



BY MR. VERITY:

Q State your name, please.

A John J. Redfern, Jr.

Q Mr. Redfern, are you an officer in Redfern and Herd?

A Yes, I am the President.

Q Are you a graduate engineer?

A Yes, I have a degree in Civil Engineering.

Q Have you also made a study of oil and gas engineering?

A I have.

Q Are you familiar with the geology of the Dakota formation underlying the West Half of Section 29, Township 29 North, Range 11, San Juan County, New Mexico?

A I am.

Q Do you know whether or not that the 320 acres under the West Half of Section 29 is all underlying of producing formation in the Dakota formation?

A All of our studies under that indicate that the Half Section will be productive.

Q Mr. Redfern, is Redfern and Herd, Inc. the operator of that -- of the working interests underlying that 320 acres on the Dakota?

A Yes.

Q Have you endeavored to contact all royalty interest owners to get their agreement to pool the West Half of 29 into one unit for production of gas and oil for the Dakota?



A We have contacted those royalty owners. The original oil and gas lease did not provide for 320-acre spacing; they have all agreed to the pooling, with the exception of one person.

Q Of course, all the other royalty interests agreed when they executed the lease?

A Yes.

Q You have been unable to obtain permission for obtaining from one individual then?

A Yes.

Q Do you desire to drill one well for production of Dakota gas on this 320?

A We are proposing to drill a well within the near future on this West Half and have secured the approval of Aztec and Summit, who also have working interest.

Q If you were deprived from dedicating the entire 320 to one unit, would this prevent you from recovering your just and fair share of Dakota oil and gas?

A Yes.

Q Who is the one individual who refused to join in the unit, the only undivided interest owner and part of the acreage underlying this unit?

A The one person who has refused only owns a portion of the royalty under a particular 40-acre tract, and his lease is held by production by both Pictured Cliffs and other Dakota wells in the vicinity.

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Q Would granting of this order enable the other royalty owners under that 40 acres to obtain their just and fair share of Dakota oil and gas?

A Yes, it would deprive them of their share of the royalty because if you drill and leave one 40 acres, you would deny them of production.

MR. VERITY: That is all we have.

CROSS-EXAMINATION

BY MR. NUTTER:

Q What is the name of the one unsigned?

A Sam Carson.

Q Is this the same Sam Carson that is listed in the application as being at 511 East Main, Farmington?

A We have contacted him numerous times, and he has a pool on the north part, immediately to the south.

Q He owns an undivided portion on one of the 40-acre tracts?

A Yes.

Q Who owns the working interest under that tract?

A We own the working interest on that 40.

Q You agree to the communitization?

A Yes.

Q What is his portion of the royalty?

A I believe, if I recall correctly, one-eighth.

Q He owns one-eighth of one-eighth?

A Yes.



Q Of 40 acres?

A Yes, I believe it's strictly a case of him not understanding, he just don't understand what these papers are that people ask him to sign.

MR. PAYNE: Denial of the application would also deny him the opportunity to recover his fair share of the Basin-Dakota production, would it not?

A Gentlemen, exactly; his lease is held by production, so there is no opportunity to make any other type of deal.

MR. NUTTER: We sent copies of this docket to Mr. Joe J. Christmann and Jack Markham and Summit Oil Company, of which there is insufficient address, that is all the address; are those three parties agreeable in communitization?

A Yes.

Q (By Mr. Nutter) Mr. Christmann is?

A Yes.

Q Markham and Summit Oil Company are?

A They have signed the operating agreement.

MR. NUTTER: Any further questions of Mr. Redfern? You may be excused. Do you have anything further, Mr. Verity?

MR. VERITY: No, nothing further.

MR. NUTTER: Does anyone have anything they wish to advise?

(Whereupon, the hearing was concluded and recess was taken till 1:30.)



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WITNESS:

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