

## 1 STATE OF NEW MEXICO

2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

3 OIL CONSERVATION DIVISION

4  
5 IN THE MATTER OF THE HEARING )  
6 CALLED BY THE OIL CONSERVATION )  
7 DIVISION FOR THE PURPOSE OF )  
8 CONSIDERING: )

CASE NO. 10,992

9  
10 APPLICATION OF FORCENERGY GAS )  
11 EXPLORATION, INC. )  
1213 **ORIGINAL**14 REPORTER'S TRANSCRIPT OF PROCEEDINGS15 EXAMINER HEARING

16 BEFORE: DAVID R. CATANACH, Hearing Examiner

17 July 7, 1994

18 Santa Fe, New Mexico

19 27 1994

20 This matter came on for hearing before the Oil  
21 Conservation Division on Thursday, July 7, 1994, at Morgan  
22 Hall, State Land Office Building, 310 Old Santa Fe Trail,  
23 Santa Fe, New Mexico, before Steven T. Brenner, Certified  
24 Court Reporter No. 7 for the State of New Mexico.

25 \* \* \*

## I N D E X

July 7, 1994  
Examiner Hearing  
CASE NO. 10,992

## PAGE

STATEMENT BY MS. TRUJILLO:

3

REPORTER'S CERTIFICATE

5

\* \* \*

## E X H I B I T

Identified

Admitted

Second Affidavit

4

4

\* \* \*

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

FOR THE DIVISION:

RAND L. CARROLL  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Building  
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.  
Suite 1 - 110 N. Guadalupe  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: TANYA M. TRUJILLO

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   11:01 a.m.:

3           EXAMINER CATANACH: Okay, at this time we'll call  
4   Case 10,992, Application of Forcenergy Gas Exploration,  
5   Inc., for compulsory pooling and an unorthodox gas well  
6   location, Lea County, New Mexico.

7           Are there appearances in this case?

8           MS. TRUJILLO: Yes, Tanya Trujillo from the  
9   Santa Fe law firm of Campbell, Carr, Berge and Sheridan,  
10   enters an appearance on behalf of the Applicant.

11           Mr. Examiner, I believe this case was heard on  
12   June 9th, 1994. It was continued at that time because it  
13   was -- one additional party was identified that needed to  
14   be served with notice.

15           At this time I have an affidavit from William  
16   Carr, Second Affidavit, indicating -- This affidavit  
17   indicates that notice was given to Plains Radio  
18   Broadcasting Company, which was the additional party that  
19   was not given notice for the June 9th hearing.

20           At this time, I would request that the case be  
21   taken under advisement, based on the record made on June  
22   9th, and the Second Affidavit be incorporated into that  
23   record.

24           EXAMINER CATANACH: Okay, the Second Affidavit  
25   will be incorporated into the record of this case.

1 And are there any additional appearances or  
2 testimony at this time?

3 There being none, Case 10,992 will be taken under  
4 advisement.

5 MS. TRUJILLO: Thank you.

6 EXAMINER CATANACH: Thank you.

7 (Thereupon, these proceedings were concluded at  
8 11:03 a.m.)

9 \* \* \*

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 10992,  
heard by me on July 7 1998 :  
David H. Catanch, Examiner  
Oil Conservation Division

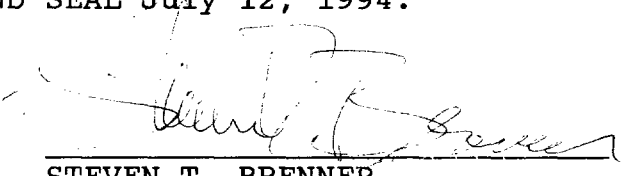
## 1 CERTIFICATE OF REPORTER

2  
3 STATE OF NEW MEXICO )  
4 ) ss.  
COUNTY OF SANTA FE )

5  
6 I, Steven T. Brenner, Certified Court Reporter  
7 and Notary Public, HEREBY CERTIFY that the foregoing  
8 transcript of proceedings before the Oil Conservation  
9 Division was reported by me; that I transcribed my notes;  
10 and that the foregoing is a true and accurate record of the  
11 proceedings.

12 I FURTHER CERTIFY that I am not a relative or  
13 employee of any of the parties or attorneys involved in  
14 this matter and that I have no personal interest in the  
15 final disposition of this matter.

16 WITNESS MY HAND AND SEAL July 12, 1994.

17  
18   
19 STEVEN T. BRENNER  
CCR No. 7

20  
21 My commission expires: October 14, 1994  
22  
23  
24  
25

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10992

5  
6 IN THE MATTER OF:

7  
8 The Application of Forcenergy Gas  
9 Exploration, Inc., for Compulsory  
10 Pooling and an Unorthodox Gas  
11 Well Location, Lea County, New Mexico.  
12  
13  
14

15 BEFORE:

16 JIM MORROW

17 Hearing Examiner

18 State Land Office Building

19 June 9, 1994  
20  
21  
22

23 REPORTED BY:

19 1994

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

ORIGINAL

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

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.  
 Post Office Box 2208  
 Santa Fe, New Mexico 87504-2208  
 BY: **WILLIAM F. CARR, ESQ.**

## I N D E X

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WITNESSES FOR THE APPLICANT:	
1. <b><u>MELVIN J. BAIAMONTE, JR.</u></b>	
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2. <b><u>CHRISTOPHER N. WOLFARTH</u></b>	
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1           EXAMINER MORROW: We'll start again,  
2 and call Case 10992. This is the application of  
3 Forcenergy Gas Exploration for compulsory pooling  
4 and unorthodox gas well location in Lea County,  
5 New Mexico.

6           Call for appearances.

7           MR. CARR: May it please the Examiner,  
8 my name is William F. Carr with the Santa Fe law  
9 firm, Campbell, Carr, Berge & Sheridan. We  
10 represent Forcenergy Gas Exploration, Inc., and I  
11 have two witnesses.

12          EXAMINER MORROW: Will the witnesses  
13 stand and be sworn.

14          [The witnesses were duly sworn.]

15          MR. CARR: At this time, we call Mel  
16 Baiamonte.

17          Mr. Morrow, as I've previously advised  
18 the Division, there is one interest owner south  
19 of the acreage at issue here today toward whom  
20 this well is being moved, who did not receive  
21 notice.

22          We request authority to go forward, to  
23 present our case today, we will provide notice to  
24 that individual, and ask that the case be  
25 continued after we present it until the docket

1 currently scheduled for July the 7th.

2 EXAMINER MORROW: It just needs more  
3 notice? It doesn't need to be readvertised?

4 MR. CARR: That's correct. It's  
5 correctly advertised. We have just one  
6 additional party we need to be sure has notice of  
7 the application.

8 EXAMINER MORROW: All right. We'll do  
9 that.

10 **MELVIN J. BAIAMONTE, JR.**

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

13 EXAMINATION

14 BY MR. CARR:

15 Q. Will you state your name for the  
16 record, please?

17 A. Melvin J. Baiamonte.

18 Q. Where do you reside?

19 A. Miami, Florida.

20 Q. By whom are you employed?

21 A. I'm a land manager with Forcenergy Gas  
22 Exploration Company, Inc.

23 Q. Have you previously testified before  
24 this Division?

25 A. No, I have not.

1 Q. Could you briefly summarize for Mr.  
2 Morrow your educational background, and then just  
3 briefly review your work experience?

4 A. I received a BBA from Loyola University  
5 in New Orleans, and I have over 15 years'  
6 experience in the oil industry, specifically the  
7 land sector.

8 Q. These last 15 years you've been working  
9 as a petroleum landman?

10 A. Yes, I have.

11 Q. Are you familiar with the application  
12 filed in this case on behalf of Forcenergy Gas  
13 Exploration, Inc.?

14 A. Yes, I am.

15 Q. Are you familiar with the subject  
16 acreage and the status of those lands?

17 A. Yes, I am.

18 MR. CARR: We tender Mr. Baiamonte as  
19 an expert in petroleum land matters.

20 EXAMINER MORROW: His qualifications  
21 are accepted.

22 Q. Could you briefly state what Forcenergy  
23 seeks with this application?

24 A. Forcenergy seeks to obtain the approval  
25 for pooling and an unorthodox gas well location

1 in the eastern half of Section 14, Township 17  
2 South, Range 35 East.

3 Q. The well location is what?

4 A. The well location is 1600 feet from the  
5 south line and 1800 feet from the east line of  
6 Section 14.

7 Q. So the well is too far to the south,  
8 not being a 1980 setback from that south line of  
9 the unit?

10 A. Yes.

11 Q. Have you prepared certain exhibits for  
12 presentation in this case?

13 A. Yes, I have.

14 Q. Could you refer to what has been marked  
15 Forcenergy Exhibit No. 1, identify this and  
16 review it for Mr. Morrow?

17 A. Exhibit No. 1 is a land map that  
18 indicates the eastern half of Section 14. It  
19 also indicates the ownership of certain tracts by  
20 Texaco and Phillips, as well as the remaining  
21 ownership by Forcenergy.

22 Q. What percentage of the acreage has been  
23 voluntarily committed to the well at this time?

24 A. Of the 320 acres, 240 has been  
25 committed, or 75 percent of it.

1           Q.       We're talking about an Atoka well, so  
2 we're dealing with a standard 320-acre unit for  
3 that well, is that right?

4           A.       Yes.

5           Q.       Let's go to what has been marked  
6 Exhibit No. 2. Would you just identify that for  
7 the Examiner?

8           A.       Yes. Exhibit No. 2 is a breakdown of  
9 ownership for the eastern half of Section 14.

10          Q.       It shows at this time Texaco and  
11 Phillips each own a 40-acre tract in the east  
12 half of this section?

13          A.       Yes, it does.

14          Q.       Would you go to what has been marked  
15 Exhibit No. 3, and summarize the efforts of  
16 Forcenergy to obtain the voluntary participation  
17 of Texaco and Phillips in the proposed well?

18          A.       Back in March of this year, 1994, phone  
19 calls were made to both Texaco and Phillips.  
20 They were followed up by letters, also dated  
21 March of 1994. These letters were both mailed  
22 and faxed.

23                   Phone calls were also made confirming  
24 that Texaco and Phillips received the fax.

25                   Since that time, we've had discussions

1 with Phillips. We are at the point, we have come  
2 to an agreement of a trade; however, we're still  
3 negotiating certain language within the  
4 agreement.

5 Texaco, on the other hand, immediately  
6 sent a letter denying our requests, and we've had  
7 subsequent conversations with Texaco.

8 EXAMINER MORROW: I didn't understand  
9 what you said.

10 A. We've had subsequent conversations with  
11 Texaco since then.

12 Q. When did you most recently visit with  
13 Texaco?

14 A. This past Friday.

15 MR. CARR: Mr. Examiner, since last  
16 Friday, I have been contacted by Texaco to advise  
17 that they were not going to participate in the  
18 hearing or object to the pooling going forward.

19 EXAMINER MORROW: They're not going to  
20 do either one?

21 MR. CARR: Either one.

22 Q. Now, Mr. Baiamonte, Exhibit 3 contains  
23 the copies of the letters initially sent to  
24 Texaco and Phillips that initiated your  
25 negotiations?

1           A.       Yes.

2           Q.       As soon as you're able to actually sign  
3 your agreement with Phillips, they would no  
4 longer be subject to this pooling application?

5           A.       That's correct.

6           Q.       In your opinion, did you make a  
7 good-faith effort to reach voluntary agreement  
8 with both Phillips and Texaco, and voluntarily  
9 bring them into this project?

10          A.       Yes, I believe we have.

11          Q.       Is Exhibit No. 4 a copy of an affidavit  
12 confirming that notice of this hearing has been  
13 provided, as required by OCD rules, to Texaco,  
14 Phillips, and J. M. Huber Corporation?

15          A.       Yes, it is.

16          Q.       We have one additional interest owner  
17 offsetting the property to the west, that we are  
18 also now providing notice to?

19          A.       Yes.

20          Q.       Is it Forcenergy's desire that this  
21 case be continued until July the 7th, to let the  
22 notice run on all interest owners?

23          A.       Yes, it is.

24          Q.       Will Forcenergy also be calling an  
25 engineering witness to review the technical

1 portions of this case?

2 A. Yes, we will.

3 Q. Were Exhibits 1 through 4 either  
4 prepared by you or compiled at your direction?

5 A. They were either prepared by me or  
6 compiled by me, yes.

7 MR. CARR: Mr. Morrow, at this time we  
8 would move the admission of Forcenergy Exhibits 1  
9 through 4.

10 EXAMINER MORROW: Exhibits 1 through 4  
11 are admitted.

12 MR. CARR: That concludes my direct  
13 examination of Mr. Baiamonte.

14 EXAMINATION

15 BY EXAMINER MORROW:

16 Q. Mr. Baiamonte, J. M. Huber, are they  
17 involved just as an offset operator, or not in  
18 any way other than an interest owner, I suppose?

19 A. We thought it prudent to notify J. M.  
20 Huber because we received this acreage via  
21 acquisitions from Enron Corporation, who received  
22 a term assignment from J. M. Huber Corporation.  
23 Specifically, in the term assignment, we are  
24 obligated to drill a well by a certain date this  
25 year; otherwise, the acreage will revert back to

1 Huber. Being prudent, we thought it best to  
2 notify Huber, and we've had telephone  
3 conversations with them.

4 Q. What was the date again? Drill a well  
5 by when?

6 A. September 1, 1994.

7 EXAMINER MORROW: Thank you, sir.

8 MR. CARR: Mr. Morrow, at this time we  
9 would call Chris Wolfarth.

10 **CHRISTOPHER N. WOLFARTH**

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

13 EXAMINATION

14 BY MR. CARR:

15 Q. Would you state your name for the  
16 record, please?

17 A. My name is Christopher N. Wolfarth.

18 Q. Where do you reside?

19 A. Fort Lauderdale, Florida.

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

22 A. Forcenergy Gas Exploration,  
23 Incorporated, as an exploitation engineer.

24 Q. Mr. Wolfarth, have you previously  
25 testified before this Division?

1 A. I have.

2 Q. At the time of that prior testimony,  
3 were your credentials as an expert in petroleum  
4 engineering accepted and made a matter of record?

5 A. They were.

6 Q. Are you familiar with the application  
7 filed in this case on behalf of Forcenergy Gas  
8 Exploration, Inc.?

9 A. I am.

10 Q. Are you familiar--have you made an  
11 engineering study of the acreage involved in this  
12 application?

13 A. Yes, I have.

14 MR. CARR: Are the witness's  
15 qualifications acceptable?

16 EXAMINER MORROW: They are.

17 Q. Have you prepared certain exhibits for  
18 presentation here today?

19 A. Yes, I have. I've prepared and will  
20 submit two exhibits, one being an AFE to drill a  
21 test well of the Atoka and Morrow formations, and  
22 the other exhibit is a net porosity isopach map  
23 of the Atoka A-3 sandstone, which is the  
24 objective formation.

25 Q. Is the primary objective in the

1 proposed well the Atoka?

2 A. Yes, it is.

3 Q. Let's go to your AFE, Exhibit No. 5.  
4 Would you identify that and review it for Mr.  
5 Morrow?

6 A. This exhibit is a well cost estimate to  
7 drill and complete a 13,000-foot test well of the  
8 Atoka and Morrow formations. The well is  
9 designed to penetrate the top of the  
10 Mississippian lime, which occurs at a depth of  
11 approximately 12,880 feet, in the offsetting  
12 well, the Shoe Bar 14 State Com No. 1 well, in  
13 the western one-half of Section 14.

14 Q. What is the total cost for a completed  
15 well on this tract?

16 A. The total completed well cost is  
17 \$1,338,725.

18 Q. Are these costs in line with what's  
19 been charged by other operators for similar wells  
20 in the area?

21 A. Yes, they are.

22 Q. Has Forcenergy drilled other Atoka  
23 formation wells in the immediate area?

24 A. No, Forcenergy has not drilled an Atoka  
25 formation well in this area. However, we do

1 operate five other Atoka wells immediately in the  
2 area of the proposed location.

3 Q. Mr. Wolfarth, are you prepared to make  
4 a recommendation to the Examiner concerning the  
5 risk penalty that should be assessed against any  
6 nonconsenting interest owners?

7 A. Yes, I am. Forcenergy recommends the  
8 maximum risk penalty allowed by statute be  
9 assessed against the nonconsenting interest  
10 owners.

11 Q. Upon what do you base this  
12 recommendation?

13 A. This recommendation is based on the  
14 significant geological risks associated with  
15 drilling an Atokan age reservoir. The Atoka  
16 system at Shoe Bar Field is interpreted to be a  
17 prograding system of beaches and bars deposited  
18 along trends parallel to the ancient shorelines.  
19 Trapping is most commonly stratigraphic with  
20 reservoirs elongated and lenticular in  
21 cross-section. Lateral shale out is abrupt. A  
22 near offset to a commercial well can be devoid of  
23 any sand at all. Production from the Atoka is  
24 generally either marginal or prolific in nature.

25 An example of this is shown on Exhibit

1 No. 5. Exhibit No. 5 is--

2 Q. I think that's Exhibit No. 6.

3 A. I apologize. Exhibit No. 6 is a net  
4 sand thickness or isopach map of the objective  
5 Atoka A-3 sandstone reservoir. The map which you  
6 are reviewing is contoured on 10-foot sand  
7 thickness intervals, where porosity exceeds eight  
8 percent.

9 This porosity value is considered the  
10 lower limit for establishing commercial  
11 production at Shoe Bar Field. On the map, we  
12 have identified three Atoka reservoirs which  
13 underlie a six-square mile area in the vicinity  
14 of Forcenergy's proposed location.

15 Highlighted in this area are 29 Atoka  
16 penetrations. Of these penetrations, 17 wells  
17 are completed in the Atoka A-3 sand, and the  
18 remaining 12 wells were dry, with no Atoka sand.

19 Of the completed wells, Forcenergy  
20 estimates that there are at least three wells  
21 which will not pay out their overall drilling and  
22 completion costs. This represents no greater  
23 than a 48 percent success ratio of establishing a  
24 commercial Atoka completion.

25 Forcenergy will drill the Shoe Bar 14

1 State Com No. 2 well based primarily on the  
2 production performance observed in the offsetting  
3 Shoe Bar 14 State Com No. 1 well, located in the  
4 western half of Section 14.

5 Subsurface well control and existing  
6 geophysical information in the vicinity of  
7 Section 14 offer minimal support for this  
8 location. A dry hole drilled to the north in  
9 Section 11, and two dry holes drilled to the  
10 southwest and southeast in Sections 23 and 24,  
11 are within a one-and-one-half mile radius of the  
12 proposed well.

13 The seismic data identified on your map  
14 as lines E-1 and 83-13 are used to identify an  
15 Atoka bar anomaly. The north/south line 13 was  
16 too low in frequency to be of any value. The  
17 thin Atoka sand is difficult to image on this  
18 seismic data.

19 The proposed location is considered  
20 high risk, with a successful outcome expected of  
21 no greater than 1 in 4, or 25 percent.

22 Q. You have explained why Forcenergy  
23 considers this a high-risk venture. Looking at  
24 Exhibit No. 6, could you simply explain to the  
25 Examiner why you've selected an unorthodox

1 location somewhat south of the standard location  
2 for an east half unit?

3 A. Again, based upon the seismic  
4 information available to us and our subsurface  
5 interpretation, we've identified what we believe  
6 the thickest part of the Atoka reservoir to be,  
7 at a location at our proposed well location.

8 We've chosen our location as far north  
9 as we feel is reasonable possibly to stay within  
10 the anomaly which we've identified, and that  
11 location is 1,600 feet from the south line.

12 Q. This exhibit also shows, shaded in  
13 yellow, Forcenergy acreage in the area?

14 A. Yes, it does.

15 Q. Have you made an estimate of the  
16 overhead and administrative costs while drilling  
17 this well, and also while producing it, if it's  
18 successful?

19 A. Yes, I have.

20 Q. What are those figures?

21 A. Those figures are \$6,050 a month, and  
22 \$605 a month, respectively.

23 Q. What is the source of these figures?

24 A. The source is based on a 1993  
25 publication, Ernst & Young.

1 Q. Do you request that the order which  
2 results from this hearing permit these figures to  
3 escalate in accordance with COPAS procedures?

4 A. Yes, I do.

5 Q. Are these costs in line with what's  
6 being charged by other operators in the area?

7 A. Yes, they are.

8 Q. And you recommend that these overhead  
9 administrative figures be incorporated into the  
10 order that results from this hearing?

11 A. Yes, I do.

12 Q. Does Forcenergy Gas Exploration, Inc.  
13 seek to be designated operator of the proposed  
14 well?

15 A. Yes, they do.

16 Q. Mr. Wolfarth, in your opinion, will the  
17 granting of this application and the drilling of  
18 this well result in the recovery of hydrocarbons  
19 that otherwise will not be produced?

20 A. Yes.

21 Q. Will this application otherwise be in  
22 the best interest of conservation, the prevention  
23 of waste and the protection of correlative  
24 rights?

25 A. Yes, it will.

1 Q. Were Exhibits 5 and 6 either prepared  
2 by you or compiled under your direction?

3 A. Yes, they were.

4 MR. CARR: At this time, Mr. Morrow, we  
5 move the admission in evidence of Forcenergy  
6 Exhibits 5 and 6.

7 EXAMINER MORROW: 5 and 6 are  
8 admitted.

9 MR. CARR: That concludes my direct  
10 examination of this witness.

11 EXAMINATION

12 BY EXAMINER MORROW:

13 Q. Would you explain the reason for moving  
14 the location to the south, to crowd the south  
15 lease line and make it unorthodox?

16 A. As I stated earlier, we have reviewed  
17 subsurface well control and also some geophysical  
18 information. The geophysical information are  
19 those which are represented on the porosity map  
20 as being the east/west lines, 83-13, and line  
21 E-1.

22 On both of those lines, we're able to  
23 identify an anomaly, or amplitude response, which  
24 is analogous with the amplitude response seen on  
25 line E-1 towards the west, and a previously

1 developed Atoka bar system.

2 Based upon our interpretation, we have  
3 contoured the maximum sand thickness to fall  
4 within those two amplitude responses, and what we  
5 are attempting to do is stay within that maximum  
6 sand thickness. And that location which we have  
7 chosen, we believe is as far north as we would  
8 like to take it and still stay within those  
9 responses.

10 Q. The well in the west half of the  
11 section in which you propose to drill, indicates  
12 two foot of porosity over eight percent. What  
13 kind of production are you obtaining from that  
14 well on a daily basis?

15 A. Forcenergy is operator of that well,  
16 and the well's capable of delivering 220,000 Mcf  
17 of gas a day, and also 13 to 15 barrels of  
18 condensate a day. The well has--

19 Q. 2.2 million?

20 A. No, one-quarter million, 225,000.

21 Q. How much condensate?

22 A. 13 to 15 barrels per day.

23 Q. In your economics, what did you  
24 estimate that the new well or the proposed well  
25 would produce?

1           A.       The initial rate we used on our  
2 proposed well was three million cubic feet of gas  
3 a day.

4           Q.       What's the basis? I guess just the  
5 thicker producing formation, or did that other  
6 well initially make more than it's making now?

7           A.       No, the well in the eastern half of  
8 Section 14 is a well that has been demonstrated  
9 or is demonstrated to be damaged downhole, has a  
10 very high skin factor associated with it.

11                   Enron Oil & Gas, who was the prior  
12 operator of that well, has attempted several acid  
13 stimulations and also fracture stimulations to  
14 improve the production rate on it. All the  
15 stimulations were unsuccessful, and the well has  
16 maintained that 225,000 a day delivery rate for  
17 approximately nine years now.

18                   If you look at the production volumes  
19 or deliverabilities on the other wells that I've  
20 identified as Atoka completions, an undamaged  
21 completion will, more typically, deliver in the  
22 range of three million cubic feet of gas per  
23 day. So, our economics are based upon and  
24 assuming that we will drill an Atoka well with  
25 the 20-foot sand thickness, and also assuming

1 that we will have an undamaged completion.

2 Q. You say if you look at them. You  
3 didn't furnish any data to show that, did you?  
4 Or is it shown on the map here? Possibly it is.

5 A. No, it's not shown on the map. I have  
6 other tables with me that do list the cumulative  
7 production volumes on these offsetting wells and  
8 also deliverability on these offsetting wells,  
9 but I haven't submitted it as evidence.

10 Q. Where did you get the wells that you  
11 operate? You said you didn't drill any wells in  
12 this area. Did you purchase those along with  
13 this acreage?

14 A. Yes, we did. We acquired the well in  
15 Section 14 and also four other wells to the  
16 north, in Sections 28, 34 and 3, from Enron Oil &  
17 Gas.

18 Q. And those are the Atoka completions  
19 that are identified in 3 and 34, is that correct?

20 A. Yes. One completion in Section 3, two  
21 completions in Section 34, and one completion in  
22 Section 28.

23 Q. What's the average production from  
24 those wells, just roughly?

25 A. Two of the wells are currently

1 inactive. The other two wells are active. Those  
2 wells collectively deliver 2.8 million cubic feet  
3 of gas a day.

4 Q. Three active ones and two inactive?

5 A. Two inactive, two active, to the north.

6 Q. I thought there were five up there?

7 A. The one in the northern half of Section  
8 28 is not on Forcenergy acreage. We do not  
9 operate that well or have interest in it. And  
10 those completions are mid-1970-vintage type  
11 completions, and are still capable of delivering  
12 those volumes.

13 Q. Would you furnish me a copy of that  
14 Ernst & Young survey? I don't have a 1993  
15 version. Just a xerox would be fine.

16 A. Okay.

17 EXAMINER MORROW: That's all I have,  
18 Mr. Wolfarth. Thank you, sir.

19 MR. CARR: That concludes our  
20 presentation in this case.

21 EXAMINER MORROW: And you would like to  
22 have that continued to July 7th?

23 MR. CARR: Yes.

24 EXAMINER MORROW: Which will give you  
25 time to get the notice out.

1 All right, we'll do that. We'll  
2 continue it until July the 7th.

3 (And the proceedings concluded.)  
4  
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15 I do hereby certify that the foregoing is  
16 a correct record of the proceedings in  
17 the examiner hearing of Case No. 10992,  
18 heard by me on June 9 1994.

19   
20 Oil Conservation Division Examiner  
21  
22  
23  
24  
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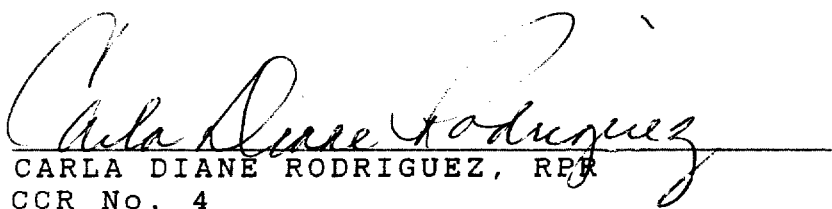
## CERTIFICATE OF REPORTER

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 July 8, 1994.

  
CARLA DIANE RODRIGUEZ, RPR  
CCR No. 4