

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

1 February 1989

EXAMINER HEARING

IN THE MATTER OF:

Application of Meridian Oil, Inc. for CASE
a non-standard gas proration unit and 9550
an unorthodox gas well location, Rio
Arriba County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

For the Applicant:

1 MR. CATANACH: Call next Case
2 Number 9550.

3 Application of Meridian Oil
4 Company for a nonstandard gas proration unit and an unor-
5 thodox gas well location, Rio Arriba County, New Mexico.

6 This case was heard at the
7 Examiner's Hearing on 18 January, 1989, and we recalled to-
8 day.

9 Are there any appearances or
10 testimony in this hearing?

11 If not, Case Number 9550 will
12 be taken under advisement.

13

14 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9350,
heard by me on February 1 19 88.

David R. Catano, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 18 January 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Meridian Oil, Inc. for CASE
10 a non-standard gas proration unit and 9550
11 an unorthodox gas well location, Rio
12 Arriba County, New Mexico.

13 BEFORE: Victor T. Lyon, Examiner

14 TRANSCRIPT OF HEARING

15 A P P E A R A N C E S

16 For the Division:

17 For Meridian Oil, Inc.:

18 W. Thomas Kellahin
19 Attorney at Law
20 KELLAHIN, KELLAHIN & AUBREY
21 P. O. Box 2265
22 Santa Fe, New Mexico 87504
23
24
25

I N D E X

CHARLES E. WERNER

Direct Examination by Mr. Kellahin 4

Cross Examination by Mr. Lyon 17

E X H I B I T S

Meridian Exhibit One, Location Plat 6

Meridian Exhibit Two, Map 12

Meridian Exhibit Three, Plat 12

Meridian Exhibit Four, Layout 13

Meridian Exhibit Five, Approval 14

Meridian Exhibit Six, Unit Outline 15

1 MR. LYON: We'll call next
2 Case 9550.

3 Appearances?

4 MR. KELLAHIN: Yes, sir. Mr.
5 Examiner, my name is Tom Kellahin of the Santa Fe Law Firm
6 of Kellahin, Kellahin & Aubrey.

7 I'm appearing on behalf of the
8 applicant, Meridian Oil, Inc., in Case 9550, and I have one
9 witness to be sworn.

10
11 (Witness sworn.)
12

13 MR. LYON: Please be seated.

14 MR. KELLAHIN: Mr. Lyon, my
15 witness is Charles Werner, W-E-R-N-E-R. He's a construc-
16 tion superintendent or supervisor for Meridian Oil, Inc., i
17 Farmington.

18 I don't believe Mr. Werner's
19 previously testified, have you, sir?

20 MR. WERNER: No, sir.

21
22 CHARLES E. WERNER,
23 being called as a witness and being duly sworn upon his
24 oath, testified as follows, to-wit:
25

1 DIRECT EXAMINATION

2 BY MR. KELLAHIN:

3 Q For the record would you please state
4 your name and occupation?5 A I'm Charles Werner and I'm a Regional
6 Construction Supervisor for Meridian Oil.7 Q Would you describe, sir, what it is that
8 you do for your company?9 A I oversee the surveying and construction
10 of our well locations and roads.11 Q And approximately how long have you per-
12 formed that function for your company?

13 A Fifteen years.

14 Q Commencing in approximately what year,
15 Mr. Werner?

16 A 1974.

17 Q From 1974 to the current date, would
18 you estimate for us the total number of wells that you have
19 supervised in terms of their location, siting and staking?20 A I would guess between 2500 to 3000,
21 something.22 Q And where generally are those wells
23 located?

24 A In the San Juan Basin.

25 Q Is it your responsibility for your com-

1 pany to locate and stake wells for the Basin Fruitland Coal
2 production?

3 A Yes, sir.

4 Q And is that one of the wells that's the
5 subject of this hearing?

6 A Yes, sir.

7 Q We're dealing with a well that's
8 identified as Well 443?

9 A Yes, sir.

10 Q And it is to be located in the east half
11 of Section 36, Township 30 North, Range 6 West?

12 A Yes, sir.

13 Q Would you describe generally what you
14 have specifically done concerning that particular well in
15 the east half of 36?

16 A In that area it is rough terrain and we
17 did stake it unorthodox. It's in the southwest of the
18 northeast quarter at 2200 feet from the north line and 1360
19 feet from the east line.

20 Q Are you familiar with the Division rules
21 on well locations generally in the basin?

22 A Yes, sir.

23 Q And are you specifically familiar with
24 the well location requirements for the Basin Fruitland coal
25 gas wells?

1 A Yes, sir.

2 Q Are you also familiar with the rules and
3 regulations of the Bureau of Land Management and the Com-
4 missioner of Public Lands?

5 A Yes, sir.

6 Q You've also staked wells on U. S. Forest
7 Service lands?

8 A Yes, sir.

9 MR. KELLAHIN: At this time,
10 Mr. Examiner, we tender Mr. Werner as an expert construc-
11 tion supervisor.

12 MR. LYON: He is so qualified.

13 Q Mr. Werner, let me have you take what is
14 marked as Exhibit Number One and let's fold back the over-
15 lay, the plastic overlay, and looking at the underlying
16 display, would you identify for us what we are looking at
17 when we -- we see this location plat underneath the plastic
18 overlay?

19 A It shows the terrain, the hills, and it
20 also shows a power line, pipe lines, another well, and also
21 buried cable going through the area where we located this
22 well.

23 Q Have you physically been within the area
24 shown on Section 36?

25 A Yes, sir.

1 Q You've walked the ground and identified
2 for yourself the location of these items and you're
3 familiar with the terrain and the topography?

4 A Yes, sir.

5 Q When we look in the northeast quarter of
6 36, the northeast quarter would be a standard on pattern
7 location for a Fruitland coal gas well, would it not?

8 A Yes, sir.

9 Q Within that northeast quarter there is
10 shown on this display something that's labeled gas well.

11 A Yes, sir, that's the old well.

12 Q Identify and describe for us what you
13 see on the site when you get there.

14 A That's the Well No. 89. It was staked
15 1800 feet from the north and 990 feet from the east, and
16 that is up on top of the plateau and that's where all of
17 these lines and stuff are going to, is to that well.

18 Q What type of well is that, Mr. Werner?

19 A A Mesaverde.

20 Q Is it still producing as a Mesaverde gas
21 well?

22 A Yes, sir.

23 Q Are there other Mesaverde gas wells con-
24 nected into the gathering system for this well downstream
25 of this well?

1 A Yes, there is quite a few connected into
2 the same one lateral line.

3 Q Have you made a physical investigation
4 to determine whether the site of the gas Well 89 is also
5 usable as a well pad for the Fruitland coal gas well?

6 A Well, no, sir, it really wouldn't be
7 with everything, all of these pipelines and everything in a
8 well, it really wouldn't be for what you would have to do
9 to get it ready to drill another well on the pad.

10 Q Let's have you identify for us the red
11 dot. That's the proposed --

12 A 443.

13 Q That's the unorthodox location?

14 A Yes, sir.

15 Q Outlined around that is a dashed square.

16 A Yes, sir.

17 Q What's that represent?

18 A That represents the size of the location
19 that we do have to build for the Fruitland Coal.

20 Q Got a 450-foot pad on (unclear)?

21 A Yes, sir.

22 Q Okay. And when we put the plastic over-
23 lay over the top of that topo location map, what's the pur-
24 pose of the overlay?

25 A Well, this shows the new spacing that

1 the Oil Commission came out with as of November the 1st,
2 but this was staked before November the 1st, so we didn't
3 have these spacing rules that we do now.

4 Q The well as staked was staked prior to
5 the Commission's adoption of the Basin Fruitland Coal Gas
6 wells?

7 A Yes, sir.

8 Q When we look at the overlay, that repre-
9 sents the current rules as implemented on November 1st --

10 A Yes, sir.

11 Q -- for the Basin Fruitland Coal Gas
12 wells?

13 A Yes, sir.

14 Q In looking at those drilling windows, if
15 you will, those are the ones described as having an outer
16 boundary of 790 feet and then within that framework there
17 is an area 10 feet on each side of the quarter quarter sec-
18 tion line that you can't drill?

19 A Yes, sir, that's what's with the new
20 rules, yes.

21 Q And then when we look at the separation
22 between the northeast quarter and the southeast quarter,
23 the distance for the drilling window is a setback of 103
24 feet -- 130 feet?

25 A Yes, sir. Now that, that is where we're

1 having trouble error. That -- that east side is one of
2 these sections that is 743 feet short of the 2640, so
3 basically we don't even have a northeast or southeast that
4 we could stake anything in in this 40.

5 Q When looking at this spacing unit, do
6 you find a standard location for this pad and for this well
7 that you can build within the various constraints of per-
8 forming your duties, Mr. Werner?

9 A With this new, the new spacing or the
10 old spacing?

11 Q With the old spacing.

12 A No, sir.

13 Q There was not a standard location under
14 the old spacing?

15 A No, sir, no place.

16 Q Under the new spacing rules is there a
17 standard location?

18 A Yes, sir, we could, under the new rules.

19 Q And where would that be, sir?

20 A That would be down in the -- right below
21 the Well No. 89, right straight down on the south side of
22 the road and pipeline and the buried cable that you see
23 going through there.

24 Q But you'd already built your pad, hadn't
25 you?

1 A Yes, sir, we built the pad on the 443.

2 Q Approximately how much does it cost to
3 build a facility such as this in its current state?

4 A This old facility cost us \$7000 plus a
5 pit liner we put in was \$2000, so we have right at \$9000 in
6 it right now.

7 Q Is it economically feasible, Mr. Werner,
8 to -- to abandon the existing pad for this well, move it
9 over to a standard location, and reclaim, if you will, the
10 area that's been condemned by the pad already built?

11 A No, sir, it would cost us another -- I'm
12 guessing just by looking at it -- another about \$7000 to
13 build a location. We'd have to have another pit liner of
14 \$2000, and we would have to reclaim the old location, prob-
15 ably \$12-to-1500.

16 Q Other than that alternative location
17 just to the south and west, are there any other standard
18 locations within this spacing unit that you could utilize?

19 A No, sir, nothing that would be feasible
20 that would be available.

21 Q What type of land are we dealing with
22 here? What surface ownership do we have?

23 A It is a State section.

24 Q Let's have you turn, sir, to what is
25 marked as Exhibit Number Two.

1 Would you identify and describe for us,
2 Mr. Werner, Exhibit Number Two?

3 A Yes, sir. This is the same map as over
4 -- we had before but that one's blown up five times the
5 size of this other one, and this -- on this highlighted
6 area here you show the windows that we could actually put
7 it into to have it orthodox, and if -- you can look in
8 there and see the terrain, how rough it would be, where it
9 just wouldn't physically fit to be reasonable in cost
10 without tearing up a lot of concrete.

11 Q Let me have you identify and describe
12 Exhibit Number Three for us, Mr. Werner.

13 A This is a copy of our pipeline in this
14 area. We are tied into Northwest Pipeline's system, just
15 -- we need to make sure the Examiner has found the well.

16 Q What are you representing by this dis-
17 play, Mr. Werner?

18 A Well, I was just indicating showing what
19 we would have to do if we put this location and stripped
20 the old location off. We would have to blow down --
21 there's 19 wells on this lateral, to run --

22 Q Just a minute, you have examined the
23 issue of whether or not you can take the pad where the ex-
24 isting producing Mesaverde well is?

25 A Yes, sir.

1 Q Terminate production from the Mesaverde
2 and use that pad then for the basic coal gas well?

3 A That's right. We would terminate that
4 well plus, if you see in the Section 31 in 30 and 5, the
5 Well "A"; that would also be shut down during the time we
6 were drilling and completing this well.

7 Q You've done hundreds, if not thousands,
8 of these wells, Mr. Werner. Do you recommend that Meridian
9 undertake that task of utilizing the existing pad for the
10 Mesaverde Well?

11 A Well, no, sir, and we would have to go
12 to Northwest. There's 19 wells we would have to shut in
13 while we were doing all of this and they would -- they may
14 need the gas, they may not, I don't know, but (unclear)
15 Northwest Pipeline, there's be another company we had to
16 deal with.

17 Q In your opinion does that represent a
18 practical solution for your company?

19 A No, sir, not at all.

20 Q Let's look at Exhibit Number Four, Mr.
21 Werner. Would you identify for us Exhibit Number Four?

22 A This is just a layout, typical layout of
23 your Fruitland coal pads. As you can see, we have a
24 working surface of 350 feet and then we have a 50-foot
25 boundary around the outside as a buffer for cuts and fills

1 and whatever we might have to do.

2 Q Does this represent the typical size pad
3 in the configuration for the Fruitland coal gas wells?

4 A Yes, sir, this is what we use all over
5 the basin.

6 Q When we look at the 450-side boundary on
7 Exhibit Number One for the well pad --

8 A Yes, sir.

9 Q -- that's the one that equates to this
10 construction buffer zone?

11 A Yes, sir, that takes care of the cuts
12 and fills (unclear).

13 Q All right, sir, when we look at Exhibit
14 Number Five, what does that exhibit show?

15 A This is just the approval that we had at
16 the time that we built the location.

17 Q And the existing pad, then, was ap-
18 proved, this was submitted on October 6th of 1988?

19 A Yes, sir.

20 Q And approximately when did you receive
21 approval from the Division, Mr. Bush, for building your
22 pad?

23 A It wasn't on here but we've got it on
24 our records as the 14th, October the 14th.

25 Q And that was prior to the Commission's

1 adoption of the Basin Fruitland coal gas --

2 A Yes, yes, sir.

3 Q -- rules, was it not?

4 A Yes, it was.

5 Q All right, sir, and then finally Exhibit
6 Number Six. Would you identify that for us?

7 A This is just a typical survey map just
8 showing where the well is staked.

9 Q This was part of the attachment to the
10 prior exhibit --

11 A Yes.

12 Q -- was it not?

13 A Yes, sir, it was.

14 Q Are you familiar with the San Juan 30
15 and 6 Unit that Meridian operates in this area?

16 A Yes, sir, just as far as staking them
17 and stuff is all. I don't know any of the land problems or
18 anything like that. That's --

19 Q Well, I wanted to address you to the --
20 the location of wells within the 30 and 6 unit.

21 A Yes, sir.

22 Q The 30 and 6 unit is unit production for
23 the Fruitland coal gas wells?

24 A Yes, sir, that's (not clearly under-
25 stood.)

1 Q Let me show you Exhibit Number Six,
2 which is an outline of the 30 and 6 unit. Are you familiar
3 with that?

4 A Yes, sir.

5 Q When we look in Section 30-6 at the pink
6 dot --

7 A Yes, sir.

8 Q -- is that generally where we find the
9 proposed location for this well?

10 A Yes, sir, very close.

11 Q Have you staked other wells for the 30
12 and 6 unit?

13 A Yes, sir, we have staked this last -- I
14 suppose we have 60 this last year or so that we've staked
15 in 30-6 unit.

16 Q Do you have a proposed well at this
17 point for the east half of Section 30-6?

18 A Well, this was in the east half.

19 Q I'm sorry, for the west half of 30-6.

20 A Yes, sir, we do. It's not on here but
21 it is in the southwest quarter of 30-6. I don't know just
22 where it's located, but we do have one staked in the south-
23 west quarter. It's down close to this other well, the
24 Mesaverde that's there. It's right offsetting that well.

25 Q So within the same unit operations as

1 the east half of 30-6, we have unit operations being
2 proposed in the west half of 30-6.

3 A Yes, sir, we do.

4 Q And the direction in which this parti-
5 cular well is unorthodox is direction that moves towards
6 the same unit.

7 A Yes, sir. Yes, it's in (unclear).

8 Q Okay.

9 MR. KELLAHIN: That concludes
10 my examination of Mr. Werner, Mr. Lyon.

11 We move the introduction of
12 Exhibits One through Six.

13 MR. LYON: Is there objection?
14 Exhibits One through Six will
15 be entered in the record.

16
17 CROSS EXAMINATION

18 BY MR. LYON:

19 Q Mr. Werner, do you -- do you know
20 whether a revised C-102 has been filed?

21 A No, sir, I don't.

22 Q I presume that Meridian will file an
23 amended C-102 showing the east half of the Section 30-6 --

24 MR. KELLAHIN: If it hasn't
25 been done already, Mr. Lyon, we will do that.

1 MR. LYON: I have no further
2 questions.

3 The witness may be excused and
4 we'll take the case under advisement.

5
6 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9550
heard by me on Jan 18 1989.

W. H. Lyon, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 21 December 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Meridian Oil, Inc. for CASE
10 a non-standard gas proration unit and 9550
11 an unorthodox gas well location, Rio
12 Arriba County, New Mexico.

13 BEFORE: Michael E. Stogner, Examiner

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16 TRANSCRIPT OF HEARING

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

19 For the Division: Robert G. Stovall
20 Attorney at Law
21 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

22 For the Applicant:
23
24
25

1 MR. STOGNER: Call next Case
2 Number 9550.

3 MR. STOVALL: Application of
4 Meridian Oil, Inc., for a nonstandard gas proration unit
5 and an unorthodox gas well location, Rio Arriba County, New
6 Mexico.

7 Applicant requests this case
8 be continued to January 18th, 1989.

9 MR. STOGNER: Case Number 9550
10 will be so continued.

11
12 (Hearing concluded.)

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C E R T I F I C A T E

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Sally W. Boyd CSR

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the Examiner hearing of Case No. 9550
heard by me on 31 Dec. 1988.
Michael E. Stogner Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 7 December 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Meridian Oil, Inc. for CASE
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12 Arriba County, New Mexico.

13 BEFORE: David R. Catanach, Examiner

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

19 For the Division: Robert G. Stovall
20 Attorney at Law
21 Legal Counsel to the Division
22 State Land Office Bldg.
23 Santa Fe, New Mexico

24 For the Applicant:
25

1 MR. CATANACH: Call next Case
2 9550.

3 MR. STOVALL: Application of
4 Meridian Oil, Inc. for a nonstandard gas proration unit and
5 unorthodox gas well location, Rio Arriba County, New
6 Mexico.

7 Applicant requests this case
8 be continued to December 21st, 1988.

9 MR. CATANACH: Case 9550 is
10 hereby continued to December 21st.

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12 (Hearing concluded.)

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C E R T I F I C A T E

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David R. Catano, Examiner
Oil Conservation Division