

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico

31 July 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Com- CASE
pany for NGPA Wellhead Price Ceiling 8666
Category Determination, San Juan
County, New Mexico.

BEFORE: Gilbert T. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant:

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MR. QUINTANA: We'll call Case 8666.

MR. TAYLOR: The application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico.

The applicant has requested that this case be continued.

MR. QUINTANA: Case 8666 will be continued until August 28th, 1985.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division was reported by me; that the said
transcript is a full, true, and correct record of the
hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a true and correct copy of the transcript in
Case No. 8666 filed on July 31 1985.
Witness my hand and seal this 31 day of July 1985.
Gilbert P. Quintana Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico

28 August 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production
Company for NGPA Wellhead Price
Ceiling Category Determination,
San Juan County, New Mexico.

CASE
8666

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

Stephen D. Ring
Attorney at Law
Amoco Production Company
Amoco Building
17th and Broadway
Denver, Colorado 80202

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I N D E X

CHARLES BOYCE

Direct Examination by Mr. Ring 4

E X H I B I T S

Amoco Exhibit One,
Amoco Exhibit Two,
Amoco Exhibit Three,
Amoco Exhibit Four,
Amoco Exhibit Five, Plat 5
Amoco Exhibit Six, Completion Report 5
Amoco Exhibit Seven, Plat 6
Amoco Exhibit Eight, Order 6
Amoco Exhibit Nine, Log 7
Amoco Exhibit Ten,
Amoco Exhibit Eleven,
Amoco Exhibit Twelve, Tabulations 8
Amoco Exhibit Thirteen, Analysis 8
Amoco Exhibit Fourteen, Gas Analyses 9

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MR. STOGNER: Call next Case Number 8666.

MR. TAYLOR: Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico.

MR. RING: I'm --

MR. STOGNER: Call for appearances.

MR. RING: -- Stephen D. Ring, appearing in association with William Carr of the firm Campbell and Black. I'm appearing for Amoco.

Amoco has one witness today.

MR. STOGNER: Any more appearances?

Will the witness still stand and be sworn?

(Witness sworn.)

MR. RING: By way of introduction, Congress in 1978 passed the Natural Gas Policy Act creating several categories of natural gas. One of those categories created under Section 107 of the Act is known as Occluded Natural Gas Produced from Coal Seams.

1 Today Amoco presents an appli-
2 cation that gas produced from its Sammons Gas Com "I" No. 1
3 Well is in fact occluded natural gas produced from a coal
4 seam.

5
6 CHARLES BOYCE,
7 being called as a witness and being duly sworn upon his
8 oath, testified as follows, to-wit:

9
10 DIRECT EXAMINATION

11 BY MR. RING:

12 Q Mr. Boyce, for the record would you state
13 your full name, by whom you are employed, and in what capa-
14 city?

15 A My name is Charles Boyce, B-O-Y-C-E. I'm
16 employed by Amoco Production Company in Denver, Colorado, as
17 a petroleum engineer.

18 Q Have you previously testified before an
19 examiner of the OCD in support of other of Amoco's coal seam
20 applications?

21 A Yes, I have.

22 Q All right. Have you reviewed or super-
23 vised preparation of exhibits which Amoco presents today?

24 A I have.

25 MR. RING: Mr. Examiner, we ask

1 that you accept Mr. Boyce as an expert witness in this mat-
2 ter.

3 MR. STOGNER: He is so quali-
4 fied.

5 Q By letter dated June 17th, 1985, Amoco
6 submitted an application to the Oil Conservation Division
7 to qualify gas from the well in question as coal seam gas.
8 The materials included with that application have been identified as
9 Exhibits One through Eleven. An extended discussion of the
10 majority of those materials is not necessary today; however,
11 I would ask that Mr. Boyce for the record identify each of
12 those materials.

13 A The original packet submitted included
14 Exhibits One through Eleven. These are the forms and sup-
15 porting data required by New Mexico Form C-132 and FERC Form
16 121.

17 The matter of significance I'd like to
18 point out that relates to this particular application, on
19 Exhibit Number Five is a surveyor's plat of the well loca-
20 tion 945 feet from the north line, 1580 feet from the east
21 line of Section 6, Township 31 North, Range 10 West.

22 This Section 6 is included within the
23 spaced area defined for the Cedar Hills Basal Coal Zone and
24 it is a legal location under that pool order.

25 Exhibit Number Six, pages numbers one and

1 two, is a completion report which was filed with the Commis-
2 sion indicating that the well was completed in the basal
3 coal zone; that the 7-inch casing was cemented through the
4 coal zone to insure isolation of the coal from overlying
5 Fruitland and underlying Pictured Cliffs zones.

6 Near the bottom of the page, the initial
7 test on the well, 903 MCF per day, indicates that it is in-
8 deed a gas well.

9 Exhibit Number Seven shows the acreage
10 dedicated to the well. Under the pool rules 320-acre spac-
11 ing was established and the east half of Section 6, Township
12 31 North, Range 10 West, has been dedicated to this well un-
13 der -- under that order.

14 Exhibit Number Eight is Order No. R-7588,
15 issued by the Commission in July, 1984. It, on the second
16 page, indicates that all of Section 6 is included within the
17 limits of the pool.

18 On the following page, at the bottom of
19 the page, the vertical limits of the pool are designated as
20 being from 2795 to 2878 in Amoco's Schneider Gas Com "B" No.
21 1.

22 That includes 83 feet vertically from the
23 top of the Pictured Cliffs sand.

24 The well that we are recommending for 107
25 pricing is within this confined vertical interval.

1 Exhibit Number Nine is a copy of the den-
2 sity neutron log of the Sammons Gas Com "I". The log por-
3 tion, following the log heading, indicates the perforated
4 interval from 2620 to 2664 through the coal zone as was
5 designated in the pool orders.

6 On subsequent Exhibits Nine-A and Nine-B
7 I've submitted to show more clearly where the coal is and to
8 support fully that we are completed in the basal coal zone.

9 That basically completes the review of
10 the original submittal under State of New Mexico Form C-132
11 and FERC Form 121.

12 Q All right, and, Mr. Boyce, is it your
13 opinion on the basis of the documents you've just reviewed
14 that the Sammons Gas Com "I" NO. 1 Well, the well which is
15 the subject of this application, is completed within the
16 vertical limits and lies within the horizontal limits
17 described in the Division's Order R-7588?

18 A Yes, it is.

19 Q All right. Mr. Boyce, does the gas which
20 Amoco is producing through the Sammons Well from the Cedar
21 Hill Fruitland Basal Coal Pool have any unique characteris-
22 tics differentiating it from gas found in the formations
23 that overlie and underlie the coal zone?

24 A Yes, it does. As was pointed out at the
25 original pool designation hearing, the coal seam gas has

1 some unique characteristics which enable it to be identified
2 as coming from the coal as opposed to the Pictured Cliffs
3 zone or the Fruitland zone.

4 I've shown on Exhibit Number Twelve a
5 copy of an exhibit presented at that original hearing which
6 shows on page number one a gas analysis of the discovery
7 well in the pool, the Cahn Gas Com No. 1. Note thereon,
8 particularly the carbon dioxide content is relatively sub-
9 stantial in the range of 5 to 7 percent.

10 The remainder of the hydrocarbons, with
11 the exception of methane, are fairly low, giving us a pretty
12 low BTU value, in this case generally under 1000. That's
13 consistent in all of the wells we've drilled in the coal
14 pool, including the Sammons Gas Com "I" No. 1.

15 On that Exhibit Number Twelve in pages
16 two and three were presented representative gas analyses of
17 a Pictured Cliffs well and a Fruitland well producing nearby
18 and those analyses generally indicate a much lower carbon
19 dioxide content; a higher content of ethane plus; and a BTU
20 content that is substantially higher.

21 On page three similar analysis of Fruit-
22 land gas, which shows low carbon dioxide and very high BTU.

23 Exhibit Number Thirteen is offered as a
24 gas analysis of the gas being produced from the Sammons Gas
25

1 Com "I" No. 1. A sample was taken by, and analyzed by, the
2 purchaser.

3 On the bottom line we noted a CO2 value
4 of 3.03, fairly high; a total GPM of 1.9, which is substan-
5 tially lower than we see in Pictured Cliff and Fruitland
6 wells; a BTU value of somewhat over 1000, which is lower
7 than comparable Pictured Cliffs wells.

8 On Exhibit Number Fourteen we have shown
9 a gas analysis of a nearby Pictured Cliffs well that Amoco
10 drilled in 1979 and operates. This well was -- well, ac-
11 tually it was 467 feet northeast of our Fruitland coal well.
12 It drilled to and completed in the Pictured Cliffs.

13 The gas analysis from that well, which is
14 the Sammons Gas Com "G" No. 1, shows a relatively low CO2
15 value, 1.53 percent in comparison with the value of nearly
16 double that for a coal seam.

17 The total GPM was 2.949. That compares
18 with 1.939 for the coal seam well.

19 The BTU measured for the Pictured Cliff
20 well was 1125 BTU per cubic feet. That compares with 1069
21 BTUs for the coal seam well.

22 These -- these analyses confirm that the
23 gas seam produced is indeed coming from the coal seams.

24 Q All right. Mr. Boyce, on the basis of
25 your study of the materials Amoco has presented here today

1 is it your opinion that the gas produced from the Sammons
2 Gas Com "I" No. 1 Well does qualify as occluded natural gas
3 produced from a coal seam for purposes of Section 107 of the
4 Natural Gas Policy Act?

5 A Yes, it does.

6 MR. RING: I have no further
7 questions of the witness.

8 At this time we'd move the ad-
9 mission of Amoco's Exhibits One through Fourteen and Exhi-
10 bits Nine-A and Nine-B.

11 MR. STOGNER: Exhibits One
12 through Fourteen and Nine-A and Nine-B will be admitted into
13 evidence.

14 Let's go off the record for a
15 second.

16
17 (Thereupon a discussion was had off the record.)
18

19 MR. STOGNER: We can go back on
20 the record.

21 I have no further questions of
22 Mr. Boyce.

23 Is there anything further in
24 Case 8666, or this witness? If not, he may be excused and
25 this case will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a true and correct copy of the proceedings in the transcript hearing of Case No. 8666 heard by me on 28 August 1985.
Michael R. Steyer, Examiner
Oil Conservation Division