

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

23 September 1987

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Con- CASE  
servation Division on its own motion 9228  
for an order abolishing and extending  
certain pools in Rio Arriba and Sando-  
val Counties, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

MR. CATANACH: Call next Case 9228, in the matter of the hearing called by the Oil Conservation Division on its own motion for an order abolishing and extending certain pools in Rio Arriba and Sandoval Counties, New Mexico.

This case will be continued to the Commission Hearing scheduled for October 15th, 1987.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division (Commission) was reported by me;  
that the said transcript is a full, true, and correct record  
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 9228,  
heard by me on Sept 23 1997.  
David R. Catant, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

15 October 1987

COMMISSION HEARING

IN THE MATTER OF:

The hearing called by the Oil Con- CASE  
servation Division on its own motion 9228  
for an order abolishing and extend-  
ing certain pools in Rio Arriba and  
Sandoval Counties, New Mexico.

BEFORE: William J. LeMay, Chairman  
Erling A. Brostuen, Commissioner  
William R. Humphries, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor  
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## I N D E X

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1  
2 (REPORTER'S NOTE: Prior to the commencement of this hearing  
3 a transcript of preliminary matters should be included.)  
4

5 MR. LEMAY: We'll continue on,  
6 then, and call Case Number 9228.

7 Case 9228, in the matter of the  
8 hearing called by the Oil Conservation Division on its own  
9 motion for an order abolishing and extending certain pools  
10 in Rio Arriba and Sandoval Counties, New Mexico.

11 (a) Abolish the Ojito Gallup-  
12 Dakota Oil Pool in Rio Arriba County, New Mexico, in order  
13 that the productive acreage may be included in the West  
14 Lindrith Gallup-Dakota Oil Pool in Rio Arriba County and  
15 Sandoval Counties, New Mexico.

16 (b) Extend the West Lindrith  
17 Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties,  
18 New Mexico, to include therein, Township 25 North, Range 3  
19 West, NMPM, Sections 1 through 18, all of those; Section 19,  
20 the northeast quarter; Section 20, north half; Section 21,  
21 north half; Section 23, northeast quarter and south half;  
22 Section 24 through 26, all; Section 34, south half; Section  
23 35 and 36, all.

24 Appearances in Case 9223.

25 MR. TAYLOR: May it please the

1 Examiner, I'm Jeff Taylor, Counsel for the Division. I have  
2 one witness to be sworn, and for -- to simplify matters I  
3 think maybe we can just have -- unless anybody objects, have  
4 the record reflect the other appearances that were made in  
5 9226 and 9227, unless somebody has witnesses.

6 MR. LENAY: Yes.

7 MR. BUETTNER: Mr. Chairman, if  
8 I might, then --

9 MR. LEMAY Yes.

10 MR. BUETTNER: -- at this time  
11 I'd like to enter my apperance.

12 My name is Robert Buettner and  
13 I'm an attorney representing Koch Exploration Company.

14 We do not anticipate calling  
15 any witnesses and I may not even make a statement but we  
16 want to (not clearly heard) 9226 and 9227.

17 MR. LEMAY: Thank you, Mr.  
18 Buettner.

19 Are there additional  
20 appearances? Yes, sir.

21 MR. ERIC KOELLING: Yes. I  
22 just wanted to note there's a written appearance that has  
23 been entered already on my behalf. My name is Eric  
24 Koelling. I represent -- I'm Eric Koelling. I'm Assistant  
25 Land Manager with Reading & Bates and I'm just speaking on



1 their behalf.

2 I'll have a statement to make  
3 on 9226 and 9227 but I have nothing to say on 9228 at this  
4 time.

5 MR. LEMAY: Thank you, Mr.  
6 Koelling.

7 Additional appearances? Yes,  
8 sir.

9 MR. KENDRICK: A. R. Kendrick  
10 on my behalf.

11 MR. LEMAY: Thank you, Mr.  
12 Kendrick.

13 Additional appearances?

14 MRS. LITTLE: Do we have to  
15 reassert? Okay, Sylvia Little, Curtis Little Oil Company.

16 MR. LEMAY: Thank you. Addi-  
17 tional appearances? Yes, sir.

18 MR. KAI: Herbert Kai, K-A-I.

19 MR. BROOME: My name is George  
20 Broome. I'd like to make an appearance on behalf of myself  
21 in 9226.

22 MR. LEMAY: Okay and Mr.  
23 McIlvain, you're representing yourself?

24 MR. MCILVAIN: Just myself.

25 MR. LEMAY: Mr. Broome. Thank

1 you, so noted.

2 Yes, sir?

3 MR. DOUGLASS: Mr. Chairman, on  
4 behalf of Mallon Oil Company, Frank Douglass, and I would  
5 make an appearances only in 92 -- consolidated cases of 9226  
6 and 9227.

7 MR. LEMAY: Thank you, Mr.  
8 Douglass.

9 Additional appearances. If  
10 not, we'll swear in all the witnesses at one time.

11 Those of you that will be  
12 giving appearances in these cases, will you stand please?

13  
14 (Witnesses sworn.)

15  
16 MR. LEMAY: Thank you, you may  
17 be seated.

18 Mr. Taylor, you may proceed.

19  
20 ERNIE BUSCH,  
21 being called as a witness and being duly sworn upon his  
22 oath, testified as follows, to-wit:

23

24

25

## DIRECT EXAMINATION

BY MR. TAYLOR:

Q Would you please state your name, occupation, and place of employment for the record?

A Yes. My name is Ernie Busch. I am District Geologist for the New Mexico Oil Conservation Division in Aztec.

Q Mr. Busch, you have previously testified before the Commission and had your credentials accepted, have you not?

A That's correct.

Q Are you familiar with the subject matter of the application in Case 9228 and particularly the geology related to that?

A Yes, I am.

Q And have you prepared certain exhibits for introduction in this proceeding?

Q Yes, I have.

MR. TAYLOR: Mr. Chairman, are the witness' credentials as an expert acceptable?

MR. LEMAY: His qualifications are acceptable.

Q Mr. Busch, would you briefly explain the purpose of Case 9228?

A Yes. Mr. Chairman, Commissioners, upon

1 examination by the Division of the juncture of the Ojito  
2 Gallup-Dakota Pool, the Northeast Ojito Gallup-Dakota Pool,  
3 the West Lindrith Gallup-Dakota Pool, the Gavilan Pool,  
4 there was some concern raised as to the spacing units in the  
5 Ojito Gallup-Dakota Pool being 40 acres when they were sur-  
6 rounded by 160's to the north, 160's to the south, and 640  
7 proration units to the east.

8 It was felt that this area needed to be  
9 addressed for the potential prevention of correlative  
10 rights.

11 Q Would you please identify Exhibit One for  
12 the Commission and describe what it is?

13 A Yes. Exhibit One is a map of Township 25  
14 North, 3 West, the area that I have just described.

15 The illustration shows the Ojito Gallup-  
16 Dakota Pool in wide spaced dots. The West Lindrith Gallup-  
17 Dakota Oil Pool is shown in close spaced dots. The North-  
18 east Gallup-Dakota Pool is not shown. It occupies in the  
19 immediate vicinity, Sections 35 and 36 of 26 North, 3 West.

20 The Gavilan Pool is not shown in this  
21 well on this exhibit. It is -- it occupies the acreage to  
22 the east or in Township 25 North, 2 West.

23 I might further clarify the area in Town-  
24 ship 25 North, 3 West that is not stippled or in any way  
25 marked, is that acreage that we are addressing here as to

1 what spacing it should be today.

2 Q On your Exhibit One what is the signifi-  
3 cance of the line running from Section 26 down to the south-  
4 west of Section 1, to the northeast?

5 A The line that you described is a trace of  
6 a cross section that is hanging on the wall behind us here  
7 that illustrates the continuity of the log character across  
8 the pool, or rather pools, from the West Lindrith Gallup-  
9 Dakota Oil Pool into the Ojito Gallup-Dakota Oil Pool, back  
10 down into the West Lindrith, and then into the area that  
11 we're addressing today that should be -- that something  
12 should be done in terms of spacing, and back up into the  
13 Ojito Gallup-Dakota Oil Pool.

14 Q Would you please now identify Exhibit Two  
15 for the Commission and describe what it depicts?

16 A Yes. Exhibit Two is the exhibit that de-  
17 fines by acreage the area of 25 North, 3 West, as specified  
18 in paragraph (a) on the first page, of the acreage that  
19 should be abolished, or the Ojito Gallup-Dakota Oil Pool.

20 Also a part of Exhibit One -- Two, pardon  
21 me, is paragraph (b), and that is the description of the ac-  
22 reage that the West Lindrith Gallup-Dakota Pool -- excuse  
23 me. Exhibit Two, paragraph (b) is the proposed acreage ex-  
24 tension description for the West Lindrith Gallup-Dakota Oil  
25 Pool.

1 Q And as shown on Exhibit One, would you  
2 describe what is going to be in the new West Lindrith  
3 Gallup-Dakota Pool on that -- on that exhibit?

4 A Yes. Again, paragraph (a), after the  
5 Ojito Gallup-Dakota Pool is abolished, this acreage will  
6 then become part of the West Lindrith Gallup-Dakota Oil Pool  
7 and assume its pool rules.

8 Paragraph (b), again, is the acreage that  
9 we intend on using to extend the West Lindrith Gallup Pool,  
10 West Lindrith Gallup-Dakota Oil Pool to the township border  
11 of 25 North, 2 West, or the present Gavilan boundary.

12 Q Well, if the Commission was looking at  
13 your Exhibit One, though, what I wanted to get at was what  
14 of that acreage is going to be in the new pool and just to  
15 make it brief, --

16 A Oh, yes.

17 Q -- if you look across the top of Exhibit  
18 One, Sections -- all the top sections on that map will not  
19 be included in the pool, will they not, nor will, to the  
20 northwest Section 1, 2, 11, 12, and the north half of 13,  
21 and all of 14, which are not stippled on that, is that cor-  
22 rect, those are not intended to be included in the new pool?

23 A The -- thank you, Mr. Taylor, for clari-  
24 fying that. The acreage that is to be included in the new  
25

1 pool will be all of the unstippled acreage in Township 25  
2 North, 3 West.

3 And then only -- yes, Mr. Commissioner.

4 MR. HUMPHRIES: Mr. Chairman.

5 Do the Sections 1, 2, 3, and  
6 the east half of 4 in 24 North, 3 West, they're unstippled  
7 and included in the same map. Are they included in the same  
8 expansion request?

9 A No, they are not, only -- only the  
10 acreage that is unstippled in Township 25 North, 3 West, is  
11 to be considered.

12 MR. HUMPHRIES: But the  
13 remaining stippled acreage, then, is those sections across  
14 24 North, 3 West and 4 West, are included -- will be  
15 continued to be in the --

16 A In the West Lindrith Gallup-Dakota Pool,  
17 yes, sir.

18 MR. HUMPHRIES: Thank you.

19 Q In other words, Mr. Busch, to clarify  
20 this a little more, what the Division is doing is they're  
21 adding the Ojito Gallup-Dakota Oil Pool acreage to the West  
22 Lindrith but in addition all the acreage in Townshp 25  
23 North, 3 West, tht is not in that pool now will also be  
24 added to the West Lindrith Gallup-Dakota Pool so that all of  
25 that Township 25 North, 3 West will be in the West Dakota --

1 West Lindrith Gallup-Dakota Oil Pool.

2 A That's correct.

3 Q Okay. Would you then identify Exhibit  
4 Three-A for the Commission and describe it for them?

5 A You mean Three?

6 Q Oh, Exhibit Three.

7 A Yes. Exhibit Three is the cross section  
8 that's depicted on Exhibit One, or the line that runs  
9 through the West Lindrith Gallup-Dakota Oil Pool, the Ojito,  
10 and so forth, up to the northeast of Section 1, of 25 North,  
11 3 West, and Exhibit Three is meant to illustrate the con-  
12 tinuity of the log character as it runs across this trace to  
13 show that the source of supply is common and that there --  
14 there are no differences, essentially.

15 Q Is there continuing production from the  
16 interval -- from the intervals of the West Lindrith to the  
17 exapnded area? How can you demonstrate this?

18 A I'm sorry, would you restate the ques-  
19 tion?

20 Q Is there continuity of the productive in-  
21 tervals from the West Lindrith into the expanded area?

22 A Yes. Yes, there is, Mr. Taylor.

23 Q How can you demonstrate this continuity  
24 for us?

25 A Again on the cross section trace there



1 are intervals, the productive intervals are perforated, or  
2 the perforations are shown, excuse me, on -- on the cross  
3 section, and they include the Gallup formation and the  
4 Dakota formation all the way across.

5 Q Does Exhibit Three show any indication of  
6 permeability barrier or other boundary between the West  
7 Lindrith Pool and the area proposed to be added to it?

8 A No, it does not.

9 Q Do you know of any evidence that would  
10 indicate such a barrier?

11 A I know of no such evidence.

12 Q Would you then refer to your Exhibit  
13 Four, identify that and describe it, Exhibit Four and Four-  
14 A, and describe those for the Commission?

15 A Yes. Exhibit Number Four is a memorandum  
16 that I sent to the operators to come together at a common  
17 meeting to discuss this juncture that we've discussed and  
18 what we could do about it.

19 At the first meeting we agreed to proceed  
20 with the nomenclature hearing, as we're doing today; that  
21 is, as is covered in Case 9228.

22 Exhibit Four-A is also a memorandum that  
23 I sent to the operators of the West Lindrith Gallup-Dakota  
24 Oil Pool, Northeast Ojito Gallup-Dakota Oil Pool, Ojito  
25 Gallup-Dakota, and the Gavilan-Mancos Oil Pool, to come

1 together in a common meeting to discuss Cases 9226 and 9227  
2 as to the -- as to the creation of a buffer zone between the  
3 West Lindrith Gallup-Dakota and the Gavilan-Mancos Oil Pools  
4 and an allowable adjustment for both pools; or, in the al-  
5 ternative, creation of a buffer zone and an allowable ad-  
6 justment.

7 Also to be discussed, a change in well  
8 location requirements throughout the West Lindrith Gallup-  
9 Dakota Pool; or, in the alternative, a setback in just the  
10 buffer zone area.

11 And we felt that in any of the alterna-  
12 tives, that pool rules would definitely have to be changed  
13 in one or more pools, and we felt that it was pertinent that  
14 we contact all of the operators in these pools at that time,  
15 which we did.

16 Many showed up and at that meeting we  
17 discussed the nomenclature, initially, to update those --  
18 those new members, and then we talked about the disparity in  
19 allwoables and that type of thing that -- that appear to ex-  
20 ist between Gavilan and -- and any acreage in 25 North, 3  
21 West.

22 At that meeting we came to a common  
23 agreement that again we would proceed with the nomenclature  
24 hearing but that we would also address the eastern half of  
25 the sections that border the township line of the -- or the

1 west township line of Township 25 North, 2 West, to imple-  
2 ment some type of testing. We felt that this testing was  
3 necessary because the Gavilan did not include the same in-  
4 terval of production that the West Lindrith Gallup-Dakota  
5 Oil Pool, or the Ojito, or the Northeast Ojito Gallup-Dakota  
6 Pools had. We felt that there was a need to have the oper-  
7 ator demonstrate any wells drilled within that -- within the  
8 east half of those sections, to demonstrate what zones their  
9 production was coming from, in that the Dakota was not part  
10 of the producing interval of the Gavilan.

11 Q Could you go to the cross section and  
12 point out the different intervals you're describing?

13 A Yes. The Gallup interval for all practi-  
14 cal purposes begins just about at this -- at this line and  
15 continues on down to the top of the -- of the Greenhorn.

16 The Dakota --

17 Q Would you specify, just so the record can  
18 pick up, which line you're talking about?

19 A Yes. The second line on this -- on this  
20 cross section depicts the top fo the Gallup.

21 The third line depicts the top of the  
22 Dakota interval, and in the West Lindrith Gallup-Dakota Oil  
23 Pool, the Ojito and the Northeast, all of this interval from  
24 the Gallup down through the Dakota, is the productive zone;  
25 whereas, in the Gavilan only the portion from the -- from

1 the second line down to the third line is the -- is the pro-  
2 ductive interval in the Gavilan.

3 Q Just -- you started to explain what went  
4 on in this meeting. As I understand it, there was a -- the  
5 reason for calling all the cases was that it was thought  
6 that there would be some agreement between all the parties.

7 Would you go in a little more detail into  
8 what happened at these meetings and what brought about the  
9 kind of confusing situation we have this morning with not  
10 knowing what's going on with these cases, how that came  
11 about?

12 A Yes. At the -- what I might do is refer  
13 back to Exhibit Number Four, or the first meeting that --  
14 that we called. The date of that meeting was August 10th.

15 I only invited those individuals who were  
16 concerned with or had an acreage within that juncture area,  
17 and at that time we -- we just wanted to feel, feel the  
18 operators out and see what they thought about the juncture  
19 of these -- of all these pools.

20 And it was felt at that time that 40  
21 acres, such as in the Ojito Gallup-Dakota Oil Pool, was --  
22 was not correct spacing, and that there was a concern from  
23 the operators in the Gavilan that that was the case, that a  
24 too dense well pattern up in -- up in the area that bordered  
25 the Gavilan might create a correlative rights problem.

1 Q And why is it that the Division is not  
2 going forward with the full cases in 9226 and 9227 at this  
3 proceeding?

4 A It was actually the second meeting that  
5 determined this.

6 At the second meeting we discussed  
7 specifically 9226 and 9227, which pertain again to the  
8 creation of a buffer zone and an allowable adjustment, and  
9 it was felt at that time that there was not a need  
10 demonstrated to implement a buffer zone. It was understood,  
11 and we came to a common agreement, that the only that we  
12 would bring up at this hearing today in Case 9226 and 9227  
13 would be -- would only pertain to 9226 and that would be the  
14 testing requirement.

15 Q Okay, and we'll get into that in the next  
16 case.

17 So if I understand your testimony regarding  
18 9228, there's a feeling that the same producing  
19 interval among these various pools is spaced differently and  
20 subject to different rules and that economic waste may be  
21 occurring by the drilling of unnecessary wells on small  
22 spacing units. Does that summarize what you said?

23 A That's correct.

24 Q Will the proposed pool boundary changes  
25 prevent waste and protect correlative rights, in your opinion?

1 A Yes.

2 Q And were Exhibits One through Four either  
3 prepared by you or under your supervision or were they  
4 received in the normal course of business at the Oil  
5 Conservation Division offices in Aztec?

6 A I did not prepare Exhibit Number One, but  
7 I have examined it for its accuracy.

8 I prepared Exhibit Number Two.

9 Exhibit Number Three was not prepared by  
10 me but I've examined it for its accuracy.

11 Three-A was -- was not prepared by me but  
12 I also examined it.

13 Four and Four-A were prepared by me.

14 MR. TAYLOR: I then move the  
15 admission, Mr. Chairman, of Exhibits One through Four, and  
16 their sub-parts.

17 MR. LEMAY: Without objection  
18 the Exhibits One through Four will be admitted into  
19 evidence.

20 MR. TAYLOR: That's all we  
21 have, Mr. Chairman, in Case 9228.

22 MR. LEMAY: Are there  
23 additional questions of the witness?

24 Mr. Carr?

25

1

2

## CROSS EXAMINATION

3

BY MR. CARR:

4

Q Mr. Busch, just a couple.

5

6

7

8

As to the testing requirements that the industry group recommended to be considered here today, were those testing requirements limited to the easternmost tier of sections in Township 25 North, Range 3 West?

9

A Yes, they were, Mr. Carr.

10

11

12

Q Was there anything about additional testing in the Gavilan area or was it limited just at those six sections?

13

14

A It was limited to just those six sections.

15

Q Thank you.

16

17

MR. LEMAY; Additional questions of the witness?

18

19

If not, the witness may be excused.

20

21

Are there additional appearances in this case?

22

23

If not, the case will be taken under advisement.

24

25

(Thereupon a discussion was had off the record.)

1 (Thereafter the following proceedings were  
2 had, to-wit:)

3  
4 MR. LEMAY; Can we go back on  
5 the record for that case?

6 MRS. LITTLE: As for the  
7 retaining the pool rules to West Lindrith, we're requesting  
8 a grandfather allowable for the production of those two  
9 wells which McIlvain and I just drilled in the northeast  
10 quarter of Section 1, and we would like to grandfather in  
11 that allowable that we currently have, at least through pay-  
12 out, because we were forced to drill two wells instead of  
13 one because the OCD didn't allow us to communitize that 80  
14 acres, and they denied that 160-acre application when it was  
15 submitted.

16 So we feel that we have a lot  
17 of money invested in that and that it would be only fair for  
18 us to get our payout under a grandfather allowable as it is  
19 now.

20 That's in the northeast --

21 MR. LEMAY: For the record, I  
22 understand, Mrs. Little, you are addressing wells drilled by  
23 McIlvain and Little of Section 1 of 25 North, 3 West.

24 MRS. LITTLE: That is correct.

25 MR. LEMAY; The two wells that



1 you drilled that are currently assigned 40-acre spacing.

2 MRS. LITTLE: Yes.

3 MR. LEMAY: And that have a 40-  
4 acre allowable, you're requesting those spacing units as  
5 well as the allowable be grandfathered into our order?

6 MRS. LITTLE: I -- yes, I guess  
7 the spacing units would have to go, too. We had arranged to  
8 communitize that -- those -- the 80 acres before we drilled  
9 the wells, but under the circumstances we couldn't do that.  
10 The OCD denied that. So we'd like to grandfather them in.

11 MR. LEMAY: Okay. Thank you.

12 Any other -- Mr. Taylor.

13 MR. TAYLOR: Mr. Chairman, I  
14 might just ask a couple of clarifying questions of the wit-  
15 ness.

16

17 REDIRECT EXAMINATION

18 BY MR. TAYLOR:

19 Q In Case 9228, which is the nomenclature  
20 case, absent any action on Case 9226 or 9227, the rules of  
21 the West Lindrith Gallup-Dakota would now apply to all that  
22 acreage. Is that true?

23 A That's correct.

24 Q And how -- do you know offhand how that  
25 would affect the allowables in the old Ojito Gallup-Dakota

1 area?

2 A Offhand the Ojito Gallup-Dakota Oil Pool  
3 allowables at this time are 142 barrels of oil a day per 40  
4 acres, I believe, and in the new West Lindrith Gallup-Dakota  
5 Oil Pool they would be 382 barrels of oil a day.

6 Q So absent any action on any other case or  
7 any other order by the Division, 382 would be the allowable  
8 in the new area of West Lindrith Gallup-Dakota.

9 A Yes, 382 barrels of oil per day top al-  
10 lowable for 160 acres.

11 Q Okay. I'm sorry we didn't bring that out  
12 beforehand. I meant to.

13

14 QUESTIONS BY MR. BROSTUEN:

15 Q I'd like a little clarification on that,  
16 if you please, Mr. Busch.

17 You're saying in the old area, are you  
18 talking about the old spaced area shown by the stippled area  
19 in -- on your Exhibit One, I believe it is? This is your  
20 Exhibit One?

21 A Yes, Mr. Commissioner.

22 Q And you're referring to the new area  
23 being on 382 barrels of oil per day at what spacing?

24 A That would be 382 barrels of oil a day at  
25 160-acre spacing.

1 Q And when you refer to the new area you're  
2 talking about which sections, or portions thereof?

3 A Talking about Sections 1 through -- well,  
4 of the new -- of the new area, Mr. Commissioner?

5 Q Uh-huh, when you talked about the new  
6 area, I'm trying to clarify what are you speaking about when  
7 you talk about the new area? Are you talking about the en-  
8 tirely new respaced area?

9 A Yes.

10 MR. TAYLOR: I believe, Mr.  
11 Commissioner, it would be all the area in Township 25 North,  
12 Range 3 West, that does not have the small stipples, so it  
13 includes that area that has no stipples in that township  
14 plus the area with the widely spaced stipples, which would  
15 -- that would be the new area.

16 MR. BROSTUEN: Which could be  
17 referred to as the old Ojito Gallup-Dakota Oil Pool as shown  
18 on here.

19 MR. TAYLOR: Right, except  
20 those unstippled acres were not in any pool.

21 MR. BROSTUEN: Thank you.

22

23 QUESTIONS BY MR. LEMAY:

24 Q Mr. Busch, I have one. You addressed the  
25 allowables, how about the GOR in both pools? Are they simi-

1 lar? Could you make a statement concerning --

2 A Yes, sir, I can.

3 Q -- GOR's?

4 A The GOR in the -- in the Ojito Gallup-  
5 Dakota Oil Pool and the GOR in the West Lindrith Gallup-  
6 Dakota Oil Pool are the same, 2000-to-1.

7 Q The limiting GOR, so it would remain the  
8 same in terms of the 2000-to-1.

9 A Yes, sir, that's correct.

10 MR. LEMAY: One additional  
11 question of Mrs. Little, if I could ask her, concerning your  
12 two wells, is it -- are those wells currently on 40-acre  
13 spacing and therefore have an allowable of 142 barrels per  
14 day per well, and your request is to keep those wells on 40-  
15 acre spacing with that allowable at least through payout?

16 MRS. LITTLE: Yes. One well  
17 is mine and one is McIlvain's, and we had intended to  
18 communitize on the location that he has now, but when we did  
19 not get the 160, we did not communitize, so we each had to  
20 drill a well on 40-acre spacing.

21 MR. LEMAY: Your request is for  
22 the --

23 MRS. LITTLE: My request is for  
24 the McIlvain well, and mine, because in that agreement to  
25 communitize we also agreed that if the Oil Commission denied

1 our 160 application that we would co-participate, which we  
2 did, so I have an interest in McIlvain's and they have an  
3 interest in mine, so I'm asking on behalf of both of those  
4 wells that we be able to keep that allowable on 40 acres at  
5 least to recoup the money that we had to spend, that we  
6 shouldn't have had to expend.

7 MR. LEMAY: Thank you, Mrs.  
8 Little. In terms of Mr. McIlvain, can you answer for Mr.  
9 McIlvain, Mr. Broome, on that request? Would that also be  
10 your recommendation?

11 MR. BROOME: Yes, that would be  
12 our request.

13 MR. LEMAY: Let the record show  
14 that that would be the McIlvain interest which is requesting  
15 the same, same as the Little interest.

16 MR. BROOME: I'm George Broome.  
17 I'm an interest owner in both wells, also, an individual in-  
18 terest owner, plus I work for T. H. McIlvain.

19 MR. LEMAY: Are there addition-  
20 al questions of the witness at this time?

21 If not, the witness may be ex-  
22 cused and the case will be taken under advisement.

23

24

(Hearing concluded.)

25

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO  
HEREBY CERTIFY the foregoing Transcript of Hearing before  
the Oil Conservation Division (Commission) was reported by  
me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability.

Sally W. Boyd CSR