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NEW MEXICO OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
STATE OF NEW MEXICO
CASE NO. 10477

IN THE MATTER OF:

The Application of Mewbourne Oil
Company for Compulsory Pooling,
Eddy County, New Mexico.

BEFORE:

DAVID R. CATANACH
Hearing Examiner
State Land Office Building
May 28, 1992

REPORTED BY:

DEBBIE VESTAL
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING
SANTA FE, NEW MEXICO
MAY 28, 1992 -- 8:15 A.M.

NAME	REPRESENTING	LOCATION
Kellie	Kellie Kellie Abney	Santa Fe
Paul Haden	Newbourne Oil	Midland, TX.
DEXTER HARMON	MEWBOURNE OIL	MIDLAND, TEXAS
Ruth Ross	Self + Thomas D. Chase	Santa Fe
Thomas L. Luce	Huntle Law Firm	Santa Fe
James A Smith	MERIDIAN OIL INC	Farmington, NM
Eugene L. Padilla	PADILLA + Snyder	Santa Fe
STEVEN DUNN	MERIDIAN OIL & GAS	FARMINGTON, NM
Tommy Roberts	Tansley Law Firm	Farmington, NM
Kevin McCord	Robert L. Bayless	Farmington, NM
Doug Eulsley	Meridian Oil & Gas	Farmington, NM
AL GREEN	B-M-G	" "
CHARLES M. GOAD	D/B/GOLA OIL CO	991 PLAYER LOOP RIO RANCHO, N.M. 87124

A P P E A R A N C E S

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FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.
General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

HINKLE, COX EATON, COFFIELD & HENSLEY
500 Marquette, Northwest, Suite 740
Albuquerque, New Mexico 87102-2121
BY: JAMES BRUCE, ESQ.

FOR MARATHON OIL COMPANY:

KELLAHIN, KELLAHIN & AUBREY
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
BY: W. THOMAS KELLAHIN, ESQ.

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1 EXAMINER CATANACH: Call the hearing to
2 order this morning for Docket No. 16-92. I'll
3 call the continuances first. Case 10479 is
4 continued to June 11; Case 10480 is continued to
5 June 11; and Case 10482 is continued to June 11.

6 At this time we'll call Case 10477.

7 MR. STOVALL: Application of Mewbourne
8 Oil Company for Compulsory Pooling, Eddy County,
9 New Mexico.

10 EXAMINER CATANACH: Are there
11 appearances in this case?

12 MR. BRUCE: Mr. Examiner, I'm Jim Bruce
13 with the Hinkle law firm representing the
14 applicant. I have two witnesses to be sworn.

15 EXAMINER CATANACH: Other appearances?

16 MR. KELLAHIN: Mr. Examiner, I'm Tom
17 Kellahin of the Santa Fe law firm of Kellahin,
18 Kellahin & Aubrey appearing today on behalf of
19 Marathon Oil Company. I have no witnesses.

20 EXAMINER CATANACH: Are there any other
21 appearances?

22 Will the two witnesses, please, stand
23 to be sworn in.

24 [The witnesses were duly sworn.]

25 D. PAUL HADEN

1 Having been duly sworn upon his oath, was
2 examined and testified as follows:

3 EXAMINATION

4 BY MR. BRUCE:

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

7 A. My name is Paul Haden.

8 Q. Where do you reside?

9 A. Midland, Texas.

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

12 A. I work for Mewbourne Oil Company as a
13 petroleum landman.

14 Q. Have you previously testified before
15 the Division as an expert landman and had your
16 credentials accepted as a matter of record?

17 A. Yes, I have and, yes, they were.

18 Q. And are you familiar with the land
19 matters involved in this application?

20 A. Yes, sir, I am.

21 MR. BRUCE: Mr. Examiner, I tender the
22 witness as an expert landman.

23 EXAMINER CATANACH: Mr. Haden is so
24 qualified.

25 Q. (BY MR. BRUCE) Briefly, Mr. Haden,

1 what does Mewbourne seek in this case?

2 A. Mewbourne Oil is seeking to pool all
3 mineral interests from the surface to the basin
4 of the Morrow Formation underlying the north half
5 of Section 26 in Township 19 South, Range 27
6 East.

7 We're seeking to pool all formations
8 spaced on 320 acres, all formations spaced on 160
9 acres, and all formations spaced on 40 acres. As
10 to the 40 acres, it would be the northeast of the
11 northeast quarter; for the 160 it would be the
12 northeast quarter; for the 320-acre spacing unit,
13 it would be the north half of Section 26.

14 Q. Would you, please, refer to Exhibit No.
15 1 and identify it for the Examiner?

16 A. Exhibit No. 1 is a land plat showing
17 our proposed spacing unit for the Morrow. The
18 north half of Section 26 is shaded in yellow with
19 our proposed location indicated by a red dot.

20 Q. And what is the exact footage location?

21 A. The exact footage location is 990 from
22 the north line and 990 from the east line of
23 Section 26, 19 South, 27 East.

24 Q. And that's an unorthodox location,
25 isn't it?

1 A. That is correct.

2 Q. And how is the unorthodox location
3 being handled?

4 A. We currently are applying
5 administratively for approval for that location.

6 Q. So you don't seek anything from this
7 hearing regarding the unorthodox location?

8 A. That's correct.

9 Q. Now, would you, please, refer to
10 Exhibit 2 and discuss its contents?

11 A. Exhibit No. 2 is a listing of the
12 ownership and the percentage interest. As you
13 can see, in the northwest quarter Mewbourne Oil
14 Company owns that 100 percent. In the northeast
15 quarter Atlantic Richfield Company owns that
16 interest; however, Mewbourne Oil Company has
17 obtained a farmout from Atlantic Richfield of
18 which Atlantic owns a half-interest there.

19 Yates Petroleum Corporation owns a
20 26/144 interest. Marathon Oil Company owns a
21 23/144. And DEKALB Energy Company owns 23/144
22 interest.

23 Q. Okay. And moving on to Exhibit 3,
24 would you discuss what that is and discuss the
25 current status of commitment or non-commitment by

1 Yates, Marathon, and DEKALB.

2 A. Exhibit No. 3 is a copy of all of my
3 correspondence between DEKALB Energy, Yates
4 Petroleum Corporation, and Marathon Oil Company.

5 The status of these companies as to
6 committing their interest, Yates Petroleum has
7 agreed to join Mewbourne in drilling the test
8 well. They have signed an AFE. They currently
9 have an operating agreement in their possession,
10 which they are considering executing. Therefore,
11 we are still negotiating with Yates as to the
12 operating agreement.

13 As to DEKALB Energy Corp, they have
14 agreed to sell their interest to us, giving us an
15 assignment of their interest. We have agreed to
16 purchase that interest. However, such assignment
17 has not been made yet.

18 As to Marathon Oil Company, they have
19 agreed to farmout their interest to us under
20 certain terms and conditions, which we currently
21 are considering. However, there still has not
22 been an executed formal farmout agreement made
23 between Marathon Oil Company and Mewbourne Oil.

24 Q. So --

25 A. Therefore --

1 Q. Go ahead.

2 A. Therefore, we're still negotiating.

3 Q. So for purposes of the forced pooling,
4 you're still naming Yates, Marathon, and DEKALB?

5 A. That's correct.

6 Q. And if you come to terms with them, you
7 will notify the OCD so that they would not be
8 subject to the terms of any forced pooling order?

9 A. That's correct. We expect to come to
10 terms with all three of these companies.

11 Q. Okay. Would you, please, refer to
12 Exhibit 4 and identify it for the Examiner?

13 A. Exhibit No. 4 is a copy of Mewbourne
14 Oil Company's authorization for expenditure.
15 This is the estimated well cost of our Angell
16 Ranch 26 State No. 1 well. The dry hole cost is
17 estimated at \$439,678. The total completed well
18 cost is \$801,383. This is for a well proposed
19 depth of 10,950 feet.

20 Q. And is this proposed well cost in line
21 with well costs for other operators and for
22 Mewbourne for drilling other wells in this area?

23 A. We believe that to be true.

24 Q. Okay. And what does Mewbourne propose
25 as the overhead rates in the event of forced

1 pooling?

2 A. Mewbourne is proposing a drilling rate
3 of 5,500 per month and 5,000 -- wait, excuse me,
4 \$550 for the producing well rate.

5 Q. And are these comparable to overhead
6 rates for other wells in this area?

7 A. Yes, that is.

8 Q. Okay. Now, as far as the penalty, will
9 the geologist discuss the penalty?

10 A. Yes, our geologist will discuss the
11 reasonableness of the penalty.

12 Q. Were Exhibits 1 through 4 prepared by
13 you or under your direction?

14 A. They were prepared by me.

15 Q. And in your opinion is the granting of
16 this application in the interests of conservation
17 and the prevention of waste?

18 A. That's correct.

19 MR. BRUCE: Mr. Examiner, I tender
20 Exhibits 1 through 4.

21 EXAMINER CATANACH: Exhibits 1 through
22 4 will be admitted as evidence.

23 MR. BRUCE: I do have a notice letter,
24 which I will submit not as an exhibit. I am in
25 the throes of moving, Mr. Examiner, and I haven't

1 prepared the Affidavit of Notice, but I will send
2 this out as soon as this hearing is over.

3 MR. STOVALL: Sounds like a personal
4 problem, Mr. Bruce.

5 MR. BRUCE: If I could be permitted to
6 tender the Affidavit of Notice subsequent to the
7 hearing within the next day.

8 MR. STOVALL: I assume you're moving up
9 here to replace Judge Kelly?

10 MR. BRUCE: Hardly.

11 EXAMINATION

12 BY EXAMINER CATANACH:

13 Q. Mr. Haden, is this well going to be
14 drilled to the base of the Morrow Formation?

15 A. Base of the Morrow, that's right.

16 Q. Have you examined overhead rates that
17 are contained within the Ernst & Winney survey?

18 A. We feel that these rates are within
19 that scope that -- actually we believe those
20 rates are much lower than what an operator does
21 charge in reality.

22 We have been approved -- those rates in
23 a previous case of which our -- let's see, we had
24 a well, north half of Section 20, 19 South, 27
25 East, which is about two-and-a-half miles

1 northwest. This was our Lake Shore Federal No. 1
2 well, which was subject to a compulsory pooling
3 hearing. I believe those rates are in line with
4 that which were approved in that case.

5 EXAMINATION

6 BY MR. STOVALL:

7 Q. Which rates are "those rates"?

8 A. I believe that's 5,000 --

9 Q. I mean, which ones are you referring
10 to?

11 A. The drilling and producing well rate.

12 Q. That you're asking for here?

13 A. Right.

14 Q. Okay.

15 A. And that well is a thousand feet
16 shallower than this one. And that case was last
17 year about the same time as this, May, June.

18 EXAMINATION (CONTINUED)

19 BY EXAMINER CATANACH:

20 Q. Mr. Haden, has any of the various
21 interest owners expressed any -- they're not
22 satisfied with your proposed rates at all?

23 A. No. They're in line. Actually Yates
24 Petroleum, on the JOA is 6,600. In fact, it
25 might be 6300 and 630, which they have agreed to

1 previously in other deals. They're in a number
2 of our deals. As you know, they're all over New
3 Mexico.

4 We don't expect any problem with Yates
5 as to our proposed drilling producing well rate
6 that they are executing that joint operating
7 agreement. This is lower than they are going to
8 execute.

9 EXAMINATION (CONTINUED)

10 BY MR. STOVALL:

11 Q. Are you under a drilling deadline of
12 any sort?

13 A. No. But we'd like to start this by
14 July 1 if possible.

15 Q. Is that an internal decision?

16 A. That's an internal, right. There's no
17 specific deadline.

18 Q. It appears you are negotiating and have
19 reached an agreement, at least in principle, with
20 all the parties you're seeking to force pool.
21 Why are we forging ahead with the forced pooling?

22 A. Because we haven't had a farmout
23 agreement from Marathon Oil Company in ten
24 years. We don't know what their form of formal
25 farmout agreement is like at this point. We have

1 had trouble with other operators who want a call
2 on production for all of the spacing unit, which
3 isn't right.

4 We don't know if they would have such a
5 provision or not, but we would not agree to
6 such. They could have a call on production as to
7 the interest that they contribute to the unit but
8 not the whole unit.

9 Q. They haven't made such a proposal to
10 you yet?

11 A. No. But a lot of major oil companies
12 at first that's what they want to begin with. We
13 have to tell them no. That's one of the
14 reasons. We don't know what their form of
15 farmout agreement is at this point. We have not
16 seen it.

17 They have sent us, as you can see on
18 the exhibit, a letter of their proposed terms.
19 And that was just submitted to us by fax, let's
20 see, the 26th. We have not made a decision on
21 their terms yet that they are offering.

22 As to DEKALB, they're just slow in
23 getting the assignment to us. They are in the
24 process of selling their company apparently.

25 Q. When did you initiate negotiations with

1 Marathon and Yates?

2 A. March 92.

3 MR. STOVALL: I have no further
4 questions.

5 FURTHER EXAMINATION

6 BY EXAMINER CATANACH:

7 Q. Mr. Haden, are your drilling costs in
8 line with other wells in this area?

9 A. We think they are. As far as we know,
10 they are.

11 Q. Have you drilled Morrow wells in this
12 area?

13 A. Yes. Like I say, we've drilled one
14 two-and-a-half miles northwest. Our Lake Shore
15 Federal No. 1 well. Of course, this one is a
16 little bit more because it's deeper.

17 EXAMINER CATANACH: I have nothing
18 further. I'm sorry, Mr. Kellahin.

19 MR. KELLAHIN: A couple of follow-up
20 questions.

21 EXAMINATION

22 BY MR. KELLAHIN:

23 Q. On the discussion of the fax letter
24 from Marathon to you, Mr. Haden --

25 A. Right.

1 Q. -- I inferred from answers you gave Mr.
2 Bruce that you had an agreement in principle, but
3 in response to Mr. Stovall, I now understand that
4 Mewbourne has not yet acted on the proposed
5 farmout terms that Marathon has submitted to you
6 by this letter of May 26?

7 A. What I've told Mr. Wilson with Marathon
8 is that the terms seemed all right to me, but I
9 would have to get them approved by management.
10 They have not approved that yet.

11 Q. What is the time frame in which you
12 expect to have that decision made by management?

13 A. Probably this week.

14 Q. And if management accepts that, then
15 the next issue is negotiating the actual terms --

16 A. That's right.

17 Q. -- of the farmout agreement itself?

18 A. Right.

19 Q. Do you propose to continue those
20 negotiations notwithstanding the fact that you
21 may obtain a pooling order from the Division?

22 A. We have every intention of obtaining
23 that farmout agreement from Marathon. We prefer
24 to obtain a farmout agreement from them in lieu
25 of a forced pooling. We feel this well is going

1 to make a good well.

2 Q. So that I don't misunderstand your
3 answer, if the Examiner issues you a pooling
4 order, the issuance of the pooling order would
5 not cause you to interrupt your efforts to
6 complete your negotiations on a farmout
7 agreement?

8 A. That is correct. That is correct.

9 MR. KELLAHIN: Thank you, Mr.
10 Examiner.

11 EXAMINER CATANACH: The witness may be
12 excused.

13 MR. BRUCE: I call Mr. Harmon to the
14 stand.

15 DEXTER L. HARMON

16 Having been duly sworn upon his oath, was
17 examined and testified as follows:

18 EXAMINATION

19 BY MR. BRUCE:

20 Q. Would you, please, state your name and
21 your city of residence?

22 A. My name is Dexter Harmon. I live in
23 Midland, Texas.

24 Q. And who are you employed by and in what
25 capacity?

1 A. I'm employed by Mewbourne Oil Company.
2 I'm a district geologist.

3 Q. Have you previously testified before
4 the Division as a geologist?

5 A. No, I have not.

6 Q. Would you, please, summarize your
7 educational and work background for the Examiner?

8 A. I received a degree in geology from
9 West Texas State University in 1977. From May of
10 77 through the end of that year, I worked for
11 Petroleum Well Logging Company. Starting January
12 1978 through 2 April of 1979, I worked for Davis
13 & Associates Consulting Geologists. I've been
14 employed with Mewbourne Oil Company since April
15 of 1979.

16 Q. Does your area of responsibility
17 include southeast New Mexico?

18 A. Yes, it does.

19 Q. Are you familiar with the geology
20 involved in this prospect?

21 A. Yes, I am.

22 MR. BRUCE: Mr. Examiner, I tender the
23 witness as an expert petroleum geologist.

24 EXAMINER CATANACH: He is so qualified.

25 Q. (BY MR. BRUCE) Mr. Harmon, would you,

1 please, refer to Mewbourne's Exhibit 5 and
2 discuss the zones of interest to Mewbourne's
3 proposed well?

4 A. Exhibit No. 5 is a Morrow cross-section
5 labeled A to A prime. It is in the area of
6 interest surrounding Section 26. It has three
7 wells on it. The first one is in the south half
8 of Section 14. It was a Morrow dry hole, but as
9 you can see, it has some sand in it that didn't
10 have any porosity, but it had a little sand in
11 it.

12 The cross-section then goes through our
13 proposed location in Section 26. The next well
14 is in the west half of Section 25, which was a
15 Morrow producer. You can see by the perforations
16 indicated on that well that it produced out of a
17 Middle Morrow green sand. We have the color
18 green, a Lower Morrow orange sand, and a Lower
19 Morrow brown sand.

20 Q. What is the current status of that
21 well?

22 A. The well has been inactive since 1989.

23 Q. And what was the total cumulative
24 production from that well?

25 A. The total "cum" was 1 billion 187

1 million cubic feet of gas.

2 And then the last well on the
3 cross-section is a well located in the south half
4 of Section 36. And you can see it produced out
5 of the Lower Morrow orange sand and also out of
6 the Lower Morrow brown sand.

7 Q. Go ahead.

8 A. We've colored each sand and will
9 proceed with an isopach showing what each one
10 looks like.

11 Q. One item on the Section 36 well, Mr.
12 Harmon, it was only perforated in the top of the
13 Lower Morrow brown. What was the reason for
14 that?

15 A. The Lower Morrow brown in that well is
16 53 feet thick, and we give it 53 foot of porosity
17 also above 7 percent. However, the bottom part
18 of that sand is wet, and so they just perforated
19 the very top of that sand. And they've got 268
20 million out of it, I would assume, before it went
21 to water. And they plugged that zone off and
22 came up to the orange sand after that.

23 Q. Would you, please, then move on to
24 Exhibit 6 and discuss its contents for the
25 Examiner.

1 A. Exhibit 6 is a production map of the
2 area. It shows all the surrounding sections.
3 All the Morrow penetrations in this area are
4 indicated by a circle around the well. You can
5 see there are eleven Morrow penetrations in the
6 area. The color code inside the circles are
7 producing zones.

8 You can see of the eleven penetrations,
9 there are six wells produced out of the Morrow.
10 And of those six producers, there are three good
11 wells on Section 2 and Section 25 and one well in
12 the south half of 36 that were good Morrow
13 producers in this area.

14 Q. And there is no economic or good Morrow
15 producer to the well in the west half of -- in
16 the southwest quarter of Section 25; is that
17 correct?

18 A. Say that again, please.

19 Q. There is no economic Morrow producer to
20 the west of the well in the southwest quarter of
21 Section 25?

22 A. That's correct.

23 Q. Would you, please, move on to Exhibits
24 7, 8, and 9 and discuss for the Examiner what the
25 targets are that Mewbourne is trying to get.

1 A. Exhibits, 7, 8, and 9 are isopach maps
2 of the sands found on the cross-section A to A
3 prime. Exhibit No. 7 is a Lower Morrow brown
4 zone isopach, and this is a gross sand isopach.
5 You can see that the proposed location we
6 estimate getting ten foot of gross sand, Lower
7 Morrow brown.

8 Isopach No. 8 is of the Lower Morrow
9 orange zone. Also we hope to get ten foot of
10 gross sand at our proposed location. I might add
11 that on this map there is a little drafting
12 mistake in Section 25. That 20-foot contour
13 should go a little bit east of the well in the
14 west half of 25. That's 18 foot of gross sand
15 there, and that line needs to be moved a little
16 bit to the east.

17 The numbers next to each well up there
18 is net porosity greater than 7 percent on the top
19 and gross sand on the bottom, and these isopachs
20 were prepared on gross sand.

21 The last isopach map is the Middle
22 Morrow green sand. And here again we hope to get
23 about ten foot of that zone in our proposed
24 location.

25 Q. In your opinion is there sufficient

1 well control to give you some degree of
2 confidence with respect to your draftsmanship
3 here?

4 A. Yes, sir. As I said, eleven Morrow
5 penetrations on the map. And that's fair control
6 out of the twelve sections. This averages almost
7 one a section.

8 Q. And it appears that there are a number
9 of wells that show the Morrow sands but have no
10 porosity; is that correct?

11 A. That's correct.

12 Q. Okay. Finally would you refer to
13 Exhibit 11 and discuss it for the Examiner.

14 A. Exhibit 10.

15 Q. Exhibit, yes, 10. Excuse me.

16 A. Exhibit 10 is a structure map, and it's
17 on the base of the Morrow Formation. You can see
18 that the proposed location is up-dip to the
19 producers in Section 25 and also 36.

20 Q. What penalty do you recommend against
21 nonconsenting interest owners if they do not join
22 in the well?

23 A. We recommend cost plus 200 percent.

24 Q. In your opinion is that justified by
25 the risk involved in drilling this well?

1 A. Yes, it is.

2 Q. Were Exhibits 6 through -- I mean,
3 excuse me, 5 through 10 prepared by you or under
4 your direction?

5 A. Yes, they were.

6 Q. And in your opinion is the granting of
7 this application in the interests of conservation
8 and the prevention of waste?

9 A. Yes, it is.

10 MR. BRUCE: Mr. Examiner, I tender as
11 evidence Exhibits 5 through 10.

12 EXAMINER CATANACH: Exhibits 5 through
13 10 will be admitted as evidence.

14 EXAMINER CATANACH: Mr. Kellahin.

15 EXAMINATION

16 BY MR. KELLAHIN:

17 Q. Mr. Harmon, above the Morrow zone do
18 you see potential at this location for other
19 zones?

20 A. No, we really don't.

21 Q. Looking at your production map, the
22 color-coded map, you've got a color code down
23 there for the Atoka in purple?

24 A. Yes.

25 Q. Is there an Atoka producer in the

1 display area? I couldn't find that color shown.

2 A. There's not one on this map.

3 Q. So we don't have an Atoka available
4 currently in any producing well in this area?

5 A. No, sir, we don't.

6 Q. The closest Strawn well is down in 36?

7 A. Yes. The well in the south half of 36
8 was recompleted in the Strawn, and you can tell
9 it's a very poor producer.

10 Q. And the Wolfcamp that exists is also in
11 36?

12 A. It's in the north half of 36, and it's
13 been abandoned. It was a very poor producer
14 also.

15 Q. Your best control well in terms of
16 productivity in the Morrow is the well in 25?

17 A. The west half of 25 --

18 Q. The west half of 25?

19 A. -- is the closest Morrow well.

20 Q. I think you've shown that information
21 on your cross-section, but summarize the
22 information you have on the productivity of that
23 well.

24 A. That well produced 1 billion 187
25 million cubic feet of gas, 3,118 barrels of oil.

1 It's been inactive since 1989.

2 Q. From looking at your isopachs, it's
3 fair to conclude that the closest standard
4 location is not a realistic viable location in
5 this spacing unit, is it?

6 A. No, it's not.

7 Q. That location is going to be outside
8 the limits of the porosity as you've mapped it in
9 each of those three Morrow zones, isn't it? You
10 come real close to that zero line on your various
11 maps, I think.

12 A. We do. Each map, it comes in about the
13 ten foot of gross sand. And you can see a lot of
14 the wells, the gross sand is usually thicker than
15 the net sand, so we'll need to hit a couple of
16 these sands to get enough porosity to make a good
17 well.

18 Q. In picking your well location, what was
19 the criteria you used in terms of potential sand
20 thickness in order to have your best shot at a
21 commercial well?

22 A. We feel we need at least ten foot of
23 porosity in the Morrow to make a good commercial
24 well.

25 Q. Is that gross?

1 A. That's net porosity.

2 Q. Net porosity combined for all three
3 zones?

4 A. Right.

5 MR. KELLAHIN: Okay. Thank you, Mr.
6 Examiner.

7 EXAMINATION

8 BY EXAMINER CATANACH:

9 Q. Mr. Harmon, there's some dry hole
10 markers in Sections 27 and 22 and 34. Were any
11 of those drilled to the Morrow and tested?

12 A. No. All the Morrow wells have a circle
13 around them, Morrow tests.

14 Q. So there's been no wells drilled in 26
15 or 27 to the Morrow?

16 A. That's correct.

17 MR. STOVALL: Let me ask a technical
18 question.

19 EXAMINER CATANACH: That's all the
20 questions I have.

21 Are there any other questions of this
22 witness? If not, he may be excused.

23 Mr. Bruce, do you have anything else in
24 this case?

25 MR. BRUCE: Nothing further, Mr.

1 Examiner.

2 EXAMINER CATANACH: There being nothing
3 further, Case 10477 will be taken under
4 advisement.

5 [And the proceedings were concluded.]

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Under the provisions of the foregoing, it
is hereby ordered that the proceedings in
the above captioned case, No. 10477,
do hereby terminate on May 28 1992.
David R. Catanach, Examiner
Oil Conservation Division

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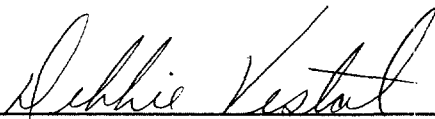
CERTIFICATE OF REPORTER

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

I, Debbie Vestal, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; 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 JUNE 6, 1992.


DEBBIE VESTAL, RPR
NEW MEXICO CSR NO. 3