

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:) CASE NO. 12,539
)
APPLICATION OF MAYNARD OIL COMPANY FOR)
SIMULTANEOUS DEDICATION IN THE WILSON-)
MORROW GAS POOL, LEA COUNTY, NEW MEXICO) ORIGINAL
)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

November 16th, 2000
Santa Fe, New Mexico

00 NOV 30 PM 10:57
OIL CONSERVATION DIV

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, November 16th, 2000, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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November 16th, 2000
Examiner Hearing
CASE NO. 12,539

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A P P E A R A N C E S

FOR THE DIVISION:

LYN S. HEBERT
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
 Suite 1 - 110 N. Guadalupe
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: MICHAEL FELDEWERT

FOR NEARBURG EXPLORATION COMPANY, L.L.C.,
 and DEVON SFS OPERATING, INC.:

JAMES G. BRUCE, Attorney at Law
 3304 Camino Lisa
 Santa Fe, New Mexico 87501
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 2:40 p.m.:

3 EXAMINER ASHLEY: The Division now calls Case
4 12,539, Application of Maynard Oil Company for simultaneous
5 dedication in the Wilson-Morrow Gas Pool, Lea County, New
6 Mexico. Call for appearances.

7 MR. FELDEWERT: Mr. Examiner, Michael Feldewert
8 with law firm of Campbell, Carr, Berge and Sheridan. I'm
9 appearing on behalf of the Applicant, Maynard Oil Company,
10 and I have two witnesses here today.

11 EXAMINER ASHLEY: Additional appearances?

12 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe.
13 I'm entering an appearance on behalf of Nearburg
14 Exploration Company, L.L.C., and also Devon SFS Operating,
15 Inc., formerly known as Santa Fe Snyder Corporation.

16 EXAMINER ASHLEY: Additional appearances?

17 Will the witnesses please rise to be sworn in?

18 (Thereupon, the witnesses were sworn.)

19 EXAMINER ASHLEY: Mr. Feldewert?

20 CASSANDRA FOSTER,

21 the witness herein, after having been first duly sworn upon
22 her oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. FELDEWERT:

25 Q. Would you please state your full name for the

1 record and tell the Examiner where you reside?

2 A. My name is Cassandra Foster and I reside in
3 Garland, Texas.

4 Q. Ms. Foster, by whom are you employed and in what
5 capacity?

6 A. Maynard Oil Company, I'm vice president of land.

7 Q. Ms. Foster, have you previously testified before
8 this Division?

9 A. No, I have not.

10 Q. Would you please review for the Examiner your
11 work experience?

12 A. I have worked in the land departments of oil
13 companies for over 35 years. I have been a CPL for over 20
14 years. I have been head of Maynard Oil Company for -- I
15 mean for the land department, for over 15 years.

16 Q. Ms. Foster, are you familiar with the Application
17 filed on behalf of Maynard in this case?

18 A. Yes, I am.

19 Q. And are you familiar with the status of the lands
20 that are the subject of Maynard's Application?

21 A. Yes, I am.

22 MR. FELDEWERT: Mr. Examiner, I would tender Ms.
23 Foster as an expert witness in petroleum land matters.

24 EXAMINER ASHLEY: Ms. Foster is so qualified.

25 Q. (By Mr. Feldewert) Would you briefly state for

1 the Examiner what Maynard seeks with this Application?

2 A. We seek to drill a second well in the northwest
3 quarter of Section 13.

4 Q. Do you seek the simultaneous dedication of two
5 wells to that 320-acre gas spacing unit?

6 A. Yes, we do.

7 Q. Which two wells are those?

8 A. Presently existing is the Wilson Deep Unit Well
9 Number 1, and the second well will be Unit Well Number 2.

10 Q. Have you examined and do you know what rules
11 govern the development of the Wilson-Morrow Gas Pool in
12 this area?

13 A. Yes, the statewide rules, 320-acre spacing, with
14 660-foot setbacks.

15 Q. Have you prepared an orientation plat for the
16 Examiner?

17 A. Yes, I have.

18 Q. Why don't you turn to Maynard Exhibit Number 1,
19 identify and describe it for the Examiner, please.

20 A. This plat depicts the leasehold ownership in
21 Section 13 and the immediately surrounding sections.

22 Q. Does this identify the 320-acre spacing unit in
23 yellow?

24 A. Yes, it does.

25 Q. Okay. And which is your existing well in that

1 320-acre spacing unit?

2 A. It's the well Number 1, 2080 from the north line
3 and 2080 from the west line.

4 Q. And you depict on here with the red arrow the
5 proposed location of the second well in the northwest
6 quarter of Section 13?

7 A. Yes, we do, 660 feet from the north and west
8 lines.

9 Q. Does this map show any offsetting wells that
10 presently exist?

11 A. Yes, sir, it does. It has Southwestern Energy's
12 Corner Pocket well in the northeast quarter of 14, and
13 that's 660 from the north and east lines, and you have
14 Santa Fe Snyder's Outland well in Section 12, the southwest
15 quarter, and that's 638 from the south line and 739 from
16 the west line.

17 Q. Do you know when these two offsetting wells were
18 drilled?

19 A. Yes, sir, Santa Fe Snyder's Outland Number 1 was
20 completed in May of 2000, and there's no completion report
21 filed yet on the Corner Pocket well drilled by Southwestern
22 Energy. It was spud in June of 2000.

23 Q. When was Maynard's existing well in the west half
24 of Section 13 drilled, do you know?

25 A. Yes, it was drilled in 1963.

1 Q. 1963?

2 A. Uh-huh, in July.

3 Q. Are there any spacing units in this area on which
4 are located more than one producing well in the Wilson-
5 Morrow Gas Pool?

6 A. Yes, sir, Section 12, the west half, there is a
7 second well there. The Outland well is depicted, and the
8 first well that they have is 1330 from the north line and
9 66 feet from the west line.

10 Q. Ms. Foster, did you provide notice to the offset
11 operators as required by Division rules and regulations?

12 A. Yes, sir, we did.

13 Q. Is Maynard Exhibit Number 2 an affidavit with the
14 attached letters giving notice of this hearing for those
15 offsetting operators?

16 A. Yes, sir.

17 Q. Does Maynard intend to call an additional witness
18 to demonstrate why a second well in the northwest quarter
19 of Section 13 is necessary?

20 A. Yes, sir.

21 Q. Were Maynard Exhibits 1 and 2 prepared by you or
22 compiled under your direction?

23 A. Yes.

24 MR. FELDEWERT: I would move the admission into
25 evidence of Maynard Exhibits 1 and 2.

1 EXAMINER ASHLEY: Exhibits 1 and 2 will be
2 admitted as evidence at this time.

3 MR. FELDEWERT: Mr. Examiner, I have no further
4 questions of this witness.

5 EXAMINER ASHLEY: Mr. Bruce?

6 MR. BRUCE: Just a couple, Mr. Examiner.

7 EXAMINATION

8 BY MR. BRUCE:

9 Q. Ms. Foster, what is the status of the Number 1
10 well?

11 A. It's currently producing. It's producing about
12 100 MCF a day.

13 Q. Out of the Morrow?

14 A. I beg your pardon?

15 Q. Out of the Morrow formation?

16 A. Yes, sir.

17 Q. And are you requesting the Division to allow both
18 the Number 1 and Number 2 wells to produce at the same
19 time?

20 A. Yes, sir.

21 MR. BRUCE: That's all I have of this witness,
22 Mr. Examiner.

23 EXAMINATION

24 BY EXAMINER ASHLEY:

25 Q. Ms. Foster, on Exhibit 1 there's arrows pointing

1 to various wells. Can you tell me what all of that means?

2 Is that just the wells that are operated by these --

3 A. Yes, sir.

4 Q. -- operators?

5 A. Yes.

6 Q. These are not necessarily Morrow wells, these are
7 just --

8 A. That's correct.

9 Q. -- the offset operators?

10 A. That is correct.

11 Q. Are there any other Morrow wells in the area?

12 A. None other than what I've mentioned.

13 Q. Other than the west half of Section 12 and the
14 east half or the northeast quarter of Section 14?

15 A. Yes, sir.

16 EXAMINER ASHLEY: Okay, thank you. I have
17 nothing further.

18 MR. BRUCE: Mr. Examiner, could I just one --

19 EXAMINER ASHLEY: Uh-huh.

20 FURTHER EXAMINATION

21 BY MR. BRUCE:

22 Q. Ms. Foster, you mentioned two state leases on
23 here. One of them is the north half of the northwest
24 quarter, Lease E-8587.

25 A. Yes, sir.

1 Q. Does that lease cover acreage in addition to this
2 80 acres?

3 A. I think probably at one point in time it did. I
4 know that when this unit was formed early in 1962 it
5 covered, I think, 1720 acres. It was contracted down to
6 only the west half of this section, and our rights are
7 contractual only, they're not record title rights, they're
8 contractual interest only.

9 MR. BRUCE: Thank you.

10 EXAMINER ASHLEY: Thank you, Ms. Foster.

11 RONNIE BUCK,

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

14 DIRECT EXAMINATION

15 BY MR. FELDEWERT:

16 Q. Would you please state your name for the record
17 and where you reside?

18 A. My name is Ronnie Buck, I live in Lucas, Texas.

19 Q. Mr. Buck, by whom are you employed and in what
20 capacity?

21 A. I'm employed by Maynard Oil Company, Dallas,
22 Texas, as exploration manager.

23 Q. Have you previously testified before this
24 Division?

25 A. No, I have not.

1 Q. Why don't you summarize for the Examiner your
2 educational background and your work experience?

3 A. I have a bachelor's of science degree in geology
4 from Centenary College. I received that in 1972.

5 Work experience, I've worked with Maynard Oil for
6 the last 10 years. My capacity there is primarily to do
7 geological review of our existing properties, our producing
8 properties throughout our core areas, which encompass New
9 Mexico and west Texas and the Permian Basin, also southern
10 Oklahoma and north Louisiana.

11 Prior to that I was with Amerid Energy for eight
12 years under a similar capacity as exploration geologist,
13 and the ten years prior to that I was with two or three
14 different companies, working exploration geology in the
15 Texas Gulf Coast.

16 Q. You mentioned you were the exploration -- How
17 long have you been the exploration manager for Maynard Oil?

18 A. Approximately eight years.

19 Q. Have your areas of responsibility included the
20 Permian Basin in southeast New Mexico and west Texas?

21 A. Yes, they have.

22 Q. Are you familiar with the Application that's been
23 filed on behalf of Maynard Oil Company in this case?

24 A. Yes.

25 Q. And have you made a technical study of the Morrow

1 formation in the area which is the subject of this
2 Application?

3 A. Yes, I have.

4 Q. Are you prepared to share those results with the
5 Examiner?

6 A. Yes, I will.

7 MR. FELDEWERT: Mr. Examiner, I would tender Mr.
8 Buck as an expert witness in petroleum geology.

9 EXAMINER ASHLEY: Mr. Buck is so qualified.

10 Q. (By Mr. Feldewert) Mr. Buck, why don't you
11 briefly explain to the Examiner why Maynard seeks to drill
12 a second well in the northwest quarter of Section 13?

13 A. In our review of this area, the geological
14 studies that I've made, I've determined that there are
15 sands underlying the northwest quarter of Section 13, 21
16 South, 34 East, that are not present in our existing well.
17 These sands are being produced in offset wells, and we're
18 requesting the location to be approved so that we can drill
19 and protect our correlative rights.

20 Q. Okay, why don't you identify for the Examiner and
21 review Maynard Exhibit Number 3?

22 A. Maynard Exhibit Number 3 is a structure map. It
23 depicts six sections out of the Township 21 South, 34 East,
24 and shows all the wells that were drilled sufficiently to
25 test the Morrow formation. There are nine wells located on

1 the map, all of the tops -- The structure was drawn on top
2 of the Morrow shale, which is also considered the top of
3 the Morrow clastic interval.

4 The well symbols indicate the current status of
5 the wells, and you'll notice that all the wells in the
6 southern half of 14, the well in Section 23 and then the
7 dry hole in Section 24 have been P-and-A'd, the Dorchester
8 well in Section 13, which was also originally completed
9 from the Morrow, has been P-and-A'd.

10 There are currently four wells producing from the
11 Morrow in these six sections, and that being the Maynard
12 well; the Wilson Deep Unit 1; the Southwest Energy well, as
13 Ms. Foster said, was spud in June of 2000; the Santa Fe
14 Snyder well, which is due north of the Maynard lease, was
15 completed in May of 2000; and then the Number 2 Outland
16 State Santa Fe Snyder well was completed in August of 2000.

17 The standup 320 unit is depicted on the map as a
18 Maynard-operated unit. There is also a line of section
19 which is labeled A-A', which is a two-well cross-section
20 that has the two wells depicted on it.

21 Q. The Santa Fe Snyder Outland State Unit 1-Y well
22 that's shown in the southwest quarter of Section 12, is
23 that an orthodox location or an unorthodox location?

24 A. Well, I think it's slightly to the south line,
25 close to the south line. There was some problem with that,

1 and they drilled the well, I think, some 22 feet too close
2 to the lease line. That was not -- Maynard had the option
3 to protest, and we did not protest that, as long as we got
4 copies of the well logs, and Santa Fe Snyder did supply the
5 well logs and the mud log to us.

6 Q. From what sands do you believe that the new
7 offsetting wells in Section 12 and 14 are draining, as
8 compared to Maynard's existing well in the west half of
9 Section 13?

10 A. Well, just to briefly state, there are two sands
11 located in the Santa Fe Snyder well which are not in the
12 wellbore of the Wilson Deep well, they're either not
13 present or they're not capable of producing oil and gas.
14 They are deeper zones. I have the cross-section, like I
15 said, A-A', that will demonstrate the.

16 Q. Okay, why don't you then go to Maynard Exhibit
17 Number 4 and explain that to the Examiner?

18 A. Exhibit 4 is a stratigraphic cross-section hung
19 on the structural mapping horizon, the mapping datum of the
20 top of the Morrow shale, as I mentioned. The cross-section
21 is A-A', as depicted on the structure map.

22 A' on the right-hand side of the cross-section is
23 a portion of the producing Morrow interval in the Maynard
24 Oil Company Wilson Deep Number 1. The well was originally
25 drilled by Union of Cal and was completed in August of

1 1963. This is a sonic log. There are numerous intervals
2 that appear to be porous and productive and were completed.

3 Also depicted on the depth track of the log are
4 the perforations from which this well was tested or
5 produced. Down at the bottom is a legend showing
6 completion data. As I mentioned, the well was completed in
7 August of 1963 with perforations of 12,320 to 12,344 feet.
8 The well IP'd for 7.9 million cubic feet of gas a day with
9 no water.

10 I might mention that prior to that completion
11 there was an attempt to complete in the sand below that,
12 the perforations being 12,395 to 12,401.

13 Q. This is in your third porosity?

14 A. Yes, that's depicted as the third porosity. That
15 zone was acidized and produced 100 MCF a day for a very
16 short period of time and was deemed noncommercial. A cast-
17 iron bridge plug was set at 12,385, and at that point Union
18 of Cal came up the hole and completed in the current zones.

19 One year later, in 1964, they added two
20 additional zones of perforations, one being at 12,213 to
21 12,219, as depicted, what I'm calling the first porosity of
22 the first Morrow sand. There was also an interval in the
23 second sand that was also perforated down at the very
24 bottom of the sand.

25 On the left-hand side of the cross-section is the

1 copy of a log that Santa Fe Snyder supplied to us from
2 their well which, as I mentioned before, was completed in
3 May of 2000, from perforations -- from a gross perforated
4 interval that's shown again on the depth track with a box
5 and the dots in it, of 12,569 feet to 12,722 feet. That
6 well IP'd for 4.7 million cubic feet of gas a day and 116
7 barrels of condensate, with bottomhole pressure of 4195
8 pounds.

9 Generally what the cross-section is trying to
10 demonstrate is that I've gone in and correlated these two
11 wells, plus the other seven wells in the area and have
12 determined that there were four distinct and separate
13 Morrow sands that produced throughout the area, or at least
14 in these two wells, and I've labeled those as the first
15 Morrow sand, the second Morrow sand, the third Morrow sand
16 and the fourth Morrow sand.

17 As the cross-section depicts, the first Morrow
18 sand is present in the Maynard well but is not present in
19 the Santa Fe Snyder. It appears that the second Morrow
20 sand is present in both wellbores.

21 And then the third Morrow sand, which was
22 completed in the Santa Fe Snyder well, was the zone that
23 Union of Cal attempted to complete in back in 1963 and
24 determined to be noncommercial. I've given that zone three
25 feet, based on the microlog separation, but I've called it

1 tight and noncommercial. So that is the zone that's
2 completed in the Snyder well -- the Santa Fe Snyder well,
3 but it's not capable of producing in the Maynard Wilson
4 Deep well.

5 There is a fourth sand in the Santa Fe Snyder
6 well, down at 12,712 feet that is not developed at all in
7 the Maynard Wilson Deep well.

8 Q. Your cross-section here involves the Santa Fe
9 Snyder well in Section 12. Do you have a cross-section
10 that involves the Southwestern well in Section 14?

11 A. No, that well, as we mentioned, was spud back in
12 June. None of the data on that well has been released,
13 other than the perforations. The perforations were
14 reported in IHS Energy Data, a commercial data, oil and gas
15 service, as 12,654 feet to 12,708 feet, but the logs nor
16 the IP cums on that well have not been released.

17 Q. Did you find a C-105 in their well file?

18 A. No, we checked for a completion report and again
19 it has not been filed. I did contact the operator,
20 Southwest Energy, requesting a copy of their log to see if
21 they would supply it to us, and they refused to do that.

22 Q. What do the perforations for that Southwestern
23 well, as shown by the OCD records, indicate to you as
24 compared to the Santa Fe Snyder well?

25 A. Well, again, it appears to be somewhat in the

1 same interval. The Santa Fe Snyder well is perforated over
2 a much larger interval. The Corner Pocket well is
3 perforated over about a 50-foot interval. If I do some
4 type of extrapolation I can say that I feel like that well
5 is probably completed in the third and fourth sand, but I
6 can't be for sure without the well log, just for the depths
7 of it. And if my structure map is correct, then the
8 Southwest Energy well would be completed in one or both of
9 the third and fourth porosities in the Morrow sands.

10 Q. Okay, what is the objective of your proposed
11 second well in the northwest quarter of Section 13?

12 A. Our primary objective would be to drill a well
13 and complete in the third and fourth Morrow sands, which
14 are -- from our study, we believe is underlying the
15 northwest quarter of that section but either not capable of
16 producing or not present in our current well, which is
17 located 2080 feet out of the northwest quarter.

18 Q. Have you mapped each of the sands that you show
19 on Maynard Exhibit Number 4?

20 A. Yes, I have.

21 Q. Okay, why don't you turn to Maynard Exhibit
22 Number 5, identify and explain that to the Examiner,
23 please?

24 A. Again, this is the same base map that we used for
25 the structure. This is a net sand isopach map with greater

1 than 7-percent porosity, I've used 7-percent porosity as my
2 cutoff. This map is contoured on a 2-foot contour
3 interval. And as you can see, the Maynard tract, the 320
4 acres, I have 4 feet allocated to the Wilson Deep well.
5 The Dorchester well had 8 feet of this interval, and that
6 well was completed in this first porosity, first Morrow
7 sand. The Santa Fe Snyder well does not have this zone in
8 it, as I mentioned earlier.

9 Q. Okay, did you do a similar map for what you call
10 your second porosity?

11 A. Right, going down --

12 Q. Maynard Exhibit Number 6?

13 A. Maynard Exhibit Number 6 is a net feet of sand
14 greater than 7 percent porosity on the second Morrow sand.
15 I've given the Maynard well 18 feet of sand capable of
16 producing, and then the Santa Fe Snyder well has 23 feet of
17 sand that's also capable of producing and perforated in
18 this second porosity zone. Like I say, this does appear to
19 be the same sand in both wells, and they are in
20 communication with each other.

21 Q. Okay, why don't you move on to Maynard Exhibit
22 Number 7?

23 A. Maynard Exhibit Number 7 is again a net feet of
24 sand greater than 7 percent porosity on the third Morrow
25 sand. It has a contour interval of 5 feet. It's depicted

1 with the Maynard well having 3 feet of tight sand. Like I
2 said, there was some microlog separation there, but it was
3 tested and tested noncommercial.

4 The Santa Fe Snyder well has 25 feet of sand
5 greater than 7 percent porosity and indicated to be
6 productive.

7 Again, we have no information on the Southwest
8 Energy well nor Santa Fe Snyder's Number 2 well up to the
9 north. There are no logs available on those two wells.

10 Q. And what does this show as the net feet of sand
11 at your proposed second location in the northwest quarter
12 of Section 13?

13 A. This is depicting that we should expect to see 20
14 feet of the third Morrow sand at our location 660 out of
15 the northwest quarter of Section 13.

16 Q. And I think you said that you would expect the
17 Southwestern Energy well in Section 14 to be completed in
18 this -- what you call the third Morrow sand?

19 A. Yes. Again, without the log it's only
20 speculation, but the perforations would be in this
21 interval.

22 Q. Okay, why don't you move, then, to Maynard
23 Exhibit Number 8? Would this be for your fourth sand?

24 A. This is the fourth and last sand that produces in
25 the area, and again this sand is totally shaled out. In

1 the Maynard well there is a remnant, that you might call
2 it, but it had no porosity at all in the Maynard or the old
3 Union of Cal well.

4 The Santa Fe Snyder Outland State Unit 1-Y has 12
5 feet of pay that gets up to about 12-percent porosity.
6 Again, the Southwest Energy well, we do not have a log on
7 it but we suspect that the sand would possibly be in that
8 wellbore also.

9 Q. Why don't you summarize for the Examiner, then,
10 your conclusions that you reached from your study of this
11 area?

12 A. Well again, from our study we felt like are at
13 least two sands which would total 30 feet, that would be in
14 a wellbore located 660 out of the northwest quarter that's
15 not capable of being produced or either not present in the
16 existing well.

17 We feel like that the location, which is depicted
18 on all these maps as the Wilson Deep Unit Number 2 proposed
19 location, would allow Maynard to produce those zones,
20 protect ourselves from drainage from offset operators, and
21 protect our correlative rights.

22 Q. What will be the impact on the correlative rights
23 of Maynard if this Application is denied?

24 A. Well again, we wouldn't be allowed to produce the
25 sands, recover the reserves that we feel like that are

1 located in the northwest quarter, and our correlative
2 rights would be impaired.

3 Q. Will approval of this Application be in the best
4 interests of conservation and the prevention of waste, in
5 your opinion?

6 A. Yes, we believe so.

7 Q. Were Maynard Exhibits 3 through 8 prepared by you
8 or compiled under your direction and supervision?

9 A. Yes, they were.

10 MR. FELDEWERT: Mr. Examiner, at this time I
11 would move into evidence Maynard Exhibits 3 through 8.

12 EXAMINER ASHLEY: Exhibits 3 through 8 will be
13 admitted into evidence at this time.

14 Mr. Bruce?

15 EXAMINATION

16 BY MR. BRUCE:

17 Q. Mr. Buck, looking at your Exhibit 4, is what you
18 call the second porosity, is that the primary producing
19 zone in Maynard Oil Company's Number 1 well?

20 A. Yes, it's obviously the zone that has produced
21 the majority of the gas.

22 Q. And you would anticipate also completing the
23 Number 2 well in that zone, would you not?

24 A. Yes, we would like to have the right to do that.

25 MR. BRUCE: That's all I have, Mr. Examiner.

EXAMINATION

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BY EXAMINER ASHLEY:

Q. Mr. Buck, can you tell me which porosity zones you feel that are being drained from under your proposed location, that you can't get to with the existing well?

A. It would be the third Morrow and the fourth Morrow sands.

Q. Do you know what kind of drainage radius there is in those wells?

A. Well, in the existing well I have a drainage radius. I did not do it, our engineers have done it, but I can tell you what the results were.

Q. Okay.

A. He calculated 115 acres of drainage for our well. That has a radius of -- I think it's 1240-some feet.

Q. And that's for the Wilson Deep Number 1?

A. Correct.

Q. The second porosity zone?

A. Correct.

Q. Okay. Do you think the majority of the production in the Santa Fe well is coming from the third and fourth porosity or the second porosity?

A. Well, I would -- The third and fourth would be my guess. Again, maybe if I can back up, the Maynard well has currently a bottomhole pressure of 315 pounds, which is

1 showing, you know, severe depletion. Santa Fe Snyder well
2 had a bottomhole pressure of 4195 pounds. The original
3 bottomhole pressure in the Maynard well was a little over
4 7000 pounds. So the bottomhole pressure in the Santa Fe
5 Snyder well is showing some depletion. And since the only
6 zone that we have in common is the second porosity, it's
7 our assumption that that bottomhole pressure in the Santa
8 Fe Snyder well is being drawn down by the depletion of the
9 second porosity zone.

10 So the majority of the gas that they're producing
11 would be coming out of the third and fourth zone.

12 Q. Because of the decrease in pressure?

13 A. Well, again, the only zone that can be in
14 communication between the two wells would be the second
15 porosity zone, because the third and fourth are not
16 completed in our well. So the drawdown and reservoir
17 pressure would be from the second zone.

18 And so therefore my belief would be that the
19 second zone would not be contributing the majority or a
20 large portion of the daily rates that the Santa Fe Snyder
21 well is producing, and it would come down to two virgin
22 zones, which would be the third and fourth porosity.

23 Q. Do you know if the Southwestern well is at a
24 standard location or not?

25 A. Yes, it is.

1 Q. It is standard?

2 A. (Nods)

3 Q. And you don't have any drainage data for the
4 third and the fourth sands?

5 A. Well, the third and fourth sand have only been
6 completed, that I know of, in the Santa Fe Snyder.

7 Q. Okay.

8 A. There have been no reserves or cums allocated to
9 that well since it was only completed in May of 2000, of
10 this year. There are no reserves on the -- publicly
11 available.

12 EXAMINER ASHLEY: Is there anything further?

13 MR. FELDEWERT: That's all I have, Mr. Examiner.

14 EXAMINER ASHLEY: I have nothing further, thank
15 you.

16 There being nothing further in this case, Case
17 12,539 will be taken under advisement.

18 (Thereupon, these proceedings were concluded at
19 3:20 p.m.)

20 * * *

21
22 I do hereby certify that the foregoing is
23 a true and correct record of the proceedings
24 the hearing of Case 12539
25 heard by me on 11-16-00

Mark P. Kelly
Mark P. Kelly, Licensed
Of Conservation Division

