

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 31 August 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Meridian Oil Inc. for CASE
10 central-point gas measurement, Rio 9423
11 Arriba County, New Mexico.

12
13 BEFORE: Michael E. Stogner, Examiner
14
15

16 TRANSCRIPT OF HEARING
17

18 A P P E A R A N C E S
19

20 For the Division:
21 .

22 For the Applicant:
23
24
25

1 MR. STOGNER: Okay, we'll call
2 next Case Number 9423, which is the application of Meridian
3 Oil Company for central point gas measurement, Rio Arriba
4 County, New Mexico.

5 This case was heard on August
6 3rd, 1988.

7 Due to an error in the adver-
8 tisement this case was continued for today's docket.

9 Call for appearances?

10 There appear there is none.
11 Case Number 9423 will be taken under advisement.

12

13 (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 (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. 9423
heard by me on 31 August 1988.
Michael J. Stogins
Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 3 August 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Meridian Oil Inc. for CASE
10 central-point gas measurement, Rio 9422
11 Arriba County, New Mexico, and

12 Application of Meridian Oil Inc. for 9423
13 central-point gas measurement, Rio
14 Arriba County, New Mexico.

15 BEFORE: Michael E. Stogner, Examiner

16 TRANSCRIPT OF HEARING

17 A P P E A R A N C E S

18 For the Division: Robert G. Stovall
19 Attorney at Law
20 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

21 For Meridian Oil Inc.: W. Thomas Kellahin
22 Attorney at Law
23 KELLAHIN, KELLAHIN & AUBREY
24 P. O. Box 2265
25 Santa Fe, New Mexico 87504

I N D E X

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JESSIE D. EVANS

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VAN L. GOEBEL

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CASE 9422

21

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1 MR. STOGNER: Call next Case
2 Number 9422.

3 MR. STOVALL: Application of
4 Meridian Oil Company for central-point gas measurement, Rio
5 Arriba County, New Mexico.

6 MR. STOGNER: Call for appear-
7 ances.

8 MR. KELLAHIN: Mr. Examiner,
9 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,
10 Kellahin & Aubrey, appearing on behalf of Meridian Oil,
11 Inc., and I have two witnesses to be sworn.

12 MR. STOGNER: Are there any
13 other appearances?

14 Will the witnesses please
15 stand and be sworn.

16
17 (Witnesses sworn.)
18

19 MR. KELLAHIN: Mr. Examiner,
20 because the subject matter of this case, as well as the
21 subject matter is very similar, while they involve two
22 separate units, the applicant seeks a central-point gas
23 measurement metering system for each of those units, we
24 would propose to consolidate both of those cases for hear-
25 ing, if you'd like to, or we can do them separately.

SHAW-WALKER COMPANY, 1000 PINE AVE., SAN FRANCISCO 33, CALIF. FORM NO. 100-101-01-00

1 MR. STOGNER: Are your wit-
2 nesses going to be the same for your next case, Mr. Kella-
3 hin?

4 MR. KELLAHIN: Yes, sir.

5 MR. STOGNER: Are there any
6 objections?

7 There being none, we'll call
8 next Case Number 9423 to be heard simultaneously with this
9 one.

10 MR. STOVALL: Application of
11 Meridian Oil Company for central point gas measurement, Rio
12 Arriba County, New Mexico.

13 MR. STOGNER: Are there any
14 appearances other than Mr. Kellahin in this matter?

15 There being none, let the
16 record state that both witnesses in Case Number 9422 will
17 also be witnesses in Case 9423.

18 Mr. Kellahin.

19
20 JESSIE D. EVANS,
21 being called as a witness and being duly sworn upon his
22 oath, testified as follows, to-wit:

23

24

DIRECT EXAMINATION

25 BY MR. KELLAHIN:

1 Q Mr. Evans, for the record would you
2 please state your name and occupation?

3 A Jessie Evans, Production Superintendent
4 with Meridian Oil.

5 Q Mr. Evans, have you previously testified
6 before the Oil Conservation Division?

7 A No, sir.

8 Q Would you take a moment and describe for
9 the Examiner what has been your educational background?

10 A I got a civil engineering and geological
11 engineering degree from New Mexico State.

12 Q In what year was that?

13 A 1976.

14 Q Do you have any other degrees?

15 A No, sir.

16 Q Subsequent to obtaining your degree,
17 would you describe what has been your employment experience
18 in the oil and gas industry?

19 A I had three years with Conoco as a pro-
20 duction engineer and I've had eight years, six years of it
21 as a production engineer, with El Paso Natural Gas, El Paso
22 Exploration, Meridian Oil, and the last two years as a pro-
23 duction superintendent with Meridian Oil.

24 Q As a production engineer and a produc-
25 tion superintendent for Meridian Oil, are you familiar with

1 the technical aspects of Meridian's application to have a
2 central-point metering for certain of its wells?

3 A Yes, sir.

4 Q And that is true for both the case
5 involved in the Canyon Largo Unit, which is Case 9422, as
6 well as the Lindrith Unit in Case 9423?

7 A Yes, sir.

8 MR. KELLAHIN: Mr. Examiner,
9 we tender Mr. Evans as an expert production engineer.

10 MR. STOGNER: Mr. Evans is so
11 qualified.

12 Q Mr. Evans, let's turn to the exhibit
13 book for Case 9422 and if you'll turn beyond the cover
14 sheet and go to the first display. Before we discuss the
15 details of the display, would you first of all simply iden-
16 tify if for me?

17 A Yes. It is an overview of the Canyon
18 Largo Unit. Pink is marked as the participating area, Pic-
19 tured Cliffs participating area.

20 In the lower lefthand corner of the
21 overview it shows the relative position in the San Juan
22 Basin.

23 Up on the actual pink area we're showing
24 the proposed pipeline in dotted lines that we're going to
25 install the central-point metering on.

1 Q The unit itself is a -- is called the
2 Canyon Largo Unit?

3 A Yes, sir.

4 Q And the operator is --

5 A Meridian Oil.

6 Q -- Meridian, and this is located in Rio
7 Arriba County, New Mexico?

8 A Yes, Rio Arriba County.

9 Q When we look at the dotted line that
10 represents the outer boundary for the unit?

11 A Yes.

12 Q What is the difference between pink
13 shaded acreage within the unit area and the white acreage
14 within that unit boundary?

15 A The pink shaded area is in the Pictured
16 Cliffs participating area of the unit.

17 Q When we look within the unit boundary
18 and we see the lines of the gathering system for certain
19 wells, there is a dark blue square in the southeast quarter
20 of Section 4? Do you see that?

21 A Yes, sir.

22 Q What does that represent?

23 A That's the position at which we want to
24 install the central-point metering station.

25 Q The line immediately south of the black

1 square that runs generally from west to east, it's not
2 dotted, it's a solid line, what does that represent?

3 A That's a pipeline where we deliver the
4 gas into. It is 2C-89.

5 Q And whose line is that?

6 A El Paso Natural Gas's pipeline.

7 Q And you describe it by what number?

8 A 2C-89.

9 Q 2C-89?

10 A Yes, sir.

11 Q The application requests to gather pro-
12 duction from certain wells and then measure it at a central
13 point metering?

14 A Yes, sir.

15 Q Do you have a subsequent display that
16 shows the Examiner what specific wells are to be hooked
17 into the central-point meter?

18 A Yes, sir.

19 Q When we look at this display I see when
20 we look at the gathering line that's dashed, that runs
21 north of the meter, we get to a certain point in the unit
22 in which there is an area that's not shaded in pink.

23 A Yes, sir.

24 Q What is that?

25 A That is an other nonparticipating area.

1 There is a Pictured Cliffs well in that area that is to be
2 tied into this one. That Pictured Cliffs well will have
3 continual metering on it. We'll leave it on site metering
4 at that well.

5 Q With the exception of that well which is
6 not in the participating area, will all the other wells
7 that will run through the central-point meter, will that
8 production be from the same formation?

9 A No, sir. There's one other, there's a
10 Dakota well.

11 Q How do we find the Dakota well?

12 A The Dakota well is right above the Pic-
13 tured Cliffs well, the nonparticipating Pictured Cliffs
14 well. It's in the southwest quarter of 27.

15 Q You have a subsequent display that shows
16 that in more detail.

17 A Yes, sir.

18 Q Other than those two wells, the Dakota
19 well and the nonparticipating Pictured Cliffs well, are all
20 the other wells Pictured Cliffs wells?

21 A Yes, sir.

22 Q And are they all in the participating
23 area for the unit?

24 A Yes, sir.

25 MR. STOGNER: Before you con

1 Q Describe for us, Mr. Evans, in your
2 opinion, why is this appropriate action to take on Merid-
3 ian's part as operator in the unit. What's the benefit?

4 A These wells, out of the 19 wells on this
5 lateral, we have got -- 5 of the wells are shut-in now,
6 temporarily abandoned. They produce no gas. We have got 4
7 other wells that have reached a point -- that are on the
8 borderline of their economic limit.

9 We believe we can take central- point
10 metering and probably add the compression to it, and we can
11 bring these wells back to producing, thereby preventing
12 this waste of gas.

13 Q By utilization of a central-point meter
14 in combination with the compression, will that allow you to
15 produce Pictured Cliff gas production in excess of the al-
16 lowables for the well?

17 A No, sir, there's no allowables on the --
18 on these wells. This is not a prorated pool.

19 Q Based upon your studies, Mr. Evans, do
20 you have an opinion as to whether approval of this process
21 would violated the correlate the correlative rights of any
22 of the working interest owners?

23 A No, sir, it would not violate them at
24 all.

25 Q And why not?

1 A Well, this is going to allow -- they're
2 all in the participating area. We are going to meter any
3 gas that's not in the participating area in all the wells.
4 We will actually increase the gas in the participating area
5 wells.

6 Q Does approval of this application create
7 a potential to impair the correlative rights of any royalty
8 or overriding royalty owner?

9 A No, sir.

10 Q And why not?

11 A The same reason. (Unclear.)

12 Q Let's go to Exhibit Number Three, Mr.
13 Evans.

14 MR. STOGNER: While I'm still
15 thinking about this, Mr. Evans, (unclear) but the Dakota
16 well, that No. 256 --

17 A Yes, sir.

18 MR. STOGNER: -- would that be
19 metered separately?

20 A Yes, sir, that will be metered separate-
21 ly, as well as the 172.

22 MR. STOGNER: Okay, now what
23 pool is this well producing from?

24 A The Basin Dakota.

25 Q Okay, now that is, indeed, a prorated

1 gas pool, is that correct?

2 A Yes, sir.

3 MR. STOGNER: One little point
4 here, your central-metering point, is that going to be in
5 Section 4 or Section 3?

6 A It's going to actually be in Section 4.

7 MR. STOGNER: Thank you, Mr.
8 Kellahin. I apologize for the interruption.

9 Q Exhibit Number Three is what, Mr. Evans?

10 A Exhibit Number Three is a typical meter
11 run to the central metering point and the compressor hook-
12 up, and we're just including it to show how we propose
13 tying into EPNG's line and how we will -- all the gas will
14 have to run through this metering point on this lateral.

15 Q Have you notified El Paso Natural Gas
16 Pipeline of the proposed central metering process?

17 A Yes, sir.

18 Q And have you received any objection from
19 El Paso to the process?

20 A No objection whatsoever. They're in
21 favor of it.

22 Q All right. Exhibit Number Four, Mr.
23 Evans, would you identify and describe that exhibit?

24 A Okay, this is a typical meter run. We've
25 gone into detail on it and we've put in the actual suction

1 discharge valves that we would use should we install com-
2 pression.

3 Q Have you made an investigation and
4 reached a conclusion with regards to how to allocate the
5 production back from the central-point metering to the
6 individual wells?

7 A Yes, sir.

8 Q Let me direct your attention to Exhibit
9 Number Five, Mr. Evans. Does this represent your work pro-
10 duct?

11 A Yes, sir.

12 Q Would you describe for the Examiner the
13 example by which you propose to allocate that production
14 back to the individual wells?

15 A Okay. I took production, just some
16 relative numbers, and Well E, F and G are nonparticipating
17 wells. We metered these wells continuously and I give them
18 just arbitrary monthly production rates, adding up to 150
19 MCF a day.

20 At the central-point metering station we
21 would be measuring 275 MCF a day; we subtract 150 that we
22 are actually measuring at the wellsite from the central
23 point measured volume of 275. That gives us an allocation
24 volume of 125 MCF a day.

25 Q Let me interrupt you for a moment. You

1 said an arbitrary volume for those wells that were not in
2 the Pictured Cliff participating area. Do you mean to say
3 this is a hypothetical example using numbers that you've
4 simply randomly selected to see how the calculation would
5 work?

6 A Yes, sir.

7 Q When we look at the first entry, the 275
8 MCF a day, that simply a hypothetical number for the total
9 production from all wells before you get to the central
10 meter?

11 A Yes, sir.

12 Q All right, and you subtracted out a
13 hypothetical number that represents what, the 150?

14 A The 150 is the actual volume measured at
15 the wellsite.

16 Q For those wells that are not Pictured
17 Cliff and not in the participating area.

18 A Right.

19 Q So the -- the net volume, if you will,
20 the 125 MCF a day, that is the volume that needs to be al-
21 located back to the individual wells in the gathering sys-
22 tem.

23 A Yes, sir.

24 Q And how do you propose to do that?

25 A We propose doing that on a -- based on a

1 yearly deliverability test to be run on these wells; we're
2 going to leave meters on the site and once a year go out
3 and to a deliverability test on these wells and then allo-
4 cate from that percentagewise.

5 Q Have you reviewed the metering questions
6 with El Paso Natural Gas Pipeline representatives?

7 A Yes, sir.

8 Q Is there any problems with the continued
9 utilization of individual meters for each of these wells in
10 terms of their ability to measure small volumes of gas? Is
11 there any concern about that?

12 A Oh, yes. They're small volumes of gas
13 with a quarter inch meter plate, and are charts we're --
14 we're using at present, we get a lot of error in the lower
15 range of the chart. We're looking at pulling the 3/16ths
16 inch line that's the line on the chart, actual line on the
17 chart, we're looking a 14 percent error between a 1 and a 3
18 on the chart versus a 1 percent error up in the high range
19 of the chart. These low volume wells, we cannot physically
20 get this plat small enough that it's allowable to put it in
21 the upper range for our charts, so we're actually not met-
22 ering the gas on a lot of these low, real low producing
23 wells.

24 MR. STOGNER: What are you
25 talking about when you say low?

1 A In the low range is below the 5 on your
2 chart.

3 MR. STOGNER; And what would 5
4 correspond to as far as volume, are you talking about 5
5 MCF?

6 A No, we're talking 20 MCF, 25.

7 MR. STOGNER: Okay, thank you.

8 Q Let me turn to Exhibit Number Six, Mr.
9 Evans, and have you identify that for me.

10 A Okay. Exhibit Number Six is just a list
11 of the wells that we're speaking of on the lateral in ques-
12 tion and a current production rate from these wells, what
13 they're producing at this time. This was taken off of
14 June's figures.

15 Current YAQ --

16 Q Is what?

17 A That's yearly average production rate,
18 is what it is.

19 Q And those are taken off the June '88
20 production?

21 A Yes, sir, that's MCF per day.

22 Q Is there anything else about the central
23 metering for the Canyon Largo Unit, Mr. Evans, before we go
24 to the Lindrith Unit?

25 A No, sir, I just think it's the only way

1 we're going to be able to produce the majority of these
2 wells. In another year's time all of them will be right at
3 the economic limit. We are currently looking at nearly
4 everyone of the wells on this page for a possible plug and
5 abandonment.

6 Q Would the utilization of central-point
7 metering, then, in combination with the additional compres-
8 sion, in your opinion, will prolong the economic life of
9 these wells in the Canyon Largo Unit?

10 A Yes, sir.

11 MR. KELLAHIN: We propose to go
12 to the Lindrith at this time if there are no questions, Mr.
13 Examiner.

14 MR. STOVALL: I do have a
15 question I'd like to ask him (not clearly understood.)

16

17 CROSS EXAMINATION

18 BY MR. STOVALL:

19 Q Is it correct the production -- the
20 working interest owners participate in production on the
21 participation area basis, interest in the participation
22 area, rather than on (unclear)?

23 A I'm not sure.

24 MR. KELLAHIN: We have a
25 landman that I think can answer that question for you.

1 A I'll defer that question, then. And my
2 other question will go to the landman, too.

3 MR. STOGNER: Mr. Chavez, do
4 you have any questions?

5 MR. CHAVEZ: Yes.

6

7 QUESTIONS BY MR. CHAVEZ:

8 Q Mr. Evans, on your Exhibit Five you
9 propose to allocate total production based on yearly deliv-
10 erability tests. What type of yearly deliverability tests
11 are you thinking of conducting?

12 A Just our normal deliverability tests
13 that we're running on our wells every three years now.
14 Just a normal --

15 Q Will the allocation be on the basis of
16 the cum volume or a calculated deliverability?

17 A It will be on the calculated deliverabi-
18 lity.

19 Q What is the present line pressure in
20 this lateral and what do you expect will be the pressure in
21 this lateral after you installed the compressor?

22 A Right now we're running at between 125
23 to 143 psi. I do not look at that going up considerably.
24 It is a big line that we're going into; we're producing
25 small volumes. The main thing we're going to be doing is

1 pulling the wellhead pressure down instead of boosting the
2 line pressure.

3 Q How far down do you expect to pull the
4 pressure?

5 A I'd like to pull it down around 50 psi.

6 Q You're saying that the installation of
7 this compression system and lowering the line pressure will
8 extend the life of these wells?

9 A Yes, sir, the economic limit I believe
10 will be extended.

11 Q How much extra gas do you expect to re-
12 cover?

13 A I don't have that number. I don't know.

14 Q What do you expect to be the daily pro-
15 duction rate of gas from these wells after the installation
16 of this compression system?

17 A I believe the whole system should in-
18 crease to around 500 MCF a day. 543, I believe was the
19 number we run up, we calculate.

20 Q Okay, how big an acreage is that over
21 your current production from these wells? Does it pretty
22 much double the production?

23 A Yes, sir.

24 MR. CHAVEZ: That's all I
25 have.

1 MR. STOVALL: I do have one
2 other question.

3
4 RE CROSS EXAMINATION

5 BY MR. STOVALL:

6 Q You've indicated here that the Dakota
7 well and the nonparticipating PC well will be metered. I
8 assume that's an El Paso meter that will be at those wells,
9 and El Paso will read that? Is that correct?

10 A No, sir, we will actually go ahead and
11 do the metering at the individual wellsite at that point.

12 We are proposing buying the lateral from
13 El Paso and when we buy the lateral, we will get the meter
14 at that point.

15 Q So those wells will receive credit for
16 the full amount of gas to be measured at those meters, is
17 that correct?

18 A Yes, sir.

19 Q Do you anticipate there being any line
20 shrink or fuel use in compression through -- through that
21 (unclear)?

22 A Not a big amount. We will have some.

23 Q So you're not worried about the fact,
24 using your method those wells won't share in any of that
25 (not understood.)

1 A No.

2 Q The way you're measuring, I understand,
3 they'll get the full value coming out of the well --

4 A Uh-huh.

5 Q -- and so all of any line loss that
6 would occur would be actually borne by the participating
7 area, which are receiving the residue, the remainder after
8 you subtract that volume from the total, is that correct?

9 A Well, I believe as we take -- I believe
10 you always take that all the way back to the well, where
11 the well's tied into that line, as far as your leasehold
12 gas usage, and I believe that every well on that line will
13 benefit from the compression and it will be allocated back
14 to whatever well it happens to be.

15 Q So you are going to put a number on
16 there and so those -- those two wells will share in the --

17 A Yes.

18 Q -- use of fuels for increasing pressure
19 purposes?

20 A Yes.

21 Q Okay.

22 MR. CHAVEZ: One last question
23 for Mr. Evans.

24 Mr. Evans, are you aware that
25 you will become, then, the gas transporter and be required

1 to file Form C-111 with the Division?

2 A Yes.

3 MR. CHAVEZ: That's all.
4 Nothing further.

5 MR. STOGNER: I'll save my
6 questions until later.

7

8 DIRECT EXAMINATION CONT'D

9 BY MR. KELLAHIN:

10 Q If we turn to Exhibit Number One of the
11 exhibit book in Case 9423, Mr. Evans, and first of all
12 locate the Lindrith Unit, well, in relation to the Canyon
13 Largo Unit, if you please.

14 A The Lindrith unit is approximately six
15 miles, seven, approximately 16 miles east of the Canyon
16 Largo Unit.

17 Q When we look at the Exhibit One display
18 and see the dashed outer boundary of the area shown on the
19 display, what are we looking at?

20 A That is the outline of the Lindrith
21 Unit.

22 Q What type of unit is this, Mr. Evans?

23 A This is --

24 Q For what kind of production? Is this
25 also Pictured Cliffs or is this Dakota, or what?

1 A Yeah, the pink part of it is the
2 Pictured Cliffs portion of the participating area in the
3 Lindrith Unit.

4 Q When we look at the gathering system on
5 the wells spotted on the display, we're looking at that
6 portion of the display that has the solid blue lines --

7 A Yes.

8 Q -- connecting well to well, what are we
9 seeing when we look at that portion of the exhibit?

10 A That is EPNG's pipeline again.

11 Q When we look at the dashed lines con-
12 necting that pipeline through the gathering system to the
13 individual wells, what are we seeing there?

14 A This is a portion of the pipeline that
15 we are proposing installing central-point metering on.

16 Q When we look at that portion of the
17 gathering line that will be hooked into central-point
18 metering, identify for us where the central-point meter
19 will be located.

20 A The central-point meter will be where
21 the dotted line goes into the solid line in the southwest
22 quarter of 13, 3 West, 24 North.

23 * Q Looking at that gathering system, are
24 there any wells that are Pictured Cliff wells that are not
25 in the pink participating area that will be run through the

1 same gathering line?

2 A Yes, sir.

3 Q And where do we find that well?

4 A We find No. 38, it's in the northeastern
5 quarter of 26, 24 and 3.

6 Q And you'll have and continue to maintain
7 a separate meter on Well 38?

8 A Yes, sir.

9 Q Other than that well are there any other
10 wells on that gathering system that will run through the
11 central-point meter, that are other than participating
12 Pictured Cliffs wells?

13 A We've got two wells over in Section 29,
14 the west half of 29, that are communitized wells. Those
15 will also have individual well site metering.

16 Q Those are Well 88 and Well 91?

17 A Yes, sir.

18 Q Let's turn to Exhibit Number Two, Mr.
19 Evans, and look in more specific detail to that portion of
20 the gathering line system that runs through the central-
21 point meter. Again locate for us the central-point meter
22 on Exhibit Number Two.

23 A It's in the southwest of 13, 24, and 3.

24 Q When we follow that gathering line and
25 go around the loop, if you will, and come back into Section

1 20 --

2 A Yes, sir.

3 Q -- where you hit the solid line again?

4 A Yes, sir.

5 Q What will occur, if anything, at that
6 point?

7 A We will cut off from the pipeline at
8 that point and we'll actually just blank it off. It will
9 be a dead end.

10 Q How many wells will the you have running
11 through the central-point meter to measure the Pictured
12 Cliffs gas production?

13 A 26 wells.

14 Q What is the basis and the reasoning why
15 you've recommended this action by your company, Mr. Evans?

16 A Again this is to prevent waste. The
17 wells are decreasing at this point to where they're going
18 to reach their economic limits, so we'd like to install the
19 central-point metering and again compression to increase
20 the life of these wells.

21 Q Turn to Exhibit Number Three, if you
22 will. Would you identify and describe that exhibit?

23 A Again this is just a typical meter run
24 that we would install with a compressor, showing that we
25 would put all the gas from these 26 wells through this

1 central-point meter.

2 Q Exhibit Number Four?

3 A That is just an exhibit in detail on the
4 meter run.

5 Q And Exhibit Number Five.

6 A Exhibit Number Five is the same alloca-
7 tion example we used in the previous case. It is a hypo-
8 thetical and just a way to allocate the production back to
9 the wells.

10 Q And Exhibit Number Six.

11 A Okay, Exhibit Number Six is a current
12 YAQ of the Pictured Cliffs participating wells tied into
13 this lateral. We have -- we have got a little higher
14 production out of those wells, but still we have got, I
15 believe, 7 of 26 of these wells that are on the verge of
16 being uneconomical to produce at this time.

17 Q Can you give us some specific numbers
18 with regards to what is the total cumulative production on
19 either a monthly or on a daily basis for the wells in the
20 Lindrith gathering system that are run through this cen-
21 tral-point meter?

22 A Yes, sir. We've got about 1.2-million
23 that will run through there.

24 Q And that is on a daily basis?

25 A Yes, sir.

1 Q Prior to the installation of a central-
2 point meter with the additional compression, do you have an
3 approximation of what you anticipate for a total daily gas
4 production?

5 A We anticipate 2-million.

6 Q And with regards to Mr. Chavez' ques-
7 tions about the line pressure for the Lindrith system, what
8 approximately is your current line pressure?

9 A The current line pressure is running
10 about 160 psi.

11 Q And after installation of the system
12 what do you anticipate would be the line pressure?

13 A I don't look at this one going up too
14 much at all.

15 It is a 20-inch line; we're going into a
16 big line and I don't suspect we'll increase it.

17 Q Again, then, the advantage is to have
18 drawdown at the wellhead in order to get a pressure differ-
19 ential to gas reserves that you might not otherwise pro-
20 duce.

21 A Yes, sir.

22 Q Do you anticipate what that pressure
23 drawdown at the wellhead is going to be?

24 A I look at these as probably drawing down
25 to 75 psi.

1 Q Have you made any approximations of the
2 total volume of additional gas production with the adoption
3 of this process?

4 A It would just be another million added,
5 incremental production.

6 Q Again with regards to calculating the
7 annual deliverability, you propose to have a calculated
8 deliverability?

9 A Yes, sir.

10 Q And use the annual deliverability test
11 procedures that are in the Division rules and regulations?

12 A Yes, sir.

13 Q Is there anything else about the Lind-
14 rith Unit that you would like to address?

15 A No, sir.

16 Q With regards to the Lindrith Unit do we
17 have the same situation with regards to the working inter-
18 est owners, the royalty and overriding royalty owners, in-
19 sofar as not having an adverse affect on their correlative
20 rights?

21 A Yes. Yes, we do not have an adverse af-
22 fect.

23 Q Their participation percentages are on a
24 unit basis in the participating area.

25 A Correct.

1 Q And the fact that we increase individual
2 production, or decrease that production, as a matter of
3 fact, is not going to affect anybody.

4 A That's right.

5 Q All right, sir.

6 A They would still see their same propor-
7 tion.

8 Q They would still get their proportionate
9 share of that total gas production.

10 A Right.

11 MR. KELLAHIN: I have no fur-
12 ther questions of Mr. Evans with regards to the Lindrith
13 Unit, Mr. Examiner.

14 MR. STOGNER: Well, I just
15 have a question on the Lindrith Unit right now.

16
17 CROSS EXAMINATION

18 BY MR. STOGNER:

19 Q Are there any Dakota wells or are these
20 all Pictured Cliffs wells?

21 A These are all Pictured Cliff. The one
22 Dakota well is up there and it has been plugged.

23 Q Okay.

24 MR. KELLAHIN: We do have one
25 well, Mr. Examiner, that is in -- not in the participating

1 area that will justify a separate meter, but it's a Pic-
2 tured Cliff well.

3 Q That is a Pictured Cliff well.

4 A Yes, sir. What I was speaking of was
5 the 40 up there and it was a Dakota well and that's been
6 plugged.

7 Q Okay.

8 MR. STOGNER: Let's take about
9 a five minute recess.

10

11 (Thereupon a recess was taken.)

12

13 MR. STOGNER: This hearing will
14 come to order.

15 After our brief, little break,
16 we discover that there is an advertising error and what
17 should have been advertised as the South Blanco Pictured
18 Cliff instead is the Blanco Pictured Cliffs and the reason
19 there is a difference, the South Blanco Pictured Cliff is a
20 prorated gas pool whereas the Blanco Pictured Cliffs is
21 not.

22 In light of this, this case
23 will have to be readvertised for the 31st of August at
24 which time this case will be called. I'm sorry, this is
25 9423.

1 Now 9422 is all right and more
2 than likely that will be taken under advisement when we
3 finish up today, but 9423 will be continued to the 31st of
4 August.

5 In light of this being a pro-
6 rated gas pool, I'll open it up for some questions.

7 Mr. Chavez?

8

9 MORE QUESTIONS BY MR. CHAVEZ:

10 Q Mr. Evans, in your allocation formula I
11 don't see any allowance for days on production and days off
12 production. How do you expect to account for that being
13 that you are in a prorated pool where some of the wells are
14 currently overproduced?

15 A We will have to take that into consider-
16 ation. I did not, you're right, but we will have to take
17 that into consideration.

18 Q In conducting a yearly deliverability
19 test, will you do this through a portable meter or through
20 a meter that's going to be at the facility?

21 A We're going to leave the meters at the
22 facility and they'll be the permanent meters at the faci-
23 lity.

24 Q They will not be in service except for
25 the deliverability test?

1 A Yes, sir.

2 MR. CHAVEZ: That's all I
3 have.

4 MR. STOGNER: Thank you, Mr.
5 Chavez.

6 Mr. Stovall?

7

8 RE CROSS EXAMINATION

9 BY MR. STOVALL:

10 Q Mr. Evans, I believe you stated that the
11 original gathering lines, and I'm talking now in both cases
12 were installed by El Paso, is that correct?

13 A Yes, sir.

14 Q Do you have knowledge or familiarity
15 with El Paso's practicing in measuring and facilities in-
16 stallation policies back in that -- in the time these were
17 laid?

18 A As far as what they did?

19 Q As far as actually gathering gas, indi-
20 vidual gathering from wellheads, specific metering at well-
21 heads, individual metering at wellheads, was it generally
22 El Paso's policy to purchase gas at the wellhead from any
23 well that was offered to it at the time, do you know?

24 A I'm not sure, no. Don't know.

25 Q Do you have any knowledge or awareness

1 of any changes in purchasing practices, particularly in
2 terms of operation and installation of facilities, gather-
3 ing lines, meters, separators, any sort of production gath-
4 ering and measuring equipment, are you aware of any changes
5 in El Paso's method of operations in recent years, and has
6 that affected your decision to go to central metering in
7 this case?

8 A No, sir.

9 Q You're not aware of -- of any changes at
10 all in the way -- in the way El Paso has operated in terms
11 of --

12 A Their metering?

13 Q -- their metering. I'm thinking parti-
14 cularly in terms of the way they treat wells which in to-
15 day's world are near their economic limit?

16 A No, sir.

17 Q Is El Paso as inclined to purchase from
18 those wells as they would be, say ten years ago, do you
19 know?

20 A I don't know.

21 Q You've discussed with El Paso this --
22 this concept of central metering and they've approved of
23 it?

24 A Yes, sir.

25 Q Have they indicated any reason why they

1 have approved or -- I mean are they approving going along
2 with you or are they in favor of it, I guess is the ques-
3 tion that was?

4 A Well, I've talked to them about it re
5 specific instances. They do approve going along with them
6 and from the thoughts I gather, they are in favor of cent-
7 ral-point metering.

8 Q So they are encouraging you as an opera-
9 tor to do your own field gathering and then bring the gas
10 to a meter point.

11 A Yes, sir.

12 Q But you don't know why that policy and
13 why that attitude is in effect today.

14 A No, sir.

15 MR. STOVALL: I don't think I
16 have any further questions at this time.

17 MR. STOGNER: Are there any
18 other questions of Mr. Evans?

19 MR. LYON: I'd like to ask him
20 some questions.

21 MR. STOGNER: Mr. Vic Lyon.

22

23 QUESTIONS BY MR. LYON:

24 Q Mr. Evans, El Paso furnishes you a re-
25 port, do they not, for the gas that they take from each

1 well, isn't that correct?

2 A Yes, sir.

3 Q So that you can take that information
4 and enter it on your C-115?

5 A Yes.

6 Q Will they continue to do that under this
7 proposal?

8 A No, sir, I believe we'll be required to
9 do that. Let me retract that statement. I think, well,
10 I'm unsure. I'm unsure right now on that question.

11 MR. STOVALL: Off the record
12 for a moment here, Sally, so I can help out here.

13

14 (Thereupon a discussion was had off the record.)

15

16 MR. STOGNER: Mr. Chavez.

17 MORE QUESTIONS BY MR. CHAVEZ:

18 Q Just one more question. Mr. Evans, you
19 you expect to almost double the production from these wells
20 in total. Have you calculated how much increased allowable
21 may be assigned to these wells due to any increase of cal-
22 culated deliverability based on lower line pressure?

23 A No, sir, I haven't.

24 MR. CHAVEZ: That's all I
25 have.

1 MR. STOGNER: Any other
2 questions of Mr. Evans?

3

4

CROSS EXAMINATION CONT'D

5 BY MR. STOGNER:

6 Q How will the liquids be allocated inas-
7 much as is there liquids handling on the wellhead, or on
8 the lease itself, or is that going to be taken care of at
9 your central metering?

10 A It will all be taken care of at the
11 central metering for the participating area wells.

12 We do not have liquids to speak of at
13 all on any of these wells. They're really dry gas wells.

14 Q Okay, and you're not anticipating any
15 kind of condensate or waters from either zones that we're
16 talking about today?

17 A No, sir.

18 Q Okay. Do you plan for any additional
19 wells to be hooked into either one of these systems, and
20 how would that be handled?

21 A That is a question that we have not
22 worked up yet. We do plan on down the road allowing wells
23 to be hooked into these. We'll probably operate it as a
24 Meridian-owned facility instead of a unit facility.

25 Q Do you see any problems with hooking up

1 other wells in the participating area?

2 A No, sir.

3 Q On these?

4 A No, sir.

5 Q Just a point of clarification here. Are
6 there check valves on these wells where back flow will not
7 occur?

8 A Yes, sir.

9 Q And that's on each well?

10 A Yes, sir.

11 Q Now, in Case Number -- in the first one,
12 9422, are all these wells Federal or are any of them State
13 or fee?

14 A There's one State and I don't believe
15 there's any fee acreage.

16 Q Now which one's State?

17 A The 248 out at the very end of a line.
18 Yeah, 248 out at the very end of the line in Section 36 is
19 a State.

20 Q Okay. Now let's go back to this low
21 range wells you referred to as producing about 20 to 25 MCF
22 and you're showing about a 14 percent error factor, is that
23 correct --

24 A Yes, sir.

25 Q -- did I understand that right?

1 A Yes.

2 MR. STOGNER: Any other ques-
3 tions of this witness?

4 MR. STOVALL: I apologize, Mr.
5 Stogner, but I do have a couple of others I'm thinking
6 about, I think, to the point I was trying to get to more
7 clearly, perhaps, if I asked him some additional questions.

8
9 CROSS EXAMINATION CONT'D,

10 BY MR. STOVALL:

11 Q Up to this time, I'm assuming now the
12 gathering facilities are still owned by El Paso Natural at
13 this time, or have you actually purchased them, the gather-
14 ing lines and the meters at the individual wells?

15 A No, they're owned by El Paso Natural.

16 Q And El Paso Natural pays the cost of
17 maintaining the --

18 A Yes, sir.

19 Q -- lines and they pay the cost of main-
20 taining the meters and reading the meters?

21 A Yes, sir.

22 Q Has El Paso Natural indicated to you
23 whether or not they would be willing to continue to do so,
24 particularly for these wells that are approaching their
25 economic limit, as you've described?

1 A No, at the time that they fall below the
2 -- an arbitrary cutoff production rate, then they will be
3 temporarily abandoned.

4 Q Is that determination made by Meridian
5 or by El Paso? Or both?

6 A Usually El Paso.

7 Q So El Paso tells you if a well is in-
8 capable of producing above a certain rate and that they
9 will cease to purchase gas from that well --

10 A Yes.

11 Q -- and cease to maintain the facilities
12 associated with it.

13 And then if I -- do I understand you
14 correctly that by acquiring the facilities from El Paso,
15 this objection on their part to taking gas from these low
16 rate wells is eliminated because they don't have to main-
17 tain the facilities?

18 A Well, at that point we would come back
19 and we would -- we think we're going to increase the pro-
20 duction rate of where we're not going to see this low
21 volume rates and the discrepancies in the volumes.

22 Q But that's possible because now Meridian
23 can operate the entire gathering system as a unit rather
24 than it being operated by El Paso as separate pieces each
25 with separate costs associated with it.

1 A Yes, sir.

2 Q What El Paso is really going to be look-
3 ing at now is delivering in through the central meter point
4 and the economics of that delivery with no concern with
5 respect to the gathering to that meter point.

6 A Right.

7 Q If El Paso were to indicate that they
8 would continue to operate meters and gathering system as
9 long Meridian wished to produce the wells, would that --
10 Meridian have taken a different course of action?

11 A No, I don't think so.

12 Q You would continue to go ahead and buy
13 the system anyway and put in the central-point, even if El
14 Paso would maintain the entire gathering system?

15 A Yes, sir. I believe we can, the way
16 we're looking at it, we can go ahead and increase the rate
17 from these wells as well as lowering our operating costs on
18 the individual wells. We don't have to maintain --

19 Q And if -- excuse me.

20 A We don't have to maintain the roads as
21 often back into the individual wells and we don't have to
22 go way back in there on a weekly basis as you do right now.

23 Q So really it's a combination of -- of,
24 at this time, of El Paso's unwillingness to purchase gas
25 from what they consider uneconomic wells and your belief

1 that you can extract more production by this, if you will,
2 unit operation of the gathering system as a single unit --

3 A Yeah.

4 Q -- with a single compression and oper-
5 ations.

6 A It will be beneficial to both producer
7 and the pipeline, yes.

8 Q Do you have any knowledge or estimate or
9 reason, speculation, as to how much additional total re-
10 serves would be recovered by this method of operation?

11 A No, sir.

12 MR. STOVALL: I think that is
13 all I have.

14 MR. STOGNER: Any other ques-
15 tions of Mr. Evans?

16 He may be excused.

17 Mr. Kellahin?

18
19 VAN L. GOEBEL,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. KELLAHIN:

25 Q Mr. Goebel, for the record would you

1 please state your name and occupation?

2 A Van Goebel. I work for Meridian. I'm a
3 landman.

4 Q Mr. Goebel, as a landman for Meridian
5 Oil, Inc., have you previously testified before the Oil
6 Conservation Division?

7 A Yes, I have.

8 Q And pursuant to your employment as a
9 landman for your company have you caused a tabulation to be
10 made of all potentially affected working interest owners,
11 royalty and overriding royalty owners, for each of these
12 cases?

13 A Yes.

14 MR. KELLAHIN: We tender Mr.
15 Goebel as an expert petroleum landman.

16 MR. STOGNER: Mr. Goebel is so
17 qualified.

18 Q Mr. Goebel, let me take a moment and
19 direct your attention to Case 9422, to that exhibit book,
20 and if you'll turn, sir, to what is marked as Exhibit Num-
21 ber Seven, Exhibits Seven through Ten were compiled under
22 your direction and supervision?

23 A Yes, they were.

24 Q Would you describe for us what you have
25 attempted to accomplish utilizing Exhibits Seven through

1 Ten for your discussion?

2 A Okay. Exhibit Seven is a copy of a
3 letter which was sent out to the working interest owners as
4 well as the overriding interest owners and royalty interest
5 owners, advising them of our intent to purchase the pipe-
6 line and go through central metering and put on compres-
7 sion.

8 Q And when was that letter sent?

9 A It was mailed out July 7th.

10 Q And the certificate by Terry Mosher, is
11 that a lady that works under your direction and control?

12 A Yes, sir.

13 Q And all these letters were sent to these
14 particular individuals and companies by certified mail,
15 return receipt?

16 A Yes, they were.

17 Q Let me direct your attention now to
18 Exhibit Number Nine and have you identify what is indicated
19 on that exhibit.

20 A This exhibit is a list of the working
21 interest owners currently in the Pictured Cliffs Partici-
22 pating Area.

23 Q In response to the notification that you
24 caused to be issued to these individuals and companies, Mr.
25 Goebel, have you received any objections or complaints with

1 regards to Meridian's application?

2 A No, I haven't.

3 Q Turn to Exhibit Number Ten, sir, What is
4 shown on this exhibit?

5 A This is a list of the overriding inter-
6 est owners as well as the royalty interest owners.

7 Q And does your master file contain the
8 specific addresses as well as the individual return re-
9 ceipt cards from this mailing list?

10 A Yes, they do.

11 Q And you have those available if the
12 Commission desires to review those.

13 A Yes.

14 Q In summary, with regards to the royalty
15 and overriding royalty owners shown on this display, it is
16 complete and accurate to the best of your knowledge, infor-
17 mation and belief?

18 A Yes, it is.

19 Q And have you received, or has the com-
20 pany received any objections or complaints from the royalty
21 owners or the overriding royalty owners concerning Meri-
22 dian's application for the central metering in the Canyon
23 Largo Unit?

24 A We have received no objection.

25 Q Let's go to the Lindrith Unit now, Mr.

1 Goebel, and if you'll look at the exhibit book package in
2 Case 9423 and turn to those exhibits numbered Seven through
3 Ten, again have you utilized the same process as you did
4 in the prior case?

5 A Yes, sir.

6 Q And summarize that for us. What -- what
7 did you do?

8 A Well, again a letter was sent to the
9 Lindrith Unit interest owners, including the overriding in-
10 terest owners and royalty interest owners.

11 Q Exhibit Seven is a sample of the letter
12 except for the addressee that was sent to all the working
13 interest owners, the royalty owners, and the overriding
14 royalty owners?

15 A Yes.

16 Q And have you satisfied yourself that the
17 list of those interest owners is complete and accurate to
18 the best of your knowledge, information and belief?

19 A Yes.

20 Q As to the working interest owner, the
21 only working interest owner in the Lindrith Unit is El Paso
22 Natural Gas Company.

23 A As to the Pictured Cliffs Participating
24 Area, we are the only owner in there. We own 100 percent
25 of the participating area.

1 Q When we look then at Exhibit Ten, what
2 are we seeing on that exhibit?

3 A The Exhibit Ten is a list of the over-
4 riding interest owners as well as the royalty interest
5 owners.

6 Q And have you received any objection or
7 complaints from any of those individuals or companies?

8 A No.

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

11 We would at this time, Mr.
12 Examiner, move the introduction of Exhibits One through Ten
13 in both Case 9422 and Case 9423.

14 MR. STOGNER: Exhibits One
15 through Ten will be admitted into evidence at this time.

16 Are there any questions of Mr.
17 Goebel?

18 MR. STOVALL: Yes, I have
19 some, Mr. Goebel.

20

21 CROSS EXAMINATION

22 BY MR. STOVALL:

23 Q First, just a point of clarification, On
24 Case 9423 Exhibit Nine, you work for Meridian Oil, is that
25 correct?

1 A Yes. And you show the working interest
2 is owned by El Paso Natural Gas?

3 A El Paso Natural Gas is the operator of
4 the Lindrith Unit and we operate on their behalf.

5 Q So you are the contract operator, in
6 effect.

7 A Yes.

8 Q And El Paso is the owner of the inter-
9 est.

10 A Right.

11 Q Did this -- in either of these units
12 does your unit operating agreement require you to obtain,
13 by AFE or other process, approval from the working interest
14 owners to purchase the facilities?

15 A Yes. What we intend to do is if the
16 Commissioners here approve our project, then we will go to
17 the interest owners.

18 Q You have not gone to them with any sort
19 of AFE or expenditure, request for expenditure?

20 A No, we have not.

21 Q Is, referring to Exhibit One again, I
22 think we can do this for each case, Exhibit One in each
23 case, the pink shaded area indicated as the participating
24 area, is the Pictured Cliffs formation within each of those
25 respective units?

1 A Yes.

2 Q Is the production from working interests
3 share of production on a participating area basis; that is,
4 working interest owners' share of production based on his
5 interest in the total participating area?

6 A That's correct.

7 Q And there is no division or well alloca-
8 tion of working interest at all within the participating
9 area, recognizing there are some wells which aren't in the
10 area.

11 A Right.

12 Q What about royalties? Is it the same
13 with the royalty and overriding royalty?

14 A It's the same.

15 Q You don't have a problem of allocating
16 production to a well for royalty purposes in a different
17 allocation and then really not having to allocate for pur-
18 poses of any one owner.

19 A No.

20 MR. STOVALL: I don't have any
21 further questions.

22 MR. STOGNER: Mr. Chavez.

23

24 QUESTIONS BY MR. CHAVEZ:

25 Q Yes. Mr. Goebel, what's the relation-

1 ship between El Paso Natural Gas Company, as working inter-
2 est owner and Meridian Oil, Incorporated, as operator?

3 A The relationship? El Paso Natural Gas
4 is still indicated as the operator of the units in that we
5 have not received assignments from El Paso Natural Gas into
6 Meridian, so we're designated as sub-operator and handle
7 the unit affairs on their behalf.

8 Q That's all.

9 MR. STOGNER: Is this for both
10 the units?

11 A Correct.

12 MR. STOGNER: Any other ques-
13 tions for the witness?

14

15

CROSS EXAMINATION

16 BY MR. STOGNER:

17 Q Mr. Goebel, we have one well in Case
18 Number 9422 which is outside the nonparticipating area. Was
19 there any notification difference that needs to be covered
20 on that particular well?

21 A No. They were included in the notifi-
22 cation that we sent out.

23 Q Same with the well that's in the nonpar-
24 ticipating area in Case Number 9423.

25 A Yes. In many of the sections there is

1 common ownership and while this particular well may be not
2 in the participating area, there are other wells in which
3 the interest owners who do have interest also are in the
4 participating area.

5 Q Let's go back to the Dakota well in Case
6 Number 9422. It's the Canyon Largo Unit, does it cover all
7 formations?

8 A Yes.

9 Q Or does it just cover the Pictured
10 Cliff?

11 A It covers all formations.

12 Q And so there was notification differ-
13 ences, or ownership differences, in the Dakota as opposed
14 to the Pictured Cliffs in that particular well.

15 A No. That would be common in that it's
16 in the same section as the Pictured Cliffs and there would
17 be common ownership.

18 Q Thank you, Mr. Goebel.

19 MR. STOGNER: I have no fur-
20 ther questions of this witness.

21 Are there any further ques-
22 tions?

23 MR. LYON: Yes. Let me follow
24 up on that (unclear).

25

1 QUESTIONS BY Mr. LYON:

2 Q In response to Mr. Stogner's question,
3 are you talking about are you talking about Dakota wells,
4 Pictured Cliffs wells, that are not in the participating
5 area or were you talking about within the participating
6 area?

7 A I was talking about in the participating
8 area.

9 Q Are the two participating areas coinci-
10 dent?

11 A Coincident?

12 MR. STOVALL: Can we go off
13 the record again?

14

15 (Thereupon a discussion was had off the record.)

16

17 Q (By Mr. Lyon) Are the participating
18 areas for the Dakota and the Pictured Cliff co-terminal?
19 Are they co-terminal?

20 A Are they what?

21 Q Do they occupy exactly the same geo-
22 graphic area?

23 A No, they don't. The Dakota participat-
24 ing area is not exactly the same as the Pictured Cliffs.

25 Q Then the ownership cannot be exactly

1 identical between the two formations within the partici-
2 pating areas.

3 A Well, it can in that -- it depends.
4 They differ only in that in your Dakota participating area
5 you may have fewer or more Dakota wells drilled and so the
6 participating area could cover more area.

7 Q What is the participating formula in the
8 units? Is it not 100 percent acreage?

9 A Yes, it's based on acreage.

10 Q Well, if you have different acreage in
11 one than you do in the other, then there must be some dif-
12 ferences in ownership.

13 A Well, no. Where this particular Dakota
14 well is, there is not. It would be also in a Dakota pro-
15 ducing area in the Canyon Largo.

16 Q Well, I wasn't here earlier for the dis-
17 cussion as to -- as to the treatment of the Dakota produc-
18 tion, so I may --

19 A Well, if you look at the -- as you see,
20 there's more Pictured Cliffs wells than there are Dakota
21 wells and so that would cover more acreage for the Pictured
22 Cliffs participating area.

23 Q I see.

24 A And that's where the difference comes as
25 to your -- your participating area outline.

1 Q Well, how -- how are you treating the
2 Dakota production? You are not commingling the Dakota --

3 A No, no.

4 Q Okay, so those wells will still be met-
5 ered separately.

6 A Right.

7 Q I -- I wanted to make sure of that be-
8 cause of the question about the Dakota production.

9 A Yeah, they're metered separately.

10 Q Thank you.

11 MR. STOGNER: Any other ques-
12 tions of Mr. Goebel?

13 He may be excused.

14 Mr. Kellahin.

15 MR. KELLAHIN: Nothing further.

16 Thank you.

17 MR. STOGNER: You mean nothing
18 further in either case?

19 MR. KELLAHIN: No, sir.

20 MR. STOGNER: Does anybody
21 else have anything further in either case today?

22 In that case, Case 9422 will
23 be taken under advisement and Case Number 9423 will be con-
24 tinued and readvertised for the Examiner's Hearing sched-
25 uled for August 31st, 1988.

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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 (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 nos. 9422 + 9423
heard by me on 3 August 1988.

Michael E. [Signature] Examiner
Oil Conservation Division

BA-024 COMP-250-003 TEL: (408) 499-2724 FAX: (408) 499-2724

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6
7
8 6 July 1988

9 EXAMINER HEARING

10 IN THE MATTER OF:

11 Application of Meridian Oil Company CASE
12 for central-point gas measurement, 9423
13 Rio Arriba County, New Mexico.

14 BEFORE: David R. Catanach, Examiner

15 TRANSCRIPT OF HEARING

16
17
18 A P P E A R A N C E S

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20 For the Division: Robert G. Stovall
21 Attorney at Law
22 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

23 For the Applicant:
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MR. CATANACH: Call next Case
Number 9423.

MR. STOVALL: Application of
Meridian Oil Company for central-point gas measurement, Rio
Arriba County, New Mexico.

The applicant has requested
that Case No. 9423 be continued.

MR. CATANACH: Case No. 9423
will be continued to the Examiner Hearing August 3, 1988.

(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 (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. 9423, heard by me on July 6 1988.
David R. Catanah, Examiner
Oil Conservation Division