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January 10, 1991
Examiner Hearing
Case No. 10213

PAGE

APPEARANCES

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APPLICANT'S WITNESSES:

DONALD PAUL HADEN

Direct Examination by Mr. Bruce
Examination by Examiner Catanach

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J. DAVID OVERTON

Direct Examination by Mr. Bruce
Examination by Examiner Catanach

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** ** * * *

APPLICANT'S EXHIBITS:

MRKD

ADMTD

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A P P E A R A N C E S

BEFORE: DAVID R. CATANACH, Hearing Examiner

FOR THE DIVISION: ROBERT G. STOVALL, ESQ.
General Counsel
Oil Conservation Commission
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

FOR THE APPLICANT: HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys at Law
BY: JAMES G. BRUCE, ESQ.
500 Marquette, Northwest
Suite 800
Albuquerque, New Mexico 87102

** * **

1 EXAMINER CATANACH: At this time, we'll call case 10213.

2 MR. STOVALL: Application of Mewbourne Oil Company for an
3 unorthodox gas well location, Eddy County, New Mexico.

4 EXAMINER CATANACH: Are there appearances in this case?

5 MR. BRUCE: Mr. Examiner, Jim Bruce for the applicant. I
6 have two witnesses to be sworn.

7 EXAMINER CATANACH: Any other appearances? Will the
8 witnesses please stand and be sworn in.

9 (Witnesses sworn.)

10 DONALD PAUL HADEN

11 the Witness herein, having been first duly sworn, was examined
12 and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. BRUCE:

15 Q. Will you please state your name for the record.

16 A. My name is Donald Paul Haden.

17 Q. Where do you reside?

18 A. Midland, Texas.

19 Q. And who are you employed by and in what capacity?

20 A. Mewbourne Oil Company as a petroleum landman.

21 Q. And have you previously testified before the OCD as
22 a petroleum landman and been accepted as an expert?

23 A. Yes, I have.

24 Q. And are you familiar with the land matters involved
25 in case 10213?

1 A. Yes, I am.

2 MR. BRUCE: Mr. Examiner, is the witness acceptable?

3 EXAMINER CATANACH: Yes.

4 Q. (By Mr. Bruce:) Briefly, Mr. Haden, what does
5 Mewbourne seek in this case?

6 A. Mewbourne Oil Company seeks approval of an
7 unorthodox gas well location for a well to be drilled 1980
8 feet from the north line and 660 feet from the west line of
9 Section 14, Township 17 South, Range 26 East in Eddy County,
10 New Mexico. The well will be drilled to test the Morrow
11 formation. And the north half of Section 14 will be dedicated
12 to the well. This location is based on geologic reasons.

13 (Applicant's Exhibits Nos. 1 and 2
14 were marked for identification.)

15 Q. Would you please refer to Exhibits 1 and 2,
16 describe them for the examiner, and identify the offsets,
17 please.

18 A. Exhibit 1 is a land plat of the area showing our
19 proposed drilling unit shaded in yellow which is the north
20 half of Section 14. The red dot is our proposed location.
21 Exhibit Number 2 is a listing of the offset ownership tracts 1
22 through 11.

23 Q. Now looking at that map, Tract 11, the main offset
24 to the west, that is owned by Yates Petroleum Corp., is it
25 not?

1 A. Yes, that is correct.

2 (Applicant's Exhibit No. 3 was
3 marked for identification.)

4 Q. And were all offsets notified of your proposed
5 location? And I refer you to Exhibit 3.

6 A. Yes, they are.

7 (Applicant's Exhibit No. 4 was
8 marked for identification.)

9 Q. And is Exhibit 4 a copy of the notice letter I sent
10 to the offsets, or my office sent them?

11 A. That is correct.

12 Q. Have you received any waivers from any of the
13 offsets?

14 A. Yes, I have.

15 (Applicant's Exhibit No. 5 was
16 marked for identification.)

17 Q. And are they submitted as Exhibit Number 5?

18 A. Yes, they are.

19 Q. Yates, the primary offset, have they objected to
20 this location?

21 A. No, they have not objected. They signed a waiver
22 letter dated December 7th, 1990.

23 Q. In your opinion, is the granting of this
24 application in the interests of conservation and the
25 prevention of waste?

1 A. Yes, it is.

2 Q. And were Exhibits 1 through 5 prepared by you,
3 under your direction, or compiled from company records?

4 A. Yes, they were.

5 MR. BRUCE: Mr. Examiner, I move the admission of
6 Exhibits 1 through 5.

7 EXAMINER CATANACH: Exhibits 1 through 5 will be admitted
8 as evidence.

9 (Applicant's Exhibits Nos. 1 through 5
10 were admitted into evidence.)

11 EXAMINATION

12 BY EXAMINER CATANACH:

13 Q. Mr. Haden, the north half and the south half of
14 Section 14, is that common ownership?

15 A. Pardon me?

16 Q. Is that common ownership in all of Section 14?

17 A. No, sir, it is not. It's split in numerous ways.
18 It's very split up, fee ownership.

19 Q. Mewbourne is the operator of both tracts though?

20 A. Yes, sir. There is some ownership in the north
21 half which is common in the south half, but there are other
22 interest owners that are not common.

23 Q. Those two wells you show in the south half of 14,
24 are those both producing wells?

25 A. There is one producing well in the southwest

1 southwest quarter. That is Mewbourne's Vogel Number 1 well
2 which is a Morrow well.

3 Q. Okay.

4 A. The Yates well in the northeast of the southwest
5 quarter is a dry hole.

6 Q. Basically encroaching to the west toward Section
7 15, and you said Yates has signed a waiver of objection?

8 A. Yes, sir, they have.

9 EXAMINER CATANACH: I have no further questions.

10 J. DAVID OVERTON

11 the Witness herein, having been first duly sworn, was examined
12 and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. BRUCE:

15 Q. Would you please state your name and city of
16 residence.

17 A. My name is David Overton. I'm from Midland, Texas.

18 Q. And who do you work for?

19 A. Mewbourne Oil Company.

20 Q. And what is your job with Mewbourne?

21 A. Petroleum geologist.

22 Q. Have you previously testified before the OCD as a
23 geologist?

24 A. Yes, sir, I have.

25 Q. And are you familiar with the geological matters

1 involved in this case?

2 A. Yes, sir, I am.

3 MR. BRUCE: Mr. Examiner, is the witness considered
4 acceptable?

5 EXAMINER CATANACH: Yes.

6 (Applicant's Exhibit No. 6 was
7 marked for identification.)

8 Q. (By Mr. Bruce:) Mr. Overton, would you please refer
9 to Exhibit 6 and describe its contents for the examiner.

10 A. Exhibit 6 is a structure contour map with a net
11 Morrow A sand isopach of porosity greater than or equal to
12 eight percent for the area of our proposed location as we can
13 see that we have a channel tran running north/south.
14 Essentially up the section line between 15 and 14, there's a
15 midpoint for that channel.

16 We drilled the Vogel Number 1, which is the well in
17 the southwest of the southwest of Section 14, in between a dry
18 hole and a marginal well in Section 15 at an unorthodox
19 location also. Our proposed location should encounter
20 approximately 20 foot of that Morrow A sand.

21 Q. And this map indicates that you have very good well
22 control both to the east and to the west of the proposed
23 location, do you not?

24 A. In that immediate area, sir, we do. The Haldeman
25 well of Yates in the northeast of the southwest encountered

1 four foot of the interval, of sand in that interval. We have
2 a well in the north west of Section 15 which has none of that
3 sand. On either side, we have definition that this is a
4 fairly thin trend up and down this line.

5 (Applicant's Exhibit No. 7 was
6 marked for identification.)

7 Q. Would you please then move on to Exhibit Number 7.

8 A. Exhibit Number 7 is cross section D to D Prime.
9 There is a locator map in the center of the cross section
10 there at the bottom that shows the line of cross section. We
11 start on the left-hand side at the Yates Tidwell "ED" Number 1
12 in Section 22. That well was productive from the Morrow A
13 sand, and it had produced about, oh, somewhat over a bcf.
14 That's on a production map that's another exhibit. The
15 Caffall, which is the next one to that, is on the offsetting
16 acreage. They encountered some of the sand. However, that
17 sand is tight in production. Records indicate that that is
18 the case. It produced only 166 million, which would not be
19 economic.

20 Our well, the Vogel Number 1, is in the third
21 position from the left. We show the top sand we encountered
22 at that well on there. Then we go to the Haldeman in Section
23 14, which has a very thin stringer and not really productive.
24 Then we come back to our proposed location, and we're
25 expecting something similar to our Vogel. In other words, it

1 could go off to the northeast to D to D Prime. We're at the
2 Coquina Blaine Number 1, and that well has none of the A sand
3 designated, though it has some sand developed that we've
4 colored red sand. They DSTed that and found it uneconomical,
5 not commercial.

6 (Applicant's Exhibit No. 8 was
7 marked for identification.)

8 Q. Moving on to Exhibit 8, would you discuss
9 production in the area of the proposed well.

10 A. Exhibit 8?

11 MR. STOVALL: Give us just a minute to --

12 A. Exhibit 8 is a production study in the area
13 cumulative through June of 1990. We prepared it in August of
14 1990. The difference there is that we have some data on our
15 well that hadn't shown up in the records as of June. In the
16 immediate area surrounding our well, the nearest truly
17 commercial or economic well would be in the northwest of
18 Section 22. Other wells in that specific area are from 29
19 million to about just shy of a half a bcf. And that
20 essentially is uneconomic for us. We feel like our well in
21 the southwest quarter probably will be an economic well. It's
22 doing as we expected to this point. And our proposed location
23 should allow us to effectively develop this reservoir.

24 Q. And in your opinion, is the proposed location
25 necessary to assure reasonable chance of drilling a commercial

1 well?

2 A. Yes, sir, it is. If we get much farther to the
3 east, we run the risk of running out of the strand and getting
4 too thin to be economical.

5 Q. Were Exhibits 6, 7, and 8 prepared by you or under
6 your direction?

7 A. Yes, sir, they were.

8 Q. And in your opinion, is the granting of this
9 application in the interests of conservation, the prevention
10 of waste, and the protection of correlative rights?

11 A. Yes, sir, it is.

12 MR. BRUCE: Mr. Examiner, I move the admission of Exhibit
13 6 through 8.

14 EXAMINER CATANACH: Exhibits 6 through 8 will be admitted
15 as evidence.

16 (Applicant's Exhibits Nos. 6 through 8
17 were admitted into evidence.)

18 EXAMINATION

19 BY EXAMINER CATANACH:

20 Q. Mr. Overton, the well in the southwest quarter of
21 Section 14, it's your opinion that that's not a commercial
22 well?

23 A. The southwest quarter of 14 is our Vogel, and we
24 feel like that will be a commercial well.

25 Q. Will be?

1 A. Yes, sir.

2 Q. The thickness of the sand, is that the only
3 criteria for determination of whether or not a well is going
4 to be commercial in this area?

5 A. No, sir, that's not because, as you can see in the
6 well that Yates drilled in the southeast of Section 15, they
7 have a reasonable thickness of sand, but the porosity was not --
8 permeability was not developed at that thickness. Hence, they
9 only produced 166 million cubic feet of gas in 13 and a half
10 years.

11 Q. So the other factor would be the permeability?

12 A. Right.

13 Q. Would the permeability be more developed at your
14 proposed location?

15 A. Toward the center of those channels or that
16 channel, which our proposed location should give us the most,
17 the greatest chance of finding that permeable section of this
18 reservoir, as you get out to the edges, you would lose some of
19 your permeability toward the thinner sections of the
20 reservoir.

21 Q. Do you have an opinion as to where a standard
22 location would put you in terms of sand thickness?

23 A. A standard location in terms of sand thickness
24 would give us about what Yates found in their Haldeman in the
25 northeast of the southwest of 14. That's a standard location.

1 Anywhere there north, you would have to be that far east for a
2 standard location.

3 Q. So you're looking at about four feet?

4 A. Four feet.

5 Q. And was that well plugged?

6 A. Yes, sir, it was.

7 Q. Never produced?

8 A. Never produced.

9 EXAMINER CATANACH: I believe that's all I have.

10 MR. STOVALL: I don't ask geological questions.

11 EXAMINER CATANACH: The witness may be excused. Anything
12 further in this case? There being none, case 10213 will be
13 taken under advisement.

14 (The foregoing hearing was adjourned at the approximate
15 hour of 4:27 p.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 10213,
heard by me on January 10, 1991.
David R. Catanach, Examiner
Oil Conservation Division

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

3 REPORTER'S CERTIFICATE

4
5
6 I, DEBORAH F. LAVINE, RPR, a Certified Court
7 Reporter and Notary Public, DO HEREBY CERTIFY that I
8 stenographically reported these proceedings before the Oil
9 Conservation Division; and that the foregoing is a true,
10 complete and accurate transcript of the proceedings of said
11 hearing as appears from my stenographic notes so taken and
12 transcribed under my personal supervision.

13 I FURTHER CERTIFY that I am not related to nor
14 employed by any of the parties hereto and have no interest in
15 the outcome hereof.

16 DATED at Santa Fe, New Mexico, this 11th of
17 February, 1991.

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DEBORAH F. LAVINE, RPR
Certified Court Reporter
CCR No. 252, Notary Public

My Commission Expires:
August 6th, 1993

Exhibits 1 through 8 Complete set

<p>14 U.S. Fred S. Moore 10/1/95 55573</p>	<p>15 U.S. Fred S. Moore 10/1/95 55573</p>	<p>16 U.S. Fred S. Moore 10/1/95 55573</p>	<p>17 U.S. Fred S. Moore 10/1/95 55573</p>	<p>18 U.S. Fred S. Moore 10/1/95 55573</p>	<p>19 U.S. Fred S. Moore 10/1/95 55573</p>	<p>20 U.S. Fred S. Moore 10/1/95 55573</p>	<p>21 U.S. Fred S. Moore 10/1/95 55573</p>	<p>22 U.S. Fred S. Moore 10/1/95 55573</p>	<p>23 U.S. Fred S. Moore 10/1/95 55573</p>	<p>24 U.S. Fred S. Moore 10/1/95 55573</p>	<p>25 U.S. Fred S. Moore 10/1/95 55573</p>	<p>26 U.S. Fred S. Moore 10/1/95 55573</p>	<p>27 U.S. Fred S. Moore 10/1/95 55573</p>	<p>28 U.S. Fred S. Moore 10/1/95 55573</p>	<p>29 U.S. Fred S. Moore 10/1/95 55573</p>	<p>30 U.S. Fred S. Moore 10/1/95 55573</p>	<p>31 U.S. Fred S. Moore 10/1/95 55573</p>	<p>32 U.S. Fred S. Moore 10/1/95 55573</p>	<p>33 U.S. Fred S. Moore 10/1/95 55573</p>	<p>34 U.S. Fred S. Moore 10/1/95 55573</p>	<p>35 U.S. Fred S. Moore 10/1/95 55573</p>	<p>36 U.S. Fred S. Moore 10/1/95 55573</p>
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ARTESIA

CATANACH
 INVESTIGATION DIVISION
 MIDLAND NO. 100
 MIDLAND MAP

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IT 5

Haldeman #1 Well
OFFSET OWNERSHIP

- Tract 1: NE/4 of Section 10, T17S, R26E, Eddy County, New Mexico
1) Yates Petroleum Corporation (Operator)
105 South 4th Street
Artesia, New Mexico 88210
- Tract 2: SW/4 of Section 10, T17S, R26E, Eddy County, New Mexico
1) Yates Petroleum Corporation (Operator)
- Tract 3: SE/4 of Section 10, T17S, R26E, Eddy County, New Mexico
1) Mewbourne Oil Company (Operator)
- Tract 4: S/2 of Section 11, T17S, R26E, Eddy County, New Mexico
1) Mewbourne Oil Company (Operator)
- Tract 5: S/2 of Section 12, T17S, R26E, Eddy County, New Mexico
1) Yates Petroleum Corporation (Operator)
- Tract 6: N/2NW/4 of Section 13, T17S, R26E, Eddy County, New Mexico
1) Elmer E. Anderson, Trustee (Unleased Mineral Owner)
of the Anderson Family Trust
2975 Terrace Drive, Apt. #124
Las Cruces, New Mexico 88001
- Tract 7: S/2NW/4 and N/2SW/4 of Section 13, T17S, R26E, Eddy County,
New Mexico:
1) Milton D. Haines (Unleased Mineral Owner)
10729 Shaenfield Road
San Antonio, Texas 78254
2) Blaine B. Haines (Unleased Mineral Owner)
11030 Lovington Highway
Artesia, New Mexico 88210
- Tract 8: SE/4SW/4 of Section 13, T17S, R26E, Eddy County, New Mexico
1) Yates Brothers, (Unleased Mineral Owner)
a partnership
105 South 4th Street
Artesia, New Mexico 88210
- Tract 9: SW/4SW/4 of Section 13, T17S, R26E, Eddy County, New Mexico
1) Ruth M. Richards (Unleased Mineral Owner)
3 Flowery Drive
Dayton, Nevada 89403
- Tract 10: S/2 of Section 14, T17S, R26E, Eddy County, New Mexico
1) Mewbourne Oil Company (Operator)
- Tract 11: All of Section 15, T17S, R26E, Eddy County, New Mexico
1) Yates Petroleum Corporation (Operator)

BEING FILED
IN CONNECTION WITH

_____ 2 _____

CASE NO. _____