in other areas where across the
11 lease line there's competition. We feel like we see that
12 with pressures or rates.

13 So if you had more than one well geologically
14 connected, that would be important for drainage areas. But
15 mostly I think it's geologically, what porosity, net
16 porosity, you would have. If you had good net porosity and
17 good perm, these wells are able to drain fairly large
18 areas. I don't know how large could it go, may be your
19 question, but it looks here like 160 acres is not
20 unreasonable. And I think that's what the Lusk pool is on.
21 There probably is some testimony to that effect in that
22 pool.

23 Q. Did you guys, when you drilled the two wells in
24 each pool fairly close to each other, did you see any
25 effect on each other?

1 A. No, the effects we saw -- the 17 Number 1 and 2,
2 the 17-1 was so poor it was hard to have seen any effects,
3 but we didn't have a pressure on that well. Let me get my
4 notes out to be sure. Right, we don't have good pressure
5 data on the 17-1 and -2. But I do believe the GOR is some
6 indication of -- if the well -- When you complete a well,
7 if you've been drained by another well, your GOR will start
8 higher. It depends on how much drainage, of course, and
9 how big the tank is. But since we had lower GORs, I felt
10 like the Young well in 20 was not connected to the 17 wells
11 in a strong way -- strong, as in a powerful way. But there
12 may have been some mild conductivity, because the areas
13 suggest they might be touching.

14 In this Querecho Pool there was much more
15 evidence of connectivity. Our own well and the 22 had
16 slightly lower than virgin pressure, but just slightly. So
17 there was some slight connectivity to the half-a-million-
18 barrel well, the Querecho Number 1, the old well.

19 Whereas the Pecos drilled well, the Querecho
20 Number 2, had 1300 pounds, a very high GOR initially. So I
21 felt like preferentially the well -- the old well in the
22 middle of 22, the half-a-million-barrel well, Querecho
23 Number 1, was probably draining from the northwest. And
24 it's likely it's just simply the porosity and permeability
25 went that way, and that there was another pod where we

1 found it in the southeast of 22 that had a barrier of
2 sorts, either permeability or porosity or a fault, or some
3 kind of barrier to keep the drainage from being too extreme
4 and only slight.

5 Q. And these are very small producing sections,
6 right, in the Strawn?

7 A. They are. They are not really supermassive
8 intervals -- is that what you mean? -- heightwise?

9 Q. Uh-huh.

10 A. Yes, the Strawn itself is fairly thick, 100, 200
11 feet But most of it is low-porosity rock. And what you
12 find, there's 10- to 20- to 30-foot sections total in that
13 whole 100 to 200 feet with porosity that would be
14 considered productive, net pay and porous and permeable.
15 And it's interspersed in the Strawn. There is, I think,
16 good vertical permeability. Sometimes you have fracturing,
17 at the wellbore at least, in the Strawn like this. But
18 there are certainly compartments, inside compartments, if
19 you will?

20 Q. And these pools are definitely isolated from each
21 other, right?

22 A. Yes, I think so. I think so. We have the
23 penetrations between there to help us, we have other
24 information to help us say that.

25 Q. Uh-huh. So at this time there is no plans to

1 drill any additional wells in these pools?

2 A. None by Mewbourne, or any that we know of.

3 I might note that Section 22 had a well drilled
4 just south of the big, half-a-million-barrel well, and that
5 is a new well by Pecos. We had a small interest, we
6 declined to participate in that well. But they did not
7 find the Strawn productive, just 40 acres to the south of
8 that half-a-million-barrel well.

9 Q. I'm sorry, you're talking about in Section 27?

10 A. Section 22 -- I'm sorry, if you look in Section
11 22, in the southwest quarter -- in the southeast of the
12 southwest quarter --

13 Q. Uh-huh.

14 A. -- that is a new penetration -- I should have
15 pointed that out -- from the previous hearing, but is not a
16 producer in the Strawn. But it did penetrate what would
17 have been the Strawn, but found no net pay and was found to
18 be nonproductive in the Strawn.

19 They're trying other zones, still producing out
20 of other zones, I think the Bone Spring now, but not in any
21 great way.

22 Q. So what is the porosity -- It just pinches out as
23 you move south here?

24 A. It was. They had less total thickness,
25 amazingly, that short of a distance, plus the porosity was

1 gone.

2 Q. What are these wells making now?

3 A. Well, we've got the decline curve, I'll go
4 through them with you.

5 In the Young-Strawn Pool, the old well in Section
6 20 that Chesapeake has re-gone back to the Strawn, is
7 making about three to four barrels of oil per day and 10 to
8 15 MCF per day. And these data are all based on months, a
9 few months ago, from public data.

10 The 17 Number 1 well in the northeast of 17 is
11 making about three barrels of oil per day and about 10 to
12 15 MCF per day also. Similar type -- Although it did not
13 have the good cumulative production, it happens to be at a
14 very similar rate.

15 The 17 Number 2, on the other hand, by my decline
16 curve, is making about 600 barrels a month, so 20 barrels
17 of oil per day. And the gas, a little over 100 MCF per
18 day. And that's interesting to note, it's in the middle of
19 the two wells and still producing at much higher rates than
20 the two offsets.

21 In the Querecho pool, the old well that made a
22 half million barrels, the Querecho Number 1, is
23 nonproducing anymore. It's in the Morrow, it's not
24 producing Strawn. But the Mewbourne SF 22 Number 1 in the
25 southeast quarter of 22 is producing about 100 barrels of

1 oil per day and about 250 MCF per day.

2 And then the last well that's still producing is
3 the Querecho Number 2 in the northeast quarter -- northwest
4 quarter, excuse me -- and it's producing about 40 barrels
5 of oil per day, maybe a little less, and about 250 MCF per
6 day, maybe a little more.

7 EXAMINER CATANACH: Okay, I don't have anything
8 else.

9 MR. BRUCE: I have nothing further in this
10 matter, Mr. Examiner.

11 EXAMINER CATANACH: Okay, Cases Number 13,242 and
12 13,243 will be taken under advisement.

13 And we'll adjourn the hearing.

14 (Thereupon, these proceedings were concluded at
15 8:51 a.m.)

16 * * *

17
18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. 13242, 13243
21 heard by me on November 3, 2005.
22 David R. Catanach, Examiner
23 Oil Conservation Division
24
25

CERTIFICATE OF REPORTER

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

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

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

WITNESS MY HAND AND SEAL November 3rd, 2005.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006