1	STATE OF NEW MEXICO
2	ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3	OIL CONSERVATION DIVISION
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7	EXAMINER HEARING
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9	IN THE MATTER OF:
10	Amuliantiana of Amona
11	Applications of Amoco Cases 10070, Production Company for 10071, 10072,
12	nonstandard gas proration 10073 and units, unorthodox coal gas vell locations, and
13	directions, and directional drilling, San Juan County, New Mexico
14	Juan County, New Mexico
15	
16	
17	TRANSCRIPT OF PROCEEDINGS
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19	BEFORE: MICHAEL E. STOGNER, EXAMINER
20	
21	STATE LAND OFFICE BUILDING
22	SANTA FE, NEW MEXICO
23	September 5, 1990
24	
25	ORIGINAL

CUMBRE COURT REPORTING (505) 984-2244

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- 1 HEARING EXAMINER: This hearing will come
- 2 to order. At the request of the applicant, I'm going
- 3 to call all cases 10,070 through 10,074.
- 4 MR. STOVALL: Cases 10,070 through 10,074
- 5 are each styled Application of Amoco Production
- 6 Company for a nonstandard gas proration unit, San Juan
- 7 County, New Mexico.
- 8 HEARING EXAMINER: Call for appearances in
- 9 these cases?
- MR. CARR: May it please the Examiner, my
- 11 name is William F. Carr with the law firm of Campbell
- 12 and Black, P.A., of Santa Fe. We represent Amoco
- 13 Production Company, and I have two witnesses.
- 14 HEARING EXAMINER: Are there any other
- 15 appearances? Will the witnesses please stand and be
- 16 sworn?
- 17 (Witnesses sworn.)
- MR. CARR: May it please the Examiner,
- 19 before we begin, I would like to dismiss the portion
- 20 of cases 10,072, 73, and 74 in which Amoco seeks an
- 21 unorthodox coal gas well location. Amoco is now
- 22 proposing to drill each of the wells to a standard
- 23 bottom hole location.
- HEARING EXAMINER: 10,072, Mr. Carr, is an
- 25 unorthodox coal gas well location. I assume that the

- 1 location on that one, the surface will be moved to a
- 2 standard location?
- 3 MR. CARR: Surface and bottom hole on that
- 4 one are standard.
- 5 HEARING EXAMINER: And they should be one
- 6 and the same?
- 7 MR. CARR: Yes, sir.
- 8 HEARING EXAMINER: And 73 and 74 were both
- 9 directional drilling.
- MR. CARR: And the directional drilling
- ll part of the case will remain. They will be
- 12 directionally drilled, however, to standard bottom
- 13 hole locations.
- 14 HEARING EXAMINER: Thank you, Mr. Carr.
- MR. CARR: My first witness is Michael
- 16 Cuba.
- 17 HEARING EXAMINER: Mr. Carr.
- 18 MICHAEL CUBA,
- 19 the witness herein, after having been first duly sworn
- 20 upon his oath, was examined and testified as follows:
- 21 DIRECT EXAMINATION
- 22 BY MR. CARR:
- Q. Would you state your full name for the
- 24 record?
- 25 A. It's Michael Edward Cuba.

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- 1 Q. Mr. Cuba, where do you reside?
- 2 A. In Nederland, Colorado.
- 3 Q. By whom are you employed and in what
- 4 capacity?
- 5 A. I'm a staff landman for Amoco Production
- 6 Company.
- 7 Q. Have you previously testified before the
- 8 Oil Conservation Division?
- 9 A. I have.
- 10 Q. At that time, were your credentials as a
- 11 petroleum landman accepted and made a matter of
- 12 record?
- 13 A. They were.
- 14 Q. Are you familiar with the application filed
- 15 by Amoco in each of the consolidated cases?
- 16 A. Yes.
- 17 Q. Are you familiar with the subject area?
- 18 A. Yes.
- MR. CARR: Are the witnesses qualifications
- 20 acceptable?
- 21 HEARING EXAMINER: They are.
- Q. (BY MR. CARR) Mr. Cuba, would you briefly
- 23 state what Amoco seeks in each of these cases?
- 24 A. Amoco seeks approval of five nonstandard
- 25 proration units for the drilling and production of

- 1 Fruitland coal wells, with such wells to be at legal
- 2 locations as to the Fruitland coal interval. As
- 3 indicated previously, two of the wells are intended to
- 4 be directionally drilled, but they will be in the
- 5 legal window at penetration of the Fruitland coal.
- 6 Q. Could you identify what has been marked as
- 7 Amoco Exhibit No. 1 and then review that exhibit for
- 8 the Examiner.
- 9 A. Yes. Exhibit No. 1 consists of five pages,
- 10 two pages of which are identical, being page 3 and
- 11 page 5. Each of these pages identifies a specific
- 12 well name in the upper left, and they also identify
- 13 the proposed nonstandard proration unit to be
- 14 associated with that well.
- The exhibits go on to indicate the location
- 16 of existing or proposed Fruitland coal wells
- 17 offsetting the proposed nonstandard proration unit,
- 18 and they also identify the parties in those offsetting
- 19 locations who might have an interest in a Fruitland
- 20 coal formation.
- They go further to identify the working
- 22 interest owners in these specific wells for which
- 23 these nonstandard proration units are being proposed.
- Q. Mr. Cuba, are these nonstandard units
- 25 necessary because of variations in the USGS survey?

- 1 A. This is correct.
- Q. Are these Fruitland wells being proposed on
- 3 proration units, nonstandard spacing or proration
- 4 units that are currently established and dedicated to
- 5 either Mesaverde or Dakota wells?
- 6 A. They are.
- 7 Q. Could you just identify what has been
- 8 marked for Mr. Stogner as Exhibit No. 2?
- 9 A. Exhibit No. 2 are copies of previous orders
- 10 by this Commission establishing nonstandard proration
- 11 units as to the Mesaverde coincident with the
- 12 proration units now being requested for the Fruitland.
- 13 Q. Mr. Cuba, will approval of the requested
- 14 nonstandard proration units permit Amoco to develop
- 15 the Fruitland with the same units that are currently
- 16 established and being produced in these other
- 17 formations?
- 18 A. Yes.
- 19 Q. Will Amoco also call an engineering witness
- 20 to testify concerning the locations of the wells on
- 21 these units and Amoco's plans for directional
- 22 drilling?
- A. Yes, we will.
- Q. Were Exhibits 1 and 2 either prepared by
- 25 you or compiled under your direction?

- 1 A. They were.
- MR. CARR: At this time, Mr. Stogner, we
- 3 would move the admission of Amoco's Exhibit 1 and 2.
- 4 HEARING EXAMINER: Exhibits 1 and 2 will be
- 5 admitted into evidence.
- 6 MR. CARR: That concludes my Direct
- 7 Examination of Mr. Cuba.
- 8 CROSS-EXAMINATION
- 9 BY HEARING EXAMINER:
- 10 Q. Mr. Cuba, your Exhibit No. 1 shows the
- 11 existing or proposed Fruitland coal gas wells in this
- 12 general area?
- 13 A. Yes, from a PI data source. They've not
- 14 been independently confirmed.
- 15 Q. And your Exhibit No. 2 refers to previous
- 16 Blanco-Mesaverde and Basin Dakota wells?
- 17 A. I believe, sir, these are all Mesaverde,
- 18 but it's my understanding that the Dakota is spaced
- 19 coincidentally.
- 20 Q. So there are some Blanco-Mesaverde and
- 21 Basin Dakota's in the area?
- 22 A. Yes, sir, I believe so.
- Q. These orders on Exhibit 2, do they refer
- 24 both to the Basin Dakota or just the Blanco-Mesaverde?
- 25 A. These, I believe, are Mesaverde orders only

- 1 that you have been provided.
- 2 Q. Do you know if there was one single Basin
- 3 Dakota order, or are they also cut up?
- 4 A. I do not know.
- 5 MR. CARR: Mr. Stogner, if you desire, we
- 6 can provide that information to you after the hearing,
- 7 those order numbers.
- 8 HEARING EXAMINER: If you would provide
- 9 that to me over the phone, I would appreciate it for
- 10 reference only, Mr. Carr.
- 11 MR. CARR: That would be fine.
- 12 HEARING EXAMINER: Mr. Carr, I suppose you
- 13 have the notifications to the offsets which you also
- 14 show?
- MR. CARR: That will be handled by our next
- 16 witness, Mr. Stogner.
- 17 HEARING EXAMINER: In that case, I don't
- 18 have any other questions of Mr. Cuba.
- 19 Are there any other questions of this
- 20 witness? He may be excused, Mr. Carr.
- 21 MR. CARR: At this time we call Mr.
- 22 Hawkins.
- JAMES WILLIAM HAWKINS,
- 24 the witness herein, after having been first duly sworn
- 25 upon his oath, was examined and testified as follows:

- 1 DIRECT EXAMINATION
- 2 BY MR. CARR:
- 3 Q. Will you state your full name for the
- 4 record, please.
- 5 A. James William Hawkins.
- 6 Q. Mr. Hawkins, where do you reside?
- 7 A. In Golden, Colorado.
- 8 Q. By whom are you employed and in what
- 9 capacity?
- 10 A. Petroleum engineer with Amoco Production
- 11 Company.
- 12 Q. Have you previously testified before this
- 13 Division?
- 14 A. Yes, I have.
- 15 Q. At that time were your credentials as an
- 16 expert witness in petroleum engineering accepted and
- 17 made a matter of record?
- 18 A. Yes, they were.
- 19 Q. Are you familiar with the application filed
- 20 by Amoco in each of these cases?
- 21 A. Yes, I am.
- Q. Are you familiar with the subject area?
- 23 A. Yes.
- MR. CARR: Are the witness's qualifications
- 25 acceptable?

- 1 HEARING EXAMINER: Mr. Hawkins is so
- 2 qualified.
- 3 Q. (BY MR. CARR) Mr. Hawkins, are you
- 4 familiar with the rules that govern the development of
- 5 the Basin Fruitland Coal Gas Pool?
- 6 A. Yes, I am.
- 7 Q. Could you summarize the spacing
- 8 requirements for the Fruitland coal gas wells?
- 9 A. Fruitland coal wells are spaced, one well
- 10 per 320 acres, to be located in the northeast or
- 11 southwest quarter section at a distance of 790 feet
- 12 from the boundary of the spacing unit and no closer
- 13 than 130 feet to the interior quarter section line
- 14 within the spacing unit.
- 15 O. Mr. Hawkins, are each of the wells that are
- 16 the subject of these hearings to be bottomed at
- 17 standard locations in the Fruitland formation?
- 18 A. Yes, they are.
- 19 Q. In Case 10,072, which is the case for the
- 20 Barrett Gas Com "A," that will be a straight hole?
- 21 A. Yes, it will be.
- Q. And the bottom hole location for that well
- 23 is at a standard location?
- 24 A. Yes, it is.
- 25 Q. Let's go now to what has been marked as

- 1 Amoco Exhibit No. 3. I'd ask you first to just
- 2 identify this and then review Amoco's plans for
- 3 directional drilling with Mr. Stogner.
- 4 A. Exhibit No. 3 shows a description of a
- 5 directional drilling plan for both the Dawson Gas Com
- 6 #1 well and the Riddle Gas Com #1 well. Associated
- 7 with those directional drilling plans is a plat
- 8 showing the drilling window and the surface location
- 9 associated with the proration unit that the well will
- 10 be drilled into.
- 11 The first page talks about the Dawson Gas
- 12 Com #1. It shows a well surface location at 1,210
- 13 feet from the south line, 660 feet from the west
- 14 line. That's of Section 31, Township 31 North, Range
- 15 8 West.
- In order to bottom hole this well or
- 17 penetrate the Fruitland coal within the legal window,
- 18 we will need to directionally drill it to a target 50
- 19 feet inside that window, which is 1,210 feet from the
- 20 south line and 840 feet from the west line at a true
- 21 vertical depth of about 2,895 feet.
- This will require a kickoff at 587 feet
- 23 with a rate of angle build of about 1 degree per
- 24 hundred feet. Maximum inclination of 5 degrees, and
- 25 we will continue drilling the well to a final true

- 1 vertical depth of 3,150. All of the Fruitland coal
- 2 will be penetrated within the legal window for the
- 3 spacing unit.
- 4 The third page provides the directional
- 5 drilling program for the Riddle Gas Com #1 well.
- 6 Again, the surface location for this this well is 2120
- 7 feet from the south line, 890 feet from the west line
- 8 of Section 30, Township 31 North, Range 9 West.
- 9 This well will need to be drilled to the
- 10 south in order to penetrate the Fruitland coal within
- 11 the legal window. The target is 1,769 feet from the
- 12 south line, 890 feet from the west line, at a true
- 13 vertical depth of 3,098 feet. This will require that
- 14 the well be kicked off at 431 feet, at a 1 degree per
- 15 100 foot rate of angle build, with a maximum
- 16 inclination of 9 degrees.
- We will continue drilling the well to a
- 18 true vertical depth of 3,408 feet in order to
- 19 penetrate the entire Fruitland coal section within the
- 20 legal window.
- Q. The last page of that exhibit is, again,
- 22 just a plat showing the surface and bottom hole
- 23 location for this well?
- A. That's correct.
- Q. Would it be satisfactory to Amoco for the

- 1 order resulting from this hearing to authorize
- 2 completion of the wells that are being directionally
- 3 drilled within a target area with a 50-foot radius
- 4 around the proposed bottom hole location?
- 5 A. Yes, it would. That would keep us within
- 6 the legal window for anywhere within that 50-foot
- 7 radius.
- 8 Q. Mr. Hawkins, why can these wells not be
- 9 drilled at standard surface locations?
- 10 A. Primarily due to the steep terrain and
- ll topographic features in the area. The Riddle C well
- 12 was very steep and unable to locate a suitable surface
- 13 location there. We've moved the well some 200 feet or
- 14 so out in order to find a suitable location and will
- 15 drill it back into the legal window.
- 16 The Dawson Gas Com #1 well has both an
- 17 archeological site and a steep canyon side there
- 18 within the legal window. We've had to move the well
- 19 to the north in order to find a suitable surface
- 20 location and will drill it directionally back into the
- 21 legal window.
- One thing you should note is that the
- 23 drilling windows in these odd surveyed sections are
- 24 very skinny, and therefore it is very limited as to
- 25 the surface that's available to try to find a suitable

- 1 location to drill the well.
- Q. Mr. Hawkins, will Amoco run a directional
- 3 survey on each of these directionally drilled wells as
- 4 required by OCD Rule 111?
- 5 A. Yes, we will.
- 6 Q. Has notice of these applications been given
- 7 to each offsetting operator as required by OCD rules?
- 8 A. Yes, it has.
- 9 Q. Would you identify Exhibit No. 4 for Mr.
- 10 Stogner?
- 11 A. Exhibit No. 4 is a listing of all the
- 12 working interest owners within the area that was
- 13 presented on the Exhibit No. 1, each of the spacing
- 14 units surrounding the nonstandard unit. We mailed out
- 15 a copy of the application to each of the parties on
- 16 this list and have the green cards certified return
- 17 receipt back to us.
- 18 There were two owners who did not return
- 19 their cards, nor did we receive a return of the
- 20 mailing. That was Lance Reemtsma and John B. Pierce.
- 21 Both of those parties appear to be working interest
- 22 owners in the Archuleta Gas Com B #1 well, which is a
- 23 standard location well to be drilled.
- 24 Q. Have all offsetting operators been
- 25 notified?

- 1 A. Yes, they have.
- Q. In your opinion, will granting this
- 3 application be in the best interests of conservation,
- 4 the prevention of waste, and the protection of
- 5 correlative rights?
- A. Yes, it will.
- 7 Q. Were Exhibits 3 and 4 prepared by you?
- 8 A. Or under my supervision, yes, they were.
- 9 MR. CARR: At this time, Mr. Stogner, we
- 10 would move the admission of Amoco Exhibits 3 and 4.
- 11 HEARING EXAMINER: Exhibits 3 and 4 will be
- 12 admitted into evidence.
- MR. CARR: I have nothing further on Direct
- 14 of this witness.
- 15 CROSS EXAMINATION
- 16 BY HEARING EXAMINER:
- Q. Mr. Hawkins, the Dawson Gas Com #1, you
- 18 don't have a surface location yet; is that correct?
- 19 A. Yes, we do.
- 20 Q. Oh, you do? That's the 1,210 from the
- 21 south line and 660 from the west?
- 22 A. Yes, that's correct, shown on the plat and
- 23 also on the first page of Exhibit No. 3.
- Q. So that has been determined. Your proposed
- 25 target location, you want an order that will give you

- 1 a 50-foot radius of 1,210 feet from the south line and
- 2 840 feet from the west line?
- 3 A. Yes, sir. And that is the top of the
- 4 Fruitland coal, which is our target. We will have to
- 5 continue drilling the well for 250 feet, roughly, to
- 6 penetrate the entire Fruitland coal section.
- 7 Q. How about the Riddle Gas Com #1, is that an
- 8 approved surface location?
- 9 A. It's an unorthodox surface, but it is
- 10 approved.
- 11 Q. By the BLM, that's what I meant?
- 12 A. That's correct.
- 13 Q. There again, the bottom hole location
- 14 within a 50-of the radius of that; is that correct?
- 15 A. That's correct.
- 16 Q. Have you got a location -- you don't have a
- 17 location for your Barrett #1?
- 18 A. Yes, sir, we do. That well has already
- 19 been drilled. It's drilled in a legal location. I
- 20 didn't really understand why it was noticed up here as
- 21 an unorthodox location under the docket. It wasn't in
- 22 our original request. It wasn't in our application.
- Q. Is it 1,810 foot from the south line, 925
- 24 foot from the west line?
- 25 A. Let me check.

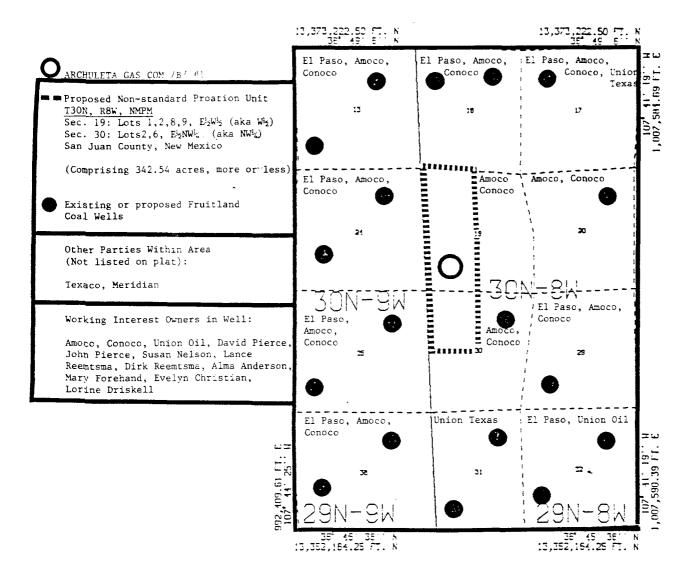
- That is correct, of Section 19, 31 North, 9
- 2 West.
- 3 Q. How far from the east proration unit is
- 4 this well or the east side of the proration unit?
- 5 A. Approximately 800 feet.
- 6 0. 800?
- 7 A. Yes.
- 8 Q. Have you got a C-102 on that well?
- 9 A. I do have a C-102 on this well. I think
- 10 it's going to have to be revised. I checked today
- ll with our surveying office in Farmington to determine
- 12 whether or not that well was truly in a legal location
- 13 or not. I was informed that the western proration
- 14 line actually moves outward to the west by eight to
- 15 ten feet, roughly in the middle of the section and
- 16 then comes back toward the east. Therefore, 925 feet
- 17 from that western line gives us about 800 feet from
- 18 the eastern boundary.
- 19 Q. This C-102 that was on file showed it to be
- 20 531.98 feet -- I don't know how accurate that is --
- 21 from the eastern side, but that is inaccurate, I'm
- 22 understanding you to say today?
- 23 A. Well, I don't have that information. That
- 24 does appear to be incorrect, yes.
- 25 Q. Do you know how wide that western portion

- 1 of Section 19 is, the west half equivalent?
- 2 A. About 300 -- excuse me -- at the southern
- 3 boundary, that lot is 396.6 feet, it appears. At
- 4 about the midpoint of the section, it's roughly 10
- 5 feet wider than that.
- 6 O. Which would make it about 405 feet?
- 7 A. Approximately. And then it moves back even
- 8 skinnier at the far northern edge to about 361.6 feet,
- 9 it looks like. So it does get a little bit wider in
- 10 the middle, and it allows our well to be a full 790
- 11 feet from each boundary of that spacing unit.
- 12 Q. Probably it was an error; the C-102 file
- 13 was in error if that's what it shows?
- 14 A. I think that's correct. We'd be glad to
- 15 file an amended C-102 that properly shows that spacing
- 16 unit.
- 17 HEARING EXAMINER: If you will also provide
- 18 me a copy of that, Mr. Carr, so I can put it in the
- 19 initial case file showing what the correct dimensions
- 20 are and that that is indeed a standard location.
- MR. CARR: We'll be glad to do that. When
- 22 we saw that advertisement and noted that it was
- 23 advertised at the unorthodox location, we had field
- 24 people go recheck that. They have confirmed today
- 25 that it is standard, and we'll get a revised C-102

1	that's got the accurate measurements on it for you.
2	HEARING EXAMINER: If you'd like, I have a
3	copy of the application to drill and the C-102 that
4	was on file with us that shows that information.
5	MR. CARR: Okay.
6	HEARING EXAMINER: I have no other
7	questions of this witness. Are there any other
8	questions of Mr. Hawkins? If not, he may be excused.
9	Mr. Carr?
10	MR. CARR: I have nothing further in this
11	case, Mr. Stogner.
12	HEARING EXAMINER: Does anybody else have
13	anything further in any of these five cases? If not,
14	then case 10,070 through 10,074 will be taken under
15	advisement, and if you'll provide me that additional
16	information we talked about Mr. Carr, I'd appreciate
17	it.
18	MR. CARR: I will.
19	
20	
21	k die 1 werd en wie die 1 he furdening is Op 50 weing in 1960 of the proceedings in
22	Card by me on 5 Sept. 190 10079
23	Mila Stage , Examiner
24	Oil Conservation Division

1	CERTIFICATE OF REPORTER
2	
3	STATE OF NEW MEXICO)) ss.
4	COUNTY OF SANTA FE)
5	
6	I, Deborah O'Bine, Certified Shorthand
7	Reporter and Notary Public, HEREBY CERTIFY that the
8	foregoing transcript of proceedings before the Oil
9	Conservation Division was reported by me; that I
10	caused my notes to be transcribed under my personal
11	supervision; and that the foregoing is a true and
12	accurate record of the proceedings.
13	I FURTHER CERTIFY that I am not a relative
14	or employee of any of the parties or attorneys
15	involved in this matter and that I have no personal
16	interest in the final disposition of this matter.
17	WITNESS MY HAND AND SEAL September 14,
18	1989.
19	Deboral O'Bine
20	DEBORAH O'BINE CSR No. 127
21	
22	My commission expires: August 10, 1990
23	
24	

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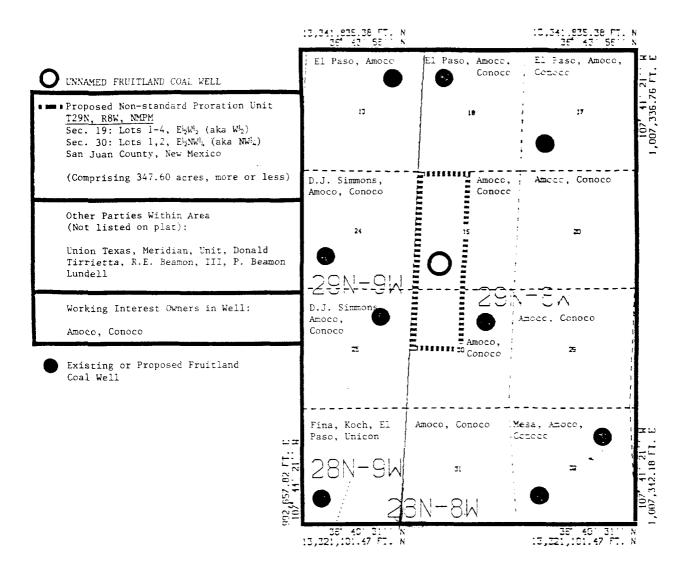


BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

AMOCO EXHIELT NO. 1 (p. 1)

CASE NO. 10070 - 10074

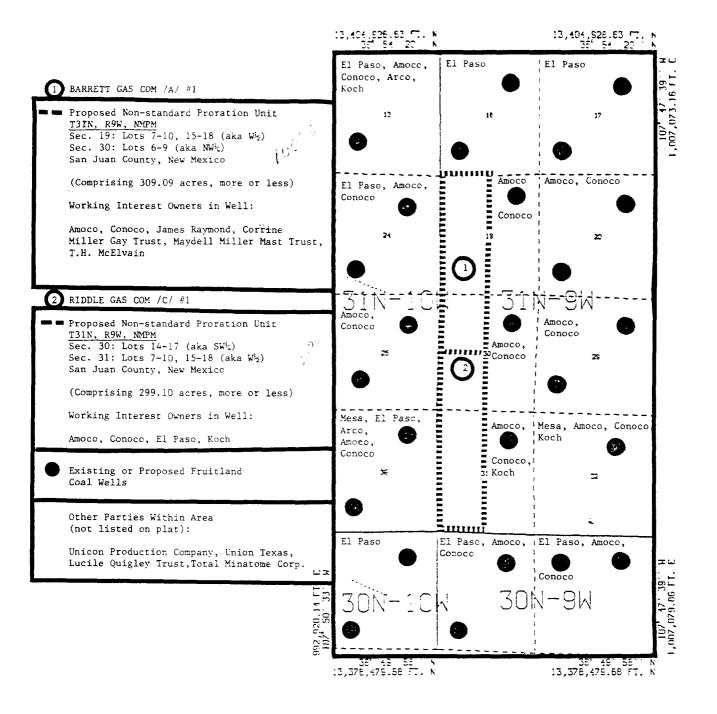


BEFORE EXAMINER STOGNER

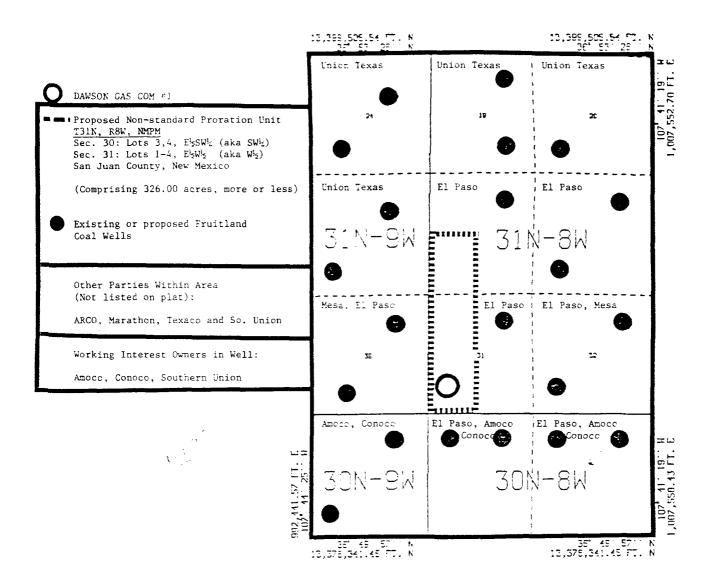
OIL CONSERVATION DIVISION

AMOCO EXHIBIT NO. 1 (p. 2)

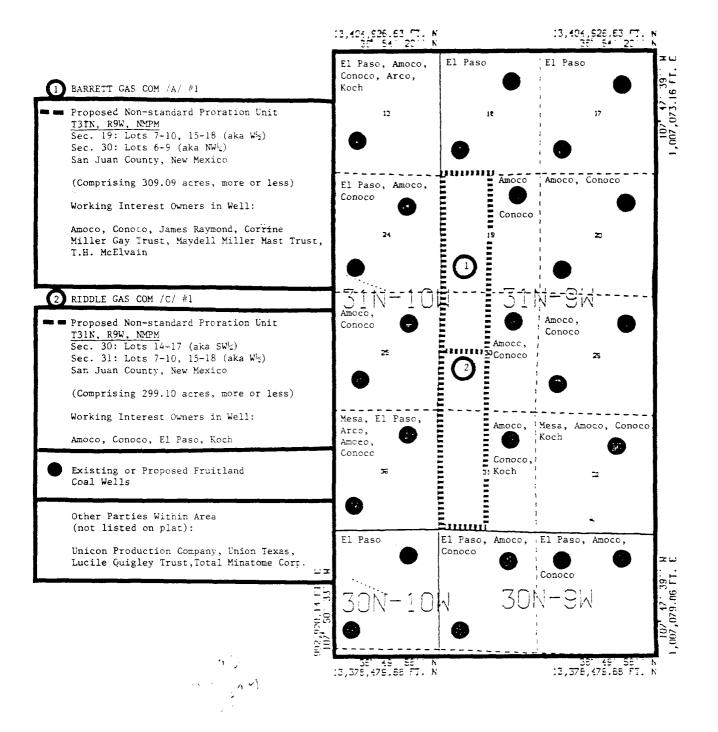
CASE NO. _______ 10070 - 10074



BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION AMOCO EXHIBIT NO. 1 (p. 3) CASE NO. 10070 - 10074



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
AMOU EXHIBIT NO. 1 (p. 4)
CASE NO. 10070 - 10074



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
AMOGO ENHIERT NO. 1 (p. 5)
DASE NO. 10070 - 10074