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:	CASE NO. 11,863
APPLICATION OF DUGAN PRODUCTION CORPORATION FOR SURFACE COMMINGLING AND OFF-LEASE MEASUREMENT, SAN JUAN COUNTY, NEW MEXICO	ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

October 23rd, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, October 23rd, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

October 23rd, 1997
Examiner Hearing
CASE NO. 11,863

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	24
Exhibit 2	13	24
Exhibit 3	18	24
Exhibit 4	18	24
Exhibit 5	19	24
Exhibit 6	13, 20	24
Exhibit 7	10, 13, 20	24
Exhibit 8	10, 20	24
Exhibit 9	20	24
Exhibit 10	21	24

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

WHEREUPON, the following proceedings were had at 8:16 a.m.:

EXAMINER STOGNER: Call Case Number 11,863.

MR. CARROLL: Application of Dugan Production Corporation for surface commingling and off-lease measurement, San Juan County, New Mexico.

EXAMINER STOGNER: Call for appearances.

MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of the Santa Fe law firm of Kellahin and Kellahin, appearing on behalf of the Applicant, and I have one witness to be sworn.

EXAMINER STOGNER: Any other appearances?

Will the witness please remain standing to be sworn in at this time?

(Thereupon, the witness was sworn.)

MR. KELLAHIN: Mr. Examiner, my witness is Mr. John Roe. Mr. Roe is a petroleum engineer; he resides in Farmington, New Mexico. He's appearing on behalf of Dugan Production Corporation.

JOHN D. ROE,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Roe, for the record, sir, would you please

state your name and occupation?

A. My name is John Roe. I'm an engineering manager for Dugan Production in Farmington, New Mexico.

Q. On behalf of your company, have you prepared the administrative Application in this case, which was subsequently docketed for hearing before Examiner Stogner this morning?

A. Yes, sir, I have.

Q. As part of your preparation for that Application, have you been involved in the management, the construction and the proposed operation of this surface-commingled facility?

A. Yes.

MR. KELLAHIN: We tender Mr. Roe as an expert engineer.

EXAMINER STOGNER: Mr. Roe is so qualified.

Q. (By Mr. Kellahin) Mr. Roe, if you'll turn to the exhibit packages that you have compiled, let's take a moment and look at Exhibit 1, which is a diagram outlining the facility, and let's describe for the Examiner the various pieces of the project.

Let's start, first of all, with the overall purpose of the project. What are you trying to accomplish?

A. Okay, what we're trying to do with our central gathering system is, we're -- we have six wells that would

be included in the system.

Of those six, three wells have produced for some time and have been shut in also for some time. They produce from the Harper Hill Fruitland Sand-PC. They were shut in because of low rates of production and uneconomical volumes of water.

In addition to those three, we've recently redrilled the Harper Hill Fruitland Sand well, our Federal I 5R. It also is expected to produce large volumes of water from the Fruitland Sand-PC Pool.

We also have recently completed two Fruitland Coal wells, our Camp David Number 1 and O'Henry Number 1. Both of those produce from the basal Fruitland Coal. This coal is being mined within about a mile of these wells; it's being strip-mined in conjunction with the power-generation plant.

All six wells, we anticipate production to be marginally economical. We've put in a gathering system in order to share equipment and restore production to the three old wells and place the three new wells in a producing status.

Q. Will it be economic to produce these wells in any other fashion, other than the method you're proposing for approval today?

A. It's our opinion this is the only way to produce

these wells. As mentioned, three of the wells had earlier production with wellhead connections to El Paso Natural Gas. Primarily because of the water and low gas rates, they've been shut in as -- in some cases, several years -- as not economical. And with the shallow depth, the fact that the coal is being surface-mined within a mile, our experience with the coal in this area is that we also expect rates into the 30- to 100-MCF a day, at best.

Q. What's your understanding of the reason that your Application could not be approved administratively?

A. The primary issue, it's my understanding, is, with six wells and seven different leases involved, we have a dissimilar ownership. With the fact that we've got the dissimilar ownership, and our plans are to not measure production at any one well site, we're going to connect the wells, bring all production from each well to a central battery location, and the gas and water will be separated in one facility, the gas sold through a central delivery that currently serves as the Federal I well sales meter, that will be converted to a central-delivery gas-delivery meter.

Q. Where is that shown on Exhibit 1?

A. That would be located in the northwest quarter of Section 1, Township 29 North, Range 14 West. We have that identified with a little arrow and the label, "sales

meter". It's -- I said northwest quarter. It's actually in Unit C, the northeast of the northwest quarter.

Q. Of Section 1 here?

A. Of Section 1. And we've further identified that location at the bottom on the label there, just to be sure that it's clear where we have our central-delivery gas meter.

And that will also be the location of the central battery facilities, is at our Federal I 1 well site.

Q. Let's look at the legend on Exhibit 1. It has a lease name, a lease number, and then each of those are coded to a letter.

A. Yes, sir.

Q. When we look at the plat, for example, let's find lease F, which is the Federal I, and describe for the Examiner how he would know what acreage is involved in lease letter F.

A. Okay. As you've indicated, lease -- the Federal I lease, which we've identified with our label F, is -- also on the label there, that would be Federal Lease SF-078110, and that is contained within the -- Each lease is outlined with a different type of a marking. For instance, the Federal F is the long-dashed and the short-dashed lines. It is around the perimeter of Section 1 of Township 29 North, Range 14 West, and that particular lease

includes all of Section 1, as you can see with the outlining of the long- and short-dashed lines.

Q. All right. Let's do one more so that we can illustrate it. Up in 36 there's lease C. Lease C is subdivided in the section to be in three different locations in 36; is that not true?

A. Yes, that's true. Lease C is a state lease. It is in three separate parcels. Each parcel is a 40-acre -- or an approximate 40 acres. Section 36 has some odd lots in it.

The pieces of lease C are identified with solid dotted perimeters. One would be the northeast of the northeast quarter, the second part would be the southwest of the northwest quarter, and the third part would be the southeast of the southwest quarter, all in Section 36, 30 North, 14 West.

Q. All right. Within Section 36 you have identified WDW. That is the saltwater disposal well?

A. Yes, that is. And its importance to this project is, it is how we're able t handle the water volumes economically. Its involvement in this project is only to receive the water that is produced by these wells.

Q. And that has already been approved by an administrative order, has it not?

A. Yes, we have from the OCD --

Q. It's SWD-595, I think. It's --

A. Yes, sir.

Q. -- June 7th of 1995?

A. That's correct. And we also have received from the State Land Office -- that's on a state lease -- a water-disposal easement for that. That would be SWD-173. And also the necessary right of ways that were part of the State Land Office's stipulation and their approval of our project.

Q. Has your proposed central gathering system for this project been approved by the Commissioner of Public Lands?

A. Yes, sir, it has, and that has -- his approval is included as Exhibit 7.

Q. And has this project been approved by the Bureau of Land Management?

A. Yes, sir, it has. And evidence of that approval is included in Exhibit Number 8.

Q. You have state and federal approval. Are there any fee leases in here?

A. Yes, we have three types of leases: state, fee and federal.

Q. If we look at the legend on Exhibit 1, we can identify lease D as the only fee lease?

A. That is correct.

Q. Okay. Have you made an effort to contact all the interest owners, royalty and overriding owners, that would share in the production from these wells?

A. Yes, we have, and we've been able to contact all ownership involved in five of the wells. We do have one well. It's our O'Henry Number 1. There are five overriding royalty interest owners that we have not yet located. Their combined interest equals 1.3 percent.

Q. You're still searching for the location of those individuals?

A. Yes, we are, primarily as any revenues that would be derived from production from that well will need to be distributed to those people. So we will locate them. It's just -- We haven't yet --

Q. A hundred percent of the working interest is controlled by Dugan Production Corporation?

A. That's correct.

Q. All right. Attached to Exhibit 1 is some additional information. Without going through it in great detail, Mr. Roe, summarize for us what we're seeing in the additional attachments.

A. Well, I would like to think Exhibit 1 includes everything you need to know about this project.

On the second page it's nothing more than a tabular listing of the wells, their location, the lease

number, type of lease, the pool, the date the well was completed. It identifies their respective spacing units and gives you an idea of what we would anticipate future production to be at the time we were making our Application.

Q. If it had produced, you show the cumulative production, you show a test and what you anticipate to be its estimated rate once you hook it into the system?

A. Yes, sir. Those would be presented under the remarks. You will notice that as of the date of the Application, none of the wells were producing.

Q. All right. The third page is what?

A. The third page is just nothing more than a listing of all ownership, both working royalty and overriding royalty, in all six wells. And as I've already indicated, we've received return receipts, from our initial request for administrative approval and also for the notice of the hearing, from all ownership with the exception of the five owners that I've highlighted in blue on this, and those five overriding royalty owners total 1.32 percent.

Q. All right. And finally, the last attachment to Exhibit 1 is what, sir?

A. The last attachment would present -- Initially, this was included in our August 19th Application for administrative approval as our proposed allocation

procedure. The BLM asked for some modifications. We made those modifications and revised it in our -- on September 17th.

And this pretty much presents the method that we would allocate production from the central delivery, the gas sales and water, back to the individual wells, for proper accounting and royalty distribution.

Q. Let's turn now to Exhibit Number 2. Would you identify Exhibit Number 2 for us?

A. Okay. Exhibit 2 is a complete copy of our August 19th Application. This Application was submitted to the OCD, the State Land Office and the Bureau of Land Management, and it was requesting that this project be approved administratively.

As we've already indicated, the State Land Office approved this on August 26th. Their approval is Exhibit 7.

The BLM approved this on September 22nd. Their approval is included in Exhibit Number 8. And the OCD has asked that because of the lack of well-site measurement, that this be addressed at this hearing. Notice of that hearing is included as Exhibit Number 6.

Q. All right. Let's turn to the second page of Exhibit 2, and let's describe for the Examiner the method you propose to use to test the producing rate of each of the six wells and then how we are going to account to the

owners for their appropriate share of that production once it is accumulated at the sales point within the project.

Let's start first of all with what you propose to do in terms of testing each well.

A. Okay. Dugan Production has what we call a portable test unit. This is a unit that's manufactured and was purchased by Dugan, and it's manufactured specifically for a portable tester. It's intended to be a three-phase -- handle three-phase production. For our wells, we will only be testing for water and gas, but should there ever be any oil produced for any reason, it would also handle that.

Q. What does the tester use to record its test information?

A. Well, basically the gas -- It's got a conventional three-phase separator. The gas stream comes off of the separator, and it's recorded with a conventional Barton Dry Flow Orifice Meter. It has a standard meter run, and the gas is recorded in a conventional gas chart, as you would have if you had a conventional meter run at the well.

Q. Have you used this testing unit in other operations to determine whether, in your opinion, it is accurate and reliable?

A. We have, Mr. Kellahin. We've actually had this test unit in operation for a little over two years, and at

the time we purchased it, it was operative at that time and had been used many years by the previous operator.

Q. What do you propose for the testing intervals?

A. Because we have three wells that are well established production histories -- and those production histories were included in our initial Application -- we -- but in addition to those three wells, we have three wells that are new wells.

Initially, because of the new wells and the changing in production that typically occurs in a new well, in the early stages of its production life, we would propose that the wells be tested at least quarterly.

And then subsequent to the first year, we would test it at least annually, or if we see at the central battery a change in production, either water or gas, that we cannot explain, we would retest the wells -- a testing program would be -- a retest of all wells at the same time, to establish each well's ability to produce.

This tester is actually connected directly at the wellhead. All flow from the well is diverted through the tester. Water, oil and gas is measured, and then the three streams are recombined and sent on to the central battery.

Q. How will you use that test information to allocate back to the individual leases their appropriate share of the gas that is measured at the gas sales meter?

A. The exact procedure of that was presented in the last page of Exhibit Number 1, but basically we would take that individual rate that was tested during our test effort, and that would be a constant rate during the period that those tests are being used.

That test, in terms of MCF per day or barrels per day, would be multiplied by the number of days that individual well produced.

Q. How are you going to know what days the well had produced?

A. Our field people will maintain a daily ledger of whether the well's on or off. And so on a monthly basis we will receive in the office an accounting of days produced. That days produced will be then multiplied by the individual test rates of gas and water, and those products will be used to determine a percent of total production, based upon the relation that that product bears to the total of all wells. And then the gas through the central delivery meter and the water sent to the water disposal well will be allocated to individual wells.

Q. Are there pressure differentials among the wells of such a magnitude that it would adversely affect your ability to accurately measure and allocate back to individual wells their appropriate share of the gas production?

A. We anticipate that there might be some small pressure differences in the two gas reservoirs. The Harper Hill Fruitland Sand-PC has produced, so there has been some pressure depletion, although it is a little deeper than the Fruitland Coal. The Fruitland Coal is not a -- typical to the pressure that you typically see in the Fruitland Coal, primarily because within a mile of our wells it's being surface strip-mined.

Q. Do you have plans to take action to minimize any pressure differentials that might affect the production?

A. We plan to operate a compressor at the central gas-gathering -- or at the central delivery meter. And that would be our effort to keep the gathering system pressure as low as possible for all wells.

Q. Is it economic to put a separate compressor at each of these six wells?

A. No, it isn't. By having a central delivery compressor, all six wells will be able to share one piece of equipment.

Q. And this is the only feasible option available to you in order to economically produce gas that would otherwise be wasted?

A. That's our belief.

Q. Any indications that any of the hydrocarbons are incompatible?

A. No, the anticipated gas production from the Fruitland Coal is very similar in composition. Those two different gas analyses were included as attachment number 5 in our August 19th Application, which we've presented as Exhibit 2.

So attachment 5 to Exhibit 2 presents a copy of both anticipated gas analyses, and they're very similar in composition. And the waters, as far as we know, are also compatible.

Q. All right, let's go through and identify the exhibits that you have not already addressed. Identify for us what Exhibit 3 is.

A. Okay, Exhibit 3 is our copy of our September 16th transmittal to the OCD. Basically, we were just providing copies of our return receipts as evidence of notice of our Application. At this time we had return receipts for all ownership in five wells. There were at this time six of the overriding royalty interest owners that we had not located, and that represented 1.68 percent of the ownership.

In addition, we provided the OCD with a copy of the State Land Office approval, dated August 26th.

Q. All right, Exhibit Number 4, Mr. Roe?

A. Okay, this is a copy of our September 19th submittal. We actually prepared this document at the

request of the Bureau of Land Management to provide supplemental information to our August 19th letter application, and we also provided copies to the OCD and to the State Land Office.

And the primary purpose of this exhibit -- or I mean of this supplemental application, was to modify our proposed allocation procedure to incorporate days produced. And again, this revised procedure that was included in this transmittal is the current proposal for allocation of production.

It also includes a very detailed schematic of the facilities out there, including a diagrammatic sketch of our -- the central battery location at the Federal I 4 well.

Q. Okay, Exhibit 5, Mr. Roe. Would you identify that for us?

A. Exhibit 5 is nothing more than an update of our interest owner notification. We, at this time, still had five overriding royalty interest owners that we had not located, but we had been able to locate one of the six that we hadn't located already. It reduced our notice to -- 1.32 percent of the ownership has not been notified. And again, that's only in one well. A hundred percent of the ownership in the other five wells has been notified.

In addition, we transmitted a copy of the BLM's

September 22nd approval to the OCD.

Q. Okay, identify for us Exhibit 6.

A. Okay, Exhibit 6 is our October 3rd notice to all interest ownership involved. It's notice to them that we would be having this hearing today, to address our administrative -- our August 19th request for this project.

Q. All right, Exhibit Number 7. Would you identify that for us?

A. Okay. Exhibit Number 7 is a copy of the August 26th approval from the State Land Office for our project that was submitted in our August 19th Application.

Q. Exhibit 8?

A. Exhibit 8 is the BLM's approval of that same letter application, their approval dated September 22nd, and it's made effective August 1st.

Q. Okay, Exhibit 9?

A. Exhibit 9 is a copy of the C-104s that we submitted on all six wells. At the time that we discovered that this -- our project could not be approved administratively by the OCD, we were in a position that we were pretty much ready to start producing the wells. The two Fruitland Coal wells had just been fracture-stimulated, and we needed to place those wells on production.

So Mr. Chavez and Mr. Catanach agreed that we could receive a temporary testing allowable for these wells

so that we could get them on production with the stipulation that we have this hearing. And subsequent to the hearing, we would produce the wells in accordance with the findings of the Hearing Examiner.

Q. And then lastly, Mr. Roe, Exhibit 10, please?

A. Okay, Exhibit 10 presents information that Mr. Chavez requested we accumulate during this temporary test period. On the first page of Exhibit 10 -- There's eight pages total. It's a summary of what's happened on this system since our September 12th -- That was the first day that the gas-gathering system was placed on production. And I've identified how many wells are producing at any one time.

For instance, on September 12th we've got one well. The rate at the central delivery meter was 105 MCF per day. Pipeline pressure was running 224 p.s.i. And you can see the status of the six wells involved.

The one well that was on production was our Federal I 5R. That's the well we recently drilled as a replacement well in the Harper Hill Fruitland San-PC. That well was placed on production at 330. The other wells, you can see, were shut in.

If we drop on down to -- oh, the October 2nd, we'll just go across that line. There were three wells producing that day. The rate at the central battery was

264 MCF per day. The pipeline pressure is 211. We basically had the Camp David Number 1 placed on production at 8:30 that morning. The Federal I 4 was producing that day. You can see that we have what I call test 1. That is on the Federal I 5R. The Federal I 6 was shut in, as well as the other two wells, the O'Henry and Winifred.

On the second page of this, I've presented a tabulation of the results of those individual tests. In other words, we just indicated that the Federal I 5R was -- had test 1 taken on October 2nd. At the top of the second page you can see the individual test results. This is the kind of information that we are able to acquire with our portable test unit.

And you can see the Federal I 5R that particular 24-hour period averaged 6 MCF per day and .3 of a barrel of water per day. And it did it with a system pressure of about 81 p.s.i. Again remembering that we're -- got a central gathering system compressor that's taking that 81 p.s.i. and compressing it to the pipeline pressure of over 200 pounds.

Q. Why are there zeros in the Federal I 6 and the Winifred 2 columns?

A. Okay, if you're -- You're asking about the --

Q. The current test allocation factors.

A. Okay. Basically what I'm trying to present there

is just an example of how the allocations would occur, having the test data for the wells up above. And for instance, with the test data that we've accumulated so far, the allocations would be as you would see them here.

For instance, the Camp David Number 1 tested a rate of 130 MCF a day and 138 barrels of water per day. And the total of all tests -- As you asked, Mr. Kellahin, two of the wells have zero. And the reason they're zero is because they're currently shut in and haven't been placed on production, primarily for just field issues. Once we get the wells physically connected and ready to produce, they will also have numbers.

But if we were to develop these allocation factors -- And again, we're not proposing these to be the allocation factors. I'm just saying this is how we would do it. The six wells with this test data have a combined rate of 204 MCF per day and 273 barrels of water per day. And just using those totals, if they all produced equal time, they would have the allocation factors that we've indicated here. In other words, 63 percent of the gas from the CDP would go to the Camp David, 2.9 percent of the gas would go to the Federal I 5R, and the water would be allocated in a similar manner.

Q. For purposes of the hearing today, you're specifically seeking from this Examiner approval under the

Division Rules for this surface commingling and the off-lease measurement of production from these six wells, using this plan of operation that you've presented this morning?

A. Yes, sir.

MR. KELLAHIN: Mr. Examiner, that concludes my examination of Mr. Roe.

We move the introduction of his Exhibits 1 through 10.

EXAMINER STOGNER: Exhibits 1 through 10 will be admitted into evidence at this time.

EXAMINATION

BY EXAMINER STOGNER:

Q. Mr. Roe, do you see in the near future or anytime in the future of additional wells in either of these pools in this general area to be tied up to the system?

A. That's certainly a possibility, Mr. Stogner, especially with the Fruitland Coal producing in the Camp David Number 1. It's much better than we envisioned, although I will point to the fact that it's too early -- The Camp David 1, we've got one test at 229 MCF a day and another test of 130 MCF a day.

But if these are anywhere near -- If they hold up anywhere close to these rates, we for sure would look at additional Fruitland Coal development. We would intend to make application and get permission to add those wells

prior to adding, though. In other words, that would be a requirement of the OCD and the BLM. So we wouldn't add wells without first having obtained that approval.

And I might point out too that to offset our excitement of the performance of the Camp David Number 1, the O'Henry Number 1, the one test that we have from that Fruitland Coal well was 23 MCF a day, and that's more the area we expected.

Q. From the sales meter there in unit C of that section, does that go right into a main feeder line to El Paso Natural, or is that just an additional connection on to an existing Dugan trunk line or feeder?

A. No, that would actually connect directly to El Paso Natural gas. And up until this point, that meter has been the well-site meter for the Federal I 4, and that is on the El Paso system. And in fact, the El Paso San Juan River plant is just about two miles to the west, just off the map here.

Q. If additional wells are put on to this line, would that possibly include additional acreage not shown here? You've got two sections and then part of 160 acres in Section 35. Is there additional lands out there available for Dugan to tie on?

A. Mr. Stogner, we have a lot of leasehold interests in this area, so it's conceivable we could propose the

addition of leases in addition to this at some time in the future.

Q. Okay. Now, you said you were given a temporary allowable. Were you actually assigned a given amount that you couldn't produce from these wells, or were you given a certain amount of time by the District Office to get some sort of a relief from the Division?

A. It was a time -- Initially, Mr. Chavez said 60 days, but he later said that we would have approval until there's a decision from this hearing.

EXAMINER STOGNER: Hmm. So I take it there's nothing holding us back from issuing an order at any time soon, is there, Mr. Kellahin?

MR. KELLAHIN: I see no reason you can't do that.

EXAMINER STOGNER: Okay. So you're not asking for expedition I guess?

MR. KELLAHIN: No, sir. You have a number of things to do. We'll wait our turn.

Q. (By Examiner Stogner) Did the BLM or the State Land Office have any particular questions about your testing -- or your time between tests?

A. No, sir, the BLM initially questioned the allocation procedure that we submitted with our August 19th -- In other words, Attachment 4 in the August 19th Application did not include a provision for number of days

produced per month. And so that was fixed with our September 19th revision.

And so incorporating the producing time each month, that satisfied the BLM's concerns. And again, their approvals were given without any -- The BLM only stipulated that we pressure-test the system and operate consistent with their onshore orders. The State Land Office's only stipulation was that the OCD also approve this, along with the BLM.

EXAMINER STOGNER: Are there any other questions of Mr. Roe?

MR. KELLAHIN: No, sir.

EXAMINER STOGNER: You may be excused. Thank you, Mr. Roe.

Is there anything further in Case Number 11,863?

MR. KELLAHIN: No, sir.

EXAMINER STOGNER: This matter will be taken under advisement.

(Thereupon, these proceedings were concluded at 8:58 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11863, heard by me on Oct. 23 1997.

, 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 October 24th, 1997.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998