

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

IN THE MATTER OF: )  
APPLICATION OF COLLINS & WARE, INC. FOR )  
COMPULSORY POOLING AND AN UNORTHODOX ) CASE NO. 10299  
GAS WELL LOCATION, LEA COUNTY, NEW )  
MEXICO. )  
\_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Examiner

May 2, 1991  
10:31 a.m.  
Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on May 2, 1991, at 10:31 a.m. at the Oil Conservation Conference Room, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico, before Susan G. Ptacek, a Certified Court Reporter No. 124, State of New Mexico.

FOR: OIL CONSERVATION      BY: SUSAN G. PTACEK  
DIVISION                      Certified Court Reporter  
CCR No. 124

## I N D E X

May 2, 1991  
 Examiner Hearing  
 Case No. 10299

## PAGE

## APPEARANCES

3

## COLLINS &amp; WARE WITNESSES:

## ROGER ELLIOTT

Direct Examination by Mr. Carr

4

Examination by Mr. Stovall

11

Examination by Examiner Stogner

23

## TODD WILSON

Direct Examination by Mr. Carr

17

Examination by Examiner Stogner

23

## REPORTER'S CERTIFICATE

26

\* \* \*

## E X H I B I T S

## Admtd

## COLLINS &amp; WARE EXHIBIT

1	11
2	11
3	11
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5	11
6	11
7	23
8	23

## A P P E A R A N C E S

FOR THE DIVISION:        ROBERT G. STOVALL, ESQ.  
                             General Counsel  
                             Oil Conservation Division  
                             State Land Office Building  
                             Santa Fe, New Mexico 87504

FOR COLLINS & WARE,       CAMPBELL & BLACK, P.A.  
INC.:                       Attorneys at Law  
                             BY: WILLIAM F. CARR, ESQ.  
                             110 N. Guadalupe  
                             Santa Fe, New Mexico 87501

\*   \*   \*

1 Examiner STOGNER: Call next case 10299.

2 MR. STOVALL: Application of Collins & Ware, Inc. for  
3 compulsory pooling and an unorthodox gas well location, Lea  
4 County, New Mexico.

5 EXAMINER STOGNER: Call for appearances

6 MR. CARR: May it please the examiner, my name is  
7 William F. Carr with the firm of Campbell & Black, P.A., of  
8 Santa Fe. I represent Collins & Ware, and I have two  
9 witnesses.

10 EXAMINER STOGNER: Are there any other appearances?

11 Will the witnesses please stand and be sworn?

12 (Whereupon the witnesses were duly  
13 sworn.)

14 ROGER ELLIOTT,  
15 the Witness herein, having been first duly sworn, was  
16 examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MR. CARR:

19 Q. Would you state your full name and place of  
20 residence?

21 A. My name is Roger Elliott and I reside at  
22 Midland, Texas.

23 Q. By whom are you employed and in what capacity?

24 A. I'm a consulting landman representing Collins &  
25 Ware in this matter.

1 Q. Mr. Elliot, have you previously testified before  
2 the New Mexico Oil Conservation Division?

3 A. Yes, I have.

4 Q. And were your credentials as a professional  
5 landman accepted and made a matter of record at that time?

6 A. Yes, they were.

7 Q. Are you familiar with the application filed in  
8 this case on behalf of Collins & Ware?

9 A. I am.

10 Q. Are you familiar with the subject area in the  
11 proposed well?

12 A. Yes, sir.

13 MR. CARR: Mr. Stogner, are the witness'  
14 qualifications acceptable?

15 EXAMINER STOGNER: Mr. Elliot is so qualified.

16 Q. (By Mr. Carr) Mr. Elliot, would you briefly  
17 state what Collins & Ware seeks with this application?

18 A. We seek the compulsory pooling and the formation  
19 of a 320-acre proration unit for the drilling of a  
20 13,800-foot Morrow test. We are also seeking the support  
21 and joinder of the leasehold owners in the north half of  
22 Section 13.

23 Q. Mr. Elliott, did you prepare certain exhibits  
24 for presentation here today?

25 A. Yes, I have.

1 Q. Would you refer to what has been marked as  
2 Collins & Ware Exhibit No. 1?

3 A. Exhibit -- excuse me.

4 Q. It's a three-page exhibit, and I'd ask you to  
5 identify the first page and review that.

6 A. The first page of Exhibit 1 is a land map that  
7 Section 13 encompasses, depicting the north half of Section  
8 13 outlined in red, which is the proration unit. And the  
9 red dot represents our initial test well location.

10 Q. This is a standard proration unit?

11 A. Yes, it is.

12 Q. And the well is proposed to be located at a  
13 standard location on that proration unit?

14 A. This particular location is not a standard  
15 location. It -- we prefer to drill a standard location but  
16 based upon the potash restrictions in this area, the Bureau  
17 of Land Management is requiring us to drill 150 feet --  
18 within 150 of preexisting wellbores within Section 13.

19 Q. So that is going to result in the well being  
20 slightly unorthodox?

21 A. Yes, it is.

22 Q. And that unorthodox location has previously been  
23 approved by the division by NSL 3009?

24 A. Yes, it has?

25 Q. Let's go to the second page of this exhibit, and

1 I'd ask you to identify that.

2 A. Second page is Noranda Exploration Company's  
3 LMR, which is the life of mine reserves, in this particular  
4 area. It outlines the LMR, again Section 13 is -- the red  
5 outline depicts our 320-acre proration unit with a red dot  
6 representing the well location.

7 Q. Now, let's move to the third page of this  
8 exhibit.

9 A. Third page depicts the ownership of Section 13  
10 and surrounding sections. The purple outline is our  
11 560-acre proration -- 560-acre working interest unit  
12 outlined. At the base of the plat the ownership in the  
13 purple is depicted there. Within Section 13, being the  
14 southwest of the northwest quarter, the black outline is  
15 depicted on the bottom of the plat here, which depicts the  
16 ownership of that particular 40-acre tract. And the red  
17 outline depicts the combination of both the purple and the  
18 black that represents the 320-acre proration unit  
19 ownership.

20 Q. Let's move to Exhibit No. 2, and ask you to  
21 identify that for the examiner.

22 A. Exhibit No. 2 is the breakdown of the ownership.  
23 The first part, the top part, is the ownership of the Teas  
24 working interest, which is that purple outline, which is  
25 560-acre working interest unit. The 40-acre tract as

1 depicted by the black outline is the ownership there on the  
2 bottom of Exhibit 2. And the combination of both, which is  
3 the furthest right column, is the combination of the owners  
4 in the north half of Section 13 proration unit.

5 Q. What percent of the working interest has  
6 voluntarily been committed to this well at this time?

7 A. At this date we have 67.82415 percent committed  
8 in writing. We have 29.96125 percent verbally agree to  
9 support our well via either participation or farmout. That  
10 leaves 2.2146 percent that we are awaiting on a decision  
11 from.

12 Q. You would anticipate that, based on the people  
13 who have indicated they are going to join, that you can  
14 have voluntary commitment of as much as what, in excess of  
15 92 percent?

16 A. Approximately 97 percent plus or minus.

17 Q. Would you identify what's been marked as  
18 Collins & Ware Exhibit No. 3?

19 A. Exhibit No. 3 is the 44 expenditure for the  
20 drilling of the Six Shooter Federal 13 No. 1 well.

21 Q. What are the total costs as depicted on this  
22 exhibit?

23 A. The total cost, dry hole cost, is \$772,510, and  
24 the completed cost is \$1,173,706.

25 Q. Are these costs in line with what's charged by



1 other operators in the area for similar wells?

2 A. Yes, they are.

3 Q. Mr. Elliot, I would like you to just briefly  
4 summarize for Mr. Stogner the efforts you have made to  
5 identify and obtain voluntary joinder of the working  
6 interest owners in the proposed spacing unit?

7 A. Based upon my federal and county record check, I  
8 determined the ownership of Section 13, and based on that  
9 we, of course, received joinder from a number of parties  
10 and no responses from some parties. Therefore, we sent out  
11 certified letters dated March 28, 1991, requesting a  
12 joinder or sale or farmout to our proposed well in Section  
13 13.

14 I followed up by telephone conversations within  
15 the last two weeks to try to get commitments from those  
16 parties, and based at this time, the percentages I just  
17 expressed a second ago, is what we have written commitments  
18 and verbal commitments.

19 Q. Now, the ownership breakdown shown on Exhibit 2  
20 and on the bottom of the last page of Exhibit No. 1, that's  
21 the result of your effort going to the county records to  
22 determine ownership in this acreage?

23 A. Yes, it is.

24 Q. Then you were able to obtain voluntary joinder  
25 of some of those, and then what has been marked as Exhibit

1 No. 4 is the certified letter which you referenced that you  
2 sent to the other interest owners seeking their  
3 participation?

4 A. Yes, it is.

5 Q. Attached to that you have the return receipts  
6 confirming that that letter has been sent?

7 A. Yes, there is.

8 Q. Following that you have been on the telephone,  
9 and that brings us to the point where you have the  
10 committed interest that you represented to Mr. Stogner a  
11 few minutes ago?

12 A. That's correct.

13 Q. Now, could you identify for Mr. Stogner what has  
14 been marked as Exhibit No. 5? Is this an affidavit from  
15 Campbell & Black confirming that notice of this hearing has  
16 been provided as required by OCD rules?

17 A. Yes, it is.

18 Q. And would you identify Collins & Ware Exhibit  
19 No. 6?

20 A. This is the administrative order NSL 3009  
21 granting us a waiver of unorthodox location predicated upon  
22 BLM and potash stipulations.

23 Q. All right. Were Exhibits 1 through 6 either  
24 prepared by you or complied at your direction?

25 A. Yes, they were.

1 MR. CARR: At this time, Mr. Stogner, we would move  
2 the admission of Collins & Ware Exhibits 1 through 6.

3 EXAMINER STOGNER: Exhibits 1 through 6 will be  
4 admitted in evidence at this time.

5 (Collins & Ware Exhibits 1 through 6  
6 were admitted in evidence.)

7 MR. CARR: That concludes my direct examination of  
8 this witness.

9 EXAMINATION

10 BY MR. STOVALL:

11 Q. Let's go back to Exhibit No 2 and try to  
12 relate -- talk about the various persons on the Teas  
13 working interest unit. Collins & Ware is the operator of  
14 that unit; is that correct?

15 A. Yes, sir.

16 Q. And that represents 280 out of the 340 acres in  
17 the proration unit; is that correct?

18 A. Correct.

19 Q. And am I correct in understanding that 100  
20 percent of that unit is committed to this well?

21 A. In writing or verbally, right.

22 Q. So all of the parties you are seeking to force  
23 pool are in the Mahaffey working interest unit?

24 A. Yes, sir.

25 Q. And is 40 acres?

1 A. Yes.

2 Q. If I read your columns, in the left-hand  
3 percentage column, does that represent the percentage of a  
4 particular tract involved?

5 A. The Teas working interest is a combination of  
6 560-acre working interest unit, so that's the percentage  
7 based on a 560-acre working interest unit. The 40-acre  
8 tract, which is the southwest of the northwest is the total  
9 of the ownership in that particular tract.

10 Q. Just in the 40 acres?

11 A. Yes.

12 Q. When you go to the right-hand percentage column,  
13 does that represent the total interest in the -- in the  
14 proration unit?

15 A. Right, exactly.

16 Q. Have any of the Mahaffey working interest unit  
17 owners voluntarily joined or --

18 A. Yes, sir. Yes, sir.

19 Q. What we're trying to do is come up with the  
20 numbers that you have given us.

21 A. Right.

22 Q. You got 67.82 something percent firmly committed  
23 in writing?

24 A. Right.

25 MR. CARR: Mr. Stovall, if it would be helpful, we

1 could with Exhibit 2 identify those interests who have  
2 joined in writing, verbally and those who have not.

3 MR. STOVALL: It might be the quickest way to get  
4 through this.

5 THE WITNESS: We'll start at the top and go down.  
6 Scope Energy, we have that in writing. They're going to  
7 participate and farm out. Anadarko Petroleum Corporation  
8 has verbally agreed to participate as to the Teas working  
9 interest unit. Todd M. Wilson will participate in writing.  
10 Roger T. Elliott will participate in writing. Scott  
11 Wilson, Richard Barr will participate in writing. Mitchell  
12 Energy and Santa Fe Energy have agreed to farm out to the  
13 working interest unit, that being the Teas working interest  
14 unit. Collins & Ware has agreed to participate and operate  
15 the initial test well.

16 MR. CARR: Now, before you go on, Mitchell Energy and  
17 Santa Fe have agreed to farm out, but that's still -- it's  
18 just a verbal agreement; is that correct?

19 THE WITNESS: Verbal. Awaiting upon the formal  
20 agreement.

21 MR. CARR: Let's go down to the Mahaffey working  
22 interest group.

23 THE WITNESS: Mahaffey working interest group, the  
24 Hondo Oil & Gas has agreed to farm out, waiting upon the  
25 formal agreement.

1 MR. CARR: That's verbal?

2 THE WITNESS: Verbal. In writing we have Grace  
3 Petroleum Corporation; in writing A. W. Dugan; in writing  
4 agrees to participate, of course, Scope Energy is within  
5 the Teas working interest unit and Anadarko again is within  
6 the Teas working interest unit. Culbertson Management  
7 Trust has agreed to participate in writing. Again, Roger  
8 Elliott and Todd Wilson have agreed to participate.  
9 Barbara Hart, no response from her yet. Ellwood Oil  
10 Company, no response. William W. Saunders has verbally  
11 agreed to farm out. Carol day, Betty Hays, Judy Flick,  
12 Fred T. Newcomb, no response yet from those parties. Grace  
13 W. Eads has agreed to farm out.

14 MR. CARR: That's in writing?

15 THE WITNESS: That's in writing. Excuse me. And  
16 Glenna Anderson, no response from her.

17 Q. (By Mr. Stovall) At this time are you just  
18 seeking to pool the parties who have not responded or are  
19 you also seeking to force pool the parties who have  
20 verbally agreed but not yet --

21 A. Yes, sir.

22 Q. -- signed the agreement? In doing the  
23 calculations, it appears to me that -- if I read this  
24 correctly, for example, Scope, Anadarko, Wilson and Elliot,  
25 all own interests in both units?

1           A.     Right.

2           Q.     But you don't show any percentages with respect  
3 to their interest in the Mahaffey unit. Did you  
4 incorporate those in?

5           A.     Yes, sir, I incorporated those numbers into the  
6 column on the right since they have agreed to participate  
7 in or verbally agreed to participate, and I incorporated  
8 those numbers.

9           MR. STOVALL: Have we got return receipt cards,  
10 Mr. Carr?

11          THE WITNESS: Yes, sir.

12          MR. CARR: I have the return -- I have the original on  
13 the notice letter for the hearing if you would like those  
14 to include in the record, and we also have attached to  
15 Exhibit 4 return receipts on letters seeking joinder.

16          MR. STOVALL: The notice of hearing is what I am --

17          MR. CARR: I have a complete set of those, and I will  
18 be happy to leave that with the division. If you would  
19 leave those with the division. I would rather you have  
20 them in your files than mine.

21          EXAMINER STOGNER: Thank you, Mr. Carr.

22          MR. CARR: Yes, sir.

23          MR. STOVALL: Let me just, Mr. Carr, for you -- just  
24 to clarify. You noticed everybody whether or not you're  
25 actually seeking to pool them; is that correct? I mean

1 it's a pretty big list that you've got on the notice here.

2 MR. CARR: I have attached a list to the notice  
3 affidavit, identifying each party to whom notice was given.

4 MR. STOVALL: It appears that includes everybody in  
5 and around the -- did you also include notice to people  
6 outside the proration unit.

7 MR. CARR: Yes, at that time they were. That's why  
8 you may have some names there that are not contained in  
9 Exhibit No. 2.

10 MR. STOVALL: I have nothing further.

11 EXAMINER STOGNER: But everybody that appears in  
12 Exhibit 2 is on this list?

13 MR. CARR: Everyone we're seeking to pool is included.

14 EXAMINER STOGNER: People who you've gotten written  
15 response from are not included?

16 MR. CARR: If we had it at the time that notice went  
17 out.

18 MR. STOVALL: Nothing further.

19 EXAMINER STOGNER: In that case we have nothing  
20 further of this witness.

21 Mr. Carr.

22 MR. CARR: At this time we call Todd Wilson.

23 EXAMINER STOGNER: Go off the record for about three  
24 or five minutes.

25 (At 10:47 a.m. a recess was taken.)



1 EXAMINER STOGNER: Let's go back on the record.

2 Mr. Carr.

3 TODD WILSON,  
4 the Witness herein, having been first duly sworn, was  
5 examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. CARR:

8 Q. Would you state your full name for the record,  
9 please?

10 A. Todd Wilson.

11 Q. Where do you reside?

12 A. Midland, Texas.

13 Q. By whom are you employed?

14 A. I'm self-employed. In this case I'm acting as a  
15 consultant for Collins & Ware.

16 Q. Mr. Wilson, have you previously testified before  
17 this division and had your credentials as a geologist  
18 accepted and made a matter of record?

19 A. Yes.

20 Q. Are you familiar with the application filed in  
21 this case on behalf of Collins & Ware, Inc.?

22 A. Yes.

23 Q. Have you made a study of the subject area?

24 A. Yes.

25 Q. You are familiar with their proposed well?

1           A.       Yes.

2           MR. CARR:  Are the witness' qualifications acceptable?

3           EXAMINER STOGNER:  Mr. Wilson is so qualified.

4           Q.       (By Mr. Carr)  Have you prepared certain  
5 exhibits for presentation here today?

6           A.       Prepared two exhibits; Exhibit No. 7 is a cross  
7 section; Exhibit No. 8 is a structure map with a net sand  
8 isopach superimposed on it.

9           Q.       Would you go to the cross section and working  
10 with this and your structure map review for Mr. Stogner the  
11 conclusions you've reached based on your study of this  
12 area?

13          A.       In this particular area we have three dominant  
14 Morrow systems.  We have the Lower Morrow, which is a base  
15 of part of the unit in here.  We have the Middle Morrow  
16 unit that is definable into two systems; call the lower one  
17 the Sapphire system, the upper one the Laguna system.  The  
18 Laguna system of the Upper Middle Morrow is our primary  
19 objective zone.  It's a major producer in this area.  The  
20 two wells on the right end of this cross section are major  
21 producers in the area.

22                   This well here was drilled by Barbara Faskins.  
23 It was completed back in '88; has a total cumulative of  
24 about 3.4 BCF and that's up to January of '91.  Offsetting  
25 well drilled due south of it was completed in January of

1 '90. It's a relatively new well. Production data on it is  
2 limited; appears to be a very good well. Monthly  
3 production rates on the order of 150 million cubic feet of  
4 gas per day with distillate out of sands in the upper part  
5 of the Morrow in the Laguna system only.

6           Environmentally, what you have in here, between  
7 the Middle Morrow is a stack of Delta sequence, going from  
8 a deep water low energy, low porosity, low permeability  
9 type sand system increasing into a higher energy, higher  
10 porosity, higher permeability Delta sand system. That is  
11 the main pay zone and capped by a fluvial Vanderbilt type  
12 system that comes out at the top of the upper middle Delta  
13 zone.

14           Q.     That is a cross section of C - C prime?

15           A.     It's a cross section C - C prime. It's done on  
16 a 1- to 40-acre vertical scale. It's not horizontal scale.  
17 It's strictly done for stratigraphic explanation and  
18 correlation.

19           Q.     Would you now go to the structure map.

20           A.     A cross section C - C prime. It starts here  
21 Section 31 through Section 6, goes down to well in 23 and  
22 then in 27. The structure map is done on a 1 to 2000  
23 scale. The contour available is 50 feet. Regionally in  
24 here your structure is dominantly north-south. In the  
25 prospect area, which we are seeking to drill in the north

1 half of Section 13, there is a structural -- you notice it  
2 takes off in a southeasterly orientation off of this major  
3 north trend.

4               So structurally in here we appear like we're  
5 going to be in a position we're going to be running  
6 basically flat to the Union well drilled in Section 6,  
7 which is making about three barrels of water per day. If  
8 you get any lower than that structurally would be risking  
9 encroachment of water into the pay sands and not as good an  
10 economically commercial well.

11              To the north area in here you can see the Delta  
12 entering the marine system off of a fluvial environment.  
13 There is quite a few wells up in here in the 7 section  
14 perimeter surrounding the upper reaches of this Delta.  
15 There's approximately 10 holes that were drilled, only two  
16 encountered commercial quality pays, right here and right  
17 here. So you see that there is about a 20 percent success  
18 factor of finding economically significant gas within this  
19 area.

20              As you go south, down this lobe of the Delta  
21 system, the sands start to splay. The well here in 23 is  
22 becoming structurally lower and the perforation data --  
23 this is on the cross section -- encountered gas distillate  
24 and water; water in significant enough quantities, 54.8  
25 barrels of water per day, 29.1 barrels of water per day, to

1 indicate that we're in a transitional zone of the gas/water  
2 contact.

3 As you proceed further south, the sands break up  
4 more, become isolated and tight. So there is a probability  
5 of risk in here of a relatively narrow Morrow system, with  
6 numerous misses on the north end, broadening and  
7 bifurcating as you go to the south into a deeper water  
8 Delta-water-type system, with water problems and low  
9 quality, low permeability, low porosity sands.

10 Q. Mr. Wilson, based on your study of the Morrow  
11 formation in this area, are you prepared to make a  
12 recommendation to Mr. Stogner as to the risk penalty that  
13 should be assessed against any interest owner who does not  
14 participate in this project?

15 A. Yes.

16 Q. What penalty do you recommend?

17 A. We would recommend a 200 percent penalty.

18 Q. Is there a chance, in your opinion, that a well  
19 at this location might be noncommercial?

20 A. Yes, there is.

21 Q. Have you made an estimate of overhead and  
22 administrative costs to be incurred while drilling the well  
23 and also while producing if in fact it is a successful  
24 well?

25 A. Yes. Actual drilling operation costs will run

1 approximately \$6300 per month. Lease operating expenses  
2 after the well is completed will run \$630 per month.

3 Q. Are these the same figures that appear in  
4 Ernst & Young for wells in this area --

5 A. Yes.

6 Q. -- to this depth? Are these costs in line with  
7 what has been required by the division and charged by other  
8 operators for similar wells?

9 A. Yes.

10 Q. Do you recommend these figures be incorporated  
11 into the order that results from this hearing?

12 A. Yes.

13 Q. Does Collins & Ware, Inc., seek to be designated  
14 operator of this well?

15 A. Yes.

16 Q. In your opinion, would granting of this  
17 application be in the best interest of the conservation and  
18 prevention of waste and protection of correlative rights?

19 A. Yes.

20 Q. How soon could Collins & Ware be ready to go  
21 forward with the development of this particular spacing  
22 unit?

23 A. I think they're looking to start drilling  
24 operations as soon as possible.

25 Q. Do you therefore request that any order from the

1 division be expedited to the extent possible?

2 A. That would be greatly appreciated.

3 Q. Were Exhibits 7 and 8 prepared by you?

4 A. Yes.

5 MR. CARR: At this time, Mr. Stogner, we would move  
6 the admission of Collins & Ware Exhibits 7 and 8.

7 EXAMINER STOGNER: Exhibits 7 and 8 will be admitted  
8 into evidence.

9 (Collins & Ware Exhibits 7 and 8  
10 were admitted in evidence.)

11 MR. CARR: That concludes my examination of  
12 Mr. Wilson.

13 EXAMINATION

14 BY EXAMINER STOGNER:

15 Q. Mr. Wilson, what's going to be the ultimate  
16 total depth of this well, approximately?

17 A. Approximately it's going to be -- on the AFE I  
18 believe it is set up for about 13,900 feet.

19 Q. And you mentioned that the 6300 and 630 overhead  
20 charges were in line with Ernst & Young. Is that the 1990  
21 estimated schedule?

22 MR. CARR: Yes.

23 A. I believe so, yes.

24 Q. (By Examiner Stogner) That being the latest one  
25 I should say.

1 EXAMINER STOGNER: I have no other questions for this  
2 witness. Are there any other questions?

3 MR. STOVALL: I have no questions.

4 EXAMINER STOGNER: Hold it. I might.

5 Q. (By Examiner Stogner) Being in a potash area,  
6 there is a requirement for a extra string of casing; is  
7 that correct?

8 A. Yes.

9 Q. And you did not submit the AFE today, did you?

10 A. Yes, we did.

11 Q. Exhibit No. 3.

12 A. I do believe that string is incorporated in the  
13 AFE. It's what they call a salt protection string.

14 Q. And other than being around a potash area, this  
15 particular string of casing is not required anywhere else;  
16 is that correct?

17 A. That's correct.

18 Q. So that brings the additional cost up?

19 A. Yes, it does.

20 EXAMINER STOGNER: No other questions of this witness.  
21 Mr. Wilson, you may be excused.

22 Anything further in this case, Mr. Carr?

23 MR. CARR: Nothing further, Mr. Stogner.

24 EXAMINER STOGNER: Does anybody else have anything  
25 further in case 10299? Case will be taken under



1 advisement.

2 (Whereupon, the hearing was concluded at the  
3 approximate hour of 11:00 a.m.)

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

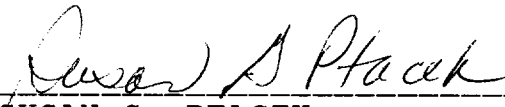
3 REPORTER'S CERTIFICATE

4  
 5 I, Susan G. Ptacek, a Certified Court Reporter and  
 6 Notary Public, do HEREBY CERTIFY that I stenographically  
 7 reported the proceedings before the Oil Conservation  
 8 Division, and that the foregoing is a true, complete and  
 9 accurate transcript of the proceedings of said hearing as  
 10 appears from my stenographic notes so taken and transcribed  
 11 under my personal supervision.

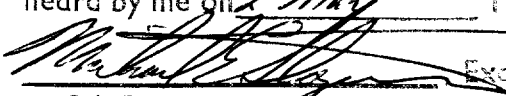
12 I FURTHER CERTIFY that I am not related to nor  
 13 employed by any of the parties hereto, and have no interest  
 14 in the outcome thereof.

15 DATED at Santa Fe, New Mexico, this 7th day of June,  
 16 1991.

17  
 18 My Commission Expires:  
 19 December 10, 1993

  
 SUSAN G. PTACEK  
 Certified Court Reporter  
 Notary Public

20  
 21  
 22 I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 10299.  
 23 heard by me on 2 May 1991.

24  Examiner  
 25 Oil Conservation Division