

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE 9078

CASE 9846

CASE 9847

CASE 9812

CASE 9813

CASE 9850

EXAMINER HEARING

TRANSCRIPT OF PROCEEDINGS

CONTINUED AND DISMISSED CASES

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

December 27, 1989

CUMBRE COURT REPORTING
(505) 984-2244

1 HEARING EXAMINER: This hearing will come
2 to order. I'm Michael E. Stogner, appointed Examiner
3 for today's docket. Note today's date, December 27,
4 1989.

5 What I'll do first is call all the
6 continued and dismissed cases. So, we'll start by
7 calling Case No. 9078, which is in the matter of case
8 number 9078 being reopened pursuant to the provisions
9 of Division Order Nos. R-8450.

10 This case will be continued to the
11 Examiner's hearing scheduled for January 10, 1990.

12 * * * * *

13 HEARING EXAMINER: Call next case, No.
14 9846, which is the application of Yates Petroleum
15 Corporation for compulsory pooling, Eddy County, New
16 Mexico.

17 At the Applicant's request, this case will
18 be continued to the Examiner's hearing scheduled for
19 January 10, 1990.

20 * * * * *

21 HEARING EXAMINER: Call next case, No.
22 9847, which is the application of Yates Petroleum
23 Corporation for an unorthodoxed oil well location, Lea
24 County, New Mexico.

25 At the Applicant's request, this case will

1 be dismissed.

2 * * * * *

3 HEARING EXAMINER: Over to the next page,
4 I'll call next case, No. 9812, which is the
5 application of Meridian Oil, Incorporated, on behalf
6 of El Paso Natural Gas Company, for an unorthodox coal
7 gas well location, Rio Arriba County, New Mexico.

8 At the Applicant's request, this case is
9 dismissed.

10 * * * * *

11 HEARING EXAMINER: Call next case, No.
12 9813, which is the application of Meridian Oil
13 Incorporated, on behalf of El Paso Natural Gas
14 Company, for an unorthodox coal gas well location, Rio
15 Arriba County, New Mexico.

16 At the Applicant's request, this case is
17 also continued to the Examiner's hearing scheduled for
18 January 10, 1990.

19 * * * * *

20 HEARING EXAMINER: Well, we're on the last
21 page, on page 6, Case No. 9850, which is in the matter
22 of the hearing called by the Oil Conservation Division
23 on its own motion for an order extending certain
24 existing pools in Rio Arriba and San Juan Counties,
25 New Mexico.

1 This case is also continued to the
2 Examiner's hearing scheduled for January 10, 1990.

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CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Carla Diane Rodriguez Certified
 Shorthand Reporter and Notary Public, HEREBY CERTIFY
 that the foregoing transcript of proceedings before
 the Oil Conservation Division was reported by me; that
 I caused my notes to be transcribed under my personal
 supervision; 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 December 29, 1989.

Carla Diane Rodriguez
 CARLA DIANE RODRIGUEZ
 CSR No. 91

My commission expires: May 25, 1991

Michael H. [Signature]
 Examiner
 Oil Conservation Division

Case No. 9850.
 December 27, 1989

CUMBRE COURT REPORTING
 (505) 984-2244

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

EXAMINER HEARING

IN THE MATTER OF: Case 9850

In the matter of the hearing called
By the Oil Conservation Division on
Its own motion for an order extending
A certain existing pool in Rio Arriba
and San Juan Counties, New Mexico.

TRANSCRIPT OF PROCEEDINGS

BEFORE DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 10, 1990

ORIGINAL

A P P E A R A N C E S

FOR THE OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.
State Land Office Building
Santa Fe, New Mexico 87501

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1 MR. CATANACH: At this time we'll kind of
2 skip around and call Case 9850, in the matter of the
3 hearing called by the Oil Conservation Division on its
4 own motion for an order extending a certain existing
5 pool in Rio Arriba County, New Mexico.

6 Are there appearances in this case?

7 MR. STOVALL: Robert G. Stovall of Santa Fe
8 on behalf of the Division. I have one witness.

9 MR. CATANACH: The witness, please, stand and
10 be sworn in.

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

14 EXAMINATION

15 BY MR. STOVALL:

16 Q. Will you, please, state your name and place
17 of employment.

18 A. Ernie Busch, New Mexico Oil Conservation
19 Division, District 3.

20 Q. And where do you reside, Mr. Busch?

21 A. Aztec.

22 Q. And have you previously testified before the
23 Division in any capacity and had your qualifications
24 accepted?

25 A. Yes, I have.

1 Q. In what capacity have you testified?

2 A. As a district geologist.

3 Q. And as a geologist, are you familiar with the
4 producing formations in the San Juan Basin, in
5 particular the Mesaverde formation?

6 A. Yes, I am.

7 Q. Would you describe for the Examiner the
8 nature of the Mesaverde formation?

9 A. Yes. It consists of three members: the
10 Cliffhouse member, the Menefee coal and shale member,
11 and the Point Lookout member, all of which are
12 productive of oil and gas in varying quantities
13 throughout the basin.

14 MR. STOVALL: Mr. Examiner, at this time I'd
15 like to offer this witness as an expert geologist.

16 MR. CATANACH: He is so qualified.

17 Q. (BY MR. STOVALL) This particular case
18 concerns the expansion and extension of the Blanco
19 Mesaverde Pool; is that correct?

20 A. That's correct.

21 Q. And it takes in -- the expansion takes in a
22 considerable area; is that correct?

23 A. That's right.

24 Q. And would you describe for the Examiner
25 briefly the depositional nature of the Mesaverde

1 formation in the San Juan Basin?

2 A. Yes. The Mesaverde is upper crustaceous,
3 inner-bedded sandstone shales and coals. Again,
4 beginning with the lowest member, the Menefee -- excuse
5 me -- the Point Lookout, sandstone, which is overlain
6 by inner-bedded shales and coals, the Menefee
7 formation, and then the upper formation, the Cliffhouse
8 member, which is a sandstone.

9 Q. Is that formation --

10 A. Excuse me. Depositional environment is
11 regressive and transgressive, shoreline sands or dunes
12 or beaches, dunes, barrier islands, offshore bars, and
13 back shore swamps, and lagoons.

14 Q. And, as such, is it a fairly homogeneous
15 formation throughout that area?

16 A. Yes. Yes, it is.

17 Q. And have you prepared any exhibits in
18 preparation of today's case?

19 A. Yes, I have.

20 Q. Do you have those with you?

21 A. Yes, I have three exhibits.

22 Q. I'd like you to now turn to what is marked
23 Exhibit No. 1 in this case and describe that for the
24 Examiner, please.

25 A. Exhibit No. 1 is a 5 plat -- a 5-township

1 plat illustrating the Blanco Mesaverde Pool in hachured
2 purple and the proposed extension outlined in red.

3 Q. And would you describe Exhibit 2, please.

4 A. Yes. Exhibit No. 2 is also a 5-township plat
5 illustrating the -- is a 5-township cross-sectional
6 plat with the locations of the listed wells connected
7 by a line that extends from No. 1 in the west to No. 5
8 in the east.

9 Q. Now, would you turn to Exhibit 3, please, and
10 describe that exhibit for the Examiner.

11 A. Exhibit 3 is the cross-section of the listed
12 wells on Exhibit 2 using dual induction logs from those
13 wells.

14 The three members of the Mesaverde are
15 labeled beginning with the Cliffhouse in green overlain
16 by -- overlying the Menefee formation in purple, and
17 then last, the Point Lookout formation in white.

18 And it's an excellent correlation of all the
19 members from Well No. 1, Well No. 5 of the various
20 components of the Mesaverde formation.

21 Q. If I look at the Exhibit No. 2 correctly, it
22 appears this cross-section covers a distance of 15
23 miles; is that correct, approximately 12 to 15 miles?

24 A. Yes. About 14.

25 Q. And did you find in looking at the

1 cross-section and the logs and other logs that you've
2 examined in this area that the sands are consistent and
3 homogeneous, and do they correlate across this area?

4 A. Yes, they do correlate very well. And they
5 are homogeneous in each -- in each member of the
6 Mesaverde formation.

7 Q. And is it your opinion that the extension of
8 the Blanco Mesaverde Pool, as recommended by this
9 application, be in the best interests of conservation
10 and prevention of waste and protection of correlative
11 rights?

12 A. Yes.

13 MR. STOVALL: I move at this time the
14 admission of Exhibits 1 through 3. And I have nothing
15 further in this case.

16 (Thereupon, Exhibit Nos. 1, 2,
17 and 3 were offered into evidence.)

18 MR. CATANACH: Exhibits 1 through 3 will be
19 admitted as evidence.

20 (Thereupon, Exhibit Nos. 1, 2,
21 and 3 were admitted into evidence.)

22 Just one quick question, Mr. Busch. How was
23 the expanded area determined, or how was that area
24 determined?

25 THE WITNESS: There are two wells in Township

1 25 North, 2 West that produce from the Mesaverde
2 formation: one from the Menefee, the other from the
3 point -- from Menefee and Point Lookout.

4 One is located -- Well No. 4 on Plat No. 2 --
5 or, excuse me, on Exhibit No. 2, the Mallon Oil
6 Company, Davis Federal Column 3, No. 15. And the other
7 is in Section 23, H 25 North, 2 West, the Mesa Grande
8 Resources, Incorporated, North Lendrith 23, No. 1
9 Well.

10 MR. CATANACH: That's all I have of the
11 witness. He may be excused, or is there any other
12 questions of this witness? If not, he may be excused.

13 Is there anything further in this case?

14 MR. STOVALL: I have nothing.

15 MR. CATANACH: Case 9850 will be taken under
16 advisement.

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Debbie Vestal, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Examiner of the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; 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 February 10, 1990.



Debbie Vestal
CSR No. 400

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 88570, heard by me on January 10 1990.


_____, Examiner
Oil Conservation Division