NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MARCH 5, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
W. I. Kellahin	Kellahin & Kellahin	Santa Fe
Joel Cooter	Self	Santa Fe
Jean Hampton	Dalport Oil	Dallas TX
Bruce Barthel	Bison Pet. Corp.	Amarillo, TX
Ernie Busch	NMOCD	Aztec
William F. Carr	Campbell and Black	Santa Fe
Dan Nutter	Cons Engr	Santa Fe
Louis Mazzullo	Nearburg Producing Co.	Midland.
Bill Anderson	Wolfcamp - 1985 Venture (Manzano)	Roswell
Jud Lynch	Burk Royalty Co	W. Falls, TX
Tracy LeCoca	Byram	SF
Darrell McCraine	Chanerod Operating	Houston, TX

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

5 March 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Burk Royalty Company for a waterflood project, Chaves County, New Mexico. CASE 8840

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: Paul Cooter
Attorney at Law
RODEY LAW FIRM
Santa Fe, New Mexico 87501

I N D E X

E X H I B I T S

MR. STOGNER: Call next Case Number 8840.

MR. TAYLOR: The application of Burk Royalty Company for a waterflood project, Chaves County, New Mexico.

MR. STOGNER: Call for appearances.

MR. COOTER: Paul Cooter, with the Rodey Law Firm in Santa Fe, appearing on behalf of the applicant, Burk Royalty Company.

I have two witnesses, Fred Lynch and Leon Lampert.

MR. STOGNER: Are there any other appearances in this matter?

Will the witnesses please stand?

(Witnesses sworn.)

MR. COOTER: Mr. Examiner, this is a continuation of the hearing that commenced on January 22. Subsequent to that hearing the Commission entered its order in Order No. R-8140 on the application to form or approved the South Lucky Lake Queen Unit, in which Burk Royal-

ty Company was the operator.

If you'll recall at that time there was one unleased Federal tract and since that time Federal Lease NM-65397, covering the east half of the northeast quarter of Section 28 in 15 South, 29 East, which was Tract 9, was issued to Dalport Oil Corporation.

The BLM, of course, had approved the unit and that was part of the prior Exhibit Two. That approval was on November 21 of last year.

The Exhibits Number One through Six were offered and received at that prior hearing, so with the approval of the Examiner we have marked our first exhibit for this hearing as Exhibit Number Seven, which is the -- entitled Application of Waterflood.

MR. STOGNER: Thank you, Mr. Cooter. For the record, I'll take administrative notice of Case No. 8808, which was the case for the unit heard January 22nd, 1986, and Order No. R-8140 was subsequently issued for that particular case.

FRED LYNCH,

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

DIRECT EXAMINATION

BY MR. COOTER:

Q Would you state your name for the record, please, sir?

A Fred Lynch.

Q And by whom are you employed?

A Burk Royalty Company, Wichita Falls, Texas.

Q And your position with the company?

A I'm in charge of the secondary operations of the company.

Q Were you sworn and testified as a witness at that January 22, 1986, hearing?

A I was.

Q What does Burk Royalty Company seek by this supplemental application?

A We wish to seek permission to waterflood the South Lucky Lake Queen Unit.

Q In your prior testimony did you testify as to the cost of the flood?

A Yes, I did.

Q And the economic justification for the flood?

A Yes, I did.

Q Your testimony was based on what price

oil?

A $27.00.

Q That, of course, has changed in the interim.

A Yes.

Q Let me direct your attention to the folder which has been marked as Exhibit Number Seven.

What is the first document in that exhibit?

A The first document shows the injection wells that we wish to put on injection. It has the well data and schematic drawings of each well.

Q Refer, if you would, to the map of the unit, which I believe was Exhibit A to what was marked as Exhibit Four at the last hearing.

That is a map of the unit, is it not?

A That is correct.

Q And the injection wells are marked on that exhibit?

A That is correct.

Q How are they marked?

A They're marked with a circle around the dot of the well.

Q All right, using that as -- to discuss each well, then go back to your injection well data sheets,

which are attached to the Form C-108, and identify those wells, please, sir.

A Okay. There's -- the first well is the Jones Federal No. 1.

Q Is that in Tract 2?

A Tract 2, Well No. 1.

The second well is the Jones Federal No. 4, which could be identified as Tract 2, Well No. 4.

The Yates Petroleum Federal "DH" No. 1, which would be designated as Tract 1, Well No. 1.

Harris State 16, which is a Read and Stevens Well, Well No. 1, which would be designated by Tract 7 No. 1.

The Dalport Oil Corporation Todhunter Federal No. 1, which would be designated as Tract 3, Well No. 1.

Bison Petroleum's Owen Federal Lease Well No. 1, which would be identified as Tract 4, Well No. 1.

Read and Stevens South Lucky Lake Federal Well No. 1, which would be designated as Tract 5 Well No. 1.

Q There are seven proposed injection wells, are there not?

A That is correct.

Q And for each one of those you've prepared a separate injection well data sheet on -- using the Commis-

sion's form.

A That is correct.

Q Following those data sheets, what's the next part of this exhibit?

A Is that your map?

Q Yeah, that's your map.

A A map which shows the wells and leases within two miles of any proposed injection well, with a one-half mile radius circle drawn around each proposed injection well, and that circle identifies the wells area of review.

Q All right, now have you -- it's before that, I think, before you come to -- just right after -- yeah.

A All right.

Q Is -- is that the next page in this exhibit?

A That is correct.

Q The 2-mile parameter is shown --

A That is correct.

Q -- as well as the circles around the -- a half mile around each of your proposed injection wells.

A That's right. That is called the area of review.

Q All right, turn to the next two pages, if you would, and what is shown by those?

A This is a tabulation of all wells that fall in the area of review, showing location, completion, casing zones, perfs, fracs, potentials, and current status of each well. Two pages of that.

Q Following that there appear some schematics. What are -- are those?

A These schematics are drawings of the plugged wells which fall within the area of review, and there are seven such wells.

At a prior meeting with the examiner we did not have the Hall Carper Well, which we obtained from the Bureau of -- from the Federal people in Roswell.

That well is plugged properly.

Q That's on the second of the two pages of your schematics.

A That's right. That's the Hall Carper Federal No. 1.

Q And have you included all plugged wells within that area of review?

A Yes, sir.

Q Let me ask you to skip the next few pages and go over to your proposed operation for this waterflood. We're going to come back to some of those omitted pages in a minute, but let's turn to that proposed operation and ask you to explain that.

A Okay, the proposed operation of the flood, the average injection rate we would like, would be 300 barrels per day with a maximum daily rate of 600 barrels per day.

The system will be closed injection system.

We would like to have an average injection pressure to be reached of 850 psig with a maximum of 1100 psig.

Of course, when you start the flood slowly, you have lower pressures and they will eventually work to these pressures.

Q Let me stop you right there. That -- that -- you're -- what you seek in the -- in the way of injection pressure would exceed the OCD guideline standard of

A Yes, it would.

Q Using that standard, what would be your injection pressure?

A The injection pressure using that standard would be .2 psi per foot of depth, which would be .2 of 1800, which would be 360 pounds.

Q Why do you seek a variance?

A We feel that the wells, especially the tighter wells that we are putting on injection, will not take water at this pressure.

Q Let me ask you to go back to the map of your area of review earlier in the exhibit. Are there other Queen waterfloods in this area?

A Yes, there are.

Q Can you show -- show where they are on that map?

A Yes. Just to the east of this proposed flood, approximately a mile and a half lies Jack McClellan's Sulimar Queen Unit, which has been under flood for some time, and a few miles to the -- two or three miles to the north and east lies the Double-L Queen Unit, which is operated by Burk Royalty Company, and which has been under flood since March of 1979.

Q Are those floods of the same Queen formation as what you seek to waterflood in this instance?

A They are the same formation. The Sulimar Queen and the Double-L lie a little bit deeper than this proposed unit, but geologically they are very similar reservoirs.

Q Do you have any information about the injection pressures used in those two floods?

A Yes, sir, I do.

Q Let's start with the Sulimar. Do you have anything on it?

A All right. This is under remarks; I have

a remarks column.

Jack McClellan of Roswell operates this flood and it is operating at a wellhead pressure of 1000 psig.

Q Were there -- do you have any information on any step rate tests that were --

A I have one step rate test, which is the following page, that was run on the Sulimar Queen Tract 1 Well No. 11, and this step rate test indicates that the frac pressure of the reservoir is 1340 pounds. That is shown in the columns presented and also following that, the graph, which shows the step rate test and then at the point where it reaches 1340 pounds it just becomes a level line.

May I say something about the frac pressures, wells, or do you want to go ahead?

Q In the Double-L Queen?

A No, in this South Lucky Lake.

Q Let's go into the Double-L Queen first and --

A All right.

Q -- and then we'll get back to that.

Do you have any information about the injection pressures that have been used in the Double-L Queen?

A All right, the Double-L Queen Unit, which is operated by Burk Royalty Company, has a wellhead pressure

of 900 psig.

Q What about -- let me ask you to turn to the page following your Sulimar step rate test --

A All right.

Q -- and ask you to identify that.

A This is an engineering report that is prepared each month on this particular flood by myself, and it shows the water injection report for January of '86. As one can see, the well numbers are identified to the left. There are twenty wells.

The injection rate is the second, the third column over.

The average pressures for the month is the fourth column, and as one can see, those pressures vary but do go up to, I believe, a maximum there of 905 pounds on one well.

Q In addition -- let me strike that.

Is there fresh water in this immediate waterflood area?

A No, sir, not in the immediate area.

Q In addition to your experience that you've had or can see in the two adjacent waterfloods to support your application for a variance in the injection pressure, let me go back to the injection well data sheets for the seven wells and ask you to point out to the examiner

the cementing program that was applied to each one of those wells.

A All right. On the schematic drawings, and also in the written tabular data, the top of the cement is indicated in each of those injection wells. They vary from 600 feet to 1263 feet, indicating that these wells have been well cemented and the location should be well protected.

Q In all instances in those injection wells is the top of the cement for the production casing well above the -- the top of the formation to be flooded?

A That is correct.

Q Was there any other additional reason that supports your request for a variance?

A All right. Under remarks again, where I showed the floods and the pressures that these two floods operated under, these floods have experienced no problems with respect to water injection, no channeling or loss of water up or down the hole has occurred.

Q What about the fracs on the wells in the -- in the South Lucky Lake?

A Okay. Back under the tabulation of data for all wells within a half mile of an injection well, we show the frac instantaneous shutdown pressure, or shut-in pressure, and these vary from 2150 pounds down to 1100

pounds, so taking the lowest instantaneous shut-in pressures, which is 1100 pounds, that is the pressure, the maximum pressure that is asked for this flood, and we feel like the instantaneous shutdown pressure after frac of a well is the frac pressure, frac gradient of that well.

Q Next let me ask you to turn to the water analysis reports contained in the exhibit. What is the source of the water that's proposed to be used?

A The waters to be used to flood this property will be purchased from the City of Carlsbad and it is fresh water and there is a water analysis report shown on this particular water.

The other source of water to flood will be produced water. These waters will be commingled. There is also a water analysis report on the produced water from these wells at present. There is an other water analysis report of a mixture of these two waters, which is composed of 60 percent fresh water and 40 percent produced water, as shown in this report, also .

And there is no indication of noncompatibility or any problems with these waters as a mixture. The Sulimar flood and the Delaware are both using the same water.

Q Describe, if you would, your stimulation program.

A The stimulation program, the -- we will simply take the injection wells, pull tubing and rods, clean them out, acidize, set packers and tubing, and put them on injection.

May I say one thing more about the casing?

Q Yes, sir.

A All surface casing has been cemented to the surface.

Q The last page of the exhibit is a sheet setting forth the various working interest owners, leasehold operators, surface owners . Were they all mailed copies of the From C-108 with the attachments?

A Yes, they were and they also, the surface owner, and we received the certified copies back from each one.

MR. COOTER: We didn't plan to offer the return receipts, although we do have them if the --

A I have them if you need them.

MR. STOGNER: I think it would be a good thing to put those in the record, so --

MR. COOTER: All right. Again, I'm slow. I really ought to move, I guess, for consolidation of 8808 and 8840 for evidence.

MR. STOGNER: Cases 8808 -- we took administrative notice of Case 8808, I believe that should be sufficient.

MR. COOTER: Okay.

MR. STOGNER: We'll take that record into account.

MR. COOTER: That's all the questions I have for Mr. Lynch.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Lynch.

A Yes, sir.

Q We've got all this computer readout, tabulation of data, all wells within a half mile of an injection well?

A Yes, sir.

Q Over there on the third column before the end, frac ISDP pounds. You referred to that as being instantaneous shutdown pressure?

A Yes, sir.

Q Could you please expound on that a little bit? What exactly does that mean and how is it measured?

A All right. As you can see, just nearly all of the wells in this unit were originally fraced, and as

you frac the well you pump your oil and your sand into the well, and when you discontinue your pumping, you shut the pumps down and at that instant you record the pressure. You may be fracing, say, a 2500 pound, and when you shut the pumps down, instantaneous you read, and they read these pressures.

Q Thank you, sir. In looking at the cement used behind the production casing, that's over there on the seventh column to the end, one in particular one stands out, that's the Hall Carper Federal Well No. 1, and I believe you have a schematic on that well.

You show that it was plugged with 50 -- or it was cemented with 50 sacks of cement. Do you know what the top of the cement behind that casing is? Or would be?

A No, sir, I don't.

Q You show a page with several schematics of plugged wells within the area of review and in quite a few of them the -- especially around the footage of about 1750 feet, 1700 feet to 1750 feet, you show that at -- it was plugged with heavy mud at that particular point.

With the higher injection pressures do you see any adverse effect in migration of this fluid with the higher injection pressures into this heavy mud?

A No, sir, I believe that the plugs in the

wells covered the Queen section and I do not believe it would continue over unless it was out of zone.

Q Okay, let's take a look at that Helms, et al, Stevens Well No. 1. That's the schematic of the middle well on the lower portion of the page, Section 22, Township 15 South, Range 29 East. You show that there's mud down to 1900 feet, is that correct?

A That's correct.

Q All right, now that's -- that has a mud layer within the Queen, is that right?

A Well, I feel like a 10-sack plug -- well, let's see, wait just a minute -- the --no, it has a -- that is below the Queen.

There are two 10-sack plugs from 1900 to 1760, which should cover the Queen.

That was a -- that was a deeper well, that's right.

Q Mr. Lynch, have you reviewe these plugged wells with the Supervisor of the Artesia District Office, Mr. Les Clements?

A No, sir.

Q Concerning the higher pressure and what you're seeking, Mr. Lynch, when you began your injection process in this particular pool, in this particular unit, I should say, what pressures do you plan to increase at that

time and is there a slow, gradual increase in injection pressure?

A That is correct. We will probably start up with something like 100 psig and observe the wells and if necessary, increase the pressure for the tight wells to take water, or if some of the wells take a lot of water, we would have to choke them back.

But it will be a very slow process, that's correct.

Q But at no time do you seek -- the maximum pressure at this time which you seek is 1100 psig --

A Yes, sir.

Q -- for any of the wells.

A Unless some of the tighter wells will not take water. We will have to go to a pressure in which they will take water, which I don't know, you know, exactly what that might be.

Q But at this particular time the maximum injection pressure which you're proposing is right at 1100 psig.

A That's correct.

MR. STOGNER: Mr. Cooter, do you -- does your next witness plan to go into the water --

MR. COOTER: Yes, sir.

Q Some of your injection wells in there,

Mr. Lynch, when were they drilled, roughly?

A Let's see, do you know the date? Let's see.

Q Fifties? Sixties? Seventies?

A Let's see, drilled in the seventies, is that right?

MR. COOTER: Yeah.

A In the seventies.

Q Okay. Will these wells be tested before the -- will the casing be tested in these wells before injection?

A I -- we normally do and I think, do you not have a requirement that we have to?

Q I'm sure there will probably be a requirement in there. I just want to be sure.

A Yes, sir, they will.

Q Thank you, sir.

A Okay.

MR. STOGNER: I have no further questions of Mr. Lynch at this time.

Are there any other questions of this witness?

Q Mr. Lynch, I'm sorry, one more question here.

I don't have that particular case file

from Case Number 8808. Do you remember offhand the unit boundaries with this unit?

A Yes.

(No further oral response was heard by the reporter.)

CROSS EXAMINATION

BY MR. TAYLOR:

Q Mr. Lynch, looking over your notification to other operators and the surface owners, there's a couple that I -- it looks generally like you've got everybody but there's a couple that I'm not sure on.

In the northwest quarter of Section 21, I don't know if you've notified them. Will you look at that and see who the -- either the owner of the property is or the lessee?

A Northwest of 21? Federal government.

Q Yeah, they're the owner but who is the lessee -- the operator there? Have you notified them or is it unleased?

A That's Jack McClellan, isn't it? It's possibly Jack McClellan.

Q Yeah, I just couldn't tell what that is.

A Jack McClellan --

Q Has got the northwest there? So that is

Jack McClellan?

A Yes, sir.

Q Okay, and --

A He was sent a notice.

Q Yeah, okay. I just couldn't tell who the operator was there.

A Yeah.

Q And the other one I have a question on is the northwest of the southeast -- no, the northwest of the northeast of 22. I just can't tell who that is, who the operator is.

A Armstrong.

Q Okay, and you've notified them.

A Armstrong.

MR. COOTER: Armstrong.

Q And on Section 16 the State is the owner of that property and I don't believe you've notified them, but you do have an injection well on that property, do you not?

A That's correct.

Q Could you send them a copy of your application, unless you already have. Maybe you --

A I have sent them that. I don't know why it isn't on here.

Q -- have in the last case, right?

A Commissioner of Public Lands, I believe it was.

Q Okay.

MR. STOGNER: And in that particular notice at that time you notified them that you were planning a waterflood, is that correct?

A That's correct. The application was sent to them.

Q Okay, thank you. I just wanted to clarify --

A Yes, that's correct.

Q -- the record.

MR. STOGNER: I have no further questions of Mr. Lynch.

Are there any other questions of this witness?

If not, he may be excused.

MR. COOTER: The next witness we'll call is Leon Lampert.

LEON LAMPERT,

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

DIRECT EXAMINATION

BY MR. COOTER:

Q State your name for the record, please, sir.

A Leon Lampert.

Q And by whom are you employed, Mr. Lampert?

A Dalport Oil Corporation out of Dallas.

Q And what's your position with the company?

A I'm a geologist and vice president.

Q Were you sworn and did you testify at the hearing in Case Number 8808 on January 22 of this year?

A Yes, sir.

Q Let me direct your attention, if I could, very briefly, back to one of the exhibits that was offered and that was Exhibit Five, which I guess you -- let's go back to that Exhibit Number Five for just a minute and ask you to -- to briefly explain that.

A Exhibit Five is a north/south cross section from the center of the field northward across one of the producing wells up to a dry hole, the No. 216 Harris, which is -- which made water. And the cross section simply shows the gas/oil contact, which is on the far left, shown on the far left in the Dalport Bison No. 1 Owen, and as you

move down dip toward the Bison 2 Owen, you see in the log there the oil column with a little bit of gas on top of it, and further north, in the third one from the left, the Reed Lucky Lake, which shows most of the oil column, and then the fourth one, the far right log, is the one that went into water.

And it just shows the, basically, the thickness of the sand does not change at all, very, very much, and shows the water contact on the far right, and the oil/gas contact on the far left.

Q What are the formations which overlay and underlie the proposed water -- formation to be waterflooded?

A Underlying it is the Queen. It's still Queen. It's tight anhydrites and red shales, tight red sands.

About 200 feet below this Queen that you see on the cross section is the top of the Penrose which has never produced in the area. It's a tight red sand we've recorded in other wells.

Below the Penrose about another 200 feet, which would be 400 feet below the Queen, is the top of the Grayburg, which is very tight, has never produced in this vicinity.

Basically, then, between 4 and 500 feet below the Queen there is nothing that's productive, or has

been productive in about a 100 square mile area, more than 100 square mile; probably a 200 square mile area.

Above the Queen is the Seven Rivers formation, again salts, red shales, red sands. They extend from about a depth of 1700 feet up to a depth of 1200 feet. The Seven Rivers has never produced, either.

Above the Seven Rivers is the Yates, red shaly sands. It has never produced in the area, and the Yates comes in at about 12 -- 11 or 1200 feet and 100 feet thick.

So there -- 500 feet above and 500 feet below there are no producing sands. There are no water sands; no fresh water sands or productive sands in the area.

Q Let me next direct your attention to the three exhibits which have been marked as Eight, Nine, and Ten, and ask you to explain those to Mr. Stogner.

A Exhibit Eight was originally -- the information was originally derived several years, many years ago, ten or fifteen years ago when we would come to the Commission for pit exceptions, and I talked to the ranchers out in that area and discussed where the fresh water was, and I found this map and I read the Bureau of Mines, New Mexico Bureau of Mines publication on Eddy County, and the Bureau of Mines publication indicated that the water in this area all travels southward. The gradient is from north toward

the south, toward Artesia and Carlsbad, in all the water sands.

The rancher that I spoke to discussed each -- and he was with the, oh, the Turkey Track Ranch, he was the general manager, Millard Derrick, I believe his name is, discussed the water in great detail and said it's very hard to find. You have to drill wells in many places and the ones you see there on this exhibit are the only ones that are producing water from the subsurface.

The nearest well to the waterflood is 2-1/2 miles to the north in Section 3, called the Little Lucky Lake -- Little Lucky Well. It's a depth of 160 feet. It is good water. We feel that since that well is north of us and that the well -- direction of water flow is from -- to the south, that if there's ever any water that is produced out of zone in the flood, which I doubt will happen, the water will head south and in the south direction from the water-flood there aren't any other water wells.

There are some way off to the west about five miles west, so we feel that there is no danger of any contamination of fresh water in the area whatsoever.

As we mentioned a week or so ago with a -- in a preliminary hearing here in Santa Fe, the Double-L and Sulimar Fields have been checked for fresh water leaks. There are been no problems in those other two fields, and so

we do not anticipate any fresh water leakages in this field, either.

So, water, basically, water is hard to find and is two and a half miles to the north of our flood, and any water that we might have spilled would head south, away from that water well.

Q Before you leave that Lucky -- Little Lucky water well, let me direct your attention to Exhibit Number Ten and ask you to identify that.

A Exhibit Ten is a sample of water taken from the Little Lucky Well back in, well, February 15th, and it just shows it's good fresh water, very low chlorides, 658 parts per million chlorides. It's a good well, there's no question about it.

Q And now let's go to Exhibit Number Nine, if you would.

A Exhibit Nine is just a plat of the area and where you see in yellow, where it says "no water" on various wells, these were cable tool wells drilled in the field. I think it's every cable -- almost every cable tool well drilled, and -- that we have records on, and they show no water in that entire hole from zero all the way down to the Queen, which backs up what I said about the lack of fresh water in the area, in the flood area.

Q Mr. Lampert, in your opinion would the

granting of this application be in the best interest of conservation?

A Yes, sir.

Q And are the correlative rights of the various parties concerned protected?

A Yes.

MR. COOTER: That concludes our direct testimony.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Lampert, you show here on Exhibit Number Eight the direction of the water being generally in a southern direction but bearing to the west somewhat.

What is the closest water well to the -- to the south of your unit?

A It would be to the left there on that map, the Butler Springs Basin Well, in 15 South, 28; the sections are not marked on this map but it would be approximately Section 26 of 15 South, 28, the Butler Springs Basin Well. It should be marked in blue.

Q Okay. That's more of a westerly direction there.

A It's west. It is west. There's nothing due south for miles, miles and miles. There's -- in fact,

there's nothing due south. It would all be to the southwest. The two ones in blue, it looks like there's a Self (sic) well in Eddy County in 28 East, which is just, gosh, that's ten miles away; ten miles southwest of the proposed flood.

Q Well, in looking at Exhibit Number Nine there, and Exhibit Number Eight, the closest well to the north, being the Little Lucky Well up there in Section 3, and then you show by Exhibit Number Nine that no water was encountered when those wells were cable tooled, and what -- what seems to be the barrier between the two?

A Well, this is what the rancher was discussing. These little sand bodies are very lenticular and don't go very far. 160 feet would put it right about in the first Rustler, top of the first Rustler anhydrite area, and from what the rancher told me, it's just -- they're very lenticular and all the wells they've tried to drill have failed, and water is just hard to come by in that area, and so therefore in the flood area, it just bears out what this rancher was saying, that we had no water, even though 2-1/2 miles to the north there was some water, but the answer is it's just lenticular sand bodies that don't go very far.

Q Okay. Mr. Lynch, in his testimony previous to yours, mentioned that the surface casing in all the wells had been cemented back to surface. Is that your

understanding?

A Yes, sir, that's correct.

Q And how about the producing wells in this particular area?

A Yes, sir, everything there, that was a state requirement, everything has been circulated to surface on -- the surface casing has been circulated to surface.

Q Do you know if any of those wells encountered water?

A They have not, as far as I know, they have not.

MR. STOGNER: I have no further questions of Mr. Lampert.

Is there any other questions of this witness?

I'll take administrative notice also of the Exhibit Number Five in Case Number 8808. That was the cross section on which you elaborated earlier in your testimony this morning.

If there is no questions of this witness, he may be excused.

MR. COOTER: Mr. Examiner, we would offer Exhibits Seven through Ten, I believe. They have been marked, and request permission to file the return receipts as Exhibit Number Eleven.

MR. STOGNER: Thank you, Mr. Cooter.

Exhibits Number Seven through Ten, plus Exhibit Number Eleven, which is the return receipts copies, will be admitted into evidence at this time.

MR. COOTER: We now have the Exhibit Number Eleven.

MR. STOGNER: Is there anything further in Case Number 8840?

MR. COOTER: That concludes our presentation.

MR. STOGNER: Case Number 8840 will be taken under advisement at this time.

(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 Conservation Division (Commission) 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 complete record of the proceedings in the Examiner hearing of Case No. 8840, heard by me on 5 March 1986.

Michael E. Stogner, Examiner
Oil Conservation Division