

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

EXAMINER HEARING

IN THE MATTER OF:

Application of Tahoe Energy Case 9842  
Inc. for an unorthodox gas  
well location and simultaneous  
dedication, Lea County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

December 13, 1989

**ORIGINAL**

CUMBRE COURT REPORTING  
(505) 984-2244

## A P P E A R A N C E S

FOR THE DIVISION:

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Attorney at Law

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Santa Fe, New Mexico

FOR THE APPLICANT:

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BY: WILLIAM F. CARR, ESQ.

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KENNETH A. FREEMAN

Direct Examination by Mr. Carr

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Cross-Examination by Hearing Examiner

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Certificate of Reporter

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## E X H I B I T S

Exhibit No. 1

5

Exhibit No. 2

5

Exhibit No. 3

6

Exhibit No. 4

8

Exhibit No. 5

9

1 HEARING EXAMINER: At this time we'll call  
2 Case 9842.

3 MR. STOVALL: Application of Tahoe Energy,  
4 Inc., for an unorthodox gas well location and  
5 simultaneous dedication, Lea County, New Mexico.

6 MR. CARR: May it please the Examiner, my  
7 name is William F. Carr, with the law firm of Campbell  
8 & Black, P.A., Santa Fe. We represent Tahoe Energy,  
9 Inc.

10 I would request that the record reflect  
11 that my witness, Ken Freeman, has previously been  
12 sworn, remains under oath, and his credentials as an  
13 expert witness and petroleum engineer have been  
14 accepted.

15 HEARING EXAMINER: The record will so  
16 reflect.

17 DIRECT EXAMINATION

18 BY MR. CARR:

19 Q. Mr. Freeman, are you familiar with the  
20 application filed in this case on behalf of Tahoe  
21 Energy, Inc.?

22 A. Yes, I am.

23 Q. Are you familiar with the King Foundation  
24 Well No. 1 and the acreage that is dedicated to this  
25 well?

1 A. Yes.

2 Q. Could you briefly advise Mr. Catanach as to  
3 exactly what Tahoe Energy seeks with this application?

4 A. We're wanting approval of an unorthodox  
5 location in the Jalmat Gas Pool for the King  
6 Foundation Well No. 1, and to simultaneously dedicate  
7 the production from this well with the existing two  
8 wells on this 240-acre tract, which is the Harrison  
9 No. 3 and No. 5 wells.

10 Q. Would you identify and review Tahoe Exhibit  
11 No. 1?

12 A. Exhibit No. 1 shows the well locations.  
13 This is in the yellow color. It identifies the offset  
14 well owners. And in the legend to the lower  
15 right-hand side, it is broken down who the ownership  
16 is with. And then the yellow part also shows the 240  
17 acres of the existing Jalmat proration unit.

18 Q. Is all offsetting acreage dedicated to  
19 wells that are producing from the Jalmat Gas Pool?

20 A. Yes.

21 Q. Has the 240-acre nonstandard proration unit  
22 in this pool previously been approved by the Division?

23 A. Yes, it was.

24 Q. And has a copy of that approval been marked  
25 as Tahoe Exhibit No. 2?

1           A.       Yes. It reflects Order No. R-2867. The  
2 applicant was Sinclair Oil and Gas Company. And it  
3 was approved by the Commission on February 11, 1965.

4           Q.       To what pool was the King Foundation Well  
5 No. 1 initially drilled?

6           A.       To the Langlie-Maddox.

7           Q.       Do you know when that was drilled?

8           A.       Yes. It was drilled in 1977, I believe.

9           Q.       And who was the operator at that time?

10          A.       Doyle Hartman.

11          Q.       Would you identify what has been marked as  
12 Exhibit No. 3?

13          A.       Exhibit No. 3 are Commission forms that  
14 were filled out and submitted by Doyle Hartman as  
15 operator and part owner for the King Foundation No. 1  
16 to be a Langlie-Maddox well, the application to drill;  
17 there's a survey plat where the casing was set, etc.;  
18 the completion report, the gatherers, and that's about  
19 it.

20                    There's also a change of operator on here  
21 to Tahoe Energy, Inc.

22          Q.       This well was originally drilled as a  
23 Langlie-Maddox well with 40 acres dedicated to it?

24          A.       Yes, it was.

25          Q.       When did you actually acquire this acreage?

1           A.     We acquired the 240-acre proration unit  
2 from Arco in June 1989.

3           Q.     When did you acquire the right to utilize  
4 this wellbore?

5           A.     We acquired that from Meridian, and it was  
6 effective September 1, 1989.

7           Q.     What is the footage location for the King  
8 Foundation No. 1 Well?

9           A.     It is 2,310 foot from the north line and  
10 330 foot from the west line of Section 20, 24 South,  
11 37 East.

12          Q.     When you recomplete this well in the Jalmat  
13 formation, it is therefore too close to the west line;  
14 is that correct?

15          A.     Yes, it is.

16          Q.     What are the current producing rates for  
17 the two Harrison wells located on this nonstandard  
18 unit?

19          A.     Depending on the line pressure, the  
20 production from the two wells combined runs 100 to 130  
21 Mcf a day.

22          Q.     Could you explain to the Examiner how you  
23 propose to mechanically recomplete the well?

24          A.     The well is currently completed and is open  
25 hole in the Langlie-Maddox. We propose to set a

1 cast-iron bridge plug, put cement on it, log the well,  
2 perforate it, and acidize and frac it as the normal  
3 procedure for a Jalmat gas well.

4 Q. What is your objective in recompleting this  
5 well in the Jalmat?

6 A. To increase gas production for the  
7 proration unit.

8 Q. Do you believe there's a chance you could  
9 get this back to a top allowable unit?

10 A. Yes, I do.

11 Q. In will be completed in the Jalmat Pool?

12 A. Yes.

13 Q. That's a prorated gas pool?

14 A. Yes.

15 Q. If simultaneous dedication is approved, how  
16 do you recommend that the allowable be allocated  
17 between the wells on this unit?

18 A. In any proportion between the three wells.

19 Q. Is the log for the King Foundation Well No.  
20 1 on file with the Oil Conservation Division?

21 A. The open hole logs are. I obtained them to  
22 make copies from the Hobbs Division.

23 Q. Could you identify what has been marked as  
24 Tahoe Exhibit No. 4?

25 A. It's waiver letters sent out from Tahoe



1 Energy, Inc., to the offset owners.

2 Q. In this case, do you have waivers from each  
3 of the offsetting operators with the exception of Mr.  
4 Nermer?

5 A. Correct.

6 Q. Could you identify what has been marked now  
7 as Exhibit No. 5?

8 A. This is an affidavit letter that was  
9 prepared by the firm of Campbell & Black, sent to the  
10 offset owners.

11 Q. Does this affidavit confirm that notice of  
12 this hearing has been provided as required by Oil  
13 Conservation Division rules?

14 A. Yes.

15 Q. In your opinion, will granting this  
16 application be in the best interest of conservation,  
17 the prevention of waste, and protection of correlative  
18 rights?

19 A. Yes, it will.

20 Q. Were Exhibits 1 through 5 either prepared  
21 by you or compiled under your direction and  
22 supervision?

23 A. Yes.

24 MR. CARR: At this time, Mr. Catanach, we  
25 move the admission of Tahoe Exhibits 1 through 5.

1 HEARING EXAMINER: Exhibits 1 through 5  
2 will be admitted as evidence.

3 MR. CARR: I have nothing further on direct  
4 of Mr. Freeman.

5 CROSS-EXAMINATION  
6 BY HEARING EXAMINER:

7 Q. Mr. Freeman, was the King well originally  
8 drilled at a standard location?

9 A. In the Langlie-Maddox, it was drilled on a  
10 40-acre standard location was my understanding by Mr.  
11 Hartman.

12 Q. The affected offset operator would be  
13 Meridian because that's who you've been crowding with  
14 that Jalmat well; correct?

15 A. Yes, it is, and we've received their  
16 approval. Actually, they were the owner of the  
17 wellbore. How this thing came down, it was employed  
18 to be drilled and was drilled by Doyle Hartman. Then  
19 in the sale of Hartman to Meridian, Meridian acquired  
20 the ownership of the well. It has not produced since  
21 1977. It's been shut in or temporarily abandoned.  
22 And they assigned us the wellbore to recomplete as a  
23 Jalmat gas well.

24 Q. Is the King well depleted in the  
25 Langlie-Maddox?

1           A.       Yes.   It watered out.

2                   HEARING EXAMINER:   That's all the questions  
3 I have.   The witness may be excused.

4                   MR. CARR:   I have nothing further, Mr.  
5 Examiner.

6                   HEARING EXAMINER:   There being nothing  
7 further in Case 9842, it will be taken under  
8 advisement.

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3 CERTIFICATE OF REPORTER4 STATE OF NEW MEXICO )  
5 ) ss.  
6 COUNTY OF SANTA FE )7 I, Freda Simmons, Certified Shorthand  
8 Reporter and Notary Public, HEREBY CERTIFY that the  
9 foregoing transcript of proceedings before the Oil  
10 Conservation Division was reported by me; that I  
11 caused my notes to be transcribed under my personal  
12 supervision; and that the foregoing is a true and  
13 accurate record of the proceedings.14 I FURTHER CERTIFY that I am not a relative  
15 or employee of any of the parties or attorneys  
16 involved in this matter and that I have no personal  
17 interest in the final disposition of this matter.

18 WITNESS MY HAND AND SEAL February 18, 1989.

19 Freda Simmons  
20 FREDA SIMMONS21  
22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the above entitled hearing of Case No. 9842,  
25 heard by me on December 13, 1989.David R. Catanzano, Examiner  
Oil Conservation Division