

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

25 May 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Robert N. Enfield for CASE
pool creation and special pool rules, 9390
Chaves County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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MR. STOGNER: Call next Case
Number 9390.

MR. ROYBAL: Case 9390. Appli-
cation of Robert N. Enfield for pool creation and special
pool rules, Chaves County, New Mexico.

MR. STOGNER: Call for appear-
ances in this matter.

MR. LOPEZ: May it please the
examiner, my name is Owen Lopez of the Hinkle Law Firm in
Santa Fe, New Mexico, appearing on behalf of the applicant
and I have two witnesses to be sworn.

MR. STOGNER: Are there any
other appearances in this matter?

Will the witnesses please stand
and be sworn?

(Witnesses sworn.)

JAMES F. O'BRYANT,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

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DIRECT EXAMINATION

BY MR. LOPEZ:

Q Will you please state your name and where you reside?

A My name is James F. O'Bryant. I reside in Midland, Texas.

Q By whom are you employed and in what capacity?

A I'm a consulting engineer employed in this case by Mr. Robert N. Enfield.

Q Are you familiar with the application of Mr. Enfield in Case Number 9390?

A Yes, sir.

Q Have you previously testified before the Commission and had your qualifications as a petroleum reservoir engineer accepted as a matter of record?

A Yes.

MR. LOPEZ: Are the witness' qualifications acceptable, Mr. Examiner?

MR. STOGNER: They are.

Q Mr. O'Bryant, what is it that Mr. Enfield seeks in this case?

A As described in the opening remarks here, Mr. Enfield is applying for special rules to include 160-

1 acre spacing, no well closer than 330 feet to the outside
2 lease line, and 1320 feet minimum between wells.

3 This concerns his new gas discovery in
4 Chaves County, New Mexico, approximately 11 miles southwest
5 of Kenna.

6 Q I would now ask you to refer to refer two
7 what's been marked for identification as Applicant's Exhibit
8 Number One and ask you to identify it.

9 A Exhibit Number One is an area map showing
10 the approximate location of the subject well, the McCombs No.
11 1, to be approximately 11 miles south/southwest of Kenna,
12 New Mexico.

13 Q And some distance northeast of Roswell,
14 is that correct?

15 A Yes, sir, approximately 50 miles north-
16 east.

17 Q I now ask you to refer to what's been
18 marked as Exhibit Number Two and ask you to explain what it
19 shows.

20 A Exhibit Number Two is a shot of a lease
21 property map. The area outlined in the hatched marks is the
22 area controlled by Mr. Enfield, and the pink dot shows the
23 location of the discovery well, the McCombs No. 1.

24 Q Okay. I now would ask you to refer to
25 what's been marked as Exhibit Number Three and explain it.

1 A Exhibit Number Three is the C-105 from
2 completed and filed by Mr. Enfield for the subject well. It
3 indicates a stabilized flow test of 781 MCF per day with 39
4 barrels of condensate at a flowing tubing pressure of 890
5 psig.

6 Pages two and three are supporting data
7 that go along with this form. The main item of interest at
8 this point is the DST information contained on page three,
9 which indicates a 3-hour stabilized flow rate on the DST of
10 125 MCF per day with relatively low flowing bottom hole
11 pressures.

12 Q Please now refer to Exhibit Number Four
13 and describe it.

14 A Exhibit Four is a C-122 Form completed
15 and filed by Mr. Enfield for the subject well. This form
16 indicates an absolute open flow of 1.802-million cubic feet
17 per day.

18 Page two is a linear -- I mean a graph-
19 ical depiction of the isochronal flow points showing that we
20 have good alignments of the points and that it falls within
21 the margins required to be a good test.

22 Q Now please refer to Exhibit Number Five
23 and describe it.

24 A Exhibit Number Five is a tabulation of
25 the well deviations supplied by the drilling contractor,

1 Norton Drilling Company for the subject well.

2 Q And now referring to Exhibit Six, what
3 does it show?

4 A Exhibit Number Six is a tabulation of
5 formation tops showing both log depths and subsea depths for
6 the various formation tops encountered in the subject well.

7 Q Now I'd ask you to refer to Exhibit Num-
8 ber Seven and explain what this exhibit shows.

9 A Exhibit Number Seven is a log section.
10 Mr. Enfield's well is located in the center, is the center
11 well.

12 The well to your left is the Forrest
13 Well, located to the north of Mr. Enfield's well, as indi-
14 cated by the map in the lower righthand corner. It proceeds
15 south down to the Humble Railroad Mountain Well.

16 This log section has been hung on the top
17 of the Mississippian. You'll see the dark line near the
18 top, shown as a flat line. This is a stratigraphic hang.
19 The subsea points for the top of the Mississippian in each
20 well is indicated. We did this in a attempt to compress the
21 log section; otherwise it would have had to be quite a bit
22 longer.

23 As you can see, the -- even though we're
24 depicting this as flat, the Railroad Mountain Well is some
25 1700 feet lower on top of the Mississippian than Mr. En-

1 field's well.

2 The Forrest Well to the north is some 300
3 feet lower.

4 This log section indicates the extreme
5 amount of vertical rise you have on top of the formations at
6 this location.

7 Q Now please refer to Exhibit Number Eight
8 and explain it.

9 A Exhibit Number Eight is a portion of the
10 various logs ran in the subject well.

11 The first log is a section of the mud
12 log, or sample log, taken as the well was drilled. The top
13 of the Devonian formation is marked by the hatched line at
14 an approximate depth of 8430.

15 As you will note, the lefthand side, the
16 drilling rate is portrayed, and on the righthand side the
17 gas kicks are portrayed and there were none outside of these
18 little -- little bobbles we have, test gas.

19 The center section of the log indicates
20 the lithology as determined by the mudlogger.

21 Page two of Exhibit Eight is a Cyberlook,
22 portion of a Cyberlook log. This depicts the calculated
23 formation values as determined by the remaining pages of
24 this exhibit. In other words, the information you've taken
25 from your sonic, laterolog, and other logs is used to calcu-

1 late the porosity and lithology of the log section.

2 The main features to note here on the
3 extreme righthand side is a depiction of the total porosity
4 computed for these perforated intervals.

5 You will note the upper section has an
6 approximate porosity of 15 percent. It also has an
7 indicated water saturation of approximately 20 percent in
8 the upper -- again in this upper portion that's been
9 perforated, approximately 8477-to-93.

10 The lower perforated interval,
11 approximately 8527-to-8551, was also perforated and
12 indicates a maximum porosity of about 15 percent with waters
13 varying between, water saturations varying between 20 and 50
14 percent.

15 At this point I'd like to say both
16 intervals here were perforated at the same time. Under the
17 same conditions we spotted acid, perforated with the -- on
18 the same trip in the hole with identical guns, and later on
19 when we were trying to acidize and break -- break these
20 zones down, the lower interval, formation interval, from
21 8527-to-51 was so tight that we were unable to pump acid in
22 and in fact we communicated around a packer set at
23 approximately 8510 to the upper perforations.

24 Q Is it your conclusion that production is
25 therefore only coming from the upper perforations?

1 Q Is it your conclusion that production is
2 therefore only coming from the upper perforations?

3 A Based on our experience in the field of
4 the acid job, I would have to say that only the upper sec-
5 tion is open at this time.

6 Pages 3, 4 and 5 are presentations of
7 the actual logs as ran in the well.

8 Page 3 is a compensated neutron litho-
9 density curve.

10 Page 4 is a presentation of the borehole
11 compensated sonic log.

12 And Page 5, the presentation of the duo-
13 lateral with MSFL.

14 Q Please now refer to Exhibit Number Nine
15 and explain what it shows.

16 A The subject well was drilled to its total
17 depth without running any DST's. Upon reaching total depth
18 and running the logs, as indicated in the prior exhibit, it
19 was found -- indicated that the Devonian formation might be
20 productive.

21 Exhibit Number Nine is a copy of the
22 straddle packer DST take of this, hopefully, productive De-
23 vonian section 8470-to-8560. A summary of the data from
24 this test may be found on page five of this exhibit.

25 The most salient features here to be

1 noted, the Baker Lyons (sic) man that did the calculations
2 here estimated that only 15 feet of the formation was pro-
3 ductive with a permeability of 3.07 millidarcies, fairly
4 tight.

5 He also found in his calculations a skin
6 factor of approximately 12.5 and a damage ratio of 2.8,
7 which indicates that the reservoir was damaged some as the
8 well was drilled.

9 The approximate radius of investigation
10 of this test was 96 feet, according to their calculations.

11 The balance of the material printed --
12 presented here are tabulations of either calculations or raw
13 data and graphical depictions of some of the solutions.

14 Q Okay. Now please refer to Exhibit Ten
15 and explain it.

16 A Exhibit Number Ten is an analysis of the
17 same DST prepared by an associate of mine, Mr. G. Thane
18 Akins.

19 The prior exhibit shows the Baker Lyons
20 calculations. Baker Lyons used one approach and that is
21 converting everything to liquid to do the calculation of the
22 various properties.

23 Mr. Akins has gone in and assumed, since
24 the only flow that we saw on the DST was gas, we had a
25 stabilized flow rate of 125-million cubic per day -- cubic

1 feet per day of dry gas; no liquids on the DST. So then we
2 went back and recalculated the reservoir properties using
3 only gas flow. In this case we come up with .091 millidarcy
4 as being the formation permeability.

5 Mr. Akins also calculated that the reser-
6 voir wellbore area had been damaged. He had a wellbore dam-
7 age ratio of 1.3, approximately, with a skin factor of 6.4.
8 He computed a radius of investigation of based on his tech-
9 nique of 139 feet.

10 Again, this indicates a very tight forma-
11 tion.

12 The other pages represent a depiction of
13 the graphical data and formation or fluid properties used in
14 these computations.

15 Q Now referring to Exhibit Eleven, would
16 you please explain what this shows?

17 A At the conclusion of the 4-point test, as
18 depicted by the C-122 previously submitted as an exhibit, we
19 ran an extended flow test. We flowed the well for an addi-
20 tional 45 hours in an attempt to obtain a stabilized flow
21 rate with a stabilized flowing tubing pressure.

22 After 45 hours the well had stabilized at
23 approximately 781 MCF per day with a flowing tubing pressure
24 of 890 psig. Along with this the well was producing an es-
25 timated 62 barrels of condensate per million cubic feet of

1 gas.

2 Q And now -- now you're referring to the
3 page five of this exhibit, is that correct?

4 A Yes, sir. Page five is tabulation show-
5 ing the hour by hour flow rate during the extended flow,
6 flow period.

7 After this test was completed the well
8 was shut in for 88 hours in order to get an additional
9 build-up at which -- from which we could do reservoir calcu-
10 lations similar to what was presented in Exhibit Nine and
11 Ten. These calculations resulted in a calculated permeabil-
12 ity of 5.3 millidarcies for a damage -- I mean for a drain-
13 age area of about 700 feet. This compares with the 3,
14 roughly 3 millidarcies calculated by Baker in their test and
15 with the .091 calculated by Mr. Akins from the same DST.

16 What we were attempting to do here was to
17 obtain data that would allow us to accurately project what
18 the well's future producing history will be like and we feel
19 we have data sufficient -- of sufficient accuracy to allow
20 us to project these rates and economics.

21 Q Now referring to Exhibit Twelve, would
22 you please explain it?

23 A Exhibit Twelve is comprised of two pages.
24 Page one is a gas analysis of the gas produced from the sub-
25 ject well. Page two is a form completed by Cities, OXY, as

1 a potential purchaser. They analyzed the gas and the li-
2 quids and they're coming up with a 64.7 degree API gravity
3 for the crude, for the condensate that's produced with the
4 gas.

5 On page one you'll note the gas has a
6 gravity of .808. That's up in the upper righthand portion
7 of the form, and right below that you'll notice the BTU con-
8 tent of the gas showing it's fairly rich, high -- high
9 value.

10 Q Okay, now referring to Exhibit Thirteen,
11 please explain it.

12 Q Exhibit Number Thirteen portrays what we
13 think is a -- somewhat of a look-alike to this field, the
14 nearest look-alike that we could find, approximately 6.9
15 miles to -- let me get my directions straight here -- to the
16 southwest --

17 MR. LOPEZ: Southeast.

18 MR. ENFIELD: Southwest.

19 MR. LOPEZ: Okay.

20 A Okay, I've got my -- to the south --
21 we'll get it, it's to the southwest, --

22 MR. ENFIELD: That's right.

23 A -- approximately 6.9 miles to the
24 southwest; a field that was drilled in the early fifties,
25 called the Lightcap (sic) Devonian, appears to be a look-

1 alike in many respects to Mr. Enfield's well.

2 The discovery well, the Magnolia Lightcap
3 No. 1 and the only other Devonian well in the field, the one
4 immediately to the south, were both classified as oil wells
5 and drilled on what appears to be 40-acre spacing. They ap-
6 pear to be 660 from each lease line.

7 The other wells you see portrayed on this
8 particular page are Montoya producers or dry holes. As I
9 understand it, the only other active well at this time is
10 the Aikman Saunders No. 1. It produces from the Montoya.

11 If you'll refer to page four of this ex-
12 hibit, I have indicated thereon tops picked by geologists as
13 the top of the Devonian at approximately 7810 and the top of
14 the Montoya picked at approximately 7900.

15 Now, I say this well only produces from
16 the Montoya, but the old Magnolia discovery well did to
17 penetrate the full Devonian section, so I used this log as
18 being a better indicator of what we might expect the thick-
19 nesses and variation to be in the Devonian section.

20 The two Devonian wells here, according to
21 the New Mexico production reports shows a production through
22 1987 of 286,000 barrels of condensate, or oil, and approxi-
23 mately 1.7 BCF of gas. From what I have been told, in the
24 first -- for the first ten years or so, most of the gas was
25 flared from this reservoir, so the 1.7 BCF is probably not

1 representative of the actual gas production.

2 The other exhibits in here is data pro-
3 vided by the Roswell Geologic Symposium some time ago, as
4 you can see. The latest date they have is 1956 on the pro-
5 duction figures.

6 Their structural map shown as page six
7 does not include some of the later points but it does show
8 the only two Devonian wells, that being the Magnolia discov-
9 ery well in Section 6 and the other Magnolia well down in
10 Section 7.

11 Q Okay. Now I refer you to Exhibit Four-
12 teen and ask you to explain it.

13 A Okay. Exhibit Fourteen is a graphical
14 presentation of the discounted future net income for a fully
15 developed 960-acre field, assuming development on 80, 160,
16 and 960-acre spacing.

17 If you'll refer to page two you'll see
18 the data for the individual units, for the 80, the 160, the
19 320 units. Here we have projected the estimated recovery
20 and the discounted future net income for each spacing.

21 The second portion of this tabulation re-
22 presents the 960-acre case. In other words, if you had an
23 80-acre unit, you have 12 possible 80-acre units in the 960,
24 so the amount of income and reserves shown would be 12 times
25 the 80-acre spacing values.

1 By this, then, doing this, we can compare
2 the various spacings and the economic effect.

3 As you will see from this graph, the 160-
4 acre spacing case provides the greatest present worth return
5 to the operator.

6 Now, also in summary I'd like to point
7 out here that this is not risk rated; that anything that
8 causes an increase in the risk, any additional distance, we
9 have to step out to drill, would only accentuate this cash
10 flow progression.

11 Q So if I understand your testimony cor-
12 rectly, this exhibit shows that the economics favor 160-acre
13 spacing and that if the risk of stepping out farther from
14 the discovery well were taken into consideration, it would
15 only accentuate and favor that much more the case made for
16 160-acre spacing over the standard 320.

17 A Yes, sir, that's correct.

18 Q Okay. Would you then summarize Mr. En-
19 field's position with respect to his proposal regarding the
20 special pool rules for this pool?

21 A In summary, the data we have presented
22 shows that the Devonian formation found by Mr. Enfield in
23 his newly discovered Devonian gas pool is relatively tight.

24 Our deliverability calculations with the
25 resulting economics, indicates that 160-acre spacing pro-

1 vides superior field development economics for the working
2 interest owners.

3 Furthermore, 330 spacing from the lease
4 line with 180-acre spacing should enhance development by re-
5 ducing the dry hole risk.

6 For the record I would like to state that
7 these computations are in agreement with those done by Sun,
8 Sun Exploration, I believe, is the entity that the engineer
9 worked for, Sun Exploration is a major partner in this en-
10 deavor with Mr. Enfield. Their calculations, as I say, con-
11 firm what we have come up with here, and they support the
12 application of 160-acre spacing.

13 Q Could you repeat for the record what the
14 deliverability expectations are?

15 A I calculate that whatever spacing we put
16 it on, we will not be able to exceed 900 MCF per day on a
17 stabilized basis.

18 Q And how many barrels of oil?

19 A That should result in approximately 50 to
20 55 barrels of condensate per day production initially. We
21 anticipate that this will decline to zero by the end of the
22 life.

23 Q Part of Mr. Enfield's request also in-
24 cludes, I believe, the opportunity to locate a well on no
25 closer than 330 from the unit boundary. Could you explain

1 what the justification is for this request?

2 A There are certain confidential data I
3 have limited access to concerning seismic, geologic presen-
4 tations that show this to be an extremely faulted; as indi-
5 cated in our log section there, we're quite bit higher than
6 everything else around us. It's severely faulted and it may
7 be necessary to drill some fairly close locations in order
8 to adequately drain the reservoir.

9 Q And I believe you stated that Sun
10 independently has confirmed your data and supports the
11 application.

12 A Yes, sir, that is correct.

13 Q In your opinion will the granting of this
14 application be in the interest of conservation, the
15 prevention of waste and the protection of correlative
16 rights?

17 A Yes, sir.

18 Q Were Exhibits One through Fourteen
19 prepared by you or under your supervision and control?

20 A Yes, sir, One through Fourteen were.

21 Q Does this conclude your testimony?

22 A Yes, sir.

23 MR. STOGNER: Exhibits One
24 through Fourteen will be admitted into evidence at this
25 time.

1 Mr. Lopez, what will be the
2 extent of your next witness' testimony?

3 MR. LOPEZ: The next witness
4 intends to address the notice to royalty owners and to
5 discuss the location request principally and his hope for an
6 expedited order, if possible, based on lease considerations.

7 MR. STOGNER: Okay.

8
9 CROSS EXAMINATION

10 BY MR. STOGNER:

11 Q Mr. O'Bryant, I'm referring to your Exhi-
12 bit Number Thirteen, in particular page number four. This
13 is top of your Devonian and top of your Montoya.

14 A Yes, sir.

15 Q What is the formation above the Devonian
16 in this area?

17 A Above the Devonian there's the Mississippian,
18 top of the Mississippian is depicted on the log sec-
19 tion at approximately 7460. Are you talking about the shale
20 section right above it?

21 Q Yeah, what is the marker between the Mis-
22 sissippian and the Devonian?

23 A Okay, Woodford Shale.

24 Q The Woodford Shale? Has your pick of the
25 top of the Devonian been verified with our district office

1 in Hobbs?

2 A I have not spoken with them. I believe
3 Mr. Enfield has.

4 MR. STOGNER: Would -- Mr. En-
5 field, when you get on the stand would you address that is-
6 sue, if you would, please?

7 MR. ENFIELD: Yes, sir.

8 Q Mr. O'Bryant, in looking through your
9 testimony here, it's my understanding that the extent of this
10 reservoir is only about 960 acres at the most, is that cor-
11 rect?

12 A To the best of our knowledge at this
13 time, yes, sir.

14 Q And that is based on some of the proprie-
15 tary information which you alluded to earlier as the seismic
16 work.

17 A Yes, sir, that's correct.

18 Q And that is the reason to cause the 330-
19 foot well locations from the outer boundaries so it won't
20 restrict you as much to be able to drill closer to some of
21 the -- to a lease line, is that correct?

22 A Yes, sir, because of the anticipated
23 faulted nature of the reservoir.

24 Q Now what is the reason for your restric-
25 tion on wells between each other and what was that number

1 again, 1980?

2 A 1320 feet.

3 Q 1320.

4 A Again to allow us to develop -- step out
5 and develop this thing with the least amount of risk pos-
6 sible.

7 MR. LOPEZ: And if I might add,
8 Mr. Examiner, I think it's based on the orderly development
9 of the pool, 1320 being what would be the distance between
10 wells at standard locations, 660's on 160 spacing.

11 MR. STOGNER: And that's based
12 on the 160-acre statewide rule, is that correct?

13 MR. LOPEZ: That's correct.

14 MR. STOGNER: Now, normally,
15 this Devonian would be spaced on 320, would it not?

16 MR. LOPEZ: That is correct.

17 MR. STOGNER: Well, actually
18 statewide calls for 660.

19 MR. LOPEZ: From the outer
20 boundary, correct. And -- but with that in place it would
21 still be 1320 between wells.

22 MR. STOGNER: Okay. And the
23 propose boundaries at this time would be the west half of
24 29. Is there another well planned or currently drilling,
25 other than your McCombs No. 1?

1 MR. LOPEZ: Mr. Enfield will
2 address that.

3 MR. STOGNER: Okay. Okay, I
4 have no further questions at this time of Mr. O'Bryant. He
5 may be excused.

6 Mr. Lopez?

7 MR. LOPEZ: I now call Mr. En-
8 field.

9
10 ROBERT N. ENFIELD,
11 being called as a witness and being duly sworn upon his
12 oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. LOPEZ:

16 Q Would you please state your name and
17 where you reside?

18 A Robert N. Enfield, Santa Fe, New Mexico.

19 Q And what do you do, Mr. Enfield?

20 A I'm an independent oil and gas operator,
21 particularly in the Permian Basin in southeast New Mexico.

22 Q And are you the operator of the subject
23 well that's the subject of this hearing?

24 A Yes, I am.

25 Q Have you previously testified before the

1 Commission and had your experience and qualifications as a
2 known New Mexico operator accepted as a matter of record?

3 A Yes, I have.

4 Q I would now ask you to refer -- this is a
5 little of our necessary housekeeping -- refer to Exhibit
6 Fifteen and ask you to identify it and explain what it is?

7 A Yes. It's an affidavit prepared by my
8 lawyer indicating we have mailed notice to all the working
9 interest owners, the royalty owners, overriding royalty in-
10 terest owners, and -- within a mile of the well, and more
11 particularly to the royalty owners under the southwest quar-
12 ter of Section 29, 7 South, 31 East, which would normally
13 have been in the west half proration unit. In other words,
14 they have been notified of this hearing.

15 I secured -- the southwest quarter of 29
16 is productive in the shallow San Andres. I secured a copy
17 of the Division order from Navajo Refining. All mineral
18 owners and all working interest owners under that section
19 have been -- have been notified but you will note on the
20 second page there are some nonparticipating royalty owners
21 for whom no address is available, and this (unclear) has
22 been productive for 10 years so I am totally unable to ap-
23 proach these people. This property was deeded out 30 years
24 ago, or longer. I don't know exactly when.

25 But the mineral owners and royalty owners

1 and working interest owners have been notified.

2 Q Okay. You heard the Examiner address a
3 couple of questions to the previous witness. I think the
4 first had to do with discussions with the district office
5 with respect to the top of the Devonian, whether you and
6 they are in agreement. Could you address that, sir?

7 A I talked to the District -- the geologist
8 down there. I cannot remember his name now. I might add
9 that the -- the application was filed under Tres Ninos and
10 the geologist down there suggested I name the field Lone
11 Wolf, so we will ask for that in our application. It seems
12 to be some topography down there.

13 I haven't found out where a Lone Wolf is
14 yet out there and I've been there.

15 But at any rate, it's named the way they
16 wanted it named. I asked him if they were satisfied with --
17 with the -- my papers and he said yes, so I assume he is
18 satisfied. I -- I presume what you're referring to, Mr.
19 Stogner, is that sometimes it is called Siluro-Devonian in
20 this area instead of Devonian. I mean the fields are named
21 all randomly out here.

22 Q Right, and did you particularly ask him
23 about the Devonian or did you all correspond about the De-
24 vonian?

25 A No, I've never heard anything more from

1 them. I just asked him if everything was okay and he said
2 yes, they were waiting for this hearing to execute the
3 papers when they knew what the spacing was.

4 Q Okay.

5 A Because in my original application I
6 field for 40. Mr. Sexton called me after I completed it as
7 a gas well and said, "Would you file for 320?" I said,
8 "Yes, but I'm having a hearing for 160," and he said, "Well,
9 we will approve this after the hearing when we know what the
10 spacing is," and I said, "That's satisfactory with me."

11 MR. STOGNER: All right. I'm
12 satisfied on that issue, then.

13 A Okay.

14 Q Okay. The second issue I think that Mr.
15 Stogner addressed was that of your intention with respect to
16 drilling another well.

17 A We have obligations to drill two more
18 wells between now and July 21st, which I would like to get
19 an immediate or as soon as possible answer on what my spac-
20 ing is going to be because it will obviously change what I
21 do.

22 I would make the Commission aware, it's
23 possible I may get an extension but I haven't got it yet, so
24 I'm faced with that obligation, so it's rather -- it's very
25 important to me to know which way we're going.

1 Q And how long does it take you to drill
2 one of these wells?

3 A Approximately 30 days. The two wells
4 that would be drilled will -- and I'm not sure which order,
5 it would be either the southwest of 20 or the southwest of
6 29.

7 Q Okay. And therefore you're asking to the
8 extent it's possible to have an expedited order.

9 A Correct.

10 Q Now, you have requested a -- special
11 location exceptions with respect to the special rules in
12 this pool, and would you discuss those, particularly in
13 light of the concerns that HEYCO has raised by their letter
14 of May 16th with accompanying plat?

15 A I have a copy of the letter HEYCO sent to
16 my attorneys. I had not had it till recently. I would say
17 they've taken sort of wild cases. I mean they've got me --
18 I mean I may like my geologist but I like 'closeology' a lot
19 better. I'm quite sure I'm not going to drill where these
20 are, but even more than that, I'm perfectly willing to set
21 the field rules to where they have no footage at all. I just
22 test it up that way because it made better sense to me. I
23 don't mind if that part is waived.

24 In addition, I would be very happy to
25 make it that we could drill a 320 from the single outside

1 line. In other words, HEYCO has set up that I'm drilling --
2 I mean 330, excuse me -- HEYCO has set up that I'm drilling
3 330 from two lines. I don't mind at all a rule that I can
4 only drill a 330 from one line. In other words it would be
5 a 330/1660 or 330/1650, or 1980, or 2310.

6 I would like to point out, and one of the
7 reasons it was set up that way is my initial well was 990
8 and if I came up where the Yates have me drilling on their
9 property, I would probably prefer to drill a 2310 from the
10 east line.

11 I would like to point out in this HEYCO
12 thing that every one the locations interior, I own half of,
13 anyway. I'm not exactly going to cut my own throat, if you
14 hadn't noticed.

15 I don't know, I don't think they caught
16 on that we're drilling 160-acre gas wells, because they men-
17 tion in here that they want one well per proration unit.
18 Well, so does -- I couldn't do anything but that.

19 Q And you heard Mr. O'Bryant's testimony
20 and is the reason for your requesting, as now I understand
21 it, your amended request to only include the location to be
22 330 from any one boundary within a proration unit based on
23 the faulting nature of this reservoir and based on your
24 seismic information which you retain as proprietary?

25 A Yes, we do. The reservoir is highly

1 faulted, we feel sure of that, and we also feel there's
2 probably interior faults in the reservoir.

3 Q Is it your opinion that the granting of
4 your application is in the interest of conservation,
5 prevention of waste, and protection of correlative rights?

6 A Yes, it is.

7 Q Is there anything further you wish to
8 add?

9 MR. STOGNER: I have no
10 questions of Mr. Enfield. I will, for the record accept his
11 credentials, and let's see, is this in the form of Exhibit
12 Number Fifteen?

13 A Yes, it is.

14 MR. LOPEZ: And I would like to
15 -- was -- well, I think he said it was prepared by his
16 lawyers. I'd like to offer it since it was properly
17 prepared under his supervision or direction.

18 MR. STOGNER: Okay, Exhibit
19 Number Fifteen will be admitted into evidence.

20 This particular plat, that is
21 from HEYCO, is it not?

22 MR. LOPEZ: Right.

23 MR. ENFIELD: I presumed you
24 got it and so I didn't --

25 MR. STOGNER: Well, let me

1 double check here.

2 MR. LOPEZ: I think you have it
3 in your file.

4 MR. STOGNER: Yes, I do have
5 that so you can have that back now.

6 MR. LOPEZ: And, Mr. Examiner,
7 I have prepared a form of proposed order.

8 MR. STOGNER: Ah, ha, we'll
9 accept that on the record.

10 Is there anything further in
11 this case today?

12 Does anybody else have anything
13 further in Case 9390?

14 If not, this case will be taken
15 under advisement.

16
17 (Hearing concluded.)

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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. 9390 heard by me on 25 May 1988.
Michael Stogner, Examiner
Oil Conservation Division