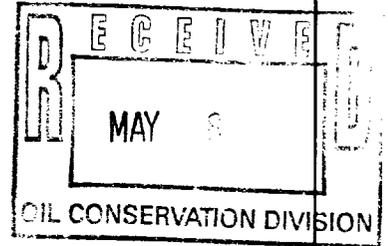


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING)
CALLED BY THE OIL CONSERVATION)
DIVISION FOR THE PURPOSE OF)
CONSIDERING:)
APPLICATION OF CONOCO, INC.)
_____)

CASE NO. 11,242

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 4th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, May 4th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

May 4th, 1995
Examiner Hearing
CASE NO. 11,242

PAGE

REPORTER'S CERTIFICATE

5

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 9:02 a.m.:

3 EXAMINER CATANACH: At this time I'm going to
4 call Case 11,242, which is the Application of Conoco, Inc.,
5 for directional drilling and an unorthodox gas well
6 location, Eddy County, New Mexico.

7 Are there appearances in this case?

8 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
9 the Santa Fe law firm of Kellahin and Kellahin, appearing
10 on behalf of the Applicant.

11 EXAMINER CATANACH: Any additional appearances at
12 this time?

13 There being none, Mr. Kellahin?

14 MR. KELLAHIN: Mr. Examiner, you heard this case
15 on April 6th. The Exhibit 1 introduced at the hearing on
16 that date, I'm showing you another copy.

17 At the time the case was docketed for hearing on
18 April 6th, it did not include a request to directionally
19 drill this well. The concept presented to you at the
20 hearing, if you recall, was to take the wellbore vertically
21 through the Cisco/Canyon member in the Dagger Draw Pool and
22 then below that interval to deviate to a bottomhole target
23 in the Morrow channel.

24 The technical presentation to you on April 6th
25 included the directional drilling engineer and all the

1 technical witnesses to support that request.

2 To correct the error in the notification, we have
3 renotified all the parties affected, and I have that
4 notification for you now.

5 I'm aware of no objection to having you now take
6 this case under advisement and to issue an appropriate
7 decision in this matter.

8 I've handed you a copy of the certificate of
9 mailing. I believe you're looking at the original of that
10 certificate. All the parties shown for notification
11 purposes are the same parties that were originally
12 notified.

13 And with the submission of that notice, we have
14 nothing else to present.

15 EXAMINER CATANACH: Thank you, Mr. Kellahin.

16 There being nothing further, Case 11,242 will be
17 taken under advisement at this time.

18 (Thereupon, these proceedings were concluded at
19 9:05 a.m.)

20 * * *

21
22 I do hereby certify that the foregoing is
23 a complete and correct transcript of the proceedings in
24 the Examiner's hearing of Case No. 11242,
25 heard by me on May 4 1995.

David K. Catanach, Examiner
Oil Conservation Division

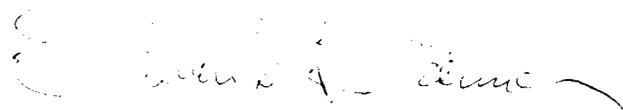
CERTIFICATE OF REPORTER

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 May 12th, 1995.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998