1	STATE OF NEW MEXICO
2	ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3	OIL CONSERVATION DIVISION
4	
5	DEGELME CO
6	AUG 1 3 1990
7	EXAMINER HEARING
8	OIL CONSERVATION DIVISION
9	IN THE MATTER OF:
10	
11	Application of Stevens & Cases 9962
12	Tull, Inc., for downhole and 9963
13	commingling, Lea County,
14	New Mexico
15	
16	
17	TRANSCRIPT OF PROCEEDINGS
18	
19	BEFORE: MICHAEL E. STOGNER, EXAMINER
20	
21	STATE LAND OFFICE BUILDING
22	SANTA FE, NEW MEXICO
23	June 13, 1990
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- 1 HEARING EXAMINER: This hearing will come
- 2 to order. I'm going to at this time call Cases Nos.
- 3 9962 and 9963.
- 4 MR. STOVALL: They are the applications of
- 5 Stevens & Tull, Inc., for downhole commingling, Lea
- 6 County, New Mexico.
- 7 HEARING EXAMINER: The applicant has
- 8 requested these cases be consolidated. I'm going to
- 9 call now for appearances in both cases.
- MR. CARR: May it please the Examiner, my
- ll name is William F. Carr with the law firm of Campbell
- 12 & Black, P.A., of Santa Fe. We represent Stevens &
- 13 Tull, and I have one witness.
- 14 HEARING EXAMINER: Are there any other
- 15 appearances? Will the witness please stand and be
- 16 sworn?
- 17 RODNEY L. SEALE,
- 18 the witness herein, after having been first duly sworn
- 19 upon his oath, was examined and testified as follows:
- 20 DIRECT EXAMINATION
- 21 BY MR. CARR:
- Q. Will you state your full name and place of
- 23 residence?
- A. I'm Rodney L. Seale from Midland, Texas.
- Q. How do you spell your last name?

- 1 A. S-e-a-l-e.
- Q. Mr. Seale, by whom are you employed and in
- 3 what capacity?
- 4 A. I am a consulting engineer representing
- 5 Stevens & Tull, Inc.
- 6 Q. Have you previously testified before the
- 7 Oil Conservation Division?
- 8 A. No.
- 9 Q. Would you briefly review for the Examiner
- 10 your educational background and then summarize your
- 11 work experience?
- 12 A. I'm a graduate engineer from Texas Tech
- 13 University in 1978 with a chemical engineering
- 14 degree. I worked three years for Amoco Production
- 15 Company in the West Texas waterfloods of the
- 16 Brownfield low-land area. I worked three years for
- 17 Delta Drilling Production Company in their production
- 18 in West Texas and eastern New Mexico. I have three
- 19 years with a small independent, Bill J. Graham Oil &
- 20 Gas, taking care of the engineering on their southeast
- 21 New Mexico and West Texas properties.
- I have been an independent consultant for
- 23 companies in the Midland area for the last three
- 24 years, working on wells in southeast New Mexico and
- 25 West Texas.

- l Q. Are you familiar with the applications
- 2 filed in each of these cases for Stevens & Tull?
- A. Yes.
- 4 Q. Are you familiar with the subject areas?
- 5 A. Yes, I am.
- 6 MR. CARR: At this time we would tender Mr.
- 7 Seale as an expert in petroleum engineering.
- 8 HEARING EXAMINER: Mr. Seale is so
- 9 qualified.
- 10 Q. (BY MR. CARR) Mr. Seale, would you briefly
- ll state what Stevens & Tull seeks with these
- 12 applications?
- 13 A. They seek approval to commingle the Abo,
- 14 Drinkard, Tubb, and Blinebry formations in the DK
- 15 lease and also the Carter lease located in the east
- 16 half of Section 25, Township 20 South, Range 30 East,
- 17 Lea County, in the north half of the southeast of
- 18 Section 23, same township and range.
- 19 Q. Have you prepared certain exhibits for
- 20 presentation in this hearing?
- 21 A. Yes, I have.
- Q. Would you refer to what has been marked for
- 23 identification as Stevens & Tull Exhibit No. 1?
- 24 Identify that exhibit and then review it for Mr.
- 25 Stogner.

- 1 A. This is a land plat indicating the DK
- 2 lease. The surrounding operators are indicated and
- 3 located by color designation. The yellow indicates
- 4 the Stevens & Tull DK lease.
- 5 Q. The yellow area is the acreage that is the
- 6 subject of the first of the two cases that have been
- 7 consolidated?
- 8 A. That's correct.
- 9 Q. What is the status of the current
- 10 development of that property?
- 11 A. We have three active Abo producers on the
- 12 property and a fourth proposed location with a pad
- 13 built.
- 14 Q. Are all of these existing wells at standard
- 15 locations?
- 16 A. Yes, they are standard 40-acre proration
- 17 units.
- 18 O. And the wells are at standard locations on
- 19 those proration units?
- 20 A. That's correct.
- 21 Q. Let's go now to what has been marked as
- 22 Exhibit No. 2, and I would ask you to identify and
- 23 review that for the Examiner.
- A. Again, this is a land plat indicating, this
- 25 time, the Carter prospect with the colors indicating

- 1 surrounding operators, and yellow indicating the
- 2 prospect for which we request commingling prior to
- 3 drilling.
- 4 Q. Mr. Seale, if I look at this map, there's
- 5 acreage owned by Stevens & Tull north of the acreage
- 6 which is the subject of this hearing. Why was that
- 7 acreage not included?
- 8 A. It lacks common ownership with the acreage
- 9 for which we have made the request.
- 10 Q. The acreage shaded in yellow on Exhibit 2,
- 11 the ownership in that tract is common?
- 12 A. Yes, it is.
- 13 Q. Does that include royalty interest as well
- 14 as the working interest?
- 15 A. Yes, it does.
- 16 Q. If we go back to Exhibit No. 1, the acreage
- 17 shaded in yellow on that tract has common interest as
- 18 to both working and royalty interest?
- 19 A. Yes, it does.
- Q. On Exhibit No. 1, you've indicated three
- 21 existing Abo wells. How recently has Stevens & Tull
- 22 developed this area?
- A. The No. 1 well was begun in 1987 and
- 24 through a 120-day drilling obligation, the second and
- 25 third wells were initiated.

- 1 Q. At this time the fourth well, the location
- 2 is built, and you're planning to spud in the near
- 3 future?
- 4 A. Yes.
- 5 Q. Let's go now to what has been marked as
- 6 Exhibit No. 3. I'd ask you to first identify what
- 7 this exhibit shows and then review the information on
- 8 these plats for the Examiner.
- 9 A. This is a prospect plat.
- 10 MR. STOVALL: Excuse me, Mr. Carr. I hate
- 11 to interrupt you. Let me take just a minute and look
- 12 at this and see where we are in terms of --
- MR. CARR: Okay.
- MR. STOVALL: Mr. Carr, have you got a copy
- 15 of the docket in front of you? Would you look at the
- 16 two applications as advertised and tell me if they
- 17 appear to be correct.
- MR. CARR: One is wrong. The first case is
- 19 in the wrong section. They both are reflected as
- 20 being in Section 25, and the Carter prospect is the
- 21 north half of the southeast quarter of Section 23.
- 22 MR. STOVALL: In your exhibit, you're
- 23 consistent with that?
- MR. CARR: Our exhibits are consistent with
- 25 that, and the notice letter, and I have individual

- 1 copies of the notice letters as our Exhibits 7 and 8,
- 2 indicate that the notice letter on the Carter prospect
- 3 showed correctly the north half of the southeast
- 4 quarter of 23. That may mean that that case has to
- 5 simply be readvertised to correct the ad.
- 6 We would request authority to go forward
- 7 and present the full case, though, and we have no
- 8 objection to continuing and readvertising that one
- 9 case to correct that.
- MR. STOVALL: I don't have any problem with
- ll that now that I know what we're talking about.
- MR. CARR: That is just an error in the
- 13 docket. I don't know if it's just in the docket or
- 14 the legal advertisement as well. If it isn't in the
- 15 legal advertisement that went out from the Division,
- 16 perhaps --
- MR. STOVALL: You proceed. I'll go get a
- 18 copy of the advertisement. Go ahead, and I'll be
- 19 back.
- MR. CARR: Perhaps it wouldn't have to be
- 21 -- yes.
- Q. Let's go now to Exhibit No. 3, Mr. Seale,
- 23 and I'd ask you to first explain to Mr. Stogner what
- 24 this exhibit consists of, and then go to the first of
- 25 the two maps and review that for the Examiner.

- 1 A. This plat is a prospectus plat from the
- 2 information compiled in order to present the deal to
- 3 partners. The area to the left, it's a duplication of
- 4 the area. The plat on the left indicates production,
- 5 formations produced, proposed location. The map to
- 6 the right is a structure map of the area.
- 7 Looking at the map to the left, which
- 8 indicates the production, we intend to show from this
- 9 plat via the color designations. We have underlined
- 10 with various colors indicating the different zones
- 11 that are producing in a commingled situation in the
- 12 area.
- For instance, in Section 30, those
- 14 properties are commingling the Abo and the Drinkard as
- 15 indicated by both productions near the same well.
- Over in Section 26, we have the Tubb and
- 17 Blinebry commingled. In Section 36, we have all four
- 18 commingled.
- In looking at the plat, in most cases there
- 20 are arrows indicating which wells the production goes
- 21 with. It shows cumulative production; however, the
- 22 important thing with respect to our goal here is to
- 23 indicate that there are wells in the area of the
- 24 proposed properties in Section 25 and Section 23 that
- 25 are already commingled and have permits to do so.

- On the right-hand side of the plat, there's
- 2 a structure map. From that it's on the Drinkard;
- 3 however, all four of the zones mirror this structure.
- 4 And from this it's easy to see that the area is all
- 5 one structure, and therefore shares similar oil and
- 6 hydrocarbon deposits in the form of gas as may be
- 7 appropriate for each zone.
- 8 The important aspect and that I'll want to
- 9 point out is that there are different combinations of
- 10 the commingling already in existence from a total of
- 11 all four, which we request, to the Drinkard and Abo,
- 12 the Blinebry and Tubb, or any combination thereof, and
- 13 all of those are indicated on this plat.
- 14 Q. Let's now go to what has been marked as
- 15 Stevens & Tull Exhibit No. 4, and I'd ask you to
- 16 identify that for Mr. Stogner.
- 17 A. These are C-102's on the wells in the area,
- 18 C-105's. This exhibit is presented to confirm the
- 19 producing zones in wells that we operate, their
- 20 locations, and their perforations, their stimulations.
- 21 Q. What we've got here is we've got these
- 22 forms on each of the three existing wells. A C-102 on
- 23 the proposed location on the DK lease, and also a
- 24 C-102 on the well that is currently drilling on the
- 25 Carter prospect; is that correct?

- 1 A. That's correct.
- 2 O. You indicated it showed -- review the
- 3 stimulation that had been given to the Abo zone. What
- 4 sort of a result have you achieved by stimulating the
- 5 Abo?
- A. We have three wells on the DK lease. Two
- 7 of those wells have been stimulated with acid fracture
- 8 treatments. Their production, as compared to the
- 9 remaining well, which was not stimulated, is very
- 10 similar, indicating that stimulation was not
- 11 successful on those two wells. Therefore, formations
- 12 produce as they are, and injection into those
- 13 formations is neither damaging nor beneficial.
- 0. Mr. Seale, Division Rule 303 sets forth
- 15 procedures for administrative approval of downhole
- 16 commingling and imposes a barrel limitation of 50
- 17 barrels a day for wells at this depth. Will your
- 18 commingling, if successful, be below that 50-barrel
- 19 limit?
- 20 A. No.
- 21 Q. What will be the anticipated combined
- 22 production from all the zones, if you're able to
- 23 commingle them in this well program?
- A. We seek to produce the wells at optimum
- 25 production levels based on allowables as determined

- 1 with the district offices. We will commingle the
- 2 zones as necessary to maintain that production,
- 3 whether it be two, three, or all four.
- 4 Q. When you open the Abo zone in wells in this
- 5 area, do they individually exceed the 50-barrel limit
- 6 on occasion?
- 7 A. Yes.
- 8 Q. How long do they continue to produce at
- 9 that level?
- 10 A. It varies substantially, but from a few
- 11 months to as long as a year.
- 12 Q. The 50-barrel limit may or may not be a
- 13 problem, but you would anticipate it being a problem
- 14 initially on this wells; is that right?
- 15 A. Certainly in the early life of the well, it
- 16 is.
- 17 O. Let's now go to Exhibit No. 5, and I would
- 18 ask you to identify that for the Examiner.
- 19 A. This is a copy of the latest Form C-115,
- 20 which is a monthly production reporting form for the
- 21 State of New Mexico. It indicates current levels of
- 22 oil, water, and gas production from the three
- 23 producing wells on the DK lease. Note from this that
- 24 our water production is very slight.
- Q. Is that common for other wells in the area?

- 1 A. Yes, it is.
- Q. Let's go now to Exhibit No. 6. Would you
- 3 identify and review that for Mr. Stogner?
- 4 A. These are decline curves that have been
- 5 drawn from the information presented to the State of
- 6 New Mexico on Form C-115 since the initial completion
- 7 of the well.
- 8 Q. Is the Abo capable of only marginal
- 9 production in these wells?
- 10 A. Yes.
- 11 Q. Would further development be justified if
- 12 you're only able to develop the Abo in this area?
- 13 A. Not under these economic conditions.
- 14 Q. If you're able to commingle other zones,
- 15 will that improve their economics so as to enable
- 16 Stevens & Tull to drill additional wells on these
- 17 properties?
- 18 A. Yes.
- 19 Q. Will the zones that are to be commingled
- 20 produce more water than the combined oil limit for the
- 21 commingled zones?
- 22 A. No.
- Q. A minute ago you testified that you were
- 24 going to try to produce these wells at their maximum
- 25 level, staying below the allowable that is set by the

- 1 Division. Could you explain to the Examiner how it is
- 2 you plan to go in and determine what zones and in what
- 3 order you're going to approach these zones in terms of
- 4 the commingling authority you seek?
- 5 A. Yes. Providing we have approval, we will
- 6 drill a well through the Abo zone. We will begin our
- 7 completion in steps starting with the Abo zone,
- 8 complete it, test it, stimulate it as necessary, test
- 9 it again, find out what each level of production is.
- 10 If it is not satisfactory to the economic situation,
- 11 we will protect it, come to the Blinebry, again do the
- 12 testing, stimulation, and find its volume of
- 13 production, and it will be then added to the Abo.
- 14 If they in combination are not
- 15 satisfactory, we will again isolate the pair and
- 16 continue up the hole to the Tubb, produce it
- 17 separately, testing, and then add and so forth until
- 18 we have added all four zones, if necessary.
- 19 Q. Will the testing that you do and the
- 20 methods you employ in testing provide you with
- 21 information that will enable you to accurately
- 22 allocate production to each of the zones that are to
- 23 be commingled?
- 24 A. Yes, I believe it will. We will also have
- 25 information from logs that will allow us to estimate

- 1 the productivity from the net pay thickness as well as
- 2 pressure information that we will determine as we do
- 3 the stimulations.
- 4 Q. Without commingling authority, in your
- 5 opinion, will hydrocarbons in these other formations
- 6 other than the Abo be produced?
- 7 A. In my opinion, at the length of time it
- 8 takes to produce these formations, considering their
- 9 low permeability to the full life expectancy of the
- 10 reservoir, which is normally 25 to 30 years for each
- ll of these reservoirs, produced independently, that
- 12 would be a sum total in the neighborhood of 120
- 13 years.
- The wellbore is normally only good for 60,
- 15 which would leave us in the situation of having to
- 16 plug a bad wellbore to protect the environment, and
- 17 therefore lose the reserves as we don't have a
- 18 wellbore. With two or three of the formations
- 19 depleted, then we would not have the economic
- 20 justification to drill a new wellbore to produce the
- 21 remaining.
- 22 Q. If this application is denied in your
- 23 opinion, could the waste of hydrocarbons result?
- 24 A. Yes.
- Q. You indicated the Abo is capable of

- 1 marginal production. Are the other zones that are
- 2 involved in this application also capable of only
- 3 marginal production?
- 4 A. Yes.
- 5 O. What is that based on?
- 6 A. We have offset production from the various
- 7 zones, which is of record, indicating the producing
- 8 volumes. That volume cumulative is indicated on
- 9 Exhibit 3, which you have before you. The production
- 10 information from the nearby wells is of record and is
- ll also marginal.
- 12 Q. Are the zones capable of flowing, or do
- 13 they have to be artificially lifted in this area?
- 14 A. They will be artificially lifted. They may
- 15 flow for a very short period of time, months at the
- 16 most.
- 17 Q. Will the pressure differentials downhole
- 18 between the zones result in the migration of
- 19 hydrocarbons between the zones?
- 20 A. No, it will not. The area and the zones
- 21 have no abnormal low or high pressure in the zones.
- 22 The normal pressure gradient as a function of depth
- 23 prevails in wells in this area.
- Q. What sort of pressure are you getting in
- 25 the Abo?

- 1 A. 2,500 to 3,000 pounds, initially.
- 2 Q. Are you prepared to make a recommendation
- 3 to the Examiner as to how production should be
- 4 allocated between each of the commingled zones?
- 5 A. I recommend that we work it out with the
- 6 Division offices.
- 7 Q. Do you anticipate there are going to be any
- 8 problems with the compatabilities of fluids in these
- 9 wells?
- 10 A. No. We have had verbal discussions with
- 11 offset operators. In conversations about existing
- 12 commingling operations, they have no compatibility
- 13 problems. All the oils have similar chemistry and so
- 14 do the waters. There have been no indications of
- 15 precipitation. Also, since the water production is
- 16 low, we feel there's a double confidence there that
- 17 there would be no damage to the formations.
- 18 Q. In your opinion, will granting this
- 19 application result in increased recovery of
- 20 hydrocarbons?
- 21 A. Yes.
- Q. Will the value of the commingled production
- 23 exceed the sum of the values of the production from
- 24 each of the individual zones?
- A. No. It should remain the same.

- 1 Q. Will economic savings result from your
- 2 proposed downhole commingling?
- 3 A. Yes, it will.
- 4 Q. Are there any present or future secondary
- 5 recovery operations that could be jeopardized by this
- 6 proposal?
- 7 A. No.
- 8 Q. In your opinion, will granting this
- 9 application be in the best interests of conservation,
- 10 the prevention of waste, and the protection of
- ll correlative rights?
- 12 A. Yes.
- Q. Mr. Seale, were Exhibits 1 through 6 either
- 14 prepared by you or compiled under your direction?
- 15 A. Yes, they were.
- 16 MR. CARR: At this time, Mr. Stogner, we
- 17 move the admission of Stevens & Tull Exhibits 1
- 18 through 6.
- 19 HEARING EXAMINER: Exhibits 1 through 6
- 20 will be admitted into evidence.
- MR. CARR: Mr. Stogner, also included with
- 22 the exhibits are two affidavits. They've been marked
- 23 as Exhibits 7 and 8. These are affidavits from me
- 24 confirming that notice has been provided of this
- 25 hearing as required by Division Rule 1207, and I would

- 1 ask they also be included in the record of this
- 2 proceeding.
- 3 HEARING EXAMINER: Exhibits 7 and 8 will be
- 4 admitted into evidence also.
- 5 MR. CARR: That concludes my Direct
- 6 Examination of Mr. Seale.
- 7 CROSS-EXAMINATION
- 8 BY HEARING EXAMINER:
- 9 Q. Mr. Seale, when I look at the north half of
- 10 the southeast quarter of Section 23, I don't see any
- 11 Drinkard production in there, nor do I see any in
- 12 Section 23. Has there been any Drinkard test within
- 13 that area? I'm just talking about the north half of
- 14 the southeast quarter now.
- 15 A. No, there are no wells existing on that.
- 16 The red dot you see is our proposed location.
- 17 Q. But you're proposing to mingle through the
- 18 Drinkard there too?
- 19 A. Yes. We propose all four zones. The wells
- 20 adjacent to that property, none have been drilled
- 21 deeper than the Blinebry. Therefore, they had no
- 22 opportunity to commingle all four.
- 23 We feel that there is recoverable
- 24 hydrocarbon down through the Drinkard and the Abo,
- 25 based on our success with finding such hydrocarbon in

- 1 Section 25. Therefore, we intend to drill through the
- 2 Abo. The offset production commingles the two upper
- 3 zones already, and offset to Section 25, the lower two
- 4 zones are commingled numerous times. And as I
- 5 mentioned in Section 36, we have two instances where
- 6 all four were commingled.
- 7 Q. So that's the reason I don't see any
- 8 Drinkard pools extending any further within a mile?
- 9 A. That's correct.
- 10 Q. There's three of them within a mile of that
- ll north half of southeast quarter basically because none
- 12 of the wells penetrated it?
- 13 A. That's correct.
- 14 Q. Let's look at the Tubb production in this
- 15 area. Tubb production in this area is gas production;
- 16 is that correct?
- 17 A. No. It does have gas in it, but it's
- 18 commonly oil production.
- 19 Q. You need to straighten me out then. I'm
- 20 sorry. What Tubb pools are around this area, and, in
- 21 particular, what Tubb pool takes in the north half of
- 22 the southeast quarter of 23?
- A. As far as the pools go, I don't know the
- 24 names of the pools. However --
- Q. Did you look those up before you came here

- 1 today?
- 2 A. No.
- 3 Q. Why not?
- A. I was concentrating primarily on the
- 5 Drinkard and the Abo, which are the DK pools. The
- 6 Tubb and Blinebry, we have the production, cumulative
- 7 production from those zones. As far as the name of
- 8 the pool goes --
- 9 Q. For your information, the Warren Tubb Gas
- 10 Pool takes in the north half of the southeast quarter
- 11 and it abuts the east half of 25. You tell me it's
- 12 oil production.
- 13 A. I don't show any Tubb production in the
- 14 area of the east half of 25. Now, in Section 23, the
- 15 cumulative I have, one is 61,000 barrels of oil, 230
- 16 million cubic feet. Another well is 40,000 barrels of
- 17 oil, 191 million cubic feet. Another is 14,000
- 18 barrels of oil, 24 million. To me that's oil.
- 19 Q. You show your -- there is some Tubb
- 20 production in the south half of Section -- I'm sorry
- 21 -- the south half of the southeast quarter of 23. Do
- 22 you know the acreage dedicated to that Tubb
- 23 production?
- A. It's 40 acres, to my knowledge.
- Q. I'm sorry?

- 1 A. I really would have to plead ignorance if
- 2 it's not 40 acres. The spacing is set up on that.
- 3 HEARING EXAMINER: I'm going to take
- 4 administrative notice of Division Order No. R-1234,
- 5 and that is the Special Rules for the Warren Tubb Gas
- 6 Pool in which Rule 17 states: "An oil well in the
- 7 Warren Tubb Gas Pool shall have dedicated thereto a
- 8 proration unit consisting of 40 acres, more or less,
- 9 being a governmental quarter quarter section."
- These rules were enacted in 1958 prior to
- ll the promulgation of associated pool rules which
- 12 allowed gas and oil wells in the same pool, and there
- 13 was a series of general rules for associated pools.
- 14 This came before that, and it has its own rules and
- 15 regs, and it appears that that might be the case in
- 16 this particular area.
- However, on your Exhibit 3, there is some
- 18 gas well symbols. In particular, the Section 26, I
- 19 see several of them. One up there in the northeast of
- 20 the northwest, the northeast of the southeast, and the
- 21 northwest of the southeast, all along that northeast
- 22 of the south half tier.
- Q. Could you elaborate on that production? Is
- 24 that indeed gas production, or is it oil, and why are
- 25 there gas symbols there?

- 1 A. I believe those gas symbols were initial
- 2 type information when the wells were initially
- 3 completed and through the life of the well. In other
- 4 words, they may have been initially completed as a gas
- 5 well, and as production continued, the oil levels
- 6 increased to such a point that production indicates an
- 7 oil well rather than gas well.
- Q. Is this map essentially from Midland Map
- 9 Company; is that correct?
- 10 A. Our geologist generated it, but I believe
- 11 that's a fair assessment, yes.
- 12 Q. I'm talking about just the base part of
- 13 it.
- 14 A. Yes.
- 15 O. I know the information which shows the
- 16 production is added by your geologist.
- 17 A. I believe that's correct, yes.
- 18 Q. So therefore that would go back to what you
- 19 had just said about the initial information on the
- 20 well being placed on the map in the first place?
- 21 A. That's correct.
- 22 Q. To your knowledge, are all of the zones
- 23 that we're talking about spaced on 40's?
- 24 A. Yes.
- Q. And, ergo, even with the Tubb production

- 1 which I said, talking about oil, having 40-acre
- 2 spacing in it?
- A. Right.
- 4 Q. So the ownership is correlative throughout
- 5 these zones?
- A. Yes, it is.
- 7 Q. In both leases or both areas?
- 8 A. That's correct.
- 9 Q. The way I understand it, the production
- 10 initially is over 50 barrels a day, and that's
- ll attributable to the Blinebry production; is that
- 12 correct or I mean the Abo production?
- 13 A. That's correct.
- 14 Q. How about the Blinebry, Drinkard and Tubb
- 15 production, are they capable of going over the 50
- 16 barrel a day limit on their own in this area?
- 17 A. I believe they are. However, not having
- 18 daily access to the production and not having
- 19 completed any of our wells in those zones, I cannot
- 20 affirm that other than to say that, indicated from the
- 21 cumulative production, I believe they are capable of
- 22 it, yes.
- Q. Just a point of clarification. On your
- 24 C-105, that shows Three-Way Operating Company, is
- 25 Stevens & Tull, Inc., the operator in these areas now?

- 1 A. Yes, we are. We elected for a name change,
- 2 and there was no change in principals in the company.
- 3 It's simply a name change.
- 4 HEARING EXAMINER: I have no further
- 5 questions of this witness. Are there any other
- 6 questions of Mr. Seale?
- 7 MR. CARR: Nothing further.
- 8 HEARING EXAMINER: Does anybody else have
- 9 anything further in either of these cases?
- In that case, I'll take both Cases 9962 and
- 11 9963 under advisement.
- MR. CARR: Thank you.
- 13 HEARING EXAMINER: I had stated I'd take
- 14 Case 9962 under advisement. If I do, this will need
- 15 readvertisement to correct the section; so I'll
- 16 withdraw that, and Case No. 9962 will be readvertised
- 17 for the hearing scheduled for July 11, 1990.
- Is there anything else, Mr. Carr?
- MR. CARR: Nothing further, Mr. Stogner.
- 20 HEARING EXAMINER: In that case, this case
- 21 is continued

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1	CERTIFICATE OF REPORTER
2	
3	STATE OF NEW MEXICO )
4	) ss. COUNTY OF SANTA FE )
5	
6	I, Deborah O'Bine, Certified Shorthand
7	Reporter and Notary Public, HEREBY CERTIFY that the
8	foregoing transcript of proceedings before the Oil
9	Conservation Division was reported by me; that I
10	caused my notes to be transcribed under my personal
11	supervision; and that the foregoing is a true and
12	accurate record of the proceedings.
13	I FURTHER CERTIFY that I am not a relative
14	or employee of any of the parties or attorneys
15	involved in this matter and that I have no personal
16	interest in the final disposition of this matter.
17	WITNESS MY HAND AND SEAL July 15, 1989.
18	Debouk O'Buce
19	DEBORAH O'BINE
20	CSR No. 127
21	My commission expires: August 10, 1990
22	I do hereby certify that the foregoing is
23	remplete record of the proceedings in
24	the Examiner hearing of Case No, heard by me on 19
25	, Examiner
	Oil Conservation Division