STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF AMOCO PRODUCTION COMPANY

CASE NO. 10,902

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

MAR 21

February 3rd, 1994

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, February 3rd, 1994, at Morgan Hall, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

February 3rd, 1994
Examiner Hearing
CASE NO. 10,902

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E X H I B I T S

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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:

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

* * *

WHEREUPON, the following proceedings were had at 9:11 a.m.:

EXAMINER MORROW: Call the hearing to order again, and call Case 10,902.

Call for appearances.

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

I represent the Applicant in this case, Amoco Production Company, and I have four witnesses.

EXAMINER MORROW: All right. I failed to state what the Application concerns. It's the Application of Amoco Production Company for a high angle/horizontal directional drilling pilot project area and special operating rules therefor, San Juan County, New Mexico.

Will the witnesses stand to be sworn?

(Thereupon, the witnesses were sworn.)

MR. CARR: At this time, Mr. Morrow, we call Gary Weitz.

GARY A. WEITZ,

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

DIRECT EXAMINATION

BY MR. CARR:

Q. Would you state your full name for the record,

please?

A. My name is Gary A. Weitz.

Q. And where do you reside?

A. Denver, Colorado.

Q. Mr. Weitz, by whom are you employed?

A. I'm employed by Amoco Production Company.

Q. And what is your current position with Amoco?

A. I'm a senior land negotiator with Amoco.

Q. Have you previously testified before the New Mexico Oil Conservation Division?

A. No, I have not.

Q. Could you briefly summarize for Mr. Morrow your educational background and then review briefly your work experience?

A. Yes, I graduated from Indiana University with a master's and a doctorate degree in the area of exercise physiology and statistics in 1971. After that, I was employed by the University of Alaska as an assistant professor, and then by the University of Wisconsin in Madison as assistant professor.

In 1980 I joined Amoco Canada Petroleum Company, Limited, in Calgary, Alberta, Canada. I worked in the areas -- several provinces across Canada and east coast offshore.

In July of 1993 I transferred to Amoco Production

Company in Denver, and I currently work the San Juan Basin in New Mexico.

Q. Are you familiar with the Application filed in this case on behalf of Amoco?

A. Yes.

Q. Are you familiar with the status of the lands in and surrounding the project area which is the subject of this case?

A. Yes.

MR. CARR: We tender Mr. Weitz as an expert witness in petroleum land matters.

EXAMINER MORROW: His qualifications are acceptable.

MR. CARR: Thank you

Q. (By Mr. Carr) Mr. Weitz, could you briefly state what Amoco seeks in this case?

A. Amoco is seeking approval of a directional drilling pilot project area, and this location is in the south half of Section 27, Township 32 North, Range 11 West.

And we're also seeking authority to drill a high-angle horizontal well within the project area, and this would be drilled from the Van Hook LS Number 1 well, which is located 800 feet from the south line and 1090 feet from the west line, located in Unit M.

We're also asking for special operating rules

that would permit the traverse of quarter and quarter-quarter section lines with a horizontal wellbore within the project area.

And we're also asking for a special operating rule that would permit to drill within 790 feet of the outer boundary of the project area.

Q. And that 790-foot setback is a standard setback for a well at this depth; is that right?

A. Yes, it is.

Q. Could you identify what has been marked as Amoco Exhibit 1 in the exhibit book? Identify this and then review it for the Examiner.

A. Exhibit 1 is a land plat indicating the sections within Township 32 North, Range 11 West, and specifically what we're looking at is the south half of Section 27, which is the pilot project area, and in the southwest quarter is located the Van Hook LS Number 1 well.

Also indicated on this plat is the offsetting operators, indicated by the number "1", and the number "1" represents Amoco Production, who is the offsetting operator of all the spacing -- offsetting spacing units.

Q. Mr. Weitz, we've received a call from Hallador Petroleum Company concerning this project. Could you advise the Examiner whereabouts Hallador's interest is actually located?

A. Yes, Hallador is located in the south half of Section 24 and also in the east half of Section 22.

Q. So they were not within the area that we were required to notify of this particular Application under the OCD rules?

A. No, they were not.

EXAMINER MORROW: What was the name of that company again?

MR. CARR: Hallador, H-a-l-l-a-d-o-r. I think it was previously Kimbark.

EXAMINER MORROW: Go ahead.

Q. (By Mr. Carr) What is the status of the ownership under the south half of Section 27?

A. South half of Section 27 is held 75 percent by Amoco Production Company and 25 percent by Conoco, Inc.

Q. Because Amoco is the only offsetting operator, no notice of this hearing was required; is that correct?

A. That's correct.

Q. Will Amoco also call geological and engineering witnesses to review the technical aspects of this Application?

A. Yes, we will.

Q. Was Exhibit Number 1 prepared by you?

A. Yes, it was.

MR. CARR: At this time, Mr. Morrow, we move the

admission of Amoco Exhibit Number 1.

EXAMINER MORROW: Exhibit Number 1 is admitted.

MR. CARR: That concludes my direct examination of Mr. Weeks.

EXAMINATION

BY EXAMINER MORROW:

Q. You mentioned the project area, approval of operating rules for a project area. Would -- Is the project area the south half of Section 27?

A. Yes, it is.

Q. Would you anticipate that wells other than the one in the Application would be applied for and drilled in this project area in the future, or would this be -- would this be the project?

A. This would be the project.

Q. So it doesn't anticipate any additional drilling?

A. Not at this time.

Q. So the operating rules you're requesting would be for -- just for this well?

A. That's correct.

Q. And anything that was approved would apply only to this well; is that correct?

A. That's correct.

EXAMINER MORROW: Bob, do you have any questions?

MR. STOVALL: Huh-uh.

EXAMINER MORROW: Thank you, Mr. Weitz.

THE WITNESS: Thank you.

MR. CARR: At this time we call Mr. Pasternack.

IRA PASTERNACK,

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. My name is Ira Pasternack.

Q. Where do you reside?

A. In Denver, Colorado.

Q. By whom are you employed?

A. By Amoco Production Company in Denver, Colorado.

Q. And what is your current position with Amoco?

A. I'm a staff geologist for them.

Q. Have you previously testified before this Division?

A. No, I haven't.

Q. Could you review for Mr. Morrow your educational background and then briefly summarize your work experience?

A. Yes. I received my undergraduate degree from Occidental College in Los Angeles, California, in 1976 with a major in geology.

I received my master of science degree, again

with a major in geology, from Colorado School of Mines in Golden, Colorado, in 1982.

I've been continuously employed by Amoco Production Company in Denver, Colorado, since October, 1980. For the last three years, my work with Amoco has focused on evaluation of development and exploration projects with tight formation gas sands. The last year and a half I've been focusing my efforts on the Mesaverde group, evaluation in the San Juan Basin.

In 1987, I did the geological work on another horizontal well that Amoco drilled in the overthrust belt of southwestern Wyoming.

Q. Are you familiar with the Application filed in this case?

A. Yes, I am.

Q. Have you made a geologic study of the area surrounding the project area in the Blanco-Mesaverde Pool?

A. Yes, I have.

MR. CARR: We tender Mr. Pasternack as an expert witness in petroleum geology.

EXAMINER MORROW: All right, we accept his qualifications.

THE WITNESS: Thank you.

Q. (By Mr. Carr) Mr. Pasternack, let's go to what has been marked as Exhibit 2 in the exhibit book -- this is

a composite exhibit -- and I would ask you first to refer to the yellow block in the upper right-hand portion of the exhibit. Identify this and review it for Mr. Morrow, please.

A. The yellow block you're referring to is a horizontal plan or map view of the area around our proposed re-entry of the Van Hook well. The black line indicates the outline of the south half of Section 27, 32 North, 11 West.

Located within that 790-foot setback from the second boundary is the proposed drilling window. Located within that drilling window, indicated by the small black dots in the southwest-southwest quarter quarter section of Section 27, is the location of the Van Hook LS Number 1 that was drilled and completed in June of 1955. In the northeast-southeast quarter quarter section is the location of an infill well that was completed in November of 1978, the Van Hook LS Number 1A.

Also shown on that diagram with the red line is our proposed horizontal or high-angle wellbore trajectory. The end of the lateral section of that wellbore is located 1500 feet at a bearing of north 75 degrees east from the existing Van Hook LS Number 1 location.

Q. So basically what you're doing is drilling almost straight toward the infill well on this spacing unit?

A. That's correct.

Q. All right. Let's go to the portion of the exhibit, the cross-section, consisting of the logs on either side of it, and I'd ask you to identify and review this portion of Exhibit 2.

A. All right. The -- On each end of the wellbore trajectory, we've put the wireline open-hole logs for the Van Hook LS 1, our subject well, and the infill well to the northeast.

These logs demonstrate that there's a high degree of correlatability of the Mesaverde formations in this area, specifically within the Cliff House and what we term the Massive Point Lookout interval.

The Massive Point Lookout interval is shaded with the dots on the display to indicate the interval that we intend to target with the horizontal or high-angle completion, and in this area that interval is approximately 40 feet thick.

Point out that the top of this Massive Point Lookout interval, or the top that I've correlated in the nine-section area surrounding the Van Hook well, that I've used to prepare a structure map that's Exhibit 3.

Q. Before we do that, could you tell us why you're placing the horizontal hole in this particular direction, or is it more appropriate to do that with the structure

map?

A. It's more appropriate to do it with the structure map.

Q. All right. Well, let's go on to Exhibit Number 3, and we will leave the wellbore schematic for a subsequent witness.

A. Point out too that the details of the wellbore trajectory diagram itself will be discussed in detail by our drilling engineer shortly.

Q. Okay. Let's go to Exhibit 3, the structure map.

A. Okay. The structure map, again, is on top of that shaded interval, the top of the Massive Point Lookout. And what it illustrates is that we've got regional dip generally towards the northeast at about one degree dip or less.

The most significant feature on the structure map is a flexure zone that goes through the middle portion of the area with a northeast-southwest orientation.

Wells along this flexure zone have had slightly better production than the wells on the periphery of this, and in particular Barnes Number 6 well, located in the very northeastern corner of the map, has had significantly better production than the surrounding wells. And Bill Hawkins, our engineer, will talk about that in more detail shortly.

I've conducted a reservoir evaluation of the area and found that there is very little difference in terms of pay thickness, porosity, water saturation, et cetera, when you compare the Barnes 6 wells to the surrounding wells. Therefore, I attribute the differences in the productivity of that well and the other good wells in the area to the development of enhanced permeability that I attribute to natural fractures, and I attribute these natural fractures to be developed in association with this flexure zone.

Point out that I believe the origin of this flexure zone is due to basement fault movement that took place sometime after the deposition of this Point Lookout interval.

The high-angle horizontal wellbore would increase the probability of encountering fracture zones that we believe are locally developed in this area. It would substantially increase our chances of encountering these fracture zones.

By orienting the horizontal or high-angle wellbore trajectory to a bearing of north 75 degrees east from the existing wellbore, we will cross most of that flexure zone area, and we've conducted a fracture identification log in the Van Hook Number 1, and the fracture orientations corroborate that wellbore trajectory.

So in conclusion, I'd like to say that the

Massive Point Lookout, as we've illustrated, is present across the area and that it would provide a suitable target for our high-angle horizontal wellbore and that by using a high-angle horizontal wellbore we'll have a much higher probability of encountering some of these fracture zones that we believe are locally -- substantially improve the productivity of the Mesaverde in this area.

Q. Were Exhibits 2, the portions that you've discussed, and Exhibit 3 prepared by you?

A. Yes, sir, they were.

MR. CARR: At this time, Mr. Morrow, we would move the admission of Amoco Exhibit 3, and we'll move the admission of 2 after the whole exhibit is reviewed.

EXAMINER MORROW: Exhibit 3 is admitted.

MR. CARR: That concludes my direct examination of Mr. Pasternack.

EXAMINATION

BY EXAMINER MORROW:

Q. Let me -- You mentioned, or I thought you did, a Number 6 well --

A. Yes, sir.

Q. -- that was a good well, and I never did find it on the exhibit.

A. It's the very northeastern portion of the map, sir, the Barnes Number 6. It's the well that has a

structural elevation of 906 feet.

Q. So the flexure zone you're talking about is -- it extends from the northeast corner of 23 down to the southwest of 34; is that --

A. Yes, sir. Yes, sir.

Q. Okay. Do you know if there have been other similar horizontal wells drilled in the Blanco-Mesaverde Pool?

A. Yes, sir, there's been three wells drilled by Meridian that are located about 30 miles to the east southeast of this area.

Q. And that's the only three you know of; is that --

A. In New Mexico. They just recently drilled one in Colorado.

Q. These three by Meridian were 30 miles what direction?

A. East southeast.

One of them is located in Township 30 North, 9 West. Two of them are located in Township 30 North, 8 West.

Q. Were they successful? Or do you know?

A. Yes.

EXAMINER MORROW: Thank you, Mr. Pasternack.

THE WITNESS: Thank you.

MR. CARR: At this time we call Bill Hawkins.

JAMES WILLIAM HAWKINS,

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

DIRECT EXAMINATION

BY MR. CARR:

Q. State your name for the record, please.

A. James William Hawkins.

Q. And where do you reside?

A. In Denver, Colorado.

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

A. Amoco Production Company, as a petroleum engineer.

Q. Have you previously testified before this Division and had your credentials as a petroleum engineer accepted and made a matter of record?

A. Yes.

Q. Are you familiar with the Application filed in this case on behalf of Amoco?

A. Yes, I am.

Q. Are you familiar with the status of the Van Hook LS Well Number 1?

A. Yes, I am.

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

EXAMINER MORROW: Yes, sir.

Q. (By Mr. Carr) I think initially, Mr. Hawkins, you might explain to Mr. Morrow the reasons behind this particular Application.

A. Well, as we stated before, the reasons behind this Application are to improve our probability of encountering fractures and hopefully substantially improve the recovery from the Van Hook LS Number 1 well.

Q. The Van Hook LS Number 1 well is a fairly -- has been a fairly good well in this formation, has it not?

A. Yes, it has been.

Q. And why was this well selected?

A. This well was selected for a number of reasons. One is that it was drilled open-hole, it has only been -- had a small stimulated frac in the -- primarily in the Upper Mesaverde.

It's one of the few open-hole wells that was not treated with nitroglycerine, so it still is a fairly good candidate for directional drilling.

And it's in the proximity of this flexure zone where we've seen some improved recoveries from wells and have some indications that there are fractures present in the area.

Q. It is currently a producing well in the Blanco-Mesaverde?

A. Yes, it is.

Q. All right. Let's go to Exhibit Number 4. Could you identify this and review it for Mr. Morrow, please?

A. Yes, Exhibit Number 4 is a nine-section plat that shows the cumulative recovery from the Mesaverde wells in this area.

And if we'll start just in Section 27, the Van Hook Number 1 well has recovered approximately 7.4 BCF of gas to date. That's within our project area.

If we'll look at the wells that run kind of in the northeast-to-southwesterly direction, you'll see that most of the wells that were first wells in the pool have been producing -- 30 years or more, have produced around 7 to 8 BCF. And we note the Barnes well up in the far northeast corner, around 15.8.

Well, all of the wells are slightly better than the average well in this general area. I think that's indicative of the presence of fractures in the area. We just think that the Barnes Number 6 well probably encountered the fractures directly and has very good communication with the fractures.

If we look at the infill wells, most of the wells in this area have recovered on the order of 2 to 3 BCF, and there don't appear to be any -- you know, any significant changes. Really, the older wells that we can see, longer term increased recovery from this area.

Q. So basically there appears to have been no drainage from the offsetting wells due to these wells with the high cums on this trend across this plat?

A. That's exactly right. I would say that the -- even the Barnes Number 6 well that's recovered 15.8, the offsets to that well have recovered 1.5 to 3 BCF and don't appear to be showing any adverse drainage from that Barnes Number 6. Those appear to be fairly similar to any other infill wells within this nine-section area.

Q. All right, let's move to Exhibit Number 5. Would you identify and review that, please?

A. Yes, Exhibit Number 5 is again a nine-section plat with the Mesaverde wells, showing the expected ultimate recoveries.

And as you can see, it's still a very similar trend from the cumulative recoveries. The wells running pretty much in the line from the very southwest corner to the northeast corner appear to be slightly better than, say, the other wells in this general area. They range from 7.5, 8.4, 9.3 BCF, all the way up to the 22.4 BCF from the Barnes Number 6.

And what we're hopeful is that by re-entering this Van Hook Number 1 and drilling it horizontally and hopefully encountering some fractures directly in this well, we'll be able to even improve the recovery from the

Van Hook Number 1 well, even more than what's shown on this map.

And hopefully, well be able to achieve something closer to what the Barnes Number 6 well has achieved -- recovered.

Q. All right. Let's now go to your economic analysis, Exhibit 6. Would you review this for Mr. Morrow?

A. Yes, this is just a simple summary from the economic analysis of our project.

We expect our horizontal recompletion to cost about $400,000, and that's to -- Since the well's already been drilled, we'd really just be re-entering this well and drilling the horizontal leg of it.

We have an expected recovery here of an incremental 2 BCF. That's simply a hopeful expectation, I think, at this point. Maybe we'll be able to get something even better than that, but for the purposes of our economics we chose to use about 2 BCF, which would basically double the remaining reserves from the well, from its current state.

The expected IP, this is a 1.5-million-a-day incremental rate over the current rate of about 500 MCFD.

And then the economics that are shown with a present worth of, at zero discount, about $7.7 million, present worth at ten-percent discount, at $786,000, and a

rate of return of 53 percent.

Q. In your opinion, Mr. Hawkins, will approval of this Application result in the recovery of hydrocarbons that otherwise might not be produced?

A. Yes.

Q. Thereby preventing waste?

A. Yes.

Q. Will approval of the Application otherwise be in the best interest of conservation and the protection of correlative rights?

A. Yes.

Q. Were Exhibits 4 through 6 prepared by you or compiled under your direction?

A. Yes, they were.

MR. CARR: At this time, Mr. Morrow, we move the admission of Amoco Exhibits 4 through 6.

EXAMINER MORROW: 4 through 6 are admitted.

MR. CARR: And that concludes my direct examination of Mr. Hawkins.

EXAMINATION

BY EXAMINER MORROW:

Q. Mr. Hawkins, is the infill well still producing at this time?

A. Yes, it is.

Q. You probably indicate that on your exhibit.

A. It's -- On Exhibit 4, it's shown to have cumulative recovery of 2.8 BCF, the Van Hook Number 1A. And on Exhibit 5, the expected ultimate recovery of about 4.2 -- 2.8 up to 4.2.

Q. Yes. Do you know what it's producing at this time, about?

A. I do have some indication. Let me take a quick look here. It's making about 500 MCFD as well.

Q. And Number 1 is 500 also?

A. Approximately 500 for that one, yes, sir.

EXAMINER MORROW: Thank you, Mr. Hawkins. That's all the questions I have.

MR. CARR: At this time we call Frank Seidel.

FRANK A. SEIDEL,

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. Frank Arthur Seidel.

Q. By whom are you employed?

A. Amoco Production Company.

Q. And in what capacity?

A. As a staff drilling engineer.

Q. Mr. Seidel, have you previously testified before

the Oil Conservation Division?

A. No, I have not.

Q. Could you briefly summarize for Mr. Morrow your educational background and your work experience?

A. I have a BS in chemical engineering from New Mexico State University, 1982.

I've been employed as a drilling engineer for Amoco for 12 years.

I've worked in Hobbs, New Mexico; Houston, Texas; and Denver, Colorado.

Q. Have you had experience with horizontal drilling?

A. Yes, I have.

Q. How many wells have you worked on?

A. I've drilled 12 horizontal wells, six in the Austin Chalk field of Texas, five in the Clear Springs field of Mississippi, and one in Oklahoma.

Q. Are you familiar with the Application filed in this case?

A. Yes, I am.

Q. And are you familiar with the Van Hook LS Well Number 1, the subject of the Application?

A. Yes, I am.

MR. CARR: At this time, Mr. Morrow, we tender Mr. Seidel as an expert witness in drilling engineering.

EXAMINER MORROW: We accept his qualifications.

Q. (By Mr. Carr) Let's go back to Exhibit Number 2, Mr. Seidel, and I would ask you to look at the central portion of the exhibit where there is a schematic drawing of the horizontal wellbore, and I would ask you, using this exhibit, to review for the Examiner exactly how Amoco proposes to drill this well.

A. Okay, what we have depicted here is a wellbore schematic showing existing seven-inch, 20-pound, J-55 casing set at 4320 feet.

This was originally an open-hole completion from 4320 feet major depth all the way down to 5300 feet, and just tubing was run in the hole, and the well was produced open hole.

What we intend on doing is plugging back to a depth of 4835 with cement and then drilling out and kicking off with a medium radius motor assembly and build at 18 degrees per hundred, with an air-mist type of drilling medium.

And the reason why we have to use air mist drilling medium is a bottomhole pressure of approximately 500 p.s.i, that equates out to 1.85 pounds per gallon mud weight, which would necessitate us to use the air-mist type system.

We will survey with a steering tool and provide a survey to the Commission upon completion of the well.

Q. How much vertical -- or, I'm sorry, horizontal hole are you anticipating drilling?

A. We're anticipating a total vertical section of 1500 feet. It's going to require about 306 feet to build the curve to 87.85 degrees, and then we'll transverse the entire Massive Point Lookout formation and end up with a terminus at the lateral of the base of the pay zone.

Q. You'll be able to control the horizontal portion of the well so that you're certain you won't be closer than 790 feet to the outer boundary; is that correct?

A. Yes, sir.

Q. And you indicated you will provide the survey to the OCD?

A. Yes, sir.

Q. Was the central portion of this exhibit prepared by you?

A. Yes, sir.

MR. CARR: At this time, Mr. Morrow, I would move the admission of Amoco Exhibit Number 2.

EXAMINER MORROW: Exhibit 2 is admitted.

Q. (By Mr. Carr) Mr. Seidel, how soon does Amoco desire to commence the horizontal drilling of this well?

A. Upon approval.

Q. Do you request that the Order be expedited to the extent possible?

A. Yes, sir.

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

EXAMINATION

BY EXAMINER MORROW:

Q. The direction of the fracture orientation, that's already been determined and you know where you want to go with the horizontal wellbore; is that correct?

A. That's correct.

Q. Has Amoco done any horizontal well drilling in northwest New Mexico? You may have indicated that in your qualifications.

A. No, sir, not in New Mexico, we have not.

Q. Okay, Colorado?

A. No, sir.

EXAMINER MORROW: Okay. Is this the last witness, Mr. Carr?

MR. CARR: Yes, sir, it is.

EXAMINER MORROW: You had -- You discussed an area operator, Hallador. Why did you bring that up?

MR. CARR: Hallador called us about this Application and expressed concern that they hadn't received notice, and so we checked to confirm that in fact they were not an offsetting operator, and they are some distance away. And we were concerned that they might have also

called the Division, and we wanted you to know that we had confirmed and in fact our notice was correct.

EXAMINER MORROW: Okay. Did you make them feel good about the Application?

MR. CARR: It made me feel relieved.

EXAMINER MORROW: I mean -- I was asking about Hallador.

MR. CARR: We haven't heard back from them.

EXAMINER MORROW: Okay. All right. Thank you, Mr. Seidel.

THE WITNESS: Thank you.

MR. CARR: Mr. Morrow, that concludes our presentation in this case.

EXAMINER MORROW: Case 10,902 will be taken under advisement.

(Thereupon, these proceedings were concluded at 9:42 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 March 5th, 1994.

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. 10902, heard by me on Feb 3 1994.

, Examiner
Oil Conservation Division