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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 10,767

EXAMINER HEARING

IN THE MATTER OF:

Application of Santa Fe Energy Operating Partners,
L.P., for compulsory pooling, Eddy County, New
Mexico

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

July 29, 1993

A P P E A R A N C E S

FOR THE DIVISION:

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GARY GREEN

Direct Examination by Mr. Lopez

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Further Examination by Mr. Stovall

25

GENE DAVIS

Direct Examination by Mr. Lopez

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Examination by Mr. Stovall

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Examination by Examiner Stogner

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Further Examination by Mr. Lopez

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Further Examination by Mr. Stovall

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Certificate of Reporter

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E X H I B I T S

APPLICANT'S EXHIBITS:

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* * *

1 WHEREUPON, the following proceedings were had
2 at 8:37 a.m.:

3 EXAMINER STOGNER: I'll call next case,
4 Number 10,767.

5 MR. STOVALL: Application of Santa Fe Energy
6 Operating Partners, L.P., for compulsory pooling, Eddy
7 County, New Mexico.

8 EXAMINER STOGNER: Call for appearances.

9 MR. LOPEZ: Thank you, Mr. Examiner. My name
10 is Owen Lopez with the Hinkle Law Firm in Santa Fe, New
11 Mexico, appearing on behalf of the Applicant, Santa Fe
12 Energy Operating Partners, and I have our first
13 witness, Mr. Green.

14 EXAMINER STOGNER: Okay, how many witnesses
15 total do you have?

16 MR. LOPEZ: Two.

17 EXAMINER STOGNER: Has one of them previously
18 been sworn and the other --

19 MR. LOPEZ: Gene, have you been sworn?

20 MR. DAVIS: No, I have not.

21 EXAMINER STOGNER: Okay, will both witnesses
22 please stand to be sworn at this time?

23 (Thereupon, the witnesses were sworn.)

24 EXAMINER STOGNER: First witness may take a
25 seat.

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GARY GREEN,

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

DIRECT EXAMINATION

BY MR. LOPEZ:

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

A. My name is Gary Green. I live in Midland,
Texas.

Q. And what is your occupation and who is your
employer?

A. I'm a landman with Santa Fe Energy Resources.

Q. Have you previously testified before the
Commission and had your qualifications accepted as a
matter of record as a landman?

A. Yes, I have.

Q. Are you familiar with the land matters set
forth in this case, 10,767?

A. Yes, I am.

Q. Would you briefly state what Santa Fe seeks
in this case?

A. Santa Fe seeks an order pooling all mineral
interests from the surface to the base of the
Cisco/Canyon Formation underlying Section 5, in
Township 22 South, Range 24 East, in Eddy County, New

1 Mexico.

2 Q. I will refer you now to Exhibit 1 and ask you
3 to describe what it shows.

4 A. Exhibit 1 is a 1-to-4000 land plat. Shown
5 the top part of the exhibit, Section 5, hachured
6 section 5 with the red square in the center, is the
7 location of the well that Santa Fe proposes. The
8 hachured area shows the spacing unit, the oil spacing
9 unit. The acreage that's colored in yellow represents
10 Santa Fe's acreage in the area.

11 Q. And who does Santa Fe seek to pool in this
12 case?

13 A. Santa Fe seeks to pool Donahoe Oil and Gas
14 Company, Phoenix, Arizona, and Mr. Joe Walton, also
15 shows ownership in part of this section under Graystone
16 Corporation. There's a Phoenix address for Graystone
17 Corporation. There's a Midland address for Mr. Joe
18 Walton.

19 Q. And would you describe your effort to obtain
20 the voluntary joinder of these persons?

21 A. An effort to get these people to participate
22 in drilling a well or farm out their acreage began
23 early April of this year, had a number of telephone
24 calls with these people back and forth, we've talked to
25 all of them.

1 Other parties in the ownership in this
2 section, Yates Petroleum and three of their other
3 entities have joined, Skipper Hamilton, Inc., has
4 agreed to terms with Santa Fe whereby Santa Fe will
5 take their share.

6 So it's been an ongoing process since April,
7 for the last two or three months to get voluntary
8 joinder from these people.

9 Q. I'd now refer you to Exhibit Number 2 and ask
10 if this is a copy of your correspondence with the
11 parties you desire to pool.

12 A. Exhibit 2, the first letter is a letter dated
13 June 22nd, 1993, to Donahoe Oil and Gas Company,
14 Phoenix, Arizona. The references are previous
15 telephone conversations. Also provides them with
16 notice of the Application for compulsory pooling. Also
17 enclosed in that letter were copies of the operating
18 agreement and the well-cost estimates for their review
19 and execution.

20 There's similar letters for Mr. Joe Walton,
21 with the same information attached.

22 Q. In your opinion, have you made a good-faith
23 effort to obtain the voluntary joinder of these
24 parties?

25 A. Yes, I have.

1 Q. Does Santa Fe request that it be named
2 operator of the well?

3 A. Yes, Santa Fe will own 72.267 percent of the
4 working interest in this well and request it be named
5 operator.

6 Q. I now refer you to Exhibit Number 3 and ask
7 you to discuss the cost of the proposed well.

8 A. Exhibit 3 is a generalized well cost estimate
9 for the re-entry of the Walt Canyon "5" Federal Number
10 1 well -- it's to be renamed the Nagooltee Peak "5"
11 Federal Com Number 1 -- re-entry and a proposal to
12 complete as an 8600-foot Cisco/Canyon test.

13 It shows dryhole costs of \$197,000,
14 completion cost of \$496,000.

15 Q. Is the proposed well cost in line with those
16 normally encountered in drilling wells to this depth in
17 Eddy County?

18 A. Yes, it is.

19 Q. Do you have a recommendation as to the
20 amounts which Santa Fe should be paid for supervision
21 and administrative expenses?

22 A. It is our recommendation that monthly
23 drilling charges of \$5200 and \$520 per month be allowed
24 for producing wells.

25 Q. And do you request that the operating charges

1 be escalated annually? And in this connection, I ask
2 you to refer to what's been marked as Exhibit 4.

3 A. Yes, we request that these charges be
4 escalated annually pursuant to the 1984 COPAS as shown
5 on page 1 -- or item 1- -- page 4, item 1A3. In this
6 particular case it's going to be page 5.

7 Q. Are the amounts that you have just
8 recommended in line with amounts normally charged by
9 Santa Fe and other operators for wells of this type in
10 this area?

11 A. Yes, it is.

12 Q. Have all parties been notified of this
13 Application?

14 A. Yes, they have.

15 MR. LOPEZ: Mr. Examiner, our Exhibit 5 is
16 the affidavit of notice, and I requested my secretary
17 yesterday to notarize it, and she failed to do so. I
18 hope she's on her way over.

19 I would request that the case remain open
20 until I can submit a properly notarized copy of Mr.
21 Green's affidavit.

22 Q. (By Mr. Lopez) ut I'll ask you to just try
23 and work Exhibit 5 from --

24 A. Exhibit 5 is an affidavit regarding notice
25 whereby I have sworn that I have given the proper

1 notification to all the owners.

2 MR. LOPEZ: As soon as I have a properly
3 notarized and sufficient copy I'll --

4 MR. STOVALL: Do you have an Exhibit A to
5 that, that identifies the parties to whom notice was
6 given? Would you do so as you complete it, just an
7 Exhibit A that says -- you know, so we can tell who the
8 notice refers to?

9 MR. LOPEZ: Okay, I'd be glad to.

10 Q. (By Mr. Lopez) What penalty do you recommend
11 against nonconsenting interest owners?

12 A. Santa Fe requests the cost-plus-200-percent
13 penalty.

14 Q. And will your geologist discuss the
15 reasonableness of that request?

16 A. Yes, our geologist will discuss the
17 reasonableness of that and also the risk associated
18 with this well.

19 Q. In your opinion, will the granting of the
20 Application be in the interests of conservation, the
21 prevention of waste and the protection of correlative
22 rights?

23 A. Yes.

24 Q. Were Exhibits 1 through 5 prepared by you or
25 under your supervision?

1 A. Yes, they were.

2 MR. LOPEZ: That concludes my examination of
3 this witness.

4 EXAMINATION

5 BY MR. STOVALL:

6 Q. Mr. Green, let's go back to Exhibit 2, the
7 first letter to Mr. Donahoe.

8 A. Yes, sir.

9 Q. Is this the first correspondence which you
10 sent to Mr. Donahoe?

11 A. Yes, this is the first correspondence.

12 Q. Now, if I go to the Application which was
13 attached to it --

14 A. Uh-huh.

15 Q. -- would you read paragraph 4 aloud for me,
16 please?

17 A. "Although Applicant attempted to obtain
18 voluntary agreement from all mineral leasehold interest
19 owners to participate in the drilling of the well or to
20 otherwise commit their interest to the well, certain
21 interest owners have failed or refused to join in
22 dedicating their acres."

23 Q. What opportunity did you give Mr. Donahoe
24 prior to the filing of this Application?

25 A. Prior to -- I started talking to Mr.

1 Donahoe -- trying to locate and then did locate. I
2 started trying to locate Mr. Donahoe beginning the
3 first part of April. Around the middle of April, I did
4 locate Mr. Donahoe. I have had at least seven or eight
5 telephone conversations with Mr. Donahoe concerning his
6 interests in this section and advising him that if we
7 could not come to an agreement, that we were going to
8 be forced to --

9 Q. Have you previously sent him an AFE or an
10 operating agreement or any opportunity to execute an
11 agreement?

12 A. Prior to this notice?

13 Q. Prior to this notice.

14 A. No, sir, I did not. I reviewed --

15 Q. How did Mr. Donahoe know what he might be
16 joining in, other than your verbal representations?

17 A. That's what he did -- he -- that was what --

18 Q. Did you give him well costs when you talked
19 to him?

20 A. Yes, I did.

21 Q. Did you tell him the depth?

22 A. Yes, I did.

23 Q. Did you tell him the terms of an operating
24 agreement which would be --

25 A. Yes, I did. There was previously an

1 operating agreement covering this acreage, which Mr.
2 Donahoe had executed. The operating agreement had
3 expired, the dry hole was drilled. I told him that we
4 would use the same form there; it was an operating
5 agreement that he had accepted before, and we would use
6 the same form. The only difference that we would have
7 there would be some change in Article 15 and also the
8 interest of the parties.

9 Q. But in fact, the only opportunity you
10 actually gave him to execute any agreement to join the
11 well was at the time you notified him that you were
12 force-pooling him; is that correct?

13 A. No, sir, I gave him an opportunity --

14 Q. No, the only time you gave him the
15 opportunity to execute a document to join the well was
16 at the time you sent him the force-pooling agreement?

17 A. That is true.

18 Q. Okay. Let's go on to Mr. Walton. Is it
19 essentially the same with Mr. Walton?

20 A. Yes, sir.

21 Q. And let's go on with -- You have the other,
22 the corporation which apparently Mr. Walton has an
23 interest in; is that correct?

24 A. Apparently Mr. Walton -- We gave notice to
25 Graystone Corporation, who were the owners of record

1 that we found, and still owners of record. We got
2 Graystone Corporation returned. Mr. Walton through
3 just knowing other people in Midland who have an
4 ownership in there, such as Skipper Hamilton, called
5 and said that Graystone Corporation was a defunct
6 corporation, that he was the owner of this interest,
7 and that's when we talked to Mr. Walton.

8 Q. Okay. You don't have any documentation about
9 Graystone being defunct or anything? You just got the
10 representation of Hamilton and others; is that --

11 A. No, all I have -- This is a bad address.
12 Everything we sent there was returned. Certified mail
13 was returned.

14 MR. STOVALL: Mr. Examiner, I have a concern
15 about meeting the threshold requirement for compulsory
16 pooling. I'm not sure we've satisfied the basic
17 requirement or even the allegation of the Application
18 that attempts have been made, good-faith negotiations
19 have been conducted, in my opinion, and I think the
20 Division has historically operated on the basis that
21 you at least have to sent an AFE and/or an operating
22 agreement to the parties to give them the opportunity
23 to review and execute, to have good-faith negotiations.

24 EXAMINER STOGNER: You're referring to the
25 statutes, are you not, Mr. Stovall?

1 MR. STOVALL: I am.

2 EXAMINER STOGNER: Mr. Lopez, historically
3 what Mr. Stovall is saying is correct. The compulsory
4 pooling is a last-ditch effort before a party comes in
5 for compulsory pooling or submits an application that
6 they have tried with a good-faith effort in trying to
7 reach agreement and such.

8 I don't see -- Nothing you've presented to me
9 today really tells me that they have had that, and
10 telephone conversations just doesn't cut it.

11 MR. LOPEZ: Mr. Examiner, I would suggest
12 that the fact that it's been over a month since the
13 parties we're requesting to force-pool that had a copy
14 of the proposed operating agreement and the terms of
15 the request, and the fact that prior to June 22nd,
16 there were seven or eight telephone conversations
17 getting them -- trying to persuade them to join in
18 these terms -- would more than meet the effort. They
19 were notified in this hearing today.

20 EXAMINATION (Resumed)

21 BY MR. STOVALL:

22 Q. Mr. Lopez, let me interrupt you. What terms?
23 Would you or the witness tell me exactly what terms Mr.
24 Donahoe did not agree to? I want to hear exactly what
25 terms he didn't agree to.

1 A. Mr. Donahoe said he didn't know what he
2 wanted to do. I told him that we would get him an
3 operating agreement similar to the one he had signed
4 previously. I gave him the well cost. I told him that
5 we needed to get an answer out of him --

6 Q. Did you give him a line-by-line itemization
7 of the well cost?

8 A. No, sir.

9 Q. Or did you give him a total cost for the
10 well?

11 A. I gave him the total cost for re-entering the
12 well.

13 Q. Mr. Green, let me just -- Why did you not
14 send him a letter when you first located him and offer
15 him a chance to join the well?

16 A. Because I believed at the time that we could
17 work out details of an operating agreement, get those
18 finalized and send a finalized version of an operating
19 agreement, if there were any changes, if he would like
20 to join in there, rather than doing an operating
21 agreement three or four times.

22 Had no problems with Yates Petroleum, had no
23 problem with Skipper Hamilton, the other two entities
24 with Yates, did not have a problem with the way we
25 handled that.

1 Mr. Donahoe is not necessarily eager -- I
2 think he participated in a dryhole out there on the
3 same section. He spent a lot of money on the lease. I
4 don't think he is very eager or willing to spend any
5 money out there.

6 There was a good-faith effort.

7 Q. Did you attempt to obtain a farmout from him?

8 A. Yes, sir.

9 Q. Do you have an offer of a farmout agreement?

10 A. I have a verbal offer.

11 I also offered to purchase his interest if he
12 did not want to participate, if he didn't want to farm
13 out. I made him an offer to purchase his interest.

14 Same with Mr. Walton. We have given them at
15 least four options before we filed the force-pooling.
16 I think they've had -- certainly had adequate notice.
17 They've had this letter for six weeks. Yates --

18 Q. Something about a letter that says we've
19 filed an application asking the State to exercise its
20 police power to force your property into participation
21 in this well, without having any prior correspondence
22 with the operator -- or with the person sought to be
23 pooled -- saying, here is an opportunity and here are
24 your options and here are the alternative offers we are
25 making you --

1 A. Both of my letters start out, "As previously
2 discussed in our telephone conversation..."

3 Q. I realize that. I see what the record --

4 A. Those four options. If there's a fifth
5 option that I'm not aware of that they could go under
6 -- They certainly had every other -- every opportunity
7 to farm out, to participate.

8 Q. That's your word, that's your testimony, and
9 I believe you honestly --

10 A. That's my testimony, and I'm sworn and I'm
11 under oath up here, and --

Q. I believe you, honestly. I don't question your integrity, Mr. Green; I question the process, whether a failure to notify the parties in writing to give them something written to respond to, to document, the details of the offer, of the opportunity -- I really do have some concern about using the police power of the State to pool their interests on that basis.

20	EXAMINATION
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21 BY EXAMINER STOGNER:

22 Q. Did you send Yates and the other parties
23 written agreements and stuff about the April date?

24 A. I sent Yates -- I did the same thing with
25 Yates as I did with Donahoe and Mr. Walton. They have

1 been discussed over the telephone to want to find out
2 if they wanted to participate.

3 If they don't want to participate, then you
4 say, Do you want to participate, or do you want to farm
5 out?

6 Q. Mr. Green --

7 A. Then you can work -- send letters out,
8 farmout agreement or an operating agreement.

9 Q. Does Santa Fe operate like this too? When
10 somebody calls you up, do you make the agreement right
11 then and there? Or do you see something in writing?

12 A. I will tell them that yes, we want to
13 participate, send us an operating agreement, or no we
14 don't, we'll farm out to you. There's no -- You're
15 preparing an operating agreement or a farmout
16 agreement.

17 MR. LOPEZ: Mr. Examiner, I would ask of Mr.
18 Stovall, is there something in the June 22nd packet
19 that, in your opinion, is inadequate in terms of --

20 MR. STOVALL: Yeah, what is inadequate is the
21 timing of it, the fact that you send to a party that
22 you're seeking to pool a letter saying, Here's your
23 invitation to come to the OCD and watch them force-pool
24 your interests. This is the first time we're going to
25 give you a written information about this proposal.

1 It is not the content; it is the timing and
2 the failure to do something prior that concerns me, Mr.
3 Lopez.

4 This package -- It is my opinion that this
5 package should have gone out with a -- something
6 explaining what alternatives Santa Fe was offering Mr.
7 Donahoe prior to the time you come to the Commission
8 and say, We have made good-faith effort to negotiate.

9 MR. LOPEZ: Is it the Commission's position
10 that there needs to be more than one attempt at
11 correspondence in order to show good-faith effort to --

12 MR. STOVALL: I think it is the Commission's
13 practice, and historically it has occurred, that the
14 Commission requires that you at least offer somebody in
15 writing the opportunity to participate in a well or
16 otherwise negotiate the disposition, if you will, of
17 their interest through farmout, sale or operating
18 agreement, et cetera, without -- before you come to the
19 Commission and say -- They shouldn't see their first
20 written piece of paper be a notice of the hearing
21 before this Commission -- or Division.

22 MR. LOPEZ: And the -- or otherwise negotiate
23 the seven or eight telephone conversations, this is the
24 terms of the operating agreement or possibly a farmout
25 under sworn testimony, doesn't meet that?

1 MR. STOVALL: Well, Mr. Lopez, as you well
2 know, you've got a parol evidence problem with the
3 telephone call. Exactly what was offered, what was Mr.
4 Donahoe referring to?

5 I'm sure Mr. Green in good faith is telling
6 us what he believes he offered. We don't know what Mr.
7 Donahoe heard. We don't know the details of the
8 discussion, exactly what Donahoe said.

9 In other words, Mr. Donahoe really has only
10 had the opportunity to have some discussions with Mr.
11 Green and not evaluate an offer.

12 And when you seek to use -- That may be fine
13 when you reach an agreement with a party orally and
14 they in fact join the well, as the others did, then
15 you're not invoking the police power of the State.

16 But once you start to do that, then you've
17 got to take some extra steps and make sure it's done
18 properly.

19 MR. LOPEZ: And the fact that Mr. Donahoe was
20 personally notified, according to Exhibit 2 --

21 MR. STOVALL: You've satisfied the notice
22 requirement. The problem that I have a difficulty with
23 is satisfying the statutory threshold of conducting
24 good-faith negotiations.

25 I think this is the first time -- I know

1 Santa Fe has been here before, and they have -- in
2 fact, I've seen cases where they have sent out letters
3 and made offers in writing. There have been other
4 parties here who have not, and they have faced the same
5 problems of -- You don't start formal negotiations with
6 an application to force-pool.

7 I mean, that is my concern. I think it's a
8 problem. It's certainly not a ruling. And the effect
9 of it, what has happened in the past, I will tell you,
10 is, we have continued cases to allow those negotiations
11 to be conducted. Rather than dismiss or deny an
12 application, continue the case and give the parties the
13 opportunity to follow through with those negotiations.

14 EXAMINER STOGNER: I concur with Mr. Stovall,
15 Mr. Lopez, on this matter. If you have something to
16 say before I come down with some sort of a ruling at
17 this point, you may --

18 MR. LOPEZ: I would ask Mr. Green --

19 THE WITNESS: I have a question.

20 EXAMINER STOGNER: Well, I'm asking Mr.
21 Lopez, what do you want to do in this situation? I
22 don't think the question is --

23 FURTHER EXAMINATION

24 BY MR. LOPEZ:

25 Q. Well, what I'd like to ask Mr. Green is

1 whether he believes that further negotiations with
2 either of these parties is going to bear any fruit.

3 A. I don't believe so. These negotiations have
4 been going on since April 14th. They've had official
5 notice, they have had operating agreements, they have
6 had cost estimates for at least five weeks.

7 Should they have -- Should we give them six
8 months or three months? Is five weeks not enough time?

9 MR. LOPEZ: Let's do this, Mr. Examiner: I'd
10 request, then, that we continue this to the next --

11 MR. STOVALL: Mr. Lopez, before you do this,
12 would you like to visit with your clients outside the
13 hearing room before -- and we can move on to another
14 case and then give you a chance to come back in and
15 make a final determin- -- You're on the spot at this
16 point of having to make a decision on the record, and I
17 think you need an opportunity to --

18 MR. LOPEZ: Right, I appreciate that. Thank
19 you.

20 MR. STOVALL: So Mr. Examiner, I recommend
21 that we continue this until a later point in today's
22 hearing and let Mr. Lopez consult with his clients and
23 make a decision.

24 EXAMINER STOGNER: Okay, at this point I've
25 noticed that the next case is another Santa Fe Energy.

1 Are you a party to that and the other witnesses?

2 MR. LOPEZ: Mr. Kulseth will have the next
3 case. I would like to finish this case.

4 I have one more witness with the geology, but
5 I'll let Mr. Kulseth go forward with this case, if I
6 could just have an answer for you after that.

7 And if it is agreeable with my client to
8 continue the hearing, I would like the indulgence of
9 the Examiner to finish the case with the second witness
10 and then come back at a later date, if that's the
11 client's desire, with only one witness to show what
12 further negotiations took place if we aren't able to
13 reach agreement.

14 EXAMINER STOGNER: That might be a suitable
15 situation.

16 MR. STOVALL: Let me offer one other
17 alternative, Mr. Lopez, to discuss with your clients,
18 and it is something that has been done in the past.

19 The true concern -- The concern is not the
20 joinder of the interests so much as it is the potential
21 for a penalty assessment.

22 FURTHER EXAMINATION

23 BY MR. STOVALL:

24 Q. Mr. Green, are you under any sort of drilling
25 deadline with this well?

1 A. Yes, we have a lease that will expire the end
2 of March, 1994, in about six months.

3 Q. The end of March, okay.

4 So you're not -- It's not like you'd better
5 get something done here in a hurry?

6 You have done that part, you are well in
7 advance, and then you --

8 A. We are well in advance.

9 This is also a well that we have budgeted
10 that we would like to drill this year.

11 MR. STOVALL: Well, the other option would be
12 to forego a penalty except as perhaps would cover a
13 cost-of-money type of factor.

14 I mean, that's not without -- That would be a
15 consideration as you discuss it with your client --

16 MR. LOPEZ: Thank you.

17 MR. STOVALL: -- because that's where the
18 real problem, in my opinion, with the State police
19 power is in the forfeiture of interest through a
20 penalty, exacerbates that.

21 EXAMINER STOGNER: With that, let's take --
22 not a recess, but we will continue Case 10,767 till a
23 later date in today's hearing.

24 (Thereupon, a recess was taken at 8:58 a.m.)

25 (The following proceedings had at 9:35 a.m.)

1 EXAMINER STOGNER: With that, let's recall
2 Case Number 10,767. Are we back on the record, Mr.
3 Lopez?

4 MR. LOPEZ: Yes, thank you, Mr. Examiner.
5 I'd like to now call Mr. Davis.

6 MR. STOVALL: Before we go into the
7 geologic -- You can go ahead and take the stand.
8 Before we go into the geology, let's summarize briefly
9 what the response is to the land issues with which
10 we're concerned.

11 If you would just set forth your proposal,
12 Mr. Lopez?

13 MR. LOPEZ: Yes. During the break, Mr.
14 Examiner, I had the opportunity to consult with our
15 client, and it is our request that this case be
16 continued to the next examiner hearing or such time as
17 the Examiner in his discretion determines best.

18 Immediately following today's hearing, we
19 will notify the nonconsenting interest owners that the
20 case has been continued to whatever date is set, and we
21 again would urge that they either join in the operating
22 agreement and spell out specifically the terms under
23 which we would request they join, or that they farm out
24 and also provide specifically those terms and then, at
25 the continued hearing, bring back a witness to testify

1 as to what those efforts, negotiations -- what they
2 resulted in, and go from there.

3 MR. STOVALL: Mr. Examiner, I believe that
4 would satisfy the requirements here.

5 EXAMINER STOGNER: Okay, Mr. Lopez, if you
6 would provide us copies along this detail between now
7 and the August 12th hearing, so we can evaluate this
8 ongoing matter, as Mr. Stovall said, that should
9 hopefully satisfy the requirements on that part of it.

10 MR. STOVALL: Well, I think, Mr. Examiner, he
11 said he would bring back the land witness today to
12 testify as to what steps will be taken between now and
13 the 12th; is that right?

14 MR. LOPEZ: And introduce the extra exhibits,
15 right, the correspondence that we submit and any
16 responses or -- Maybe the battle will be resolved, and
17 we can ask for it to be dismissed. That would be
18 wonderful.

19 So that if that doesn't happen, we'll be
20 back.

21 EXAMINER STOGNER: Okay.

22 In that case, this case will be continued
23 till August 12, but we'll hear your geology witness
24 today.

25 MR. LOPEZ: Thank you.

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

4 DIRECT EXAMINATION

5 BY MR. LOPEZ:

6 Q. Would you please state your name and where
7 you reside?

8 A. My name is Gene Davis. I reside in Midland,
9 Texas.

10 Q. And by whom are you employed and in what
11 capacity?

12 A. I'm employed by Santa Fe Energy Resources.
13 I'm a geologist.

14 Q. Have you previously testified before the
15 Commission and had your qualifications as an expert
16 geologist accepted as a matter of record?

17 A. Yes, I have.

18 Q. Are you familiar with the Application of
19 Santa Fe in this case?

20 A. Yes, I am.

21 (Off the record)

22 Q. (By Mr. Lopez) Mr. Davis, I would refer you
23 to what's been marked Exhibit Number 7 and ask you to
24 identify it -- or I guess it's Exhibit Number 6.

25 A. Number 6 is an isopach map of the

1 Cisco/Canyon Dolomite.

2 Q. You might want to talk about this in
3 reference with Exhibit Number 7 as well, so I would
4 refer you to that as well.

5 A. Exhibit Number 7 is a cross-sectional view of
6 two type logs on the Saginaw Prospect area.

7 Q. Would you explain what you intend to show
8 with these two exhibits?

9 A. If I can also introduce Exhibit 8, it would
10 probably be helpful as well.

11 Q. Okay, we can also refer to Exhibit Number 8.

12 A. Exhibit Number 8 is a structure map on top of
13 the Cisco/Canyon Dolomite in the area of the Saginaw
14 Prospect.

15 If I can just talk about the exhibits, the
16 two smaller exhibits, Number 6 and Number 8 first, they
17 both -- As to color, yellow is acreage that is owned by
18 -- or is controlled by Santa Fe Energy, and the red
19 stars, six-point stars, are wells that either are
20 producing or were producing in the Indian Basin gas
21 field.

22 There is a green triangle on the south end of
23 the cross-section, and that is the Yates Petroleum
24 Company Hickory "ALV" Fed Number 1 well, which is the
25 discovery well for the Indian Basin Upper Penn

1 associated oil field.

2 Basically the prospect, the Saginaw Prospect,
3 is located on the south flank of the Indian Basin gas
4 field, or southeast flank of the Indian Basin gas
5 field.

6 It is our intention here to re-enter a well
7 in Section 5, the Discovery Operating Walt Canyon "5"
8 Fed Number 1 well, re-naming it the Nagooltee Peak "5"
9 Fed Number 1, and deepen the well from its existing TD
10 of 8012 feet to a -- deepening to a depth of 8600 feet.

11 We are basically going to re-enter the well
12 in search -- looking at what would be the Upper Penn
13 associated reservoir that is being produced in the
14 Hickory "ALV" Fed Number 1 well by Yates.

15 Basically, our regional work in the area
16 suggests that the Indian Basin gas field is the updip
17 expression of a very large and complex oil and gas
18 reservoir.

19 The Indian Basin field is productive of gas
20 and condensate, and in later years it's been productive
21 also of water as well.

22 And lying down beneath that gas field is
23 another reservoir that is being exploited on the north
24 end of the Indian Basin gas field in the Dagger Draw
25 North and South fields, which are Upper Penn associated

1 oil fields, where there's gas, oil and water produced.

2 On the south flank of the Indian Basin gas
3 field, it's only been recently -- has this lower
4 reservoir been looked at. And again, that is the Yates
5 Pet Hickory "ALV" Fed Number 1 well in Section 17 of
6 Township 22 South, Range 24 East, has come in -- has
7 been made a producer from that zone, and a new field
8 has been established there.

9 We are going to attempt to drill -- to deepen
10 that well in Section 5 and look at that particular
11 reservoir.

12 If you can look at the structure map, you'll
13 note that the Hickory well encountered the top of the
14 Cisco/Canyon Dolomite at a subsea depth of minus 3941.

15 The Discovery Operating well in Section 5,
16 which we plan to re-enter, encountered the top of the
17 dolomite at minus 3634.

18 Referring to the type log cross-section,
19 Exhibit Number 7, you can see that the Discovery well
20 TD'd at a depth that would allow it to test only the
21 Indian Basin gas reservoir, which extends, in our
22 opinion, down to about a depth of minus 3754.

23 Between a depth of minus 3754 and a depth of
24 minus 4057 subsea, we believe there is the other
25 reservoir, the other Upper Penn associated reservoir,

1 which is productive of gas, oil and/or water.

2 If you look at the isopach map, you will note
3 that the Yates well in Section 17, the Hickory well,
4 encountered 118 feet of dolomite and there down towards
5 the southern edge of the reservoir, limits itself.

6 The well that we propose to re-enter in
7 Section 5 encountered a little greater than 60 feet of
8 dolomite. And if you'll also note that the two
9 surrounding wells to it in Section 5 and also in the
10 north half of Section 8 encountered greater than 400
11 feet of dolomite.

12 So we believe that by re-entering the
13 Discovery well, we're going to be able to look at a
14 fairly substantial thickness of dolomite that is
15 basically untested in Section 5.

16 Q. Do you have an opinion as to the amount of
17 risk penalty that should be assessed against any
18 nonconsenting interest owners in the unit?

19 A. First, there is the re-entry risk. We're re-
20 entering a well that was drilled in 1984. It was
21 obviously plugged and abandoned. We're going to have
22 to re-enter that wellbore, and we're not sure what kind
23 of shape it's in but, you know, obviously we hope that
24 we will be able to go in there, re-enter and deepen the
25 well with little trouble, but there will be some risk

1 involved with that.

2 Secondly, there is obviously the risk that we
3 could drill into the reservoir and find it to be tight.
4 If you'll refer to some of the wells in the Dagger Draw
5 Field, you'll find that there are zones within that
6 reservoir that are tight and nonproductive or less
7 productive than other wells in the area.

8 And finally, it's possible that we might not
9 encounter a commercial reservoir. The Yates well in
10 Section 17, the Hickory "ALV" Fed Number 1, while it
11 has been designated as a Discovery well for a field, in
12 a hearing here, we were given basically one day's worth
13 of production data on that well, and that well was
14 given as having production of 408 barrels a day of oil,
15 but also having 1197 barrels of water.

16 So this reservoir we know is going to contain
17 a significant amount of water, and we're not sure
18 exactly how much water we'll produce in a well that we
19 deepen and try to complete in Section 5. It could be
20 so much water involved and so little hydrocarbon
21 involved that we could end up having a well that's
22 noncommercial.

23 So there is that risk as well. Hopefully
24 that does not exist. That may not be the case, but
25 it's possible that it will be.

1 In addition, this is a very, very rugged
2 topographic area. It's going to be very difficult to
3 test the well initially as it is. The cost of
4 transporting the water produced will be very, very
5 high, and that -- if there's a significant amount of
6 water produced, it will make the commerciality of the
7 well in question as well.

8 So those things all go to address the risk
9 that will be involved with the well itself.

10 Q. And what risk factor do you propose?

11 A. I propose 200 percent plus cost.

12 Q. Were Exhibits 6 through 8 prepared by you or
13 under your supervision?

14 A. Yes, they were.

15 MR. LOPEZ: Mr. Examiner, I would offer
16 Applicant's Exhibits 6 through 8.

17 EXAMINER STOGNER: Exhibits 6 through 8 will
18 be admitted into evidence.

19 EXAMINATION

20 BY MR. STOVALL:

21 Q. Just a question about 6 through 8 -- 6 and 8.

22 A. Yes, sir.

23 MR. LOPEZ: And 7.

24 Q. (By Mr. Stovall) I don't have a question
25 about 7, no, I've just -- I have a question about 6 and

1 8 --

2 A. Yes, sir.

3 Q. -- just with respect to -- your -- I may have
4 missed in your testimony, but your legend indicates
5 that the proposed location is the red square?

6 A. That is a proposed location in Section 8, and
7 there is a -- the other well that we're seeking to re-
8 enter in Section 5 is the well that would be in the
9 southeast quarter section that has the "TL" next to it
10 and has a hexagon around it that is not colored.

11 And I apologize for that oversight.

12 Q. That was the well that was in Case 10,768,
13 but apparently has been dismissed?

14 A. That's correct.

15 Q. Okay. Just so that the record reflects that
16 we're really not talking about the subject well.

17 A. We're not talking about the Old Ranch Knoll
18 "8" Number 2 well, that's correct.

19 EXAMINATION

20 BY EXAMINER STOGNER:

21 Q. Since we are talking about Section 5, I think
22 it would be interesting to kind of go to the
23 chronological order as far as the upper basin -- I'm
24 sorry, the Indian Basin Upper Pennsylvanian Pool --
25 which is currently spaced on 640 acres out there in

1 this area.

2 A. That's correct, sir.

3 Q. Which was the first well in this particular
4 proration unit, in Section 5?

5 A. It would be the John H. Trigg Azotea Mesa Fed
6 Number 1-8 well, which is the well that was drilled in
7 the northwest quarter section, has a red star around it
8 with a number, minus 3471, associated with it on the
9 structure map.

10 Q. Do you know when that was produced?

11 A. It was completed in August of 1965 as a
12 producer from the Indian Basin Gas Pool.

13 Q. Do you know when it stopped producing?

14 A. I believe it was 1984 to 1986. I'd have to
15 get you the exact date, but it is in that time frame.

16 Q. Okay, and then another well was attempted
17 or --

18 A. There was a well that was drilled by Steve
19 Sell in Section 5 that is adjacent to that location.
20 That is his -- Number 5 is the Band Aid Federal well.
21 And that well was drilled down to just -- into the very
22 top of the Cisco/Canyon Dolomite. They did make a
23 completion attempt and were unsuccessful

24 And that well was drilled -- If I could look
25 at my notes, I can give you the exact date when that

1 well was drilled.

2 Q. You could do that, but it don't have to be
3 exact.

4 A. I would say that well was drilled about in
5 1989 to 1990.

6 Q. That's fine. Does Steve Sell still have that
7 well, or has Santa Fe taken over operations?

8 A. I believe that that well was -- I believe
9 that well was actually plugged and abandoned, but I'd
10 have to look at my records, and we actually -- would
11 actually have the ownership of the section itself.

12 Q. Okay, any discrepancy would show up --

13 A. I'm not sure if the well was actually P-and-
14 A'd or P-and-A'd.

15 Q. Okay. Any such ownership discrepancy would
16 be in our records and such.

17 A. Yes.

18 Q. Now, when you talk about the Discovery well,
19 you're not talking about the discovery well for the
20 proposed, but --

21 A. No.

22 Q. -- the Discovery Operating, Inc., the
23 proposed well at this point, right?

24 A. That's correct, it's Discovery Operating,
25 Incorporated.

1 Q. And that zone did test the Indian Basin Upper
2 Penn also?

3 A. Yes, it did. That well tested -- the top --
4 They perforated between an interval of minus -- of 7938
5 to 7976, which is in the very top. If you look at the
6 cross-section, Exhibit 7, you'll notice that there are
7 perforations shown right below the top of the
8 Cisco/Canyon Dolomite in that well.

9 They acidized the well. It flowed 149,000
10 cubic feet of gas per day and 300 barrels of water on a
11 32-64 inch choke, and then they plugged and abandoned
12 well.

13 At that time, no one was considering the
14 potential of the lower portion of the Dolomite in this
15 portion of the Indian Basin reservoir.

16 Q. Is it location that makes this particular
17 well in Section 5 -- just Section 5 alone -- that makes
18 this well more attractive for such recompletion as
19 opposed to the other two?

20 A. Part of it is the fact that it is -- you
21 know, we do think we're going to encounter at least, I
22 would say, 300 feet of potential pay in that well.

23 And also it's ease of access. This is an
24 extremely rugged area topographically, and that well
25 will serve the purpose of being easily accessible and a

1 well that we can actually re-enter it at a reasonable
2 cost. And the cost, of course, has something to do
3 with it as well. We're trying to keep our costs down
4 as much as possible in testing this idea.

5 The well is fairly new, so it should be okay
6 to re-enter.

7 EXAMINER STOGNER: Are there any other
8 questions of Mr. Davis?

9 FURTHER EXAMINATION

10 BY MR. LOPEZ:

11 Q. In your opinion, would the granting of the
12 Application be in the interests of prevention of waste
13 and protection of correlative rights?

14 A. Yes, it would be.

15 MR. LOPEZ: That concludes my questioning.

16 FURTHER EXAMINATION

17 BY MR. STOVALL:

18 Q. I just have one, just to make sure I know
19 where we're talking about.

20 The Yates Hickory well that's on your map, is
21 that the well that was the subject of a hearing here
22 within the last month, regarding the creation of the
23 associated pool?

24 A. That's correct, it is.

25 Q. Okay, so we are on the southeast corner of

1 the Indian Basin area; is that correct?

2 A. That's correct, southeast corner on the
3 flank.

4 MR. STOVALL: Okay, that's it.

5 MR. LOPEZ: Mr. Examiner --

6 EXAMINER STOGNER: Yes, sir?

7 MR. LOPEZ: -- I'm not sure that I introduced
8 Exhibits 1 through 4.

9 I have the affidavit now properly notarized
10 with the exhibit attached, but now that we have a
11 different game plan I probably need to --

12 MR. STOVALL: I think you can go ahead and
13 introduce that, Mr. Lopez, to just show that you gave
14 -- I don't think notice was the issue, so you might as
15 well submit the negotiation.

16 EXAMINER STOGNER: And this is Exhibit 5; is
17 that correct?

18 MR. LOPEZ: Exhibit 5.

19 EXAMINER STOGNER: Exhibit 5 definitely will
20 be admitted into evidence at this time.

21 MR. LOPEZ: And I think I offered Exhibits 1
22 through 4, but if I didn't I'd like to offer them
23 again.

24 EXAMINER STOGNER: Exhibits 1 through 4 will
25 be admitted into evidence at this time also.

1 MR. LOPEZ: And that concludes my evidence
2 until the case is continued.

3 EXAMINER STOGNER: Okay. With that, this
4 case will be continued to the August 12th, 1993,
5 hearing.

6 (Thereupon, these proceedings were concluded
7 at 9:54 a.m.)

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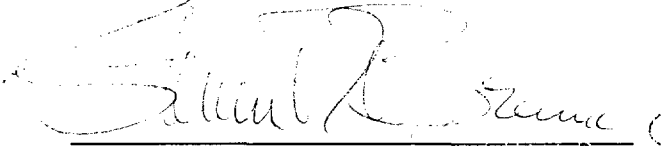
CERTIFICATE OF REPORTER

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

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

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

WITNESS MY HAND AND SEAL August 10th, 1993.


STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10767, heard by me on 24 July 1993.


_____, Examiner
Oil Conservation Division

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CASE 10,767

EXAMINER HEARING

IN THE MATTER OF:

Application of Santa Fe Energy Operating Partners,
L.P., for compulsory pooling, Eddy County, New
Mexico

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

August 12, 1993

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys at Law
By: JAMES G. BRUCE
218 Montezuma
P.O. Box 2068
Santa Fe, New Mexico 87504-2068

* * *

I N D E X

Page Number

Appearances

2

GARY GREEN

Direct Examination by Mr. Bruce

5

Examination by Examiner Catanach

10

Certificate of Reporter

12

* * *

E X H I B I T S

APPLICANT'S EXHIBITS:

Exhibit 1

7

Exhibit 2

7

* * *

1 WHEREUPON, the following proceedings were had
2 at 9:59 a.m.:

3 EXAMINER CATANACH: At this time we'll call
4 Case 10,767, which is the Application of Santa Fe
5 Energy Operating Partners, L.P., for compulsory
6 pooling, Eddy County, New Mexico.

7 Are there appearances in this case?

8 MR. BRUCE: Mr. Examiner, James Bruce from
9 the Hinkle law firm in Santa Fe, representing the
10 Applicant.

11 I have one witness to be sworn.

12 EXAMINER CATANACH: Any other appearances?

13 (Thereupon, the witness was sworn.)

14 MR. BRUCE: Mr. Examiner, for your
15 information, this case was originally set for the July
16 15th hearing. It was continued to July 29th, at which
17 time Mr. Green testified and also a geological witness
18 testified and presented all his geology.

19 I spoke with Mr. Stogner. He said that no
20 more geological testimony was necessary.

21 During the last hearing, Mr. Stovall had
22 requested that Mr. Green send out an additional
23 proposal letter to two of the parties being pooled, and
24 that is the primary reason we're back here today.

25 And in his testimony I'll have Mr. Green

1 recap for you a little bit of the negotiations with the
2 parties.

3 EXAMINER CATANACH: Okay.

4 GARY GREEN,

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

7 DIRECT EXAMINATION

8 BY MR. BRUCE:

9 Q. Would you please state your name for the
10 record?

11 A. My name is Gary Green.

12 Q. And where do you reside?

13 A. Midland, Texas.

14 Q. Who do you work for and in what capacity?

15 A. Santa Fe Energy Resources, as a landman.

16 Q. And have you previously testified before the
17 Division as a landman and had your credentials accepted
18 as a matter of record?

19 A. Yes, I have.

20 Q. And are you familiar with the land matters
21 involved in this case?

22 A. Yes, I am.

23 MR. BRUCE: Mr. Examiner, I would tender Mr.
24 Green as an expert petroleum landman.

25 EXAMINER CATANACH: Mr. Green is so

1 qualified.

2 Q. (By Mr. Bruce) Mr. Green, let's go over
3 briefly for Mr. Catanach your negotiations with these
4 parties.

5 When was your first contact with -- I believe
6 the only two people who need to be pooled are Joe
7 Walton and Donahoe Oil and Gas Company; is that
8 correct?

9 A. That's correct.

10 My first contact was probably the middle of
11 May, middle part of May, I made initial contact with
12 the people I could locate, which was Yates Petroleum,
13 who are also in there in April. I started this in
14 April and finally tracked these people down and got --
15 All of the old addresses and stuff were wrong, people
16 moved around different places.

17 And about the middle of May I finally located
18 them and started talking to them about the well
19 proposal in Section 5.

20 Q. And your first contacts were by phone; is
21 that correct?

22 A. Yes, they were.

23 Q. When was your first written contact?

24 A. First written contact was a letter dated June
25 22nd, wherein I had notified them of the compulsory

1 hearing and also provided them with an operating
2 agreement and an AFE.

3 Q. And besides offering them the right to join
4 in the well, had you previously offered to purchase
5 their interest?

6 A. Yes, I had.

7 Q. Okay. Now, this hearing was originally set
8 for July 15th; is that correct?

9 A. That is correct. We asked that the hearing
10 be continued at that time, in an attempt to negotiate
11 an agreement between these two parties.

12 Q. Did you ever receive any response from Mr.
13 Walton or from Donahoe Oil and Gas regarding your offer
14 to join in or to purchase their interests?

15 A. I had six or seven telephone conversations
16 with Mr. Donahoe and with Mr. Walton. They seem to not
17 be willing to make a decision.

18 The main response I get out of Mr. Walton is,
19 well, he's going to talk to Mr. Donahoe.

20 What I get out of Mr. Donahoe, well, he wants
21 to talk to Mr. Walton so he can decide what they're
22 going to do.

23 Q. Are Exhibits 1 and 2 your subsequent proposal
24 letters to Mr. Walton and to Donahoe Oil and Gas?

25 A. Yes, they are.

1 Q. And just briefly, what do they offer the two
2 parties?

3 A. Which two letters? Are you talking about the
4 original Exhibits 1 and 2 or the --

5 Q. The July 30, 1993, letters.

6 A. Okay, I've got them.

7 Q. And both letters are essentially identical?

8 A. They're identical, just different addresses.

9 These letters basically set out what we
10 previously offered in writing, what we had offered
11 verbally. There's an offer to join in the well under
12 an operating agreement for their share of the well,
13 there is an offer to purchase their interest, there's
14 an offer to accept a farmout under whatever terms, and
15 also advising them that we have been requested by the
16 Commission to make another attempt to come to some sort
17 of voluntary agreement, and we need to try to get that
18 done before today's date.

19 Q. And it does notify them again of the August
20 12th hearing date?

21 A. Yes, it does.

22 Q. And to date they just have not reached a
23 decision, despite phone calls with them?

24 A. No, they have not. I talked to Mr. Walton on
25 Friday. I talked to Mr. Donahoe on Monday. I got the

1 same response. They were going to get together and
2 talk, see if they can make a decision.

3 Q. Now, are there any upcoming lease expiration
4 dates?

5 A. Yes, there are. Yates Petroleum has a 40-
6 acre lease inside the 640-acre spacing unit that will
7 expire at the end of November.

8 Q. And the proposal for this well is a re-entry,
9 is it not?

10 A. That is correct, it's a re-entry which will
11 require us to establish production to save that lease.

12 Q. So merely drilling across the end of Yates'
13 lease term isn't sufficient?

14 A. No, we would not be making any new holes; we
15 will just be re-entering the well.

16 Q. In your opinion, have you made a good-faith
17 effort to obtain the voluntary joinder of Mr. Walton
18 and Donahoe Oil and Gas in the proposed well?

19 A. Yes, I have.

20 Q. In your opinion, is the granting of this
21 Application in the interests of conservation and the
22 prevention of waste?

23 A. Yes, it is.

24 Q. And were Exhibits 1 and 2 prepared by you?

25 A. Yes, they were.

1 MR. BRUCE: Mr. Examiner, I tender Santa Fe
2 Exhibits 1 and 2.

3 EXAMINER CATANACH: Exhibits 1 and 2 will be
4 admitted as evidence.

5 EXAMINATION

6 BY EXAMINER CATANACH:

7 Q. Mr. Green, under the terms of the Division
8 Pooling Order, the parties involved will have an
9 additional 30 days in which to join in the well if they
10 choose to do so; is that correct?

11 A. Yes, sir, and I have -- Santa Fe is not in a
12 position to make anyone participate or not
13 participate -- or participate under a pooling order if
14 they decide to join.

15 I've told both these parties that, you know,
16 the operating agreement is there; all you've got to do
17 is sign it.

18 Q. These two parties have everything they need
19 to make a decision, and it's just up to them to do it;
20 is that correct?

21 A. Yes, sir.

22 EXAMINER CATANACH: I don't have anything
23 else.

24 Anything else, Mr. Bruce?

25 MR. BRUCE: I have nothing further.

1 EXAMINER CATANACH: There being nothing
2 further, Case 10,767 will be taken under advisement.

3 (Thereupon, these proceedings were concluded
4 at 10:06 a.m.)

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16 I do hereby certify that the foregoing is
17 a complete record of the proceedings to
18 the Examiner hearing of Case No. 10767,
19 heard by me on August 12 1993.

20 David R. Catanach, Examiner
21 Oil Conservation Division
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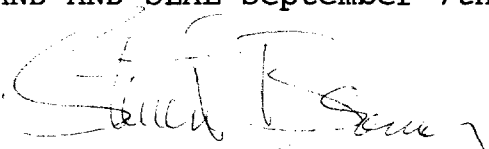
1 CERTIFICATE OF REPORTER

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

5
6 I, Steven T. Brenner, Certified Court
7 Reporter and Notary Public, HEREBY CERTIFY that the
8 foregoing transcript of proceedings before the Oil
9 Conservation Division was reported by me; that I
10 transcribed my notes; and that the foregoing is a true
11 and accurate record of the 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 September 7th, 1993.

17
18 
19 STEVEN T. BRENNER
CCR No. 7

20 My commission expires: October 14, 1994
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