NEW MEXICO OIL CONSERVATION DIVISION

STATE LAND OFFICE BUILDING

STATE OF NEW MEXICO

CASE NO. 10406

IN THE MATTER OF:

The Application of Amoco Production Company for a Secondary Recovery Project, Lea County, New Mexico.

BEFORE:

MICHAEL E. STOGNER

Hearing Examiner

State Land Office Building

October 31, 1991

REPORTED BY:

CARLA DIANE RODRIGUEZ
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

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I N D E X

E X H I B I T S

EXAMINER STOGNER: Call next case, No. 10406.

MR. STOVALL: And a Happy Halloween to the application of Amoco Production Company for a secondary recovery project, Lea County, New Mexico.

EXAMINER STOGNER: Call for appearances.

MR. CURRENS: Mr. Examiner, Dan Currens, Amoco Production Company.

MR. PADILLA: Mr. Examiner, Ernest L. Padilla, Santa Fe, New Mexico, for John H. Hendricks Corporation. I have no witnesses.

EXAMINER STOGNER: Are there any other appearances? Mr. Currens.

MR. CURRENS: Thank you, Mr. Examiner. I was going to have one witness that will need to be sworn.

(The witness was sworn.)

MR. CURRENS: This, of course, as you've just said, is Amoco's application to initiate a water injection program in the Fowler, Upper Yeso pool in Lea County. My one witness has been sworn.

DANIEL A. JANIK, JR.

Having been first duly sworn upon his oath, was examined and testified as follows:

EXAMINATION

BY MR. CURRENS:

Q. Would you state your name, please.

A. My name is Daniel A Janik, Jr.

Q. By whom are you employed, Mr. Janik?

A. Amoco Production Company.

Q. In what capacity?

A. In the capacity of a petroleum engineer in Houston, Texas.

Q. In conjunction with your duties as a petroleum engineer with Amoco Production Company, have you had occasion to prepare certain exhibits for presentation at this hearing today?

A. Yes, I have.

Q. You're familiar with the application and the elements that are involved therein?

A. Yes, I am.

Q. Have you testified before this Division before?

A. Yes, I have.

Q. And your qualifications have been accepted?

A. Yes, they have.

MR. CURRENS: I would offer Mr. Janik as being qualified as an expert petroleum engineer in this matter.

EXAMINER STOGNER: Mr. Janik is so qualified.

Mr. Currens, before we go any further, I believe on the record we should, maybe, clarify your qualifications as far as being able to serve in your capacity today.

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell, Carr, Berge & Sheridan of Santa Fe.

Mr. Currens is appearing in association with me, and I have entered an appearance in this case.

EXAMINER STOGNER: Thank you, Mr. Carr.

Q. (BY MR. CURRENS) Mr. Yanik, directing your attention to what's been marked as Amoco's Exhibit No. 1, please tell us what's shown there?

A. Exhibit No. 1 is a location map. The red arrow on the map indicates the Fowler field, being in the southeast portion of Lea County, New Mexico. The map also has some other offsetting fields on the map.

Q. All right. Moving on to Exhibit 2,

what do you show us on Exhibit 2, please?

A. Exhibit 2 is a plat map for the South Mattix Federal Unit which is located in the Fowler field. This map indicates all wells in the South Mattix Unit.

We would point out that in the legend in the lower left-hand corner, the dark circles indicate current wells in the unit. The open circles indicate proposed wells that would need to be drilled as part of our proposed water injection project. The larger open circle indicates a proposed new producer that would need to be drilled in the Fowler, Upper Yeso, and the smaller open circles, four of those, indicate injection wells that would need to be drilled.

Q. There are a number of wells that don't have any circles around the well symbols. Does the South Mattix Unit produce from a number of different pools?

A. That is correct. As the legend indicates, those dark dots with the circles around it are those that are currently in the Fowler, Upper Yeso. The other ones are in other horizons.

Q. Let me direct your attention to Exhibit

No. 3, and very briefly, please, tell us what you show there.

A. Exhibit No. 3 is a Pertinent Data Sheet, and the title says "Pertinent Data Sheet, Fowler (Upper Yeso) Field." More correctly, that should be stated "Pertinent Data Sheet, Fowler (Upper Yeso) Pool."

The data indicated here is general data, such as the discovery well, and the number of wells; the producing mechanism, being solution-gas drive.

There is some formation data toward the middle of the page, and fluid data also. Toward the bottom of this exhibit there's some reserve data. I would point out that there's two columns of reserve data there, one entitled "Field." Field, again should be "Pool." It's the reserve data for the Fowler, Upper Yeso Pool. And the SMUF column stands for South Mattix Unit Federal, and those reserve data are associated with the South Mattix Federal Unit, again Fowler, Upper Yeso Pool.

Q. All right. How many wells are producing on the South Mattix Unit from the Upper Yeso?

A. 15, currently.

Q. What's your current production?

A. That's also indicated at the very bottom of Exhibit No. 3. The current production in the South Mattix Federal Unit, from the Fowler, Upper Yeso Pool, is 100 barrels of oil per day, which would indicate that with 15 wells, on an average you're talking a little less than seven barrels a day per well on an average.

Q. Okay. Anything else that you want to direct our attention to on that exhibit?

A. No.

Q. What's Exhibit 4?

A. Exhibit No. 4 is a portion of a gamma ray sonic log of the Pan American Petroleum Corporation, now Amoco, South Mattix Unit No. 16. A portion of this log is being used as a type log for the Fowler, Upper Yeso Pool.

Q. What do you show on that log?

A. The Fowler, Upper Yeso Pool consists of the Lower Paddock and the Blinebry. Indicated on this type log, the Lower Paddock begins at 5088 feet and the top of the Blinebry begins at 5231 feet. Basically the entire Fowler, Upper Yeso Pool is indicated on this type log.

I would also want to point out that in the right-hand margin, where there's some average porosity and permeability data, there's also some zonation indicated; for example Zone 1, Zone 2, et cetera. We would point out this is strictly an Amoco convention for zoning this pool.

Q. It's done for reservoir work?

A. That is correct.

Q. Okay. Anything else on Exhibit 4?

A. No.

Q. Let's go to Exhibit No. 5, please, which looks like a performance curve?

A. That's correct. Exhibit No. 5 is a performance curve for the South Mattix Unit, Fowler, Upper Yeso production.

Basically the predominant curves are in the bottom half of this plot, and the legend on the left-hand side indicates what the different curves are indicating. You see the curve made of open circles is oil production. You can see that the oil production for the Fowler, Upper Yeso Pool in the South Mattix Unit's production from 1970 to 1991, you can see it had over 700 barrels of oil per day in 1973 and is down now to the current 100 barrels of oil per day.

Other curves on this plot, the X's indicate the cumulative oil production. The triangles indicate gas production, and the squares indicate water production. We would indicate that the low water production again indicates we are looking at a solution-gas drive here.

Q. Okay. Anything else on that one?

A. No.

Q. Let's look, then, at Exhibit No. 6. What do you show us on Exhibit 6?

A. Exhibit No. 6 is a map of the South Mattix Unit area, this time with the proposed injection pattern that Amoco is proposing as part of this water injection project.

The legend to the left indicates what the various dots and symbols represent. The solid green dots indicate producing wells currently in the Fowler, Upper Yeso Pool in the South Mattix Unit. **The open red circle indicated in #40, is the proposed producer that would need** to be drilled as part of this project.

EXAMINER STOGNER: I'm sorry, which one was that?

THE WITNESS: #40. It's in the

triangle portion to the south of the pattern, and it's an open red circle.

A. The open red circles with the blue arrows indicate the four injection wells that would need to be drilled for the proposed waterflood project. Those are wells numbered 41, 42, 43 and 44.

Also, we have green circles with blue arrows. Those indicate the three wells that would have to be converted to Fowler, Upper Yeso injection wells, and those are wells numbered 21, 33 and 35.

Q. Okay. Now, with respect to these five wells that are to be drilled, one a producer and four injectors, have we physically staked those locations and looked at them on the ground and seen that they're satisfactory locations?

A. Yes, we have, and that's what's indicated at the bottom of the exhibit on approved locations. Those locations have been staked.

Q. Otherwise these would be nonstandard locations, and we're seeking approval of those nonstandard locations in conjunction with this hearing today for our waterflood?

A. That is correct. As you can tell, the pattern is a somewhat modified 25-acre five spot, which would require unorthodox locations, but we feel this is an efficient pattern.

Q. All right, sir. Nothing else on Exhibit 6?

A. No.

Q. Exhibit 7 appears to be a tabulation of all the injection well locations that we would be utilizing initially in this pilot waterflood area, is that right?

A. That is correct. Listed on Exhibit No. 7 are the injection wells. You'll notice that Well Nos. 21, 33 and 35, those are the three conversions, Wells 41, 42, 43 and 44 would be the newly drilled injection wells, and on this exhibit are the footage locations for each of these injection wells.

Q. Okay. How are these injection wells to be equipped?

A. This is shown on Exhibit 8, which is a typical wellbore sketch for these proposed injection wells. Basically, the schematic of Exhibit 8 indicates that injection would take place through 2-3/8" tubing set on a packer, with

injection occurring into the perfs from 5200 to 5600 feet.

I would point out, as we indicated In our Form C-108, this tubing would be plastic coated.

Q. Okay. How do you intend that injection control or control of the injection volumes and pressure be accomplished?

A. I would direct your attention to Exhibit No. 9, which is a schematic of the automation that we plan for this project.

On the left-hand side of this schematic you see RTU, which is the remote terminal unit, and basically the other items indicated there are transducers tied to the pressure gauges. You've got an actuator valve and a turbine meter.

Basically what we're saying is that tied to automation we will be able to control the injection into each injection well based on rate and/or surface pressure.

Q. So this is a method by which we can accomplish whatever pressure limitations go with this injection project?

A. That is correct.

Q. The conventional .2 psi per foot that

the commission standard is, that can be accomplished through this?

A. That is correct.

Q. Okay. What do you show on Exhibit No. 10, Mr. Yanik?

A. Exhibit No. 10 is the cost estimate for this waterflood project or water injection project.

I would direct your attention to the total, the total for the drilling and the equipping of this project is 1.641 million dollars.

Q. Okay. Do you have an exhibit that shows us what we hope to accomplish by this particular injection program we're proposing here?

A. Yes, I do. That is Exhibit No. 11. Exhibit 11 has two forecasted production curves on it. First, the solid green line or curve is the forecasted barrels of oil per day production for the South Mattix Unit, Fowler, Upper Yeso pool, without a water injection project.

The dotted green line with blue X's indicates the forecasted production of this pool in the South Mattix Unit with the water injection

project that we are proposing. This was based on the Craig model, which is a standard used in the industry.

Q. I noticed that this has a title of "Waterflood Area Profile," so I take it that this is not all of the Upper Yeso production from the South Mattix Unit federal lease, but just from this waterflood area?

A. That is correct.

Q. Are there a couple of other matters that we need to cover here?

A. I would say that still on Exhibit No. 11, that this incremental that's indicated on the curve, results in an estimated 733,000 barrels of additional oil being produced.

Q. All right. Again, just from this pilot area?

A. That is correct.

Q. And, of course, the results of what we get from the pilot have to do with whatever else may happen in the future?

A. That is correct.

Q. Okay. Now, a couple of other matters you have, I believe?

A. Yes. Exhibit No. 12 we've included

based on our examination of the C-108 that we filed, and it appears that we inadvertently, in the C-108, did not include a map with the circles around the proposed injection wells. We did include a map, but I don't believe the circles were on them.

What Exhibit 12 is, is the boundary that results from putting the half-mile radius circles around each injection well, so this just shows what that boundary is.

I would also mention that Exhibit No. 13 is associated with this same boundary and indicates the well data for wells within the--

Q. The pink circle?

A. The pink circle.

Q. The pink outline? Let's not call it a circle. The pink outline?

A. Right. It's a composite boundary of the circles drawn for each injection well.

Q. Now, with respect to all of these wells that are within those radii, do those wells appear to be satisfactorily equipped with respect to fresh water protection?

A. Yes, they do. They're all sufficient to protect the one zone that could possibly be

fresh water productive in this area, the Ogallala, although this is really a fresh-water poor area, and we really don't know of any fresh-water source wells in the vicinity nor any windmills.

Q. What's going to be our water source out here?

A. The water source for our injection project will be the produced Upper Yeso water, produced Ellenburger water, and we believe this will be sufficient for this water injection project.

However, if we would need additional water in the future, the Texaco Jal water system would be the additional source.

Q. Mr. Yanik, did you provide notice to the parties as required by the Rules?

A. Yes, I did.

Q. Do you have the proof of--the green cards? the return cards?

A. Yes, I do.

MR. CURRENS: I would give these to you.

MR. STOVALL: Mr. Currens, would you, and you may want to consult with Mr. Carr as far

as providing an affidavit of notice that's required?

MR. CURRENS: All right, sir. With his testimony that he had done so, I had not brought an affidavit, but I certainly will prepare one.

MR. STOVALL: It's easier to have the affidavit and the list of names.

MR. CURRENS: Yes, sir. We will supply that.

Q. (BY MR. CURRENS) Mr. Yanik, do you expect that the approval of Amoco's application here today would give us an opportunity to recover hydrocarbons that would otherwise not be recoverable, while still protecting correlative rights within the area?

A. Yes, I do.

Q. Do you have anything further?

A. No.

MR. CURRENS: Mr. Examiner, I would offer Exhibits 1 through 13, and offer Mr. Yanik for any questions.

EXAMINER STOGNER: Exhibits 1 through 13 will be admitted into evidence.

Mr. Padilla, I would open up any questioning to you.

MR. PADILLA: I just have a couple of questions, Mr. Examiner.

EXAMINATION

BY MR. PADILLA:

Q. Mr. Yanik, looking at your Exhibit No. 6, it's my understanding that this simply shows a pilot project as far as the initial injection is concerned, correct?

A. That is probably correct. I just want to specify that sometimes people have a connotation that a pilot is not economical on its own and it's strictly to provide data. In this case I believe what we've indicated is, we expect this area to be an economical project. However, it is correct in that it is like a pilot in that we hope to gain information that could then be used in the future for possible expansion to a larger unit.

Q. Do you have any plans now for expansion beyond what is shown on this exhibit?

A. At this time, no, until we can study the results of this area.

Q. Would you have to come back to the Division to seek further permission at the time that you expand the project?

A. Yes, we would.

MR. PADILLA: I have nothing further, Mr. Examiner.

EXAMINER STOGNER: Thank you, Mr. Padilla.

EXAMINATION

BY EXAMINER STOGNER:

Q. Mr. Yanik, in looking at Exhibit No. 4, you show the perforated interval being 5160 to 5180 in this particular well, and then the bounds of the pool as being from 5088 feet to 5231 feet, is that correct?

A. No. The bounds of the pool, essentially, it's the entire Lower Paddock, which begins at 5088, but then it's the entire Blinebry. What I indicated here was the top of the Blinebry at 5231, but it essentially goes to the top of the Tubb, which is indicated on Exhibit 4 at 5815.

However, you saw on our schematic of our injection wells, we're looking at injecting really more around 52- to 5600, thereabouts. That's because the bottom portion which we've indicated as our Zone 4, is not considered pay.

Q. Is the Blinebry a part of the Upper

Yeso pool?

A. Yes. This was combined. At one time there was a Lower Paddock reservoir or pool and a Blinebry, and those were combined. The Fowler, Upper Yeso is, by definition, the Lower Paddock and the Blinebry.

Q. Do you know when it was combined?

A. Yes. I can look that up. This was Order No. R-3987, consolidating the Fowler-Blinebry and Fowler-Lower Paddock pools into the Fowler, Upper Yeso pool, Lea County, New Mexico, July 15, 1970.

Q. Now, most of your injection wells will be injecting into what portion of this formation or pool?

A. They will be injecting in that Lower Paddock and a bulk of the Blinebry, but not that bottom hundred feet or so.

Q. So, using this as a type log, anything from 5088 to about--

A. --about 5650 or so.

Q. 5650. That's fair game, essentially, in your application today?

A. Uh-huh. You know, actually I guess our--that's right. That's correct, because we

don't anticipate any injection in that bottom portion of the Blinebry.

Q. In the volumes and pressures that you're planning to inject, I might have missed the numbers. What is your maximum injection pressure that you're requesting?

A. We included that in our C-108, and--

Q. I don't seem to have that. That was mailed earlier, I would assume?

A. Yes. That was earlier in October.

MR. CURRENS: We can sure send you another copy.

Q. I will check with David Catanach or the Director. I have a feeling he might have it on his desk somewhere.

MR. STOVALL: And we'll incorporate that into the record?

EXAMINER STOGNER: I better do that. I'll dig it up and make sure it gets placed on the record.

Q. So I might be asking some questions that you have that information on. I'm sorry.

A. That's all right. What we anticipate is an estimated average injection pressure of 200 psig with an estimated maximum injection pressure

which would be, what we're requesting, of 800 psig. 800 psig, again below the .2 psi, which would be the standard.

Q. Looking at Exhibit No. 8, which is your typical wellbore sketch for an injection well, will the pipe or your tubing, will it be lined?

A. **Yes**. It will be plastic coated, that is correct.

Q. Now referring to Exhibit No. 13 at this time, in scanning this exhibit, I'll go down to Well #9 on the first page, I believe it's the fifth one down?

A. Yes.

Q. Okay. This well is currently producing out of what zone?

A. #9 is currently producing as an Upper Yeso well.

Q. It appears like it was a deeper test when it was drilled, or according to this information, is that correct?

A. That is probably correct.

Q. When it was recompleted back up into the Upper Yeso formation, did it undergo any other cementing, squeeze jobs or anything like that that you have on record, do you know?

A. Let me check if I've got that data with me. Yes. I show a bridge plug at 5800 feet with a cement cap. I show a bridge plug at 5700 feet with a cement cap.

Q. Any squeeze outside of the casing? What I'm getting at, it looks like your top of cement is at 9700 feet in the production string, and between 3814 and 9700 feet it appears that the back side of the casing is open. Is that what--or am I missing something?

A. Could you say that again?

Q. According to your diagram here or your Exhibit No. 13, it appears that from 3814 feet, which is the bottom of your 9-5/8" casing, to the top of the production string of 9700 feet, it appears that the production string is open to all formations and not cemented.

A. Okay. Between--it appears, also above that bridge plug on this sketch, I don't have it listed here but it's marked--and it must not have been indicated, I apologize--there were perfs at 5258 to 5683, and there's indicated cement here on the sketch. So there apparently was a squeeze at that point.

MR. CURRENS: We can confirm that, Mr.

Examiner, send you additional data on it.

EXAMINER STOGNER: If you would. And send me a--

MR. CURRENS: Wellbore sketch?

EXAMINER STOGNER: --wellbore schematic of that.

MR. CURRENS: Yes.

A. It's got it indicated here, it just doesn't specifically have the word "squeeze" at this point.

Q. What I'm interested in is the top of cement behind that production string, especially in the injection interval--

MR. CURRENS: Yes, sir.

Q. --and immediately below and immediately above.

A. All right.

Q. In Going through this Exhibit No. 13, I'm kind of concerned a little bit on the Well #4, the third one from the bottom. It looks like the top of your cement behind the long string of seven-inch, comes up to 5,287, and I'm wondering if that is adequate to project any migration within that half-mile. Might there be some, you know open--

MR. CURRENS: Let us check further on that one and supplement that as well.

EXAMINER STOGNER: If you would.

Q. Okay. Next page, it looks like Well #21, if you could send additional information on that for me.

A. Okay.

Q. Going on down, the #2H well, that's the second one from the bottom.

MR. CURRENS: That's Exxon's AB.

A. Okay.

Q. That's all the ones I have at this time. If you can supplement, what did I give you four wells?

A. That's correct.

Q. If you can supplement this exhibit with the schematics and additional information, I would appreciate it.

A. Sure will.

Q. You give a figure on your--this is referring to Exhibit No. 11. In your testimony you give an estimated additional recovery of something above 7,000 barrels. What was that number again?

A. That was 733,000.

Q. 733,000 additional barrels of recovery?
A. Right. That is correct.
Q. I'm comparing Exhibit No. 2 and Exhibit No. 6. I guess I'm a little confused. Bear with me. The #41, 42, 43 and 44, those are proposed injection wells to be drilled, right?
A. That is correct.
Q. The #21 will be an injector well to be converted, right?
A. That is correct.
Q. The #40 will be a new producing well?
A. That is correct.
Q. #33 and 35, those appear on your Exhibit #2 as just a black dot. I'm assuming they're producing from some other formation at this time?
A. That is right. In fact, #33 is indicated as shut in, so those would be, as part of the conversion, moving up into to the Fowler, Upper Yeso, moving into that formation.
Q. Okay. Now, your estimated 700,000 barrels of additional recovery, is it just off of this proposed pilot at this time?
A. Yes, from that area of the pilot.
Q. Will there be any--

A. There could possibly be some production associated with this flood from some of those wells around that, but the bulk would be from the pattern as shown.

Q. If this pilot project appears to be successful, are there any plans of Amoco at this time to expand the project?

A. There is no plan definite now, but I would say that the definite plan that is established now is to do this project, use this data, and it for sure will be evaluated and brought to management's attention as to whether it looks like this project could be expanded, that is correct.

I can't promise what would occur because of other projects and economics. I can't confirm that. A lot will depend on what results from this initial pilot area, if you will. We will definitely look at the data here and make that recommendation or show the results to management.

Q. Okay. Now, the outlines of your Exhibit No. 6 and Exhibit No. 2 showing the unit boundary, that is a 100-percent federal unit, is that correct?

A. That is correct.

Q. Could you give me a little run down of the history of that unit, for the record?

A. I don't have it with me. Let's see if I have anything here on that.

Q. Do you know when it was approved?

MR. CURRENS: Mr. Examiner, I can't give you the precise date, but it was roughly 1950. Initial production was from the Ellenburger about 50 to 52. In fact, all of the early development was Ellenburger until, well, in 54 they had this first Yeso well which was probably a Lower Paddock at that time.

A number of other horizons have been explored in here, and it's produced from three or four different horizons. Just very broadly.

EXAMINER STOGNER: And that's what I'm looking for is broad information, because being a federal unit, we really have no unit case file on that. I believe we do have information on record in our office from some independent sources, and, with your information, I'll make an administrative review of that particular information.

MR. CURRENS: I'm telling you those

dates from my memory.

EXAMINER STOGNER: Actually, it was approved on June 1, 1948 effective on June 1, 1948. So you did very good. There was an enlargement of 160 acres approved in 1954.

A. And that's probably--you see, we have that discovery well here in the Upper Yeso on the Pertinent Data Sheet, February of 54.

Q. (BY EXAMINER STOGNER) The well locations, let's see, which exhibit was that? That was the list of the--

A. Exhibit No. 7? You're talking about the injection well locations?

Q. Yes.

A. Yes. That's Exhibit No. 7.

Q. Have those wells been staked and approved by the BLM?

A. They have been--the applications have been sent in to the BLM. They've not been approved yet by the BLM, but they have been staked and these locations were okay as far as what we could see in-house.

Q. But they are subject to--

A. --the BLM approval, that is correct.

Q. They could be subject to change, but

minor changes for surface resource?

A. That is correct. Although we feel that by--because we had some original locations that got approved in Amoco that were already revised slightly, when they actually went out to the field to stake them, so we feel these will suffice as far as surface locations.

Q. I had just one other question here. You give a tabulation of the current production, and you said there were 15 wells in this unit area at this time?

A. That was based on that plat, Exhibit No. 2, I believe. The plat map, Exhibit No. 2, indicated with the circles--the larger circles around the dark dots, and those are the current Upper Yeso wells in the South Mattix Unit that are not shut in.

When we were talking about that 100 barrels of oil per day production, that was from the producing wells. Now, there are additional Upper Yeso wells, but as you note on Exhibit 2, some of those are indicated as currently shut in.

Q. Of the wells that are going to be directly affected by the proposed waterflood project, water that current productions, average

productions per day on those wells, in particular #39 and 27, have they reached stripper status?

A. Yes. Number 39 is producing two barrels of oil per day. And what was the other one you asked about, Mr. Examiner?

Q. #27.

A. 27 is even shut in. It last tested one.

Q. How about some of the wells just immediately around it, like the #10, the 20, the 9?

A. #10 is making seven barrels of oil per day, #20, 13. And that's probably one of the high ones. #9 is two. 22, eight barrels of oil per day.

Q. So for all intents and purposes, this could be classified as really a stripper area?

A. I believe that is correct.

EXAMINER STOGNER: Are there any other questions of this witness?

Mr. Currens, does Amoco wish to request a procedure for administrative authorization to expand this area? And when I say "expand," putting in additional injection wells?

MR. CURRENS: Mr. Examiner, that

certainly would be convenient. We'll still have to come back to the Division in that case, and I think that would satisfy Mr. Padilla's opportunity to look at it. And, yes, we would.

EXAMINER STOGNER: Why would it have to go to hearing, Mr. Currens?

MR. CURRENS: Well, it wouldn't have to go to hearing, but we would still have to come back to the Division with that application.

EXAMINER STOGNER: I see what ear you're saying. That's right. But an administrative process?

MR. CURRENS: Yes.

MR. STOVALL: When you're talking about Mr. Padilla, in terms of Hendricks getting notice and the opportunity to review your application?

MR. CURRENS: Yes, sir.

EXAMINER STOGNER: For the record, Mr. Padilla, where is the Hendricks' interest?

MR. PADILLA: Mr. Examiner, I'm not really sure where it may be. I think it's on the Exhibit No.--it may be part of the Conoco acreage that is shown on that map.

EXAMINER STOGNER: In Section 10?

MR. PADILLA: In Section 10. It's the

exhibit with the pink circle around it. I know their working interest is tied with Conoco's.

EXAMINER STOGNER: But it is a working interest and not an operator?

MR. PADILLA: It may be an operator as well. I don't know where it is.

EXAMINER STOGNER: Okay. But you were served notice, or Hendricks was?

MR. PADILLA: Yes.

EXAMINER STOGNER: Other than the four wellbore schematics and the affidavit for--

MR. STOVALL: In fact, I'll give you the cards back, Mr. Currens, and you can attach them to the affidavit.

EXAMINER STOGNER: Is there anything further, Mr. Currens?

MR. CURRENS: I have nothing.

EXAMINER STOGNER: Mr. Padilla?

MR. PADILLA: I have nothing, Mr. Examiner.

EXAMINER STOGNER: Mr. Carr?

MR. CARR: Nothing further.

EXAMINER STOGNER: Anybody else have anything further?

MR. STOVALL: Not me.

EXAMINER STOGNER: If not, I'll hold the record open pending additional information and reserve the right to either reopen or, perhaps, ask for some additional information.

MR. STOVALL: 10 days? Is that enough time to get it in?

THE WITNESS: Oh, yes. We should be able to send it in real quick.

EXAMINER STOGNER: In that case, that's all we'll have on this particular case.

Let's take about a 10-minute recess.

(And the proceedings concluded.)

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10406, heard by me on 26 October 1991.

Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

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

I, Carla Diane Rodriguez, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; 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 6, 1991.

CARLA DIANE RODRIGUEZ, RPR
Certified Shorthand Reporter No. 91