

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

3 February 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis J. Little Oil CASE
& Gas for a non-standard oil prorata- 9302
ion unit, Rio Arriba County, New
Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For Curtis J. Little: William F. Carr
Attorney at Law
CAMPBELL & BLACK P. A.
P. O. Box 2208
Santa Fe, New Mexico 87501

For Jerome P. McHugh: Karen Aubrey
Attorney at Law
KELLAHIN, KELLAHIN & AUBREY
P. O. Box 2265
Santa Fe, New Mexico 87504

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I N D E X

A. R. KENDRICK

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E X H I B I T S

Little Exhibit One, Plat 5

Little Exhibit Two, Plat 6

Little Exhibit Three, Plat 7

Little Exhibit Four, Notice Letters 8

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MR. STOGNER: This hearing will
resume order.

Call next Case 9302, which is
the application of Curtis J. Little Oil & Gas for a non-
standard oil proration unit in Rio Arriba County, New Mexico.

We'll call for appearances.

MR. CARR: May it please the
Examiner, my name is William F. Carr, with the law firm
Campbell & Black, P. A., of Santa Fe.

We represent Curtis J. Little
Oil & Gas and I have one witness.

MR. STOGNER: Are there any
other appearances?

MS. AUBREY: Mr. Examiner, my
name is Karen Aubrey with the Santa Fe firm of Kellahin,
Kellahin & Aubrey.

I represent Jerome P. McHugh
and I have no witnesses.

MR. STOGNER: Are there any
other appearances?

Will the witness please stand
and be sworn at this time?

(Witness sworn.)

MR. STOGNER: Mr. Carr.

A. R. KENDRICK,

being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name for the
record, please?

A A. R. Kendrick.

Q Mr. Kendrick, where do you reside?

A Aztec, New Mexico.

Q By whom are you employed?

A In this case I'm employed by Curtis J.
Little Oil & Gas.

Q Have you previously testified before the
Oil Conservation Division and had your credentials accepted
and made a matter of record?

A Yes, sir.

Q Have you previously been qualified as a
petroleum engineer?

A Yes, sir.

Q Are you familiar with the application
filed in this case on behalf of Curtis J. Little Oil & Gas?

1 A Yes.

2 Q And are you also familiar with the sub-
3 ject area?

4 A Yes.

5 MR. CARR: Are the witness'
6 qualifications acceptable?

7 MR. STOGNER: They are.

8 Q Mr. Kendrick, would you briefly state
9 what Curtis J. Little Oil & Gas seeks with this application?

10 A We seek to form a nonstandard gas prora-
11 tion unit consisting of 80 acres, being the southeast quar-
12 ter of the northwest quarter and the southwest quarter of
13 the northeast quarter of Section 1, Township 25 North, 3
14 West, in the West Lindrith Gallup-Dakota Oil Pool.

15 Q Will you identify what has been marked
16 Exhibit Number One and review the information contained
17 thereon?

18 A Exhibit Number One is a plat of the area
19 showing the -- both of the quarter sections from which these
20 40-acre tracts would be extracted, and all of the offset
21 proration units, except for the proration unit in the west
22 half of Section 31 -- excuse me, that's all of Section 31,
23 in Township 26 North, Range 2 West, which is a nonstandard
24 proration unit due to the size and shape of that section.

25 Q On this exhibit there are Hurt Federal

1 Wells shown in the southeast quarter of Section 1. What is
2 the status of those wells?

3 A Those wells are locations that have been
4 approved for drilling when the area was in the Ojito Gallup-
5 Dakota Pool and spaced on 40 acres.

6 Q And the stippled area is the nonstandard
7 proration unit which you're seeking approval of?

8 A Yes, sir.

9 Q Would you refer to what has been marked
10 as Exhibit Number Two, identify this, and review it, please?

11 A Exhibit Number Two is an enlarged plat of
12 Section 1, showing the nonstandard footage measurements of
13 the sections; the nonstandard acreages of the lots along the
14 north half of the north half; the names of the operators and
15 the names and numbers of the individual wells that are cur-
16 rently viable locations in the section.

17 Q This again shows the Hurt Federal 2 and
18 3. Have those locations actually been staked at this time?

19 A They have been staked and permits to
20 drill were approved on a 40-acre basis.

21 Q And at this time are there plans to go
22 forward with either of those wells?

23 A Not in the immediate future. It's pos-
24 sible that with 160-acre spacing that the southeast quarter
25 will be communitized and a well -- neither of these wells is

1 necessarily going to be drilled.

2 A well may be drilled in the southeast
3 quarter at a location different than what's shown here.

4 Q Would you now refer to Exhibit Number
5 Three and review this for Mr. Stogner?

6 A Exhibit Number Three is another plat of
7 Section 1, Township 25 North, Range 3 West, and shows three
8 nonstandard proration units which are in the process of
9 seeking administrative approval and the subject nonstandard
10 proration unit of this case, which is the stippled area.

11 Q Is there any acreage in the north half of
12 this section, other than what is proposed to be included in
13 this proration unit which is not now or has been proposed to
14 be dedicated to another well?

15 A No, sir, all of the acreage in the north
16 half of Section 1 would be utilized with this program.

17 Q What would be the effect if Curtis J.
18 Little Oil & Gas was required to develop the Hurt Federal
19 No. 1 on a 40-acre tract?

20 A If the Hurt Federal No. 1 is left on a
21 40-acre tract, then it appears to be necessary to drill a
22 new well in the southeast quarter of the northwest quarter
23 on a 40-acre basis.

24 Q And would that well be outside the buffer
25 area which currently exists in this area as it offsets the

1 Gavilan?

2 A Yes, sir.

3 Q And would that well have a higher allow-
4 able than the Hurt Federal No. 1?

5 A Yes, sir.

6 Q And the Hurt Federal No. 1 is in the buf-
7 fer area?

8 A Yes, sir.

9 Q Is the Hurt Federal No. 1 at this time
10 able to make its allowable?

11 A No, sir.

12 Q Do you anticipate that the additional ac-
13 reage dedicated to the well would in fact have any impact on
14 the ability of this well to produce?

15 A The additional acreage would not cause
16 any change in this well's ability to produce.

17 Q Would you identify what has been marked
18 as Curtis Little Exhibit Number Four? Are these letters
19 giving notice of today's hearing?

20 A I think these letters, or copies of let-
21 ters, direct the information of this case to all operators
22 of offset proration units, plus Jerome P. McHugh, which owns
23 acreage in an offsetting proration unit but their acreage is
24 not adjacent to this -- either of these 160-acre tracts.

25 Q And, Mr. Kendrick, are copies of return

1 receipts showing that the notice was provided by certified
2 mail also included in this exhibit?

3 A Yes, sir.

4 Q In your opinion will granting this appli-
5 cation be in the best interest of conservation, the preven-
6 tion of waste, and the protection of correlative rights?

7 A Yes, sir.

8 Q Were Exhibits One through Three prepared
9 by you?

10 A Yes.

11 MR. CARR: At this time, Mr.
12 Stogner, we would offer into evidence Curtis J. Little Exhi-
13 bits One through Four.

14 MR. STOGNER: Exhibits One
15 through Four will be admitted into evidence.

16 MR. CARR: And I have nothing
17 further on direct of Mr. Kendrick.

18 MR. STOGNER: Ms. Aubrey, do
19 you have any questions of this witness?

20 MS. AUBREY: I have no ques-
21 tions.

22

23 CROSS EXAMINATION

24 BY MR. STOGNER:

25 Q Mr. Kendrick, are you aware of the recent

1 order issued by the Commission, Order No. R-4314-A, concern-
2 ing the West Lindrith Gallup-Dakota Oil Pool?

3 A Yes, sir.

4 Q Are you familiar with the buffer zone
5 that was set up and the special rules pertaining to that
6 buffer zone?

7 A Yes, sir.

8 Q Is this well a standard location or a
9 nonstandard location within that buffer zone?

10 A This well is a nonstandard location
11 within that buffer zone; however, this well was completed
12 prior to the issuance of that order or the calling of that
13 case.

14 Q And there were provisions within that
15 order that allowed for this well to be approved at that --
16 within that order, is that correct?

17 A Yes, sir.

18 Q Okay. Whenever I look at Exhibit Number
19 Three, you show several different proration units that would
20 be carved out with the formation of this particular
21 proration unit.

22 Do you know if there is any pending
23 applications by Minel and T. H. McIlvain for unorthodox pro-
24 ration units as you have drawn here?

25 A Yes, sir. Those applications have been

1 filed.

2 Q How long has your well been in existence,
3 the Hurt Federal Well No. 1?

4 A I do not remember the completion date.

5 Q Okay.

6 A The completion was very recent but there
7 has been drilling activity on the well for several months.

8 Q And it's presently producing, is that
9 correct?

10 A Yes, sir.

11 MR. STOGNER: Are there any
12 other questions of this witness?

13 Mr. Carr, do you have any
14 further questions?

15 MR. CARR: Nothing further.

16 MR. STOGNER: Do you have
17 anything further in this case?

18 MR. CARR: Nothing further in
19 this case, Mr. Stogner.

20 MR. STOGNER: Then Mr. Kendrick
21 may be excused.

22 Does anybody else have anything
23 further in Case Number 9302 today?

24 This case will be taken under
25 advisement.

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 correct and true transcript of the proceedings in
the trial and hearing of Case No. 9302
heard by me on 3 February 1988.

Michael H. Higgins, Examiner
Oil Conservation Division