

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:

Application of Sun Exploration and	CASE
Production Company for compulsory	9223
pooling, Eddy County, New Mexico.	

BEFORE: David R. Catansach, 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:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. CALAMACH: Call next Case  
number 9223, the applicaiton of Sun Exploration and  
Production Company for compulsory pooling, Eddy County, New  
Mexico.

The applicant has requested  
that this case be continued to the October 7th docket.

(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. 9223,  
heard by me on Sept 23, 1987.

David R. Cataract, Examiner  
Oil Conservation Division

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date OCTOBER 7, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Rob Stanfield	Meridian Oil	Houston
David Handley	TXO	Midland
John Cox	TXO	Midland
Greg Wilson	TXO	Midland
Bob Huker	Graham	Santa Fe
Hugh Ingram	Conoco	Hobbs
Bob Lebrack	Amoco Oil	Midland
William J. Paul	Campbell and Clark	Santa Fe
Charles A. Reyer	Santa Fe	Santa Fe
Stanley A. Reyer	MOI	Midland, TX
Tom Olle	Meridian Oil	Midland, TX
Arden Walker	Hink's Law Firm	Santa Fe
James Bruce		Santa Fe
Ray Graham		Santa Fe

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date OCTOBER 7, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
<i>Phil Thomas</i>	<i>Santa Fe Energy</i>	<i>Albuquerque</i>
<i>Curt Anderson</i>	<i>"</i>	<i>"</i>
<i>Tommy Roberts</i>	<i>Hixon Development Company</i>	<i>Farmington</i>
<i>Bruce Delventhal</i>	<i>Hixon Development Company</i>	<i>Farmington</i>
<i>Joe Carter</i>	<i>Hixon Development Company</i>	<i>Farmington</i>
<i>Ernest L. Pugh</i>	<i>Tommy &amp; Pugh</i>	<i>Albuquerque</i>
<i>W. T. Kellough</i>	<i>Kellough-Kellough Advisory</i>	<i>Santa Fe</i>
<i>W. T. Kellough</i>	<i>West</i>	<i>Albuquerque</i>
<i>GARY TRAVIS</i>	<i>TRC REZ. CORP.</i>	<i>Albuquerque</i>
<i>Dave Miller</i>	<i>Cambridge</i>	<i>Santa Fe</i>
<i>Joe Paradise</i>	<i>Santa Fe Energy</i>	<i>Albuquerque</i>

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

7 October 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Exploration and                   CASE  
Production Company for compulsory                   9223  
pooling, Eddy County, New Mexico.

BEFORE: Michael E. Stogner, 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:                   KAREN AUBREY  
  Attorney at Law  
  KELLAHIN, KELLAHI & AUBREY  
  P. O. Box 2265  
  Santa Fe, New Mexico 987504

For the Yates Companies:           Chad Dickerson  
  Attorney at Law  
  DICKERSON, FISK, AND VANDIVER  
  Seventh and Mahone/Suite E  
  Artesia, New Mexico 88210

## I N D E X

## STANLEY A. REVER

Direct Examination by Ms. Aubrey	4
Cross Examination by Mr. Stogner	10

## SHELLEY LANE

Direct Examination by Ms. Aubrey	17
Cross Examination by Mr. Stogner	24

## E X H I B I T S

Sun Exhibit One, Map	6
Sun Exhibit Two, Letter	7
Sun Exhibit Three, Letter	7
Sun Exhibit Four, Return Receipts	9
Sun Exhibit Four-A, Operating Agreement	11
Sun Exhibit Five, Structure Map	18
Sun Exhibit Six, Cross Section	20
Sun Exhibit Seven, Cross Section	20
Sun Exhibit Eight, Graph	21
Sun Exhibit Nine, Production Map	22

1  
2 MR. STOGNER: Call next Case  
3 Number 9223.

4 MR. TAYLOR: The application of  
5 Sun Exploration and Production Company for compulsory pool-  
6 ing, Eddy County, New Mexico.

7 MR. STOGNER: Call for appear-  
8 ances.

9 MS. AUBREY: Karen Aubrey with  
10 the Santa Fe firm of Kellahin, Kellahin, and Aubrey, appear-  
11 ing for the applicant.

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

14 MR. DICKERSON: Mr. Examiner,  
15 I'm Chad Dickerson of Artesia, New Mexico, on behalf of  
16 Yates Petroleum Corporation, Abo Petroleum Corporation, Mar-  
17 tin Yates Estate, Lily M. Yates, MYCO Industries, Inc., and  
18 Yates Drilling Company.

19 I have no witnesses.

20 MR. STOGNER: Are there any  
21 other appearances?

22 Will the witnesses please stand  
23 and be sworn at this time?

24  
25 (Witnesses sworn.)



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STANLEY A. REVER,

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

DIRECT EXAMINATION

BY MS. AUBREY:

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

A Stanley A. Rever.

Q By whom are you employed, Mr. Rever?

A Sun Exploration and Production Company.

Q And what department are you?

A Land Department.

Q Are you a landman, Mr. Rever?

A I am a landman.

Q Have you testified before the New Mexico  
Oil Conservation Division?

A No, I have not.

Q Would you describe your professional ex-  
perience for the Examiner?

A I have worked for 31 years as a landman  
for three companies; many phases of land work; not all  
phases of land work.

Q How long have you been employed by Sun?

1 A Since 1980.

2 Q Have you been in the Land Department that  
3 time?

4 A Yes.

5 Q Do you have land responsibility for  
6 southeast New Mexico?

7 A For a major part of southeastern New Mex-  
8 ico.

9 Q And are you familiar with the application  
10 that Sun has filed in this case?

11 A I am.

12 Q And have you performed work on the land  
13 title in the area that's involved?

14 A I have.

15 MS. AUBREY: Mr. Examiner, I  
16 tender Mr. Rever as an expert petroleum landman.

17 MR. STOCNER: Mr. Rever is so  
18 qualified.

19 Q Mr. Rever, before you look at the exhi-  
20 bits, can you describe generally for the Examiner what Sun  
21 seeks by its application?

22 A Sun is planning to drill a Morrow test on  
23 the south half of Section 15, 18 South, 27 East. We have  
24 not at this point been able to reach complete agreement or  
25 joinder by I'm going to refer to it as the Yates Group and

1 Atlantic Richfield Company.

2 And we seek forced pooling with the 200  
3 percent penalty if the companies do not join us on  
4 reasonable terms.

5 Q Mr. Rever, Sun is proposing to dedicate  
6 320 acres to this well, is that correct?

7 A That is correct.

8 Q Let me have you look at Exhibit Number  
9 One, which is a land map of Section 15, and would you tell  
10 the Examiner what the various colors on that map mean?

11 A The various colors are designating  
12 differences of ownership in the various parts of the south  
13 half of Section 15.

14 Q Let me have you -- refer you to the blue  
15 area here which shows Sun, ARCO, and some Yates interests.

16 A The blue area is owned jointly by Sun, as  
17 a farmee, by ARCO, and a quarter of the interest is owned by  
18 the Yates Group.

19 Q And what's the ownership in the green  
20 area?

21 A The green area is one-half Sun by virtue  
22 of a farmout from Amoco, and one-half by Atlantic Richfield.

23 Q And the pink area?

24 A The pink area is owned completely by the  
25 Yates Group.

1 Q And finally, the yellow area?

2 A The yellow area is controlled completely  
3 by Sun by way of a farmin from Exxon Corporation.

4 Q Is the proposed well location shown on  
5 Exhibit One?

6 A It is.

7 Q Would you describe for the Examiner the  
8 efforts that you have made to obtain voluntary participation  
9 in this unit by ARCO and by what you call the Yates Group?

10 A We have made numerous efforts by tele-  
11 phone and have transmitted to ARCO and the Yates Group an  
12 AFE for the well, our proposed operating agreement for the  
13 well, and been into lengthy negotiations on -- on terms.

14 Q Have all the working interest owners in  
15 this unit signed the AFE?

16 A All working interest owners have signed  
17 the AFE.

18 Q Have all working interest owners in the  
19 proposed unit signed a joint operating agreement?

20 A No, they have not.

21 Q Let me have you look now at Exhibits Two  
22 and Three. Are you familiar with those, Mr. Rever?

23 A Yes, I am.

24 Q Would you tell the Examiner what those  
25 reflect?

1           A           They are letters to ARCO and to the Yates  
2 Group asking them to join in the drilling of the tests,  
3 specifying the location of the tests, the depths, and asking  
4 them if they will not join to farmout to Sun, and outlining  
5 terms of our proposed farmout if they do not elect to join.

6           Q           Attached to Exhibits Two and Three are  
7 copies of AFE's. Are those the AFE's that were submitted to  
8 ARCO and to the Yates Group?

9           A           They are the AFE's submitted to ARCO and  
10 the Yates Group for the drilling of the well.

11          Q           And to your knowledge have both of those  
12 AFE's been signed by those working interest owners?

13          A           They have been.

14          Q           Mr. Rever, have you reviewed the AFE that  
15 was proposed in connection with this well?

16          A           I have.

17          Q           Do you have an opinion as to whether or  
18 not the costs proposed on that AFE are fair and reasonable?

19          A           It is. They are fair and reasonable for  
20 the area and the depth.

21          Q           What overhead rate is Sun seeking to have  
22 the Oil Conservation Division approve in this case?

23          A           5721 drilling overhead rates; 572 produc-  
24 ing well rates.

25          Q           Has that rate or a higher rate been

2 A Exxon that made the farmin to us has  
3 placed inserted in their farmin a higher rate.

6 Q Do you have an opinion as to whether or  
7 not the rates that you're requesting are fair and reasonable  
8 and reflect drilling costs or overhead costs in the area?

Q Let me have you look now at Exhibit  
Number Four. Your copy is a photocopy of United States Mail  
Certified Mail Return Receipts. The Examiner has the  
originals of those.

20 A They did notify all working interest  
21 owners and they did accompany the notification.

24 A Because of the terms of the Exxon farmin  
25 we must spud by December 31st.

1 Q Is it necessary for Sun, then, to receive  
2 an order in this case as expeditiously as possible?

3 A It is very necessary that we get an order  
4 just at the earliest possible time.

5 Q Mr. Rever, referring to Exhibits One  
6 through Four, are you familiar with the content of those and  
7 were they prepared under your supervision or direction?

8 A They were. I'm familiar with them and  
9 they were prepared under my direction or an associate's  
10 direction.

11 MS. AUBREY: Mr. Examiner, I  
12 offer Exhibits One through Four.

13 I have no more questions of  
14 this witness.

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

17  
18 CROSS EXAMINATION

19 BY MR. STOGNER:

20 Q Mr. Revers, the way I understand it is  
21 that all parties have signed the AFE, is that correct?

22 A Right.

23 Q And the parties, ARCO, Yates Petroleum,  
24 Abo, and MYCO have not signed the operating agreement, is  
25 that correct?

1 A That is correct.

2 Q Okay, how about the Martin Yates and Lily  
3 Yates?

4 A They have signed the AFE but not the  
5 operating agreement.

6 Q Okay, so those are parties to be force  
7 pooled.

8 A Yes.

9 Q Do you have a copy of the operating  
10 agreement?

11 A I have one.

12 MR. STOGNER: Ms. Aubrey, I'd  
13 like to put that as an exhibit in this particular case.

14 MS. AUBREY: That would be  
15 fine, Mr. Stogner. Let me mark it as Exhibit Four-A.

16 MR. STOGNER: Okay.

17 A As mentioned, it is still being nego-  
18 tiated with Yates and ARCO.

19 Q Now when I look at Exhibit Number Four,  
20 your return receipt copies, what was the documents that were  
21 sent at that time?

22 A The notice of the forced pooling hearing.

23 Q Okay. Now, on your Exhibits Number Two  
24 and Three I notice the date of this was August 6th. I as-  
25 sume that these were sent at that time, is that correct?



1 A The operating agreement?

2 Q Yes.

3 A No, it was sent, I believe, September  
4 21st.

5 Q Okay, the operating agreement went out  
6 September 21st.

7 A Yes.

8 Q Okay, now Exhibits Number Two and Three,  
9 the date on those is August 6th.

10 A Yes.

11 Q And I assume those were sent out on that  
12 date?

13 A They were sent out on that date. We did  
14 not send the operating agreement because at that time we  
15 thought there was a possibility that either or both might  
16 elect to farmout rather than join.

17 Q Okay. Was this the first correspondence,  
18 written correspondence with these parties?

19 A To the best of my knowledge it was the  
20 first written correspondence. There had been telephone con-  
21 versations earlier.

22 Q With all parties?

23 A With all parties, yes.

24 Q Okay, when we talk about the Yates  
25 Group, was -- did you talk to each company individually or

1 is there one particular company or one particular represen-  
2 tative that you talked to concerning all the Yates Group's  
3 interest?

4 A One person spoke for all Yates companies.

5 Q Okay. Who was that?

6 A Jim Ball.

7 Q He was a landman, I assume?

8 A He is a landman with Yates Petroleum.

9 Q When was the first telephone conversa-  
10 tions with ARCO and the Yates Group? Oh, roughly.

11 A I don't have it here. There was conver-  
12 sation with them back in the spring before we drilled a well  
13 to the south but I don't have a date for you.

14 Q Okay. I'd like to now talk about the  
15 overhead charges.

16 You're asking 5721, is that correct?

17 A Yes, sir.

18 Q Okay, 572 for producing. I notice on the  
19 -- on the operating agreements 5717, just a few dollars dif-  
20 ference.

21 A I'll have to stand corrected on that.  
22 That was what was submitted to them.

23 Q Okay, well, regardless, you referred to a  
24 well to the south. Is that a Sun well to the --

25 A It is a Sun well to the south. We drill-

1 led in the south half of the northwest quarter of Section  
2 22, abutting Section 15, offsetting it to the south.

3 Q Okay.

4 A And there was a proposal made at that  
5 time asking for farmins.

6 Q Was that also a Morrow test?

7 A Yes.

8 Q Okay. Was the same parties involved in  
9 that one, ARCO and the Yates Group?

10 A No. Exxon was but we were hoping to en-  
11 hance our acreage position and to have more control of the  
12 area when we asked for support in drilling the well in Sec-  
13 tion 22.

14 Q Okay. Are there any other Morrow wells  
15 within a 2 or 3 mile radius of this proposed well?

16 MS. AUBREY: Mr. Stogner, we  
17 have additional exhibits which will --

18 MR. STOGNER: Okay.

19 MS. AUBREY: -- be tendered by  
20 our geologist which will show those wells. Would it help  
21 you now to look at one of those? Exhibit Number Five, which  
22 I believe you have, shows --

23 MR. STOGNER: Well --

24 MS. AUBREY: -- the other Mor-  
25 row wells in the area.

1 MR. STOGNER: Okay, referring  
2 to Exhibit Number Five, are these Sun wells?

3 A The only well on here that's a Sun well  
4 is the one in Section 22.

5 Q Okay. Does Sun have any interest in any  
6 of the other Morrow wells in this area?

7 A No.

8 Q Okay. So therefore, Sun has not proposed  
9 these overhead charges in this area before, have they, of  
10 this amount?

11 A We did in the well in Section 22.

12 Q Okay, but you said Exxon was the only  
13 persons that you had business with on that well, is that  
14 correct?

15 A That we have in Section 15, yes.

16 Q Okay. Well, who were the other parties  
17 in Section 21 that agreed?

18 MS. AUBREY: Section 22, you  
19 mean?

20 Q Section 22, I'm sorry.

21 A John Trigg and Marbob Energy.

22 Q Do you remember what the overhead charges  
23 for those -- for that well was?

24 A Not specifically. They were in line with  
25 this but I can furnish you with the exact dollars but I do

1 not know.

2 MR. STOGNER: Subsequent to  
3 this hearing, Ms. Aubrey, could you please supply me that --

4 MS. AUBREY: Certainly.

5 MR. STOGNER: -- operating  
6 agreement on that particular well?

7 Q Mr. Rever, has Sun agreed to these type  
8 of overhead charges in any wells in the southeast New Mexico  
9 in the last few months, do you know of, when there's another  
10 party that was operator of the well?

11 A I'm not aware of any operations where an-  
12 other party was operator in the last few months.

13 Q Okay.

14 MR. STOGNER: I have no further  
15 questions of this witness.

16 MS. AUBREY: Mr. Examiner, so  
17 the record's clear, there is a certificate of service at-  
18 tached to the application filed in this matter, which  
19 tracks with the certified mail return receipts which are Ex-  
20 hibit Four.

21 MR. STOGNER: Okay, the oper-  
22 ating agreement went out with this particular mailing that  
23 you're referring --

24 MS. AUBREY: No, Mr. Stogner.  
25 The application and notice of the hearing.

1 MR. STOGNER: Oh, the applica-  
2 tion, right.

3 MS. AUBREY: Yes.

4 MR. STOGNER: Okay. Thank you,  
5 Ms. Aubrey.

6  
7 SHELLEY LANE,  
8 being called as a witness and being duly sworn upon her  
9 oath, testified as follows, to-wit:

10  
11 DIRECT EXAMINATION

12 BY MS. AUBREY:

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

15 A Shelley Lane.

16 Q And, Ms. Lane, what -- by whom are you  
17 employed?

18 A Sun Exploration and Production.

19 Q And what's your job description with Sun?

20 A Petroleum geologist.

21 Q Ms. Lane, have you testified previously  
22 before the New Mexico Oil Conservation Division?

23 A No, I have not.

24 Q Would you review your educational back-  
25 ground and your work history in the area of petroleum geo-

1 logy for the Examiner?

2 A Yes. I have a Bachelor of Science degree  
3 from Baylor University. I received that degree in 1932.  
4 Since that time I've worked as a petroleum geologist for  
5 Sun.

6 My experience has been predominantly in  
7 Oklahoma for approximately five years and in the last few  
8 months my responsibilities were transferred to southeast New  
9 Mexico.

10 Q Are you familiar with the application  
11 that Sun has filed in this matter?

12 A Yes, I am.

13 Q And the geology involved in the applica-  
14 tion?

15 A Yes.

16 MS. AUBREY: Mr. Examiner, I  
17 tender Ms. Lane as an expert petroleum geologist.

18 MR. STOGNER: Ms. Lane is so  
19 qualified.

20 Q Ms. Lane, would you look at Exhibit Num-  
21 ber Five --

22 A Yes.

23 Q -- which is a --

24 A This is a structure map on top of the  
25 Lower Morrow. This covers a 9-section area in Township 18

1 South and 27 East, and it's centered on Section 15, which is  
2 the proposed location of Sun's well.

3 The legend at the bottom with the hexagon  
4 shows the producing formations and on the map itself we see  
5 a darkened side of the hexagon. That indicates production  
6 from that particular formation.

7 The wells that are colored in green are  
8 the Morrow producers in the area. This map shows only  
9 Morrow penetrations. It does not show some of the shallower  
10 wells in the area.

11 Q Let me stop you there, Ms. Lane.

12 A Okay.

13 Q Is the proposed location shown on the  
14 structure map which is Exhibit Number Five?

15 A Yes. It's indicated by the red arrow and  
16 the red circle.

17 Q And is that a standard location in the  
18 Red Lake Atoka Morrow?

19 A Yes, it is.

20 Q With regard to the depiction of structure  
21 that you have placed on Exhibit Number Five, can you  
22 describe for the Examiner the extent to which structure  
23 controls in this area?

24 A Yes. The general trend of the structure  
25 is from the northeast to the southwest and dip is to the



1 southeast.

2                   The trapping mechanism is predominantly  
3 stratigraphic. Where you get too low on structure you do  
4 tend to get wetter -- wet Morrow sands, so there is some  
5 structure involved.

6           Q           Do you have any other comments you want  
7 to make about Exhibit Number Five?

8           A           No.

9           Q           Let me have you look at Exhibits Number  
10 Six and Seven together, which are the cross sections. Can  
11 you review those for the Examiner?

12           A           Yes. Cross Section A-A is a  
13 stratigraphic cross section. The datum is on top of the  
14 Mississippi Chester, and this cross section trends from the  
15 northeast to the southwest.

16                   On this cross section what I  
17 predominantly would like to show is the discontinuity of the  
18 sands. The sands only cover a couple of wells at the most.  
19 You don't see a lot of continuity across this, and this is  
20 along strike of the -- of the structure.

21                   Cross Section C-C is a northwest to  
22 southeast cross section. It has the same datum on top of  
23 the Mississippi Chester and this particular cross section  
24 shows more continuity in the sands. You see the sands  
25 trending across three wells in this area, which basically

1 gives us sand trend of northwest to the southeast.

2 Q Let me have you look now at Exhibit Num-  
3 ber Eight. It appears to be a bar graph.

4 A That's wrong.

5 Q Oh, I'm sorry, I've got Number Eight as a  
6 bar graph?

7 A Okay.

8 Q Do you have the bar graph?

9 A Well, I have them numbered. That is  
10 nine, or is that numbered as eight?

11 Q Well, let's look at the bar graph.

12 A Okay.

13 Q I've got it as eight.

14 MR. STOGNER: I have it as eight.

15 Q Okay, great.

16 A I'm sorry.

17 Q All right, let's call it eight.

18 A That's good. Sorry about that. I did  
19 the numbering. Yes, this is a bar graph and it shows --  
20 this is in Townshp 13 South, and Range 27 East.

21 This shows all the Morrow penetrations,  
22 the Morrow producers, and economic Morrow producers.

23 There were 36 wells within the township  
24 that penetrated the Morrow and out of those 36 wells there  
25 were 23 wells that had some production from the Morrow and

1 then there were 10 wells that were economic Morrow pro-  
2 ducers.

3 Q Based on Exhibit Number Eight can you  
4 draw a conclusion for the Examiner as to the percentage of  
5 risk factor that should be applicable in this case?

6 A Yes. This calculates to 64 percent of  
7 getting any type of Morrow production and we have about a 28  
8 percent change of getting an economic Morrow producer.

9 Q In your professional opinion does that  
10 justify the imposition of a 200 percent penalty in this  
11 case?

12 A Yes, it does.

13 Q And do Exhibits -- the information on  
14 Exhibits Five, Six, and Seven support that conclusion?

15 A Yes.

16 Q Let me have you look at the last exhibit  
17 now, which is a production map.

18 A Yes, this is a production map and there  
19 is a legend at the bottom. This map is showing current oil  
20 production in barrels of oil per day, current gas production  
21 in MCF per day, cumulative oil production and cumulative gas  
22 production.

23 Again the Morrow producers are colored in  
24 green.

25 There are currently only three active

1 Morrow producers in the area. Sun's well, which was just  
2 recently completed in Section 22, that well had a calculated  
3 open flow of 28-million cubic feet of gas per day, and is  
4 currently shut-in waiting on a pipeline.

5 The only other two Morrow producers are  
6 the well in Section 23, which is currently producing 16 MCF  
7 a day, and the well in Section 10, which is currently pro-  
8 ducing 11 MCF a day and one barrel of oil.

9 Q Can you calculate for the Examiner the  
10 distance from the proposed location to the nearest producing  
11 Morrow well?

12 A Yes, it's approximately one-half mile  
13 from Sun's proposed location to Sun's well in Section 22.

14 Q And as I understand it, the well in Sec-  
15 tion 22 is not presently producing into the pipeline.

16 A Right.

17 Q Is the well in Section 23 presently pro-  
18 ducing?

19 A Yes.

20 Q What's the distance from Sun's proposed  
21 location to that well?

22 A It's approximately one mile.

23 Q Ms. Lane, were Exhibits Five through Nine  
24 prepared by you or under your supervision and direction?

25 A Yes, they were.

1 MS. AUBREY: Mr. Examiner, I  
2 offer Exhibits One -- I'm sorry, Five through Nine, and I  
3 have o more questions of the witness.

4 MR. STOGNER: Exhibits Five  
5 through Nine will be admitted into evidence, and if we have-  
6 n't done so, Exhibit Four-A will also be admitted into evi-  
7 dence.

8

9 CROSS EXAMINATION

10 BY MR STOGNER:

11 Q Ms. Lane, when I look at Exhibit Number  
12 Five, the Morrow well -- or, I'm sorry, the Abo well in  
13 Section 15 --

14 A Yes.

15 Q -- now, the map, the wells that you show  
16 on this map, did you say they penetrated the Abo?

17 A They penetrated the Morrow.

18 Q Uh-huh.

19 A And some of these were completed up hole.

20 Q Okay, could you elaborate a little bit  
21 more on that well in the north half of 15, what was its  
22 Morrow test?

23 A It was -- there were no tests in the  
24 Morrow. It was dry in the Morrow and they came up and  
25 completed in the Abo.

1 Q Do you know when that well was drilled?

2 A 1960.

3 Q And it's been producing from the Abo  
4 since 1960 or --

5 A It's currently inactive. It does not  
6 show production. It has produced 93,000 barrels of oil as a  
7 cumulative.

8 Q Okay, let's go to Section 21 and the well  
9 in the northeast quarter that shows to be P & A'd.

10 A Yes, that was a dry hole drilled in 1984.

11 Q And I assume the Morrow was tested on  
12 that one.

13 A It was tight on the logs.

14 Q Let's go to the well in the southwest  
15 quarter of Section 11. That shows to be producing from the  
16 Strawn. Do you know anything about a Morrow test in that  
17 well?

18 A The Morrow in that well was uneconomical  
19 and was recompleted to the Strawn.

20 Q Okay. Now Sun's well in Section 22, when  
21 was that drilled?

22 A In 1987. It was completed in -- I  
23 believe it was potentialized in July.

24 Q And I assume that you're waiting for a  
25 hookup on this particular well.

1 A Yes.

2 Q So in essence this well is essentially  
3 offset on three sides by nonproducing Morrow wells, is that  
4 correct?

5 A That's correct.

6 Q Do you know if there was any problem with  
7 the drilling of the well in 22, any unique problems that Sun  
8 ran into?

9 A Not to my knowledge. I don't know of any  
10 problems.

11 Q Okay, and what is the depth of that well,  
12 that Section 22 well?

13 A It's 10,000 feet.

14 Q Okay, and the proposed TD on your well in  
15 15 will be --

16 A It is 10,000 feet, also.

17 Q And the risk of drilling a well to 10,000  
18 feet, I assume, was taken into your consideration when you  
19 were telling me about the 200 percent risk penalty?

20 A Yes, sir.

21 Q Okay.

22 MR. STOGNER: I have no further  
23 questions of Ms. Lane.

24 Are there any other questions  
25 of this witness?

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Mr. Dickerson?

MR. DICKERSON: Mr. Examiner, I  
have a very short statement.

The Yates group intends to  
participate in this well. The parties are as Mr. Rever  
stated, negotiating a satisfactory form of operating  
agreement, and that's my only reason for entering an  
appearance in this case.

MR. STOGNER: Thank you, Mr.  
Dickerson.

Ms. Lane, you may be excused.

If there is nothing further in  
this case, CAse Number 9223 will be taken under advisement.

(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. 9227,  
heard by me on 7 October 1987.

Michael J. [Signature], Examiner  
Oil Conservation Division