

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 12 April 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 In the matter of the hearing called CASE  
10 by the Oil Conservation Division on 9650  
11 its own motion for an order extending  
12 certain existing pools in Rio Arriba,  
13 Sandoval and San Juan Counties, New  
14 Mexico.

15 BEFORE: Michael E. Stogner, Examiner

16 TRANSCRIPT OF HEARING

17 A P P E A R A N C E S

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

23 For Mallon Oil Company: W. Perry Pearce  
24 Attorney at Law  
25 MONTGOMERY & ANDREWS  
P. O. Box 2307  
Santa Fe, New Mexico 87504

For NM & O and Larry  
Sweet: Sarah W. Williams  
Attorney at Law  
3654 S. 108th E. Avenue  
Tulsa, Oklahoma 74146

## I N D E X

MOTION BY MR. PEARCE

3

ERNIE BUSH

Direct Examination by Mr. Stovall

10

## E X H I B I T S

Division Exhibit One, Data

11

1 MR. STOGNER: At this time  
2 we're going to go to the end of the docket and pick up Case  
3 Number 9650, which is in the matter of the hearing called  
4 by the Oil Conservation Division on its own motion for an  
5 order extending certain existing pools, Rio Arriba, Sando-  
6 val and San Juan Counties, New Mexico.

7 At this time I'll call for  
8 appearances.

9 MR. STOVALL: Robert G. Stovall  
10 of Santa Fe appearing on behalf of the Division.

11 I have one witness.

12 MR. STOGNER: Are there any  
13 other appearances?

14 MR. PEARCE: May it please the  
15 Examiner, I am W. Perry Pearce. The law firm is Montgomery  
16 & Andrews of Santa Fe, New Mexico. I appear for purposes  
17 of making a motion relating to a part of this case. I do  
18 not have a witness.

19 I'm appearing on behalf of  
20 Mallon Oil Company.

21 MR. STOGNER: Are there any  
22 other appearances in this matter?

23 MS. WILLIAMS: My name is  
24 Sarah Williams and I'm appearing on behalf of Larry Sweet  
25 with NM and O in Tulsa, Oklahoma, and with regard to Case

1 9650, Subsection (d).

2 MR. STOGNER: D as in dog,  
3 that is the --

4 MS. WILLIAMS: D as in dog.

5 MR. STOGNER: -- extension of  
6 the Blanco Mesaverde Pool?

7 MS. WILLIAMS: Correct, and to  
8 enter an appearance only. I have no witnesses.

9 MR. STOGNER: Are there any  
10 other appearances?

11 Will the witness please stand  
12 and be sworn at this time? Raise your right hand.

13  
14 (Witness sworn.)

15  
16 MR. STOGNER: Mr. Stovall, or  
17 first of all --

18 MR. STOVALL: Mr. -- Mr.  
19 Examiner, I recommend that we deal with Mr. Pearce's motion  
20 at this time before we actually get into testimony.

21 MR. PEARCE: I appreciate  
22 that, Mr. Stovall.

23 Mr. Examiner, I have filed in  
24 this case a request for continuance relating only to Sub-  
25 part (d) of the application. Once again that's the part of

1 this application that deals with a proposed expansion of  
2 the Blanco Mesaverde Pool.

3 I refer the Examiner to that  
4 written request for continuance which is in the case file  
5 of this matter.

6 To summarize very briefly, Mr.  
7 Examiner, this well is drilled at an unorthodox location.  
8 It is a recompletion into the Mesaverde formation. The  
9 operator of this well, Mallon Oil Company, has serious  
10 question about whether or not there is continuous Mesaverde  
11 between this and the present Blanco Mesaverde Pool. In or-  
12 der to determine whether or not this well is appropriately  
13 made part of the prorated Blanco Mesaverde Gas Pool, the  
14 operator requests that this portion of this case be contin-  
15 ued; that the well be allowed to produce into the pipeline  
16 from the Mesaverde formation for some period of time.  
17 We're suggesting 180 days. At that time we believe that  
18 sufficient information will be available to determine  
19 whether this well is properly part of that pool or in fact  
20 is completed in a separate and distinct reservoir. We  
21 would propose at that time to have this matter either reset  
22 for nomenclature hearing or the operator of that well to  
23 file a separate application to properly classify this well.

24 I should mention, Mr.  
25 Examiner, that this well, as I say, is a recompletion. Ap-

1 plication was made for a nonstandard location approval  
2 based on 160-acre spacing, which is the statewide rule. At  
3 the request of the Aztec District Office that application  
4 was changed to a request for a nonstandard location within  
5 a 320-acre spacing and proration unit. The way the record  
6 now stands, the nonstandard location has been approved.  
7 The wording of the nonstandard location approval ties it to  
8 Blanco Mesaverde Pool but we believe that that is a prema-  
9 ture determination and we therefor ask for a continuance of  
10 this matter.

11 MR. STOGNER: Mr. Pearce,  
12 let's look at portion (d) on the docket today. What exten-  
13 sion exactly are we talking about, or are you talking about  
14 paragraph (d) as a whole?

15 MR. PEARCE: I do not have my  
16 notes in front of me of the location. I apologize. The  
17 administrative order approving the nonstandard location for  
18 the Davis Federal 3 Well No. 15 shows that it is located in  
19 Section 3 of Township 25 North, Range 2 West.

20 Therefore the first set of de-  
21 scriptions under sub-part (d), those relating to Township  
22 25 North, Range 2 West, are the -- is the acreage of con-  
23 cern to us; however, I'm not familiar with the present  
24 horizontal extent of the Blanco Mesaverde Pool, Mr. Exa-  
25 miner. It may be that the acreage in 25 North, 3 West is

1 closer to the present Blanco Mesaverde Pool than the well  
2 that is of concern to us.

3 I -- I do not know, perhaps  
4 Ms. Williams knows, the location of interest to Mr. Sweet  
5 and NM & O. I do not know.

6 MR. STOGNER: Ms. Williams, do  
7 you have anything to add at this time?

8 MS. WILLIAMS: No. Mr. Sweet  
9 is an operator in Township 25 North, Range 2, but I don't  
10 know the exact location.

11 MR. PEARCE: So he is also in  
12 2, apparently.

13 MR. STOGNER: Mr. Pearce, it  
14 would probably take a moment to study the current bound-  
15 aries of the pool, but if 25, 2, could be excluded at this  
16 time from the extension of the pool, would you have any ob-  
17 jection to the -- including the 25 -- the acreage described  
18 in the application of 25, 30, or 26, 2?

19 MR. PEARCE: I must confess  
20 this pool makes me uncomfortable because I do not know my  
21 client's acreage position in this matter, nor do I know, I  
22 have not had a discussion with his geologist about what he  
23 expects. I would be happy to check that and tell the Ex-  
24 aminer and counsel my client's position on that matter, but  
25 I do not know.

1 MR. STOVALL: Mr. Examiner, I  
2 have no -- I have no particular response either in favor or  
3 in the opposition to Mr. Pearce's motion.

4 I assume, Ms. Williams, you're  
5 joining that motion, is that correct, or supporting Mr.  
6 Pearce's motion? Would that be correct?

7 MS. WILLIAMS: That's correct.

8 MR. STOVALL: Or do you have a  
9 position?

10 MS. WILLIAMS: Yes.

11 MR. STOVALL: As a procedural  
12 matter, if you -- it's your decision to grant the substance  
13 of Mr. Pearce's request, I would -- I would request that  
14 paragraph (d) of this case be dismissed rather than con-  
15 tinued because I think it creates a rather awkward situa-  
16 tion to have a continuation of one paragraph out of a 6  
17 paragraph case or more than that, 12 paragraph case, I  
18 guess, and it doesn't make any difference whether we con-  
19 tinue it or dismiss it.

20 I think to clear the docket it  
21 would be best to dismiss that portion if you are so in-  
22 clined to do so.

23 MR. STOGNER: Ms. Williams,  
24 Mr. Pearce, do you have any objections to dismissing para-  
25 graph (d) at this time and reconsidering that in a separate



1 case so we can continue with the other matters in this  
2 particular case it relates to other pools in the area?

3 MS. WILLIAMS: I have no ob-  
4 jection.

5 MR. PEARCE: No objection.

6 MR. STOVALL: Mr. Examiner,  
7 before you make a ruling on that, I would -- I am not --  
8 did not actually prepare this case and Mr. Bush from the  
9 Aztec Office of the OCD is here. If you would permit him  
10 in a moment, if he has any comments which he wishes to  
11 make, not in the form of testimony but rather in the form  
12 of statements with respect to the motions, I would request  
13 leave to allow him to do so, if he wishes.

14 MR. BUSH: Yes, Mr. Examiner,  
15 Aztec District of the OCD requests at this time that para-  
16 graph (d) be dropped from -- from this -- this portion and  
17 continued at a later date.

18 MR. STOGNER: Okay, therefore  
19 what we'll do is just dismiss paragraph (d) in its entirety  
20 at this time and at some future date it will be reconsider-  
21 ed in either a separate case or another nomenclature pro-  
22 ceeding at that time.

23 Mr. Pearce, in light of your  
24 existing nonstandard proration unit, I would suggest that  
25 now an amendment application at this time to include

1 wording in that order approving it for a nonstandard  
2 location in a 160-acre proration unit in a wildcat Mesa-  
3 verde formation.

4 MR. PEARCE: Thank you, Mr.  
5 Examiner, I will relay that message to them today.

6 MR. STOGNER: At this time  
7 only paragraph (d) as in delta will be dismissed.

8 At this time we'll continue on  
9 with the remaining pools, which is the subject of Case  
10 Number 9650.

11 Mr. Stovall?

12  
13 ERNIE BUSH,  
14 being called as witness and being duly sworn upon his  
15 oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. STOVALL:

19 Q Would you please state your name, by  
20 whom you're employed and in what capacity?

21 A Ernie Bush, NMOCD District III, geolo-  
22 gist.

23 Q Mr. Bush, have you previously testified  
24 before the Commission or its examiners and had your cre-  
25 dentials accepted?

1           A           Yes, I have.

2                           MR. STOVALL:   I'm going to  
3 offer him as an expert at this time.

4                           MR. STOGNER:   Mr. Bush is so  
5 qualified.

6           Q           Mr. Bush, are you prepared to make re-  
7 commendations to the Examiner today concerning the nomen-  
8 clature of certain pools in Rio Arriba, Sandoval and San  
9 Juan Counties, New Mexico?

10          A           Yes, I am.

11          Q           Are those recommendations prepared in  
12 the form of an exhibit?

13          A           Yes, they are.

14          Q           And how is that exhibit denominated?

15          A           Exhibit Number One.

16          Q           Would you please refer to Exhibit Number  
17 One and to the docket that's been distributed for the  
18 hearing today and making reference also to the ruling by  
19 the Examiner vis-a-vis any portion of this application, and  
20 point out any differences that now may exist between the  
21 exhibit and the case --

22          A           There are no differences with the excep-  
23 tion of paragraph (d).

24          Q           All right and so you would say the exhi-  
25 bit -- those lands described in paragraph (d) of the docket

1 published or -- would no longer be applicable or relevant  
2 in this case?

3 A That's correct.

4 Q Could those -- could those pages actu-  
5 ally be deleted from the exhibit?

6 A Yes.

7 Q Would that be possible?

8 A Yes.

9 Q And we'll do that subsequent to this  
10 hearing.

11 Was Exhibit One in this case prepared by  
12 you or under your supervision and control and have you  
13 examined the contents of the documents and assured yourself  
14 of their accuracy?

15 A Yes.

16 Q Do you have anything further to add to  
17 your testimony?

18 A No, I don't.

19 MR. STOVALL: I offer Exhibit  
20 One into evidence, which we -- from which we will delete  
21 the lands described in paragraph (d) of the docket.

22 MR. STOGNER: Exhibit One with  
23 the exception of paragraph (d) will be admitted into evi-  
24 dence at this time.

25 Is there anything further of

1 this witness? He may be excused.

2 Does anybody else have any-  
3 thing further in Case Number 9650?

4 This case will be taken under  
5 advisement.

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7 (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. 9650  
heard by me on 12 April 1989.

Matthew E. Hays Examiner  
Oil Conservation Division