STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION FOR THE PURPOSE OF CONSIDERING:	CASE NO. 12,223
APPLICATION OF POGO PRODUCING COMPANY FOR APPROVAL OF A PILOT PRESSURE MAINTENANCE PROJECT AND TO QUALIFY THE PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, EDDY COUNTY, NEW MEXICO	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN
JAMI BAILEY, COMMISSIONER
ROBERT LEE, COMMISSIONER

November 17th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Wednesday, November 17th, 1999, 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.

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I N D E X

November 17th, 1999
Commission Hearing
CASE NO. 12,223

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	6	12
Exhibit 2	7	12
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Exhibit 4	8	12
Exhibit 5	10	12

* * *

APPEARANCES

FOR THE COMMISSION:

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WHEREUPON, the following proceedings were had at 9:23 a.m.:

CHAIRMAN WROTENBERY: Case 12,223, the Application of Pogo Producing Company for approval of a pilot pressure maintenance project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.

This case is being heard on the Application of Pogo Producing Company for a *de novo* review pursuant to the provisions of Rule 1220.

Let me call for appearances in this case.

MR. BRUCE: May it please the Commission, Jim Bruce of Santa Fe, representing the Applicant. I have one witness.

MR. GASSER: And Ron Gasser with Pogo Producing Company.

CHAIRMAN WROTENBERY: I'm sorry, could you --

MR. GASSER: Ron Gasser, Pogo Producing Company.

CHAIRMAN WROTENBERY: How do you spell your name, Mr. Gasser?

MR. GASSER: G-a-s-s-e-r.

CHAIRMAN WROTENBERY: Are there any other appearances in this case?

MR. CARROLL: Rand Carroll, appearing on behalf of the Oil Conservation Division. I have no witnesses.

CHAIRMAN WROTENBERY: Thank you, Mr. Carroll.

Mr. Gasser, would you stay standing and be sworn in?

(Thereupon, the witness was sworn.)

MR. BRUCE: Madame Chair, as an introductory matter, in this case Pogo seeks to institute a pilot pressure maintenance project covering parts of four leases in Eddy County.

This matter was heard by the Division, and the Application was granted by Order Number R-12,246. However, the first page of the Exhibit package I've handed to you, highlighted in yellow is Paragraph (4) of the Order, which required Pogo Producing Company to cement the production casing in a certain offsetting well described in that paragraph.

The only matter on appeal today is this Paragraph 4. We seek relief from that requirement, and Mr. Gasser, Pogo's engineer, will explain the reasons why.

RON GASSER,

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

DIRECT EXAMINATION

BY MR. BRUCE:

Q. Would you please state your name and city of residence for the record?

A. Ron Gasser. I'm from Midland, Texas.

Q. What is your occupation, and who do you work for?

A. I'm the division petroleum engineering manager, and I work for Pogo Producing Company.

Q. Have you previously testified before the Division or the Commission as a petroleum engineer?

A. Yes.

Q. And were your credentials as an expert petroleum engineer accepted as a matter of record?

A. Yes.

Q. And are you familiar with the engineering matters related to this *de novo* Application?

A. Yes.

MR. BRUCE: Madame Chair, I tender Mr. Gasser as an expert petroleum engineer.

CHAIRMAN WROTENBERY: He is so qualified.

Q. (By Mr. Bruce) Mr. Gasser, would you identify Exhibit 1 for the Commission, please?

A. Exhibit 1 is a land plat showing Pogo acreage in yellow. Pogo produces to inject water in the Brushy Canyon member of the Delaware formation, through the Pure Gold "B" Federal Number 20. That well is located in the northeast quarter of the southeast quarter of Section 20. This well is marked with a red arrow.

The project area for the pressure maintenance

project is outlined in green. The initial producers are the eight wells surrounding the injector, marked with black dots.

The well that we are discussing today is the Kaiser-Francis well, located in the southwest quarter of Section 21. It is a gas well that is currently completed in the Atoka formation.

Q. Could you move on to Exhibit 2 and just identify that briefly for the Commission?

A. Exhibit 2 is a plat from the C-108 showing the wells within a half-mile radius of the injection well. As you can see, the Kaiser-Francis well is about one-half mile east of the proposed injection well.

Q. Okay. What does Exhibit 3 show, Mr. Gasser?

A. Exhibit 3 is a sketch, a wellbore diagram of the injection well. It was drilled earlier this year with the intent of producing it for a period of time. However, during completion operations the reservoir pressure was measured to be about 900 p.s.i.g., at which time Pogo decided to apply for a pilot pressure maintenance project.

The injection interval is shown from 7965 to 7774. It's located across the lower Brushy Canyon. We anticipate an average injection rate of about 1000 barrels of water per day with a maximum approval rate of 6000 barrels of water per day into this well.

The well has been properly cased and cemented, and no injection water can escape out of the zones.

Q. Now, let's move on to your Exhibit 4 and discuss in more detail the well in question, the Kaiser-Francis Pure Gold "A" Number 1.

A. Exhibit 4 is a sketch of the well in question. It was drilled in 1980 and completed in early 1981 to test the Morrow formation. It was recompleted earlier this year to an Atoka interval.

The well is cased and cemented with 13-3/8-inch casing to 4206. There is no cement located behind the 9-5/8-inch casing from 7850 to 4206, which corresponds to the Delaware interval, which is from the base of the Delaware lime to the base of the Brushy Canyon.

Q. Or to the top of the Brushy Canyon -- Or no, to the base, excuse me.

A. To the base of the Brushy Canyon.

Q. And so this is the interval that the Division was concerned about, the uncased interval from 4206 to 7850 feet?

A. That's correct.

Q. Okay. Now, when this well was drilled, was it cased and cemented according to Division procedures?

A. Yes, it was.

Q. Okay. Now, why does Pogo make this request so

that it does not have to re-enter and cement this well?

A. Well, there are two reasons. First of all, the current completion ensures that there will be no crossflow between zones.

Secondly, re-entry would entail killing the well, which would lead to a potential loss of reserves from the existing completion.

Q. Would you discuss in more detail why leaving the well as it currently is will cause no problems?

A. This well has been open to the Delaware formation for about 20 years without any problem. We know this because when the well was recompleted earlier this year, Kaiser-Francis pressured up on the production casing and discovered no casing leak.

In addition, we will be reinjecting into the Delaware water, into the Delaware formation approximately a half mile away, so there will be no change in the environment around this existing wellbore.

Finally, we note that the current reservoir pressure in the Brushy Canyon, lower Brushy Canyon, at the proposed injection site is now about 900 p.s.i.g., while it was initially about 3550 pounds. Thus, the injection will maintain current pressures which are substantially lower than the initial pressures.

Q. So when this well was drilled, the Delaware

pressures around this wellbore were about 3550?

A. Yes, it's an average gradient for the area.

Q. Okay. Now, you also mentioned problems with re-entering the well. Regarding re-entering, does Pogo operate this well?

A. No, we do not operate this well, but we do have a working interest in the well. And even if we did operate the well, we'd still be here asking for the same relief.

Q. What are the problems with re-entering the well?

A. We believe re-entering the well to cement the production casing would require killing the well and risk damaging the existing completion.

If you'll refer to Exhibit 5, which is a production plot of the Pure Gold "A" Federal Number 1, you can see that we estimate there's remaining approximately 400 million cubic feet of gas, and the well is currently producing at a rate of about 150 MCF per day.

Q. Now, there's a gap in production here for several years. Were any problems encountered when the well was recently re-entered and -- what? It was recompleted in the Atoka?

A. Yes, it was recompleted from the Morrow to the Atoka interval. And while returning the well to production this year, the Atoka interval required jetting with nitrogen to obtain production. And historically, the Atoka

and Morrow intervals are somewhat water sensitive. So minimizing exposure to fluids is the most prudent operation for the well.

Q. Okay. The problems you had earlier this year indicate that if you re-entered it again and killed the well, it might not come back

A. Yes, the longer it produces and the lower the reservoir pressure becomes, the more likely you are to lose the well if you were to kill it and pump fluids into it.

Q. And again, you said that this wellbore has maintained its integrity although it's been open to the Delaware for -- well, almost 20 years?

A. Yes.

Q. Okay. In your opinion, is the Kaiser-Francis well properly completed and will it prevent the movement of fluids to other zones?

A. Yes.

Q. Referring back to your Exhibit 4, what is the worst-case scenario that could happen with this well?

A. Well, because of the casing and cement at 4200 feet, no fluids can move uphole to any other zones. Likewise, no fluids can move below the Delaware formation.

The worst case would be a casing leak occurring in the 9-5/8-inch casing string. However, in that situation any movement of fluids would be confined to the

annular volume within the wellbore and would be shown at the surface by an increase in casing pressure.

Q. Okay. So it would go up to the surface, but it wouldn't go into any other zone?

A. That's correct.

Q. In your opinion, is the granting of Pogo's request in the interest of conservation and the prevention of waste?

A. Yes.

Q. And were Exhibits 1 through 5 prepared by you or under your direction?

A. Yes.

MR. BRUCE: Madame Chair, I move the admission of Pogo's Exhibits 1 through 5.

CHAIRMAN WROTENBERY: Any objection?

MR. CARROLL: (Shakes head)

CHAIRMAN WROTENBERY: Pogo Exhibits 1 through 5 are admitted into the record.

Is that all the questions you have?

MR. BRUCE: That's all I have.

CHAIRMAN WROTENBERY: Mr. Carroll, do you have any --

MR. CARROLL: No questions.

CHAIRMAN WROTENBERY: -- questions?

Commissioners?

EXAMINATION

BY COMMISSIONER BAILEY:

Q. What are the federal underground injection control rates concerning cementing of wells within the area of review?

A. Within the half-mile radius?

Q. Right.

A. I'm not totally familiar with them, but I believe that the main concern is that there will be no movement of fluids into other zones.

CHAIRMAN WROTENBERY: In the State of New Mexico, the Oil Conservation Division administers the underground injection control program, so it is Oil Conservation Division requirements, rather than EPA requirements that apply.

Q. (By Commissioner Bailey) What is the source of your injection water?

A. It's produced water from the Delaware interval within this pool.

Q. Your Application is for pressure maintenance within the Delaware and not within the Morrow?

A. Correct, the lower Brushy Canyon is the exact interval, but it's within the Delaware formation, that's correct.

Q. What type of sealing mechanisms are there between

the Delaware and the Morrow in this area?

A. In this -- Well, there's production casing and cement around the production casing.

Q. But can you answer any kind of geologic questions concerning the --

A. The intervals?

Q. -- between the different formations?

A. No, I'm really not sure where you're headed with the question.

Q. I'm looking for possibilities for out-of-zone migration, outside of the wellbore.

A. Okay. Below the Brushy Canyon is the Bone Springs, and below the Bone Springs I'm sure there are shale sections which would eliminate any movement within the reservoir down to lower sections, i.e., the Morrow.

MR. BRUCE: Commissioner Bailey, if I may, there was geologic testimony in the initial hearing, and I was going to ask to incorporate that record, but I'd be glad to get the transcript from that, because the geologist did address the separation of zones.

COMMISSIONER BAILEY: It would be very helpful.

MR. BRUCE: I think it would be helpful, based on the questions you're asking.

COMMISSIONER BAILEY: That's all I have for those types of questions, then.

MR. BRUCE: Madame Chair, I would ask to incorporate the record from the Examiner Hearing.

CHAIRMAN WROTENBERY: We'll do that. And then are you planning to --

MR. BRUCE: What I will do is, I will get --

CHAIRMAN WROTENBERY: -- extract --

MR. BRUCE: -- the geologist's testimony and provide it to the Commissioners. And I'll make sure you have extras of the geologic exhibits, Commissioner Bailey.

COMMISSIONER BAILEY: Thank you.

EXAMINATION

BY COMMISSIONER LEE:

Q. What's the current production of your eight wells right now?

A. The average production, as in testimony in the previous hearing, was 19 barrels of oil per day and about -- I believe it was 20 MCF of gas per day and about 20 barrels of water per day, from the existing wells.

Q. When you produce the 20 MCF per day, inject the 1000 barrels a day, what pressure are you expecting to --

A. Well, initially, it will take it on a vacuum. And I don't know if you're aware, but approximately five miles away we've instituted the net pilot pressure maintenance project, which is a lower Brushy Canyon pressure maintenance project, and we've been pumping into

that project for approximately three and a half years, and our most recent pressure is 350 pounds p.s.i.g. at the surface. And average injection for that interval has been about 2100 barrels of water per day.

Q. Okay, I'm worried about your injecting 100 --

A. 1000.

Q. -- 1000 barrels a day and you produce that much of the gas. You probably won't have any pressure increase.

A. That's what we're seeing in the net pilot pressure maintenance project. We're not seeing pressure increases at offsetting wells, especially a half mile away, we're seeing absolutely no response. But we are seeing increase in rates, which I guess would correspond somewhat to an increase in pressure, or a maintain -- What we're seeing is a flattening of the declining, which is a maintaining of the initial -- the existing reservoir pressure.

And that's basically our goal with this one-point injection system, is to maintain the existing pressure and measure the corresponding production response to that.

Q. What's the average disposal cost for one barrel of water in this region?

A. If it's hauled, I believe it's about 95 cents a barrel. We have disposal wells, and I believe our cost is 45 cents a barrel, including maintenance of all the

facilities.

Q. This operation, how much -- I forget about the oil production, how much the costs for your -- you are saving when you inject your water into this well?

A. Actually, it represents no cost savings to Pogo, because we do have an existing water disposal system in this area.

COMMISSIONER LEE: No further questions.

EXAMINATION

BY CHAIRMAN WROTENBERY:

Q. Mr. Gasser, I have a few questions. I might just ask first whether there is groundwater in this area, fresh water.

A. Yes, in the initial hearing we presented samples in a few locations of groundwater, and I believe the depth was approximately 650 feet.

Q. That's the depth of the base of the groundwater zone?

A. Yes.

MR. BRUCE: Madame Chair, if you'd look at Exhibit 2, I believe the closest fresh water was in Section 14 to the northeast, about three miles away.

CHAIRMAN WROTENBERY: When you say the closest fresh water, that's the closest documented freshwater well?

MR. BRUCE: Yes, they had asked for records or --

They had called the State Engineer Office in Roswell, I believe, and that was the nearest documented freshwater source.

Q. (By Chairman Wrotenbery) I also wanted to ask a little bit about the pressures. The Division's Order authorizes, I think, a maximum surface injection pressure of 1540 p.s.i., and I believe that's the standard -- What is it? .2 --

A. Yes.

Q. -- per foot of depth to the --

A. -- to ensure --

Q. -- injection zone?

A. -- that we don't exceed the frac gradient at that depth.

Q. Right. And what does that equate to subsurface, in the injection zone?

A. 7770, which is about mid-perf, at an average grade of .433 p.s.i. per foot, and then you add the 1540 to that, that's approximately 4900 pounds, bottomhole.

Q. Okay, given your stated goal of maintaining existing pressure in the reservoir, do you need that much injection pressure?

A. Well, we're not seeing that much injection pressure. That's the maximum that we're allowed to have at the wellhead. As I stated, it's been our experience after

three years of 2000 barrels per day and an offsetting typical injector, we're measuring pressures of 350 pounds, rather than 1540 pounds. So we're at a lot less pressure than that. Initially, it will take it on a vacuum, with no pressure at all.

Q. If the Commission were to consider lowering the maximum authorized injection pressure in lieu of requiring remedial work on this well within the area of review, would you oppose --

A. No, we --

Q. -- that type of a limitation?

A. No, we wouldn't because -- It depends on how low you want to make it, but no, we really don't see the maximum injection pressure being a problem here. If anything, we believe that the pressure increase that we're seeing would be skin damage from the plugging of the perforations as we're pumping water into it.

With reservoir pressure maintaining at the current level, we don't see any problem or any need to get up to that maximum pressure.

Q. Okay. Do you have an opinion on what would be a --

A. -- a reasonable --

Q. -- reasonable maximum?

A. No. A thousand pounds seems to be reasonable.

Actually, the 1540 is a reasonable number. There's a safety factor included in that frac gradient depth calculation to ensure that we don't fracture the existing formation. So I really don't have any problem with 1540, but I understand the concerns.

I can tell you that -- maybe to ease your concerns somewhat, in the offsetting pilot pressure maintenance project, which is about five miles away, we have seen no response in wells that are within a half-mile radius of the injection point.

And we have seen response, some flattening of the decline, in the wells that directly offset the injection well. And we're three and a half years into that project, so we really do not expect any fluid to move into the well that we're talking about here today. We don't expect that to be a problem.

Q. Have you done analyses of the pressure effects in the reservoir of the injection operations?

A. Well, we -- You know, we've done reservoir engineering calculations basically like Buckley-Levert calculations on waterflood performance. And in those calculations you assume that you're going to build a flood front and a bank of oil. And I would say that the response we're seeing in our offsetting pilot pressure maintenance project is, that's not occurring. What we're seeing is the

flow of fluids through the -- you know, to the offsetting wells.

So we've tried to model it, and that models pressures and relative permeability changes and the flow of fluids throughout the reservoir. But we're not seeing that the performance in our offsetting pilot pressure maintenance project is matching the model.

So we could -- You know, I would say that with the production performance that we're seeing in the offsetting pilot pressure maintenance project, all we're doing is stabilizing the reservoir pressure. We're not seeing an increase in withdrawal from the reservoir at the wells that are offsetting the injection, which to me indicates that all we're doing is stabilizing reservoir pressure at its existing condition.

CHAIRMAN WROTENBERY: I don't know, Commissioner Lee, would you like to see some of that information on the pressure effects and the pressure front in the reservoir and --

COMMISSIONER LEE: No.

CHAIRMAN WROTENBERY: -- what might occur at the --

COMMISSIONER LEE: I think basically at the same phase is 3500 pounds, and right now, they only have 900. So the injection pressure really is not a concern. So you

know, I don't need to see that.

Q. (By Chairman Wrotenbery) I was hoping too to clarify your statement that there would be no crossflow between zones, and I was a little uncertain whether you were talking about the possibility of crossflow at the location of the injection or the possibility of crossflow at the Kaiser --

A. I'm speaking both.

Q. -- well.

A. There will be no -- We do not anticipate, and we do not believe there will be any crossflow at the injection well because of the cement program and the perforations and the barriers within the Brushy Canyon.

Q. Uh-huh.

A. Now, at the Kaiser-Francis well, the entire Delaware interval has been open for 20 years. Production has been obtained from various Delaware sections throughout that section, so pressures within those individual lenses have been changing over the last 20 years, and there has been no adverse effects.

And I doubt that there's been any crossflow. If you're familiar with the Delaware, most of these wells require a sand-fracture stimulation to produce, so they're relatively tight. And I don't anticipate or expect that there's been any crossflow within the Delaware in the

Kaiser-Francis well over the last 20 years, or will there be as a result of our operations at the Pure Gold "B" 20.

Q. Now, did I understand you correctly that in your opinion, if we do have fluid leaving the injection zone through the -- What is it?

A. Annular volume.

Q. -- 9-5/8-inch --

A. Uh-huh.

Q. -- annulus, that we would see that at the --

A. -- at the surface?

Q. -- at the surface in the Kaiser-Francis well?

A. Yeah, you would see pressure on the Bradenhead of that 9-5/8 - 12-1/4-inch annulus.

Q. Would you have any objection to monitoring the pressures on that annulus?

A. I wouldn't, but we're not the operator of the well.

Q. You do have a working interest?

A. Yes, we're the majority working interest owner in that well, and in fact --

Q. Do you have access to information on it?

A. Yes, we do. We do have access. But, you know, we can request things from the operator, but we cannot mandate that they do certain things.

But we really believe that it's not going to be a

problem at this location.

CHAIRMAN WROTENBERY: Any other --

FURTHER EXAMINATION

BY COMMISSIONER LEE:

Q. If your water comes into that well, what would happen? Suppose, one scenario.

A. Okay, if water made it over to that location, first of all you would have to build up reservoir pressure for anything to change from what's going on right now, you would have to get the reservoir pressure at that location above the initial reservoir pressure of the injection one. So if that --

Q. I'm asking you the question, suppose the water is coming to this well. What would happen to this well? That producing gas?

A. Yeah, nothing would happen because it's isolated behind the --

Q. Behind the --

A. -- 9-5/8-inch casing above the Delaware and below the Delaware. The Delaware interval is the only interval that's exposed on the back side of the 9-5/8. So nothing would happen to the well.

CHAIRMAN WROTENBERY: That's all the questions I had. Did you have anything further?

COMMISSIONER BAILEY: No.

CHAIRMAN WROTENBERY: Anybody else have anything further?

Mr. Carroll?

MR. CARROLL: May it please the Commission, the Division would like to remind the Commission that it has been the standard policy of the Division to require cementing of these types of wells. The Division will leave it in the very capable hands of the Commission whether Pogo has met its burden of proof justifying the exception to that policy.

This issue was not addressed and this evidence was not presented at the Division hearing.

Thanks.

CHAIRMAN WROTENBERY: Okay, anything further?

MR. BRUCE: No, ma'am.

CHAIRMAN WROTENBERY: I believe that will do it, then. I believe what we'll do is deliberate on this case, but we'll do that after we take up the next case.

(Off the record at 9:55 a.m.)

(The following proceedings had at 11:25 a.m.:)

CHAIRMAN WROTENBERY: And at this point I'll entertain a motion to come back into open session.

COMMISSIONER BAILEY: I so move.

COMMISSIONER LEE: Second.

CHAIRMAN WROTENBERY: All in favor say "Aye".

COMMISSIONER BAILEY: Aye.

COMMISSIONER LEE: Aye.

CHAIRMAN WROTENBERY: Aye.

And just let the record reflect that while we were in closed session, the only things that we discussed were the two cases that we heard today, Case 12,223, the Application of Pogo Producing Company for approval of a pilot pressure maintenance project, and then also case 12,033, the Application of Public Service Company of New Mexico for review of the Oil Conservation Division directive dated March 13th, 1998, related to remediation of hydrocarbon contamination in San Juan County, New Mexico.

We will go ahead and discuss the Case 12,033, the Application of Public Service Company of New Mexico, since that seems to be the group that we still have here.

(Off the record at 11:26 a.m.)

(The following proceedings had at 11:27 a.m.:)

CHAIRMAN WROTENBERY: And then on the Pogo Application, we will be deliberating on this case again at the Division's next meeting -- at the Commission's next meeting, which will be December 9th?

Do I have the right date, Florene? December 9th, 1999.

In the meantime, we will be following up with Mr. Bruce as counsel for Pogo Producing, and asking him for

first of all, the portions of the transcript that he wanted to discuss related to the geological issues involved in this particular application.

And then we will also be asking him for some additional information on the pressure increases that would be expected to be observed in the injection zone, particularly in the vicinity of the Kaiser-Francis well, for we believe that we did not quite have enough information, or at least the evidence did not seem clear enough to us on the pressure effects that would be anticipated at the location of the Kaiser-Francis wellbore, and we would like a little more data on that particular issue.

And we will work with the Commission's legal counsel, Lyn Hebert, to draft up a request for that information here next week.

MS. LEACH: Mr. Carroll, I'd ask that you call Mr. Bruce, since he's not here, and tell him what we're doing and to expect a written letter requesting --

MR. CARROLL: Okay.

MS. LEACH: -- to give him as much notice as possible.

CHAIRMAN WROTENBERY: Okay, thank you.

Anything else, Commissioners?

COMMISSIONER BAILEY: That's all.

CHAIRMAN WROTENBERY: Okay. I believe that will conclude this meeting of the Oil Conservation Commission. Thank you, everybody.

(Thereupon, these proceedings were concluded at 11:28 a.m.)

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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 Commission 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 November 21st, 1999.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002