

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

~~16~~ December 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production CASE
Company to rescind Rule 7 of Divi- 9259
sion Order No. R-8188-A, Rio Ar-
riba County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: W. Perry Pearce
Attorney at Law
MONTGOMERY & ANDREWS
P. O. Box 2307
Santa Fe, New Mexico 87504-2307

I N D E X

C. ALAN WOOD

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1
2 MR. STOGNER: Call next Case
3 Number 9259.

4 MR. TAYLOR: The application of
5 Amoco Production Company to rescind Rule 7 of Division Order
6 No. R-8188-A, Rio Arriba County, New Mexico.

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

9 MR. PEARCE: May it please the
10 Examiner, I am W. Perry Pearce, of the law firm of Mont-
11 gomery and Andrews in Santa Fe, New Mexico.

12 I appear in this matter on be-
13 half of Amoco Production Company. I have one witness who
14 needs to be sworn.

15
16 (Witness sworn.)
17

18 MR. STOGNER: Mr. Pearce.

19 MR. PEARCE: Thank you, Mr.
20 Examiner.

21
22 C. ALAN WOOD,
23 being called as witness and being duly sworn upon his oath,
24 testified as follows, to-wit:
25

DIRECT EXAMINATION

1
2 BY MR. PEARCE:

3 Q Sir, for the record would you please
4 state your name and occupation?

5 A C. Alan Wood, A-L-A-N. I'm the Proration
6 and Unitization Manager for Amoco Production Company, Denver
7 Region.

8 Q And, Mr. Wood, have you appeared before
9 the New Mexico Oil Conservation Division or one of its exa-
10 miners, and had your credentials as an expert in petroleum
11 engineering made a matter of record?

12 A Yes, sir.

13 Q And are you familiar with the contents of
14 the matter styled Case 9259 before the Examiner today, and
15 are you aware of what Amoco is seeking with that -- in that
16 application?

17 A Yes, I am.

18 MR. PEARCE: Mr. Examiner, I
19 would tender Mr. Wood as an expert in petroleum engineering.

20 MR. STOGNER: Mr. Wood is so
21 qualified.

22 Q Mr. Wood, at this time, if you would,
23 please, I'd like for you to give us a summary of what Amoco
24 seeks in this case.

25 A Amoco is seeking that Provision Number 7

1 of the field rules established for the Northeast Ojito Gal-
2 lup-Dakota Pool be rescinded and that the effective date of
3 that rescission be made December 1st of 1987.

4 Q All right, sir, let's look quickly at
5 what we've marked as Exhibit Number One to this proceeding,
6 and could you describe that for the Examiner and those in
7 attendance

8 A Exhibit Number One is a 9-section plat
9 centered about Section 35, Township 26 North, Range 3 West.
10 On it we've indicated the well locations for the various
11 wells completed within this 9-section area.

12 There's also a heavy black line which
13 outlines Sections 25, 26, 35 and 36 of Township 26 North,
14 Range 3 West. That was the area originally established as
15 the Northeast Ojito Gallup-Dakota Pool.

16 Q Okay, let's look, please, at this time,
17 sir, at Exhibit Number Two to this proceeding and would you
18 discuss that for us, please?

19 A Exhibit Number Two is a copy of the Com-
20 mission's -- excuse me, the Division's Order No. R-8188-A,
21 which created the special rules for the Northeast Ojito Gal-
22 lup-Dakota Pool.

23 Page 7, excuse me, page 2 of this exhibit
24 actually reiterates the field rules that were adopted in
25 this order.

1 The rule that we are asking to be res-
2 cinded is Rule No. 7, which requires that during the time
3 that the temporary special rules are in effect no well lo-
4 cated in the south half of Sections 35 and 36, Township 26
5 North, Range 3 West, in the Northeast Ojito Gallup-Dakota
6 Oil Pool shall be allowed to produce at a rate in excess of
7 that which would be allowed for the well if statewide 40-
8 acre oil well spacing were applicable established by Rule
9 505.

10 Q Mr. Wood, did you participate in Amoco's
11 presentation of Case Number 8822, which resulted in the
12 special pool rules you just discussed?

13 A No, sir, I did not.

14 Q Okay. Are you familiar with why Rule 7
15 was adopted?

16 A Primarily in that I've had an opportunity
17 to discuss this particular case with the Amoco representa-
18 tives which did participate in the hearing. It is my under-
19 standing based on those conversations, that Rule No. 7 was
20 adopted as a compromise position between Amoco as the appli-
21 cant and the protestants, being Minel, Inc. and Union --
22 Union Texas.

23 The concern was that the area directly to
24 the south of the proposed field area, in particular Sections
25 1 and 2, were included in the Undesignated Ojito Gallup-

1 Dakota Pool and they were given under that nomenclature 40-
2 acre allowables.

3 The applications filed by Amoco would
4 have resulted in 160-acre allowables for acreage directly
5 offsetting those wells.

6 The point of compromise was that the
7 southern tier of wells in Section 35 and 36 would be
8 restricted to a 40-acre allowable.

9 Q All right, sir, let's look now at what
10 we've marked as Exhibit Number Three to this proceeding, and
11 would you discuss that for us, please?

12 A Exhibit Number Three is a copy of the
13 Division's Order entered in Case Number 9298. It's actually
14 Order No. R-8544. It's within this order that the Undesig-
15 nated Ojito Gallup Pool was abolished and West Lindrith was
16 extended into those lands.

17 In particular, in the order portion of
18 the order, we can see that West Lindrith has been extended
19 into Sections 1 and 2 of Township 25 North, Range 3 West,
20 and that the proper drilling and spacing units for wells lo-
21 cated in those lands would be the 160-acre, and they would
22 be granted 160-acre allowable.

23 Q All right, sir, in view of Order R-8544
24 and the present provision of the special pool rules for the
25 Northeast Ojito Gallup Pool, is Amoco now in the position of

1 having wells in the southern tier of Section 35 and 36 re-
2 stricted to a 40-acre allowable and having those wells off-
3 set by wells to the south which are subject to a 160-acre
4 allowable?

5 A Yes, sir, that is correct.

6 Q Is it your opinion that leaving the pro-
7 vision of Rule 7 of the Northeast Ojito Gallup-Dakota Oil
8 Pool has the effect of reversing the prejudice which was at-
9 tempted to be corrected by that Rule 7?

10 A Yes, sir, it is.

11 Q All right, sir. At this time I would ask
12 you to please refer to what we've marked as Exhibit Number
13 Four to this proceeding and would you please describe that
14 exhibit for us?

15 A Exhibit Number Four is a letter that
16 Amoco sent to all offset operators and unleased mineral
17 interest owners within one mile of the Northeast Ojito Pool.
18 In it we transmitted a copy of the application that we filed
19 with the Oil Conservation Division seeking relief that we
20 are requesting today.

21 It's a three page exhibit. The first
22 page would be a transmittal letter. The second two pages
23 are the actual listing of the offset owners and unleased
24 mineral interest owners which were identified.

25 Q All right, sir, earlier in this

1 proceeding you indicated that Minel and Union Texas
2 Petroleum were the offset interest owners to the south and
3 that as a result of their participation, Rule 7 was adopted.
4 I would ask you to look at the second page, now, on Exhibit
5 Four, and I'd ask you whether or not Minel and Union Texas
6 Petroleum received notice of this case?

7 A Yes, sir, they were identified as offset
8 operators and they were furnished a copy of the application.

9 Q All right, sir. Do you have anything
10 further to add in this case at this time?

11 A No, sir, I don't, except I would like to
12 point out that Order No. R-8544, which extended the West
13 Lindrith into the lands directly south of the Northeast
14 Ojito, was made effective December 1st, 1987, and that is
15 our basis for our request that the rescission of Rule 7 in
16 the Northeast Ojito Field rules also be given the December
17 1st effective date.

18 Q Thank you, sir.

19 MR. PEARCE: Mr. Examiner, at
20 this --

21 Q First of all, let me ask you, Mr. Wood,
22 whether or not Exhibits One through Four to this case were
23 prepared by you or compiled for presentation under your
24 direction and supervision?

25 A Yes, they were.

1 MR. PEARCE: Mr. Examiner, at
2 this time I would move the admission of Amoco's Exhibits One
3 through Four.

4 MR. STOGNER: Exhibits One
5 through Four will be admitted into evidence at this time.

6 MR. PEARCE: Thank you, Mr. Ex-
7 aminer. I have nothing further at this time in this matter.

8

9 CROSS EXAMINATION

10 BY MR. STOGNER:

11 Q You wish that this application be effec-
12 tive December 1st, 1987. Is that because of the Commission
13 Order R-8544 being -- taking effect September -- I'm sorry
14 -- being effective December 1st, 1987?

15 A That is correct, Mr. Examiner.

16 MR. STOGNER: I have no further
17 questions of Mr. Wood.

18 MR. PEARCE: I have nothing
19 further, Mr. Examiner.

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

22 It will be taken under advise-
23 ment.

24

25 (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 correct and true transcript of the hearings in
the case of Examiner No. 9259
heard by me on 1987.
Michael E. Shugart Examiner
Oil Conservation Division

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

6 18 November 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Amoco Production Com- CASE
10 pany to rescind Rule 7 of Division 9259
11 Order No. R8188-A, Rio Arriba County,
12 New Mexico.

13 BEFORE: David R. Catanach, Examiner
14
15

16 TRANSCRIPT OF HEARING

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

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

21 For the Applicant:
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23
24
25

1
2 MR. CATANACH: Call next Case
3 9259.

4 MR. TAYLOR: Application of
5 Amoco Production Company to rescind Rule 17 of Division
6 Order No. R-8188-A, Rio Arriba County, New Mexico.

7 The applicant has requested
8 that this case be continued.

9 MR. CATANACH: Case 9259 will
10 be continued to December 2nd.

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12 (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 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. 9259,
heard by me on November 18 1987.

David R. Catanzaro, Examiner
Oil Conservation Division