

NEW MEXICO OIL CONSERVATION DIVISION

STATE LAND OFFICE BUILDING

STATE OF NEW MEXICO

CASE NO. 10795

IN THE MATTER OF:

The Application of David H. Arrington
Oil & Gas Inc., for an Unorthodox Gas
Well Location and Nonstandard Spacing
Unit, Lea County, New Mexico.

BEFORE:

MICHAEL E. STOGNER

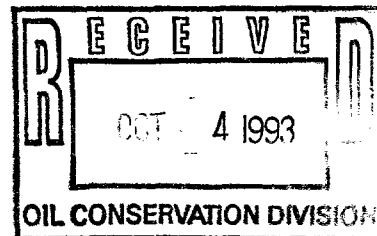
Hearing Examiner

State Land Office Building

Thursday, September 23, 1993

REPORTED BY:

CARLA DIANE RODRIGUEZ
Certified Court Reporter
for the State of New Mexico

**ORIGINAL**

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
BY: **WILLIAM F. CARR, ESQ.**

I N D E X

Page Number

Appearances

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WITNESSES FOR THE APPLICANT:

1. KEITH LOGAN

Examination by Mr. Carr

4

Certificate of Reporter

12

E X H I B I T S

Page Marked

Exhibit No. 1

5

Exhibit No. 2

6

Exhibit No. 3

7

Exhibit No. 4

8

Exhibit No. 5

9

1 EXAMINER STOGNER: At this time I'll
2 call Case 10795.

3 MR. STOVALL: Application of David H.
4 Arrington Oil & Gas Inc., for an unorthodox gas
5 well location and nonstandard spacing unit, Lea
6 County, New Mexico.

7 EXAMINER STOGNER: Call for
8 appearances.

9 MR. CARR: May it please the Examiner,
10 my name is William F. Carr. I represent David H.
11 Arrington Oil & Gas, Inc. I have one witness, in
12 this case, Mr. Keith Logan. He was a witness in
13 the previous case. I would request that the
14 record reflect that Mr. Logan remains under oath
15 and that his qualifications as a petroleum
16 engineer have been accepted and made a matter of
17 record.

18 EXAMINER STOGNER: Let the record show.
19 And, Mr. Logan, you're still qualified and under
20 oath.

21 Are there any other appearances?

22 With that, Mr. Carr?

23 KEITH LOGAN

24 Having been previously duly sworn upon his oath,
25 was examined and testified further as follows:

EXAMINATION

BY MR. CARR:

Q. Mr. Logan, would you briefly state what David H. Arrington Oil & Gas, Inc., seeks with this application?

A. Seeks approval to drill an unorthodox well location, 660 feet from the south line, 330 feet from the east line of Section 34, 19 South, 36 East, Lea County, in the Eumont gas pool.

Q. Here again, we're dealing with a 160-acre Eumont unit, is that correct?

A. That is correct.

Q. With setbacks under the applicable rules of 660 feet from the outer boundary of a dedicated acreage?

A. Correct.

Q. Let's go to what has been marked as David H. Arrington Exhibit No. 1, and I'd ask you to identify that, please.

A. Okay. Exhibit No. 1 is a location plat showing the outline of the south half of the south half of Section 34, being the subject proration unit of the proposed location, being on the eastern side of that proration unit, along with some of the offsetting gas wells within this

1 Eumont gas pool.

2 There are several other wells located
3 on these four sections, but I've only shown here
4 wells that produce. And then there are some
5 additional wells here, but what I felt were the
6 important gas wells and anything that produces
7 from this pool is included on this map.

8 Q. So we've got the Eumont gas wells on
9 this exhibit?

10 A. Yes.

11 Q. There are wells in other formations and
12 Eumont oil wells that have not been shown, but
13 the gas wells are shown?

14 A. Correct.

15 Q. Now, if we look at Section 34, the
16 north half of that section, and the north half of
17 the south half, are a nonstandard unit in the
18 Eumont gas pool, is that correct?

19 A. Right.

20 Q. Would you identify what has been marked
21 as David H. Arrington Exhibit No. 2?

22 A. Exhibit No. 2 is an Administrative
23 Order dated June 17, 1982, Order No. NSP-1311,
24 approving the south half of the south half to be
25 160-acre nonstandard proration unit within the

1 Eumont gas pool.

2 Q. That's for the Foster Well No. 2?

3 A. Correct.

4 Q. That is shown back on Exhibit No. 1,
5 and that well is still capable of producing from
6 the Eumont?

7 A. Yes.

8 Q. So we have already an approved
9 nonstandard proration unit in the Eumont gas pool
10 comprising the south half of the south half of
11 34, is that right?

12 A. Yes.

13 MR. CARR: Mr. Stogner, we would
14 request that the portion of this case which is
15 seeking the approval of a nonstandard spacing
16 unit in the Eumont pool be dismissed, because
17 this has already been approved by administrative
18 action.

19 EXAMINER STOGNER: Thank you, Mr.
20 Carr. Too bad it wasn't caught earlier so we
21 wouldn't have to pay for the extra space in the
22 advertisement. It will be dismissed.

23 Q. Would you please refer now to what has
24 been marked as David H. Arrington Exhibit No. 3?

25 A. Exhibit No. 3 is a cumulative

1 production map from the Eumont gas wells in these
2 four sections, and it is production in billion
3 cubic feet of gas produced through the end of
4 92.

5 As you can see, to the north, the
6 Amerada Hess Well has made 4.9 Bcf, the Foster
7 No. 2, 2.9 to the south. In Section 3, that well
8 has made 6.1 Bcf, and it does continue these, to
9 the showing.

10 Q. Basically, you're on the western edge
11 of the gas-producing portion of this reservoir in
12 this particular area, is that correct?

13 A. That's correct.

14 Q. Let's move now to Arrington Exhibit No.
15 4. Would you identify and review that, please?

16 A. This is a structure map on the top of
17 the Queen, which the Queen-Penrose produced in
18 this area. I think mapping on the top of the
19 Queen really shows what's going on from a
20 producing standpoint.

21 As you can see, on the western edge is
22 your lowest point. You're increasing structure
23 going to the east, and the reason for the
24 nonstandard location at that 330 location is the
25 optimum location to produce the most gas reserves

1 from this proration unit.

2 Q. In your opinion, would a well at a
3 standard location be acceptable?

4 A. No, it would not.

5 Q. Would that not be moving toward a
6 portion of the pool that's already suffered
7 drainage?

8 A. Suffered drainage, and it would be
9 downdip.

10 Q. So, basically, you're too close to the
11 east line of the nonstandard unit?

12 A. Correct.

13 Q. Who is the offsetting operator to the
14 east?

15 A. Amerada Hess.

16 Q. Has Amerada Hess been provided notice
17 of this application?

18 A. Yes, they have.

19 Q. Is Exhibit No. 5 a copy of an affidavit
20 with attached letters confirming not only notice
21 of the location, but of today's hearing, has been
22 provided to Amerada Hess?

23 A. Yes, it has.

24 Q. In fact, this is the second time notice
25 has been given, has it not? The location was

1 moved once away from Conoco?

2 A. Correct.

3 Q. In your opinion, would approval of this
4 application and the drilling of the proposed well
5 result in the recovery of oil that otherwise will
6 not be recovered from the Eumont--or gas that
7 will not be recovered from the Eumont pool?

8 A. That is correct.

9 Q. In your opinion, will approval of the
10 application and the drilling of this well be in
11 the best interest of conservation, the prevention
12 of waste and the protection of correlative
13 rights?

14 A. Yes, sir.

15 Q. Were Exhibits 1 through 4 prepared by
16 you?

17 A. Yes, they were.

18 Q. Exhibit No. 5 is the notice affidavit?

19 A. Right.

20 MR. CARR: At this time, Mr. Stogner,
21 we move the admission of Arrington Exhibits 1
22 through 5.

23 EXAMINER CATANACH: Exhibits 1 through
24 5 will be admitted into evidence at this time.

25 MR. CARR: That concludes my direct

1 examination of Mr. Logan.

2 EXAMINER STOGNER: I have no
3 questions. Mr. Stovall?

4 MR. STOVALL: No questions.

5 EXAMINER STOGNER: Does anybody else
6 have any questions of this witness? If not, he
7 may be excused.

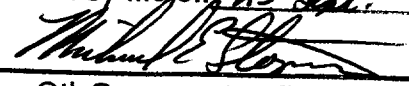
8 MR. CARR: We have nothing further.
9 Thank you, Mr. Stogner.

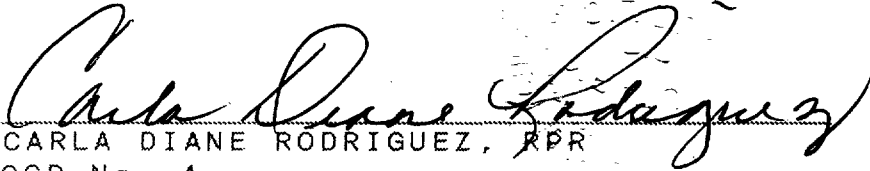
10 EXAMINER STOGNER: Anybody else have
11 anything further in Case No. 10795?

12 This case will be taken under
13 advisement. With that, we'll be in recess until
14 Monday morning at 9:00, which, at that time, we
15 will call the Enron Case No. 10827.

16 (And the proceedings concluded.)
17
18
19

20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case No. 10795,
23 heard by me on 23 Sept. 1993.

24 , Examiner
25 Oil Conservation Division

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2
3 CERTIFICATE OF REPORTER4 STATE OF NEW MEXICO)
5) ss.
6 COUNTY OF SANTA FE)7 I, Carla Diane Rodriguez, Certified
8 Court Reporter and Notary Public, HEREBY CERTIFY
9 that the foregoing transcript of proceedings
10 before the Oil Conservation Division was reported
11 by me; that I caused my notes to be transcribed
12 under my personal supervision; and that the
13 foregoing is a true and accurate record of the
14 proceedings.15 I FURTHER CERTIFY that I am not a
16 relative or employee of any of the parties or
17 attorneys involved in this matter and that I have
18 no personal interest in the final disposition of
19 this matter.20 WITNESS MY HAND AND SEAL September 30,
21 1993.22
23 
24 CARLA DIANE RODRIGUEZ, RPR
25 CCR No. 4