

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
APPLICATION OF CONOCOPHILLIPS COMPANY)
FOR APPROVAL OF A COOPERATIVE LEASELINE)
INJECTION AGREEMENT FOR AN ENHANCED USE)
AREA WITHIN THE EAST VACUUM-GRAYBURG-SAN)
ANDRES UNIT PRESSURE MAINTENANCE PROJECT)
AREA, AND QUALIFICATION OF THE ACREAGE)
WITHIN THE "EXPANDED USE AREA" FOR THE)
RECOVERED OIL TAX RATE PURSUANT TO THE)
NEW MEXICO ENHANCED OIL RECOVERY ACT,)
LEA COUNTY, NEW MEXICO)

CASE NO. 13,134

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Oil Conservation Division

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

August 21st, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, August 21st, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

August 21st, 2003
 Examiner Hearing
 CASE NO. 13,134

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<u>SAM JOHNSTONE</u> (Engineer)	
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A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

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Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 9:30 a.m.:

3 EXAMINER CATANACH: Call Case 13,134, the
4 Application of ConocoPhillips Company for approval of a
5 cooperative lease line injection agreement for an enhanced
6 use area within the East Vacuum-Grayburg-San Andres Unit
7 Pressure Maintenance Project area, and qualification of the
8 acreage within the "Expanded Use Area" for the Recovered
9 Oil Tax Rate pursuant to the New Mexico Enhanced Oil
10 Recovery Act, Lea County, New Mexico.

11 Call for appearances.

12 MR. CARR: May it please the Examiner, my name is
13 William F. Carr with the Santa Fe office of Holland and
14 Hart, L.L.P. We represent ConocoPhillips Company in this
15 matter, and I have one witness.

16 EXAMINER CATANACH: Call for additional
17 appearances. Okay, will the witness please stand to be
18 sworn in?

19 (Thereupon, the witness was sworn.)

20 SAM JOHNSTONE,
21 the witness herein, after having been first duly sworn upon
22 his oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. CARR:

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

1 A. Sam Johnstone.

2 Q. Mr. Johnstone, where do you reside?

3 A. Katy, Texas.

4 Q. And by whom are you employed?

5 A. ConocoPhillips.

6 Q. What is your current position with

7 ConocoPhillips?

8 A. Reservoir engineer.

9 Q. Have you previously testified before the New
10 Mexico Oil Conservation Division?

11 A. No, I have not.

12 Q. Would you review for Mr. Catanach your
13 educational background?

14 A. In 1999 I graduated with a bachelor's of science
15 degree from Montana Tech in petroleum engineering. In 2001
16 I graduated with a master's of science degree in petroleum
17 engineering from Montana Tech.

18 Q. Since graduation, for whom have you worked?

19 A. I worked for Halliburton Energy Services out of
20 school as a stimulation engineer, and then for the last two
21 and a half years I've worked for ConocoPhillips as a
22 production and reservoir engineer.

23 Q. Does the area of your responsibility include the
24 portion of southeastern New Mexico involved in this case?

25 A. Yes, I've worked the Vacuum area for the last two

1 and a half years.

2 Q. Are you familiar with the Application filed in
3 this case on behalf of ConocoPhillips?

4 A. Yes, I am.

5 Q. And are you familiar with your company's plans to
6 expand CO₂ injection in the East Vacuum-Grayburg-San Andres
7 Unit area and also familiar with the cooperative lease line
8 agreement between ConocoPhillips and ChevronTexaco that is
9 the subject of this case?

10 A. Yes, I am.

11 MR. CARR: We tender Mr. Johnstone as an expert
12 in petroleum engineering.

13 EXAMINER CATANACH: Mr. Johnstone is so
14 qualified.

15 Q. (By Mr. Carr) Would you briefly summarize for
16 the Examiner what it is that ConocoPhillips seeks in this
17 case?

18 A. ConocoPhillips is proposing to expand a CO₂
19 injection in the East Vacuum-Grayburg-San Andres Unit into
20 a new expanded-use area. The subject injection wells have
21 been previously approved for injection by the Division.

22 Q. And is ConocoPhillips Exhibit Number 1 a copy of
23 the prior orders approving the injection wells?

24 A. Yes.

25 Q. How many wells are we actually talking about here

1 today?

2 A. We're talking about eight wells, eight injection
3 wells.

4 Q. And if I look at Exhibit Number 1, we first have
5 Administrative Order PMX-203. That approves four injection
6 wells, correct?

7 A. Yes.

8 Q. Are all of those wells to be used in this
9 expanded-use area that we're discussing here today?

10 A. That is correct.

11 Q. And then attached to that is another
12 administrative order from the Division, and it lists six
13 wells. Would you identify which of those wells are not the
14 subject of this Application?

15 A. The two wells that are not the subject of this
16 Application are the East Vacuum-Grayburg-San Andres Unit
17 2963-005 and the East Vacuum-Grayburg-San Andres Unit 0524-
18 005.

19 Q. And so we're talking today about eight previously
20 approved injection wells?

21 A. That is correct.

22 Q. Is the expanded-use area located on the boundary
23 between the East Grayburg-San Andres Unit and the
24 ChevronTexaco-operated Central Vacuum Unit?

25 A. Yes.

1 Q. In the past, has there been injection along this
2 boundary?

3 A. There has been water injection along this
4 boundary.

5 Q. And have previous cooperative injection
6 agreements been entered between the ConocoPhillips group
7 and the now ChevronTexaco group?

8 A. Yes, that's right.

9 Q. Is it your testimony today that approval of this
10 lease line agreement will in effect protect the correlative
11 rights of all interest owners in both units?

12 A. Yes.

13 Q. You're also seeking to qualify this expanded-use
14 area for the incentive tax rate under the New Mexico
15 Enhanced Oil Recovery Act?

16 A. Yes, that is correct.

17 Q. All right, let's go to what has been marked as
18 Exhibit Number 2, and I'd ask you to identify that and
19 review it for Mr. Catanach.

20 A. Exhibit Number 2 is a map of the Vacuum area.

21 Q. And what does this show us?

22 A. Identified is the East Vacuum-Grayburg-San Andres
23 Unit operated by ConocoPhillips and the Central Vacuum Unit
24 operated by ChevronTexaco, and identified is the proposed
25 expansion of the CO₂ project along the lease line border.

1 Q. Let's go to ConocoPhillips Exhibit Number 3, the
2 collection of OCD orders, and I'd like you to refer to
3 these orders and provide a brief history of the Vacuum-
4 Grayburg-San Andres Unit.

5 A. Division Order Number R-5871 includes
6 approximately -- is a statutory unit approval, includes
7 approximately 7000 acres of State of New Mexico lands.

8 Q. This was back in 1978?

9 A. Yes, that is right.

10 Q. Okay, and the next order?

11 A. The next order was the pressure-maintenance
12 operation approval, Order Number R-5897, dated January
13 16th, 1979.

14 Q. Behind that we have Order R-6856. What did this
15 do?

16 A. This order authorized the injection of CO₂ in a
17 qualified tertiary project area.

18 Q. Okay, and the next order?

19 A. Order Number R-6856-A qualified the reinjection
20 of hydrocarbon-contaminated CO₂ in the qualified tertiary
21 project area.

22 Q. Okay, then the next order, the last order on the
23 Vacuum-Grayburg?

24 A. Order Number R-6856-B, dated November 12th, 1993,
25 qualified or approved five expanded-use areas within the

1 qualified tertiary project area.

2 Q. And this order actually approved five areas
3 identified in the order and qualified those areas for the
4 enhanced oil recovery tax credit; is that right?

5 A. That is correct.

6 Q. And the expanded-use area we're talking about
7 today was not included in that prior order and has never
8 been approved for the tax credit?

9 A. Yes.

10 Q. What's the status of the Central Vacuum?

11 A. The Central Vacuum Unit was created pursuant to a
12 statutory unitization act approved by Division Order Number
13 R-5496, entered on August 9th, 1977. Pressure-maintenance
14 operations were approved by Division Order Number R-5530,
15 September 20th, 1977, and CO₂ injection was authorized in
16 the Central Vacuum Unit by Order Number R-5530-E, dated
17 April 30th, 1997.

18 Q. And those orders are also included in
19 ConocoPhillips Exhibit Number 3?

20 A. That is correct.

21 Q. And so that basically provides a regulatory
22 background for what we're seeking today; is that correct?

23 A. That is right.

24 Q. Let's go to what has been marked ConocoPhillips
25 Exhibit Number 4. Would you identify and review this?

1 A. ConocoPhillips Exhibit Number 4 is a plat, kind
2 of blown up, showing the subject area today of the
3 leaseline. We seek to implement CO₂ injection in this
4 expanded-use area within the qualified tertiary recovery
5 area of the Grayburg-San Andres Unit, of the East Vacuum
6 Grayburg-San Andres Unit pressure maintenance project area,
7 to include these 156 areas, approximately.

8 Q. And so you've got 156 acres, and this shows that
9 acreage, and the eight injection wells are indicated that
10 are the subject of this Application?

11 A. Yes, the eight injection wells are 3236-008,
12 3127-395, 3127-396, 3127-007, 3127-398, 3127-006, 3127-399
13 and 3127-005.

14 Q. Would you identify what's been marked as Exhibit
15 Number 5?

16 A. Exhibit Number 5 is the cooperative leaseline
17 agreement between Central Vacuum Unit and East Vacuum-
18 Grayburg-San Andres Unit.

19 Q. This has been executed by ChevronTexaco on behalf
20 of the owners in the Central Vacuum Unit?

21 A. That is correct.

22 Q. Does this agreement generally govern your
23 relationship and determine how the costs of this
24 cooperative agreement are going to be shared?

25 A. Yes, that's right, this agreement outlines how

1 the costs will be shared and also the operations along this
2 lease line.

3 Q. How basically do you intend to implement CO₂
4 injection along this boundary?

5 A. Along this boundary CO₂ will be injected,
6 continuous CO₂ injection, for approximately one year or
7 until 7 BCF has been injected in the area, and then after
8 that water alternating gas injection may begin.

9 Q. And that's similar to what's been used in other
10 CO₂-injection areas within the unit?

11 A. Yes.

12 Q. If we look at Exhibit A to this agreement, it's a
13 plat that shows the boundary between the two units. Got
14 it? Mr. Johnstone, there are a number of injection wells
15 along the boundary that go far outside the area that we're
16 talking about here today. Does this agreement govern all
17 those injection wells?

18 A. This agreement does govern all of these injection
19 wells, but states that only the -- It states that 11 of
20 these injection wells will at this time -- are approved for
21 CO₂ injection. Eight of these wells are on the East
22 Vacuum-Grayburg-San Andres side and three are on the
23 Central Vacuum Unit side.

24 Q. We're talking about the eight that are on our
25 side only?

1 A. Yes, we're talking about the eight that are on
2 our side only.

3 Q. And as to these other wells, they're currently
4 water injection; is that right?

5 A. That is correct.

6 Q. And if you at a later date convert additional
7 areas to CO₂ injection, then this lease line cooperative
8 agreement will apply to those and govern how costs are
9 allocated and other operational matters concerning the CO₂
10 injection?

11 A. That is correct, as long as both operators of
12 both units mutually agree to CO₂ injection in those wells.

13 Q. Let's go to ConocoPhillips Number 6. Would you
14 identify that for the Examiner, please?

15 A. ConocoPhillips Exhibit Number 6 is the original
16 type log for the unit agreement. It outlines the top of
17 the unit and the bottom of the unit.

18 Q. And what intervals are covered? Is it just the
19 Grayburg-San Andres?

20 A. The Grayburg-San Andres, that's correct.

21 Q. Okay, let's move on to Exhibit Number 7. What is
22 this?

23 A. Exhibit Number 7 is a cross-section of wells
24 going from west to east, two wells in the Central Vacuum
25 Unit and two wells in the East Vacuum-Grayburg-San Andres

1 Unit.

2 Q. If we look back at the plat, Exhibit Number 4,
3 could you review for Mr. Catanach the general line of the
4 cross-section, the trace for the cross-section?

5 A. Exhibit Number 4 was -- You can see on the
6 Central Vacuum Unit the well marked 74W is actually the
7 second well on this cross-section. There is one well on
8 this cross-section to the east --

9 Q. To the west.

10 A. To the west, excuse me. And then the two wells
11 included in the cross-section on the East Vacuum-Grayburg-
12 San Andres Unit are marked 396W, and then down to the
13 southwest -- southeast, the well identified as 005.

14 Q. Basically what this cross-section gives you is an
15 opportunity to look at the Grayburg-San Andres area on the
16 boundary in the area of interest?

17 A. That's correct.

18 Q. And what does it show you?

19 A. It shows that the intervals that will be injected
20 with CO₂ are continuous across both units.

21 Q. Based on ConocoPhillips' efforts to inject CO₂ in
22 other portions of the Vacuum-Grayburg-San Andres Unit, does
23 this look like a good area geologically to implement a CO₂
24 flood?

25 A. Yes, this is kind of the sweet spot of both

1 units.

2 Q. Mr. Johnstone, let's go to ConocoPhillips Number
3 8. Would you identify that and explain what it shows?

4 A. Exhibit Number 8 is an incremental oil forecast
5 for the subject area.

6 Q. Is this incremental oil all the result you
7 anticipate of the CO₂ flood?

8 A. Yes.

9 Q. It shows both oil and gas?

10 A. Yes.

11 Q. And it's limited to just the expanded-use area,
12 the 156 acres we're talking about?

13 A. Yes, that is right.

14 Q. All right, let's go to Exhibit Number 9. What is
15 that?

16 A. Exhibit Number 9 is the application for a
17 certificate of qualification for the leaseline expansion
18 projection at the East Vacuum-Grayburg-San Andres Unit.

19 Q. What are the capital costs that will be incurred
20 for facilities related to this project?

21 A. For field installation and upgrades \$360,000, for
22 well remediation and miscellaneous costs \$740,000. So
23 total capital costs will be approximately \$1.1 million.

24 Q. And then how much is the carbon dioxide going to
25 cost?

1 A. CO₂ injection will cost approximately
2 \$13,068,000.

3 Q. So the total project costs are what?

4 A. \$14,167,990.

5 Q. Have you determined the value of the additional
6 production that you expect to recover from the project?

7 A. Yes, we have.

8 Q. And what is that?

9 A. We calculated reserves, incremental reserves from
10 the project, 1117 barrels, at an average price of \$20 a
11 barrel, gives an additional value of \$22,349,576.

12 Q. And what were the additional volume number of
13 barrels you anticipated?

14 A. 1117.

15 Q. Is that thousand or --

16 A. Million, excuse me.

17 Q. And I was going to say, what is the price, and do
18 you have a purchaser? (Laughter) What is the price you're
19 using in this calculation?

20 A. Twenty dollars a barrel.

21 Q. What is the anticipated date for commencement of
22 injection?

23 A. We'd like to commence injection prior to October
24 1st, 2003.

25 Q. Would you explain why that is an important date?

1 A. Under our transportation contract, CO₂
2 transportation contract with Trinity CO₂, we must be
3 injecting into at least four of these lease-line injectors
4 by October 1st to get a 4-cent-per-MCF reduction in our
5 transportation costs.

6 Q. And you are physically able to do that as soon as
7 you get approval from the OCD?

8 A. Yes.

9 Q. And so we request that the order be expedited to
10 the extent possible, do we not?

11 A. Yes, we do.

12 Q. Does Exhibit Number 9 contain graphs that show
13 the production and the injection history for this project?

14 A. Yes.

15 Q. Does it also forecast the enhanced recovery of
16 oil and water anticipated within the project area?

17 A. Yes, it does. The application also contains
18 graphs for the entire -- for the current CO₂ project area
19 and for the expanded-use area.

20 Q. Is ConocoPhillips Exhibit Number 10 an affidavit
21 confirming that notice of this Application has been
22 provided in accordance with the Rules of the Division?

23 A. Yes, it is.

24 Q. And to whom was notice provided?

25 A. To all working-interest owners of the East

1 Vacuum-Grayburg-San Andres Unit and to the working-interest
2 owners of Central Vacuum Unit.

3 Q. And those are identified on a list attached to
4 the affidavit; is that correct?

5 A. Yes, they are.

6 Q. Mr. Johnstone, in your opinion will approval of
7 this Application and the implementation of this CO₂ flood
8 be in the best interest of conservation, the prevention of
9 waste and the protection of correlative rights?

10 A. Yes.

11 Q. Were Exhibits 1 through 10 either prepared by you
12 or have you reviewed them and can you testify to their
13 accuracy?

14 A. Yes.

15 MR. CARR: At this time, Mr. Catanach, we would
16 move the admission into evidence of ConocoPhillips Exhibits
17 1 through 10.

18 EXAMINER CATANACH: Exhibits 1 through 10 are
19 admitted.

20 MR. CARR: And that concludes my direct
21 examination of Mr. Johnstone.

22 EXAMINATION

23 BY EXAMINER CATANACH:

24 Q. Mr. Johnstone, it's my understanding that these
25 wells were already approved by the Division for CO₂

1 injection?

2 A. For -- Yes.

3 Q. So we don't have to do anything with that,
4 they're already approved for CO₂?

5 A. That is correct.

6 Q. All that you're seeking here is to authorize --
7 Now, let me ask you this. Was CO₂ injection not authorized
8 within this expanded-use area under the original East
9 Vacuum-Grayburg-San Andres?

10 A. Between the two operators we have not currently
11 had a lease line agreement to inject CO₂. As far as
12 authorized by the Division, I believe that they were not
13 authorized.

14 MR. CARR: Mr. Catanach, my understanding is that
15 waterflood operations were authorized but not the CO₂, and
16 they came back and on small project area by project
17 obtained approval to go forward with the CO₂ injection.

18 Q. (By Examiner Catanach) Okay. So CO₂ injection
19 within the East Vacuum has occurred just to the west of
20 this expanded-use area? I'm sorry, to the east?

21 A. To the east, yes.

22 Q. But as of yet, no CO₂ injection has been done in
23 this expanded-use area?

24 A. That is correct.

25 Q. Up till now it's just been water injection?

1 A. Yes.

2 Q. Now, I wanted to go back to Exhibit 4, and you
3 were saying something about -- I'm sorry, 5. On that
4 Exhibit A all the wells that are circled, those are all
5 injection wells?

6 A. Yes.

7 Q. And some of those are your injection wells, and
8 some are on the CVU, right?

9 A. That is correct.

10 Q. Okay. Now, there's been other areas that you
11 guys -- other small areas that you guys have permitted as
12 an expanded area before; is that right?

13 A. Correct, there were five expanded-use -- expanded
14 areas.

15 Q. Is that shown on this map in any -- Is that on
16 this map, those areas?

17 A. They're not outlined on that map.

18 Q. They're not outlined, but are they included on
19 this map, the area?

20 A. Portions of the areas.

21 Q. Okay, so we've done this similarly before.

22 MR. CARR: Mr. Catanach, those areas are
23 identified in Exhibit 3, in Order 6856-B, and there are
24 five areas, and they are described in this by quarter
25 quarter quarter section.

1 EXAMINER CATANACH: Okay, we're not going to that
2 extent in this --

3 MR. CARR: Not in this one.

4 EXAMINER CATANACH: -- in this one.

5 Q. (By Examiner Catanach) The 156 acres that you
6 guys have identified would just be the area encompassed by
7 the injection wells and the producing wells?

8 A. (Nods)

9 Q. Okay. Now, the row of producing wells on the
10 east side of your expanded-use area, have they -- Do you
11 know if they've received any benefit from CO₂ injection
12 that may have occurred to the east of those wells?

13 A. They have received CO₂ benefit. I don't know
14 that -- In the pattern, maybe a quarter of the pattern of
15 each of those patterns has affected those wells.

16 Q. But you think that those are going to be affected
17 by your injection into these eight wells?

18 A. That is correct. In the Application for
19 certification we've attached two charts showing the
20 production, gas production and oil production, in the
21 current CO₂ area and the new expanded area. And just by
22 doing some crude math here, the GOR in the new area is
23 approximately 1000 cubic feet per barrel of oil. In the
24 current CO₂ project area, average GOR is around 4000 to
25 5000 cubic feet of gas per barrel of oil.

1 I think that identifies that these wells have not
2 -- They may be receiving some benefit, but not to the
3 extent that they should, that they will with the new
4 project.

5 Q. Now with this injection pattern that you've got
6 going here in the expanded-use area, you think that all of
7 these producing wells shown in blue will be affected by
8 that injection?

9 A. Yes.

10 Q. Are there any plans to bring additional injection
11 wells on line in this area?

12 A. No, not currently.

13 Q. The wells that you've got shown with the straight
14 line and an arrow through them, do you know what those are?
15 For instance, the 004? Does that mean anything, does that
16 symbol mean anything on this map?

17 A. I think the symbol would indicate a water
18 injector.

19 Q. So those two will remain as water injectors?

20 A. I believe those two wells were converted. They
21 were previously injectors, have been converted to
22 producers.

23 I would have to double-check that, but I think
24 that is correct.

25 MR. CARR: If you'd like, we can confirm that to

1 you today, Mr. Catanach.

2 EXAMINER CATANACH: That would be good.

3 Q. (By Examiner Catanach) Okay, and this lease line
4 agreement has been executed by both parties?

5 A. Yes.

6 Q. Do we have signature pages on these? Mr. Carr?

7 A. Page 8.

8 Q. Okay.

9 A. Seven and 8.

10 Q. Mr. Johnstone, how long do you anticipate it will
11 be before you get a response to this injection in the
12 producing wells?

13 A. We think from one year to 18 months, we should
14 see a response a response, if we don't encounter premature
15 breakthrough.

16 Q. And you guys need to be injecting CO₂ by October
17 1st; is that correct?

18 A. That is correct.

19 EXAMINER CATANACH: I guess -- I'm still a little
20 confused, Mr. Carr. We just have an approved CO₂ injection
21 in this --

22 MR. CARR: That's right.

23 EXAMINER CATANACH: -- expanded-use area, but we
24 have approved the injection wells --

25 MR. CARR: The wells are approved, we're ready to

1 go.

2 We just need authorization to move to a CO₂
3 phase, and that's a significant change in the type of EOR
4 activity, and we're seeking because of that qualification
5 for the tax incentive.

6 EXAMINER CATANACH: Okay. So I need to get an
7 order out.

8 MR. CARR: I'll help you if you need help.

9 EXAMINER CATANACH: I believe that's all I have,
10 Mr. Carr.

11 Q. (By Examiner Catanach) You guys notified all of
12 the interest owners in both units?

13 A. Yes, we did.

14 MR. CARR: All working interest owners in both
15 units.

16 EXAMINER CATANACH: Nobody's said anything or
17 asked any questions or anything?

18 MR. CARR: No, none whatsoever.

19 EXAMINER CATANACH: This is kind of a routine --

20 MR. CARR: It's happened several times before.
21 Almost everyone is committed. There are a couple working-
22 interest owners that didn't respond, so we notified
23 everybody.

24 EXAMINER CATANACH: Okay, I believe that's all I
25 have.

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MR. CARR: Thank you, that concludes our presentation.

EXAMINER CATANACH: Okay. There being nothing further, Case 13,134 will be taken under advisement.

(Thereupon, these proceedings were concluded at 9:00 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 13134 heard by me on August 21 19 2003.
David R. Catnach, Examiner
Oil Conservation Division

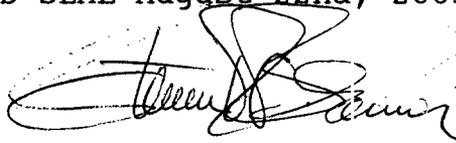
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL August 22nd, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006