

FRED E. LINDEMANN,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lindemann, for the record would you
please state your name and spell your last name for us, sir?

A Fred Lindemann. L-I-N-D-E-M-A-N-N.

Q Mr. Lindemann, where do you reside?

A Houston, Texas.

Q And where are you employed and in what
capacity?

A I'm a Supervisor of Gas Compliance, Tenneco Oil Company.

Q And how long have you been employed by
Tenneco as such a supervisor?

A Going on three years.

Q Mr. Lindemann, do you hold any degrees
that you've earned from any college or other institution?

A I have a Bachelor of Science in business
administration from Elmhurst College, Elmhurst, Illinois.

Q And when did you obtain that degree, sir?

A 1976.

Q Prior to your employment with Tenneco,
what, if any, experience have you had in the subject matters
that you now are involved in in your employment by Tenneco?

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2 A In 1973, upon discharge from the Navy, I
3 was employed by the United States Department of Justice in
4 their Law Enforcement Assistance Administration.

5 After serving five years there I trans-
6 ferred to the Department of Energy in Houston, Texas, as a
7 Crude Oil Staff Auditor. I audited major oil companies for
8 crude oil sales under the crude oil regulations.

9 In August of 1980 I was employed by Ten-
10 neco Oil Company in the Crude Oil Department and later as-
11 signed, in April of 1981, to the Gas Compliance Section as
12 Supervisor.

13 Q Would you describe for us what you do in
14 a general way as to the Supervisor of Gas Compliance for
15 Tenneco Oil Company in Houston?

16 A The Gas Compliance Section handles all
17 the regulatory filings under the Natural Gas Act and the
18 Natural Gas Policy Act for Tenneco Oil Company.

19 Q All right, sir, when you refer to the
20 Natural Gas Act and the Natural Gas Policy Act, are those
21 State of New Mexico acts or are those Federal acts or acts
22 of some other state or institution?

23 A Those are Federal acts and not New Mexi-
24 co.

25 Q When you refer in your testimony to the
NGPA, are you referring to the New Mexico Act or the Federal
Act?

A The Federal Act of 1978.

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Q All right, sir. Does your area of responsibility for compliance include the State of New Mexico?

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A Yes.

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Q Did you compile the applications for Teneco for each of the wells coming under Case 8104 as applications for exemptions from the New Mexico Pricing Act?

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A Yes, I did.

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Q And did you sign those applications?

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A Yes, I did.

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Q Would you describe for us generally the types of wells involved in your applications, Mr. Lindemann?

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A These are infill wells under approved New Mexico State orders.

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Q How many total wells are involved in your applications?

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A There are twenty wells in the State of New Mexico.

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Q All right, would you describe for us how many wells are involved in the various pools?

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A We have two Mesaverde wells, thirteen Dakota wells, and five Morrow wells.

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Q In what pool are the five Morrow wells?

22

A Catclaw Draw Unit.

23

Q And in what pool are the two Mesaverde wells?

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A The Blanco Mesaverde formation. The pools are in San Juan County.

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2 Q All right, sir, that's the Blanco Mesa-
3 verde Pool in San Juan County, and what about the thirteen
4 Dakota wells? What pool is that one?

5 A Basin Dakota.

6 Q And those are also located where?

7 A San Juan Basin.

8 Q Are you familiar with the Commission Or-
9 der R-5436 that establishes the procedure for filing exemp-
10 tions from the New Mexico Pricing Act?

11 A Yes.

12 Q And have your applications been prepared
13 pursuant to that order?

14 A Yes, they have.

15 Q Do your applications when filed contain a
16 summary sheet of the total wells, describing the well, the
17 formation, and the county in which the wells are applicable?

18 A Yes, sir.

19 Q Mr. Lindemann, I show you a tabulation of
20 wells that's dated "Received December 19th, 1983, Oil Con-
21 servation Division" and ask you if you can identify that
22 summary sheet?

23 A Yes, this is the one we filed with the
24 applications.

25 Q Mr. Lindemann, I've given my copy of that
26 tabulation to Mr. Ortiz. Do you have another one available
27 for your own use?

28 A Yes, I do.

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Q All right, sir.

MR. KELLAHIN: Mr. Chairman, I believe you have one available for you, sir?

Q Mr. Lindemann, when we discussed the preparatio of your applications pursuant to the Commission Order R-5436, I want to show you a copy of a Commission Order 5436, and ask you if it is this order that you used in preparing your applications?

A Yes, it is.

Q Mr. Lindemann, when you prepared your applications for exemptions, are all the applications identical in terms of the types of information supplied to the Commission for the exemptions?

A Yes, sir.

Q Let me ask you to take whichever application for exemption that you like and let's go through the information that you've submitted to the Commission.

A We can take the first one. I have --

Q Mr. Lindemann, I am going to hand you the application bearing the signature Fred Lindemann, dated December 15th, 1983, for Tenneco Oil Company Well Cole A #1E, an infill well in the Dakota zone.

All right, Mr. Lindemann, would you take us through that application and tell us what you have compiled and prepared?

A We submitted information on four of the rules.

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Q I'm sorry, you'll have to speak up.

A We submitted information on four of the rules under Order 5436.

Rule Number 1-B, we supplied a copy of the order for the three pools that we applied for. We also identified the order on each of the individual wells that we filed for.

Rule Number 5, we show a plat of the proration unit identifying the 160 acres and 320 original spacing unit.

Rule Seven, we supplied a certification that the operator has not tried or any way cut back the production from the original well.

And then we supplied for Rule Eight a copy of the completion report filed with the State or the MMS.

Q Among the cases that you filed applications for exemptions for, Mr. Lindemann, do you have any of your wells that are called replacement wells under the administrative procedure?

A No.

Q Are any of your wells wells drilled to protect the proration unit from offset drainage?

A I would not know that.

Q All right, sir. You signed the portion of the application that shows a certification, did you not, sir?

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A Yes, sir.

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Q Would you read for us the certification that you executed?

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A I hereby certify that Cole A No. 1, the original and/or existing well on the referenced proration unit has not had from the date of first delivery of gas, and shall not have its ability to produce into a pipeline restricted by the operator by any affirmative mechanical act such as unreasonable shutting in, choking down, or intentionally damaging the wellbore, for the purpose of restricting the ability of the well to produce into the pipeline.

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Q Is the information contained in each of the applications that you filed for your company information that is a matter of public record in the files of the Oil Conservation Division? Do you know, sir?

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A No, I do not.

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Q Let's go through then, the plat that you filed, who normally files the plat?

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A The Division -- our Division office in Denver, Colorado.

20

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Q All right, sir, and on the Commission form, the well completion report that you filed for each of the wells, who prepares that?

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23

A Our Division office in Denver.

24

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Q All right, sir. Let me ask you about the certificate, Mr. Lindemann. How did you go about verifying

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2 the information involving this well by which you were able
3 to issue the certificate?

4 A Under my direction, I requested our Divi-
5 sion office to research and compile the certification for
6 me.

7 Q And have you followed the same procedure
8 not only for this well but for all the other wells for which
9 you've filed applications for exemptions?

10 A Yes, sir.

11 Q Mr. Lindemann, is the information con-
12 tained in the application information from documents that
13 are subject to your control? They come from the files of
14 Tenneco Oil Company, I assume?

15 A Yes, sir.

16 Q And are those files and that information
17 you compiled subject to your control?

18 A Yes.

19 Q And is the information contained in the
20 applications and the certification true and correct to the
21 best of your knowledge, information, and belief?

22 A Yes, sir.

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

25 MR. RAMEY: Any questions of
Mr. Lindemann?

MR. ORTIZ: Mr. Chairman, we
would again review our motion for continuance and ask that

1 we be allowed to cross examine him at a later date.

2 MR. RAMEY: Mr. Kellahin, do
3 you have something?

4 MR. KELLAHIN: No, sir, except
5 to indicate that we are still opposed to that continuance
6 and the statements that we made earlier still apply.

7 MR. PEARCE: For clarification
8 to the Commission, Mr. Ortiz, is it -- I'm not sure I under-
9 stand the gist of your motion.

10 Is it that you do not under-
11 stand some of the papers which have just been discussed by
12 this witness?

13 MR. ORTIZ: Mr. Chairman, we
14 have not -- it is our feeling that we are unprepared to move
15 forward with our case on any of these applications.

16 It is our concern that to the
17 extent that we even attempt to cross examine Mr. Lindemann
18 at this point, a Court may interpret -- may misinterpret
19 that attempt as an indication that we have had adequate op-
portunity. In fact we have not had adequate opportunity.

20 We will -- it is not our inten-
21 tion at this time to make even a semblance of an attempt to
22 cross examine Mr. Lindemann because it would only be cosme-
23 tic in nature because we are simply not able in the short
24 time frame allowed by us to adequately prepare cross exami-
nation of this witness.

25 We did not even know that this

1 witness was going to be here to testify.

2 MR. RAMEY: I doubt if anyone
3 knew that except Tenneco and his counsel, Mr. Ortiz.

4 What information --

5 MR. ORTIZ: Mr. Chairman --

6 MR. RAMEY: -- do you feel
7 you're short of?

8 MR. ORTIZ: Mr. Chairman, had
9 we had sufficient time to prepare our case and pursue what-
10 ever discovery we could have under the rules, we would have
11 been able to, I believe, obtain information as to who the
12 witnesses were going to be that were going to testify, the
13 subject matter they were going to testify on, the exhibits,
14 any additional exhibits other than those filed that the com-
15 panies were intending to present into evidence, as well as
16 other information which we could have gathered which would
17 have enabled us to more fully understand the subject matter
18 of the testimony that was being presented, and cross examine
19 effectively to determine the -- the exact position whether
20 or not these wells were actually justified for exemption un-
der the NMPA.

21 We have been totally precluded
22 from that opportunity under the short time frame that are
being operated.

23 MR. KELLAHIN: I know you've
24 heard several statements. I'd like to make one more.

25 Mr. Ortiz has never requested

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2 any information from us. We live in the same small town.
3 We're a phone call away and if he didn't want to come across
4 the street to get this information, we'd have delivered it
5 to him.

6 There has been no effort on any
7 of their parts to ask us for information. We have not re-
8 fused to give them information. This is all public record
9 information and I would have been more than happy to hand
10 deliver it to Mr. Ortiz' office.

11 He cannot hide behind the fact
12 that he says he's not prepared when he can't demonstrate a
13 good faith effort that he's done anything to get himself
14 ready for this hearing.

15 MR. RAMEY: We'll have a
16 fifteen minute recess.

17 (Thereupon a recess was taken.)

18 MR. RAMEY: The hearing will
19 come to order.

20 Mr. Ortiz, we're going to deny
21 your motion for continuance and proceed with the cases.

22 MR. ORTIZ: Mr. Chairman, could
23 we, in order to protect our record and not burden the record
24 with my continually standing up and renewing our request,
25 just have it known that we have a continuing object to these
proceedings.

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2 MR. RAMEY: Yes, sir. We will
3 note that.

4 MR. KELLAHIN: Mr. Chairman, I
5 have concluded with Mr. Lindemann and I ask that he be ex-
6 cused as a witness.

7 MR. PEARCE: I think there may
8 be some other cross examination of this witness.

9 MR. RAMEY: Does anyone have
10 any questions of Mr. Lindemann?

11 MR. BIGELOW: I have a couple.

12 MR. RAMEY: Mr. Bigelow.

13 CROSS EXAMINATION

14 BY MR. BIGELOW:

15 Q Mr. Lindemann, I'm going to hand you a
16 copy of Commission Order No. 5436, and refer your attention
17 to Rule 7. Are you familiar with that particular provision
18 of the order?

19 A I have read it, yes.

20 Q Can you tell me whether the Catclaw Draw
21 wells for which you are seeking infill exemptions comply
22 with the provisions of Rule 7 of Order No. 5436?

23 A We have -- I have certified that they
24 comply with Rule 7-C of the order on each of the applica-
25 tions.

26 Q Do they comply with the other two provi-
27 sions of the particular rule?

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A I cannot answer that.

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MR. KELLAHIN: I'm sorry, Mr. Chairman, I didn't hear the question.

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Was there a question and answer given?

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MR. BIGELOW: There was a question and answer given. Could the reporter read back the question and the answer, please?

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THE REPORTER: The question was did they comply with the other two provisions in that section.

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MR. RAMEY: Rule 7-A and 7-B.

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MR. KELLAHIN: And his answer was?

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MR. RAMEY: I think he said he didn't know.

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THE REPORTER: He did say he couldn't say. He didn't know.

18

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A I can't answer that question about, especially about the drainage on 7-B.

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21

Q You're the man in charge for Tenneco on infill wells, is that correct?

22

23

24

A I do compliance filings. Any infill well planning, drilling, or placement of, would be done through our Division office, and I would have to go back to them to respond to 7-A or 7-B.

25

Q With regard to your Catclaw filings,

1
2 then, would you conclude that with regard to Order No. 5436,
3 Rule 7, your filings are incomplete?

4 A I don't know if they would be required
5 under 7-A or 7-B.

6 Q If they were required, then your filings
7 would be incomplete.

8 A If they were required.

9 Q With regard to the other wells that you
10 are testifying about this morning, do you have the same con-
11 clusions with regard to Rule 7-A and 7-B?

12 A We only certified to 7-C at this time.

13 Q Are you -- I'm going to hand you a copy
14 of Order No. 5436 and direct your attention to Rule 5.

15 Are you familiar with that rule?

16 A Yes.

17 Q With regard to each of the rules that you
18 have testified to this morning have you complied with that
19 rule?

20 A We have supplied a plat for each of the
21 wells that we filed.

22 Q And what is the nature of the plat? Can
23 you give me an example of it?

24 A Which wells are you going to question?

25 Q Any one, any one well.

A This is the plat from the Coal A we talk-
ed about this morning.

Q The plat you're talking about would be

1 the diagram --

2 A Yes, sir.

3 Q -- that's contained on the OCD form.

4 A Yes, sir.

5 Q And so those are the only plats that you
6 have filed with the OCD in support of your applications for
7 exemption?

8 A Yes, sir.

9 Q You have received for some of your wells
10 exemptions previous to the ones that you're now applying
11 for, is that correct?

12 A Yes, sir.

13 Q One of them would be the Catclaw Draw
14 Unit No. 17?

15 A Yes, sir.

16 Q Was there a particular purpose in
17 applying for an exemption for that particular well when you
18 did it?

19 A Yes, sir. Not for the intention that now
20 come out to. We filed in accordance with an NGPA well
21 determination filing. It was requested by the Commission
22 staff that we file this exemption with our filing, and
23 that's why it was filed.

24 Q Does that same situation pertain to other
25 exemptions that you have obtained prior to the ones --

A Yes, they have been in connection with
the NGPA filings.

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2 Q The filings which have brought us to this
3 hearing were all personally filed by you, is that correct?

4 A Yes, sir.

5 Q Now, may I ask you who -- who directed
6 you to make those filings?

7 A My legal counsel. Tenneco Oil Company,
8 yes.

9 Q Mr. Kellahin?

10 A Yes.

11 Q Can you tell me when he directed you to
12 make the filings?

13 A December, early December, late November,
14 1983.

15 Q Did you and he have a conversation about
16 the filings at that time?

17 A I was directed to file the exemptions at
18 that time by our legal department.

19 Q Did you ask him or did you ask anybody in
20 the legal department why you should?

21 A More of a protective as opposed to being
22 something that we felt we had to do.

23 Q Can you recall the words that were used?

24 A No, sir.

25 MR. BIGELOW: I have no further
questions, Mr. Chairman.

MR. RAMEY: Thank you, Mr.
Bigelow.

Any other questions of Mr.
Lindemann?

CROSS EXAMINATION

BY MR. RAMEY:

Q Mr. Lindemann, back to Rule 5. It definitely says the ownership and locations of all wells on direct or diagonally offsetting proration units.

Form C-102 only covers Section 35 and does not show any offsetting or diagonally offsetting proration units to the wells thereon.

Can you furnish us with that information?

A Yes, we can.

Q Rule 7-A says the applicant shall cite the number of the order pertaining to such findings. I believe your -- on your affidavit here you do, under Rule 1-B, you do list as per R-1670-V?

A Yes.

Q Is that the order that authorized infill wells in --

A Yes, sir.

Q -- the Basin Dakota Pool?

So you could construe that to fit Rule 7-A.

A Yes.

Q You have nothing on Rule 7-B that I can see in your application.

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2 Would you furnish us something on Rule 7-
3 B?

4 Or does 7-B apply?

5 A I can't answer that it would apply right
6 now, but if it's available, we can supply it.

7 Q If it is available, would you supply it?

8 A Yes.

9 Q On your certification you say "unreason-
10 ably shutting in". Can you define that for me?

11 A We will be operating in the normal --
12 keeping the well open as much as possible.

13 Q Have the wells been shut in?

14 A I believe there's only one instance where
15 we did some work on a well. Other than that the well has
16 been operating, as far as we can say, at full capacity.

17 Q But you, you went through the records to
18 check?

19 A I had, under my direction the Division
20 office did.

21 Q Were the wells shut in for deliverability
22 tests, something like that, or would that be -- would that
23 be a reasonable shut in?

24 A That would be reasonable.

25 Q Were the wells shut in for overproduc-
tion?

A Not according to our records.

Q Thank you.

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2 MR. RAMEY: Any other questions
3 of the witness?

4 MR. ORTIZ: Mr. Chairman, I
5 would just ask for clarification on when the additional
6 information is going to be provided.

7 Q How soon can you provide the information,
8 Mr. Linedemann?

9 MR. KELLAHIN: Mr. Chairman, we
10 can provide additional platting within five days.

11 MR. ORTIZ: Mr. Chairman, since
12 the information is not available today we would move for a
13 continuance of this case on the grounds that the applicant
14 is not fully prepared to meet his burden of proof in this
15 case, and in the alternative we move that the application
16 for exemption be denied for failure to follow the Order No.
17 5436.

18 MR. RAMEY: I'll deny your
19 motion, Mr. Ortiz. Mr. Kellahin, will you furnish copies of
20 all additional exhibits to all parties for this proceeding?

21 MR. KELLAHIN: Yes, Mr. Chair-
22 man.

23 I have no redirect for this
24 witness.

25 MR. RAMEY: The witness may be
excused.

MR. KELLAHIN: Mr. Chairman, we
would call at this time Mr. Bob Gibb, whose name is spelled

1 G-L-B-B. There is no "S".

2
3 MR. RAMEY: Before we start
4 here, I assume all -- all applications are the same, they
5 just have the C-102 type maps, as such.

6 MR. LINDEMANN: Yes, sir.

7 MR. KELLAHIN: Mr. Chairman,
8 some of the plats show the offset ownership and some of them
9 do not, and prior to conclusion of hearings on all these
10 cases today, we will go through those applications, identify
11 for you which of the applications require supplemental plats
12 as to the offset ownership.

13 But there are some that do have
14 the ownership on them.

15 MR. RAMEY: In this -- this
16 particular case?

17 MR. KELLAHIN: Yes, sir, the
18 Terneco cases.

19 MR. RAMEY: I thumbed through it
20 and they all looked similar.

21 MR. KELLAHIN: Yes, sir.

22 MR. RAMEY: You may proceed,
23 Mr. Kellanin.

24 MR. KELLAHIN: Thank you, Mr.
25 Chairman.

Mr. Gibb, would you please
state your name and occupation, sir?

I'm sorry, he has not been

1
2 sworn.

3
4 (Witness sworn.)

5 ROBERT J. GIBB,
6 being called as a witness and being duly sworn upon his
7 oath, testified as follows, to-wit:
8

9 DIRECT EXAMINATION

10 BY MR. KELLAHIN:

11 Q Mr. Gibb, would you please state your
12 name and occupation?

13 A My name is Robert J. Gibb, G-I-B-B. I'm
14 a Petroleum Engineering Supervisor for Tenneco Oil Company.

15 Q Do you hold any professional degrees in
16 the field of engineering, Mr. Gibb?

17 A I have a Bachelor's degree in petroleum
18 and natural gas engineering from Pennsylvania State University.

19 Q And when did you obtain that degree?

20 A 1973.

21 Q And subsequent to graduation have you been
22 employed in the field of oil and gas petroleum engineering?

23 A Yes, I have.

24 Q Describe for us what has your employment
25 experience as a petroleum engineer.

A In 1973 I went to work for Marathon Oil

1 Company as a drilling and production engineer in the Illi-
2 nois Basin; worked for them for two years.

3 In 1975 I left Marathon and went to work
4 for Tenneco as a petroleum engineer responsible for San Juan
5 Basin.

6 I've since been promoted to Senior Engin-
7 eer responsible for San Juan Basin and now Supervisor over
8 all areas that fall within Western Rocky Mountain Division
9 of Tenneco.

10 Q Pursuant to your employment, Mr. Gibb,
11 are you familiar with the wells that are the subject of Ten-
12 neco's application that are confined to the San Juan Basin,
13 which will mean the Mesaverde and Dakota applications?

14 A Yes, I am.

15 Q Pursuant to that -- have you made a study
16 of wells that are the subject of this application?

17 A Yes, I have.

18 Q And have you made a study of not only the
19 infill well but the original well on the spacing and prora-
20 tion unit?

21 A Yes.

22 Q And pursuant to that study, Mr. Gibb, are
23 you able to certify and attest that the operator, Tenneco
24 Oil Company, has not caused action to take place that will
25 restrict the ability of the original well on the proration
unit to produce?

A Yes.

Q Let me ask you to go through each of the infill well proration units and we will discuss each of those wells individually, Mr. Gibb, as to each well.

What have you compiled in terms of the first well?

A Okay, what we have compiled is a well history, which is an all purpose data sheet that we use internally, that has all data regarding location, how the well was completed, how it was fraced, perforated, any workovers that have been done on the well since its -- since it was drilled.

Q All right, and what else have you done?

MR. ORTIZ: Excuse me, Mr. Chairman. Can he identify the well by name rather than the first well, because I'm not sure --

A Okay.

MR. KELLAHIN: Mr. Chairman, I'm attempting to lay a foundation as to what Mr. Gibb's done as to each of the original wells on the proration unit, and I'll ask him to do what he described for us, what action he's taken in studying the second well on each proration unit, and after we've laid that foundation, I propose to submit into evidence the documents from which, then, I will ask Mr. Gibb to draw certain conclusions.

MR. ORTIZ: Thank you.

MR. RAMEY: Okay, you may proceed, Mr. Kellahin.

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2 Q All right, sir, with regards to the first
3 well on a proration unit, Mr. Gibb, other than review the
4 history of the first well, what other information have you
5 reviewed and compiled in the form of an exhibit?

6 A Okay, we also have a plot of the produc-
7 tion for the well. The plot covers not only the period since
8 the infill well was drilled but covers the period of produc-
9 tion for that well prior to the drilling of the infill.

10 Q And what else have you reviewed?

11 A I have the tabular data that was used to
12 generate those plots, and on that tabular data it is noted
13 the number of days within a month that the well has produced
14 so as to reflect any shut-in time the well may have exper-
15 ienced.

16 Q All right, sir, and what else have you
17 done, information from the first well?

18 A We have all sundry notices regarding the
19 completion of the well and we have what well deliverability
20 tests were available in our files for that well, the well
21 deliverability test filed with the NMOCC.

22 Q All right, sir. Is that the last of the
23 information that you have tabulated in the form of an exhi-
24 bit on the original well?

25 A Yes, it is.

Q All right, sir. On the second well in the
proration unit, the infill well, what information have you
examined and tabulated in the form of an exhibit?

1
2 A Would it be sufficient to say the same
3 information in all regards but in addition to that, a plat
4 showing the location of the infill well and the original
5 well and reflecting any pressure at the time the infill well
6 was drilled; that is, the test pressure of the infill well
7 at its drilling and the pressure of the surrounding wells at
8 that time?

9 Q All right, sir.

10 MR. KELLAHIN: Mr. Chairman, at
11 this time I tender Mr. Gibb as an expert petroleum engineer.

12 MR. RAMEY: He appears to be so
13 qualified, Mr. Kellahin.

14 MR. KELLAHIN: Mr. Chairman,
15 I'd like to take just a moment and have Mr. Gibb assist me
16 in distributing copies of the exhibits that he has just gen-
17 erally described so that for each of the proration units we
18 will go through on a well by well basis the first well and
19 then the second well, so that Mr. Gibb can describe for us
20 what he has done in relation to those two wells, and then I
21 will ask him some -- to express some opinions about conclu-
22 sions he might draw from the proration units involved in
23 each of the wells.

24 And if I might have his assist-
25 ance for a moment, we'll make that distribution.

MR. KELLAHIN: Mr. Chairman,
since it's almost lunch time, I think it might make it a
little bit more efficient in presenting our documentation if

1 we might have the benefit of some portion of the lunch hour
2 to stamp these exhibits, number them, so that we won't lose
3 track of where we're going.
4

5 MR. RAMEY: We'll recess till
6 1:15.

7 (Thereupon the noon recess was taken.

8 Thereafter at the hour of 1:15 p.m. on
9 the 7th of March, 1984, the hearing was
10 again called to order and the following
11 proceedings were had, to-wit:)

12 MR. RAMEY: The hearing will
13 come to order.

14 Would you like to proceed, Mr.
15 Kellahin?

16 MR. KELLAHIN: Thank you, Mr.
17 Chairman.

18 Mr. Chairman, during the lunch
19 recess we have caused to be marked as exhibits in this case
20 thirty sets of exhibits. The exhibits are numbered 1 and 1A
21 through 15 and 15A. The exhibit without the letter repre-
22 sents the original well in the proration unit. The exhibit
23 with a letter "A" is the infill well.

24 I have given a complete set of
25 those exhibits to Mr. Bigelow and I have another set of ex-
hibits for Mr. Ortiz. If I may approach the bench, I have

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

12 September 1984

COMMISSION HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company	CASE
for exemption from the New Mexico	8340
Natural Gas Pricing Act (NMPA).	

BEFORE: Commissioner Joe Ramey, Chairman
Commissioner Baca

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Jeff Taylor
Division:	Attorney at Law
	Legal Counsel to the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

For the Applicant:	W. Thomas Kellahin
	Karen Aubrey
	Attorney at Law
	KELLAHIN & KELLAHIN
	P. O. Box 2265
	Santa Fe, New Mexico 87501

A P P E A R A N C E S

For Public Service Company: Richard L. Alvidrez
Attorney at Law
KELEHER & McLEOD
P. O. Drawer AA
Albuquerque, New Mexico 87103

For Public Service Comm: Charles F. Noble
Staff Counsel
N. M. Public Service Comm.
Bataan Memorial Bldg.
Santa Fe, New Mexico 87503

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MR. RAMEY: The hearing will
come to order.

We'll call first Case 8340.

MR. TAYLOR: This case is on
the application of Tenneco Oil Company for exemption from
New Mexico Natural Gas Pricing Act.

MR. RAMEY: Call for appear-
ances, please.

MR. KELLAHIN: Mr. Chairman,
I'm Tom Kellahin, Kellahin and Kellahin, Santa Fe, New Mexi-
co.

Appearing with me in associa-
tion is my law partner, Karen Aubrey.

We represent Tenneco Oil Com-
pany, the applicant in this case.

MR. NOBLE: Charles F. Noble
for the Public Service Commission.

MR. ALVIDREZ: Richard L. Alvi-
drez, Keleher and McLeod, on behalf of Public Service Com-
pany of New Mexico.

MR. RAMEY: What's your last
name?

MR. ALVIDREZ: Alvidrez. Do you
want me to spell it?

MR. RAMEY: Yes, would you,
please?

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MR. ALVIDREZ: A-L-V-I-D-R-E-Z.

MR. RAMEY: Alvidrez. Alvidrez?

MR. ALVIDREZ: Alvidrez.

MR. RAMEY: All right, Mr. Kellahin, you may proceed.

MR. KELLAHIN: Mr. Chairman, the application of Tenneco in this case, as you may recall, involves the Catclaw Draw oil wells in southeastern New Mexico.

These wells were originally included in Tenneco's application that was heard by the Commission back on March 7th. The cases heard at that time included not only the -- some testimony about the Catclaw Draw Morrow, but about the Basin Dakota and Mesaverde wells in the San Juan Basin.

Subsequent to the hearing, at my request the Commission segregated out the Catclaw Draw Morrow wells and docketed it as a separate case for hearing today.

Our testimony will be from Mr. Danny Wilson, petroleum engineer, who will testify that the Catclaw Draw Morrow is a reservoir that the Commission has declared to be most effectively and efficiently drained by wells spaced upon 320 acres.

The procedure in the rules is that there is an infill program established for the Catclaw

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Draw Morrow.

The evidence will demonstrate to you that historically the Catclaw Draw was spaced upon 640 acres and that through the hearing processes before the Oil Conservation Commission it became apparent as the reservoir was developed that a second well on a 640-acre unit was necessary in order to effectively and efficiently drain that reservoir.

Thereafter, the Commission reduced the spacing from 640 to 320 in this pool at the request of Tenneco. Subsequent to the entry of that order, in consultation with members of the staff of the Commissioner of Public Lands, Mr. Ray Graham, it became apparent that Tenneco had inadvertently caused the spacing to be changed in such a way that leases would have been terminated.

At the suggestion of Mr. Graham Tenneco asked that order be vacated and a substituted infill order presented.

Mr. Wilson's testimony will demonstrate to you that these infill wells were drilled for reasons other than avoiding the New Mexico Pricing Act.

Mr. Wilson will testify for you that that other reason was to recover gas reserves from the Morrow reservoir that would not otherwise have been recovered from the original wells.

The evidence will demonstrate to you, and Mr. Wilson's testimony will be that Tenneco, as

1
2 a prudent operator, has maintained a consistent policy and
3 practice to keep the original well on the proration unit
4 producing at all -- at all available times, and that they
5 have maximized recovery from the original well and have done
6 nothing that would restrict the ability of the original well
7 to produce into the pipeline.

8 That will be our proof, Mr.
9 Chairman.

10 I'm prepared to call Mr. Wilson
11 at this time.

12 (Witness sworn.)

13
14 DANIEL L. WILSON,
15 being called as a witness and being duly sworn upon his
16 oath, testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Mr. Wilson, for the record could you
21 please state your name and occupation?

22 A My name is Daniel L. Wilson. I'm a pet-
23 roleum engineer with Tenneco Oil Company.

24 Q Mr. Wilson, would you describe for the
25 Commission when and where you obtained your degree in engi-
neering?

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A I received a degree in 1976, a Bachelor of Science in petroleum engineering, from the University of Texas at Austin.

Q Subsequent to graduation have you been employed as a petroleum engineer?

A Yes, I have.

Q Would you describe to the Commission what your employment background and history have been?

A After I graduated I went to work for Amoco Production Company in Odessa for two years as an operations engineer.

After that I spent one year with Superior Oil Company in Conroe as an exploitation engineer, and in 1979 I joined Tenneco Oil Company as a reservoir engineer.

Q Would you describe for us what has been your employment history with Tenneco?

A Yes, sir. I came on with Tenneco in January, 1979 as a petroleum engineer and have subsequently been promoted to Senior Engineer and am now Petroleum Engineering Supervisor.

Q As a Petroleum Engineering Supervisor, Mr. Wilson, how many engineers do you supervise?

A I supervise nine engineers.

Q And what is your area of responsibility? What geographic area is your responsibility for your company?

A West Texas and southeast New Mexico.

Q Does that area of responsibility include

1 the Catclaw Draw Morrow Pool of Eddy County, New Mexico?

2 A Yes, sir, it does.

3 Q And how long have you been familiar with
4 and acquainted with the Tenneco wells that are producing
5 from that pool?

6 A Since approximately the spring of 1979.

7 Q How did you become so familiar with the
8 Catclaw Draw Morrow Pool?

9 A I was involved in doing the acquisition
10 evaluation for purchase of these properties from Hanagan
11 Petroleum Corporation.

12 MR. KELLAHIN: Mr. Chairman, at
13 this time we tender Mr. Wilson as an expert petroleum engi-
14 neer.

15 MR. RAMEY: He is so qualified,
16 Mr. Kellahin.

17 Q Mr. Wilson, let me direct your attention
18 to what we have marked as Tenneco Exhibit Number One, which
19 is the plat, and have you identify the plat for us, sir.

20 A Yes. This is a plat of the Catclaw Draw
21 area which illustrates the proration units in which Tenneco
22 has infill wells drilled.

23 Q What is the significance, Mr. Wilson, of
24 the five-section areas that are outlined in the red outline?

25 A This is the area that has infill wells
drilled for which Tenneco seeks the exemption of the infill
wells, and the area outside that in the blue is the offset

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one section as required by Rule 5 of 5436 ruling.

Q All right, sir. How many infill wells has Tenneco applied for certification or exemption from the New Mexico Pricing Act, Mr. Wilson?

A To my knowledge, one well.

Q How many are there? How many infill wells do you have?

A I mean six wells.

Q All right, sir. Let me direct your attention, Mr. Wilson, to Exhibit Number Two and have you identify Exhibit Number Two for us.

A Exhibit Number Two is a table showing a list of -- listing of the wells in the Catclaw Draw area, their location and their completion and spud date.

Q Exhibit Number Two is the original well on each of the proration units and shows its completion or spud date?

A Yes, sir.

Q All right, sir, let's go to Exhibit Number Three. Would you identify that for us?

A Exhibit Number Three is the same as Exhibit Number One except this is for the new wells on the proration unit.

Q All right, sir. Let's talk for a moment, Mr. Wilson, about the studies you made and directed be made with regards to Tenneco's acquisition of this acreage from the Hanagan family.

1
2 Approximately when did those studies take
3 place?

4 A They took place, like I said, approxi-
5 mately in the spring of 1979, around March through April or
6 May, I think.

7 Q All right, sir, and what was involved in
8 making that study?

9 A We did an in depth reservoir and geologic
10 study to determine the value of the remaining reserves of
11 the existing wells and we also did an evaluation to deter-
12 mine if additional wells could be drilled to recover addi-
13 tional reserves.

14 Q All right, sir, and what was your conclu-
15 sion that you reached based upon that study?

16 A It was my conclusion that the existing
17 wells were not adequately draining the reservoir and that
18 the new wells, infill wells, would be needed to more effec-
19 tively and efficiently drain the reservoir.

20 Q When you talk about the existing wells at
21 that time, what was the spacing in the Catclaw Draw Morrow
22 at that time?

23 A At that time the spacing was 640 acres.

24 Q All right, sir. Let me direct your at-
25 tention, Mr. Wilson, to Exhibit Number Four. We might as
well take them all together. They are Four, Five, Six,
Seven and Seven-A, Mr. Wilson, and let me ask you, are these
all of the Catclaw Draw Morrow Pool rules and orders of the

1 Commission that affect this pool?

2 A Yes, sir.

3 Q Directing your attention to Exhibit Num-
4 ber Seven-A, Mr. Wilson, would you identify specifically
5 that exhibit for us?

6 A That is Order 4157-B, which gave Tenneco
7 -- changed the ruling there for optional 320's on the 640-
8 acre proration unit.

9 Q This was an order entered by the Commis-
10 sion based upon application by Tenneco?

11 A Yes, sir.

12 Q What -- would you just summarize for us
13 the basic elements that went behind Tenneco's decision to
14 make this application?

15 A After we had initially down-spaced the
16 proration units from 640 acres to 320 acres, we found from
17 the Land Commission that by doing so leases would be lost in
18 the original proration unit and an additional order would be
19 needed to go to optional 320's instead of direct down-spac-
20 ing.

21 Q Did you attend any of those hearings, Mr.
22 Wilson?

23 A Yes, sir, I did.

24 Q Let me direct your attention on Exhibit
25 Seven-A, which is Order R-4157-B, and refer you to page two,
to paragraph six of that order. It makes reference by in-
corporating by reference certain findings of a previous or-

1 der, Mr. Wilson.

2
3 If you'll look at that order paragraph
4 and now if you'll go back to Exhibit Number Seven, and this
5 is Order No. 4157-C, and if you'll refer now to paragraph
6 six, seven, eight, nine, ten and eleven of that order, the
7 Commission has made certain findings with regards to the
8 Morrow formation.

9 Have you had an opportunity to review
10 those findings, Mr. Wilson?

11 A Yes, I have.

12 Q Based upon your experience with Tenneco,
13 are those findings still true and correct, to the best of
14 your knowledge, information and belief?

15 A Yes, sir, they are.

16 Q Let's go now to Exhibit Number Eight, Mr.
17 Wilson. Would you identify for us what Exhibit Number Eight
18 is?

19 A Exhibit Number Eight is a filing for ex-
20 emption from the Natural Gas Pricing Act on Catclaw Draw
21 Unit Well No. 17.

22 Q All right. Refer to Exhibit Number Three
23 and use Exhibit Number Three, which is a list of the infill
24 wells, as an index. Which of the wells on Exhibit Number
25 Three does this exemption from the New Mexico Pricing Act
apply?

A I'm not sure I understand your question.

Q All right, sir, on Exhibit Number Three,

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that's a list of all the infill wells, is it not?

A Yes, sir.

Q All right, Exhibit Number Eight is an Administrative Order exempting one of those wells from the Pricing Act.

A Right, that's the Catclaw Draw Unit No. 17.

Q All right. What is the status of, on Exhibit Number Three, the last well, Federal "FN" 19 Com 2, what's the status of that well?

A That well was drilled and it was a dry hole.

Q All right, has any application been filed for that well?

A No, sir.

Q Has Tenneco filed applications for exemption from the Pricing Act for the remaining five wells on that exhibit?

A No, sir.

Q They have not? I don't want to confuse you, Mr. Wilson.

A Oh, yes, sir, yes, they have.

Q All right. Using Exhibit Number Three as the index, now, let's go to Exhibit Number Nine and have you identify for us which of the infill wells this application applies to.

A This is for Catclaw Draw Unit No. 12.

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Q All right. Which is the -- which is the original well on the proration unit where you have the No. 12 infill well? What's the corresponding original well?

A That is the No. 4 Well.

Q Let's go to Exhibit Number Ten now, Mr. Wilson, and would you tell us which of the infill wells this application applies to?

A This is for Catclaw Draw Unit No. 13 Well.

Q And what is the corresponding original well on the proration unit for which you have the 13 infill well?

A That's for the No. 5 Well.

Q Now if we go to Exhibit Number Eleven, which infill well does this application for exemption apply?

A This is for the Catclaw Draw Unit No. 14 Well.

Q And what is the corresponding original well?

A It's Catclaw Draw Unit No. 2.

Q All right, sir, and Exhibit Number Twelve is an application for exemption for which of the infill wells?

A This is the Catclaw Draw Unit No. 15 Well.

Q And what's the corresponding original well on this proration unit?

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A Catclaw Draw Unit No. 5.

MR. NOBLE: Excuse me, Mr. Wilson.

MR. KELLAHIN: We've got two No. 5's here.

MR. NOBLE: Yeah, okay.

A The 14 should be offset to the No. 2 in Section 23.

Q The second well we talked about, infill well No. 13, the original well on that proration unit is not the No. 5 Well.

A Right, excuse me. It's the No. 1-Y.

Q All right. Infill well, 12 Infill Well is No. 4, original well?

A Yes, sir.

Q And the next proration unit, infill well is 13; the original well is 1-Y? Right?

A Yes, sir.

Q 14 --

A 14.

Q -- the infill well, the original well is No. 2?

A No. 2.

Q Okay, now 15, what is the original well?

A 15 corresponds to the original Well No. 5.

Q All right. If we go to Exhibit Number

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Thirteen, what is the infill well for this application?

A That is the infill well for No. 6, Cat-claw Draw Unit No. 6.

Q All right, this application is the Infill Well 16?

A Yes, sir.

Q And the original well is the No. 6 Well?

A Yes, sir.

Q And that's all of them.

A Yes, sir.

Q Would you tell us something about who purchases the gas from both the original well and from the infill well for each of the prorations we've discussed, starting with the first one on that list?

A Yes, sir. The Gas Company of New Mexico purchases gas from the No. 4, 5, 6, 16 and 17, and the rest of them --

Q Whoa, just a minute, I can't keep up.
All right, let's go -- start with the No. 12 Well.

A No. 12 Well is purchased by Cabot Corporation.

No. 4 Well goes to the Gas Company of New Mexico.

Q All right, and what percentage on the No. 12 Well, what percentage of the gas from the No. 12 Well goes to Cabot?

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A All the gas goes to Cabot.

Q On the original well for that proration unit, the No. 4 Well, what percentage of that gas goes to Southern Union?

A Approximately 6 percent goes to Southern Union and the rest goes to Cabot.

Q What is the reason that there is a split purchase for the gas from the original well in that proration unit?

A There is a non-operator owner who has dedicated his gas to the Gas Company of New Mexico.

Q And who is the non-operator owner?

A Mr. Hugh Hanagan.

Q And who is the owner of the balance of the gas?

A Tenneco Oil Company owns the rest of the gas.

Q And Tenneco does what with its share of the gas?

A They market that gas to Cabot Corporation.

Q All right, let's go to the Infill Well No. 13.

A Tenneco markets all of the gas in Well No. 13 to Cabot Corporation.

Q All right, and what about the Infill Well L-5?

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A It also goes to Cabot Corporation.

Q And go to the Infill Well No. 14, where is that gas marketed?

A The No. 14, as well as the No. 2, also go to Cabot Corporation.

Q The 15 and the original Well No. 5, to what pipeline purchaser is that gas marketed?

A That gas also goes to Cabot Corporation.

Q When we get down to Infill Well No. 16, what pipeline takes that gas?

A Tenneco has its share of gas dedicated to the Cabot Corporation. There's a split stream there with ARCO Oil and Gas, who takes 50 percent of the gas and has it dedicated to the Gas Company of New Mexico, as well as the No. 6 Well.

Q So in the proration unit that section, both the original and infill well, 50 percent of the gas ARCO has dedicated to Southern Union.

A Yes, sir.

Q Tenneco's 50 percent of the gas from each of those wells goes to Cabot.

A Yes, sir.

Q Is there a balancing agreement between Tenneco and ARCO with regards to balancing the take of gas that goes to each of the purchasers?

A Yes, sir, there is.

Q All right. Mr. Wilson, let's go now to

1 Exhibit Number Fourteen, sir, and that's the tabulation.

2 Would you identify for us what Exhibit
3 Number Fourteen is?

4 A This exhibit is production data from the
5 wells that we've just discussed in tabular form on a month
6 by month basis, and what it shows is the original well in
7 the proration unit and the infill well and the number of
8 days on and off production for each one.

9 Q Was this a tabulation that was prepared
10 by you or compiled under your direction and supervision?

11 A Yes, sir.

12 Q Have you reviewed this data and informa-
13 tion and satisfied yourself that it's true and accurate to
14 the best of your knowledge, information and belief?

15 A Yes, sir, I have.

16 Q Mr. Wilson, if you'll go to the tabula-
17 tion, and for purposes of my questions, let's look at Infill
18 Well No. 16 and just below, the original well No. 6, and
19 find that on Exhibit Number Fourteen.

20 All right, sir, you have those wells?

21 A Yes, sir.

22 Q If we read across the tabulation from
23 left to right, will you tell us the first significant entry
24 that occurs in November of 1979 with regards to the original
25 well?

26 A Yes, sir. In November of '79 -- this
27 table starts in November, 1979 because that is the effective

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date that Tenneco took over operations, and that's where our production data starts.

That well is on production and there is at that time no infill well drilled.

Q All right, sir, if we turn the page, then, and we follow the production tabulation for the No. 6 Well across page two for the year 1980, we have production in each of the months for the original well?

A Yes, sir.

Q At what point is the infill well drilled?

A The infill well wasn't drilled until 1981 and it came on production in November of 1981.

Q All right, let's turn to page three of the exhibit, then, and have you show us the point in the tabulation where you have first production from the infill well for that proration unit.

A Yes, sir, that was November, 1981, and at that time it illustrates that even though the No. 16 Well came on line, the No. 6 Well has not been down any days during 1981.

Q All right, sir, let's turn the page and go to the tabulation for 1982 of production from the infill well and the original well on that proration unit, and have you describe for us any significant incidents that occur in 1982 with regards to the production from either well.

A Nothing really significant happens. In January the No. 6 Well was down one day, as well as the in-

1 fill well, due to frozen pipeline.

2
3 Nothing occurs again until July of 1982
4 and at that time the original well was down three days due
5 to high line pressure and curtailments from the pipeline.

6 Q All right, sir, let's go to 1983 and have
7 you describe for us any significant incidents in the produc-
8 tion from either well for 1983.

9 A In June of 1983 the No. 6 Well, as well
10 as the infill well, were off approximately ten days and this
11 is also due to curtailments from pipelines takes.

12 Other than that the well was pretty much
13 on the whole time.

14 Q Let's turn back to page two of this exhi-
15 bit to the year 1980, Mr. Wilson, and for the original well,
16 the No. 6 Well, in the months of September and October,
17 would you describe for us what has been the production for
18 each of those months from the original well and what is the
19 reason for the difference in those quantities?

20 A Yes, sir. Up until October of 1980 the
21 well, Well No. 6, has been in a depleted stage, and we did
22 some work; we installed a one-inch tubing string inside the
23 tubing to better -- to help the well better lift the gas out
24 of the wellbore.

25 These Morrow wells, when they have low
bottom hole pressures and they have any liquid in the well-
bore, they will tend to load up and die. So by installing
the one-inch tubing inside the original string, the velocity

1 of the gas is increased and therefore can lift the liquids
2 out of the wellbore and prevent loading up.

3 Q Do you have an opinion as to whether or
4 not Tenneco has attempted to keep the original well in each
5 of these proration units producing to the best of its abil-
6 ity?

7 A Yes, sir, I do.

8 Q And what is that opinion?

9 A I believe we have done that and have not
10 restricted their flow to the pipeline in any means.

11 Q For each of the infill wells that we've
12 been discussing, Mr. Wilson, all five of them, in reviewing
13 the tabulation of production between the original well and
14 the infill well, as depicted on Exhibit Number Fourteen, can
15 you reach the same conclusions for each of those wells in
16 terms of what Tenneco has done with regards to that produc-
tion?

17 A Yes, sir.

18 Q And in your opinion has Tenneco caused
19 the ability of the original wells to be -- capacity to pro-
duce into the pipeline to be restricted in any manner?

20 A No, sir, we have not.

21 Q For each of the infill wells, Mr. Wilson,
22 would you describe for us whether or not you have an opinion
23 as to why those wells were drilled?

24 A Tenneco drilled these wells to recover
25 additional reserves we felt would be unrecoverable by the

1 existing wells on the proration unit.

2 Q In your opinion, Mr. Wilson, were the in-
3 fill wells drilled for reasons other than avoidance of the
4 New Mexico Pricing Act?

5 A Yes, sir, they were.

6 Q When you made your study back in 1979
7 concerning the proposed infill drilling program, you had
8 certain conclusions that you made with regards to that
9 study. Has the drilling of the infill wells proved or dis-
10 proved the conclusions you had drawn back in 1979?

11 A It has proved our conclusions that we
12 drew back in 1979, that we have developed reserves that
13 otherwise would not be recoverable by the initial wells.

14 Q The applications that we have discussed
15 here this morning filed by Tenneco were filed by Mr. Fred
16 Lindemann, were they not?

17 A Yes, sir.

18 Q And who is Mr. Lindemann?

19 A Mr. Lindemann works in our Gas Compliance
20 Section in Houston.

21 Q Have you reviewed the information con-
22 tained in those applications concerning these wells?

23 A Yes, sir, I have.

24 Q And can you testify based upon your own
25 judgment and opinion that these applications conform to the
requirements of Division Order R-5436?

A Yes, sir.

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Q And do they?

A Yes, sir, they do.

MR. KELLAHIN: Mr. Chairman, at this time we would request that the Commission take administrative notice of Mr. Lindemann's testimony before the Commission back on March 17th, in which he testified about his certification of not only the San Juan Basin wells but these five infill wells that are the subject matter of this hearing.

For convenience sake, Mr. Chairman, we have extracted from the transcript in that case Mr. Lindemann's testimony commencing on page 27 of the transcript and running through at least page -- well, we're handing you pages 27 through 52.

MR. RAMEY: We'll take administrative notice of that.

MR. KELLAHIN: Mr. Chairman, we'd also request that you take administrative notice of the transcript and record referred to and the infill orders of the Commission involved in Orders R-51 -- I'm sorry -- Order R-4157 through R-4157-D.

MR. RAMEY: I think those are all exhibits, Mr. Kellahin.

MR. KELLAHIN: Those were the orders, sir, and we've requested you take administrative notice of the transcripts and the testimony for each of those cases.

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2 MR. RAMEY: All right, we'll do
3 that.

4 MR. KELLAHIN: Mr. Chairman,
5 that concludes our examination of Mr. Wilson.

6 We move the introduction of
7 Tenneco's Exhibits One through Fourteen.

8 MR. RAMEY: Tenneco Exhibits
9 One through Fourteen will be admitted.

10 MR. KELLAHIN: Pass the wit-
11 ness.

12 MR. RAMEY: Any questions of
13 Mr. Wilson? Mr. Noble?

14 MR. NOBLE: Yes, I do.

15 CROSS EXAMINATION

16 BY MR. NOBLE:

17 Q Mr. Wilson, looking at Exhibit Number
18 Fourteen for the year 1982, Catclaw Draw Unit Well 14 and
19 No. 2, is No. 2 the infill well?

20 A No, sir, No. 14 is the infill well.

21 Q 14 is the infill well. Can you tell me
22 why the original well, No. 2, was logged off for approxi-
23 mately seven months during that year?

24 A Yes, sir. That well was in a depleted
25 stage in the reservoir that it was in, or the stringer that
it was in, and we started a study again of the Catclaw Draw
area to determine what recompletions we would make and what

1
2 wells at what time.

3 This well was one of those wells and we
4 recompleted that well into another Morrow stringer and
5 brought that well back on in August of 1982 for approximate-
6 ly 1.2-million a day, I believe.

7 Q So when it went back on it was a recom-
8 pletion.

9 A Yes, sir.

10 Q Also looking at that exhibit, have any of
11 the original wells, other than the one just mentioned, been
12 shut in for over one month since the infill well on that
13 proration unit were drilled?

14 A Yes, sir, as you'll see, No. 4 was shut
15 in also. It was depleted in the stringer that it was in.

16 We also did a recompletion on that well
17 into a new Morrow stringer, which tested approximately 10-
18 million a day.

19 Q Can you define "stringer" for me?

20 A The Morrow reservoir is -- in the Catclaw
21 Draw area is a discontinuous reservoir and it has sands that
22 come and go from wellbore to wellbore.

23 One well may have the sand in it and the
24 offset well may not have that sand but it may have another
25 sand, but it's all within the Morrow reservoir.

26 Q Were you involved in the decision to
27 drill these infill wells?

28 A Yes, sir, I was.

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Q And in what way?

A Made the recommendation to drill the wells. It's not my authority to make the actual decision whether we drill or not.

Q When you got an injunction for Catclaw Draw Unit Well No. 17, were you involved in the decision to drill that well?

A I was involved in the recommendation to drill that well, yes, sir.

Q Okay. And who was responsible for filing an exemption for that well?

A The exemptions were filed out of our Houston office.

Q And which office do you work in?

A I work in San Antonio.

MR. NOBLE: Those are all the questions I have. Thank you.

MR. RAMEY: Any other questions of Mr. Wilson? He may be excused.

Anything further, Mr. Kellahin?

MR. KELLAHIN: Not from this witness, Mr. Chairman, thank you.

MR. RAMEY: Do you have another witness or do you have a statement?

MR. KELLAHIN: We have a statement, Mr. Chairman.

We rest our case, our direct

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case.

MR. RAMEY: Do you have any
witnesses?

MR. NOBLE: No, we haven't.

MR. RAMEY: Any statements?

MR. NOBLE: No, we don't.

MR. RAMEY: Mr. Kellahin, you
may make your closing statement.

MR. KELLAHIN: Mr. Chairman, we
submit for your consideration a proposed order that would
include each of these infill wells in the Catclaw Draw Mor-
row.

That completes our presenta-
tion, Mr. Chairman.

MR. RAMEY: Okay. Is there
anything further in Case 8340?

If not, we'll take the case un-
der advisement.

(Hearing concluded.)

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 Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARING

SANTA FE, NEW MEXICO

Hearing Date SEPTEMBER 12, 1984 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
H.R. Frederich Karen Quisenberry Charles Quisenberry Lucy Loco for Bob Hickner	El Paso Natural Gas Co Kellahan + Kellahan Caulkins Oil Co.	El Paso, Tx Santa Fe Farmington
W.T. Kellahan	Byram, Co Kellahan + Kellahan	Santa Fe Santa Fe
Michael L. Lewis	Southern Union Exp.	Farmington
Mark Adams	" " "	Albany
Dennis Morgan	" " "	Dallas
Rudy W. Mott	Union Texas Petroleum Corp	Farmington
Allen Hofer	Hickler Law Firm	Santa Fe
Paul C. Bertoglio	Energy Reserves Group	Casper, Wyo.
Donald L. Wood	Energy Reserves Group	Denver, Co.
Gance Neiberg	" " "	Casper, Wyo.
William F. Lee	Campbell and Clark	Santa Fe
C.D. Crump	Depco, Inc.	Denver
Richard L. Aludovicz	Kelch, McLeod for PNM	Albany
James C. Martin	PUBLIC SERVICE COMM.	SANTA FE

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 12, 1984 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Jim O'Brien	GAS Co of NM	Alb
Tommy Sanders	" " "	"
John C. Buenside	Amoco	DENVER
Marsha Butler	Kellahin & Kellahin	Santa Fe