

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
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7 EXAMINER HEARING
8

9 IN THE MATTER OF:
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11 Application of Southland Royalty Case 9811
12 Company for seven nonstandard
13 gas proration units, San Juan County,
14 New Mexico
15
16
17

18 TRANSCRIPT OF PROCEEDINGS
19

20 BEFORE: DAVID R. CATANACH, EXAMINER
21

22 STATE LAND OFFICE BUILDING

23 SANTA FE, NEW MEXICO

24 November 15, 1989
25

ORIGINAL

CUMBRE COURT REPORTING
(505) 984-2244

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1 HEARING EXAMINER: Call Case 9811.

2 MR. STOVALL: Application of Southland
3 Royalty Company for seven nonstandard gas proration
4 units, San Juan County, New Mexico.

5 HEARING EXAMINER: Appearances in this
6 case?

7 MR. KELLAHIN: Mr. Examiner, I'm Tom
8 Kellahin of the Santa Fe law firm of Kellahin,
9 Kellahin & Aubrey, appearing on behalf of the
10 Applicant, and I have two witnesses to be sworn.

11 HEARING EXAMINER: Will the witnesses
12 please stand to be swornin.

13 (Witnesses sworn.)

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

17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q. Mr. Alexander, for the record, would you
20 please state your name and occupation.

21 A. My name is Alan Alexander. I'm employed by
22 Meridian Oil Inc. as a senior land adviser in the
23 Farmington, New Mexico, office.

24 Q. Mr. Alexander, have you on prior occasions
25 testified before the Oil Conservation Division of New

1 Mexico and had your qualifications as a petroleum
2 landman accepted and made a matter of record?

3 A. I have.

4 Q. Would you identify for the examiner what
5 the relationship is between Meridian Oil Inc. and
6 Southland Royalty Company, who is advertised as the
7 applicant in this case?

8 A. The Southland Royalty Company is the legal
9 entity. It's a wholly-owned subsidiary of Burlington
10 Resources Inc., as is Meridian Oil Inc. Meridian Oil
11 Inc. works as an agent for Southland Royalty Company.

12 Q. Are you appearing on behalf of both
13 Meridian then and Southland Royalty Company in this
14 application?

15 A. I am.

16 Q. There is one proposed nonstandard proration
17 unit which is operated by another company. I believe
18 it's Northwest Pipeline?

19 A. That's correct.

20 Q. Do you have the consent and approval of
21 Northwest Pipeline to present on behalf of that
22 company request for that nonstandard proration unit
23 and its approval as a Fruitland coal gas proration
24 unit?

25 A. I do.

1 MR. KELLAHIN: At this point, Mr. Examiner,
2 we tender Mr. Alexander as an expert petroleum
3 landman.

4 HEARING EXAMINER: He is so qualified.

5 Q. (BY MR. KELLAHIN) Mr. Alexander, would you
6 take a moment and describe for the hearing examiner
7 how you have organized the exhibit book for
8 presentation at the hearing?

9 A. Yes. As you will see, behind Tab No. 1, we
10 have included a copy of Mr. Kellahin's letter
11 transmitting the application. On the application
12 itself, you will see on page 2 that we have listed all
13 seven of the nonstandard spacing units.

14 And the book is organized in the same list
15 -- in the same consecutive order as the application
16 list, each of the nonstandard units.

17 Q. What information is contained behind
18 Exhibit Tab No. 2?

19 A. Behind Exhibit Tab No. 2, we have provided
20 the Commission with a land plat that describes the
21 existing Mesa Verde or Dakota proration units in the
22 area of this application.

23 We've also indicated the prior orders that
24 establish these units both in New Mexico and in
25 Colorado.

1 You will notice that the north side of all
2 seven of these proration units is the Colorado-New
3 Mexico state line.

4 Q. What information is behind Tab No. 3, Mr.
5 Alexander?

6 A. Behind tab 3, we have included all of the
7 current C-102 forms that are on file with the
8 Commission, which also describe the proration units
9 and the acreage for each of the units and the well
10 locations.

11 Q. And behind Tab 4, what do we find?

12 A. Behind Tab 4, we have included the
13 nonstandard proration units or spacing unit offset
14 operator plats for each of the nonstandard spacing
15 units, which lists the offset operators or owners.
16 And they would be the same people we have contacted
17 either through transmittal from the Farmington office
18 or through Mr. Kellahin's transmittal of the
19 application.

20 Q. Finally, behind Tab No. 5, what do we find?

21 A. Behind Tab No. 5 is a net coal thickness
22 map that also describes each of the seven units that
23 we are hearing this morning.

24 Q. Let's go back now, Mr. Alexander, and look
25 at the first display behind Exhibit Tab No. 2. What

1 has necessitated the creation for various producing
2 horizons of the nonstandard proration units along the
3 northern portion of this particular township?

4 A. All of the sections, each of the Sections 7
5 through 12 are nonstandard sections in that they do
6 not contain 640 acres.

7 You will see from the plats that the north
8 half of the section is truncated in most instances.
9 There is a full, or close to a full south half in all
10 instances.

11 Q. In looking at the various possibilities for
12 the configuration of nonstandard proration units for
13 the Fruitland coal gas production, can you find any
14 alternative configuration for the seven nonstandard
15 proration units that's, in your opinion, any more
16 suitable than the one you've selected?

17 A. I do not believe there are any more
18 suitable than the ones we have selected. And we
19 believe they lend further credence because they do
20 follow existing revenue patterns that were established
21 for the Mesa Verde and/or Dakota units.

22 As the field rules provide, we believe that
23 the acreage is sufficient for each of the wells, and
24 that they can drain these size and shape units
25 adequately.

1 Q. Let's start with the first nonstandard
2 proration unit in the west, which is Section 7. That
3 proposed nonstandard unit is all of Section 7?

4 A. That is correct.

5 Q. How many acres are contained then within
6 that nonstandard proration unit?

7 A. Section 7 contains 314.78 acres.

8 Q. And you have taken that acreage number from
9 page 2 of the application?

10 A. That is correct. We have listed the
11 acreage for each of the nonstandard spacing units on
12 page 2 of the application.

13 Q. Have you independently verified to the best
14 of your ability that that proposed acreage dedication
15 is accurate?

16 A. Yes, I have.

17 Q. That is for the Trail Canyon No. 100 Well?

18 A. That is correct.

19 Q. What is the status of that well?

20 A. That well is drilled and completed and shut
21 in. It has not been tied into a pipeline.

22 Q. What is the basis by which the well was
23 drilled prior to obtaining approval of the nonstandard
24 proration unit?

25 A. These wells were all permitted and the

1 permits approved before the Basin Fruitland Coal Pool
2 was established.

3 Most of these wells that are drilled were
4 drilled in mid-1988 or third quarter 1988, before the
5 field rules were established.

6 Q. These are grandfathered well locations then
7 pursuant to the Basin-Fruitland Coal Gas rules?

8 A. That's correct.

9 Q. And there are a number of these well
10 locations then that will be at unorthodox locations?

11 A. That is correct.

12 Q. Under the current rules?

13 A. Under the current rules.

14 Q. But they have been grandfathered?

15 A. That is correct.

16 Q. Let's look at No. 7 now. That is a
17 completed well, the Trail Canyon No. 100?

18 A. Yes, sir.

19 Q. What other formations or pools have the
20 same nonstandard proration unit configured for that
21 acreage?

22 A. All of Section 7 is the proration unit for
23 the Dakota well that is shown on the plat, which is
24 located right next to the Trail Canyon No. 100 well.

25 Q. The Trail Canyon No. 100 Well is identified

1 by the gas well symbol within the triangle?

2 A. That is correct.

3 Q. And just below the triangle are the letters
4 "FC" which stands for?

5 A. Fruitland Coal, that is correct.

6 Q. Let's to go Section 8, which is the next
7 section to the east. What is the acreage for that
8 nonstandard proration unit?

9 A. The acreage contained in Section 8 is
10 375.07 acres.

11 Q. Has that nonstandard proration unit been
12 used as a nonstandard proration unit for any other
13 pool or formation?

14 A. Yes, it has. It's used for the No. 1 Trail
15 Canyon Mesa Verde Well, which you will see is located
16 directly north of the Trail Canyon No. 101 Well. It's
17 the round symbol.

18 Q. What is status of the Trail Canyon 101
19 Well?

20 A. It is drilled and completed and also shut
21 in. It is not tied into a pipeline.

22 Q. What type of leases are we looking at when
23 we look at the leasehold interests in Sections 7 and
24 8?

25 A. They are both federal leases.

1 Q. Are they separate federal leases?

2 A. They are.

3 Q. Section 7 then is one separate federal
4 lease, and Section 8 is another separate federal
5 lease?

6 A. That's correct.

7 Q. As we move into Section 9, what is the name
8 of the well proposed for that spacing unit?

9 A. We have a proposed well in that Section 9
10 spacing unit, and it's the San Juan 32-8 Unit No. 201
11 Well. This is the well that would be located upon
12 acreage that is technically operated by Northwest
13 Pipeline Corporation.

14 However, it is located on a lease that's
15 100 percent owned by Meridian Oil Inc.

16 Q. This is a spacing unit among the seven that
17 does not have an existing Basin-Fruitland Coal Gas
18 well?

19 A. That's correct.

20 Q. Where is that well proposed to be located,
21 do you know?

22 A. At the current time, we simply have a
23 location somewhere in the southwest quarter.

24 Q. What is the acreage to be dedicated to the
25 nonstandard unit in Section 9?

1 A. Section 9, which is to be dedicated to the
2 proposed well, contains 382.84 acres.

3 Q. As we move into Section 10, the next
4 nonstandard proration unit does not contain all of
5 Section 10, does it?

6 A. No, sir, it does not. It contains the
7 western three/fourths of the section.

8 Q. How many acres would be contained within
9 the next proposed nonstandard unit that includes part
10 of Section 10?

11 A. That would contain 290.69 net acres.

12 Q. Is there an existing Basin-Fruitland Coal
13 Gas Well on that spacing unit?

14 A. Yes, sir, there is. It's the Reese Mesa
15 No. 102 Well.

16 Q. And the acreage for that spacing unit is
17 what, Mr. Alexander?

18 A. It consists of the 290.69 acres.

19 Q. And the status of the well is what?

20 A. It is drilled, completed, and shut in. It
21 is not tied into a pipeline.

22 Q. When we move to the next proposed
23 nonstandard unit to the east, it contains part of
24 Section 11 and then the balance of Section 10?

25 A. Yes, sir, that is correct.

1 Q. That nonstandard unit is proposed for what
2 well?

3 A. That unit would be proposed for our -- that
4 unit, we do not have a well selection named for that
5 unit at the proposed time. It's listed as an
6 undesignated well in the application, which the
7 proration unit for that undesignated well would
8 consist of 293.65 acres.

9 Q. Has that proposed nonstandard proration
10 unit for the undesignated Basin-Fruitland Coal Gas
11 Well been utilized for other pools or other
12 formations?

13 A. Yes, it has. It has been utilized for the
14 Reese Mesa No. 4 Dakota Well, which you will see
15 located up in the north right-hand quadrant of the
16 section.

17 Q. Let's move then to the next one to the
18 east, and how is that nonstandard proration unit
19 known?

20 A. That is the nonstandard proration unit that
21 we have designated at this point in time for the Reese
22 Mesa No. 103 Well, which has not been drilled. And it
23 consists of 299.89 acres.

24 Q. Has that well been staked or located?

25 A. It has been staked.

1 Q. And the well location information is on a
2 subsequent display in the exhibit book?

3 A. Yes, sir, that's correct.

4 Q. Has the proration unit you propose for the
5 Reese Mesa 103 Well been utilized for any other
6 formation or pool?

7 A. Yes, sir. It's been utilized for both the
8 No. 280 Reese Mesa-Mesa Verde Well which is located up
9 in the northwest quadrant of the proration unit,
10 actually. It's over in the east half of Section 11.

11 It's also been utilized for the Reese Mesa
12 No. 2 Dakota Well, which you will see located up in
13 the north part of Section 12.

14 Q. The last of the seven nonstandard proration
15 units that's proposed is for the balance of Section 12
16 then. How is that nonstandard unit identified?

17 A. It consists of the eastern three-fourths of
18 Section 12, and it is listed as the Reese Mesa No. 104
19 Well, and it contains 322.34 net acres.

20 Q. What is the status of the Reese Mesa 104
21 Well?

22 A. The Reese Mesa No. 104 Well has been
23 drilled and completed. It is currently shut in and
24 awaiting pipeline connection.

25 Q. When we look at the individual information,

1 the C-102's, I believe they are filed behind Tab No.
2 3?

3 A. Yes, sir.

4 Q. Have you caused to be located on each of
5 those C-102's either the existing or proposed well
6 location for the Basin-Fruitland Coal Well?

7 A. That is correct.

8 Q. Mr. Alexander, let me show you what is
9 marked as Southland Exhibit No. 6, which is a
10 Certificate of Mailing. Attached to it are return
11 receipt cards.

12 If you'll examine that for a moment and let
13 me know if we have identified and sent notice to all
14 of the offsetting operators, to each and every of the
15 seven nonstandard proration units (indicated)?

16 A. Yes, sir, I believe that we have notified
17 each of the parties that we have listed on our
18 nonstandard plats.

19 Q. Have you received any objection from any of
20 those parties?

21 A. No, sir, we have not.

22 Q. Have you received objection from anyone
23 with regards to the approval of the seven nonstandard
24 proration units for the Fruitland Coal Gas production?

25 A. We have not.

1 MR. KELLAHIN: That concludes my
2 examination of Mr. Alexander.

3 I have an engineering witness to discuss
4 the information on Exhibit No. 5, Mr. Catanach, but
5 subject to his testimony, we would at this time move
6 the introduction of Exhibits 1 through 6.

7 HEARING EXAMINER: Exhibits 1 through 6
8 will be admitted as evidence.

9 CROSS-EXAMINATION

10 BY HEARING EXAMINER:

11 Q. Mr. Alexander, let's go over this briefly
12 one more time.

13 The first proration unit is all of Section
14 7?

15 A. Yes, sir, that's correct.

16 Q. 314.7 acres dedicated to the Trail Canyon
17 No. 100, already drilled and completed?

18 A. Yes, sir.

19 Q. Section 7 is currently a Dakota nonstandard
20 unit?

21 A. Yes, sir.

22 Q. Do you know what order of proof that Dakota
23 needed?

24 A. I believe the order is described in
25 Commission Order R-3817 that was dated August 14,

1 1969. I believe that particular order described -- it
2 talks about both the Dakota and the Mesa Verde
3 proration units, which coincide one with another and
4 cover these same nonstandard units.

5 Q. All of these nonstandard units are covered
6 by that order?

7 A. Yes, sir. I have a copy of the order with
8 me if you would --

9 Q. Yes, could I look at that?

10 A. Yes.

11 CROSS-EXAMINATION

12 BY MR. STOVALL:

13 Q. Mr. Alexander, while you're digging through
14 that, let me just ask you a question and make sure I
15 understand your notation on Tab 2.

16 You reference NSP Order 112-46 COCD? I
17 assume that's the Colorado Oil and Gas Conservation
18 Commission; is that correct?

19 A. I'm sorry, Mr. Stovall, I'm not following
20 you here.

21 Q. Down on the bottom of the first page behind
22 Tab 2?

23 A. Yes, sir.

24 Q. -- Your plat there, you reference NSP Order
25 112-46?

1 A. Yes, sir.

2 Q. And that says COCD. Is that the Colorado
3 Commission; is that what that represents?

4 A. That's correct.

5 Q. I assume that relates to what appear to be
6 nonstandard units to the north of the state line?

7 A. Yes, sir, that's correct.

8 Q. While the examiner is looking, I'll ask you
9 another question with relation to the ownership in
10 these seven nonstandard units you're proposing.

11 Do you know whether it's the same in all
12 the affected horizons, the Mesa Verde, Dakota,
13 Fruitland?

14 A. Yes, sir, I believe that it is. I haven't
15 made a detailed study of that, but from the records I
16 have looked at, the ownership is consistent through
17 all horizons.

18 CROSS-EXAMINATION

19 -Continued-

20 BY HEARING EXAMINER:

21 Q. Meridian will be the operator in all of
22 them except Section 9; is that correct?

23 A. You will see or should see listed that
24 since Southland Royalty Company is still a legal
25 entity, we list them as the legal operator. However,

1 Meridian Oil Inc. does operate that with its
2 personnel, and we act as agent for Southland Royalty.

3 Q. Southland Royalty will operate all of those
4 except the one that comprises Section 9; is that
5 correct?

6 A. That's correct.

7 Q. That's Northwest Pipeline?

8 A. Yes, sir. And we will probably ask them
9 for a designation of agent, which they have granted us
10 in other cases, and we will probably operate that well
11 ourselves initially and then turn it over to them as
12 unit operator after it's completed.

13 Q. All of your well locations that are
14 currently proposed or drilled, they're all
15 grandfathered in; is that correct? You're not asking
16 for any unorthodox locations?

17 A. No, sir. It's my understanding that they
18 were all grandfathered in and accepted before the
19 basin field rules were put into effect.

20 Q. Has Meridian operated the wells in the Mesa
21 Verde and Dakota on these proration units?

22 A. We are. Yes, sir, we are currently
23 operating those, again on behalf of Southland.

24 Q. And has Meridian experienced any kind of
25 problems operating these odd-sized proration units?

1 A. No, sir, we have not.

2 HEARING EXAMINER: That's all I have of
3 this witness.

4 CROSS-EXAMINATION

5 -Continued-

6 BY MR. STOVALL:

7 Q. Another question I have is it appears as
8 you go from Section 9 over to the unit that starts in
9 the west portion of Section 10 that your relative
10 acreage drops significantly because you now are
11 parceling up the section, if you will. The sections
12 appear to be roughly the same size, but you're now not
13 including the whole section.

14 Do you have any feel, or should I ask your
15 engineer whether he has any feel on whether that would
16 have any impact on correlative rights?

17 A. I do not believe that it has an impact on
18 correlative rights. You will notice -- it may be
19 rather hard to extract that information from the plat
20 because it is small, but, actually, as we go to the
21 east, the sections increase in acres, and I suspect,
22 although the prior orders didn't clearly define the
23 fact, but since we are increasing in size, they
24 decided at Section 9 to start splitting up the
25 sections to not keep getting larger and larger

1 proration units because the acreage does increase as
2 you go to the east.

3 Q. Do you have any sense of the size of the
4 units on the Colorado side other than just eyeballing
5 it? Do you have any knowledge of it?

6 A. No, sir, I did not look up the acreage
7 specifically for those, but they are designed to be
8 within the normal range of 320 acres, probably plus or
9 minus 25 percent.

10 HEARING EXAMINER: The witness may be
11 excused.

12 MR. KELLAHIN: Mr. Examiner, we would call
13 at this time Mr. Patrick Bent.

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

17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q. Mr. Bent, for the record, would you please
20 state your name and occupation.

21 A. My name is Patrick Bent, and I'm employed
22 by Meridian Oil Inc. as a senior staff reservoir
23 engineer in Farmington, New Mexico.

24 Q. Mr. Bent, have you on prior occasions
25 testified before the Division as a reservoir engineer?

1 A. Yes, I have.

2 Q. Have you made a study of the information
3 available to you in Meridian's files with regards to
4 the seven nonstandard proration units that are
5 proposed for approval by the examiner in today's
6 hearing?

7 A. Yes, I have.

8 MR. KELLAHIN: We tender Mr. Bent as an
9 expert reservoir engineer.

10 HEARING EXAMINER: He is so qualified.

11 Q. (BY MR. KELLAHIN) Mr. Bent, let's take a
12 moment, sir, and have you turn to the display that's
13 shown behind Exhibit Tab No. 5. And before we talk
14 about your study and your conclusions, would you
15 simply describe the exhibit for us?

16 A. The exhibit shows the sections both to the
17 north of the New Mexico border, the first portion of
18 Colorado, and the northern portion of New Mexico. It
19 indicates the seven nonstandard proration units that
20 we're asking approval of.

21 It indicates also the wells and proposed
22 locations for those units.

23 Q. On this display, someone has drawn some
24 contour lines. What type of contour lines are these?

25 A. Those contour lines are net coal thickness

1 isopach lines. They indicate net coal thickness of
2 Fruitland pay, and range from 10 to 30 feet.

3 All seven proration units are between the
4 20- and 30-foot range.

5 Q. Was the information that was utilized to
6 prepare the contour lines on the display information
7 that was derived from the drilling of the wells within
8 the proration units that we're discussing?

9 A. Yes. The information was used to more
10 accurately define the contour lines. Offset well logs
11 were also used in determining net coal thickness and
12 the initial preparation and presentation of the
13 isopach map.

14 Q. Were you involved in the original selection
15 and location of the -- I guess there's five out of the
16 seven of these spacing units that have wells that have
17 been drilled on them?

18 A. Involved, yes. Not directly. It's another
19 engineer who could not attend the specific area, but I
20 was involved.

21 Q. How many of these wells have actually been
22 drilled?

23 A. Four.

24 Q. Let's identify which four they are.

25 A. In Section 7 to the west, Trail Canyon

1 100. In Section 8, Trail Canyon 101. In Section --
2 the east quarter of 10 and west half of 11 -- excuse
3 me; I'm sorry -- the west three-quarters of Section 10
4 the Reese Mesa 102. And the eastern three-quarters of
5 Section 12, the Reese Mesa 104.

6 Q. Has the Reese Mesa 103 been drilled yet?

7 A. No, it has not.

8 Q. So that's just a location?

9 A. That is correct.

10 Q. The proposed San Juan 32-8 Unit 201 is
11 still a proposed location?

12 A. That is correct.

13 Q. And then we don't have a well yet for the
14 undesignated acreage that's shown on the display?

15 A. That's correct, the well has not yet been
16 proposed.

17 Q. Have you reviewed the Meridian files and
18 discussed with those directly involved to determine in
19 your opinion the basis by which each of these four
20 wells was located?

21 A. Yes, I have.

22 Q. What did you determine?

23 A. The original basis for the location of the
24 wells was done in conjunction with our exploration
25 department and the reservoir department. It was based

1 on primarily surfaced lineaments, structural features,
2 indicative of subsurface fracturing, as well as on
3 partially on net coal thickness.

4 Q. At the time these wells were staked and
5 drilled, you were operating under 160-acre spacing?

6 A. I believe that's correct, yes, sir.

7 Q. Looking at the proposed solution to change
8 or to approve nonstandard proration units that are
9 more consistent with 320-acre spacing, can you as a
10 reservoir engineer reach a conclusion about whether or
11 not this is a suitable and reasonable solution for the
12 acreage assigned to each of the wells?

13 A. We feel that this is the most suitable
14 resolution. The spacing of the wells that we have
15 drilled and the proposed locations we intend to drill,
16 I think will efficiently drain the acreage assigned to
17 those proposed spacing units.

18 Q. Can you see any other reasonable solution
19 as a reservoir engineer, Mr. Bent, to how to resolve
20 the odd-shaped and odd-sized sections, particularly
21 Section 12 and Section 11, other than what Meridian
22 and Southland have proposed?

23 A. No. I believe this is the most suitable
24 resolution.

25 Q. What is the current status of the Trail

1 Canyon 100 Well?

2 A. The Trail Canyon 100 has been drilled and
3 completed and is currently waiting tie-in to the
4 pipeline.

5 Q. And the Trail Canyon 101, what's the status
6 of that?

7 A. That well has been drilled and completed
8 and is currently waiting tie-in to the pipeline.

9 Q. The Reese Mesa 102, what's the status of
10 that one?

11 A. Drilled and completed, currently waiting
12 tie-in.

13 Q. And the Reese Mesa 104, what's the status
14 of that?

15 A. Again, drilled and completed, currently
16 waiting tie-in.

17 MR. KELLAHIN: That concludes any
18 examination of Mr. Bent, Mr. Catanach.

19 CROSS-EXAMINATION

20 BY HEARING EXAMINER:

21 Q. Mr. Bent, in your experience, have the
22 nonstandard proration units that you're proposing been
23 adequately drained by existing Dakota and four Mesa
24 Verde wells?

25 A. I believe it has. This, again, is not

1 specifically my area as far as the more traditional
2 horizons are concerned. But it's our experience that,
3 yes, the Dakota wells and the Mesa Verde wells have
4 sufficiently drained the proration units currently
5 assigned to those wells.

6 HEARING EXAMINER: I have no other
7 questions.

8 CROSS-EXAMINATION

9 BY MR. STOVALL:

10 Q. Regarding the pipeline connection, is there
11 going to have to be a full gathering system built out
12 there, or will you be able to use the gathering system
13 that currently exists for the Dakota basin?

14 A. I believe Meridian has plans to construct a
15 gathering system in the area. We do and are currently
16 tying in wells to other gathering systems in order to
17 produce the wells as quickly as we possibly can. I
18 think that eventually we would like to tie those into
19 our own Fruitland coal gas gathering system.

20 Q. When I ask that question, I'm assuming the
21 Dakota and Mesa Verde wells are connected to
22 somebody's gathering system at this time?

23 A. Yes, they are.

24 Q. Do you know whose that is? If you don't
25 know --

1 A. No, sir, I'm not sure.

2 Q. But it's not your intention to tie into
3 those systems, but rather to build a Meridian owned
4 and operated gathering system?

5 A. That's my understanding, that's correct.

6 HEARING EXAMINER: The witness may be
7 excused. Is there anything further in Case 9811?

8 MR. KELLAHIN: No, sir.

9 HEARING EXAMINER: If not, it will be taken
10 under advisement, and let's take a ten-minute break.

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CERTIFICATE OF REPORTER

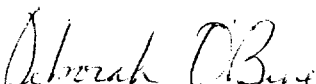
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STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

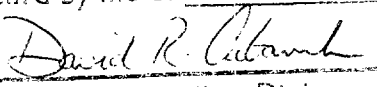
I, Deborah O'Bine, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; and that the foregoing is a true and accurate 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 November 25, 1989.


DEBORAH O'BINE
CSR No. 127

My commission expires: August 10, 1990

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9F11 heard by me on November 15 1989.
, Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 15, 1989 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Bob Fuhr	Byrum	Santa Fe
R. P. Bobe Kenderich	El Paso Natural Gas	El Paso Tx
Russell S. Pool	Texaco	Hobbs NM
Patricia A. Matthe	Texaco, Bannan, Newburg	Santa Fe
W. J. Kellum	Kellum, Kellum, Aubrey	Santa Fe
Robert E. Hart	Texaco	Hobbs, NM
Alan Wood	Amoco	Denver
Larry Emmons	Amoco	Denver
RAY E. JONES	BELOSSON, LLC	GOLDEN CO.
Larry Crumpton	Mobil	Denver, CO.
RICHARD BURNS	MOBIL	DENVER, CO
CRAIG EGGEMAN	MOBIL	DENVER, CO
Jim Bruce	Hinkle Law Firm	ABQ
Paul Haders	Newbourne Oil Co.	Midland
Samuel Over	Newbourne Oil Co.	Midland, Tx
Victor T. Lyon	O.C.D.	Santa Fe
GARY GREEN	SANTA FE Energy Co	Midland, Tx
BOB SEILEE	SANTA FE ENERGY CO	MIDLAND, TX

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 15, 1989 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Louis Mazzullo	Nearbury Producing Co.	MIDLAND
Michael Cuba	AMOCO	DENVER
Roger H. Lichty	Mobil Expl. + Prod U.S. Inc.	DENVER
Ernie Busch	NMOCO	AZTEC