

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

4
5
6 EXAMINER HEARING

7
8 IN THE MATTER OF:

9
10 Application of Manzano Oil Corporation Case 9973
11 for compulsory pooling and an unorthodox
12 gas well location, Lea County, New Mexico

13

14

15 **ORIGINAL**

16

17 TRANSCRIPT OF PROCEEDINGS

18

19 BEFORE: MICHAEL E. STOGNER, EXAMINER

20

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22 STATE LAND OFFICE BUILDING

23 SANTA FE, NEW MEXICO

24 August 8, 1990

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1 P R O C E E D I N G S

2 HEARING EXAMINER: I'll call next case, No. 9973,
3 which is the application of Manzano Oil Corporation for
4 compulsory pooling and an unorthodox gas well location, Lea
5 County, New Mexico.

6 At this time I'll call for appearances.

7 MR. KELLAHIN: Mr. Examiner, I am Tom Kellahin of
8 the Santa Fe law firm of Kellahin, Kellahin & Aubrey appearing
9 on behalf of the Applicant. And I have two witnesses to be
10 sworn.

11 HEARING EXAMINER: Okay. Are there any other
12 appearances?

13 MR. CARR: May it please the Examiner, my name is
14 William F. Carr with the law firm of Campbell & Black, P.A. of
15 Santa Fe. I represent Nearburg Producing Company. I do not
16 intend to call a witness.

17 HEARING EXAMINER: Thank you, Mr. Carr.

18 Will the witnesses please stand to be sworn. Raise
19 your right hands.

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

23 HEARING EXAMINER: Mr. Kellahin.

24 MR. KELLAHIN: Thank you, Mr. Examiner.

25 * * *

1 EXAMINATION

2 BY MR. KELLAHIN:

3 Q. Mr. Ball, would you please state your name and
4 occupation.

5 A. My name is Jim Ball. I am vice president of land,
6 Manzano Oil Corporation.

7 Q. Mr. Ball, on prior occasions have you testified
8 before the Examiner as a petroleum landman?

9 A. Yes, I have.

10 Q. Pursuant to your employment have you attempted on a
11 voluntary basis to consolidate the necessary interest owners in
12 order to drill the subject well of this hearing?

13 A. Yes, I have.

14 Q. Are you also familiar with the ownership within
15 Section 14?

16 A. Yes, I am.

17 Q. And can you identify for the Examiner the royalty
18 owners and the working interest owners for that section?

19 A. Yes, I can.

20 MR. KELLAHIN: We tender Mr. Ball as an expert
21 petroleum landman.

22 HEARING EXAMINER: Mr. Ball is so qualified.

23 Q. (BY MR. KELLAHIN) Mr. Ball, let me direct your
24 attention, sir, to what is marked as Exhibit No. 1.

25 A. Yes, sir.

1 Q. Would you take a moment and orient the Examiner as
2 to the spacing unit that you are seeking to apply to this case.
3 Where are we?

4 A. Okay. We are in the east half of Section 14, the
5 area that's colored yellow, of 1933, Lea County. The proration
6 unit that -- the deepest proration unit we expect to encounter
7 and test would be the Morrow, it's based on 320. There are
8 some shallower situations that could come up on a 160-acre
9 spacing. In any event there are two lease tracts on those two
10 situations.

11 Q. All right. Let's look at Section 14. When we look
12 at that section on this display there is a dashed line that
13 includes the east half of the Southeast Quarter plus the
14 southeast of the northeast. And that area then is separated
15 from the balance of the acreage in Section 14.

16 A. That's correct.

17 Q. What does that show?

18 A. That shows basically there is two leases in Section
19 14. The 120-acre tract, which I sometimes call that the
20 Schellinger tract, just because there is numerous working
21 interest owners under that tract. That's Federal lease,
22 whereas the balance of Section 14 is lease that has the same
23 ownership throughout. It's also a Federal lease. The royalty
24 owners are also the same throughout the balance of Section 14.

25 Q. When we look at the -- exclude the Schellinger tract

1 for a moment, the balance of that section is under one Federal
2 lease. I've come to learn it by the Texaco tract.

3 A. Yes, right.

4 Q. Let's use that just for shorthand.

5 A. Okay.

6 Q. When we look at the Texaco lease what has been the
7 development of the section in terms of that lease?

8 A. Going back a few months, we drilled the well in the
9 west half. It's presently producing out of the Wolfcamp and
10 capable of producing out of the Morrow. It's just presently
11 not doing it.

12 Q. All right. When we look at the west half then, in
13 the northeast of the southwest there is a gas well symbol says
14 Manzano Texaco Federal No. 1.

15 A. Yes.

16 Q. Is that the well we're talking about?

17 A. That's the well that we drilled.

18 Q. You drilled that on the basis of what, sir? Was it
19 a farm-out or --

20 A. Yes, it was a farm-out from Texaco.

21 Q. Okay. You are now seeking to develop the east half
22 of that section.

23 A. That's correct.

24 Q. Is this under the same farm-out?

25 A. It's under the same farm-out, yes, sir.

1 Q. What was your commencement date for starting the
2 well in the east half of Section 14 under the Texaco farm-out?

3 A. It is now presently through an extension. September
4 16th is the deadline we're working under.

5 Q. What was your first deadline that was extended?

6 A. Whatever 60 days prior to that. I don't recall the
7 exact date.

8 Q. So by July 16 you would have had to start the well
9 in the east half?

10 A. Right.

11 Q. But you were able to obtain an extension?

12 A. That's correct.

13 Q. During this period of time then that you've tried to
14 consolidate the acreage for the east half spacing unit have you
15 satisfied yourself that you know the ownership in the
16 Schellinger tract?

17 A. Yes, I have.

18 Q. How do you know that?

19 A. I have as shown on Exhibit 2 a portion thereof,
20 anyway, a title opinion covering that.

21 Q. Let's turn to Exhibit No. 2.

22 A. Excuse me, I meant the Exhibit A. I also have a
23 title opinion that's not on the exhibits.

24 Q. Okay. Exhibit A, which I have marked as Manzano
25 Exhibit No. 2, this is the Exhibit A out of the proposed

1 operating agreement?

2 A. That's correct.

3 Q. And this exhibit was also prepared based upon the
4 title opinion that you've received from your title attorney?

5 A. That's correct.

6 Q. Exhibit No. 2 bears a date of August 1, 1990.

7 A. Yes.

8 Q. To the best of your knowledge and information and
9 belief is this correct as to the individuals and the
10 percentages before payout and after payout that would be
11 subject to this agreement in the east half of the section?

12 A. Yes, it is. As of this date.

13 Q. Let's go back and have you summarize for the
14 Examiner when you first proposed the well to the working
15 interest owners in the east half and how you did that.

16 A. Okay. Under Exhibit 3 you'll see my first certified
17 letter that went out to all working interest owners basically
18 proposing the well. Paragraph labeled number one is offering
19 to let them participate. By the way that participation is on a
20 320-acre working interest unit basis. Number two is to sell
21 their interest and number three was to farm out.

22 Q. Attached to that then is the list of the names and
23 addresses of those parties?

24 A. That's correct.

25 Q. And then after that there is an AFE?

1 A. That's correct.

2 Q. When we look at this AFE, who prepared this?

3 A. Our engineer.

4 Q. Is this the same AFE that you've circulated to all
5 the potential working interest owners in the well?

6 A. Yes, it is.

7 Q. Have you received any objection or complaints or
8 comments from any of the proposed working interest owners about
9 whether or not these proposed costs were fair and reasonable?

10 A. We have not received any complaints at all. There
11 is no -- I mean everybody is in agreement with the AFE.

12 Q. And this is the AFE that you proposed to the
13 Examiner that he include as part of the compulsory pooling
14 order?

15 A. Yes.

16 Q. Do you have a basis for forming a belief that this
17 is a fair and reasonable charge?

18 A. Yes, I do.

19 Q. And what is that?

20 A. I base that on our previous two wells that we've
21 drilled in the area.

22 Q. Let's show the Examiner on Exhibit No. 1, the other
23 well we've talked about, the Manzano Texaco Federal well in the
24 west half of 14. Where is your other well?

25 A. We had drilled one prior to that even in the east

1 half of 15.

2 Q. All right. So if we go west to the next basin unit
3 there is the Manzano Wynelle, is it?

4 A. Yes. It was also a drill to the Morrow. And on
5 that basis we drilled that well about 16 percent less than what
6 we AFE'd it.

7 Q. Tell me in bottom line numbers, Mr. Ball, the AFE
8 costs for the Wynelle well, what was it anticipated to cost?

9 A. Anticipated 1,120,050.

10 Q. As of to date what are the actual costs on the well?

11 A. 939,507.

12 Q. And your AFE proposed bottom line number for the new
13 well is 1.1 million?

14 A. That's correct.

15 Q. Do you have an understanding what the difference is
16 between the two, and why this one is proposed now for 1.1?

17 A. The difference is just based on bids and just
18 current market from when that was drilled a year or so ago.

19 Q. Your understanding is that all these estimated costs
20 for the well, each item represents a current competitive price
21 for that particular item?

22 A. That's correct. Again everybody is in agreement
23 with the AFE.

24 Q. Let me have you describe for the Examiner what you
25 propose for an overhead rate on a monthly basis for a drilling

1 well as well as a producing well.

2 A. Yes. The drilling well is \$5,000. The monthly is
3 \$500. And I checked that with the -- by the way that is --
4 we're obligated through our Texaco farm-out to charge that in
5 the Ernst and Young. It's right on the money with theirs.

6 Q. You have reviewed the Ernst and Young 1989
7 tabulation of overhead charges and this falls right in line
8 with their medium price for wells at this depth?

9 A. Yes, sir.

10 Q. Let's turn now and see what other efforts you've
11 made apart from the June 1st letter. What's the next thing
12 you did?

13 A. After the June 1st letter and several phone
14 conversations some initial reactions, elections came in. But I
15 sensed in talking with the 29 working interest owners involved,
16 which the majority of them fall under the Schellinger tract,
17 the 120-acre tract, that it was kind of like, well, we'll do
18 whatever so and so does. And so I sensed that they were
19 wanting to know what some of the other ones were doing.

20 So June 26 I sent out a letter at that date saying
21 who had given me verbal elections to participate or who was
22 going to farm-out. So that was the purpose of that letter,
23 just trying to help them make up their mind what 100 percent of
24 the working interests -- well, just so that the 100 percent of
25 the working interests could be decided on what they wanted to

1 do.

2 Q. What was your next correspondence to the working
3 interest owners with regards to the well?

4 A. The next correspondence was my July 11 letter, which
5 is Exhibit No. 5, informing them that we were going to extend
6 it, and that I've basically verbals from everybody with the
7 exception of two parties still undecided at that point.

8 Q. You had advised them that you were requesting that
9 the compulsory pooling unorthodox location hearing was going to
10 be continued to the July 25th docket?

11 A. That's correct.

12 Q. Then after the July 11 letter did you send any other
13 letters to the working interest owners?

14 A. Yes. One last letter dated July 24 saying again
15 that we were down to one party that had not given at least a
16 verbal commitment, and given some more time and reset the
17 hearing for August 8th, and just notified everybody of the
18 continuing situation.

19 Q. Okay. We turn to Exhibit No. 7 now, which is your
20 August 3rd letter.

21 A. Yes.

22 Q. You've again notified them of the hearing today and
23 given them the opportunity to continue to submit to you the
24 executed documents so that they could be taken off the forced
25 pooling order and be shown as voluntary parties participating?

1 A. That's correct.

2 Q. Let's go back to Exhibit No. 2 now, Mr. Ball. When
3 we look at this tabulation as of today --

4 A. Yes, sir.

5 Q. -- notwithstanding all your efforts, how many of
6 these parties can you identify for us have delivered back to
7 you fully executed documents by which you are satisfied have
8 fully committed their interest to the well? It will be Manzano
9 Oil, right?

10 A. Yes.

11 Q. Then Mitchell Energy?

12 A. Mitchell. Are you saying which ones are
13 participating; is that what you mean?

14 Q. Yes. Let me say it again.

15 When we look at the list, other than Manzano and
16 Mitchell, you have not yet received back documentation from any
17 of the others on the list that fully commit their interest?

18 A. That's not totally right.

19 Q. Okay. Let's find, have you check off for me the
20 ones now that we can drop from the compulsory pooling order.

21 A. Well, basically I haven't got all instruments back
22 to drop anyone.

23 Q. Okay. So other than Manzano then we need to keep
24 everybody else on the list.

25 A. I mean I have verbals from several people like 10 or

1 12, 15, plus, you know, I expect any day the operating
2 agreements.

3 Q. I understand, Mr. Ball, that people change their
4 mind.

5 A. That's been the problem.

6 Q. Okay. So that you are confident that we don't leave
7 off a party now that subsequently changes their mind do we need
8 to keep everybody on this list with the exception of Manzano
9 subject to a pooling order that we will subsequently then take
10 them off once you receive the documentation?

11 A. Yes. That's what I'd like to do.

12 Q. Okay. And the reason then for seeking the
13 compulsory pooling order is what, sir?

14 A. Just so that we can get a firm answer from everyone.
15 Maybe it's not clear, at least to the trial examiner, that at
16 this point I need to clarify.

17 My problem has been that there is 29 people in here
18 and we're all close-knit, we all grew up together, we all know
19 each other real well, it's a friendly situation. However, I've
20 had an extremely difficult time getting a firm answer from the
21 majority of these people because they keep changing their mind
22 or selling their interest or selling half of their interest.
23 And that's been my difficult situation. I've got a September
24 16th deadline and I am really -- I need a forced pooling
25 situation to keep me from not having people signed up on the

1 dotted line by the time we spud.

2 MR. KELLAHIN: That concludes my examination of
3 Mr. Ball. We would move the introduction of these Exhibits 1
4 through 7.

5 HEARING EXAMINER: Exhibits 1 through 7 will be
6 admitted into evidence.

7 EXAMINATION

8 BY THE HEARING EXAMINER:

9 Q. Mr. Ball, look at Exhibit No. 4. I am somewhat
10 confused here. And the last portion of that first page,
11 Manzano has received executed AFE's from the following people
12 who desire to participate, but however you mentioned in your
13 examination, when you were being -- during your direct
14 examination that you haven't received all the documentation
15 from each of the parties. What do these parties who you have
16 listed that have executed AFE's, what more do you need from
17 them at this point?

18 A. Well, I think in the oil industry it's standard for
19 the joint operating agreements to be included returned to be
20 safe, as well as AFE.

21 Q. So at least these five parties you are waiting for
22 the joint operating agreement?

23 A. Yes, sir. Plus, you know, keep in mind, sir, that
24 this is how it was at that date. I probably have another, I
25 didn't count them up, but I'd say another six since this date

1 that have come in, signed AFE's.

2 HEARING EXAMINER: Mr. Kellahin, you're going to
3 need to have this one explain Exhibit No. 2 a little bit more
4 to me here. It's cut up in four -- no, five parts. In part
5 three before payout of the initial test well and after payout
6 of the initial test well, what's the initial test well?

7 MR. KELLAHIN: I am going to have Mr. Ball explain
8 the breakout.

9 THE WITNESS: The initial test well is the well that
10 we proposed to drill by September 16.

11 MR. KELLAHIN: So this would be the east half of
12 Section 14 will be the initial well under this agreement.

13 HEARING EXAMINER: Okay. Those that read as zero
14 before payout, are they royalty interests or are they actually
15 mineral interests? What's their interest?

16 THE WITNESS: They are working interests. Again
17 most -- the majority of these people on this list are out of
18 the Schellinger tract, the 120-acre tract. And at this time if
19 they've got zeros in there those are the farm-out parties that
20 have agreed verbally to farm-out. And I am still pending
21 having those agreements returned to me.

22 Again I think if I took this, did this list next
23 week it would change because I am already getting vibes that
24 some of these people are changing their minds and going back
25 and forth again from participate to farm-out and some are going

1 from farm-out to participate or sell their interests down and
2 participate. It's a trading bunch of group of people. I just
3 have had numerous trades that would change this exhibit all the
4 time.

5 HEARING EXAMINER: Mr. Kellahin, are there any
6 special issues in here that should be addressed in a compulsory
7 pooling order other than what is normally authored out of this
8 agency?

9 MR. KELLAHIN: No, sir. I think if you'll take the
10 list of individuals from the original application, plus the
11 Nearburg interest which Mr. Carr represents, then we have the
12 right parties. If we simply say those interests or their
13 assigns or successors. Because it becomes impossible for
14 Mr. Ball to keep track of all these people as they do their
15 deals. And we can give you an appropriate exhibit to append to
16 the pooling order. But it becomes almost impossible to
17 calculate their net revenue interest because it keeps changing
18 from day-to-day. And all Exhibit No. 2 represents is
19 Mr. Ball's latest effort.

20 And so I think if we go back to the original
21 application then we know we have all the right parties. And
22 we'll give you a correct mailing address and the list of
23 parties to append, and then you'll have all the proper parties
24 subject to the pooling order and we don't have to worry about
25 the complexities of the continuing evolution of these changes.

1 And it's not like Mr. Carr's case earlier, where they have a
2 well drilled and they are waiting payout on a well that's
3 already drilled.

4 HEARING EXAMINER: Now, will that show me what each
5 of these interests are as a percentage under the 320?

6 MR. KELLAHIN: We will do that for you, because you
7 can't do it from this exhibit.

8 HEARING EXAMINER: Okay. If you will, why don't you
9 just supplement Exhibit -- that will be just a part of the
10 Exhibit 2.

11 MR. KELLAHIN: Yes, sir, we'll do that. We'll
12 reprint that out and give you a decimal number for each of the
13 interest owners and a correct mailing address as well as the
14 name.

15 HEARING EXAMINER: Okay. I have no other questions
16 of Mr. Ball. Are there any other questions of this witness?

17 MR. KELLAHIN: No, sir.

18 HEARING EXAMINER: If not he may be excused.

19 Mr. Kellahin.

20 MR. KELLAHIN: Mr. Examiner, Exhibit No. 8, which is
21 the next one in order, it's my certificate. It shows you the
22 certified mailings to all the parties known to us at the time
23 the application was filed. And it shows that each of those
24 parties did in fact receive an application, plus notice of
25 hearing. And we would request that that document be admitted.

1 HEARING EXAMINER: Exhibit No. 8 will be admitted at
2 this time.

3 MARVIN GROSS,
4 the witness herein, after having been first duly sworn upon his
5 oath, was examined and testified as follows:

6 EXAMINATION

7 BY MR. KELLAHIN:

8 Q. Sir, would you please state your name and
9 occupation.

10 A. I am Marvin Gross, G-r-o-s-s. I am a consulting
11 geologist. I am representing Manzano Oil Company in this case.

12 Q. Mr. Gross, on prior occasions have you testified
13 before the division as a petroleum geologist?

14 A. Yes, I have.

15 Q. And as part of your consulting responsibilities for
16 the Applicant have you made a study of the geology for this
17 particular well?

18 A. Yes, I have.

19 Q. As part of your study have you made a study of and
20 can you reach a conclusion about a recommendation to the
21 Examiner for a risk factor penalty to be applied in the event
22 there are any nonconsenting working interest owners in this
23 well?

24 A. To the best of my knowledge, yes, sir.

25 Q. What is the percentage that you recommend the

1 Examiner apply in this case?

2 A. 200 percent.

3 Q. In addition, sir, as part of your study have you
4 determined a geologic justification for the proposed unorthodox
5 location of the well?

6 A. Yes, sir, I have.

7 Q. And do you have geologic displays that would show
8 your analysis by which you can compare the proposed unorthodox
9 location to the closest standard location?

10 A. Yes.

11 Q. Does the fact that you are moving this well to an
12 unorthodox location cause you to conclude that the risk factor
13 penalties should be less than the maximum 200 percent?

14 A. No.

15 Q. Let's go to the displays and see the basis upon
16 which you form those opinions. Starting first of all, sir,
17 with Exhibit No. 9.

18 Before you get into the specific details let's take
19 a moment and look at the locator portion of the cross-section
20 and show the Examiner what wells you have determined to be key
21 wells in your geologic analysis. Identify the wells for us in
22 the cross-section.

23 A. Yes. In Section 16 is The King Resources Kimosabe,
24 which is Morrow well, produced a little oil from the Wolfcamp.
25 The second well in 15 is the Manzano Wynell Federal, which is

1 the Atoka producer. The third well is in 14, which is Texaco,
2 the Manzano Texaco Federal No. 1.

3 Q. Let's go back to the east half of 15. When you look
4 at the Wynelle well in that half section, that was a well
5 originally targeted for what as the deepest formation?

6 A. We drilled that to the Morrow formation.

7 Q. Were you able to obtain commercial gas production
8 out of the Morrow?

9 A. Our logs show that it will produce from the Morrow,
10 but we opted to come back to the Atoka because it was the
11 better zone.

12 Q. When you look at the Atoka then is that the Atoka
13 pay that you've shown on this cross-section and highlighted in
14 yellow?

15 A. Yes, sir.

16 Q. Within that wellbore is the Wynelle Atoka pay the
17 best potential in that well?

18 A. Yes, it certainly is.

19 Q. Show us how, when we go then to the west half of 14
20 to the Texaco Federal well, what was the total depth of that
21 well in terms of formations or pools penetrating?

22 A. It penetrated Morrow, around 1370.

23 Q. Were you able to obtain commercial gas production
24 out of the Morrow in the Texaco well?

25 A. We obtained production, yes. We potentialized it as a

1 Morrow well.

2 Q. Did you attempt to potential it in any other
3 formation?

4 A. Yes. It is now producing from the Wolfcamp.

5 Q. Is that Wolfcamp gas or Wolfcamp oil?

6 A. It's gas.

7 Q. It's a gas well?

8 A. Well, no. I am sorry. It's oil.

9 Q. All right. The Wolfcamp production out of the west
10 half of 14 is oil production?

11 A. Yes, sir.

12 Q. Why have you chosen not to continue the gas
13 production out of the Morrow in that well?

14 A. This is an isolated -- or a reef. We don't know how
15 large the reef is. And we wanted to produce it to get some
16 idea as to what kind of a reservoir we had before we drill the
17 next well.

18 Q. When we look at all of the deep gas formations below
19 the top of the Wolfcamp to the base of the Morrow, based upon
20 what you know today, Mr. Gross, which is the zone or pool that
21 has the greatest or the least risk to it, the greatest
22 potential of the least risk?

23 A. The Atoka is the greatest risk. But the greatest
24 potential also.

25 Q. Okay. In terms of assessing the geologic risk

1 factor penalty, then if we concentrate on the Atoka we've
2 looked at the zone that's got the greatest potential for
3 production in the immediate area?

4 A. Yes, sir.

5 Q. When we look at the display then show us what you
6 conclude.

7 A. Well, I conclude that we need to -- which will show
8 up in an isopach map later, that we need to get closer to the
9 Wynelle well to be able to get into this thin Atoka section
10 which is only seven feet thick grosswise and has five feet of
11 net pay above seven percent, which is very thin. There is none
12 of it in the Texaco Federal. So the farther west we can get
13 into that line of porosity the best chance we'll have of making
14 it an Atoka well.

15 Q. The area outlined in yellow on the display
16 represents the gross Wynelle-Atoka pay?

17 A. Yes, sir.

18 Q. You've indicated then in the red that percentage of
19 porosity above the seven percent cutoff that you have found in
20 the Wynelle well?

21 A. That is correct.

22 Q. Let's turn to your next cross-section, which is
23 Exhibit No. 10. Show us in the caption at the lower right the
24 wells that you've included in the cross-section.

25 A. Well, sir, it runs from the Sun Exploration No. 1

1 Bright Federal through the Wynelle in Section 15 into the Sun
2 Buffalo Federal in Section 11, and then into the Chama Pennzoil
3 Federal in Section 1.

4 Q. Why did you as a geologist construct the
5 cross-section using these wells?

6 A. I was trying to project this along the trim line of
7 what I think is the Atoka porosity.

8 Q. Why would you want to do that?

9 A. So that we could better define where it is to locate
10 our well in a more favorable position.

11 Q. You are looking at how wide an area that Atoka
12 reservoir might extend within Section 14?

13 A. Yes, sir.

14 Q. And from then then you can locate your well?

15 A. More precisely, yes.

16 Q. Having prepared the cross-sections then have you
17 prepared also a structure map on any of these formations to see
18 if that's of use to you in locating your well?

19 A. Yes, sir.

20 Q. Let's turn to that.

21 Let me ask you this. What formation did you map
22 your structure on?

23 A. Top of the Morrow line.

24 Q. Is that of any use to you in making a pick of
25 location to know something about the structure in the section?

1 A. Structure is not as apparent in this case as the
2 porosity is.

3 Q. Is it impossible for you as a geologist to use
4 structure then to help you locate a well in Section 14 for the
5 deep gas?

6 A. Well, it's not impossible, but it isn't very
7 reliable.

8 Q. Let's turn then to Exhibit No. 11. What is that?

9 A. That's the isopach map of the net porosity of the
10 Atoka-Wynelle pay above seven percent.

11 Q. On that display you've got some numbers in red as
12 well as two dots in red.

13 A. Yes.

14 Q. What are you representing?

15 A. On the east dot where it has 1980 is a standard
16 location. And according to the isopach it is right on the zero
17 line. We have possibly no chance at all of tapping that
18 porosity stringer. At 2310 it falls about, oh, one foot into
19 it, which if it has a porosity that Manzano had, which is above
20 18 percent, we could get into the reservoir. But it's still
21 risky.

22 Q. The fact then that you've moved 330 feet farther to
23 the west improves your chances to encounter reservoir quality
24 sands of sufficient thickness to produce gas, but it doesn't
25 diminish the risk significantly, does it?

1 A. No, sir, it sure does not.

2 Q. Let's turn now to Exhibit No. 12 and have you
3 identify and describe that display.

4 A. 12 is simply a map showing what the different wells
5 in here produce from, the horizons. In here you have Seven
6 Rivers, Bone Springs, Wolfcamp, Atoka and Morrow. And we have
7 symbols designating those wells, what they produce from.

8 Q. In terms of assessing your location you've chosen
9 the Atoka as the target then to pick your location to give you
10 the best chance for a well in the east half of 14?

11 A. That's right, sir.

12 Q. Let's go now to Exhibit 13. Would you identify and
13 describe that for us.

14 A. Oh, 13 is the structure map of the top of the Morrow
15 line.

16 Q. Describe for us the information as it applies to
17 Section 14.

18 A. About all that would show to you is that our
19 proposed location would be possibly a few feet high to the
20 Texaco well.

21 Q. Doesn't give you a lot of geologic help in
22 determining the location of your well, does it?

23 A. No, sir, it sure does not.

24 Q. Were Exhibits 9 through 13 prepared by you?

25 A. Yes, they were.

1 MR. KELLAHIN: We move the introduction of
2 Mr. Gross' Exhibits 9 through 13.

3 HEARING EXAMINER: Exhibits 9 through 13 will be
4 admitted into evidence at this time.

5 MR. KELLAHIN: Concludes my examination of
6 Mr. Gross.

7 EXAMINATION

8 BY THE HEARING EXAMINER:

9 Q. Mr. Gross, are there any Morrow producing wells out
10 in this area?

11 A. Yes, sir. Everything on the Exhibit 12 circled is
12 Morrow. There is two in Section 1, one in Section 2, one in
13 Section 12, 4, 23, there is a Morrow producer, 25, and of
14 course 14 is capable of producing from the Morrow.

15 Q. What kind of production is that well in Section 14
16 capable of producing in the Morrow?

17 A. Sir, it potentialized for 200,000. And we never did
18 produce it. Just a potential.

19 Q. Looking at Exhibit No. 11 --

20 A. Yes, sir.

21 Q. What was the closest control you had back up to the
22 north and east of Section 14 for this mound? Are those the
23 wells in Sections 1?

24 A. In Section 11 there is no pay. That's zero. In
25 Section 12 that's zero. And the one in Section 1 up there had

1 two feet. And it had a little hydrocarbon showing it. That's
2 one of the basis of running that to striking that this way. I
3 might have misled you going into 11 on that cross-section. I
4 probably should have went from the Wynelle into the 2, which
5 would make it clear. But I was trying to get as much
6 information as I could in the hearing.

7 Q. In Section 22, is that a well symbol that keeps
8 popping up in the north half?

9 A. Yes. That's the one that Santa Fe is going to
10 drill.

11 By the way, on that map that's misspotting. That
12 should be -- on that particular map that should be from the
13 west line.

14 Q. But that well has not been drilled yet?

15 A. No, sir. I think it's spotted right on the other
16 maps. Exhibit 12 it's not spotted right.

17 MR. KELLAHIN: Exhibit 13 has it correctly spotted,
18 Mr. Gross?

19 THE WITNESS: Yes, sir. That's just one of those
20 things.

21 MR. KELLAHIN: Should be over in the Northwest
22 Quarter.

23 THE WITNESS: That's one of those things. 13 is
24 correct.

25 HEARING EXAMINER: Are there any other questions of

1 Mr. Gross?

2 MR. KELLAHIN: No, sir.

3 MR. JIM MORROW: Let me ask you what a regular
4 location would be. What would a regular location be, 1980?

5 THE WITNESS: 1980, yes, sir.

6 MR. MORROW: So did you look at a location further
7 north or you didn't -- what was the reason you didn't?

8 THE WITNESS: We wanted to stay as close to this
9 Wolfcamp well as we could. Because the Atoka is so, you know,
10 the odds are against us Atoka. We feel like we could possibly
11 get a Wolfcamp well it would bail us out if we didn't get
12 Atoka. It's a matter of economics more than anything.

13 EXAMINATION

14 BY THE HEARING EXAMINER:

15 Q. Let's talk about the Wolfcamp production on that
16 well. It's an oil well, you say?

17 A. That's right, sir.

18 Q. And it's based on 40?

19 A. Well, the well is holding the west half because it
20 was potentialed down to Morrow.

21 Q. No, you said Wolfcamp production. What is the
22 proration unit assigned?

23 A. Oh, 40 acres on the Wolfcamp producer. I am sorry.
24 I misunderstood you.

25 Q. So this proposed well would be a Wolfcamp oil

1 standard location, would it not?

2 A. That's right, yes, sir.

3 HEARING EXAMINER: Are there any other questions of
4 Mr. Gross?

5 MR. KELLAHIN: No, sir.

6 HEARING EXAMINER: He may be excused.

7 Mr. Kellahin.

8 MR. KELLAHIN: Yes, sir.

9 HEARING EXAMINER: Anything further?

10 MR. KELLAHIN: No, sir.

11 HEARING EXAMINER: Mr. Kellahin, you are going to
12 supply me some additional information on Exhibit 2?

13 MR. KELLAHIN: Yes.

14 HEARING EXAMINER: Also if you would, this is a
15 compulsory pooling for the east half and also for the Northeast
16 Quarter. If you'll break down these figures that are already
17 on here and those figures you are going to give me for 160-acre
18 proration unit.

19 MR. KELLAHIN: We'd be happy to do that.

20 HEARING EXAMINER: Anything further?

21 MR. KELLAHIN: No, sir.

22 HEARING EXAMINER: I want to hold the record open on
23 this case pending that additional information, Mr. Kellahin.

24 MR. KELLAHIN: Okay. Thank you.

25

1 CERTIFICATE OF REPORTER

2

3 STATE OF NEW MEXICO)
4) ss.
5 COUNTY OF SANTA FE)

6

7 I, Diane M. Winter, Certified Shorthand Reporter and
8 Notary Public, HEREBY CERTIFY that the foregoing transcript of
9 proceedings before the Oil Conservation Division was reported
10 by me; that I caused my notes to be transcribed under my
11 personal supervision; and that the foregoing is a true and
12 accurate record of the proceedings.

13 I FURTHER CERTIFY that I am not a relative or
14 employee of any of the parties or attorneys involved in this
15 matter and that I have no personal interest in the final
16 disposition of this matter.

17 WITNESS MY HAND AND SEAL August 20, 1990.


18 

19 DIANE M. WINTER
20 CSR No. 414

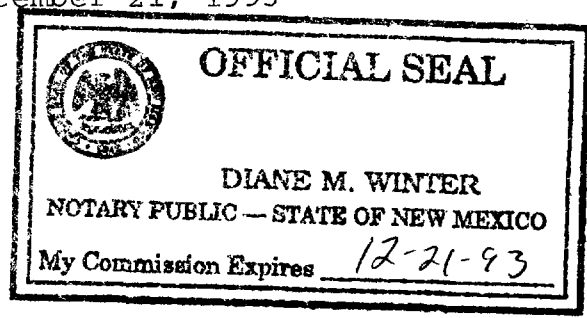
21 My commission expires: December 21, 1993

22

23

24 I hereby certify that the foregoing is
25 a complete record of the proceedings in
the Examiner hearing of Case No. 9973
heard by me on 8 August 1990.

Oil Conservation Division

CUMBRE COURT REPORTING
(505)984-2244



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CASE 10,012, CASE 10,013, CASE 9995, CASE 10,016

CASE 9997, CASE 9973, CASE 10,017, CASE 10,018,

CASE 10,019, CASE 10,020, CASE 10,021, CASE 10,022

CASE 10,005, CASE 10,006, CASE 10,007, CASE 10,024

CASE 10,025, CASE 10,008

EXAMINER HEARING

IN THE MATTER OF:

Continued and Dismissed Cases

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

July 25, 1990

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Natural Gas Programs
P.O. Box 2088
Room 206, State Land Office Building
Santa Fe, New Mexico 87504

ALSO PRESENT:

JAMES MORROW
Chief Engineer
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had
2 at 8:20 a.m.:

3 EXAMINER CATANACH: Call the hearing to order
4 this morning for Docket Number 21-90.

5 First thing we'll do this morning is call the
6 dismissals and continuances.

7 Call Case 10,012.

8 MR. CARROLL: Application of Santa Fe Energy
9 Operating Partners, L.P., for compulsory pooling,
10 nonstandard gas proration unit, and an unorthodox gas
11 well location, Eddy County, New Mexico.

12 Applicant has requested that this case be
13 dismissed.

14 EXAMINER CATANACH: Case 10,012 is hereby
15 dismissed.

16 * * *

17 EXAMINER CATANACH: Call Case 10,013.

18 MR. CARROLL: Application of Bridge Oil
19 Company, Limited Partnership, for compulsory pooling,
20 Lea County, New Mexico.

21 The Applicant has asked that this case be
22 dismissed.

23 EXAMINER CATANACH: Case 10,013 is hereby
24 dismissed.

25 * * *

1 EXAMINER CATANACH: Call Case 9995.

2 MR. CARROLL: Application of Sendero
3 Petroleum, Inc., for compulsory pooling, Eddy County,
4 New Mexico.

5 The Applicant has asked that this case be
6 continued to August 8th.

7 EXAMINER CATANACH: Case 9995 is hereby
8 continued to the August 8th hearing.

9 * * *

10 EXAMINER CATANACH: Call Case 10,016.

11 MR. CARROLL: Application of Oryx Energy
12 Company for compulsory pooling, Lea County, New Mexico.

13 The Applicant has asked that this case be
14 dismissed.

15 EXAMINER CATANACH: Case 10,016 is hereby
16 dismissed.

17 * * *

18 EXAMINER CATANACH: Call Case 9997.

19 MR. CARROLL: Application of TXO Production
20 for compulsory pooling, Eddy County, New Mexico.

21 The Applicant has asked that this case be
22 continued until August 8th.

23 EXAMINER CATANACH: Case 9997 is hereby
24 continued to the August 8th hearing.

25 * * *

1 EXAMINER CATANACH: Call Case 9973.

2 MR. CARROLL: Application of Manzano Oil
3 Corporation for compulsory pooling and an unorthodox
4 gas well location, Lea County, New Mexico.

5 The Applicant has asked that this case be
6 continued till August 8th.

7 EXAMINER CATANACH: Case 9973 is hereby
8 continued to the August 8th hearing.

9 * * *

10 EXAMINER CATANACH: Call Case 10,017.

11 MR. CARROLL: Application of Meridian Oil,
12 Inc., for an unorthodox coal gas well location, San
13 Juan County, New Mexico.

14 The Applicant has asked that this case be
15 continued until August 8th.

16 EXAMINER CATANACH: Case 10,017 is hereby
17 continued to the August 8th hearing.

18 * * *

19 EXAMINER CATANACH: Call Case 10,018.

20 MR. CARROLL: Application of Meridian Oil,
21 Inc., for an unorthodox coal gas well location, San
22 Juan County, New Mexico.

23 The Applicant has asked that this case be
24 dismissed.

25 EXAMINER CATANACH: Case 10,018 is hereby

1 dismissed.

2 * * *

3 EXAMINER CATANACH: Call Case 10,019.

4 MR. CARROLL: Application of Meridian Oil,
5 Inc., for an unorthodox coal gas well location, San
6 Juan County, New Mexico.

7 The Applicant has asked that this case be
8 continued until August 8th.

9 EXAMINER CATANACH: Case 10,019 is hereby
10 continued to the August 8th hearing.

11 * * *

12 EXAMINER CATANACH: Call Case 10,020.

13 MR. CARROLL: Application of Meridian Oil,
14 Inc., for an unorthodox coal gas well location, San
15 Juan County, New Mexico.

16 The Applicant has asked that this case be
17 continued until August 8th.

18 EXAMINER CATANACH: Case 10,020 is hereby
19 continued to the August 8th hearing.

20 * * *

21 EXAMINER CATANACH: Call Case 10,021.

22 MR. CARROLL: Application of Meridian Oil,
23 Inc., for an unorthodox coal gas well location, San
24 Juan County, New Mexico.

25 The Applicant has asked that this case be

1 continued until August 8th.

2 EXAMINER CATANACH: Case 10,021 is hereby
3 continued to the August 8th hearing.

4 * * *

5 EXAMINER CATANACH: Call Case 10,022.

6 MR. CARROLL: Application of Meridian Oil,
7 Inc., for an unorthodox coal gas well location, San
8 Juan County, New Mexico.

9 The Applicant has asked that this case be
10 continued until August 8th.

11 EXAMINER CATANACH: Case 10,022 is hereby
12 continued to the August 8th hearing.

13 * * *

14 EXAMINER CATANACH: Call Case 10,005.

15 MR. CARROLL: Application of Estate of Thelma
16 Ford Simmons, d/b/a D.J. Simmons Company, for
17 compulsory pooling, San Juan County, New Mexico.

18 The Applicant has asked that this case be
19 dismissed.

20 EXAMINER CATANACH: Case 10,005 is hereby
21 dismissed.

22 * * *

23 EXAMINER CATANACH: Call Case 10,006.

24 MR. CARROLL: Application of Estate of Thelma
25 Ford Simmons, d/b/a D.J. Simmons Company, for

1 compulsory pooling, San Juan County, New Mexico.

2 The Applicant has asked that this case be
3 dismissed.

4 EXAMINER CATANACH: Case 10,006 is hereby
5 dismissed.

6 * * *

7 EXAMINER CATANACH: Call Case 10,007.

8 MR. CARROLL: Application of Estate of Thelma
9 Ford Simmons, d/b/a D.J. Simmons Company, for
10 compulsory pooling, San Juan County, New Mexico.

11 The Applicant has asked that this case be
12 dismissed.

13 EXAMINER CATANACH: Case 10,007 is hereby
14 dismissed.

15 * * *

16 EXAMINER CATANACH: Call Case 10,024.

17 MR. CARROLL: Application of Meridian Oil,
18 Inc., for an unorthodox coal gas well location, San
19 Juan County, New Mexico.

20 The Applicant has asked that this case be
21 continued until August 8th.

22 EXAMINER CATANACH: Case 10,024 is hereby
23 continued to the August 8th hearing.

24 * * *

25 EXAMINER CATANACH: Call Case 10,025.

1 MR. CARROLL: Application of McKenzie Methane
2 Corporation for an unorthodox coal gas well location,
3 San Juan County, New Mexico.

4 The Applicant has asked that this case be
5 continued until August 8th.

6 EXAMINER CATANACH: Case 10,025 is hereby
7 continued to the August 8th hearing.

8 * * *

9 EXAMINER CATANACH: Call Case 10,008.

10 MR. CARROLL: Application of Doyle Hartman
11 for a nonstandard gas proration unit, compulsory
12 pooling, and an unorthodox gas well location, Lea
13 County, New Mexico.

14 The Applicant has asked that this case be
15 continued until August 8th.

16 EXAMINER CATANACH: Case 10,008 is hereby
17 continued to the August 8th hearing.

18 (Thereupon, these proceedings were concluded
19 at 8:22 a.m.)

20 * * *

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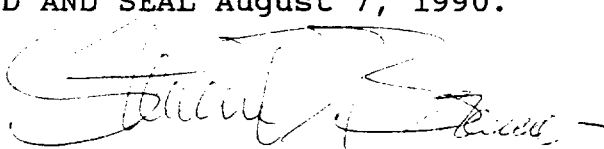
CERTIFICATE OF REPORTER

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

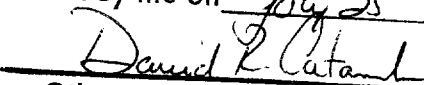
I, Steven T. Brenner, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

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 August 7, 1990.


STEVEN T. BRENNER
CSR No. 106

My commission expires: October 14, 1990

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9873, heard by me on July 25 1990.

David R. Catamb, Examiner
Oil Conservation Division

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CASE 9995, CASE 9997, CASE 9973,
CASE 9950, CASE 9998, CASE 10,002,
CASE 10,005, CASE 10,006, CASE 10,007
CASE 9979, CASE 9970

EXAMINER HEARING

IN THE MATTER OF:

Continued and Dismissed Cases

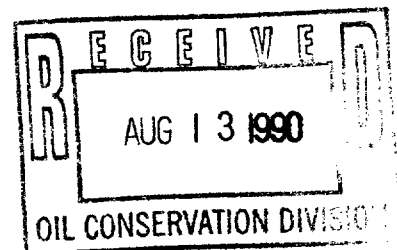
TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

July 11, 1990



A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87504

ALSO PRESENT:

JAMES MORROW
Chief Engineer
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had
2 at 8:20 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order for Docket Number 19-90. Today's date, July
5 11th, 1990. I'm Michael E. Stogner, appointed hearing
6 officer for today's docket.

7

8 (Off the record)

9

10 EXAMINER STOGNER: Call first Case Number
11 9995.

12 MR. STOVALL: Application of Sendero
13 Petroleum, Inc., for compulsory pooling, Eddy County,
14 New Mexico.

15 Applicant requests this case be continued to
16 July 25th, 1990.

17 EXAMINER STOGNER: Case Number 9995 will be
18 so continued to the Examiner's hearing scheduled for
19 July 25.

20 * * *

21

22 EXAMINER STOGNER: Call next case, Number
23 9997.

24 MR. STOVALL: Application of TXO Production
25 for compulsory pooling, Eddy County, New Mexico.

1 Applicant requests this case be continued to
2 July 25th, 1990.

3 EXAMINER STOGNER: Case Number 9997 will be
4 so continued.

5

6 * * *

7

8 EXAMINER STOGNER: Call next case, Number
9 9973.

10 MR. STOVALL: Application of Manzano Oil
11 Corporation for compulsory pooling and an unorthodox
12 gas well location, Lea County, New Mexico.

13 Applicant requests this case be continued to
14 July 25th.

15 EXAMINER STOGNER: Case Number 9973 will be
16 continued to the Examiner's hearing scheduled for July
17 25th.

18

19 * * *

20

21 EXAMINER STOGNER: Call next case, Number
22 9950.

23 MR. STOVALL: Application of Meridian Oil,
24 Inc., for compulsory pooling, Eddy County, New Mexico.

25 Applicant requests this case be dismissed.

1 EXAMINER STOGNER: Case Number 9950 will be
2 dismissed.

3

4

* * *

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6 EXAMINER STOGNER: Call next case, Number
7 9998.

8

9 MR. STOVALL: Application of Yates Energy
10 Corporation to amend Division Order Number R-9093, as
11 amended, Eddy County, New Mexico.

12 Applicant requests this case be continued to
13 July 25th, 1990.

14 EXAMINER STOGNER: Case Number 9998 will be
15 continued to the Examiner's hearing scheduled for July
16 25th, 1990.

17

18

* * *

19

20 EXAMINER STOGNER: Call next case, Number
21 10,002.

22

23 MR. STOVALL: Application of Bridge Oil
24 Company, L.P., for pool creation, special pool rules,
25 discovery allowable, and an unorthodox oil well
location, Lea County, New Mexico.

Applicant requests this case be dismissed.

1 EXAMINER STOGNER: Case Number 10,002 will
2 be dismissed.

3

4

* * *

5

6 EXAMINER STOGNER: On page 4, we'll call Case
7 Number 10,005.

8

9 MR. STOVALL: Application of the Estate of
10 Thelma Ford Simmons, d/b/a D.J. Simmons Company, for
11 compulsory pooling, San Juan County, New Mexico.

12 Applicant requests this case be continued to
13 July 25th, 1990.

14 EXAMINER STOGNER: Case Number 10,005 will be
15 so continued.

16

* * *

17 EXAMINER STOGNER: Call next case, Number
18 10,006.

19

20 MR. STOVALL: Application of the Estate of
21 Thelma Ford Simmons, d/b/a D.J. Simmons Company, for
22 compulsory pooling, San Juan County, New Mexico.

23 Applicant requests this case be continued to
24 July 25th.

25 EXAMINER STOGNER: Case Number 10,006 will be
so continued.

* * *

1 EXAMINER STOGNER: Call next case, Number
2 10,007.

3 MR. STOVALL: Application of the estate of
4 Thelma Ford Simmons, d/b/a D.J. Simmons Company, for
5 compulsory pooling, San Juan County, New Mexico.

6 Applicant requests this case be continued to
7 July 25th, 1990.

8 EXAMINER STOGNER: Case Number 10,007 will be
9 so continued.

10 * * *

11 EXAMINER STOGNER: Call next case, Number
12 9979.

13 MR. STOVALL: Application of Yates Petroleum
14 Corporation for downhole commingling, dual completion
15 and an exception to General Rule 303.A, Eddy County,
16 New Mexico.

17 Applicant requests this case be dismissed.

18 EXAMINER STOGNER: Case Number 9979 will be
19 dismissed.

20 * * *

21 EXAMINER STOGNER: Call next case, Number
22 9970.

23 MR. STOVALL: Application of Pacific
24 Enterprises Oil Company (USA) for compulsory pooling,
25 Eddy County, New Mexico.

1 Applicant requests this case be dismissed.

2 EXAMINER STOGNER: Case Number 9970 will be
3 dismissed.

4 * * *

5 EXAMINER STOGNER: Call next case, Number
6 10,008.

7 MR. STOVALL: Application of Doyle Hartman
8 for a nonstandard gas proration unit, compulsory
9 pooling, and an unorthodox gas well location, Lea
10 County, New Mexico.

11 Applicant requests this case be continued to
12 July 25th, 1990.

13 EXAMINER STOGNER: Case Number 10,008 will be
14 so continued.

15 (Thereupon, these proceedings were concluded
16 at 8:22 a.m.)

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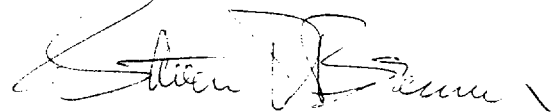
CERTIFICATE OF REPORTER

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

I, Steven T. Brenner, 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 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 August 2, 1990.



STEVEN T. BRENNER
CSR No. 106

My commission expires: October 14, 1990

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9973, heard by me on 11 July 1990.

 , Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 9968, CASE 9961, CASE 9953, CASE 9973,
CASE 9950, CASE 9979, CASE 9980, CASE 9981,
CASE 9982, CASE 9983, CASE 9984, CASE 9985,
CASE 9986, CASE 9970, CASE 9924

EXAMINER HEARING

IN THE MATTER OF:

Continued and Dismissed Cases

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

June 27, 1990

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Natural Gas Programs
P.O. Box 2088
Room 206, State Land Office Building
Santa Fe, New Mexico 87504

FOR PACIFIC ENTERPRISES OIL COMPANY (USA):

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
By: KAREN AUBREY
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

FOR EXXON:

HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys at Law
By: JAMES BRUCE
500 Marquette, N.W.
Albuquerque, New Mexico

* * *

1 WHEREUPON, the following proceedings were had
2 at 8:20 a.m.:

3 EXAMINER CATANACH: Call the hearing to order
4 this morning for Docket Number 18-90.

5 Call the continuances and dismissals first of
6 all this morning.

7 Call Case 9968.

8 MR. CARROLL: Application of Mobil
9 Exploration Producing U.S. Inc., for salt water
10 disposal, Lea County, New Mexico.

11 The Applicant has requested this case be
12 dismissed.

13 EXAMINER CATANACH: Case 9968 is hereby
14 dismissed.

15 * * *

16 EXAMINER CATANACH: Call Case 9961.

17 MR. CARROLL: Application of Mewbourne Oil
18 Company for compulsory pooling, Eddy County, New
19 Mexico.

20 The Applicant has requested that this case be
21 continued to August 8th, 1990.

22 EXAMINER CATANACH: Case 9961 is hereby
23 continued to the August 8th docket.

24 * * *

25 EXAMINER CATANACH: Call Case 9953.

1 MR. CARROLL: Application of Oryx Energy
2 Company for compulsory pooling, Lea County, New Mexico.

3 The Applicant has requested that this case be
4 dismissed.

5 EXAMINER CATANACH: Case 9953 is hereby
6 dismissed.

7 * * *

8 EXAMINER CATANACH: Call Case 9973.

9 MR. CARROLL: Application of Manzano Oil
10 Corporation for compulsory pooling and an unorthodox
11 gas well location, Lea County, New Mexico.

12 The Applicant has asked that this case be
13 continued to July 1st -- July 11th.

14 EXAMINER CATANACH: Case 9973 is hereby
15 continued to the July 11th docket.

16 * * *

17 EXAMINER CATANACH: Call Case 9950.

18 MR. CARROLL: Application of Meridian Oil,
19 Inc., for compulsory pooling, Eddy County, New Mexico.

20 The Applicant has requested that this case be
21 continued to July 11th.

22 EXAMINER CATANACH: Case 9950 is hereby
23 continued to the July 11th docket.

24 * * *

25 EXAMINER CATANACH: Call Case 9979.

1 MR. CARROLL: Application of Yates Petroleum
2 Corporation for downhole commingling, dual completion
3 and an exception to General Rule 303.A., Eddy County,
4 New Mexico.

5 The Applicant has requested that this case be
6 continued to July 11th.

7 EXAMINER CATANACH: Case 9979 is hereby
8 continued to July 11th.

9 * * *

10 EXAMINER CATANACH: Call Case 9980.

11 MR. CARROLL: Application of Mesa Operating
12 Limited Partnership for compulsory pooling, San Juan
13 County, New Mexico.

14 The Applicant has requested that this case be
15 continued to July 11th.

16 EXAMINER CATANACH: Case 9980 is hereby
17 continued to the July 11th docket.

18 * * *

19 EXAMINER CATANACH: Call Case 9981.

20 MR. CARROLL: Application of Mesa Operating
21 Limited Partnership for compulsory pooling, San Juan
22 County, New Mexico.

23 The Applicant has requested that this case be
24 continued to July 11th.

25 EXAMINER CATANACH: Case 9981 is hereby

1 continued to July 11th.

2 * * *

3 EXAMINER CATANACH: Call Case 9982.

4 MR. CARROLL: Application of Mesa Operating
5 Limited Partnership for Compulsory Pooling, San Juan
6 County, New Mexico.

7 The Applicant has requested that this case be
8 continued to July 11th.

9 EXAMINER CATANACH: Case 9982 is hereby
10 continued to the July 11th docket.

11 * * *

12 EXAMINER CATANACH: Call Case 9983.

13 MR. CARROLL: Application of Mesa Operating
14 Limited Partnership for compulsory pooling, San Juan
15 County, New Mexico.

16 The Applicant has requested that this case be
17 continued to July 11th.

18 EXAMINER CATANACH: Case 9983 is hereby
19 continued to the July 11th docket.

20 * * *

21 EXAMINER CATANACH: Call Case 9984.

22 MR. CARROLL: Application of Mesa Operating
23 Limited Partnership for compulsory pooling, San Juan
24 County, New Mexico.

25 The Applicant has requested that this case be

1 continued to July 11th.

2 EXAMINER CATANACH: Case 9984 is hereby
3 continued to the July 11th docket.

4 * * *

5 EXAMINER CATANACH: Call Case 9985.

6 MR. CARROLL: Application of Mesa Operating
7 Limited Partnership for compulsory pooling, San Juan
8 County, New Mexico.

9 The Applicant has requested that this case be
10 continued to July 11th.

11 EXAMINER CATANACH: Case 9985 is hereby
12 continued to the July 11th docket.

13 * * *

14 EXAMINER CATANACH: Call Case 9986.

15 MR. CARROLL: Application of Mesa Operating
16 Limited Partnership for Compulsory Pooling, San Juan
17 County, New Mexico.

18 The Applicant has requested that this case be
19 continued to July 11th.

20 EXAMINER CATANACH: Case 9986 is hereby
21 continued to the July 11th docket.

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

24 * * *

25

1 WHEREUPON, the following proceedings were had
2 at 9:07 a.m.:

3 MS. AUBREY: Excuse me, Mr. Catanach, may we
4 go on the record in Case 9970 briefly?

5 EXAMINER CATANACH: 9970? Yes.

6 What do you have, Miss Aubrey?

7 MS. AUBREY: Karen Aubrey of Kellahin,
8 Kellahin and Aubrey. I'm appearing for the Applicant.

9 Jim Bruce is here for Exxon who's a working-
10 interest owner.

11 We've discovered some matters which need to
12 be discussed further before we put the case on, and
13 we'd ask to continue it at this time to the July 11th
14 docket.

15 EXAMINER CATANACH: Wonderful. Case 9970
16 will be continued to the July 11th docket.

17 MS. AUBREY: Thank you.

18 (Thereupon, these proceedings were concluded
19 at 9:09 a.m.)

20 * * *

21 WHEREUPON, the following proceedings were had
22 at 9:36 a.m.:

23 EXAMINER CATANACH: At this time, I think
24 we'll kind of jump back and call Case 9924.

25 MR. CARROLL: Application of Strata

1 Production Company to amend Division Order Number
2 R-9097, Eddy County, New Mexico.

3 The Applicant has requested that this case be
4 dismissed.

5 EXAMINER CATANACH: Case 9924 is hereby
6 dismissed.

7 (Thereupon, these proceedings were concluded
8 at 9:24 a.m.)

9 * * *

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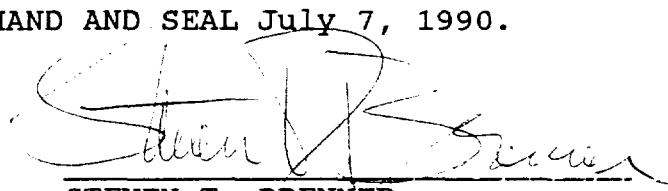
CERTIFICATE OF REPORTER

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

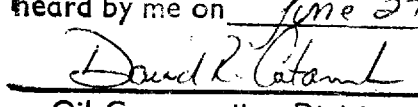
I, Steven T. Brenner, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

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 July 7, 1990.


 STEVEN T. BRENNER
 CSR No. 106

My commission expires: October 14, 1990

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9873, heard by me on June 27 19 90.

 , Examiner
 Oil Conservation Division