

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:	)	
	)	
APPLICATIONS OF CROSS TIMBERS OIL	)	CASE NOS. 12,511
COMPANY FOR COMPULSORY POOLING AND	)	12,523
AN UNORTHODOX OIL WELL LOCATION,	)	12,524
SAN JUAN COUNTY, NEW MEXICO	)	and 12,525
	)	(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

November 16th, 2000

Santa Fe, New Mexico

OIL CONSERVATION DIVISION  
NOV 30 PM 10:59

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, November 16th, 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.

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November 16th, 2000  
Examiner Hearing  
CASE NOS. 12,511, 12,523, 12,524 and 12,525 (Consolidated)

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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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\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   10:29 a.m.:

3           EXAMINER STOGNER: At the request of the Cross  
4   Timbers Oil Company I will now call and consolidate Cases  
5   12,511, 12,523, 12,524 and 12,525, all of which are at the  
6   request of Cross Timbers Oil Company for Compulsory Pooling  
7   in San Juan County, New Mexico. Case Number 12,511 has an  
8   unorthodox oil well location, as does Case Number 12,523  
9   and 12,524 -- Oh, they all have unorthodox oil well  
10  locations.

11           So at this time I will call for appearances in  
12  these cases.

13           MR. BRUCE: Mr. Examiner, James Bruce of Santa  
14  Fe, representing the Applicant. I have three witnesses to  
15  be sworn.

16           EXAMINER STOGNER: Any other appearances?  
17           Will the witnesses please stand to be sworn?  
18           (Thereupon, the witnesses were sworn.)

19           MR. BRUCE: Mr. Examiner, these four cases have  
20  been consolidated at our request. They involve wells  
21  fairly close to each other. The geology and engineering is  
22  basically the same, and the parties being pooled in each  
23  well unit are the same.

24           What I've handed you is a package of exhibits for  
25  the first case, 12,511, regarding the east half of Section

1 28 North, 10 West. What I propose to do is to go through  
2 that set, and then I will give you the other sets of  
3 exhibits. The testimony is basically the same on each of  
4 those, and that will shorten the hearing somewhat.

5 EXAMINER STOGNER: That will be good.

6 GEORGE A. COX,

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

9 DIRECT EXAMINATION

10 BY MR. BRUCE:

11 Q. Would you please state your name and city of  
12 residence for the record?

13 A. My name is George A. Cox, and I live in Forth  
14 Worth, Texas.

15 Q. Who do you work for and in what capacity?

16 A. I work for Cross Timbers Oil Company as a  
17 landman.

18 Q. Have you previously testified before the  
19 Division?

20 A. Yes, I have.

21 Q. And were your credentials as an expert landman  
22 accepted as a matter of record?

23 A. Yes, they were.

24 Q. And are you familiar with the land matters  
25 involved in these four cases?

1 A. Yes, I am.

2 MR. BRUCE: Mr. Examiner, I tender Mr. Cox as an  
3 expert landman.

4 EXAMINER STOGNER: Mr. Cox is so qualified.

5 Q. (By Mr. Bruce) Mr. Cox, could you identify  
6 Exhibit 1 and first describe what Cross-Timbers seeks in  
7 this first case?

8 A. This is a plat of the area, land plat, and it  
9 reflects the unit, and we seek to pool the well from the  
10 base of the Pictured Cliffs to the base of the Dakota  
11 formation.

12 Q. Now, you're seeking to force pool the east half  
13 and also the southeast quarter for 160-acre well units, and  
14 also the northwest quarter of the southeast quarter for 40-  
15 acre well units; is that correct?

16 A. That's correct.

17 Q. Okay. What is the location of this well?

18 A. The footing location on this well is 1610 feet  
19 from the south line and 1570 feet from the east line.

20 Q. And that is orthodox for gas wells, is it not?

21 A. That's correct.

22 Q. But for an oil-well location it would be what?  
23 Too close to the quarter-quarter-section line?

24 A. Yes, sir.

25 Q. And so does Cross Timbers request approval of the



1 unorthodox oil well location?

2 A. Yes, we do.

3 Q. Who do you -- Maybe go to your Exhibits 2 and 3  
4 and identify whom you seek to force pool in these cases.

5 A. Well, there are three parties that we seek. The  
6 Mathias Family Trust, a Rita Treasa Floyd and a Virginia  
7 Mullins.

8 Q. Okay, and those are identified on the attachments  
9 to Exhibit 3, are they not?

10 A. That's correct.

11 Q. There are three other working interest owners  
12 listed on that attachment. What is the status of those  
13 parties?

14 A. We have been able to come to terms with them.

15 Q. Okay. Would you describe briefly for the  
16 Examiner your contacts with these working interest owners  
17 with whom you have not reached agreement?

18 A. Okay, we sent out a proposal letter along with  
19 an AFE and a JOA package on August the 4th, and then we  
20 followed that up on the 24th of August with a follow-up  
21 letter to the parties that had not responded, requesting  
22 their response and notifying that we were going to file a  
23 compulsory pooling if we couldn't get something agreed to  
24 in the meantime.

25 Q. Okay. Now, the letter dated August 4th, this is

1     only the one to the Mathias Family Trust. Did similar  
2     letters --

3           A.    We sent -- Yes, a separate letter to each party.  
4     I just enclosed the one; it's the same form letter.

5           Q.    Okay.

6           A.    But it was sent to each one of the individuals.

7           Q.    Okay. Have you had any telephone discussions  
8     with any of the people, the three people you have not made  
9     deals with?

10          A.    I'm currently talking to Ms. Mullins, and we're  
11     in the middle of coming to an agreement, but I don't have  
12     anything in writing yet, so we want to leave her on there.

13          Q.    Okay. If you do come to terms with her, will  
14     Cross Timbers notify the Division?

15          A.    Yes, we will.

16          Q.    Okay. In your opinion, has Cross Timbers made a  
17     good-faith effort to obtain the voluntary joinder of the  
18     interest owners in this well?

19          A.    Yes, sir.

20          Q.    Do you request that Cross Timbers be designated  
21     operator of the well?

22          A.    Yes, sir.

23          Q.    Or do you -- Excuse me, do you request that Cross  
24     Timbers Operating company be named operator?

25          A.    That's correct, Cross Timbers Operating.

1 Q. That's a related company?

2 A. Right.

3 Q. Do you have a recommendation for the amounts  
4 which Cross Timbers should be paid for supervision and  
5 administrative expenses?

6 A. Yes, sir, we would recommend for a monthly  
7 drilling rate of \$5750 and a monthly producing rate of  
8 \$575.

9 Q. Are these amounts equivalent to those normally  
10 charged by Cross Timbers and other operators in this area  
11 of New Mexico for wells of this depth?

12 A. Yes, sir.

13 Q. And do you request that these rates be adjusted  
14 according to the COPAS accounting procedure?

15 A. Yes, sir.

16 Q. What is Exhibit 4, Mr. Cox?

17 A. That is our AFE that was sent out.

18 Q. And what is the proposed well cost?

19 A. The total dryhole cost is \$200,300, with a total  
20 completed cost of \$414,900.

21 Q. And this is a Dakota test well?

22 A. Yes, sir.

23 Q. Is this cost in line with the cost of other  
24 Dakota wells drilled in this area of New Mexico?

25 A. Yes, sir.

1 Q. Were the nonconsenting working interest owners  
2 notified of this hearing?

3 A. Yes, they were.

4 Q. And is Exhibit 3 [sic] my affidavit of notice?

5 A. Yes, it is.

6 Q. Now, the unorthodox oil well location, did notice  
7 need to be given of that?

8 A. No, sir.

9 Q. And what is the reason?

10 A. Well, the wells are moving to the interior of  
11 each lease, and so no one is adversely affected as to that.

12 Q. Okay, so in the southeast quarter, at least, it's  
13 just one federal lease, I believe?

14 A. Yes, sir.

15 Q. With common interest ownership?

16 A. That's correct.

17 Q. Okay. And were Exhibits 1 through 5 prepared by  
18 you or under your supervision or compiled from company  
19 business records?

20 A. Yes, they were.

21 Q. And is the granting of Cross Timbers' Application  
22 in this case in the interest of conservation and the  
23 prevention of waste?

24 A. Yes, it is.

25 Q. Now, Mr. Cox, I've handed you similar sets of

1 exhibits, land exhibits, for the remaining three cases,  
2 which are the Federal E Well Number 1 E, Case Number  
3 12,523, which is in Section 17 of 28 North, 10 West; Case  
4 12,524, which concerns the well in the east half of Section  
5 4, 27 North, 10 West; and the final case, 12,525, which is  
6 the east half of Section 16 in 27 North, 10 West. Again,  
7 these wells are all being drilled to the Dakota, are they  
8 not?

9 A. That's correct.

10 Q. And the three interest owners you listed for the  
11 first case are the same three that you are seeking to force  
12 pool in these other three cases, are they not?

13 A. That is correct.

14 Q. Originally, some of these wells had additional  
15 interest owners, but you have come to terms with anyone  
16 else listed in these exhibits?

17 A. Yes, yes. These are the only three people that  
18 have not acknowledged that they either want to join or  
19 sell.

20 Q. Okay. Roughly, what is their combined interest  
21 in the --

22 A. Totally, all three of them together represents  
23 1.7631-percent working interest --

24 Q. In the unit.

25 A. -- in each unit.

1 Q. Okay. So their interests are uniform throughout  
2 these four --

3 A. They're the same interest in each well, yes.

4 Q. Okay. And notice was -- Similarly in each case,  
5 you sent out letters, a couple of letters in August, and  
6 you've had phone discussions with Mrs. Mullins?

7 A. Yes, with Ms. Mullins.

8 Q. Okay.

9 A. And Ms. Mullins is the biggest owner. She has a  
10 one-percent interest.

11 Q. And the well costs that are reflected in the AFEs  
12 for each well are similar to those which you've just  
13 described for the Section 28 well?

14 A. They are all identical except I think there was  
15 one well that was a couple of hundred dollars' difference.  
16 The case 12,523, the AFE cost on that is \$413,700, versus  
17 the \$413,900 in the other wells.

18 Q. Okay. And again, in your opinion, all of these  
19 well costs are fair and reasonable?

20 A. Yes, sir.

21 Q. And the overhead rates would be the same for each  
22 case?

23 A. The overheads are the same, yes, sir.

24 Q. Okay. And the exhibits in this case, 1 through 4  
25 in each of these three cases, 12,523 through 12,525, were

1 prepared by you or under your supervision?

2 A. That is correct.

3 MR. BRUCE: Mr. Examiner, at this time I would  
4 move the admission of -- in Case 12,511, it is Exhibits 1  
5 through 5, which are the land exhibits, and in the other  
6 three cases they are Exhibits 1 through 4. The only  
7 difference is that there is just one notice affidavit, and  
8 that is included in the exhibits for Case 12,511.

9 EXAMINER STOGNER: Exhibits 1 through 5 or  
10 Exhibits 1 through 4, whether is appropriate in these four  
11 cases, will be accepted at this time.

12 EXAMINATION

13 BY EXAMINER STOGNER:

14 Q. Who is Cross Timbers Operating Company in  
15 relationship to the Applicant?

16 A. They are our operating arm of our company.

17 Q. Now, all four leases that we're talking about  
18 today, are they federal leases?

19 A. Yes, sir.

20 Q. Okay. So the interests to be force pooled, are  
21 they undivided or divided working interests within those  
22 320-acre blocks?

23 A. They are undivided as to these units, yes, sir.

24 Q. So they would have the same percentage of  
25 interest --

1 A. Yes, sir.

2 Q. -- regardless of the size of the unit?

3 A. Yes, sir.

4 EXAMINER STOGNER: No other questions of this  
5 witness.

6 RANDALL HOSEY,

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

9 DIRECT EXAMINATION

10 BY MR. BRUCE:

11 Q. Would you please state your name for the record?

12 A. Randall Hosey, H-o-s-e-y.

13 Q. Who do you work for and in what capacity?

14 A. I work for Cross Timbers Oil Company as a  
15 geologist.

16 Q. Have you previously testified before the  
17 Division?

18 A. Yes, I have.

19 Q. And were your credentials as a geologist accepted  
20 as a matter of record?

21 A. Yes, they were.

22 Q. And are you familiar with the geology involved in  
23 these four Applications?

24 A. Yes, I am.

25 MR. BRUCE: Mr. Examiner, I tender Mr. Hosey as



1 an expert petroleum geologist.

2 EXAMINER STOGNER: Mr. Hosey is so qualified.

3 Q. (By Mr. Bruce) Mr. Hosey, could you refer to the  
4 packet 12,511, which involves Section 28, and move to your  
5 Exhibit 6? Could you identify that, and maybe just go  
6 through 6, 7 and 8 together, describe the primary zones  
7 which this well will test and the Dakota geology in this  
8 area.

9 A. All right. Exhibit 6 is a net sandstone isopach  
10 of the first Dakota sandstone with a five-foot contour  
11 interval, showing Section 28 and the eight surrounding  
12 sections, with the proposed location shown.

13 Exhibit Number 7 is a similar map of the second  
14 Dakota sandstone. It's a net sandstone isopach, again with  
15 contour interval of five feet, showing the proposed  
16 location of our well and the eight surrounding sections.

17 And Exhibit Number 8 is the third Dakota  
18 sandstone, net sandstone isopach, again showing the  
19 location. This map has a contour interval of ten feet.

20 This is the main Dakota-producing interval in  
21 this area. This is the primary target zone for all of  
22 these cases.

23 Q. Is it fair to say that there is some variability  
24 in the sandstone thickness in this area?

25 A. Yes, there is. If we look at Exhibit 6, the

1 sandstones range from being absent or having no net  
2 sandstone to having a thickness of up to 11 feet.

3 Q. Now, a lot of these wells were drilled -- what?  
4 In the 1950s or 1960s?

5 A. Right, 1950s, early 1960s. They have -- I most  
6 cases they've just got old electric logs, which make  
7 picking net pay difficult. Therefore, we've just used a  
8 net sandstone, just calculated the amount of sandstone  
9 that's present in each interval and mapped that.

10 Q. Okay. What is Exhibit 9?

11 A. Exhibit 9 is a type log. This type log is to a  
12 well that is on Exhibits 6 and 7 and 8, it's in Section 32.  
13 This is a well that Cross Timbers Oil Company drilled last  
14 year. This just depicts the intervals that I am mapping,  
15 first Dakota sandstone, second Dakota sandstone and third  
16 Dakota sandstone.

17 This also shows that there are sandstones below  
18 that. They are variable. In several cases they're water-  
19 bearing and not productive.

20 Q. You know, your interpretation is based on some of  
21 these old electric logs. Are these logs suspect?

22 A. Yes, they are, when comparing to them to new  
23 logs. I mean, they're all you've got, so you've got to use  
24 them. But picking an actual, exact number is difficult.

25 Q. So there is some risk that your interpretation is

1 incorrect?

2 A. Yes, there is.

3 Q. And does that increase the risk involved in  
4 drilling this well?

5 A. Yes, it does.

6 Q. And in your opinion, if an interest owner goes  
7 nonconsent should the maximum cost-plus-200-percent penalty  
8 be assessed against that interest owner?

9 A. Yes, I believe so.

10 Q. Were Exhibits 6 through 9 prepared by you or  
11 under your supervision?

12 A. Yes, they were.

13 Q. And in your opinion is the granting of Cross  
14 Timbers' four Applications in the interests of conservation  
15 and the prevention of waste?

16 A. Yes, it is.

17 Q. Now, Mr. Hosey, those exhibits were from Case  
18 12,511. There are three other packages of exhibits  
19 involving the other three cases, and your exhibits are  
20 marked Exhibits 5 through 8 in those packages. Do they  
21 depict the same thing, the same three Dakota sands?

22 A. Yes, they do.

23 Q. Okay, and the same well log is used in each  
24 package of exhibits; is that correct?

25 A. Right, for the type log, yes.

1 Q. Okay. And basically the same holds true for  
2 these other wells that are all within a few miles of each  
3 other, I believe?

4 A. That's correct.

5 Q. One final thing, are there any secondary  
6 objectives in these wells?

7 A. No, not at this time. We'll evaluate the logs  
8 after we drill them and then make that determination, but  
9 at this time the primary target is the Dakota.

10 Q. Okay. And were Exhibits 5 through 8 in each of  
11 the other packages of exhibits prepared by you or under  
12 your supervision?

13 A. Yes, they were.

14 Q. And in each of those wells also, do you recommend  
15 a maximum cost-plus-200-percent penalty?

16 A. Yes, I do.

17 MR. BRUCE: Mr. Examiner, at this time I'd move  
18 the admission of, in Case 12,511 Exhibits 6 through 9, and  
19 in the other three cases Exhibits 5 through 8.

20 EXAMINER STOGNER: Exhibits 6 through 9 in Case  
21 Number 12,511 and Exhibits 5 through 8 in the other three  
22 cases will be admitted into evidence at this time.

23 EXAMINATION

24 BY EXAMINER STOGNER:

25 Q. When I look at your maps, you show either four or

1 two or sometimes three wells in this area, in the section.  
2 Are there just Dakota wells in this area, or --

3 A. Yes, yes, that's --

4 Q. -- are there some other wells that's not being  
5 depicted?

6 A. Yeah, that did not -- I meant to put that on  
7 these exhibits. There are additional shallow wells that  
8 did not penetrate the Dakota sands. The wells shown on  
9 these exhibits only drilled and penetrated the Dakota  
10 sandstone, but there are shallow Pictured Cliffs, Fruitland  
11 Coal wells, that are producing in this area.

12 Q. How about Blanco-Mesaverde?

13 A. No, in this area the Mesaverde is not productive.  
14 And there ma be some -- the Gallup may be productive and  
15 there may be some wells that are drilled to the Gallup that  
16 are not shown.

17 Q. So your primary zone of interest is the Dakota;  
18 is that correct?

19 A. Yes.

20 Q. And these -- all four of these wells are going to  
21 be infill wells to existing units in the Dakota?

22 A. Yes, they are. These wells will be the fourth  
23 well -- or the second well within 320-acre units.

24 Q. Okay, you're requesting a maximum 200-percent  
25 risk penalty factor, but this is an infill well, and in

1 many cases in looking around here, there's -- well, I don't  
2 see that many just plugged and abandoned wells. Are there  
3 any that you know of?

4 A. No.

5 Q. Or dry ones?

6 A. No, you will encounter -- there's a large -- high  
7 likelihood that you will encounter the Dakota sandstone,  
8 and it will produce at some rate. The risk is -- and the  
9 engineer will discuss it more -- is pressure depletion and  
10 things to that nature. But it's my opinion you will  
11 encounter the sands, and they will have some gas, and then  
12 whether it's economic or not is a question. We believe it  
13 will -- Obviously, we're drilling these wells; we believe  
14 they will be economic.

15 EXAMINER STOGNER: Okay, I don't have any other  
16 questions of this witness. You may be excused.

17 Mr. Bruce.

18 MR. BRUCE: Call Mr. Voigt to the stand.

19 BARRY VOIGT,

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

22 DIRECT EXAMINATION

23 BY MR. BRUCE:

24 Q. Would you please state your name and city of  
25 residence?

1 A. Barry Voigt, Euless, Texas.

2 Q. What is your job?

3 A. I'm an engineer with Cross Timbers Oil Company.

4 Q. Have you previously testified before the Division  
5 as an engineer?

6 A. Yes, I have.

7 Q. And were your credentials accepted as a matter of  
8 record?

9 A. Yes, they were.

10 Q. And are you familiar with the engineering  
11 involved in these four Applications?

12 A. Yes, I am.

13 MR. BRUCE: Mr. Examiner, I'd tender Mr. Voigt as  
14 an expert petroleum engineer.

15 EXAMINER STOGNER: Mr. Voigt is so qualified.

16 Q. (By Mr. Bruce) Mr. Voigt, again let's  
17 concentrate on Section 28 first, 28 North, 10 West. Could  
18 you identify Exhibit 10 in Case 12,511 for the Examiner?

19 A. Exhibit 10 is a cumulative production map of  
20 Dakota production only. On the well spots you have the  
21 operator listed, the well name, oil cums and current oil  
22 rate on the left-hand side and current gas and current gas  
23 rate on the right-hand side.

24 Q. And again, this only shows Dakota wells on this  
25 map?

1           A.    Yes, it does.

2           Q.    Okay.  Would you move to your Exhibit 11 and  
3 discuss what type of reserves Cross Timbers hopes to  
4 recover in this particular well?

5           A.    The reserves -- Exhibit 11 is a calculation of  
6 the reserves based on the upper three Dakota sands, and  
7 it's based on the net sand thickness maps that the  
8 geologist previously reviewed.

9                   To get an average porosity for the wells, I  
10 looked at the nearest offsetting wells that did have  
11 porosity logs, and I calculated an average for each sand,  
12 and did the same with the water saturation.

13                   As far as fluid properties, at top there, the gas  
14 gravity is .646, critical temperature 365 degrees Rankin,  
15 critical pressure 678, the reservoir temperature is 150  
16 degrees, original reservoir pressure is 2400, abandonment  
17 pressure 400 pounds, and your  $B_{gi}$  and  $B_{ga}$  is .00611 and  
18 .04139.

19                   In calculating the gas, for instance, on the  
20 first sand the gas in place is calculated to be 580 million  
21 cubic feet, recovery factor of approximately 85 percent,  
22 that would be 495.  And the same calculations were done on  
23 the second and third sands, using the same type process.

24           Q.    You believe the well will be economic, or you  
25 hope it will be?



1           A.    I hope it will be.

2           Q.    Okay.  And what is Exhibit 12?

3           A.    Exhibit 12 is a summary of just the Section 28 of  
4   28 North, 10 West.  It shows the current producing wells in  
5   the first table, their cumulative production as of 12-99, a  
6   decline EUR for each well and a total production for the  
7   section.  Expected ultimate recovery is 9.5 BCF.

8                   The second table in Exhibit 12 is the recoverable  
9   gas in place, that was previously calculated on Exhibit 11,  
10   for the first three sands in the section, and that would be  
11   20 BCF for the section.

12                   The third table is an estimation of remaining  
13   recoverable gas.  Taking the recoverable gas from the table  
14   above, adjusting it for the -- looking at the offsets --  
15   it's an average porosity; basically, I was looking at  
16   density porosities greater than six percent, which would --  
17   in this case would give you a factor of .69 to the net  
18   sand, because the net sand was just based on either gamma  
19   ray or SP.  And to get an adjusted recoverable gas in place  
20   is about 14 BCF for the section.

21                   Subtracting the decline EUR off that at 9.5 BCF  
22   gives you about 4.5 BCF remaining in this section.

23           Q.    Now, that is the best well of the four that we're  
24   looking at, is it not?

25           A.    Yes.

1 Q. I mean, if you looked at your final exhibits,  
2 which is Exhibit 10 -- Let me preface that by saying, the  
3 exhibits in the other cases are Exhibits 9, 10 and 11,  
4 follow the same process for each of the remaining three  
5 wells, do they not?

6 A. Yes, and two of the wells' estimated remaining  
7 recoverable gas was about half a BCF, and one was about  
8 1.4, and then this one was the highest number.

9 Q. And that's due to the thinner Dakota sand?

10 A. Yes, in the other areas.

11 Q. Okay. So there is a variability in recovery.  
12 What are the risk factors involved in drilling these wells?

13 A. Some of it has to do a little bit with the  
14 pressure depletion. For instance, if you look on Exhibit  
15 10, down in Section 32, the Federal A 1 E up in the  
16 northwest quarter was a well that we drilled last year, and  
17 that well is going to be marginally economic at the rates  
18 that it's producing and that it came in at. So there is  
19 some risk in drilling these wells as far as recovery.

20 Q. And so although you hope they'll be economic,  
21 there is a chance they may be noncommercial?

22 A. Yes, or very marginal.

23 Q. And as a result, do you recommend the maximum  
24 penalty?

25 A. Yes, I do.

1 Q. Okay. And were Exhibits 10 through 12 in the  
2 first case, 12,511, and Exhibits 9 through 11 in the  
3 remaining three cases prepared by you or under your  
4 supervision?

5 A. Yes, they were.

6 Q. And in your opinion, is the granting of Cross  
7 Timbers' four Applications in the interests of conservation  
8 and the prevention of waste?

9 A. Yes, it is.

10 MR. BRUCE: Mr. Examiner, I'd move the admission  
11 of Cross Timbers 10 through 12 in Case 12,511 and Exhibits  
12 9 through 11 in the remaining three cases.

13 EXAMINER STOGNER: Exhibits 10 through 12 in Case  
14 Number 12,511 and Exhibits 9 through 11 in the other three  
15 cases will be admitted into evidence at this time.

16 EXAMINER STOGNER: I don't have any additional  
17 questions. You may be excused.

18 MR. BRUCE: That's all I have in this matter, Mr.  
19 Examiner.

20 EXAMINER STOGNER: Does anybody else have  
21 anything further in any of these four cases? If not, then  
22 this matter will be taken under advisement.

23 (Thereupon, these proceedings were concluded at  
24 11:00 a.m.)

25 I hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case Nos. 12511, 12523, 12524,  
heard by me on 1/6/00. 2000. 12525

STEVEN T. BRENNER, 1008, Examiner  
(505) 989-9929 Conservation Division

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 19th, 2000.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002