STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:	)	CASE NO. 11,663
APPLICATION OF GECKO, INC., FOR A PRESSURE MAINTENANCE PROJECT AND QUALIFICATION FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT", LEA COUNTY, NEW MEXICO	)	ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

November 21st, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, November 21st, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

November 21st, 1996
Examiner Hearing
CASE NO. 11,663

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E X H I B I T S

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A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

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By: W. THOMAS KELLAHIN

* * *

WHEREUPON, the following proceedings were had at 10:40 a.m.:

EXAMINER CATANACH: At this time we'll call Case 11,663.

MR. CARROLL: Application of GECKO, Inc., for a pressure-maintenance project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.

EXAMINER CATANACH: Are there appearances in this case?

MR. KELLAHIN: Mr. Examiner, my name is Tom Kellahin. I'm with the Santa Fe law firm of Kellahin and Kellahin. I'm appearing on behalf of the Applicant, and I have one witness to be sworn.

EXAMINER CATANACH: Any additional appearances?

(Thereupon, the witnesses were sworn.)

MR. KELLAHIN: Mr. Examiner, our only witness is Mr. Steve Thomson. Mr. Thomson is a petroleum engineer. He's also the principal with the Applicant.

STEVE L. THOMSON,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. For the record, sir, would you please state your

name and occupation?

A. My name is Steve Thomson. I'm a petroleum engineer and also serve as President of GECKO, Incorporated.

Q. On prior occasions, have you testified and qualified as an expert in the field of petroleum engineering before the Division?

A. Yes, I have.

Q. And pursuant to your technical degree and your employment responsibilities, have you made a study of and are you familiar with the facts surrounding this Application?

A. Yes, sir, I am.

Q. Based upon your familiarity with these facts, do you now have engineering conclusions and recommendations for the Division Examiner?

A. Yes, sir.

MR. KELLAHIN: We tender Mr. Thomson as an expert petroleum engineer.

EXAMINER CATANACH: He is so qualified.

Q. (By Mr. Kellahin) Mr. Thomson, let's take a moment, sir, and perhaps use Exhibit Number 1 as a way to illustrate what you propose to accomplish.

First of all, tell us the significance of the various colored dots on Exhibit 1.

A. Okay, Exhibit 1 is an enlargement of a commercial landmap. The project area is highlighted in yellow.

The control wells are designated by colored dots. There's two colors on the map. The blue wells represent existing and producing Strawn wells. The red dots indicate Strawn penetrations in the immediate area that are dryholes.

Q. We're dealing in a portion of Lea County, New Mexico, that the Division has designated to be a part of the Casey-Strawn Oil Pool; is that not true?

A. That's correct. Actually on Exhibit 1, the two dots in the highlighted area are in the Casey-Strawn Pool. To the immediate east, the two blue dots are in the Shipp-Strawn Pool.

Q. Okay. Are you familiar with all the wells shown as Strawn oil wells on Exhibit 1?

A. Yes, sir.

Q. You were involved in drilling many if not all of those wells, were you not?

A. Yes, sir.

Q. The project area is shown in the shaded area in the northeast quarter of Section 35?

A. Yes, that's correct.

Q. Have you satisfied yourself with regards to the title information that the ownership is common in the

northeast corner of Section 35?

A. Yes, I am.

Q. And in fact, it is common, is it not?

A. It is, that's one state lease.

Q. Okay. In terms of satisfying the notice requirements, Mr. Thomson, did you within an area scribed by a circle, the radius of which is a half mile, identify all the interest owners involved within that area?

A. Yes, we have.

Q. Did you cause notification to be sent to all those interest owners?

A. Yes, we did.

Q. As a result of that notification, are you aware of any objections being filed by any of those parties to which you sent notice?

A. No, sir.

Q. Describe for us the significance of the difference in the color-code for the well dots.

A. Like I said previously, the red dots penetrated the Strawn formation but were either drilled and abandoned or abandoned after marginal or nonexistent production tests. The blue dots are commercial Strawn wells, and in fact they are currently producing.

Q. When we look at the north blue dot in the project area, that's the GECKO State 1 well?

A. Yes, that's right.

Q. It appears to have a symbol on this display to show that that well was deviated or directionally drilled at some point?

A. That's correct.

Q. Describe for us what happened.

A. Okay, the Number 1 well was originally drilled and abandoned at the surface location. It was subsequently plugged back and directionally drilled or kicked approximately 465 feet due south of the surface location where it currently produces.

Q. At what current rate does it produce?

A. It's approximately 15 to 17 barrels of oil a day and about 150 barrels of water a day.

Q. The well to the south of that, the GECKO State Number 2 well, what's the status of that well?

A. That well is currently producing. It produces 65 to 70 barrels of oil a day and about 100 barrels of water a day.

Q. Have you identified sufficient technical data to reach an engineering conclusion as to whether or not these two wells are producing in communication with each other in the same Strawn pool?

A. Yes, we have.

Q. Have you also satisfied yourself that these two

wells are in a separate Strawn reservoir from any of the other penetrations shown on the map?

A. Yes, we have.

Q. And you have concluded that that is true?

A. Yes.

Q. All right. What's your plan?

A. Our plan is to convert the northernmost well, the Number 1 well, to an injection well to serve as the support for the pressure-maintenance project and continue to keep the Number 2 well as a producing well.

Q. Give us a general summary of why you as a petroleum engineer have reached the conclusion that it is both feasible and appropriate to use the GECKO State 1 well as an injection well and correspondingly use the GECKO State 2 as the producing well in order to produce oil that might not otherwise be produced.

A. Our conclusions are based on, number one, on the producing rates and decline curves from the two wells, show an immediate communication with the second well, Number 2 well was drilled. Our conclusion, I guess, that the wells are in communication, the production data basically supports our mapping and seismic data in the area that the two wells are in direct competition in a single algal-mound pod reservoir.

An examination of the production history of the

two wells shows an expanding GOR over the life of the wells. We do not show an increase in the water rates from the wells, or we -- our conclusion that it being a solution gas drive reservoir with associated water production is proved over time.

And we just believe that type of reservoir responds very favorably to water injection to support pressure.

Q. The current rules for the pool provide for 40-acre oil spacing, do they not?

A. 80 acres.

Q. 80-acre oil spacing

A. 80 acres.

Q. And so what you've currently done is lay down the two spacing units in the northeast quarter of the section?

A. Yes, they're laydown 80s.

Q. And what would be the producing allowable, the maximum oil allowable on 80 acres for a well at this depth?

A. 445 barrels a day.

Q. Are you asking that the standard 80-acre allowable be adopted as the project allowable for the pressure-maintenance project?

A. Yes, we are.

Q. Are there any special gas-oil ratio issues involved here in this production?

A. No, we're currently -- under any GOR limits, and the pressure maintenance should, if anything, increase the GOR.

Q. So you utilize in this pool the standard 2000-to-1 gas-oil ratio?

A. Yes, that would be fine.

Q. Let's look at the size and shape of the reservoir. If you'll turn to Exhibit Number 2, describe for us first of all what we're seeing, second, how it was prepared, and then third, your conclusions about the size and the shape.

A. Okay. Exhibit 2 is -- at this point in time is an integrated subsurface seismic isopach map, if you will. The mapping was actually prepared prior to drilling the five wells that we have drilled in the area. The drilling did not cause us any reasons to change our mapping at all.

The control points, you can probably see, is the unfilled circles running north, south, and east and west across the map.

Basically what we've identified in this area is four separate reservoir targets, the four of which we have drilled. Two of them are in Section 36, one of them is in Section 35, which is the project that we're talking about today, and the other one is in Section 26.

Q. How have you satisfied yourself about the

northern boundary of the Strawn pod which would cover the project area? How do we know that that represents the northern edge?

A. I'm satisfied the reservoir is closed to the north, principally by the Number 1 well that we originally drilled as a dryhole from the surface location. The well had no porosity and essentially did not penetrate the mound at all at that location.

Deviating the well just 465 feet to the south and making a commercial well confirms to me that that pod, if you will, is closed to the north, exactly like it's mapped.

Q. Let's refer now to the production histories from the two wells. If you'll take Exhibit 3 and Exhibit 4, let's identify each, and then let me ask you some questions.

A. Okay, Exhibit 3 is a production history from the Number 1 well. Oil is in green, water is in blue, gas is in red. What's added to the production history is a -- It appears as a stairstep due to the computer plotting, but basically what it is is a decline-curve projection of the oil and gas from the well.

The projection is put into an economic calculation that basically terminates the production at the economic limit of the well.

Q. Exhibit 4 is what, sir?

A. Exhibit 4 is the same presentation from the Number 2 well.

Q. And again, the stairstep shown on the computer plot from 1996 up through the year 2000 is simply a limitation of the computer drawing the line and does not accurately reflect what you forecast to be a stairstep production rate?

A. That's correct, it's actually plotted -- the midpoint is plotted as constant for the entire year.

Q. All right, let's take Exhibit 3, and then position Exhibit 4 below it. Exhibit 3 represents the first well, and we're going to have to slide our display, the bottom display, Exhibit 4, over one year, so we can line these up; is that not true?

A. That's correct, you just match 1995 to 1995. What you can see is, when the Number 2 well was completed and brought on production, you can see almost immediate response and a drop in the production rate from the Number 1 well.

Q. Okay, we look at Exhibit 3, then, it started producing in 1994. By the spring of 1995, then, when the Number 2 well comes on, you see a pretty steep drop in the production rate for the Number 1 well?

A. Yes, that's correct.

Q. Any other evidence to the contrary in this area

to show that these wells, in fact, are not communicating with each other?

A. No.

Q. No other explanation for the drop in the Number 1, but for the production in Number 2?

A. That's correct.

Q. Okay. Let's look at the reservoir in a geologic sense. If you'll take the cross-section map, which is marked Exhibit 5, let's look at the geologic relationship as displayed on the log for these two wells and have you describe for us what you see.

A. Exhibit 5 is just a two-well cross-section that shows the two producing wells. It's flattened on depth just because the structure -- The wells are essentially structural equivalents, so the depth just serves also as a structural hang point for the cross-section.

The Strawn in these two wells is developed very similarly. The porosity in the Number 1 well ranges -- it's color-coded here at 2 percent, it averages 5 to 6 percent. The porosity in the Number 2 well is quite a bit better than that. It probably averages 6 to 7 percent, a little bit better porosity development.

Other than that, the -- As the logs would indicate, it's very similar and pretty much, I guess, confirms that the wells are in the same reservoir and in

direct competition with each other.

Q. Have both wells been perforated in such a fashion that the entire productive Strawn interval in each well is open to production?

A. Yes, there's -- The bottom 10 feet of porosity in each well is not perforated at this time.

Q. No indication that the water production in the Strawn is confined to the lower portion of the Strawn, is there, Mr. Thomson?

A. No, there's no evidence at all.

Q. Have you taken this information and for illustration purposes provided a structure map to show the relationship of these wells in the project area?

A. Yes, that structure map is Exhibit Number 6, showing the structure at the top of the Strawn. And the conclusion from the mapping is, the two wells are structurally very equivalent. This being a stratigraphic trap, the actual structure is not important.

Q. Why did you choose the GECKO State 1 well as the proposed injection well?

A. We chose it for a couple of reasons, number one being that it was at the lower producing rate and had the least favorable economics.

The second reason we chose it is because of the nature of the well being kicked, it deviated, it's a little

bit harder -- I say a little bit. It's quite a bit harder to produce. These wells produce by rod pump. It's quite a bit harder to produce the well by artificial lift, because the deviated wellbore makes it a better candidate to be the injection well and the Number 2 well a better candidate to be the producing well.

Q. And again, the northeast quarter, the 160 acres for the project area in Section 35, is part of the same common lease, and therefore there's no need to form a unit or some other contractual mechanism to consolidate this on a project basis?

A. That's correct.

Q. Let's turn to the isopach. If you'll look at Exhibit 7, identify and describe that display.

A. Exhibit 7, the base is the same structure map that we saw in Exhibit 6, and what has been superimposed on the structure map is an isopach map.

The isopach map is a lot smoother than the isopach map we presented earlier. This is basically just contouring the log character and not totally relying on the seismic mapping.

But again, it shows -- The conclusion from the isopach as well as the structure map is, both wells are very favorably positioned within the reservoir and should respond very well to the water injection.

Q. Can you estimate for us what has been the current cumulative oil recovery for the two wells in the project area, as to some point in time?

A. In preparing the Application, our cutoff was July 1st of 1996, and cumulative production from the two wells was doing 141,000 barrels of oil.

Q. If nothing is done, what do you forecast to be the remaining recoverable oil using primary recovery means?

A. We have forecasted 93,000 barrels of oil additional, by primary.

Q. Do you have engineering estimates of what you would forecast to be an estimate, additional incremental oil to be recovered if the Division approves your project?

A. We have estimated 46,840 barrels as additional recoverable oil under the pressure-maintenance program.

Q. Let's turn to the topic of the underground injection control regulations and the Division Form C-108. Are you familiar with that form, Mr. Thomson?

A. Yes, I am.

Q. In fact, you caused that form to be prepared, and you certified it when you signed and filed it back in October?

A. Yes, I did.

Q. As part of your efforts to compile and report the information necessary on that form, did you make an area

study of the wellbore integrity of those wellbores that had been drilled to or through the Strawn formation?

A. Yes, I did.

Q. If you'll turn to Exhibit 8, which is the C-108, and turn to that portion behind the schematic for the injection, and we have a tabulation of wellbore status, you've included more wells on that tabulation than are contained within the half-mile radius of review, have you not, sir?

A. Yes, the tabulation is actually the two-mile radius, not the half-mile.

Q. All right. Let's identify for the Division Examiner very quickly those wells which would be within the half-mile area of review. Go ahead and just go down the list and show him which ones they are.

A. Okay, if we were numbering them, the first well would be number 4 on the list, which is the Mesa West Knowles Number 6.

Q. And that well is only 8600 feet, so it's too shallow to hit the Strawn?

A. Yes, that's right. It was a Drinkard test and did not penetrate the Strawn.

Q. All right. We go down the tabulation and we get to the Lynn Durham well?

A. Actually, the one immediately preceding that, the

GECKO State 36 Number 2 --

Q. Okay.

A. -- which is currently a Strawn producer.

Q. And that's a well that you operate?

A. Yes.

Q. And you've satisfied yourself that there's -- That well is a recent well, is it not?

A. Yes.

Q. Drilled pursuant to modern technology --

A. Right.

Q. -- and has adequate casing and cement?

A. Yes, sir.

Q. All right, let's go down, then, to the Lynn Durham well, the State 1.

A. That's the next one on the list, drilled and abandoned at 5080 feet, did not penetrate the Strawn.

Q. Okay, then the well below that is the GECKO State 26-1?

A. 26-1, which was a well that was drilled and abandoned, but did penetrate the Strawn.

Q. And this is a well that you drilled and abandoned?

A. Yes.

Q. And what's the approximate vintage of this well? When was this done?

A. 1995.

Q. Okay, so a modern well with modern drilling and plugging procedures?

A. Yes, correct.

Q. Plugged pursuant to Division rules so that it would not provide a source or a conduit to let injection fluids migrate out of the Strawn reservoir?

A. That's correct.

Q. All right. Turn the page, then, and do we have any other wells?

A. Yes, the last two -- or the -- all the wells on this last page, actually, there's one well and a re-drill of that well. Both wells' depth was 9217 and did not penetrate the Strawn.

Q. Again, do you find any problem with either of these wells?

A. No, sir, I don't.

Q. In addition, since preparing this information, there has been another well drilled in the half-mile area that is now about to be or has been plugged?

A. It has been plugged. It was drilled and abandoned. That well --

Q. Let's go back to Exhibit 1 and have you spot it for us.

A. Okay, that well is in the northeast of the

northwest quarter of Section 35, a well drilled by -- I think it was permitted under Dalen's name and actually drilled under Enserch's name.

Q. That well has now been abandoned?

A. Yes.

MR. KELLAHIN: Mr. Examiner, with your permission Mr. Thomson will, subsequent to the hearing, provide you data on that well so that you can update your tabulation, because it's now not currently on the list.

EXAMINER CATANACH: Okay.

Q. (By Mr. Kellahin) Any problem with the well that -- with the way that well was plugged and abandoned, Mr. Thomson, to the best of your knowledge?

A. Not that I'm aware of. It was a Strawn test that was drilled and abandoned.

Q. While we're directing our attention back to Exhibit 1, I assume you've been on the surface of this area on numbers of occasions as you've drilled and produced these various wells?

A. Yes, I have.

Q. Where would we find the closest known freshwater source, and where is it located?

A. The closest known freshwater source would be -- that would be in the northwest quarter of the southeast quarter of Section 35. It's a well currently being used --

It's a well that's pumped by a windmill. It's currently being used for ranching purposes.

Q. How are you familiar with that well, the windmill?

A. I've used that water source on three occasions to drill wells in the area.

Q. When the Examiner looks on the C-108, there's a water analysis of a freshwater source?

A. That's correct.

Q. Does that water analysis refer to this windmill?

A. Yes, it does.

Q. What's the approximate depth of that water well?

A. That particular well is probably about 100 to 110 feet deep. My experience with that well has only been down to about 90 feet, is as far as I've been into it, and have not attempted to find the total depth of that well.

Q. It's an Ogallala freshwater source?

A. Yes.

Q. Are all the wells in this area cased and cemented in such a way to protect the Ogallala?

A. Yes, sir.

Q. And so the approval of this project would not be a source for a problem for the windmill?

A. No, sir.

Q. What will be the source of the water that's used

for the injection well?

A. The source of the water will be the water that's produced by the wells that GECKO operates in Sections 35 and 36.

Q. Do you have an estimate or a forecast of the volume of produced Strawn water that you would put into the injection well?

A. Well, we're basing it on about 300 barrels a day of water that's available to us from the producing wells.

Q. At this time, do you plan to use any freshwater as make-up water for the injection well?

A. No, sir, we don't.

Q. Let's go back to the schematic of the injection well, which is the third page into the C-108, and describe for us how you're going to set up and operate the GECKO State 1 as an injection well.

A. Okay, the current perforations in the well are 11,583 to 11,640.

What we plan to do is pull the tubing out of the well. What we'll do is, we'll inspect it and plastic-coat the tubing. We'll purchase a packer and plastic coat the packer.

We will acid-wash the perforations, just to make sure they're nice and clean, and then we will run the plastic-coated tubing and packer back in the hole to

approximately 50 feet above the perforations, set the packer.

We will load the annulus with packer fluid that will be corrosion-resistant and basically pickle the tubing casing annulus, and pressure-test the annulus and maintain a monitor on that annulus pressure.

Q. To commence injection, you'll use existing perforations, then? You won't add additional perforations to the well?

A. No, sir.

Q. And you have a means at the surface to detect for leaks in your tubing?

A. Yes.

Q. And any mechanical integrity failures on the casing?

A. Yes, any pressure communication of any kind.

Q. All right. In your opinion, Mr. Thomson, would approval of this Application be in the best interests of the prevention of waste and the protection of correlative rights?

A. Yes, it would.

Q. Would it afford you and the interest owners in the project area an opportunity to produce oil that might not otherwise be recovered?

A. Yes, it will.

Q. And in your opinion, will you be able to do so without violating the correlative rights of any offsetting operator or interest owner?

A. Yes, we will?

MR. KELLAHIN: Mr. Examiner, that concludes my examination of Mr. Thomson.

The last exhibit is my certificate of mailing. It's Exhibit Number 9, in which we have sent notice of this hearing to the parties identified to me by Mr. Thomson. I have received no objection.

We move the introduction of Exhibits 1 through 9.

EXAMINER CATANACH: Exhibits 1 through 9 will be admitted as evidence.

EXAMINATION

BY EXAMINER CATANACH:

Q. Mr. Thomson, I guess I've not seen one of these pods waterflooded, or that had injected water into it. I've seen one where they injected gas, but this is a little different.

Does this reservoir have any water drive associated with it?

A. Not in our opinion, it does not.

Q. It's all solution gas drive?

A. Yes.

Your observation is correct, and I don't know of

any either. In fact, I know of very few Strawn-age waterfloods. The ones I do know about are not this stratigraphy.

I know the gas injection project you're referring to. I also know of another project that is being initiated, but it's in the Paradox Basin, and that particular project is going to straight CO_2, skipping the water phase.

Q. What makes you think this is going to work?

A. Basically, it's analogous in a rock sense to Pennsylvanian-age carbonates in the Permian Basin. It's a solution gas drive reservoir that -- very, very few failures where you've had porosity and permeability, very few times has a solution gas drive reservoir failed to respond to water injection.

The connectivity of the two wells is excellent. The porosity and permeability, both horizontal and vertical, within these mounds is excellent.

So it -- I guess based on borrowing some stratigraphic conclusions from other similar reservoirs, I believe it will work.

Q. With such good horizontal communication, are you afraid that you might have some water breakthrough?

A. Yes.

Q. So that could be a problem?

A. It could be a problem.

I think really what is a positive on that subject is because the vertical permeability is so good that you could actually -- You know, instead of just having a lateral fingering and breakthrough, so to speak, you should be able to have more of a fill-up vertically and horizontally, which if you've got anything going for you, you actually could create a floating effect, as well as a push effect.

Q. What are you guys currently doing with your water?

A. We -- Referring to Exhibit 1, if you have it handy there --

Q. Yes.

A. -- there's a well in the northeast of Section 26 that's, I guess, designated on the map as an Apache drilled and abandoned well. That is a saltwater disposal well operated by Yates that we are transferring our water to.

Q. Have you -- Well, let's see. You've calculated remaining reserves at 93,000 barrels of oil. Did you break that down between the two wells?

A. Yes, I did.

Q. What does the Number 1 have remaining, primary?

A. July 1st, about 6000 barrels.

Q. Okay, so the Number 2 is the one that has the

vast majority of the remaining primary?

A. That's correct.

Q. At this rate, at its current rate of production on the Number 1 well, when do you see that as being -- when would you necessarily have to quite producing that well?

A. I guess on my calculations, it would have between 11 and 13 months of life left. At July 1st, it showed a year and a half of economic life left.

Q. Okay. So your calculations show that by instituting this pressure-maintenance project, you'll recover the 93,000 barrels plus an additional 46,840 barrels?

A. Yes, sir.

Q. How did you arrive at that calculation or that number?

A. Again, by reviewing all the Pennsylvanian and relying a lot too on Permian age to carbonate waterfloods in the Permian Basin.

Again, I did not find one that was a solution gas drive that did not work where there was significant porosity and permeability. And the ones that worked, the worst case I could find was a .25-to-1 secondary-to-primary ratio.

So for purposes of this Application, I used the .25 to 1 basically as a worst case.

I don't feel comfortable using a real optimistic case, a), because of the lack of analogies and, b), because of the depth of this project.

Q. Okay. I notice that pod that's in Section 36 extends into Section 35. You don't plan to drill any more wells in that northeast quarter, do you?

A. We have not planned on drilling any more wells. If this project worked gangbusters, that might renew interest in that particular location.

Q. But it's your opinion that those two pods are not in communication?

A. Absolutely. I did not see any interference at all in Section 36 from drilling the second well in 35. And the second well in 35 was the last well drilled out there.

Q. Okay, and this is a common single state lease; is that correct?

A. The northeast quarter of 35?

Q. Yes.

A. Yes, sir.

Q. And GECKO is the only interest owner?

A. No, sir, we have three other partners in the well.

Q. Okay, and they're -- All your partners are in agreement to institute this project?

A. Yes, sir.

Q. Okay. The directionally drilled -- The Number 1 well was directionally drilled. You anticipate no problems as far as using that for an injection well, due to the fact that it's a directionally drilled well?

A. No, I've had -- I've had packer in, now, that well, completing the well, and I don't see any problem with running the packer in and getting it set, you know, having good mechanical integrity.

Q. Do you think you've got a good cement job on that well?

A. Yes, sir. There's approximately 5000 feet of cement on top of the perforations.

EXAMINER CATANACH: I believe that's all I have, Mr. Kellahin.

MR. KELLAHIN: All right, sir.

EXAMINER CATANACH: Anything further that you have?

MR. KELLAHIN: Just the submittal of the missing data on that insert, the P-and-A'd well, if you'd like us to submit it to you.

EXAMINER CATANACH: And it was drilled under Enserch?

MR. KELLAHIN: We think so. At least it was plugged by Enserch.

EXAMINER CATANACH: Okay, and you'll submit

that --

MR. KELLAHIN: Yes, sir.

EXAMINER CATANACH: -- as soon as you get it?

Okay, there being nothing further in this case, Case 11,663 will be taken under advisement.

(Thereupon, these proceedings were concluded at 11:15 a.m.)

* * *

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 28th, 1996.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

November 21