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2 STATE OF NEW MEXICO
3 ENERGY AND MINERALS DEPARTMENT
4 OIL CONSERVATION DIVISION
5 STATE LAND OFFICE BLDG.
6 SANTA FE, NEW MEXICO
7 28 September 1983

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 Application of Hicks Oil & Gas Com-
11 pany for the amendment of Division
12 Order No. R-1069-B, San Juan County,
13 New Mexico.

14 CASE
15 7965

16 BEFORE: Michael E. Stogner, Examiner

17 TRANSCRIPT OF HEARING

18 A P P E A R A N C E S

19 For the Oil Conservation
20 Division:

21 W. Perry Pearce, Esq.
22 Legal Counsel to the Division
23 State Land Office Bldg.
24 Santa Fe, New Mexico 87501

25 For the Applicant:

W. Thomas Kellahin, Esq.
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I N D E X

ROY PRITCHARD

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MR. STOGNER: We'll call next Case Number 7965.

MR. PEARCE: That case is on the application of Hicks Oil & Gas Company for the amendment of Division Order No. R-1069-B, San Juan County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

MR. PEARCE: Are there other appearances in this matter?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Pritchard, would you please state your name and occupation?

A My name is Roy Pritchard. I am a consulting geologist.

Q Mr. Pritchard, would you explain to the Examiner when and where you got your degree in geology?

A I receive a degree in geology in 1949

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2 from the University of Texas at El Paso, which was at that
3 time Texas College of Mines.

4 Q Subsequent to graduation, have you been
5 employed as a petroleum geologist?

6 A Yes, sir, I have. I was with El Paso Na-
7 tural Gas from June, 1949 until October, 1979, working pri-
8 marily in the San Juan Basin.

9 Q What is your relationship with Hicks Oil
& Gas Company?

10 A I have been employed as a consultant to,
11 well, primarily to --

12 Q You've made a study of the Lower Gallup
13 Oil Pool, the Bisti Lower Gallup Oil Pool?

14 A Yes, sir, I have, and primarily that
15 would be my purpose.

16 Q All right, sir. And you have prepared
17 certain geologic studies and exhibits concerning this appli-
18 cation by Hicks Oil & Gas Company.

19 A Yes, I have.

20 Q All right, sir.

21 MR. KELLAHIN: We tender Mr.
22 Pritchard as an expert geologist.

23 MR. STOGNER: Mr. Pritchard is
24 so qualified.

25 Q Mr. Pritchard, let me have you first of
all orient us on Exhibit Number One, looking at Section Num-
ber 2, and particularly with the southwest quarter of Sec-

tion Number 2.

Would you identify for us who are the owners of the oil and gas leases involved in that 160 acres?

A Hicks Oil & Gas owns all except the southwest southwest of the quarter section.

Q All right, sir. In the section to the south, Section Number 11, who is the principal operator involved in that section?

A Southern Union Oil and Gas Company, or Gas Company, however they --

Q The area depicted on this exhibit is part of the Bisti Lower Gallup Oil Pool, is it not?

A Yes, sir.

Q Pursuant to those pool rules, Mr. Pritchard, what is required with regard to the orientation of a proration unit?

A Well, for the pool the -- well, for a quarter section there were two eighties oriented one to the north and one to the south of the quarter section.

Q To state that again, then, the Lower -- Bisti Lower Gallup Oil Pool is on 80-acre proration units and the pool rules require that the proration units be either in the north half or the south half of any quarter section.

A That's, yes, as I understand it.

Q All right, sir.

What has Southern Union done in Section

Number 11 that is different from that special pool rule?

A They have obtained permission to stand up the eighties, so that -- that the long part would be north/south.

Q Okay. What do you propose on behalf of Hicks Oil & Gas Company to do with regards to Section Number 2?

A To get the same treatment as Southern Union secured in Section 11, so that two wells could be drilled in the south half of the southwest quarter of Section 2.

Q Let's talk for a moment about the wells that are depicted on Exhibit Number One.

First of all, let's look at the well in Section Number 3 in the southeast of the southeast.

A Okay.

Q All right, what is that well?

A That is Southern Union's new well. I don't believe I know the name of it. It's the well that they completed last month.

Q All right, sir, do you know what that well has been potentialized for?

A I have seen that figure but I couldn't give it to you just offhand.

Q All right, sir. You have used that well, though, to make an estimate of the number of feet of porosity that you find on the log of that well.

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2 A Well, the information I used from that
3 well was taken from an exhibit presented to the -- to the
4 Commission here.

5 Q By Southern Union?

6 A By Southern Union.

7 Q All right, so you're referring to Case
8 7916, and Order No. R-7325 that was entered on August 4th,
9 1983?

10 A Yes, sir.

11 Q And it was one of the exhibits in that
12 case, then, that you used to credit that well with the 10.5
13 feet.

14 A Yes, sir, that's the amount of sandstone
15 that they showed on their Isopach.

16 Q All right, sir, now let's go to the north
17 and west in Section 3 and identify the other well in that
18 section that you have credited with 8 feet.

19 A Okay, that is the -- what is now the Gulf
20 Oil No. 2 Salge Well, which was the first well to penetrate
21 the sandstone, which the sandstone bottom, which we are in-
22 terested in.

23 Q Going both north and south from the Gulf
24 well there are two dry holes, one on each side, that you've
25 used as control points for this bar development.

26 A Yes. Neither the one to the north nor
27 the one to the south in Section 3 had any of the sandstone.

28 Q All right, sir, let's then follow the line

1
2 you have drawn, which is the line of cross section we'll
3 talk about in a minute, and go to the well in Unit letter A
4 of Section 11 and have you discuss that well for us.

5 A Okay, that well is -- was also drilled by
6 British American, which Gulf took over, but it was -- it was
7 completed as a dry hole, but that well had 5 feet of the
8 same sandstone that I found in the No. 2 Salge Well in the
northwest of Section 3.

9 Q Okay. Within Section 11 what is the sta-
10 tus of the well locations you've identified as being South-
11 ern Union locations?

12 A Okay, the No. 1 Well in the northwest of
13 the northwest, which would be D of Section 11, has been
14 drilled and it's my understanding that they're testing that
15 well now.

16 And the other two, as far as I know, are
17 still locations.

18 Q The first well, has the log been released
19 on that well?

20 A No, sir.

21 Q All right. Based upon those wells then,
22 you have prepared an Isopach?

23 A Yes, sir.

24 Q And that's what's depicted on Exhibit
25 Number One.

A That is correct.

Q Generally, between the contour lines

1
2 showing sand development of 5 feet or more, is that your
3 opinion as to the approximate location of that sand bar?

4 A Yes, sir, and I'd say that that's -- that
5 that's going to be pretty close, from the information I
6 have.

7 Q In your opinion would a well to be
8 drilled to the Gallup have to have at least 5 feet of sand
9 development in order to be able to produce gas from the Gal-
lup -- oil from the Gallup?

10 A I'd say, yes, sir, 5 feet or more.

11 Q All right, sir. In your opinion, based
12 upon your study and on your Isopach, what is the approximate
13 amount of potential Gallup Oil Pool development between Sec-
14 tion 11 and Section 2?

15 A The -- I'm sorry, I'm not sure --

16 Q Yes, sir, I want you to compare the po-
17 tential productive acreage, based upon the Isopach, between
Section 2 and Section 11.

18 A Well, in the -- in the northwest of 11 I
19 would say that we have a very close approximation to the
20 same amount of productive acreage that we would have in the
21 southwest of Section 2.

22 Q If your application is not granted and
23 Hicks Oil & Gas is confined to an 80-acre proration unit
24 that would consist of the south half of the southwest
25 quarter, what, if any, disadvantage does Hicks have in rela-
tionship to the wells drilled by Southern Union?

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2 A Well, that would leave Hicks Oil & Gas
3 with one possible location offset by three Southern Union
4 locations.

5 Q Let's go to Exhibit Number Two, Mr. Prit-
6 chard, and have you identify that.

7 A Okay, this is a cross section of the two
8 wells having the sand which I have called the Salge Bar, be-
9 cause it was first found in the No. 2 Salge Well, and this
10 is the trace that's found on the map that we just left as
11 Exhibit One. And this is my interpretation of -- of the --
12 of the sandstone bar that's found in the area.

13 Q Is approval of the application presented
14 by you on behalf of Hicks Oil & Gas necessary in order to
15 protect the Hicks Oil & Gas Company's correlative rights in
16 this immediate area?

17 A Yes, sir, I certainly think so.

18 Q In your opinion would it be in the best
19 interest of conservation and the prevention of waste?

20 A Yes, sir.

21 Q All right. Were Exhibits One and Two
22 prepared by you or compiled under your direction and super-
23 vision?

24 A Yes, sir, they were.

25 MR. KELLAHIN: We move the in-
26 troduction of Exhibits One and Two, and that concludes our
27 examination of Mr. Pritchard.

MR. STOGNER: Exhibits One and

Two will be admitted into evidence.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Pritchard, let me see if I've got this straight.

In Section Number 2 Hicks property consists of all the southwest quarter of Section 2, all except the southwest quarter southwest quarter, is that right?

A Actually it's all of Section 2 except the southwest quarter of the southwest quarter.

Q Okay. I've just been handed something here by Tom Kellahin showing me that El Paso has an interest on the southwest quarter southwest quarter.

A Yes, sir.

MR. STOGNER: Mr. Kellahin, may I keep this?

MR. KELLAHIN: Yes, you may.

MR. STOGNER: This will answer all my questions.

MR. KELLAHIN: In fact that's an exhibit out of the Southern Union case.

MR. STOGNER: Thank you, sir. That's all the questions I have for this witness.

Are there any other questions of Mr. Pritchard?

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2 MR. PEARCE: Mr. Pritchard or
3 Mr. Kellahin, can either of you describe for me the areal
4 extent of the Bisti Lower Gallup? I don't have it in front
5 of me. How large a pool is that?

6 A It's a large pool. Well, it goes across
7 three townships, but it's, at the widest it's about three
8 miles wide.

9 MR. KELLAHIN: It's long and
10 narrow; about three sections wide, and runs for a number of
11 miles.

12 MR. PEARCE: The reason that I
13 asked was my recollection of the Southern Union Case 7916 is
14 there was some interest in changing the pool rules for the
15 entire pool, when that case was first filed.

16 Subsequent to that, that appli-
17 cation was greatly reduced in areal extent and it turned out
18 just to be the Section 11 acreage, as I remember, and I'm
19 concerned that we are suggesting a pool rule change for the
20 entire pool based essentially on the Gulf Salge Well and the
21 British American No. 2 Shipp, which I don't know that we
22 have evidence of -- that is representative of the entire
23 pool.

24 MR. KELLAHIN: Our application
25 seeks to do no more than Section 2, which corresponds to
what Southern Union eventually did, was reduce their appli-
cation to Section 11.

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2 It is not our intent to expand
3 it beyond the immediate section.

4 MR. PEARCE: My misunderstanding.
5 Thank you, sir.

6 MR. STOGNER: Are there any
7 other questions of Mr. Pritchard? If not, he may be ex-
8 cused.

9 Mr. Kellahin, do you have any-
10 thing further in Case Number 7965?

11 MR. KELLAHIN: No, sir.

12 MR. STOGNER: Does anybody else
13 have anything further in Case Number 7965 this morning?

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

16 (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 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. 7965, heard by me on Sept. 28, 1983.

Michael E. Slogner, Examiner
Oil Conservation Division