NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 4, 1994 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
[illegible] Kellahin	Kellahin + Kellahin	Santa Fe
Maurice Trimmer	R.W. Byram Co	SF
Bill Hawkins	Amoco	Denver
[illegible]	Amoco	Denver
Gary Wirtz	Amoco	Denver
William F. Carr	Campbell, Carr, Berge + Sheridan	Santa Fe
Rick Wymer	BLM	SANTA FE
Duane Spencer	BLM	Farmington
Wayne Bailey	Bass Enterprises	Fort Worth, TX
George Hillis	" "	" "
Galen Buller	Montgomery & Andrews	Santa Fe
Dean Price	Meridian Oil	Farmington
[illegible]	[illegible] Inc	Farmington, NM
Paul M. Candelaria	Candelaria Land	Farmington
[illegible]	Hal Rasmussen Operating	Midland, TX
Ernest L. Padilla	Padilla Law Firm	Santa Fe
Brian Ault	Meridian Oil	Farmington, NM
Bill Hobbs	Meridian Oil	Farmington, NM

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Hearing Date AUGUST 4, 1994 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Dan Nutter	Conoco Energy	S.F.

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 HAL J. RASMUSSEN OPERATING, INC.

CASE NO. 11,003

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 4, 1994

Santa Fe, New Mexico

- 2 1994

This matter came on for hearing before the Oil Conservation Division on Thursday, August 4, 1994, at Morgan Hall, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

August 4, 1994
Examiner Hearing
CASE NO. 11,003

* * *

E X H I B I T S

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* * *

A P P E A R A N C E S

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By: ERNEST L. PADILLA

* * *

WHEREUPON, the following proceedings were had at 8:29 a.m.:

EXAMINER STOGNER: This hearing will come to order for Docket Number 22-94. I'm Michael E. Stogner, appointed Hearing Examiner for today's hearing or docket.

And the first thing we'll consider today will be Case 11,003.

MR. CARROLL: Application of Hal J. Rasmussen Operating, Inc., for a pressure maintenance project, Lea County, New Mexico.

EXAMINER STOGNER: Call for appearances.

MR. PADILLA: Mr. Examiner, Ernest L. Padilla, Santa Fe, New Mexico, for the Applicant.

I have one witness to be sworn.

EXAMINER STOGNER: Are there any other appearances in this matter?

Will the witness please remain standing to be sworn at this time?

TYSON DUNN,

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

DIRECT EXAMINATION

BY MR. PADILLA:

Q. Mr. Dunn, would you please state your full name?

A. My name is Tyson Dunn.

Q. How do you spell "Tyson"?
A. T-y-s-o-n.
Q. T-y-s-o-n?
A. Yes.
Q. Mr. Dunn, where do you live?
A. Midland, Texas.
Q. Who do you work for?
A. I work for Hal Rasmussen Operating.
Q. As what?
A. I'm a production engineer.
Q. Mr. Dunn, have you previously testified before the Oil Conservation Division and had your credentials as a petroleum engineer accepted as a matter of record?
A. No, I have not previously testified.
Q. Mr. Dunn, would you tell us where and when you received your education as a petroleum engineer?
A. In May of 1993 from Texas A&M.
Q. Since 1993, what have you been doing in the oil industry?
A. I've been working for Hal Rasmussen as a production engineer.
Q. What other duties do you perform for Hal Rasmussen Operating?
A. Overseeing production and some exploration.
Q. Are you involved with analyzing geology and

things of that nature --

A. Yes.

Q. -- from time to time?

A. Yes.

Q. Have you made a study and have you prepared certain exhibits for introduction with regard to this Application today?

A. Yes.

MR. PADILLA: Mr. Examiner, we tender Mr. Dunn as a petroleum engineer.

EXAMINER STOGNER: Mr. Dunn is so qualified.

Q. (By Mr. Padilla) Mr. Dunn, can you briefly describe what the purpose of this hearing is today?

A. This is to obtain a permit for a pressure maintenance project on our Farnsworth "A" lease, located in Lea County, New Mexico.

Q. Can you be a little bit more specific in terms of what you intend to do with the pressure maintenance project and how it will enhance production as a result of the pressure maintenance?

A. We are currently producing from this lease by submersible pumps, and we are moving a lot of water and therefore feel we are depleting the reservoir of its pressure, and we wish to inject water downdip of these producing wells to charge the formation, keep the pressure

stabilized.

Q. Mr. Dunn, let's turn to what we have marked as Rasmussen Exhibit Number 1 and have you identify that for the Examiner and tell him what it contains.

A. Okay, this exhibit shows the lease is operated by Hal J. Rasmussen in the area, and with the two wells in question, the Farnsworth "A" 1 located in unit A of Section 13, and the Farnsworth "A" 2 located in Unit P of Section 13.

Q. What's outlined in yellow on that exhibit, Mr. Dunn?

A. This is the leases operated by Hal Rasmussen in the area.

Q. Do you operate other pressure maintenance projects in this same area?

A. Yes, the Eaves "A" lease, which is located in Section 19, is currently a pressure maintenance project.

Q. Is that project similar in nature to what you're proposing today?

A. Yes, very similar.

Q. Okay. Let's move on to what we have marked as Exhibits 2A and 2B and have you tell the Examiner what that is, those exhibits are.

A. These are the current schematics of the wells in question, showing that both wells are currently temporarily

abandoned.

Q. Do these exhibits show how the wells are currently completed and how they're cemented and things of that nature?

A. Yes.

Q. Mr. Dunn, when you testify concerning another exhibit, the C-108, is that same information contained in the C-108?

A. No, the proposed schematic is in C-108 form, but not the current schematic.

Q. Okay. Do you have anything further concerning these two exhibits?

A. No.

Q. Okay, let's turn now to Exhibits 3A and 3B and have you identify that for the Examiner, please.

A. These are the C-108 forms which were filed with the Oil Conservation Division for each of the wells in question.

Q. Let's start off on page 1 of Exhibit 3A.

Now, first of all, let me ask you, are these C-108s pretty much identical except for the particular wells for which you were trying to inject into?

A. Yes, they're very similar.

Q. In other words, the description of the geology and the description of the pressure maintenance and that

sort of thing is identical?

A. Yes, both wells are currently completed in the Yates zone, and we will be deepening each well to the Seven Rivers to inject water.

Q. Okay, let's go on to -- Let's start off on page 2 of Exhibit 3A and have you go through that, please.

A. This is a proposed schematic of the Farnsworth A 1 Well, showing that we wish to deepen the well to the Seven Rivers formation and set a liner across the Yates formation and that we will inject water through an open-hole interval at 3150 to 3350 through a plastic-coated tubing and under a packer.

Q. How about the cementing on this well? Will the cementing, in your opinion, be sufficient to prevent any migration of injected fluids --

A. Yes.

Q. -- up the wellbore?

A. Yes.

Q. Let's go on to the next page. What does that show?

A. This shows the wells within a half-mile radius of the wells in question.

Q. Now, who owns -- Who are the adjoining owners, and who is an interested party with respect to being inside the one-half -- radius circle?

A. Ambett Oil Company and Hal Rasmussen are the only two owners of wells in this area.

Q. Did you send notice to Ambett Oil Company concerning this hearing?

A. Yes.

Q. And is that attached in this C-108?

A. Yes.

Q. Further back, is that correct?

A. Yes.

Q. Okay. Now -- and that was sent certified mail, return receipt?

A. Yes.

Q. Who is the surface owner for this property?

A. Frank Ambett.

Q. And have you notified Frank Ambett?

A. Yes.

Q. By certified mail?

A. Yes.

Q. And do you have a return receipt for that?

A. Yes.

Q. And that's attached to the C-108?

A. Yes.

Q. Now, in terms of uniformity of ownership in the pressure maintenance project, is this a single lease, or is this unitized, or how is the land configuration?

A. This is a single lease with the ownership uniform throughout.

Q. Okay. Let's go on to the next page, please, and have you tell the Examiner what's on that page.

A. These next pages show the completion data of the wells which are inside the area of review.

Q. Would you tell the Examiner which those wells are and where they're located on the plat, on the previous page?

A. Each of these wells is located within the radius of the circle that has been drawn here, and a detailed description follows.

Q. Is there anything in this data that would lead you to believe that there would be any type of migration through the casing or the wellbore, to migrate into another oil-producing zone or freshwater zone?

A. No.

Q. How many wells are within the half-mile circle?

A. Ten wells.

Q. And all of the information concerning those wells is contained in the C-108?

A. Yes. And I have also included on the plugging schematic of any wells that were plugged within that radius.

Q. Following those descriptions that you have in

there is Section 7 of the C-108 the proposed operations. Would you go into that now, Mr. Dunn?

A. Okay, this data is based on -- As was stated earlier, we have a pressure maintenance project in the adjacent lease, which shows to be identical, the substructure, and we are currently injecting water for pressure maintenance over there, and we are going to inject the same way into the Farnsworth lease also, and we will -- with an average injection volume of 8000 barrels of water a day on a vacuum.

Q. Does the fact that you're producing or injecting into the vacuum -- is that significant in terms of the Application itself?

A. I feel that that is one thing stating that we are moving water from the formation, that it is not a complete, constant water drop.

EXAMINER STOGNER: I'm sorry, what? You're going to have to speak up.

THE WITNESS: Okay. I feel that's not a complete -- it's not a -- that showing it's on a vacuum shows that the formation is losing pressure to some point.

Q. (By Mr. Padilla) What's the nearest source of fresh water? You have that in Section 7?

A. Yes, the Ogallala formation, and I have included in this C-108 a freshwater analysis done from that

formation, which is being produced from a windmill, and we have -- currently have the pressure maintenance project in effect underneath this formation where this freshwater sample was taken from.

Q. Do you have the freshwater analysis on this C-108?

A. Yes.

Q. Where is it?

A. It is located before the logs.

Q. What does that freshwater analysis show?

A. It shows that it has no contamination from any hydrocarbon zones.

Q. Is this water potable and good for human consumption?

A. Yes, I took samples myself, and the water is drinkable, if need be.

Q. Can we skip the schematic and go into the freshwater analysis, or a couple of schematics? What do those schematics --

A. They are wells which have been plugged that are within the area of review.

Q. What are you showing by the schematics of the Farnsworth A-3 and the A-8 wells?

A. I'm showing that they have been properly plugged to prevent contaminating any freshwater zones.

Q. Okay, you have a log attached to the C-108, and I notice that you also have prepared another log as part -- as another exhibit. Are those duplicative in terms of the log you have in the C-108 and the further exhibit you have?

A. Yes.

Q. Do you want to go through this log in the C-108, or do you want to discuss them both later?

A. We can discuss them both later.

Q. Okay. You have a statement attached to the C-108 in which you say that you have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any other underground source of drinking water.

Is that -- Do you confirm that statement here today, in here?

A. Yes.

Q. What engineering data and geologic information did you examine to make this statement?

A. I based it on log analysis and also the current pressure maintenance project which is in effect in an adjacent lease, which seems to be the exact formations.

Q. Okay. The next page is a mailing list followed by return receipts, postal return receipts. Are these the same owners that you testified about earlier?

A. Yes.

Q. Did you testify concerning Chevron USA earlier?

A. Chevron is an offset operator, but they do not have any wells within the area of review.

Q. Have any of the people you gave notice to objected or communicated with you in any manner to indicate a negative attitude concerning this hearing?

A. No.

Q. And the last page on the C-108 is what?

A. This is a -- showing that a legal notice was printed in the Hobbs newspaper.

Q. Mr. Rasmussen, do you have anything concerning Exhibit 3A?

A. This exhibit is for the Farnsworth A- -- I'm sorry, for the 3B is the Farnsworth A-2 Well.

Q. Concerning the first Exhibit 3A, the first C-108, do you have anything further concerning that exhibit?

A. No.

Q. What differences do you find between the C-108 for the second well, and the first well? What are the differences between the two C-108s?

A. The only difference is they were both -- This well is also presently completed in the Yates zone, and we will set a liner across the Yates zone and inject into the Seven Rivers at a little bit of a -- It's a different depth

interval, just based on the structure.

Q. And you're looking principally at the schematic on the second page; is that right?

A. Yes.

Q. How about the half-mile circle? That changes also, does it not?

A. Yes, there are a few wells that are different within this circle.

Q. And which wells have you included in this circle that were not included in the circle for the first well?

A. That would be the Farnsworth A-7, the McCallister A-2 and the Eaves A-6.

Q. In your opinion, Mr. Dunn, are these wells completed in such a manner that would prevent migration of fluids to other oil-producing zones or freshwater zones?

A. Yes.

Q. Who did you send notice concerning this particular 108?

A. This was sent to the surface owner, Frank Anthony, Ambett Oil Company, and that's it.

Q. Chevron was not in -- you know, this -- for this well?

A. No.

Q. Do you have anything further concerning how the freshwater analysis is the same one that you attached on

the first one?

A. Yes.

Q. Do you have anything further concerning this second C-108?

A. No.

Q. Let's go on to what we have marked as Exhibit 4 and have you identify that for the Examiner, please.

A. This is a type log of the Yates and Seven Rivers formations, located in the Scarborough Pool, which is identified in each of the wells on these leases.

EXAMINER STOGNER: You're going to have to speak up, both of you.

Q. (By Mr. Padilla) Mr. Dunn, where is the separation between the Yates and the Seven Rivers formations?

A. The Seven Rivers, the top of the Seven Rivers, is just below the 3100-foot line.

Q. And what separates the two formations?

A. There seems to be some -- an impermeable shale barrier right there. As you see in the Yates above, it is mostly sandstone with some dolomite stringers. And the Seven Rivers is just the opposite; it's mostly dolomite with some sand stringers.

Q. Can you tell the Examiner the basic difference between the two formations in terms of producing

capability?

A. I would say one is -- The Yates is tight, and the Seven Rivers is very porous, and that's very evident, I think, in the wells that we are producing in the area, that we can produce the Seven Rivers through submersible pumps that move a lot of water and a lot of fluid, and the Yates will not give up very much fluid.

Q. Have you seen anything in the evidence or the information that you have examined, geologic or engineering, that would give you any clue or opinion as to whether there would be any vertical migration between the Seven Rivers and the Yates formation in terms of natural fracturing or anything of that nature?

A. I do not feel there will be any communication, and that's based on -- We have wells producing from both zones in the area and, like I said before, the Yates seems to be very tight, and the Seven Rivers very porous.

Q. Do you have anything further concerning Exhibit 4?

A. No.

Q. Let's go on to Exhibit Number 5 and have you identify that for the Examiner, please.

A. This is a substructure map of the Seven Rivers formation showing the Farnsworth lease, which is highlighted, and the Eaves lease, which is located in

Section 19, and with the arrows pointing to the two wells in question for the pressure maintenance project, and the green highlighted wells showing the producers in the area, and the two blue highlighted wells showing the two wells that are currently being used for pressure maintenance on the Eaves lease.

Q. Mr. Dunn, does this also show the other pressure maintenance project that you have in the area?

A. Yes.

Q. And where is that?

A. The Eaves A-7 and the A-10, located in Section 19, are being used for pressure maintenance.

Q. And are those the wells colored blue?

A. Yes.

Q. And generally, it appears that you're injecting downstructure, and that effect -- that in effect which is oil up -- upstructure; is that --

A. Yes.

Q. -- fair to say?

A. Yes.

Q. And you intend to do the same in the proposed pressure maintenance project as you have in the one in Section 19?

A. Yes, we propose to inject water downdip and produce off the top of the reef.

Q. Okay. How are you producing? Please go on to that a little bit. How are you -- Have you enhanced production by what you're doing now, and do you intend to further enhance production? Is that -- How are you going to do that?

A. Yes, when we took over these leases, the Eaves lease was making about 18 barrels of oil a day on conventional rod pump. And we came in and put them on submersible and have gotten the production up to over 250 barrels of oil a day.

And I feel that the -- On the Eaves lease, the pressure maintenance has a direct effect on it.

Looking on the map, the A-5, the A-8 and the A-15 wells, which are located adjacent to the two pressure maintenance wells, are three of our best producers and move the most fluid.

Q. Do you have in Exhibit 6 information concerning the current production of the -- on the Eaves lease and how you have enhanced production by pressure maintenance there?

A. Yes.

Q. Let's go on to Exhibit 6 and have you tell the Examiner, first of all, what it is and then go into what it contains.

A. This exhibit is showing the individual well performance and the lease production data for the Eaves and

Farnsworth leases.

It is showing that we're moving a lot of water on these leases and that we have increased production significantly.

And also, as I pointed out earlier, those three wells which are in the area of the pressure maintenance wells move the most fluid and make the most oil, and gas also.

Q. Now, the pressure maintenance project or injection project, is that going to be an open or a closed system?

A. It will be a closed system.

Q. And how are you going -- Do you need to make a water analysis of the water that you're taking out of the Seven Rivers?

A. We are producing water from the Seven Rivers and putting it right back in the Seven Rivers, and it is going through a skim system which we feel is very effective, and we're recovering 20 barrels of oil or so out of that skim system, and then we're also treating the wells with a clarifier chemical and a corrosion- and scale-inhibitor.

Q. Okay, let's go back to the production data. In the first page on Exhibit 6, you're talking about the daily rate of production?

A. Yes.

Q. And what's on the second page?

A. This is showing the Eaves lease, total production on the "A" lease for 1988 through June of this year, and that's pointing out -- We took the lease over at the first of 1993, and that's pointing out the increased production.

Q. Roughly what percentage of increase is there from the time you took it over to the current production?

A. We've gone from, as I said earlier, 18 barrels a day, to over 250 barrels a day.

Q. Quite a bit?

A. Yes.

Q. What's on the third page of Exhibit 6?

A. The third page is showing the wells that are currently producing on the Farnsworth lease and their daily well performance.

Q. What is the top allowable for the wells on the Farnsworth lease?

A. 128.

Q. And you're nowhere near that right now?

A. No.

Q. How do you propose to allocate production between the injection wells and the producing wells on this particular pressure maintenance project?

A. If -- For this pressure maintenance project, we wish to have an allowable for the injection wells, as well

as the producers.

Q. You're not proposing to increase the allowable for any of -- for the field?

A. No.

Q. Okay. What's on the fourth page?

A. The fourth page is showing the production history from 1988 through June of this year for the Farnsworth lease, and once again pointing out the increased production.

Q. In your opinion, Mr. Dunn, would approval of this Application result in the same type of production enhancement for the Farnsworth lease as you have created in the Eaves lease?

A. Yes.

Q. Mr. Examiner -- well, let me -- Mr. Dunn, do you have an opinion as to whether approval of this Application would be in the best interests of conservation of oil and gas?

A. Yes, I feel it will.

Q. Do you feel that approval of this Application would protect correlative rights?

A. Yes.

Q. Mr. Dunn, do you have anything further to add to your testimony?

A. No.

MR. PADILLA: Mr. Examiner, we tender Exhibits 1 through 6, and we'll pass the witness at this time.

EXAMINER STOGNER: Exhibit 1 through 6 will be admitted into evidence at this time.

EXAMINATION

BY EXAMINER STOGNER:

Q. Mr. Dunn, the 6, 7 and 10 Farnsworth "A" wells, those are the ones that are presently producing, and are those the only wells that will be producing whenever these two wells start injecting?

A. No, we are looking into going into most of the wellbores on top of the reef and even future drilling prospects in the area.

Q. And that would be the Number 4 and 5 well?

A. And the Number 9 also, and we -- On the Farnsworth "B" lease also, which is located in Section 7, we have future plans to put those on submersible pump also.

Q. Okay, let me make sure I -- The Farnsworth "A" lease takes in the east half of the east half of 13?

A. Yes.

Q. And the west half of 18?

A. Yes.

Q. Okay, that -- and that's what we're here today for, right?

A. Right.

Q. And any operations on that Farnsworth "B" over in Section 7, that would be a whole different injection project?

A. Yes.

Q. Or it would just be incremental -- how would you say?

A. I feel like it will have some effect on the reef in that area.

Q. But at this time it's just limited to the Farnsworth "A"?

A. Yes.

Q. Okay. Did you include any completion data on that 6, 7 and 10 wells in your C-108?

A. I have -- Yes, on the A-6, I think, is in the C-108 for the A-2.

Q. Oh, yeah. And the Number 10 Well being outside the half-mile area of review, you don't have any completion report on that?

A. Right.

Q. Okay.

A. So I have the A-6 and the A-7.

Q. In looking at the completion reports, I fail to see like hole size or tops of cement. Do you have that information available to you?

A. No, I do not have it right now.

Q. Okay, then, what I'm going to ask you to provide me subsequent to today is calculated or known tops of cement on your area-of-review wells. So therefore, I'm sure you'll either have to find the hole sizes or find information that provides top of cement.

Also on the C-108 for the first one, that would be the Number 1 Well, that plugged and abandoned well that you have a schematic for, or at least one of them, that's the A-3, do you have the completion information on that showing the tops of cement or amounts of cement used in the 7-inch casing or the liner that was cemented in?

A. I have the amount of cement that was used to plug it. I do not have the -- presently don't have the amount that was originally cemented in the well.

EXAMINER STOGNER: Okay. Could you provide me that?

What I'm essentially interested in is making sure that there's enough cement in those area-of-review wells that they are indeed cemented off, and therefore, if we have any inspection by the EPA, there will be no questions about it, that provided by your calculations or your information provided showing that the tops of cement are adequate, and that in those plugged and abandoned wells, not only do we have the plugging information but we also have the completion information showing that there's

adequate cement behind those existing casings.

So Mr. Padilla, if you'll make sure that that is provided us subsequent to the date of hearing.

MR. PADILLA: Okay.

Q. (By Examiner Stogner) The three wells that are presently producing, you said they were on submersible pump?

A. Yes.

Q. Okay. Do you know any -- what pressure data -- Do you have any pressure data, virgin pressure, out there in this particular formation?

A. The static bottomhole pressure is about 1100 pounds.

Q. 1100. Okay. The present producing interval on those three wells, the 6, 7 and 10, is that exclusive to the Seven Rivers formation, or is it split out between the Yates and Seven Rivers?

A. It is exclusive to the Seven Rivers.

Q. Exclusive to the Seven Rivers?

A. Yes.

Q. Okay. As will any additional completions on the Number 4, 5 or any other subsequent wells?

A. Yes.

Q. And your injection is just exclusive to the Seven Rivers; is that correct?

A. Yes.

Q. Now, you show that the surface was owned by an individual, but these are, I assume, BLM leases?

A. Yes, it's federal minerals.

Q. Federal minerals, B surface?

A. Yes.

Q. Old homesteads, I would assume. Okay.

So the BLM was not notified since they neither own the offset -- either they're not an operator or on an unleased mineral tract or surface owner?

A. Right.

Q. And the two wells, the Farnsworth 1 and 2, do you know approximately when those wells were drilled and completed?

A. I would say they were -- It was around 1950, in that area, but I can get that information.

Q. Okay. If you would, again, I'm going to need tops of cements on those wells, either calculated or shown. You do show the amount of cement used, but if I can have you either calculate it or indicate by a temperature survey if there's information available in the records on those wells also.

Do you know when those wells stopped producing?

A. No, I'm not sure right offhand when they were TA'd.

Q. Okay. Do you know what the current condition of those two wells are? I mean, has Hal Rasmussen re-entered them?

A. No, and we -- When they were abandoned, they were pressure-tested, and the casing was in good integrity, and that is something that when we install a packer in the well, we will perform a casing integrity test.

Q. Now, when you said they were abandoned, were they plugged and abandoned or just temporarily abandoned?

A. Temporarily abandoned.

Q. Pursuant to any requirements that the Hobbs District Office provided you --

A. Yes.

Q. -- that's how you will do your mechanical integrity --

A. Yes, yes.

Q. Let's see, the tubing in the Number 1 well is going to be 5-inch; is that correct?

A. Yes.

Q. And the tubing in the other one is 5-1/2?

A. Yes.

Q. Now, you said these are on vacuum?

A. Our wells on the Eaves lease, which is -- The identical formations are on a vacuum.

Q. And you expect these to be on a vacuum also?

A. Yes.

Q. So as far as -- Do you see that these are going to be building up pressure any time in the near future, or do you expect that vacuum to cease and then the wells start pressuring up at a later time?

A. I feel like that since we're moving so much water, that we are just constantly recharging the formation, and we haven't seen any signs of the wells pressuring up, and I don't expect them to, as far as having to have any means of pressure, say, over 100 pounds, to inject water.

Q. Is this a bottom water drive reservoir or --

A. If you could explain -- What do you mean by "bottom water -- "

Q. Okay, I'm trying to get the mechanism here.

A. It's a strong water drive reservoir. That is, basically the water from downdip of the reef I feel is, you know, pushing the oil to the top of the reef.

Q. So the injection would essentially enhance that?

A. Yes.

Q. And what would be the source water of these two injection wells?

A. It would be produced water from the producers on the lease.

Q. On this lease. Will there be any outside lease

usage?

A. We feel like we may have to in the future. Presently we don't feel like we need to, but the more producers we have in the area, the more water we feel we need to recharge the formation, so we may in the future need to bring off-lease water to inject into those wells. But that water will be from the Seven Rivers formation.

Q. Are there any Yates wells out there that make water, or will there be any Yates water utilized?

A. No.

Q. At least foreseeable at this time?

A. Right.

Q. But the -- It's duly noted that the Scarborough Yates-Seven Rivers Pool is a conglomeration of those two formations; is that correct?

A. Yes.

Q. But you're just interested in injecting into the Seven Rivers portion of that?

A. Right.

EXAMINER STOGNER: Okay. I have no other questions of this witness.

Any other questions of Mr. Dunn?

MR. PADILLA: I have no other questions, and we'll supply the information you requested.

EXAMINER STOGNER: And I'll keep the record open

pending just that information.

Other than that -- We'll keep the record open just for that information, and we'll take it under advisement at that time.

MR. PADILLA: Thank you, Mr. Stogner.

EXAMINER STOGNER: And if you'll get it to me, Mr. Padilla, with whatever time frame you feel is appropriate.

(Thereupon, these proceedings were concluded at 9:10 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11003, heard by me on 4 August 1994.

Michael E. Stogner, Examiner
Oil 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 August 8, 1994.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994