

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: )  
APPLICATION OF MATADOR PETROLEUM )  
CORPORATION FOR COMPULSORY POOLING, )  
LEA COUNTY, NEW MEXICO )

CASE NO. 12,573

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

January 11th, 2001

Santa Fe, New Mexico

OIL CONSERVATION DIV.  
01 JAN 24 PM 4:01

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday January 11th, 2001, 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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January 11th, 2001  
Examiner Hearing  
CASE NO. 12,573

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## A P P E A R A N C E S

FOR THE APPLICANT:

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P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
By: W. THOMAS KELLAHIN

FOR 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

ALSO PRESENT:

MICHAEL E. STOGNER, NMOCD Hearing Examiner

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 10:26 a.m.:

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EXAMINER CATANACH: At this time I'll call Case 12,573, the Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico.

Call for appearances in this case.

MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of the Santa Fe law firm of Kellahin and Kellahin, appearing on behalf of the Applicant.

I'd like the record to reflect that I have the same two witnesses as in the prior case and that both gentlemen will testify as experts and continue under oath.

EXAMINER CATANACH: The record shall reflect that these gentlemen have already been qualified and sworn in, in the previous case.

Any additional appearances?

MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe, representing Devon SFS Operating, Incorporated. I have no witnesses.

EXAMINER CATANACH: Mr. Bruce, Devon --

MR. BRUCE: -- SFS, as in Santa Fe, and F as in Santa Fe.

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MARK A. VIRANT,

the witness herein, having been previously duly sworn upon his oath, was examined and testified as follows:

EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Virant, for the record again, would you please state your name and occupation?

A. Mark A. Virant, landman for Matador Petroleum Corporation.

Q. Mr. Virant, were you the landman responsible on behalf of your company for identifying the working interest owners for the Laura State "13" Number 1 well?

A. Yes, sir.

Q. And was it your responsibility to contact those interest owners and attempt to negotiate a voluntary agreement?

A. It was.

Q. If you'll turn to Exhibit Number 1, identify for the Examiner the outlined area which is the proposed spacing unit.

A. Exhibit 1 is the proposed spacing unit for the Laura State well, which is the east half of Section 13, Township 21 South, 34 East.

Q. How is the east half of Section 13 subdivided?

A. There are four state leases involved. The

1 ownership on the west half of the northeast is 100 percent  
2 Devon. The east half of the northeast is listed on the  
3 exhibit, Matador, Chevron, Southwestern and Nearburg. The  
4 northeast of the southeast is Matador and Nearburg, 50-50,  
5 and the remainder is Matador, DelMar and Nearburg.

6 Q. Do you have a tabulation or a summary of the  
7 status of your efforts to obtain voluntary agreement?

8 A. Yes, sir, that's Exhibit 2.

9 Q. Let's start with Exhibit 2. The first entry is  
10 Matador. You've got 28-plus percent.

11 A. Correct, we have 28-plus percent. Nearburg has  
12 22-plus percent. We have reached an agreement with  
13 Nearburg whereby they will either participate or grant a  
14 term assignment. We've done the same thing with  
15 Southwestern Energy. Both of those are in writing.

16 DelMar Holdings, we have a verbal agreement with  
17 them along the same lines.

18 Southwest Royalties claims the interest credited  
19 to DelMar Holdings.

20 Devon Energy has indicated their decision will be  
21 based upon the results of the Mary State Well, which is to  
22 the north of our proposed location, but is unwilling to  
23 sign a deferred election at this time.

24 And then the final party is Chevron which, as in  
25 the previous hearing, has indicated they will not dispose

1 of any assets because of the pending merger, and Chevron  
2 has indicated it will be necessary to initiate force-  
3 pooling proceedings in order to force a decision.

4 Q. If you reach a final written agreement with these  
5 parties, then you will advise the Division that you've done  
6 so and those parties can be released from the effects of  
7 the compulsory pooling order?

8 A. Yes, sir, I will.

9 Q. And they would be the four companies starting  
10 with DelMar Holding and then going on down the list?

11 A. Correct.

12 Q. You referred to Devon wanting to know the results  
13 of the Mary State. That was the compulsory pooling case  
14 that you testified before Examiner Stogner back in October  
15 of last year?

16 A. That's correct.

17 Q. And that's Case 12,519, and it's Order Number R-  
18 11,484, correct?

19 A. Yes.

20 Q. What's the status of that well?

21 A. That well should spud within the week, a week to  
22 ten days.

23 Q. Let's look at Exhibit 3 and have you describe  
24 what you're showing here.

25 A. Exhibit 3 is merely a summary of communication

1 with the parties in the well, letters, phone conversations.

2 Q. And the conclusions are as you described with the  
3 last exhibit?

4 A. That's correct.

5 Q. Let's look at Exhibit 4. What does this  
6 represent?

7 A. Exhibit 4 is the well proposals to Nearburg,  
8 which is the first page, and then the following pages were  
9 partners that we AFE'd and gave notice to the well, but  
10 those interests have been acquired by Nearburg. So they  
11 have all folded into the Nearburg interest.

12 Q. And the Nearburg interest now is voluntarily  
13 committed?

14 A. That's correct.

15 Q. When you made the proposal to Nearburg and these  
16 other interests now controlled by Nearburg, did you make a  
17 similar proposal to the rest of the working interest  
18 owners?

19 A. We did.

20 Q. Let's turn to Exhibit 5 and have you identify  
21 this package of letters.

22 A. This package of letters is the well proposal,  
23 which contained an AFE and a joint operating agreement, and  
24 these are the remainder of the parties that had an interest  
25 in the well, some of whom we have subsequently reached a

1 voluntary agreement with.

2 Q. All right. Let's turn to Exhibit 6. Identify  
3 this for us.

4 A. This is the AFE for the proposed well.

5 Q. This was included in the original well proposal  
6 sent to all the working interest owners?

7 A. Yes, sir, it was.

8 Q. And have you received any objection to your AFE?

9 A. No, sir.

10 Q. Identify for us Exhibit 7.

11 A. Exhibit 7 is a letter from Devon indicating that  
12 the interest that we had originally credited to Devon and  
13 Nearburg was -- should have been credited 100 percent to  
14 Devon.

15 Q. When Mr. Gray responded on behalf of Devon in  
16 November, did he discuss with you or correspond on any  
17 other issue?

18 A. We discussed what their plans were for the well.

19 Q. All right, sir. Exhibit 8, identify this for us.

20 A. Exhibit 8 is -- Southwest Royalties was notified,  
21 an AFE for the proposed well. They sent this letter back  
22 October 26th, claiming the interest that we credited to  
23 DelMar Holding.

24 Q. Identify and describe Exhibit 9.

25 A. Exhibit 9 is a draft proposal regarding a

1 conversation with Ken Gray at Devon whereby we extended  
2 Devon the opportunity to make an election to participate or  
3 to farm out within 15 days of receipt of logs from the Mary  
4 State well, which is to the north.

5 Q. Did Mr. Gray on behalf of Devon accept your  
6 proposal to defer his election or participation of the  
7 Laura State until after he had examined the logs or --

8 A. He did not.

9 Q. -- they had on the Mary State? He did not accept  
10 that?

11 A. He did not accept that.

12 Q. All right. So at this point you've exhausted all  
13 efforts to obtain voluntary agreement with these remaining  
14 entities?

15 A. That's correct.

16 Q. Identify for us Exhibit 10, what's this.

17 A. Exhibit 10 is the proposed joint operating  
18 agreement for the well.

19 Q. The operating agreement shows a COPAS attachment  
20 for overhead rates of \$7000 a month drilling and \$700  
21 producing?

22 A. Correct.

23 Q. Are these the rates that Nearburg has agreed to?

24 A. Nearburg has agreed to \$6500 and \$650, which once  
25 again was established in that October 20th force-pooling

1 hearing. We're prepared to accept overhead rates of \$6500  
2 and \$650 in this well.

3 Q. All right, so they would be consistent, then,  
4 with the Mary State --

5 A. That's correct.

6 Q. -- force pooling order?

7 A. That's correct.

8 Q. And then all participants in the Laura State,  
9 either voluntarily or involuntarily, would be subject to  
10 the same rate?

11 A. That's correct.

12 MR. KELLAHIN: Mr. Examiner, that concludes my  
13 examination of Mr. Virant. We move the introduction of  
14 Exhibits 1 through 10.

15 EXAMINER CATANACH: Exhibits 1 through 10 will be  
16 admitted as evidence.

17 EXAMINATION

18 BY EXAMINER CATANACH:

19 Q. So, Mr. Virant, the parties that you're seeking  
20 to pool at this time -- Now, you don't have an agreement  
21 with Nearburg officially; is that correct?

22 A. We do.

23 Q. You do have?

24 A. Yes, sir.

25 Q. They've signed the JOA?

1 A. They have not.

2 Q. What have they agreed to, or how have they  
3 agreed?

4 A. They have agreed to either participate or to  
5 grant us a term assignment within 15 days of receipt of the  
6 log from the Mary State well.

7 Q. Okay, is that a written agreement that you've  
8 reached?

9 A. It is.

10 Q. Okay, the same with Southwestern Energy?

11 A. That's correct.

12 Q. Now, DelMar Holdings does have an interest in  
13 this proration unit?

14 A. The title opinion reflects that they do, yes,  
15 sir.

16 Q. So you've been negotiating with them as well?

17 A. That's correct.

18 Q. There's a dispute between DelMar and  
19 Southwestern?

20 A. That's correct, or Southwest, Southwest.

21 Q. Southwest Royalties?

22 A. Yes, sir.

23 Q. Okay. Now, you've not been dealing with  
24 Southwest Royalties?

25 A. No, sir, other than that they were AFE'd for the

1 well. But our title opinion reflects that they don't own  
2 an interest.

3 EXAMINER CATANACH: Just for the record, the  
4 Division has received a letter from Southwest Royalties  
5 dated January 5th that was copied to you, Mr. Kellahin.

6 MR. KELLAHIN: Yes, sir.

7 EXAMINER CATANACH: I assume you've seen that  
8 letter?

9 EXAMINER CATANACH: We propose to have both  
10 entities subject to the pooling order, and they can resolve  
11 among themselves who the owner is. While we think DelMar  
12 has the interest, we don't think we have an obligation to  
13 solve their disputes, so we're going to send them both the  
14 order and the election.

15 EXAMINER CATANACH: So if it turns out that  
16 Southwest is the owner, they will have the opportunity to  
17 join in the well?

18 MR. KELLAHIN: Yeah, they'll be pooled and  
19 they'll have to make the election, just like everybody  
20 else.

21 EXAMINER CATANACH: I'm just curious. If that  
22 dispute is not resolved during the time period before the  
23 well is commenced, how does that play out?

24 MR. KELLAHIN: Well, the mechanics are, they  
25 would have to make their election to participate before the

1 well is either drilled or completed. And they would make  
2 it qualified, subject to having confirmation of the  
3 ownership. We'd probably have to escrow the funds from  
4 both of them. We'll just set those aside, and whoever the  
5 winner is, then, will be involved. But the election will  
6 have expired.

7 Q. (By Examiner Catanach) Okay. Devon, I assume,  
8 has verbally agreed but has not signed anything?

9 A. Well, they've indicated that their decision will  
10 be based upon the results of the Mary State well. So they  
11 have not committed at this point.

12 Q. Okay. And Chevron, okay.

13 And this well was proposed on or about October  
14 20th; is that correct?

15 A. Yes, sir, October 20th.

16 Q. Okay, and from that time you've been dealing with  
17 Southwest Royalties; is that correct?

18 A. They've been calling me, discussing their  
19 interest. And as Mr. Kellahin indicated, we don't really  
20 have any interest -- we have an interest, but we're not  
21 involved. They need to settle their dispute with DelMar.

22 Q. Well, initially did you start dealing with DelMar  
23 and then you later found that Southwest -- or you later  
24 found out that there was a dispute?

25 A. No, our takeoffs indicated that both parties had

1 interest in acreage out there, so we notified both parties.

2 Q. Okay, that's my question.

3 Nearburg, you said, had agreed to the lesser  
4 overhead charges of \$6500 and \$650; is that correct?

5 A. Yes.

6 Q. And how did they -- Did they sign something to  
7 that effect?

8 A. No, sir, we sort of have a standing agreement  
9 with them in that area. That's the rate we're exchanging  
10 with one another.

11 Q. So you're willing to accept those rates in  
12 this --

13 A. Correct.

14 EXAMINER CATANACH: Okay. I have nothing  
15 further, Mr. Kellahin.

16 MARTIN EMERY,

17 the witness herein, having been previously duly sworn upon  
18 his oath, was examined and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. KELLAHIN:

21 Q. Mr. Emery, for the record would you please state  
22 your name and occupation?

23 A. My name is Martin Emery, I'm a geologist with  
24 Matador Petroleum Corporation.

25 Q. Mr. Emery, is it your responsibility to develop

1 the geologic analysis on the Laura State well, which is the  
2 subject of the hearing?

3 A. Yes.

4 Q. As part of that study and analysis of the  
5 geology, do you have an opinion as to the risk associated  
6 with this well?

7 A. Yes, I do.

8 Q. Do you have a recommendation to the Examiner as  
9 to what that percentage risk ought to be in relation to a  
10 compulsory pooling order?

11 A. Yes.

12 Q. And what is that amount?

13 A. The maximum penalty of 200 percent.

14 Q. Let's go through in summary fashion your various  
15 geologic displays so that the Examiner has a background and  
16 an understanding of your evaluation. If you'll start with  
17 Exhibit 11, what are we looking at here?

18 A. Exhibit 11 is a production map. It includes all  
19 wells drilled to all depths. The green-coded wells are  
20 wells which are productive from the Morrow.

21 Q. Up to now, the green wells are associated to  
22 development that is west of the east half of this section?

23 A. Primarily, yes.

24 Q. Okay. Identify for the Examiner where the  
25 approximate location is of the Mary State well?

1           A.    The Mary State well is located in the northeast  
2 quarter of Section 13, 660 from the north line 1980 from  
3 the east line.

4           Q.    All right, that's the Laura State --

5           A.    Oh, I'm sorry.

6           Q.    -- that's the subject well of this hearing,  
7 right?

8           A.    Yes.  The Mary State well is in Section 12, in  
9 the southeast quarter.

10          Q.    All right.  And the Mary State in the southeast  
11 of 12 is subject of the October pooling case?

12          A.    That is correct.

13          Q.    Let's turn and look at some of the geologic risks  
14 involved in the well.  If you'll look at Exhibit 12,  
15 identify this for me.

16          A.    Exhibit 12 is a structural contour map  
17 constructed on top of the lower Morrow.

18          Q.    There's a line of fault running north-south that  
19 appears to intersect very closely to the locations of both  
20 the Mary State and the Laura State?

21          A.    That is correct.

22          Q.    What's your objective?  What are you trying to  
23 do?  Do you want to be west of the line or east of the  
24 line?

25          A.    Preferably west of the line.

1 Q. And why is that?

2 A. Because the production we're trying to offset is  
3 west of that line-of-fault trace, as depicted on the  
4 structure map.

5 Q. Regardless of the success or failure of the Mary  
6 State, then, does there continue to be substantial risk  
7 associated with where that fault line is in relation to the  
8 Laura State well?

9 A. There could be, yes.

10 Q. Apart from the geologic risk of structure and  
11 faulting, do you have a cross-section that will help  
12 illustrate the various members of the Wilson-Morrow Gas  
13 Pool that you're trying to test?

14 A. That is correct.

15 Q. Let's unfold that and take a look at it. I think  
16 it would be helpful if you'll take 13, the cross-section,  
17 and then let's look at the first sand map, Exhibit 14. And  
18 by looking at 14 then we can see the line of your cross-  
19 section. All right?

20 A. That's correct.

21 Q. We're going to look briefly at your four isopach  
22 maps, but so that the Examiner knows your vocabulary or how  
23 you -- the nomenclature for your middle Morrow, describe  
24 for us what you see and how you have developed your maps by  
25 referring to Exhibit Number 13.

1           A.    Exhibit Number 13 is a stratigraphic cross-  
2 section.  It includes two wells in the proposed location.  
3 Our main objectives are highlighted in yellow, and within  
4 the middle Morrow there are sandstones, and in descending  
5 order our nomenclature is the "B-2" sandstone, "C-1"  
6 sandstone, "C-2" sandstone, and "D" sandstone.

7                   And subsequent isopach maps are maps constructed  
8 for those sandstone intervals or members of the middle  
9 Morrow.

10           Q.    Okay.  And each of those maps is different and  
11 varies from the other map?  One isopach is not identical to  
12 the subsequent isopach?

13           A.    No.

14           Q.    There are differences?

15           A.    Correct.

16           Q.    Let's start with Exhibit 14.  The risks  
17 associated with the Morrow "B-2" SS interval is the absence  
18 of commercial gas production in the direction towards which  
19 you are drilling your well?

20           A.    That is correct.  The northernmost producing well  
21 within the mapped area is the old Unocal Wilson Deep Unit  
22 Number 1 in the north west of Section 13.  It's now  
23 operated by Maynard.

24           Q.    So the Laura State will test the concept of  
25 whether or not you've got the right orientation to this

1 sand lens and whether or not it will have sufficient  
2 thickness to produce commercial gas as you move to the  
3 north and east?

4 A. Correct.

5 Q. All right, let's look at the next one. Exhibit  
6 15 describes what series in the Morrow? You've identified  
7 this as what?

8 A. Exhibit 15 should be the "C-1" sandstone. This  
9 one is labeled "C-2". It doesn't matter.

10 Q. All right, they're out of sequence, so let's stay  
11 with the numbering order on the exhibit. So Exhibit 15 is  
12 going to skip down to the "C-2" interval.

13 A. "C-2", middle Morrow "C-2" sandstone, it's a net  
14 sandstone isopach map.

15 Q. All right, give us a short summary of the risk  
16 associated with this sand.

17 A. Like with the previous map, the main -- the thick  
18 for this particular sandstone interval is located to the  
19 west of the proposed location, and there is no commercial  
20 production established from this particular sandstone  
21 interval in wells north or south of the proposed location.

22 Q. All right, let's go, then, to Exhibit 16. Orient  
23 us as to this interval and describe the risk.

24 A. This is a net isopach map for the "C-1"  
25 sandstone, and like with the previous map, the isopach

1 thick, the net isopach thick for sandstone is depicted to  
2 be west of the proposed location, south and west, and there  
3 are noncommercial penetrations to the north, south and east  
4 of our proposed location.

5 Q. And then the final display, let's look at Exhibit  
6 17.

7 A. The final display is a net sandstone isopach map  
8 for the "D" sandstone interval, and we do not expect any  
9 net reservoir in that interval at the proposed location.

10 Q. All right. The working interest owners to be  
11 pooled in the east half of 13, are they also involved in  
12 the Mary State well up in Section 12?

13 A. The majority of them are common, yes.

14 Q. All right. The interest owners, then, in the  
15 Laura State will have the opportunity to see the log on the  
16 Mary State and make their decision accordingly; is that not  
17 true?

18 A. That is right, they will be provided with the  
19 well data from the Mary State well in Section 12.

20 Q. And if they choose not to voluntarily participate  
21 under the pooling order in the Laura State well, what would  
22 that tell you?

23 A. It would say that they deem the Laura State to be  
24 sufficiently risky as to not participate, given that they  
25 have the well information from the Mary State well in

1 Section 12.

2 Q. Based upon that fact situation, would you  
3 recommend, then, that if they elect not to participate in  
4 the Laura State, that they should be subject to the maximum  
5 penalty?

6 A. That is correct.

7 MR. KELLAHIN: That concludes my examination of  
8 Mr. Emery.

9 We move the introduction of his Exhibits 11  
10 through 17.

11 EXAMINER CATANACH: Exhibits 11 through 17 will  
12 be admitted as evidence.

13 EXAMINATION

14 BY EXAMINER CATANACH:

15 Q. Mr. Emery, there appears to be a well in the  
16 southeast quarter of Section 13, the Wilson State?

17 A. That is correct.

18 Q. Was that drilled to test the Morrow?

19 A. It was drilled to test and did produce from the  
20 Morrow. It is currently inactive in the Morrow. It is  
21 currently a Strawn producer, which I think it's also  
22 inactive in the Strawn as well.

23 Q. Who operates that well?

24 A. I'm not certain who the current operator was.  
25 The original operator was Dorchester.

1 Q. You've no plans to complete your well in the  
2 Strawn do you?

3 A. No. Although I do believe that well is no longer  
4 active in the Strawn.

5 Q. Wait a minute, are you pooling Dorchester?  
6 Dorchester's not an interest owner, but they operate this  
7 Strawn well?

8 A. Like I said, I do not believe the well is still  
9 active.

10 Q. But you don't know if it's plugged?

11 A. I'm not certain if it's plugged, but it's not  
12 active in either the Strawn or the Morrow.

13 Q. Now, on that same exhibit, Exhibit Number 12,  
14 you've got a fault. Is this fault in the Morrow formation?

15 A. Correct.

16 Q. Now, is that a fault that separates the east half  
17 and the west half of that section in the producing  
18 intervals?

19 A. Possibly, yes.

20 Q. And that would be in all four of the producing  
21 intervals --

22 A. Correct.

23 Q. -- all four of the sands?

24 A. Correct.

25 Q. But you don't know if it's a sealing fault where

1 it separates?

2 A. True.

3 Q. And you're drilling on the west side of that  
4 fault?

5 A. Just on the west side, hopefully.

6 Q. And why is that?

7 A. Again, as I stated earlier, we are attempting to  
8 replicate some of the production that's recently been  
9 established to the west of our proposed location.

10 Q. Well, if that turns out to be a sealing fault and  
11 it's in the location that you have it there, your well is  
12 not going to be draining the east half of that section; is  
13 that your opinion?

14 A. Possibly. The fault is depicted based on  
15 subsurface information and scant 2-D seismic data. The  
16 fault is also a reverse fault. There's a slight chance --  
17 a steep-angle reverse fault or a high-angle reverse fault.  
18 There's a slight chance that we could have repeated section  
19 in the Laura State location if we do intersect the fault,  
20 in which case we would then have the capability to  
21 potentially drain reservoir both east and west of the  
22 fault.

23 Q. What production to the west are you talking about  
24 as far as trying to establish -- Have there been some newer  
25 wells drilled in this area?

1 A. Yes, there have.

2 Q. Go back and look at Exhibit 11.

3 A. On Exhibit 11 in Section 12 you can see the notes  
4 by the two wells, coded green, in the western half of  
5 Section 12. Those are both fairly recent completions, one  
6 in May, one in August of last year.

7 And then the well in the northeast of the  
8 northeast of Section 14 is also a recent completion. Exact  
9 date I'm not sure, but it was late last year.

10 Q. According to that exhibit, it looks like that  
11 well in the southeast quarter is inactive in both the  
12 Strawn and Morrow at this time.

13 A. That's correct.

14 Q. And it looks like it hasn't produced out of those  
15 intervals since the 1970s.

16 A. The dates on there are the date of initial  
17 production.

18 Q. Okay.

19 A. It's not the last date of production.

20 EXAMINER CATANACH: Okay. Anything further of  
21 this witness?

22 MR. KELLAHIN: No, sir.

23 EXAMINER CATANACH: Anything further in this  
24 case, Mr. Kellahin?

25 MR. KELLAHIN: No, sir. Oh, I'm sorry, Exhibit

1 18 is the notice of hearing.

2 EXAMINER CATANACH: Exhibit 18 will be admitted  
3 as evidence.

4 And there being nothing further in this case,  
5 Case 12,573 will be taken under advisement.

6 (Thereupon, these proceedings were concluded at  
7 10:55 a.m.)

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*Jan 11*  
*David Catanch*  
Conservation Division

## 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 ~~January~~ 15th, 2001.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002