

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. 12,986  
 )  
 APPLICATION OF APACHE CORPORATION FOR )  
 AN UNORTHODOX OIL WELL LOCATION IN LEA )  
 COUNTY, NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 23rd, 2003

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 23rd, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

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

## I N D E X

January 23rd, 2003  
Examiner Hearing  
CASE NO. 12,986

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Additional submission by Apache, not offered or admitted:

Identified

Letter dated 7-28-98  
to Collins and Ware  
from Lori Wrotenbery

17

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

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## FOR THE APPLICANT:

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

\* \* \*

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

1           WHEREUPON, the following proceedings were had at  
2   9:22 a.m.:

3           EXAMINER STOGNER:   Okay, I'll call Case Number  
4   12,986, which is the Application of Apache Corporation for  
5   an unorthodox oil well location in Lea County, New Mexico.  
6           Call for appearances.

7           MR. KELLAHIN:   Mr. Examiner, I'm Tom Kellahin of  
8   the Santa Fe law firm of Kellahin and Kellahin, appearing  
9   on behalf of the Applicant, and I have one witness to be  
10   sworn.

11          EXAMINER STOGNER:   Any other appearances?  
12          Will the witness please stand to be sworn at this  
13   time?

14          (Thereupon, the witness was sworn.)

15          EXAMINER STOGNER:   Mr. Kellahin?

16          MR. KELLAHIN:   Thank you Mr. Examiner.

17          Apache have filed this Application with the  
18   Division as an administrative application dated December  
19   10th of last year, and subsequent to your review, Mr.  
20   Stogner, you issued to Apache a letter dated December 16th  
21   requesting that they come forward at an Examiner Hearing,  
22   explain what they're attempting to achieve, and provide the  
23   documentations of what's occurred and what they would like  
24   to accomplish.   And we're here to respond to your request,  
25   Mr. Stogner.

1           And I have before me the production engineer that  
2           is now charged by Apache with supervision and control of  
3           this property. Mr. Greg Beaty is that individual, and with  
4           your permission, we'll proceed through the exhibit book  
5           that he has compiled for you. He's got an abundance of  
6           information here, and we'll try to specifically look at the  
7           key components of the presentation that will address  
8           answers to your questions, and not necessarily cover every  
9           piece of paper in this exhibit book.

10                           GREG BEATY,

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

13                           DIRECT EXAMINATION

14           BY MR. KELLAHIN:

15           Q.    Mr. Beaty, for the record, sir, would you please  
16           state your name and occupation?

17           A.    I am Greg Beaty, I'm a production engineer for  
18           Apache Corporation in Tulsa, Oklahoma.

19           Q.    Have you testified on past occasions before the  
20           Oil Conservation Division?

21           A.    No, sir, this is my first time to appear.

22           Q.    Summarize for us your education.

23           A.    I received a bachelor of science degree in  
24           petroleum engineering from the University of Tulsa in May  
25           of 1981, and have been working in the industry since.

1 Q. What is it that you do for Apache?

2 A. I'm a production engineer, I've been assigned  
3 several different areas to oversee the production  
4 operations, the day-to-day work in the filing of any  
5 regulatory paperwork. I work in the Farmington area of New  
6 Mexico, also in the Lea County area, which would include  
7 Hobbs and Lovington areas. I also have some production  
8 that I look after in Texas, in the Big Spring and Crane  
9 areas.

10 Q. Do your responsibilities for Apache include the  
11 area that's the subject of this Application this morning?

12 A. Yes, sir, it does.

13 Q. When did you start working for Apache within the  
14 capacity of being responsible for this area?

15 A. I went to work for Apache on September 30th of  
16 2002, so I've been working on that area ever since that  
17 time.

18 Q. Before we get into the specifics, we're about to  
19 look at the documents you have compiled concerning Mr.  
20 Stogner's request. Let us find in the exhibit book, in the  
21 pocket part in the front, there's a copy of the Division's  
22 letter signed by Mr. Stogner, dated December 16th. Do you  
23 have that?

24 A. I do.

25 Q. We've marked that as Exhibit 17.

1           Also in that pocket part you have a map. I think  
2 it was Number 17 -- or 15. It was Number 15. You have an  
3 aerial photograph?

4           A. Yes, sir.

5           Q. Would you pull that out for me?

6           And then finally before we talk about the  
7 specifics, show us in the exhibit book the tab behind which  
8 we will find the original administrative application that  
9 you caused to be filed.

10          A. The application that I filed is found behind Tab  
11 Number 11.

12          Q. Let's turn to that tab number and go to the last  
13 page of Exhibit 11, and there's a locator map. Let's use  
14 the map here to orient all of us again as to what's  
15 happening here. If you'll look at the 80-acre tract in the  
16 north half of the northeast quarter of the section, you'll  
17 see it's outlined with a dashed line. Do you find that?

18          A. Yes, sir.

19          Q. Okay. Let's look at some specific wells. We're  
20 dealing with the Hobbs-Drinkard Pool, correct?

21          A. That's correct.

22          Q. Your research and knowledge now is, what spacing  
23 is required in the Hobbs-Drinkard Pool?

24          A. The Hobbs-Drinkard Pool is an 80-acre oil pool.  
25 There are actually other pools that we are dealing with in



1 that. We're also dealing with the Hobbs-Lower Blinebry  
2 Pool, which is also an 80-acre oil pool.

3 Q. Let's confine ourselves to those two pools. The  
4 rules for those pools are now known to you, are they not?

5 A. Yes, sir, they are.

6 Q. When we look at the northeast of the northeast of  
7 the section, that 40-acre tract in the 80-acre spacing  
8 unit, what is the status of the Number 5 well?

9 A. The State 'A' Number 5 is a well that is operated  
10 by Apache Corporation. It is currently a producing well,  
11 produces both Drinkard and lower Blinebry under a  
12 commingling permit from the OCD.

13 Q. Let's look at the east 40 acres now. The file  
14 reflects that there is a Number 4 well in the northwest of  
15 the northeast. That's identified on here. It's in a  
16 cluster of a couple of wells. Do you see the Number 4?

17 A. Yes, sir.

18 Q. What is the status of the Number 4 well?

19 A. The State 'A' Number 4 well has been dedicated to  
20 the waterflood that is currently a co-op waterflood,  
21 operated jointly by several different companies in that  
22 area. The injection wells are operated by Texland, the  
23 producing wells are operated by the people that are in the  
24 co-op.

25 Q. Is the Number 4 well deep enough so that it would

1 also access the lower Blinebry and the Drinkard?

2 A. No, sir, the State 'A' Number 4 well only  
3 penetrated deep enough to look at the upper Blinebry  
4 section in that area.

5 EXAMINER STOGNER: Mr. Kellahin --

6 MR. KELLAHIN: Yes, sir?

7 EXAMINER STOGNER: -- just to clarify, I'm  
8 looking at the map on Tab 11. That's the second to the  
9 last. Is that the map you're referring to?

10 MR. KELLAHIN: Yes, sir.

11 EXAMINER STOGNER: Okay, the State 'A' Number 4,  
12 I don't see that. I see a State 'A' Number 1. Is that the  
13 State 'A' Number 4 that we're looking at?

14 MR. KELLAHIN: No, sir, up above that --

15 EXAMINER STOGNER: Uh-huh.

16 MR. KELLAHIN: -- it says there's the North Hobbs  
17 313.

18 EXAMINER STOGNER: Okay, I've got that one.

19 MR. KELLAHIN: To the south and east of that it  
20 says the State A State 'A'.

21 EXAMINER STOGNER: All right.

22 MR. KELLAHIN: One of those is a gas well symbol,  
23 and the oil well should be Number 4. That's -- They're  
24 almost on top of each other

25 EXAMINER STOGNER: Okay, this looks like a 43,

1 so --

2 MR. KELLAHIN: Yes, it does.

3 EXAMINER STOGNER: Okay, I just wanted to clarify  
4 that.

5 MR. KELLAHIN: That's the Number 4.

6 EXAMINER STOGNER: So the one marked in that  
7 cluster --

8 MR. KELLAHIN: Right.

9 EXAMINER STOGNER: -- is the Number 4 well.  
10 Okay, I'm sorry, I just wanted to clarify that. Thank you.

11 Q. (By Mr. Kellahin) If you'll look in the  
12 northwest of the northeast and look to the south and east  
13 of the Number 4, there's an open symbol that says the State  
14 'A' 6.

15 A. Yes, sir.

16 Q. When you came on board with Apache to examine  
17 this area, what was the status of the 'A' 6?

18 A. When I came on, the State 'A' 6 was already  
19 producing from the Drinkard formation.

20 Q. Okay. What did you investigate that wellbore in  
21 an effort to do?

22 A. The State 'A' Number 6 well was depleting, and  
23 the purpose of my original application was to set a plug  
24 over the Drinkard interval and come up and complete the  
25 well in the lower Blinebry interval.

1           Q.    Was that the intent of your application with the  
2 Division back in December?

3           A.    Yes, sir, that's right.

4           Q.    In order to file that application, what if  
5 anything did you do to make yourself informed about the  
6 rules applicable to the Lower Blinebry Pool?

7           A.    I pulled the records that we have there in our  
8 office in Tulsa, as well as spoke to an OCD representative  
9 in the Hobbs Office by the name of Donna, and we got the  
10 pool rules for that specific pool.

11          Q.    What do those rules provide?

12          A.    The Lower Blinebry Pool is an 80-acre oil pool  
13 allowing two wells on that 80-acre section. The wells  
14 would need to be within 150 feet of the center of the  
15 quarter of the quarter section.

16          Q.    And then each of those wells must be in a  
17 different 40-acre tract of the spacing unit?

18          A.    That's correct.

19          Q.    Did you determine that the State 'A' 6 well would  
20 be at an unorthodox location if recompleted into the Lower  
21 Blinebry Pool?

22          A.    Yes, sir, that was what we found. We found that  
23 the location as it sat was in an unorthodox location for  
24 the Lower Blinebry Pool.

25          Q.    In filing your Applications you've used some

1 words of art that apparently were different than those used  
2 by Mr. Stogner?

3 A. That is correct.

4 Q. In your Application you refer to the Number 6  
5 well as being a twin to the Number 4. Is it, in fact, the  
6 Number 6 well to be a twin in the same pools with the  
7 Number 4?

8 A. No, sir, the only thing that was meant by twin  
9 was a second well on the same 40-acre location. It was not  
10 to intend that the well would produce from the same pools.

11 Q. And the Number 4 well is in a waterflood  
12 cooperative and is not deep enough to be in the Lower  
13 Drinkard or the Blinebry?

14 A. That's correct, it's --

15 Q. The Blinebry or the Lower --

16 A. It is --

17 Q. -- the Lower Blinebry-Drinkard?

18 A. -- Upper Blinebry only.

19 Q. Okay. At the time you filed the Application, did  
20 you find any indication, or did you examine whether or not  
21 the State 'A' well was in a standard approved location for  
22 the Drinkard?

23 A. I did not look at the Drinkard location, because  
24 I was not going to work on that, other than to set a plug  
25 over it.

1           Q.    Are you now aware that Apache did not have in its  
2 files an approved unorthodox location for the State 6 well  
3 in the Hobbs-Drinkard Pool?

4           A.    I am now aware of that, yes.

5           Q.    If the well is to be recompleted into the lower  
6 Blinebry, would you abandon the Drinkard?

7           A.    Yes, sir, we would set a plug above it and  
8 abandon it, at least until such time as the lower Blinebry  
9 interval began to deplete as well.

10          Q.    Approximately what's the current rate on the  
11 Drinkard well?

12          A.    The Drinkard well makes about a barrel of oil a  
13 day, nine barrels of water a day and 30 MCF of gas a day.

14          Q.    To further confuse matters, the Application  
15 refers to moving the Number 6 well away from the Number 4  
16 to avoid interference. Were you talking about reservoir  
17 communication or reservoir interference?

18          A.    No, sir, the two zones are completely separate,  
19 so there would be no interference in the reservoir. The  
20 only interference would be with surface obstructions.

21          Q.    Let's focus on the surface situation. If you go  
22 back and look at Exhibit 15, which is the aerial photograph  
23 that you've obtained from John West Surveying, that survey  
24 is outlined on the exhibit, and there's some points of  
25 information on the surface that are identified for you. My

1 copy has a very faint radius circle of 150 feet around the  
2 center of a point. Describe for us how to find the center  
3 of that 150-foot circle.

4 A. The original location intended for that State 'A'  
5 Number 6 well was 660 and 1980 from the north and east  
6 lines. If you'll look, he has spotted the original  
7 location on there. It's just kind of to the left of the  
8 660 marking, kind of on the edge of the road that you can  
9 see there. That is actually the 660 and 1980 marking.

10 Q. Now let me ask you a question.

11 A. Okay.

12 Q. The original staked location, was that moved  
13 later, after they got in the field and recognized the  
14 obstructions that were occurring here?

15 A. Yes, sir. You know, for obvious reasons from the  
16 photograph you can see that there were numerous  
17 obstructions there to a drilling location, so the location  
18 was moved.

19 Q. It was moved to the south and to the east?

20 A. Yes, sir.

21 Q. And how is that identified now?

22 A. On this map you can see, if you look on down to  
23 the south and east, the State 'A' Number 6 as drilled.  
24 There's a marking on the map there as well.

25 Q. Okay. When the 'A' 6 was drilled at this

1 location, do the permits reflect that Apache had advised  
2 the Division of the change of location and had submitted a  
3 new C-102?

4 A. Yes, sir, the C-102 and C-101 reflect the new  
5 location.

6 Q. Are you now aware that the approval by the  
7 Division of an APD is not necessarily an indication of your  
8 approval of an unorthodox surface location?

9 A. Yes, sir, I am.

10 Q. And that you must now permit that separately?

11 A. Yes, sir.

12 Q. Show us the Number 6 well in relation to the 4 on  
13 Exhibit 15.

14 A. Okay, the Number 4 well, if you look up in the  
15 very faint circle that we drew around -- the 150-foot  
16 circle around the original location, you can see the Apache  
17 State 'A' Number 4. That well is exactly 150 feet from the  
18 original center of that quarter of the quarter.

19 Q. Uh-huh.

20 A. And then if you'll look down to the south and  
21 east, you can see the State 'A' Number 6 as drilled, and it  
22 falls outside of that 150-foot circle.

23 Q. If you look within the 150-foot-radius circle  
24 within this 40-acre tract, if the Number 6 well was to be  
25 redrilled for lower Blinbry, is there a place that you



1 could put the pad and the facilities for that well within a  
2 standard location?

3 A. No, sir, there's no place in there to put a  
4 location.

5 Q. Do you see any reservoir indications as to  
6 reasons that would preclude you from using the Number 6  
7 well as a recompletion into the lower Blinbry?

8 A. I see no reason why it couldn't be recompleted.

9 Q. Let's come back and have you give us the short  
10 version of what you put together in the Exhibit book so  
11 that as you do that, if Mr. Stogner has any questions then  
12 he can ask you as you go through your situation.

13 What's before Exhibit Tab 1?

14 A. The first document that you'll find in the book  
15 is simply a listing of the documentation that I've provided  
16 for you. It gives you a brief description of what will be  
17 found behind each one of those tabs.

18 Q. In doing your research, did you see a copy of the  
19 Collins and Ware approval letter that Mr. Stogner refers to  
20 in his letter to you?

21 A. Yes, sir, I have seen a copy of that.

22 Q. And have you included a copy of the Collins and  
23 Ware letter in your presentation to Mr. Stogner?

24 A. Yes, sir, it's included under the front pocket.

25 Q. When the Division approved for Collins and Ware

1 the use of the Number 4 well -- I believe that's what's  
2 occurring, the Number 4 well, back in July of 1996, they  
3 were approving the use of the Number 4 well in pools other  
4 than you were going to use that well for?

5 A. That's correct. The order that Collins and Ware  
6 had sought from the Division was to actually deepen that  
7 well and use it to look at some of the other horizons that  
8 were a little deeper than the upper Blinebry section that  
9 they were currently exposed to.

10 Q. To the best of your knowledge, did Collins and  
11 Ware ever do that work?

12 A. No, the work was never completed, to the best of  
13 my knowledge.

14 Q. When Apache acquired operations of the well, the  
15 well was not used for the purpose approved by the Division?

16 A. That's correct. Once Apache got the well, it was  
17 determined that we would be better served by including it  
18 in the Upper Blinebry Co-op Waterflood, so we never  
19 deepened the well.

20 Q. Does your file or Apache's file reflect that you  
21 ever advised the Commission to vacate this administrative  
22 order?

23 A. I found no such record.

24 Q. There is no need for this order anymore, is  
25 there?

1           A.    That is correct.

2           Q.    Behind your summary, let's look at Exhibit Tab  
3   Number 1.  What is behind that tab?

4           A.    That is an original memo showing that the well  
5   was originally intended to be drilled at the 660 from the  
6   north and 1980 from the east, which is the exact center of  
7   the quarter of the quarter.

8           Q.    After Exhibit Tab 1, what's Exhibit Tab 2?

9           A.    Exhibit Tab 2 is some digital photographs that we  
10   took of the area, in an effort to show some of the  
11   congestion on the surface and some of the things that were  
12   there as obstacles to building a location in the standard  
13   location spot.

14          Q.    Exhibit Tab 3?

15          A.    Exhibit Tab 3 is the C-102 where we had requested  
16   that the acreage be dedicated, and on that C-102 the new  
17   location is shown there to be 990 from the north and 1817  
18   from the east.

19          Q.    This form indicates a 40-acre dedication.  That's  
20   not correct, is it?  Do you see it on the form?

21          A.    Yes.

22          Q.    Somebody has written 40.  It's 80, right?

23          A.    It is an 80-acre pool.

24          Q.    And then after that are the other maps usually  
25   identified with the location submittals, and that's what

1 those are?

2 A. Yes, sir.

3 Q. Behind Exhibit Tab 4, what's this?

4 A. This is the original permit to drill the well,  
5 also showing the 990 and the 1817 location.

6 Q. The Number 6 well that we're talking about, this  
7 one?

8 A. That is correct for State 'A' Number 6.

9 Q. Exhibit Tab 5?

10 A. Exhibit Tab Number 5 is a C-103, which was  
11 renewing the permit because we did not drill the well as  
12 early in the game as we had intended. We ended up having  
13 to have a little more time, and so we requested an  
14 extension of that permit.

15 Q. Tab 6?

16 A. Tab 6 is just a copy of a damage agreement that  
17 we had with the surface ownership, and showing the location  
18 to be 990 and 1817.

19 Q. Tab 7?

20 A. Tab 7 is our revised AFE showing the new  
21 location.

22 Q. Tab 8?

23 A. Tab 8 is the OCD Form C-103 that shows the  
24 spudding of the well. It shows the cement and casing  
25 programs used.

1 Q. Tab 9?

2 A. Tab 9 is a C-105 completion report for the State  
3 'A' Number 6 well.

4 Q. At this point, then, it's been completed in the  
5 Drinkard Pool?

6 A. That is correct.

7 Q. Tab 10?

8 A. Tab 10 is the C-104, a request for allowable from  
9 the Drinkard for the State 'A' Number 6 well.

10 Q. Tab 11 is your administrative application that  
11 we've described thus far?

12 A. That is correct.

13 Q. Tab 12 is what?

14 A. Tab 12 is just a timeline of events for the State  
15 'A' Number 6 well, kind of showing in time how the  
16 different events occurred.

17 Q. Tab 13?

18 A. Tab 13 is the same thing for the State 'A' Number  
19 4 well.

20 Q. And then Tab 14?

21 A. And Tab 14 is the same thing for the State 'A'  
22 Number 5 well.

23 Q. And 15 is your aerial photograph plat?

24 A. That's correct.

25 Q. And in the pocket part behind the exhibits is

1 Exhibit 16?

2 A. Exhibit 16, which is a cross-section of the four  
3 wells that we operate in that are.

4 Q. And then Exhibit 17 is the letter from Mr.  
5 Stogner to Apache?

6 A. The letter from Mr. Stogner.

7 MR. KELLAHIN: Mr. Stogner, that concludes our  
8 presentation. We move the introduction of Apache's  
9 Exhibits 1 through 17.

10 EXAMINER STOGNER: Exhibits 1 through 17 will be  
11 admitted into evidence at this time.

12 EXAMINATION

13 BY EXAMINER STOGNER:

14 Q. Let's see, Mr. Beaty, nowhere in your records did  
15 the Hobbs Office ever inform you that the well was at an  
16 unorthodox location in the Hobbs-Drinkard, or the Apache  
17 staff or --

18 A. I didn't find any notice where we were ever told  
19 that it was in an unorthodox location.

20 Q. Now, it's my understanding that the -- What's the  
21 extent of this lease, the State 'A' lease?

22 A. It's 80 acres. It's the north half of the  
23 northeast quarter of that section.

24 Q. Okay, what is the south half of the northeast  
25 quarter?

1           A.    The south half of the northeast quarter I believe  
2 is operated by OXY.

3           Q.    By OXY.  Now, do they have operations or a well  
4 in the Drinkard and that Upper Blinebry Pool -- I'm sorry,  
5 the Lower Blinebry Pool?

6           A.    They do have wells.  I believe the closest wells  
7 that they have to us are also dedicated to the Co-op  
8 Waterflood, though, so they would be upper Blinebry wells.

9           Q.    But as far as any operations in the two zones  
10 that you're interested in, they do not have wells in that  
11 south half?

12          A.    They do have wells in that half.

13          Q.    They do have them?

14          A.    Yes.

15          Q.    Okay.  Do they have any production from the  
16 Drinkard, in the south half?

17          A.    I don't know what their production is off the top  
18 of my head.

19          Q.    Okay.  But the only people notified of this was  
20 OXY; is that correct?

21          A.    No, if you'll look under Tab 11 -- anyway, we  
22 notified Saga Petroleum, we notified Marathon Oil Company,  
23 Chevron USA, Occidental Permian, Texland Petroleum, Shell  
24 Western and Shell Oil Company, are the people that we found  
25 that had operations in that area.

1 MR. KELLAHIN: Mr. Stogner, my book doesn't seem  
2 to have that list.

3 EXAMINER STOGNER: Mine doesn't either.

4 MR. BROOKS: Mine doesn't either.

5 THE WITNESS: That is copies of our certified  
6 mail --

7 MR. KELLAHIN: May we supplement that after the  
8 hearing to show the service of the notice? I thought I had  
9 them in here, but apparently not.

10 Q. (By Examiner Stogner) Now, that was a part of  
11 your original application, right?

12 A. Yes, sir.

13 EXAMINER STOGNER: If you would supplement that  
14 at a later date. However, I do have a copy of that  
15 original file, but with the new imaging there's a danger  
16 this could be thrown away. So if you'll supplement Tab 11  
17 with those pages. But I do have it in the record at this  
18 point.

19 Q. (By Examiner Stogner) Okay, just a few things  
20 that I understand. I appreciate your patience on this and  
21 your coming in and discussing this matter, because there  
22 was a couple of words, as Mr. Kellahin -- the "twin" which  
23 I think you mentioned and also talked about -- Now, the  
24 word "interference". That was the surface interference of  
25 the pad and all the obstructions, that was what you were



1 referring to?

2 A. Yes, sir, that's correct, the interference with  
3 the building of a surface location.

4 Q. And not any kind of a downhole, whether it be  
5 drilling, drilling mud interference or any reservoir  
6 interference?

7 A. No, it would be different intervals, so there  
8 would be no interference there.

9 Q. Does Apache plan other activities out here in  
10 this Hobbs-Drinkard and lower Blinebry area?

11 A. I really don't see a whole lot more to look at in  
12 that particular area. It's pretty mature, and -- There is  
13 some potential in the Tubb, I believe. We may want to look  
14 at that at a future date, but I don't have it on my books  
15 to do that at this time.

16 Q. Would that be Tubb gas or Tubb oil?

17 A. It would be Tubb gas.

18 Q. Do you know what that's spaced on?

19 A. It's a 160-acre gas pool.

20 Q. And do you know what the well setbacks are on  
21 that pool?

22 A. No, I don't, off the top of my head.

23 Q. You know where to find it, though?

24 A. I do, yes.

25 Q. Okay. Now, what is the current status as far as

1 the wellbore, that Number 6 wellbore, at this time?

2 A. The State 'A' Number 6 well at this time is still  
3 producing from the Drinkard formation.

4 Q. Okay. And are you ready to shut that in, or what  
5 -- What's your schedule as far as moving in, recompletion?

6 A. Our plan was to -- as soon as we got permission  
7 from the OCD, we were going to proceed with our operations,  
8 which would be to set a plug over the Drinkard formation  
9 and perforate the lower Blinebry interval and complete it.

10 Q. Now, you said or you stated, there may be future  
11 possibilities of downhole commingling. Did I hear that  
12 right or not?

13 A. That's possible. I don't know how likely it will  
14 be. And it will be a significant period of time into the  
15 future, because the Drinkard is fairly well depleted, and  
16 we would not want to introduce the possibility of  
17 crossflow. So we would not want to downhole commingle  
18 those until such time as the lower Blinebry was also in a  
19 depleted state.

20 Q. Okay. Now, this well is currently on pump, I  
21 would assume?

22 A. That is correct.

23 Q. The same pumping equipment?

24 A. Yes. As a matter of fact, we have a picture of  
25 the pumping equipment in there, if you'd like to --

1 Q. And that was behind 2 or 3 if I remember --

2 A. It's behind Tab Number 2.

3 Q. So you would utilize the same equipment, the only  
4 thing you're changing is the downhole configuration?

5 A. That is correct.

6 EXAMINER STOGNER: Okay. As far as -- I don't  
7 see any problem with that work commencing at this time.  
8 I'll take the case under -- I don't have any other  
9 questions of Mr. Beaty.

10 MR. KELLAHIN: Thank you.

11 EXAMINER STOGNER: I trust that Apache will take  
12 a look at the different requirements for the different  
13 pools. You're out there in an area that has different pool  
14 rules, evidently, for different reasons, whatever they were  
15 in the past. They may not be applicable today, but that's  
16 up to the operators to come in and change those pool rules.

17 So as you're depleting out there, if you find  
18 some of these pool rules to be too restrictive, get with  
19 the other operators. Come in and seek them to be relaxed  
20 in some way. That's not unheard of. Whenever the pool  
21 rules for 80 acres -- That was the norm, was to have 150  
22 feet from the center, as -- where you wouldn't group a  
23 bunch of wells. But due to surface constraints on federal  
24 lands that has been relaxed to come up with 330-330. But  
25 that's something to keep in mind as you develop out there

1 or deplete additional -- Get with the operators to come in  
2 and change the rules if they're too restrictive. And we  
3 definitely always appreciate, keep that in mind.

4 But I will take this matter under advisement and  
5 issue an order accordingly. And at this point I don't see  
6 any problem with you commencing your work out there.

7 THE WITNESS: Appreciate it.

8 EXAMINER STOGNER: And with that I'll take this  
9 case under advisement.

10 MR. KELLAHIN: Thank you.

11 EXAMINER STOGNER: Thank you Mr. Beaty.

12 THE WITNESS: Thank you.

13 EXAMINER STOGNER: Thank you, Mr. Kellahin.

14 Mr. Kellahin, you were going to supplement the  
15 record?

16 MR. KELLAHIN: Yes, sir, I'll --

17 EXAMINER STOGNER: That will be done sometime --

18 MR. KELLAHIN: Later today I can do that.

19 EXAMINER STOGNER: We'll insert that in Tab 6  
20 [sic], if you'll see that the court reporter gets a copy of  
21 that

22 (Thereupon, these proceedings were concluded at  
23 8:54 a.m.)

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 12986  
\* \* \* heard by me on 23 January 2003.  
[Signature] Examiner  
Oil Conservation Division

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

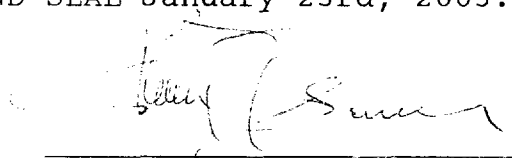
## CERTIFICATE OF REPORTER

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 January 23rd, 2003.

  
\_\_\_\_\_  
STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006

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