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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 10056

EXAMINER HEARING

IN THE MATTER OF:

Application of Meridian Oil, Inc., for Three
Nonstandard Gas Proration Units,
San Juan County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
August 22, 1990

ORIGINAL

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FOR THE DIVISION:

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Attorney at Law
Legal Counsel to the Divison
State Land Office Building
Santa Fe, New Mexico

FOR THE APPLICANT:

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1 EXAMINER CATANACH: At this time we'll call
2 Case No. 10056.

3 MR. STOVALL: The application of Meridian
4 Oil, Inc., for three nonstandard gas proration units,
5 San Juan County, New Mexico.

6 EXAMINER CATANACH: Appearances in this
7 case?

8 MR. KELLAHIN: Mr. Examiner, I'm Tom
9 Kellahin of the Santa Fe Law Firm of Kellahin,
10 Kellahin & Aubrey. I'm appearing on behalf of
11 Meridian Oil, Inc., the Applicant.

12 Mr. Falconi and Mr. Alexander are my two
13 witnesses in this case. I would request that the
14 Examiner acknowledge that both men continue under oath
15 and have previously been qualified.

16 EXAMINER CATANACH: Let the record so
17 reflect.

18 ALAN ALEXANDER

19 the witness herein, after having been previously duly
20 sworn upon his oath, was examined and testified
21 further as follows:

22 EXAMINATION

23 BY MR. KELLAHIN:

24 Q. Mr. Alexander, let me have you turn, sir,
25 to the exhibit book and to the information behind

1 Exhibit No. 1 and identify and describe that
2 information.

3 A. Exhibit No. 1 is the application of
4 Meridian Oil, Inc., requesting the Commission's
5 approval of three nonstandard spacing and proration
6 units for the Basin Fruitland Coal Gas Pool.

7 It also consists of an application, the
8 styled application which lists the three wells that
9 are involved in this case as well as their
10 descriptions and the acreage that are contributed by
11 each of the spacing units.

12 The final plat attached to the application
13 is the offset operator plat which lists all of the
14 offset operators to the proposed units.

15 Q. Let's look at that plat for a minute.
16 Identify for us the problem that you're seeking to
17 solve with this application.

18 A. We feel that the nonstandard spacing units
19 are needed inasmuch as the sections on the western
20 boundary of Township 31 North, 8 West are irregular
21 and do not contain a full 640 acres. Therefore, the
22 western drilling blocks do not contain sufficient
23 acreage to meet the Basin Pool Rules, and we have put
24 together sufficient acreage in these units to
25 approximate 320 acres, to get us as close as we can to

1 the Basin Fruitland Coal Pool Rules.

2 Q. Has your proposed solution for the
3 nonstandard units for these three coal gas wells been
4 used as the solution for protection from any other
5 pool?

6 A. Yes, it has. It is the same solution that
7 was arrived at under the Blanco-Mesaverde Pool
8 Rules.

9 Q. Let's turn to the information behind
10 Exhibit No. 2. Would you identify that for us?

11 A. There are two plats included behind Exhibit
12 No. 2. The first plat consists of the proration units
13 in the immediate area of our proposed units upon which
14 Mesaverde and/or Dakota wells currently exist.

15 The second plat shows the existing
16 Fruitland Coal spacing units in the immediate area of
17 the application.

18 Q. Can you reference the Examiner to the
19 Division Order Number that approved the Mesaverde
20 wells?

21 A. Yes. That order number is R-392.

22 Q. What's the next display, Mr. Alexander?

23 A. Behind Exhibit No. 3 we have included the
24 proposed--well, they are the C-102 forms filed with
25 the State of New Mexico for the proposed wells. We

1 have plats covering each of those wells.

2 Q. Have any of these wells been drilled yet?

3 A. No, sir, they have not.

4 Q. To the best of your knowledge, does your
5 company have available to them standard surface well
6 locations for each of these nonstandard proration
7 units?

8 A. Yes, sir, they do.

9 Q. What do you see, as a landman, as the
10 primary or one of the principal benefits of using the
11 same nonstandard units for coal gas as you do for the
12 Mesaverde?

13 A. The primary benefit that I see as a
14 landperson translates into the revenue solution. We
15 have currently wells producing upon these units that
16 are producing revenues to the parties involved in
17 these units, and it is an easy matter to construct
18 division orders, and people are already used to that
19 revenue pattern; therefore, we would like to continue
20 with that revenue pattern.

21 It also does, in fact, match the spacing
22 units for the Blanco-Mesaverde that were authorized by
23 the Commission, and we think that that solution is a
24 good solution also for the Fruitland Coal.

25 Q. Are we adopting this type of solution not

1 only to these three spacing units but to all other
2 nonstandard proration spacing units for coal gas
3 development as best we can so that they conform to
4 either Dakota or Mesaverde prior existing spacing?

5 A. Yes. We have varied in some cases in the
6 past with applications before the Commission, but if
7 possible we do try to stay with the prior solutions to
8 simplify all of the matters that are involved.

9 MR. KELLAHIN: That concludes my
10 examination of Mr. Alexander.

11 We move the introduction of Exhibits 1
12 through 4.

13 EXAMINER CATANACH: Exhibits 1 through 4
14 will be admitted as evidence.

15 EXAMINATION
16 BY EXAMINER CATANACH:

17 Q. Mr. Alexander, is there any Dakota
18 production on any of these units?

19 A. Not on the proposed units there is no
20 Dakota production. It's all Mesaverde existing wells.

21 Q. But all three units have been developed in
22 the Mesaverde?

23 A. Yes, sir, that's correct.

24 EXAMINER CATANACH: No further questions.

25 MR. STOVALL: Just a quick one on the last

1 page of Exhibit No. 1, the plat there showing the
2 proration unit.

3 EXAMINATION

4 BY MR. STOVALL:

5 Q. Just for my verification, the wells that
6 are shown there are not the proposed Fruitland wells,
7 is that correct? Those are existing deeper wells?

8 A. Those are existing Mesaverde wells. The
9 symbols are the round symbols with the wagon wheel in
10 them. Those are Mesaverde wells.

11 Q. The proposed locations aren't shown on this
12 exhibit?

13 A. No, sir. We just included the proposed
14 well name in each of those proposed spacing units.

15 MR. STOVALL: I don't have anything else.

16 EXAMINER CATANACH: The witness may be
17 excused.

18 JIM FALCONI

19 the witness herein, after having been previously duly
20 sworn upon his oath, was examined and testified
21 further as follows:

22 EXAMINATION

23 BY MR. KELLAHIN:

24 Q. Mr. Falconi, would you turn, sir, to the
25 isopach, I believe it's in the exhibit book behind

1 Exhibit 4. Are you familiar with that display?

2 A. Yes, sir, I am.

3 Q. As a reservoir engineer, have you examined
4 the question of the nonstandard proration units in
5 terms of your coal gas development?

6 A. Yes, I have.

7 Q. Are you able, as an engineer, to locate
8 wells within each of these nonstandard proration units
9 at standard well locations?

10 A. Yes. The wells were staked in a standard
11 location.

12 Q. In your opinion, can each of these spacing
13 units be effectively and efficiently developed as
14 nonstandard proration units?

15 A. Yes, sir.

16 Q. Do you see any other solution, as a
17 reservoir engineer, than the one Mr. Alexander has
18 proposed as a landman?

19 A. No, I didn't.

20 Q. Does this disrupt or undercut or circumvent
21 the coal/gas development, as you see it?

22 A. No. These wells stay on pattern.

23 MR. KELLAHIN: That concludes my
24 examination of Mr. Falconi.

25

EXAMINATION

1

2 BY EXAMINER CATANACH:

3 Q. Mr. Falconi, where you've staked these
4 wells, in your opinion will those locations
5 sufficiently drain these proration units?

6 A. Yes, they will.

7

EXAMINATION

8 BY MR. STOVALL:

9 Q. Just a real quick one, Mr. Falconi. Have
10 you reviewed the locations with the--I assume the BLM
11 is the surface agency out there?

12 A. Yes, I believe they are.

13 Q. As far as you know, there aren't going to
14 be any problems with these locations as far as BLM is
15 concerned?

16 A. No. These well locations have been staked
17 and, I believe, I believe we may have an approved APD
18 on two of the locations.

19 MR. STOVALL: Nothing further.

20 EXAMINER CATANACH: No further questions.
21 The witness may be excused.

22 MR. KELLAHIN: Exhibit No. 5, Mr. Examiner,
23 is the certificate of notice to the offsetting
24 interest owners, and with that submission we're
25 concluded with this case.

1 EXAMINER CATANACH: Exhibit No. 5 will be
2 admitted as evidence; and Case 10056 will be taken
3 under advisement.

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1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 CASE 10056
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8 EXAMINER HEARING
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10 IN THE MATTER OF:
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12 Application of Meridian Oil, Inc., for Three
13 Nonstandard Gas Proration Units,
14 San Juan County, New Mexico
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17 TRANSCRIPT OF PROCEEDINGS
18

19 BEFORE: MICHAEL E. STOGNER, EXAMINER
20

21 STATE LAND OFFICE BUILDING

22 SANTA FE, NEW MEXICO

23 September 5, 1990
24

25 **ORIGINAL**

CUMBRE COURT REPORTING
(505) 984-2244

1 EXAMINER STOGNER: We'll call the next
2 case, No. 10056, which is the application of Meridian
3 Oil, Incorporated, for three nonstandard gas proration
4 units, San Juan County, New Mexico.

5 This case was heard on August 22, 1990.
6 However, it appears that notification problems cropped
7 up, and this case is again going to be continued to
8 the Examiner Hearing scheduled for September 19,
9 1990.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 10056,
heard by me on 5 Sept. 1990.

_____, Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Meridian Oil, Inc. for
three non-standard gas proration units,
San Juan County, New Mexico.

Case 10056

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 19, 1990

ORIGINAL

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I N D E X

Page Number

Appearances

2

Certificate of Reporter

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P R O C E E D I N G S

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HEARING EXAMINER: At this time we'll call Case 10056.

MR. STOVALL: Application of Meridian Oil, Inc. for three non-standard gas proration units, San Juan County, New Mexico.

HEARING EXAMINER: Appearances in this case?

MR. KELLAHIN: Mr. Examiner, I am Tom Kellahin of the Santa Fe law firm of Kellahin, Kellahin & Aubrey appearing for the applicant. This case has been previously heard by the division. I think it was readvertised because it missed the newspaper publication in San Juan County.

HEARING EXAMINER: That's correct.

Are there any additional appearances or statements in this case at this time?

If not Case 10056 will be taken under advisement.

I do hereby certify that the foregoing is a true and correct copy of the proceedings in the above captioned case No. 10056, heard by me on September 19 1980.
David R. Calamb, Examiner
Oil Conservation Division

