

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 11, 1962

EXAMINER HEARING

IN THE MATTER OF:)

Application of La Plata Gathering System,)
Inc., for a dual completion at an un-)
orthodox gas well location, Rio Arriba)
County, New Mexico. Applicant, in the)
above-styled cause, seeks approval of a)
Basin Dakota-Blanco Mesaverde dual com-)
pletion at an unorthodox location 1680)
feet from the South line and 734 feet)
from the East line of Section 19, Town-)
ship 32 North, Range 5 West, Rio)
Arriba County, New Mexico.)

Case 2626

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2626.

MR. DURRETT: Application of La Plata Gathering System,
Inc., for a dual completion at an unorthodox gas well location,
Rio Arriba County, New Mexico.

MR. MORRIS: Mr. Examiner, I am Richard Morris of Seth,
Montgomery, Federici and Andrews, Santa Fe, New Mexico, appear-
ing on behalf of the applicant.

MR. UTZ: Are there other appearances in this case?



MR. MORRIS: We have one witness we would like to have sworn, please.

(Witness sworn.)

MR. MORRIS: Mr. Examiner, at the outset I would like to explain the background of this case. Case No. 2542 previously heard by the Commission resulted in Order No. R-2232, was a preceding case for an unorthodox location and for a dual completion in the same area with which Case 2626 is concerned. The unorthodox gas well location in that case was for the San Juan 32-5 Unit Well No. 1-19. The location for that well was 1980 feet from the south line, 734 feet from the west line of Section 19, Township 32 North, Range 5 West, Rio Arriba County. The well was to be dedicated to a 355.25-acre non-standard unit in both the Basin Dakota and Blanco Mesaverde Gas Pools. The 355.25-acre unit comprised all of partial Sections 18 and 19. Following the approval given La Plata Gathering System by Order No. R-2232, the well was commenced and in the process of drilling the well blew out at about 7200 feet. Some serious consequences followed from the blow-out and the well was plugged and abandoned. Hence, this application for a new location for the well some 300 feet to the south of the previously approved location and for the same type of a dual completion at that unorthodox location.

JAMES P. MORRIS

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called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Morris, will you state your full name for the record, please?

A James P. Morris.

Q What is your position, Mr. Morris?

A Geologist with La Plata Gathering System.

Q Have you previously testified before the Oil Commission or one of its Examiners and had your qualifications accepted?

A Yes, I have.

MR. MORRIS: Is the witness qualified to testify as an expert witness, Mr. Examiner?

MR. UTZ: He has previously been qualified before the Commission.

MR. MORRIS: Yes.

Q (By Mr. Morris) Mr. Morris, are you familiar with La Plata's application in this case?

A Yes, I am.

Q Briefly what is it that La Plata seeks?

A La Plata is requesting approval for an unorthodox gas well location in the Blanco Mesaverde and Basin Dakota Gas Pools.

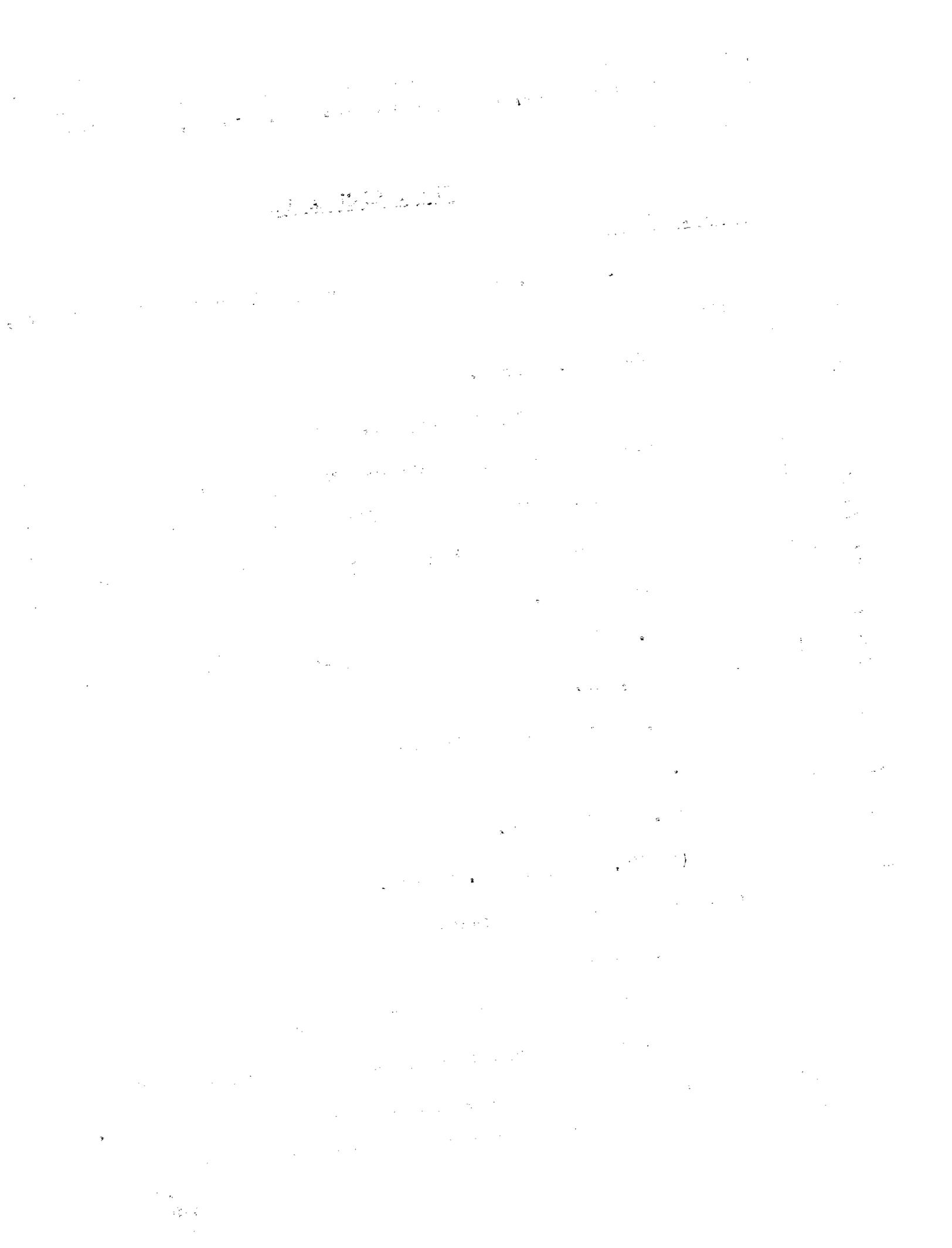
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The location of the unorthodox location is 1680 feet from the south line, 734 feet from the west line, Section 19, Township 32 North, Range 5 West, Rio Arriba County.

Q How is the subject well now designated?

A Designated as the 1-19 X.

Q Mr. Morris, do you have a plat of the subject area prepared and marked as Exhibit A in this case?

A Yes, I do.

MR. MORRIS: I ask the reporter to mark this as Exhibit

A.

(Whereupon, Applicant's Exhibit A was marked for identification.)

Q Referring to what has been marked as Applicant's Exhibit A, would you describe what that exhibit shows, please?

A It shows location is 1680 feet from the south line, 734 feet from the west line of Section 19, Township 32 North, Range 5 West.

Q It shows Sections 18 and 19 as being partial sections and the subject well actually located equidistant between the east and west lines of Section 19?

A Correct. It also shows offset wells, offset operators.

Q Would you briefly point out the offsetting wells and mention in what formations, what horizons they're completed?

A In Section 24, Township 32 North, Range 6 West, we have

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection procedures and the use of advanced analytical techniques to derive meaningful insights from the data.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and processing, thereby improving efficiency and reducing the risk of errors.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that the data remains reliable and secure throughout its lifecycle.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of a data-driven approach in decision-making and the need for continuous monitoring and improvement of the data management process.

a well No. 1-24 San Juan 32-5 Unit, operator, El Paso Natural Gas.

Q That's a Dakota well in the Southwest Quarter of Section 24?

A Correct. In the Northeast Quarter of Section 24 is Mesaverde single completion, and that well is the 2-24 in Section 25; Southwest Quarter, Township 32 North, Range 6 West is the Mesaverde Well No. 1-25. In the Northeast Quarter is a dual completion in the Mesaverde and Dakota. That well is the No. 2-25.

Q Mr. Morris, the requirements of the rules in the Basin Dakota and Blanco Mesaverde Gas Pools make any orthodox location in these partial sections impossible, do they not?

A Correct.

Q In what other respect is the subject location unorthodox in the Blanco Mesaverde Pool?

A It's less than 724 feet from the section line due to the fact that they are short sections.

Q Now, this well is also off pattern in the Blanco Mesaverde Pool, is that correct?

A Correct.

Q The Blanco Mesaverde rules requiring the well to be located in the Northeast or the Southwest Quarter of the section

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are relatively meaningless, would you say, with respect to the partial section with the configuration such as Section 19 here?

A Correct.

Q After the Well No. 1-19 was abandoned, why did La Plata decide to move their location to the south rather than to the north of the old location?

A Because of surface topography. Surface topography to the south was relatively flat to the north, we would have had to move it up on a bluff, on the side of a bluff.

Q What acreage does La Plata propose to dedicate to the subject well?

A Section 18, Township 32 North, Range 5 West in Section 19 of same township and range.

Q This is the same acreage that previously was to be dedicated to the Well No. 1-19 at the now abandoned location?

A Yes.

Q Comprising how many acres?

A Let's see, a total of 355.25.

Q Would you briefly point out to the Examiner the ownership of acreage as shown on this plat which is operated by La Plata Gathering System or by the J. Glenn Turner interests?

A In Township 32 North, Range 5 West, La Plata operates Sections 17, 18, 19, 20 and 29.

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Q Also is the operator of some acreage in Township 32 North, Range 6 West?

A Correct.

Q Is there anything else with respect to Exhibit A that you would like to point out to the Examiner?

A No.

Q Referring now to what we will ask the reporter to mark as Exhibit B --

(Whereupon, Applicant's Exhibit B was marked for identification.)

Q -- what does this Exhibit B show, Mr. Morris?

A It shows a schematic diagram of a dual completion for the La Plata Gathering System Well No. 1-19 X San Juan 32-5 Unit.

Q Would you point out to the Examiner the completion method of this well as shown on this exhibit?

A Casing program is as follows: drill a 20-inch hole to 105 feet, run 16-inch casing, circulate and cement to the surface. Drill a 15-inch hole from 105 feet to approximately 970 feet. Cement 10-3/4 inch casing and circulate and cement to the surface. Then drill a 9-5/8 inch hole to approximately 5900 feet through the Mesaverde, set 7-5/8 inch casing, 26.4 pound N-80 and cement with the top of the cement approximately 4500 feet. Then drill a 6-3/4 inch hole to total depth of 8,000 feet or approximately top of the Morrison, at which time we'll run a 5 1/2 inch 17 pound



The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

Secondly, the document highlights the need for transparency and accountability in all financial operations. This involves providing clear and concise information to all stakeholders and ensuring that all actions are justified and documented.

Finally, the document stresses the importance of regular audits and reviews. These processes are crucial for identifying any discrepancies or irregularities and for ensuring that the financial system is operating as intended.

In conclusion, the document outlines a comprehensive framework for financial management that prioritizes accuracy, transparency, and regular oversight. By adhering to these principles, organizations can ensure the reliability and integrity of their financial data.

The following sections provide a detailed breakdown of the various components of the financial system, including the methods used for data collection, the procedures for data analysis, and the mechanisms for reporting and communication.

It is important to note that the information presented in this document is intended to provide a general overview of the financial system and is not intended to be used as a substitute for professional advice or legal counsel.

For more information on the financial system and its operations, please contact the relevant department or refer to the accompanying documentation. We are committed to providing the highest quality of service and information to all our stakeholders.

The financial system is a complex and dynamic environment that requires constant attention and oversight. We are dedicated to ensuring that the system remains robust, secure, and effective in all circumstances.

Thank you for your interest in the financial system and for your commitment to maintaining the highest standards of financial integrity and transparency.

We look forward to continuing our efforts to improve the financial system and to providing you with the most accurate and up-to-date information available.

J-55 liner from 5900 feet to total depth, and cement back to 5900 feet.

Q That leaves your casing exposed from 977 down to 4500 feet, Mr. Morris. Are there any producing formations in this area in that interval?

A No, there isn't.

Q In what intervals do you anticipate perforating the Dakota?

A We plan to perforate the Dakota approximately between 7800 and 7900 and perforate the Mesaverde approximately 5300 to 5700.

Q Would you describe your tubing and packer arrangement, please?

A At sand-water frack in the Dakota we will set a Baker Model D packer at approximately 7700 feet, then perforate and sand-water frack the Mesaverde. Then we'll run two-inch EUE J-55 Dakota tubing to approximately 7700 feet, then run 1½ inch EUE J-55 Mesaverde tubing to approximately 5300 feet.

Q What pressures do you expect in the Dakota and in the Mesaverde in this well?

A Normal Dakota pressures in this area is 3500 pounds, Mesaverde is 1600 pounds.

Q The well is not yet completed, is that correct?

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A That's right.

Q Where are you in your drilling program?

A We are approximately 4600 feet yesterday.

MR. UTZ: Be a little rough to skid now, wouldn't it?

A Yes.

Q In your opinion, Mr. Morris, is the completion technique being and to be used in the subject well in accord with good conservation practices?

A Yes.

Q And in your opinion will the unorthodox location of the subject well in any way impair correlative rights?

A No.

Q Were Exhibits A and B prepared by you or under your supervision?

A Yes.

MR. MORRIS: At this time we offer La Plata's Exhibits A and B, and that concludes the direct examination of Mr. Morris.

(Whereupon, Applicant's Exhibits A and B were offered into evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Morris, in answer to Mr. Morris's question, I believe you stated there were no producing formations between



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977 and 4500 feet. Is there no Pictured Cliff in this area?

A No.

Q No Chacra in this area?

A No.

Q What formations are behind the 10-3/4 above 977?

A Surface sands.

Q How about the Ojo Alamo?

A The Ojo Alamo will be behind the 7-5/8ths.

Q About what depth would the Ojo Alamo be in this area?

A It's approximately twenty-two, twenty-three hundred.

Q So the Ojo Alamo will be open behind the casing?

A Yes.

Q That's a prolific water zone, is it not?

A I believe it is. I don't know if it's prolific or not.

Q Well, it is artesian in this area.

A Well, we drill stem tested it in this particular well to see if the 1-19 well had charged it and we get sulphur water, approximately 700 feet of sulphur water.

Q So you feel sure that there's no other formations that could be contaminated by the oil behind the 7-5/8ths?

A Yes, sir.

Q If there were any, they certainly would be contaminated, would they not?



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A I suspect that they would, yes, sir. But we have never encountered any gas in any formation; as a matter of fact, in this particular well we've tested three zones. We have tested the Ojo Alamo and what they call the Fruitland and the Pictured Cliff. We did get a little gas in the Pictured Cliff with the drawdown, it was practically nothing, at the end of about thirty minutes it was making enough gas to measure.

Q You do intend to set your tubing closer to the top of the Mesaverde and Dakota than 250 feet, do you not?

A Yes, sir.

Q What caused the blowout on the first well?

A Well, just to briefly outline it for you, we were drilling at approximately 7100 feet and encountered a drilling break of about 17 feet, and at that time we had about nine pounds of mud at blowout. We were able to kill the well with mud and increase the mud weight to approximately 10.8 pounds; drilled 70 more feet, drilling contractor was coming out of the hole for a new bit and got approximately half-way out and it blew in again and we weren't able to get back to the bottom of the hole.

Q In other words, the 10.8 mud just didn't hold it?

A Didn't hold it. The engineers figure that 10.8 mud was around 4,000 pounds hydrostatic on the formation which is very abnormally high. We think it's coming out of the Gallup and we're

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial matters. This section also touches upon the legal implications of failing to maintain such records, which can lead to severe consequences for individuals and organizations alike.

2. The second part of the document delves into the specific requirements for record-keeping, including the types of documents that must be retained and the duration for which they should be kept. It provides a detailed overview of the various categories of records, such as financial statements, contracts, and correspondence, and outlines the best practices for organizing and storing these documents to ensure they are easily accessible when needed.

3. The third part of the document addresses the challenges associated with record-keeping, particularly in the context of digital information. It discusses the risks of data loss, corruption, and unauthorized access, and offers strategies to mitigate these risks. This includes the use of secure storage solutions, regular backups, and access controls to protect sensitive information.

4. The fourth part of the document focuses on the role of record-keeping in legal proceedings. It explains how well-maintained records can serve as crucial evidence in court cases, helping to establish the facts of a matter and support a party's position. It also discusses the importance of preserving records in their original form or as certified copies to ensure their admissibility in court.

5. The fifth part of the document provides a summary of the key points discussed and offers final thoughts on the importance of record-keeping. It reiterates that maintaining accurate records is not just a legal obligation but also a best practice for any individual or organization seeking to operate with integrity and transparency. The document concludes by encouraging readers to take the necessary steps to ensure their records are up-to-date and secure.

at the approximate depth that the Gallup comes in. But since we have drill stem tested the Ojo Alamo and Pictured Cliff, we're almost certain now that it either came out of the Mesaverde or the Gallup, and we feel like it's Gallup now.

Q Gallup would be behind your 5½ liner somewhere, wouldn't it?

A Yes, sir. The reason we have this casing program as it is, we are trying to get a little insurance so this won't happen again. We set that conductor string in case the whole well that charged the surface sand we would have some protection there, we would put a blowout preventer on it.

Q You didn't have a blowout preventer on this one?

A Yes, sir.

Q I mean on the one that blew out.

A Yes, but we didn't put it on until we ran the surface string, which was normal procedure. We ran 100 feet of conductor and put a blowout preventer on that and then drilled down to 977 feet of surface string.

Q How did you plug this well?

A Three thousand sacks of cement.

Q The second well will probably be less expensive than the first one?

A Probably. Even with all this pipe we are going to put

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

Additionally, it is noted that the records should be kept up-to-date and organized in a clear, logical manner. This helps in identifying trends and anomalies over time, which is crucial for effective financial management.

The second section focuses on the role of the accounting department in providing accurate and timely financial information. It states that the department is responsible for analyzing the data and presenting it in a way that is easy to understand and use for decision-making.

It is also mentioned that the accounting department should maintain a high level of integrity and objectivity. This means that they should not be influenced by external pressures and should always report the truth, even if it is not what they want to hear.

The third part of the document discusses the importance of regular audits and reviews. It explains that these are essential for ensuring the accuracy and reliability of the financial statements. Audits help to identify any errors or irregularities and provide a level of assurance to stakeholders.

Furthermore, it is noted that audits can also provide valuable insights into the company's internal controls and risk management practices. This information can be used to improve the company's operations and reduce the risk of fraud or other financial misstatements.

The final section of the document discusses the importance of communication and collaboration between different departments. It states that effective financial management requires a close working relationship between the accounting department and other parts of the organization, such as sales, marketing, and operations.

By sharing information and working together, the company can ensure that all financial decisions are based on accurate and complete data. This leads to better overall performance and a more successful business.

In conclusion, the document emphasizes that accurate financial records, a strong accounting department, regular audits, and effective communication are all essential for successful financial management. By following these principles, the company can ensure that it is always in a position to make informed decisions and achieve its long-term goals.

in the hole it probably will be.

MR. UTZ: Are there other questions of the witness?

MR. DURRETT: Yes, sir.

BY MR. DURRETT:

Q Mr. Morris, let me call your attention to the fact that the docket, as advertised on this case, described this well as 734 feet from the east line of Section 19. I noticed on the direct examination you referred to it as 734 feet from the west line. In fact, that is the same description because it's 734 feet?

A From west and/or east line.

Q West or east line. Thank you, that's all.

BY MR. UTZ:

Q The proper location on your 19-X is 680 from the south, right?

A 1680.

Q I mean 1680.

A Yes.

MR. UTZ: Other questions? The witness may be excused.

(Witness excused.)

MR. MORRIS: That's all we have to offer in this case, Mr. Examiner.

MR. UTZ: Any statements in this case? The case will be taken under advisement.

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