

STATE OF NEW MEXICO

OIL CONSERVATION DIV.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

60 JAN 22 AM 7:37

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION FOR THE)
 PURPOSE OF CONSIDERING:)

CASE NO. 12,314

APPLICATION OF CROSS TIMBERS OIL COMPANY)
 FOR AN UNORTHODOX GAS WELL LOCATION,)
 SAN JUAN COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 6th, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 6th, 2000, 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.

* * *

I N D E X

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Examiner Hearing
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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	-
Exhibit 2	5	-
Exhibit 3	-	-
Exhibit 4	7	-
Exhibit 5	7	-
Exhibit 6	7	-
Exhibit A	-	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:27 a.m.:

3 EXAMINER STOGNER: Okay, so we'll go to page 3,
4 and at this time I'll call Case Number 12,314.

5 Call for appearances.

6 MR. CARROLL: Application of Cross Timbers Oil
7 Company for an unorthodox gas well location, San Juan
8 County, New Mexico.

9 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
10 the Santa Fe law firm of Kellahin and Kellahin. I'm
11 appearing in association with Mr. James Bruce. We
12 represent the Applicant in this matter.

13 EXAMINER STOGNER: Any other appearances?
14 There being none, Mr. Kellahin?

15 MR. KELLAHIN: Mr. Examiner, by way of
16 background, Cross Timbers Oil Company, out of Fort Worth,
17 Texas, filed an administrative application with the
18 Division. That application was dated October 27th of 1999.
19 They were seeking approval to take an existing well which
20 had been drilled deep enough to be productive out of the
21 Basin-Fruitland Coal Gas Pool. That unorthodox location
22 for the coal gas had been approved by the Division on April
23 4th, 1999, by Administrative Order NSL-4256.

24 Thereafter, on October 27th, then, the Applicant
25 requested the opportunity to use this same wellbore, which

1 had penetrated the Pictured Cliff formation, so that they
2 might perforate that formation, establish production, and
3 then to commingle production between the Pictured Cliff and
4 the Fruitland Coal gas.

5 As part of the administrative application and
6 processing for adding the Pictured Cliff, Cross Timbers
7 filed the administrative application and, as a result of
8 notification to the various owners, drew opposition from a
9 party identified as John B. Jensen, Jensen Brothers.

10 If you will refer to Exhibit 1, this is a plat
11 showing the north half of Section 31, which is the 320-acre
12 coal gas spacing unit. You'll see that the Cross Timbers
13 well is spotted in the northeast quarter. And in the south
14 half there is the Quine Gas Company Com Number 2 well,
15 shown in the south half.

16 If you turn to Exhibit Number 2, you will see the
17 approximate location of the Jensen Brothers property. This
18 well is in the City of Farmington. It's out near the road
19 that takes you to the golf course, if I'm not mistaken.

20 In response to the protest from Mr. Jensen, this
21 case was put on the hearing docket for December 16th. At
22 that time, Mr. Bruce appeared with his expert witness. Mr.
23 Jensen did not appear. The matter was continued, then,
24 until this docket at the request of Mr. Bruce so that he
25 could pursue the opportunity to return this for

1 administrative processing. It is now on the docket for you
2 today.

3 It is my recommendation and opinion, Mr.
4 Examiner, that rather than return this for administrative
5 processing, that you exercise your judgment and discretion
6 and issue an order after this hearing, which would be an
7 "R" order, as opposed to administrative application.

8 If you'll look at Exhibit Number 2, I can explain
9 for you why I believe there is no basis for the Jensen
10 objection. He's objecting to recompleting this well in the
11 Pictured Cliff. If you'll note, Cross Timbers has shown in
12 the northeast quarter of this plat that the unorthodox well
13 location, while it is only 595 feet from the south line of
14 the 160-acre spacing unit, if you do the math and compare
15 that to the closest standard location for a PC well in the
16 northeast quarter, you'll see the small dot.

17 So the closest standard location to the diagonal
18 quarter of the 160 acres in which Jensen has an interest
19 would be 900 feet. The subject well is 1190 feet away. We
20 are farther away from a spacing unit in which he might have
21 a potential interest than we could be with a standard
22 location.

23 In addition, this is a recompletion. We don't
24 believe that there's an opportunity to infringe upon any of
25 Jensen's correlative rights.

1 Exhibit Number 4, we would ask that you admit
2 Exhibit Number 4. It is a copy of the administrative
3 application filed on November 27th. It represents their
4 filing, it shows the geologic discussion, it shows the
5 plats and the summary from Mr. Burch about his geology.

6 Attached to that then as Exhibit 5 is Mr. Ryan's
7 affidavit on behalf of Cross Timbers with regards to
8 notification for the hearing. And followed by that is the
9 copy of -- I'm sorry, the notification for the
10 administrative application.

11 And on Exhibit 6, then, is a copy of the actual
12 letter that went out to these various interest owners.

13 With your permission, then, Mr. Examiner, we
14 would ask that you admit Exhibits 1 through Exhibit 6 and
15 take this case under advisement at this time.

16 EXAMINER STOGNER: Exhibit 6 will be admitted
17 into evidence at this point.

18 Also, I'd like to take administrative notice of
19 the record in this matter, which includes the November 22nd
20 letter to Cross Timbers and cc the Jensen brothers of Fort
21 Collins, Colorado, with an attachment to that letter dated
22 November the 10th from a Mr. John B. Jensen. Please note
23 there was no letterhead or actual address on that
24 particular application, which -- And this letter is from
25 me, the November 22nd letter, setting this matter to

1 hearing because we had received an objection. I've gotten
2 that address to cc back to Mr. Jensen from the notification
3 list.

4 Also, there is another letter of record on
5 December the 10th, 1999, a letter pursuant to a telephone
6 conversation between myself and a Mr. Luther Harris, which
7 evidently is a father-in-law to the Jensen -- John Jensen
8 of the Jensen brothers, which I sent a docket and also some
9 further explanation about the Application.

10 It's so noted that both matters, or both the
11 December 16th hearing and today's hearing, there's no
12 appearance from the Jensen brothers.

13 And unless there's anything further in this
14 matter, I think the Division should take this under
15 advisement and act accordingly.

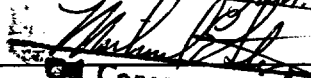
16 Anybody have anything further?

17 Okay, then this matter will be taken under
18 advisement at this time.

19 (Thereupon, these proceedings were concluded at
20 8:34 a.m.)

21 * * *

22
23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No. 12314,
heard by me on April 6, 2000 at 12:34.


Conservation Division, Examiner
STEVEN T. BRENNER, CCR
(505) 989-9317

CERTIFICATE OF REPORTER

[illegible]

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 January 7th, 2000.

[Handwritten signature]

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002