

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 9890 CASE 9891 (CONSOLIDATED)

EXAMINER HEARING

IN THE MATTER OF:

Application of Bird Creek Resources, Inc., for
Compulsory Pooling, Eddy County, New Mexico

Application of Bird Creek Resources, Inc., for
Compulsory Pooling, Eddy County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

March 21, 1990

A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:
(BIRD CREEK)

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I N D E X

Page Number

Appearances

2

LAWRENCE W. ROBINETTE

Examination by Ms. Aubrey

5

Examination by Mr. Bruce

17, 19

Examination by Examiner Stogner

18, 20

DONALD GENE CAMPBELL

Examination by Ms. Aubrey

22

Examination by Hearing Examiner

28

Certificate of Reporter

31

E X H I B I T S

APPLICANT'S EXHIBITS:

Exhibit 1

10

Exhibit 2

12

Exhibit 3

14

Exhibit 4

23

Exhibit 5

25

Exhibit 6

29

Exhibit 7

29

Exhibit 8

20

SANTA FE ENERGY EXHIBITS:

Exhibit 1

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1 EXAMINER STOGNER: Call next case, No.
2 9890.

3 MR. STOVALL: Application of Bird Creek
4 Resources, Inc., for compulsory pooling, Eddy County,
5 New Mexico.

6 EXAMINER STOGNER: Call for appearances at
7 this time.

8 MS. AUBREY: Mr. Examiner, Karen Aubrey
9 with the Santa Fe firm of Kellahin, Kellahin & Aubrey,
10 appearing for the Applicant. And I would ask also
11 that Case 9891 be called at the same time so that we
12 could present the cases together.

13 EXAMINER STOGNER: Call at this time Case
14 No. 9891.

15 MR. STOVALL: Application of Bird Creek
16 Resources, Inc., for compulsory pooling, Eddy County,
17 New Mexico.

18 EXAMINER STOGNER: Other than the
19 Applicant, are there any other appearances?

20 MR. BRUCE: Mr. Examiner, I'm Jim Bruce
21 from the Hinkle Law Firm in Albuquerque, and I'm here
22 representing Santa Fe Energy Operating Partners LP.

23 EXAMINER STOGNER: Mr. Bruce, are you
24 appearing in both cases today?

25 MR. BRUCE: Yes, sir.

1 EXAMINER STOGNER: Are there any other
2 appearances?

3 Mr. Bruce, do you have any witnesses?

4 MR. BRUCE: No, sir.

5 EXAMINER STOGNER: Will the witnesses for
6 the Applicant at this time please stand.

7 (Thereupon, the witnesses were sworn.)

8 EXAMINER STOGNER: Ms. Aubrey?

9 MS. AUBREY: Thank you. My first witness
10 is Larry Robinette.

11 LAWRENCE W. ROBINETTE

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

14 EXAMINATION

15 BY MS. AUBREY:

16 Q. Would you state your name for the record,
17 please?

18 A. Lawrence W. Robinette.

19 Q. Where are you employed, Mr. Robinette?

20 A. With Bird Creek Resources, Inc., Tulsa,
21 Oklahoma.

22 Q. What is your job description for Bird
23 Creek?

24 A. I'm a land management consultant, basically
25 holding the responsibilities of land manager.

1 Q. Do you have any special geographic area in
2 which you work?

3 A. No, ma'am; basically midcontinent area and
4 now, of course, the Permian Basin.

5 Q. Are you familiar with Bird Creek's
6 applications in Cases 9890 and 9891?

7 A. Yes, I am.

8 Q. Have you testified previously before the
9 New Mexico Oil Conservation Division?

10 A. No, I have not.

11 Q. Would you review your educational and work
12 background for the Examiner, please.

13 A. Yes. I have a degree in business
14 administration and in social science education. I was
15 employed in the oil and gas business with Arcla
16 Exploration in 1974. In 1977, I went to work for
17 Pexco, Inc. which became Tomas North America.

18 In October of that year I became the land
19 manager for the midcontinent region. In 1979, I
20 worked for Lear Petroleum as land manager,
21 midcontinent. In 1980 I was land manager of Whitmore
22 Exploration. In 1981 I was land manager for Northwest
23 Exploration. In 1984 I went to work as land manager
24 for Adams Exploration. In 1987, I went on on a
25 consultant basis as opposed to a regular employee

1 basis; but basically the whole time, no change in job
2 responsibilities or descriptions.

3 MS. AUBREY: Mr. Examiner, I tender Mr.
4 Robinette as an expert in petroleum land titles.

5 EXAMINER STOGNER: Are there any
6 objections? Mr. Robinette is so qualified.

7 Q. Would you briefly describe what Bird Creek
8 seeks to accomplish by its applications today?

9 A. Yes. We want to commit the interest to the
10 drilling of the Delaware wells in the
11 northeast-northeast and the northeast-southeast of
12 Section 15, 23 South, 28 East, in Eddy County, New
13 Mexico.

14 Q. Would you, at this time, before we look at
15 Exhibit 1, let's review for the Examiner which working
16 interest owners in each proposed location, both the
17 northeast of the southeast, and the northeast of the
18 northeast, are to be pooled today.

19 A. Okay. Which one would you like to take
20 first?

21 Q. Let's take the northeast of the northeast
22 first.

23 A. Okay. We are pooling Amoco Production
24 Company, Santa Fe Energy Operating Partners, L.P.,
25 Harken Oil & Gas, Inc., Westway Petro-Texas Joint

1 Venture, R. F. Fort, Gary L. Kiehne, James E. Kiehne,
2 T. Calder Ezzell, Ed E. Phillips, and that's it.

3 Q. And which of the working interest owners in
4 the northeast of the northeast that are listed in the
5 application have you come to an agreement with for
6 voluntarily participation?

7 A. Pogo Producing Company, Betsy Ann
8 Stillwagon, Concise Oil & Gas, Quinoco Consolidated
9 Partners, C. Ray Allen, Navis, Inc.

10 EXAMINER STOGNER: Before we go any
11 further, Mr. Robinette, are you reading the names of
12 these companies off from a particular exhibit which I
13 don't have?

14 THE WITNESS: I'm reading them off the
15 address attachment, the same address application
16 repeated on the application.

17 MS. AUBREY: Mr. Examiner, they're listed
18 in the application.

19 EXAMINER STOGNER: I'm looking at the
20 application now, but it seems like there were
21 additional names not on the application which Mr.
22 Robinette read. I'm looking at the application for
23 Case No. 9891, and that is the wrong one, isn't it?
24 Let me go to 9890. Okay.

25 MS. AUBREY: Would you like Mr. Robinette

1 to review those working interest owners again?

2 EXAMINER STOGNER: The ones we're force
3 pooling, yes, I would.

4 A. Amoco Production Company, Santa Fe Energy
5 Operating Partners, L.P., Harken Oil & Gas, Westway
6 Petro-Texas Joint Venture, R. F. Fort, Gary L. Kiehne,
7 James E. Kiehne, CHL Energy, Inc., T. Calder Ezzell,
8 Ed E. Phillips.

9 EXAMINER STOGNER: And the rest have joined
10 or farmed out, is that correct?

11 THE WITNESS: That's correct.

12 EXAMINER STOGNER: Of the interests that
13 are being forced pooled, what does that total up to?

14 THE WITNESS: I don't have that total in
15 front of me. I would have to add them.

16 EXAMINER STOGNER: We can do that or I can
17 do that. I wondered if you might have had them
18 handy. Okay. I'm sorry, Ms. Aubrey?

19 MS. AUBREY: Thank you.

20 Q. Let me refer you to Ed Phillips. You've
21 shown him on your list as a party to be pooled?

22 A. Yes.

23 Q. Would you explain why that is for the
24 Examiner?

25 A. Yes. The work we had done indicated that

1 Ed Phillips still owns an oil and gas lease on his
2 property. However, in discussions with Mr. Phillips
3 and with Harken Oil & Gas, he indicates that that
4 property should have been assigned to Harken. Harken
5 indicates that OXY has given him credit for that under
6 the Yarbrow Gas well, which also covers his property.
7 However, the Yarbrow Gas operating agreement for the
8 Yarbrow Gas well does not cover the shallow rights.

9 We found no assignment of that property, so
10 really Mr. Phillips is on here as a technical matter.
11 The amount indicated for Harken Oil & Gas, we've
12 indicated the amount that shows of record, and in
13 addition we've shown the amount that shows for Mr.
14 Phillips. So that 7.48 does include the 3.22193.

15 We believe that it is owned by Harken Oil &
16 Gas; however, I do not have in my hands, title
17 confirmation that that's the case so that's the only
18 reason he's on here.

19 Q. Thank you. Let me have you refer to
20 Exhibit 1, Mr. Robinette. Would you locate the
21 proposed location for Case 9890 on that map for the
22 Examiner?

23 A. It's located in the northeast quarter of
24 the northeast quarter of Section 15, of 23 South, 28
25 East, 535 feet from the north line and 535 feet from

1 the East line.

2 Q. What is your objective formation?

3 A. Delaware.

4 Q. What is the approximate footage?

5 A. Approximately 6300 feet.

6 Q. And the well location which you've shown on
7 your Exhibit 1 a standard location for the Delaware?

8 A. Yes.

9 Q. This will be a 40-acre oil proration unit;
10 is that correct?

11 A. Yes.

12 Q. Would you describe for the Examiner the
13 efforts that you have made to obtain voluntary
14 participation from the working interest owners under
15 the northeast quarter of the northeast quarter?

16 A. Yes. Our initial correspondence was in
17 December but there we asked for a farm-out from the
18 people in the northeast quarter of the northeast
19 quarter.

20 On February 7, 1990, we sent them a letter
21 formally proposing the well and attaching an AFE to
22 that; also gave them, additionally reiterated our
23 farm-out proposal we had made previously.

24 In addition, I've had, you know, numerous
25 conversations with all the people in here by

1 telephone, and in several cases, of course, we have
2 worked out various agreements with them to have
3 participated or farm out their interest.

4 Q. Let me have you refer to Bird Creek Exhibit
5 No. 2. Is this a sample of the letter and the AFE
6 which you sent to all the working interest owners?

7 A. Yes.

8 Q. And that's in the northeast of the
9 northeast, correct?

10 A. That's correct.

11 Q. The total AFE amount is \$321,500, is that
12 correct?

13 A. That's correct.

14 Q. Have you reviewed this AFE and is it fair
15 and reasonable in your opinion?

16 A. Yes, based on our experience in the area.
17 We've drilled four other wells in this general area.

18 Q. Tell the Examiner which of the working
19 interest owners under the northeast of the northeast
20 have accepted this AFE?

21 A. Yes. Pogo Producing Company, Concise Oil &
22 Gas, Quinoco Consolidated Partners.

23 Q. What is Bird Creek seeking by way of
24 overhead while drilling and producing this well?

25 A. We're seeking the overhead rate, the

1 average under the latest Ernst & Young survey, which
2 would be \$4,531 drilling and \$438 producing.

3 Q. Have those figures been accepted by other
4 working interest owners under this quarter-quarter
5 section?

6 A. \$4,531 drilling and \$438 producing, which
7 is the average under the latest Ernst & Young survey,
8 the 1989 survey. It used to be Ernst & Whinney, but--

9 EXAMINER STOGNER: Thank you.

10 Q. With regard to the interest of Santa Fe
11 Energy Operating Partners, L. P., can you describe for
12 the Examiner the status of that interest?

13 A. Yes. We are in the process of completing
14 an agreement with Santa Fe, a copy of which I have.
15 Unfortunately, I am not authorized to sign this
16 agreement for the company.

17 In addition, had Santa Fe attempted to FAX
18 this to our office they would have been unable to get
19 it through because I found out this morning the FAX
20 machine is down and they're just bringing it and back
21 up.

22 So, yes, this agreement with Santa Fe is
23 identical to the agreement we made with Pogo, that has
24 been signed. We have every intention of signing this
25 agreement and subsequently dismissing Santa Fe before

1 the issuance of the Order. However, I cannot--since I
2 cannot commit the company, we do not have a signed
3 deal at this moment.

4 Q. What is the status of the Ruth Roberts
5 interest at this time?

6 A. The Ruth Roberts interest, we have an
7 agreement out to them. The agreement was basically
8 handled mostly by Mr. Rowan. The Ruth Roberts
9 interest doesn't apply to this.

10 Q. All right. Let's wait a minute on that
11 one. We have Ezzell and CHL Energy, then?

12 A. Right, and the Kiehnes and Mr. Fort and
13 Westway and Harken.

14 Q. Okay. Let me have you move to Exhibit 3
15 now, Mr. Robinette. Is this the notice letter which
16 you sent out to the working interest owners in the
17 northeast of the southeast?

18 A. Yes, it is.

19 Q. And this one is addressed to J. R. Rowan.
20 Was an identical letter sent out to all working
21 interest owners?

22 A. Yes.

23 Q. Attached to Exhibit 3 is an AFE in the
24 amount of \$321,500?

25 A. Yes.

1 Q. Was this AFE sent out to all working
2 interest owners?

3 A. Yes.

4 Q. In your opinion, is it a fair and
5 reasonable AFE for a well of this depth?

6 A. Yes.

7 Q. Would you move now to the list of working
8 interest owners in the northeast of the southeast and
9 review for the Examiner which of them have elected to
10 voluntarily participate in the formation of that
11 proration unit?

12 A. The ones who have committed to participate
13 or farm out.?

14 EXAMINER STOGNER: And here again you'll be
15 reading from the application in this case, is that
16 correct?

17 THE WITNESS: Right.

18 A. The parties who have agreed to either
19 participate or farm out are Pogo Producing Company,
20 R. C. Roberts, J. R. Rowan, C. Ray Allen and Liberty
21 National Bank.

22 Q. Now as to Ruth C. Roberts, would you
23 explain the status of her interest?

24 A. Yes, there's a letter agreement out to Ms.
25 Roberts which was--negotiations were handled for the

1 Roberts basically by J. R. Rowan. We had an
2 agreement, he was partners apparently with Roberts and
3 these interests, and we made an agreement with Mr.
4 Rowan and the Roberts now.

5 R. C. Roberts has returned the signed
6 letter agreement, Mr. Rowan has returned his signed
7 letter agreement. We just have not received a signed
8 letter agreement from Ruth Roberts. We expect to get
9 it in. In fact, her son was trying to get in touch
10 with me this morning and when I called him back he was
11 not in his office. Our anticipation, certainly, is
12 that that letter agreement would be returned, and upon
13 its return, we would dismiss Ruth Roberts prior to the
14 issuance of the Order.

15 Q. Is the status of Santa Fe Energy Operating
16 Partners, L. P., the same as you described for their
17 interest in the northeast of the northeast?

18 A. Yes, it is.

19 Q. In both cases, does Bird Creek Resources
20 seek to be appointed as operators of these wells?

21 A. Yes.

22 Q. What risk factor penalty are you asking the
23 commission to impose in this case?

24 A. As I understand the terminology in New
25 Mexico, I don't want to confuse this, the maximum

1 penalty is 200 percent, is that correct?

2 Q. Yes.

3 A. Okay.

4 Q. With regard to the northeast of the
5 southeast, are you seeking the same drilling and
6 producing overhead rates that you testified to for the
7 northeast of the northeast?

8 A. Yes, we are.

9 MS. AUBREY: Mr. Examiner, I have no more
10 questions of Mr. Robinette on direct, and I would like
11 to offer Exhibits 1, 2 and 3 at this time.

12 EXAMINER STOGNER: Exhibits 1, 2 and 3 will
13 be admitted into evidence.

14 THE WITNESS: I would like to mention one
15 other thing with regard to the northeast-southeast.
16 We do have also an oral agreement, an agreement in the
17 works with OXY USA, Inc. If that agreement is
18 consummated, we will also dismiss them prior to the
19 issuance of the Order.

20 MS. AUBREY: Thank you.

21 EXAMINATION

22 BY MR. BRUCE:

23 Q. Mr. Robinette, did you meet with Vernon
24 Dyer of Santa Fe Energy in the past couple of days?

25 A. Right. On Monday.

1 Q. I realize you received this through my
2 office, but I hand you Santa Fe Exhibit No. 1.
3 Although it's a telecopy, is that a letter from Vernon
4 Dyer of Santa Fe Energy addressed to you?

5 A. Yes, it is.

6 Q. I think you've had a chance to look at
7 that. Does that, more or less, encompass the terms of
8 your agreement with Vernon Dyer subject to the
9 approval of your management?

10 A. Yes, it is.

11 MR. BRUCE: Mr. Examiner, I move the
12 admission of Santa Fe Exhibit 1.

13 MS. AUBREY: I have no objection.

14 EXAMINER STOGNER: Santa Fe Exhibit No. 1
15 will be admitted into evidence at this time.

16 Q. And, Mr. Robinette, Santa Fe Energy
17 expressed the desire to either join or farm out in
18 your wells, did they not?

19 A. That's correct.

20 MR. BRUCE: I have nothing further, Mr.
21 Examiner.

22 EXAMINATION

23 BY EXAMINER STOGNER:

24 Q. Mr. Robinette, could you give some sort of
25 a time frame in which this agreement would probably be

1 signed and made official?

2 A. I would say probably before the end of the
3 week, assuming a copy is in Tulsa. That would be the
4 only thing that would hold it up. As soon as that
5 agreement is received, as I said, it's identical to an
6 agreement we executed with Pogo. In fact, I provided
7 Mr. Dyer with a copy of that agreement on which this
8 is based, and as soon as it's received it will be
9 signed. I don't have any problem with that at all.

10 EXAMINER STOGNER: And this proposal, Mr.
11 Bruce, for clarification is for both of the acreages
12 being sought today, is that correct?

13 MR. BRUCE: That's correct, Mr. Examiner.

14 EXAMINER STOGNER: Any other questions?

15 MR. BRUCE: Just one.

16 FURTHER EXAMINATION

17 BY MR. BRUCE:

18 Q. That letter, Mr. Robinette, also includes a
19 signed AFE, does it not?

20 A. Yes, it does.

21 MR. BRUCE: That's it. Mr. Examiner.

22 EXAMINER STOGNER: It appears that signed
23 AFE you referred to is identical to your Exhibit 2, is
24 that correct?

25 THE WITNESS: Yes, sir.

1 MS. AUBREY: Ms. Aubrey, I assume your
2 second witness will go into more detail on the 200
3 percent risk penalty?

4 MS. AUBREY: Yes, Mr. Examiner.

5 FURTHER EXAMINATION

6 BY EXAMINER STOGNER:

7 Q. Mr. Robinette, you mentioned written
8 correspondence that went out in December. That was
9 the first written correspondence, is that correct?

10 A. Yes, that's correct.

11 Q. Do you, by any chance, have a copy of that
12 correspondence?

13 A. Yes, I do.

14 EXAMINER STOGNER: If it would be all
15 right, I would like to make this a part of the record.

16 MS. AUBREY: Sure. Is this an extra copy?

17 THE WITNESS: Not really.

18 EXAMINER STOGNER: Why don't you supplement
19 the record subsequent to this hearing, Ms. Aubrey, so
20 we'll have it on the record.

21 MS. AUBREY: I'll be glad to do that, Mr.
22 Stogner, and I'll mark it as Bird Creek Exhibit 8 in
23 both cases.

24 EXAMINER STOGNER: What you will be
25 submitting to me is like Exhibit 2, an example?

1 MS. AUBREY: That's correct. It does not
2 have an AFE attached to it. It's the December 18,
3 1989, letter from Bird Creek Resources. This
4 particular one is to OXY USA, and we'll submit one in
5 each case.

6 EXAMINER STOGNER: This letter was sent to
7 all parties listed in both applications?

8 THE WITNESS: Yes.

9 EXAMINER STOGNER: Was that the first type
10 of correspondence, whether written or spoken, with
11 these people, Mr. Robinette?

12 THE WITNESS: Regarding Section 15, yes.
13 Some of these parties are in some other--for example,
14 we drilled some wells in the east half of the west
15 half of 14 in which some of these parties are in one
16 form or another, but on 15, yes.

17 EXAMINER STOGNER: If there are no other
18 questions of Mr. Robinette, he may be excused.

19 MS. AUBREY: Mr. Examiner, I call Gene
20 Campbell.

21 DONALD GENE CAMPBELL
22 the witness herein, after having been first duly sworn
23 upon his oath, was examined and testified as follows:

24

25

EXAMINATION

BY MS. AUBREY:

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

A. Donald Gene Campbell.

Q. Mr. Campbell, what is your occupation?

A. I'm an oil investor, I guess you would say.

Q. Do you have any professional degrees or professional training?

A. Yes. I'm a 1959 graduate with a B.S. in geology from the University of Texas, graduate study at the University of Tulsa.

Q. Have you testified previously before the New Mexico Oil Conservation Division?

A. Yes, I have. I've testified as a petroleum geologist a number of years ago.

Q. Since it's been a number of years, would you review your work experience for the Examiner?

A. Sure. Coming out of the University of Texas I worked for four years for Loan Star Producing Company primarily in the Gulf Coast of Louisiana and Mississippi. In 1962 I joined Reading & Bates. I stayed 27 years, going from a petroleum geologist to the executive VP. They sold their production last year, I retired early. I'm on my own as a consultant

1 and investor, and in this particular deal I'm an
2 investor.

3 Q. Are you appearing today on behalf of the
4 Applicant, Bird Creek Resources, to give testimony on
5 the imposition of the statutory risk penalty?

6 A. Yes, I am.

7 Q. Are you familiar with the applications
8 filed by Bird Creek Resources in these two cases?

9 A. Yes, quite.

10 MS. AUBREY: Mr. Examiner, are the
11 witnesses qualifications acceptable?

12 EXAMINER STOGNER: Yes, Mr. Campbell is so
13 qualified.

14 MS. AUBREY: Thank you.

15 Q. Please refer to Exhibit No. 4 and explain
16 to the Examiner, first of all, who prepared this
17 exhibit?

18 A. I prepared all of these maps.

19 Q. Exhibit No. 4 is a structure map. Can you
20 explain for the Examiner what it shows with regard to
21 the two proposed locations and the penalty that should
22 be imposed?

23 A. Yes. The two locations are in the
24 northeast-northeast and northeast-southeast of Section
25 15, of 23 North, 28, and of course the penalty we're

1 asking for is the 200 percent. In essence, in this
2 map you see a structural map. In this area we've
3 drilled four wells in 14. The formation we're after
4 here is the basel Delaware, which is a new formation
5 being productive in this area, and we're looking for
6 an extension from this structural map where you see
7 the nosing come down through 14, that encompasses a
8 minus 3170? It's a real prominent structural nose in
9 there, and we're trying to move it out to the west to
10 pick up those two locations.

11 Q. Are there any wells producing from the
12 Delaware basel sand to the west of the four locations
13 which you've drilled?

14 A. No.

15 Q. Would you review the status of the five
16 wells shown at the bottom of your structure map for
17 the Examiner.

18 A. Yes. In Sections 23 and 22, you'll see
19 five wells. Are they colored in red on his map?

20 EXAMINER STOGNER: Yes, mine are colored in
21 red. I have five at the bottom and three wells
22 colored in well in that nose.

23 THE WITNESS: There should be four on that
24 nose.

25 EXAMINER STOGNER: I miscounted. It is

1 four.

2 A. To the south there is five wells in the
3 Delaware. The one you see out with Ingalls Unit in 22
4 in the southwest-northeast, is a very poor, three to
5 five barrel a day Delaware well. The wells you see
6 labeled Jasso #1 is the Amoco Jasso. It's got quite a
7 thick--you'll see it later, but it produces oil and
8 water as the next well to the east of it, the 23-2
9 produces water.

10 These five wells have a distinct difference
11 in character from the four wells to the north. They
12 produce water and have a much higher gas/oil ratio and
13 they produce more gas. They also have a much thicker
14 pay section than the wells to the north, but they do
15 produce quite a bit of water. I'll mention that on
16 the next map.

17 Q. Would you like to look at Exhibit 5 now,
18 Mr. Campbell, which is your isopach map?

19 A. Yeah. This Exhibit 5 is an isopach map of
20 the basal Delaware sand that is productive. Bear in
21 minds, this is approximately a hundred foot interval
22 with probably 13 discrete sands in it that range from
23 10 feet to 30 feet.

24 What I've done in here is picked out the
25 porosity in those that's greater than 10 percent that

1 is cable of producing something. And in the case of
2 the five wells to the south, they're producing oil.

3 You can see that the pay sand gets up to 83
4 feet. The two wells that are making water are the
5 Jasso and the SCB 23-2. They both make over a hundred
6 barrels a day of water and about the same amount of
7 oil production.

8 The other two wells to the East, which are
9 located as 23-1 and the one that doesn't have a name
10 to the south, which is in the southeast-southwest, are
11 producing only in the basal sand, so they don't
12 produce the water being the bottom 30 feet of that
13 interval. But I represent these are two different
14 fields from their producing characteristics.

15 The wells to the north, the pay sand you
16 see ranges from 40 to 62 feet in the bar. They make
17 very little water, from one barrel--to the most recent
18 well, the north well, the Teledyne 1, only completed
19 in late January--and it makes about eight barrels a
20 day. It's not a stable amount of water. They're
21 relatively water-free. Their gas is 130 Mcf a day,
22 versus to the south where they make approximately 400
23 to 450 Mcf per day.

24 Once again, what we're trying to do is step
25 out to the west in both of these locations and to

1 bring that bar out or pick up a separate bar, a
2 parallel bar to the one we've got, and make that
3 productive.

4 Q. Do you have any way of knowing at this
5 point whether you'll encounter a situation similar to
6 the one you have in the four eastern or northern
7 wells, or whether you'll encounter a situation similar
8 to the one in the five southern wells?

9 A. No, I can't tell that at this time. As we
10 come down structure, you know, I have a strong
11 suspicion we'll pick up the water.

12 Q. Mr. Campbell, have you reviewed and, in
13 fact, signed the AFE submitted to the working interest
14 owners in Cases 9890 and 9891?

15 A. Yes, I have.

16 Q. In your opinion, is it a fair and
17 reasonable AFE for a well of this depth?

18 A. Yes. It simply represents our experience
19 in drilling the four wells already; three last year
20 and one this year.

21 Q. Were those the wells which are directly to
22 the east of the proposed locations?

23 A. Yes, those are the wells in the east half
24 of the west half of 14.

25 Q. Were you involved in the drilling of those

1 wells, also?

2 A. Yes.

3 Q. Mr. Campbell, you prepared Exhibits 4 and
4 5, is that correct?

5 A. That's correct.

6 MS. AUBREY: Mr. Examiner, I offer Exhibits
7 4 and 5.

8 EXAMINER STOGNER: Exhibits 4 and 5 will be
9 admitted into evidence at this time.

10 Q. Mr. Campbell, will granting Bird Creek's
11 application protect correlative rights, prevent waste
12 and promote conservation of hydrocarbons?

13 A. Yes, in my opinion.

14 MS. AUBREY: I have no more questions of
15 the witness at this time, Mr. Examiner.

16 EXAMINATION

17 BY EXAMINER STOGNER:

18 Q. Mr. Campbell, I look at your well in the
19 northeast of the southeast quarter and due west of
20 there is a well, the Yarbrow A Com., and then further
21 to the west and a little bit to the north is the
22 Nymeyer #1?

23 A. Yes.

24 Q. Where are those two wells producing from?
25 They're both gas wells, I assume?

1 A. Those are deep Atoka gas wells.

2 Q. Deep Atoka.

3 A. That's 11,500, 12,000.

4 EXAMINER STOGNER: Any other questions of
5 this witness? If not, he may be excused. Ms.
6 Aubrey?

7 MS. AUBREY: I have nothing further, Mr.
8 Examiner. Let me offer Exhibits 6 and 7. I've given
9 you the original affidavits complete with the original
10 green cards from the post office to show compliance
11 with New Mexico Oil Commission Rule 1207, and I've
12 marked those as Exhibits 6 and 7 in the consolidated
13 cases.

14 EXAMINER STOGNER: And both of these
15 notices in which you're referring to were sent out
16 February 28th, is that correct?

17 MS. AUBREY: That's correct.

18 EXAMINER STOGNER: Exhibits 6 and 7 will
19 also be admitted at this point. Does anybody else
20 have anything further in either Case 9891 or 9890?
21 Mr. Bruce?

22 MR. BRUCE: No, Mr. Examiner.

23 EXAMINER STOGNER: Ms. Aubrey, do you have
24 anything further?

25 MS. AUBREY: Nothing further.

1 EXAMINER STOGNER: Since there's nothing
2 further in either one of these cases, Cases 9890 and
3 9891 will be taken under advisement.

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CERTIFICATE OF REPORTER

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

I, Carla Diane Rodriguez, 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 March 22, 1990.


CARLA DIANE RODRIGUEZ
CSR No. 91

My commission expires: May 25, 1991

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiners hearing of Case Nos. 9890 & 9891
heard by me on 21 March 1990.

, Examiner
Oil Conservation Division