

STATE OF NEW MEXICO

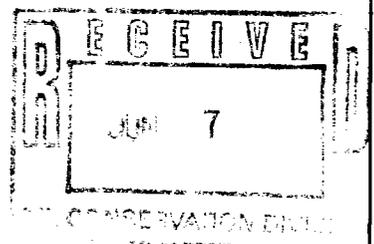
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION FOR THE)
 PURPOSE OF CONSIDERING:)
 IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION ON ITS OWN)
 MOTION TO PERMIT THE OPERATORS, DEANIE)
 LOU, H & W ENTERPRISES, MERCURY)
 PRODUCTION COMPANY, AMERICAN EMPLOYERS)
 INSURANCE COMPANY, AND ALL OTHER)
 INTERESTED PARTIES TO APPEAR AND SHOW)
 CAUSE WHY CERTAIN WELLS LOCATED IN)
 CHAVES AND EDDY COUNTIES, NEW MEXICO,)
 SHOULD NOT BE PROPERLY PLUGGED AND)
 ABANDONED)

CASE NOS. 11,499
 11,516
 and 11,517
 (Consolidated)

ORIGINAL



REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

June 13th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, June 13th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

June 13th, 1996
 Examiner Hearing
 CASE NOS. 11,499, 11,516 and 11,517 (Consolidated)

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DIVISION WITNESS:	
<u>D. RAY SMITH</u>	
(NMOCD, Artesia Office, Field Rep II, Present by Telephone)	
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Case 11,517

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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
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR COMMERCIAL UNION INSURANCE COMPANIES and its
affiliate AMERICAN EMPLOYERS' INSURANCE COMPANY:

MONTGOMERY & ANDREWS, P.A.
325 Paseo de Peralta
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
By: EDMUND H. KENDRICK

* * *

1 WHEREUPON, the following proceedings were had at
2 11:40 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order.

5 At this time I'm going to consolidate and call
6 Cases Numbers 11,499, 11,516 and 11,517.

7 11,499 is in the matter of the Oil Conservation
8 Division on its own motion to permit the operator, Deanie
9 Lou, as operator, American Manufacturers Mutual Insurance
10 Company as surety;

11 And then in Case 11,516, again, the hearing
12 called by the Oil Conservation Division on its own motion
13 to permit the operator, H & W Enterprises, and American
14 Employers Insurance Company as surety;

15 And in 11,517, another one called by the Division
16 on its own motion to permit the operator, Mercury
17 Production Company, and American Employers Insurance
18 Company as surety;

19 all these parties, to appear and show cause why
20 certain wells, there being three, located in either Chaves
21 or Eddy Counties, New Mexico, should not be properly
22 plugged and abandoned.

23 I'll consolidate these cases for purposes of
24 testimony, in which I believe our witness appearing today
25 over the telephone from the Artesia District Office.

1 Also, I understand we have had entry of
2 appearance on two cases, so just ask that when presenting
3 these cases or asking questions, be specific on which case
4 or which well you're referring to.

5 At this time I will call for appearances.

6 MR. CARROLL: May it please the Examiner, my name
7 is Rand Carroll, appearing on behalf of the Oil
8 Conservation Division. I have one witness that needs to be
9 sworn in.

10 EXAMINER STOGNER: Are there any other
11 appearances in either all three or any of these cases?

12 MR. KENDRICK: May it please the Examiner, my
13 name is Ned Kendrick with Montgomery and Andrews law firm.
14 I'm here today on behalf of American Employers Insurance
15 Company and Commercial Union Insurance Companies. American
16 Employers Insurance Company is one of the Commercial Union
17 Insurance Companies. I'm appearing in Cases, 11,516 and
18 11,517.

19 EXAMINER STOGNER: And you have no witnesses, Mr.
20 Kendrick?

21 MR. KENDRICK: That is correct.

22 EXAMINER STOGNER: Mr. Carroll, I understand your
23 witness will be appearing out of the Artesia District
24 Office over the telephone; is that correct?

25 MR. CARROLL: Yes, that's correct.

1 EXAMINER STOGNER: At this time I'm going to ask
2 our court reporter to swear your witness in at this time.

3 (Thereupon, the witness was sworn.)

4 EXAMINER STOGNER: At this time, is there any
5 need for opening remarks?

6 MR. KENDRICK: No, Mr. Examiner.

7 EXAMINER STOGNER: Mr. Carroll?

8 MR. CARROLL: None, Mr. Examiner.

9 EXAMINER STOGNER: In that case, you may proceed.

10 D. RAY SMITH (Present by Telephone),
11 the witness herein, after having been first duly sworn upon
12 his oath, was examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. CARROLL:

15 Q. Mr. Smith, will you please state your name and
16 residence for the record?

17 A. My name is Ray Smith. I'm employed by the Oil
18 Conservation Division of the State of New Mexico in the
19 Artesia Office, Field Representative II.

20 Q. And Mr. Smith, do your duties as a Field
21 Representative II include the oversight of the plugging of
22 abandoned wells?

23 A. That is correct.

24 Q. Are you familiar with the subject matter of Cases
25 11,499, dealing with the Deanie Lou Ring Well Number 1;

1 Case 11,516, the H & W Enterprises Mobil State Well Number
2 1; and Case 11,517, the Mercury Production Company Constate
3 Well Number 1?

4 A. Yes, I am.

5 Q. Mr. Smith, have you testified before this
6 Division before regarding the plugging of wells in your
7 District and had your credentials accepted by the Examiner?

8 A. Yes, sir, I have.

9 MR. CARROLL: Mr. Examiner, are Mr. Smith's
10 qualifications acceptable?

11 EXAMINER STOGNER: Are there any objections?

12 MR. KENDRICK: No objections.

13 EXAMINER STOGNER: Mr. Smith is so qualified.

14 MR. CARROLL: Mr. Smith, let's take these cases
15 in order. We'll start with Case 11,499, the Deanie Lou
16 well. If you could refer to what has been marked OCD
17 Exhibit Number 1, this is a copy of the well file for this
18 well.

19 Could you please give the Examiner a brief
20 history of this well, when it was drilled, when was the
21 last date of production and the current condition of the
22 well?

23 A. Okay. The Deanie Lou Number 1 was spudded June
24 11, 1964, by an operator by the name of Ray Smith. To a
25 depth of 275 feet it was drilled, 10-3/4-inch casing was

1 set and cemented with 65 sacks.

2 On June 21 of 1964, it was drilled to 879 feet
3 with 7-inch casing set and cemented, 125 sacks.

4 On June 25 of 1964, it was drilled down to 1066
5 feet and 5 1/2 casing was set and cemented with 75 sacks.

6 Effective May 1 of 1967, the operator changed
7 from Ray Smith to Ray Smith Drilling Company.

8 From that date, the well has gone through seven
9 changes in ownership, with the current operator being
10 Deanie Lou, who filed notice to temporarily abandon the
11 well in August of 1983, which is the current status of the
12 well.

13 I might add, besides the well there's also on
14 location a large saltwater pit that had been in use, 125
15 feet by 75 feet, that will need to be broken out so it can
16 dry and then be covered in.

17 And that is the current status, other than the
18 fact there are some tanks on the location to move.

19 Q. So, Mr. Smith, was this well ever produced?

20 A. Yes, it was.

21 Q. And what was the last date of production?

22 A. Well, I may be incorrect on -- may not be -- I
23 don't have a last date of production.

24 Q. Okay, but the last report filed was in 1983?

25 A. Right.

1 Q. And that was for temporary abandonment?

2 A. Right.

3 Q. Mr. Smith, you're not the Ray Smith who was the
4 operator of this well, are you?

5 A. That is correct, there's no kin.

6 EXAMINER STOGNER: You'll swear to that?

7 THE WITNESS: I will swear to that, sir.

8 EXAMINER STOGNER: Okay.

9 Q. (By Mr. Carroll) Mr. Smith, is the present
10 condition of this well such that plugging of this well is
11 required to protect correlative rights, prevent waste, and
12 protect public health, the environment and fresh water?

13 A. That is correct. This well sits upon a hill just
14 above the Pecos River, so it is imperative that something
15 be done with the well.

16 Q. Okay. Mr. Smith, have you worked up any
17 recommended plugging procedure for the plugging of this
18 well?

19 A. Yes, sir, I have.

20 Q. Is that contained on page 2 of Exhibit Number 1?

21 A. Yes, sir.

22 Q. Anything unusual required in the plugging of this
23 well?

24 A. It's pretty standard plugging procedure. I don't
25 see any problems with the well. It's sitting there with a

1 flange on top of a collar. And I did send you an
2 amendment. After studying the paperwork on it some, I did
3 decide that we needed to perforate the 5-1/2 casing at 80
4 feet to see if we could circulate cement behind it. There
5 seems to be nothing there. At least there's no record
6 indicating cement behind it.

7 Q. Okay. Is that amendment page 2 or page 4 of
8 Exhibit Number 1?

9 A. That would be page 4, I guess. Yeah.

10 Q. Okay. Any idea how expensive this well will be
11 to plug, Mr. Smith?

12 A. I would estimate somewhere in the neighborhood of
13 \$7000 to \$8000. The big item here on this particular well
14 will be the closing of the pit. There will be some
15 environmental concerns that will need to be addressed.

16 Q. Mr. Smith, if I could refer you to what has been
17 marked OCD Exhibit Number 2 --

18 A. Okay.

19 Q. -- this is a copy of the well bond card
20 maintained by Diane Richardson in the OCD Santa Fe Office.

21 To the best of your knowledge, is there a \$50,000
22 blanket bond in place and issued by American Manufacturers
23 Insurance Company to cover the plugging of this well?

24 A. Right, to the best of my knowledge.

25 Q. Mr. Smith, I will refer you to what is Exhibit

1 Number 3.

2 A. Okay.

3 Q. This shows the notice that was sent to both
4 Deanie Lou, care of James E. Sealy in Hobbs, New Mexico,
5 and to the American Employers Insurance Company. This
6 shows that the letter to Deanie Lou was returned as
7 undeliverable.

8 Have there been any other attempts to locate Mr.
9 James Sealy or the operator, Deanie Lou?

10 A. The only address that I have is for Mr. Sealy.

11 Q. And what is that address?

12 A. Post Office Box 804, Hobbs.

13 Q. So that's the address that this notice was sent
14 to?

15 A. Yes, sir.

16 Q. And you have no idea where Mr. Sealy is located,
17 or Deanie Lou, the operator?

18 A. No, I sure don't.

19 Q. And the last contact we have had was a filing
20 made in 1983; is that correct?

21 A. I believe that is correct, sir.

22 MR. CARROLL: Mr. Examiner, on the last page of
23 Exhibit Number 3 is the affidavit regarding notice.

24 And with that, I will move what has been marked
25 OCD Exhibits 1 through 3 into the record.

1 EXAMINER STOGNER: Any objections?

2 MR. KENDRICK: No objection.

3 EXAMINER STOGNER: Okay, Exhibits 1 through 3
4 will be admitted into evidence.

5 Just for the record, while we're on this one, I
6 believe the amended plugging is on page 2 of Exhibit Number
7 1, where it talks about perforations and to the 5-1/2-inch
8 casing and 84 feet. I just wanted to --

9 MR. CARROLL: Yeah.

10 EXAMINER STOGNER: -- so mention that.

11 And also on Exhibit Number 2, first page, it
12 looks like the surety was originally typed out as American
13 Employers Insurance Company, then it's been marked out and
14 put in as Manufacturers.

15 So we are indeed talking about American
16 Manufacturers Mutual Insurance Company and not American
17 Employers Insurance Company; is that correct?

18 MR. CARROLL: That is correct, Mr. Examiner. In
19 fact, Mr. Kendrick brought this error to our attention, and
20 Ms. Richardson rechecked the file, and the mistake was made
21 on the bond card. It should be American Manufacturers, not
22 American Employers.

23 EXAMINER STOGNER: And the bond card is also just
24 for our reference on keeping a card and a file, as opposed
25 to referring back to the folder at all times?

1 MR. CARROLL: Right. The second page of Exhibit
2 Number 2 is apparently the first page of the bond which is
3 issued by American Manufacturers Mutual Insurance Company.

4 EXAMINER STOGNER: However, I do see that the
5 certification of return address was addressed out to
6 American Employers Insurance Company. Was that since
7 corrected?

8 MR. CARROLL: Yes, it was. I guess -- Mr.
9 Examiner, I will add a page to Exhibit Number 3, which is a
10 letter received from American Manufacturers Mutual Company.

11 This letter states -- It was dated May 23rd of
12 this year, and it states, "This will acknowledge receipt of
13 your notification of the possibility of a claim under the
14 captioned bond. Please forward documentation supporting
15 your claim. I understand that upon receiving approval of
16 the Application to plug the subject well, your department
17 will proceed to have the well permanently plugged. Upon
18 completion of this action, you will forward documentation
19 of the actual incurred cost to this operation, which you
20 estimated to be in the \$5000-to-\$10,000 range. Upon
21 receipt of such documentation, I will issue a payment to
22 the State of New Mexico from the bond funds for the
23 documented costs, not to exceed the bond limit of \$50,000.
24 Should you have any questions, please do not hesitate to
25 contact me." Written by Burt Breedlove, with American

1 Manufacturers Mutual.

2 EXAMINER STOGNER: Okay.

3 MR. CARROLL: And I apologize for not including
4 that in Exhibit Number 3, and I'm glad you brought that to
5 my attention.

6 EXAMINER STOGNER: So that will be made a part or
7 an addition to the exhibit?

8 MR. CARROLL: Right.

9 EXAMINER STOGNER: You may continue.

10 MR. CARROLL: That's all I have in Case 11,499.

11 MR. KENDRICK: Excuse me, Mr. Examiner. Would it
12 be possible for me to get a copy of the exhibits for the
13 next two cases?

14 MR. CARROLL: Sure.

15 Q. (By Mr. Carroll) Mr. Smith, if I could refer you
16 to the Exhibits for Case 11,516, dealing with the H & W
17 Enterprises Mobil State Well Number 1, do you have that in
18 front of you?

19 A. Yes, sir, I do.

20 Q. Could you please give the Examiner a brief
21 history of this well?

22 A. Okay, this well was spud June 17 of 1937, under
23 the name of Paul O. Sargent of Artesia. 8 5/8 casing was
24 set on June 24 of 1937 at 630 feet and cemented with 50
25 sacks.

1 A report dated August 15, 1937, shows operator
2 name as Murchison and Closute, Incorporated.

3 August 10, 1937, 7-inch casing was set at 3290
4 and cemented with 50 sacks. The well was then plugged and
5 abandoned in late March of 1950.

6 It was re-entered around October of -- that's all
7 I have on it, just approximately in October of 1960, by
8 Robert G. Hannigan of Artesia and cleaned out to a depth of
9 3738 feet.

10 Shortly after that, there was a change of
11 operator to H & W Enterprises, Box 437, Artesia. That's
12 12-17 of 1980.

13 Q. And that is the last documentation we have in the
14 well file??

15 A. It's the last documentation I have.

16 Q. When was this well last produced?

17 A. The last -- I don't show any production at all
18 through our records for the last three years. I don't have
19 in front of me at this time a date of last production.

20 Q. Okay. But to the best of your knowledge, this
21 well hasn't produced in a number of years?

22 A. Right. Everything I've been giving you is,
23 there's been no production for the last three years.

24 Q. Mr. Smith, what's the present condition of this
25 well, that you recommend that this well be plugged at this

1 time?

2 A. Well, it's sitting there open to the atmosphere
3 with just the casing looking up. It has a rundown,
4 dilapidated-looking old pumpjack sitting on the location,
5 and that's kind of the extent of it right now.

6 Q. Okay. And it is your opinion that the plugging
7 of this well at this time will protect correlative rights,
8 prevent waste and protect public health and the environment
9 and fresh water?

10 A. That is correct.

11 Q. Mr. Smith, have you developed a plugging
12 procedure for this well, and is it --

13 A. Yes, I have.

14 Q. -- is it the first page of Exhibit Number 1?

15 A. Yes, sir.

16 Q. Is there anything unusual about the plugging of
17 this well?

18 A. I don't see anything unusual. We plan to pull
19 some 1-1/4-inch tubing, determine the free point, 2 7/8
20 tubing and displace cement below that.

21 Q. So what do you estimate the cost will be? About
22 \$8000 again?

23 A. I would suggest about \$8000.

24 Q. Mr. Smith, if I could refer you to what has been
25 marked Exhibit Number 2, is this also a copy of the bond

1 card maintained by Diane Richardson in the Santa Fe office,
2 along with some correspondence related to the bond?

3 A. Yes, sir, I have that in front of me.

4 Q. And to the best of your knowledge, is this \$5000
5 bond issued by American Employers Insurance Company still
6 in effect?

7 A. As far as I know, it is.

8 MR. CARROLL: Mr. Examiner, I'll also refer you
9 to what has been marked OCD Exhibit Number 3, which is a
10 copy of a notice that was sent to H & W Enterprises and to
11 American Employers Insurance Company, with the return
12 receipt obtained from American Employers and the copy of
13 the letter that was marked as undeliverable that was sent
14 to H & W Enterprises at P.O. Box 437, Artesia, New Mexico.

15 Q. (By Mr. Carroll) Mr. Smith, have you had any
16 reason to know of the whereabouts of H & W Enterprises,
17 other than this P.O. Box in Artesia?

18 A. No, I sure don't, Mr. Examiner. I've tried to
19 contact, I believe, a Chandler Wilcox was on some
20 correspondence or something here, and I don't find a man by
21 that name in our phone book.

22 MR. CARROLL: Okay. Mr. Examiner, the last page
23 of Exhibit -- I'll mark as the last page of Exhibit Number
24 3 the affidavit regarding notice in this case.

25 And with that, I move exhibits marked OCD Numbers

1 1 through 3 into the record.

2 EXAMINER STOGNER: Any objections?

3 MR. KENDRICK: No objection.

4 EXAMINER STOGNER: Exhibits 1 through 3 will be
5 admitted into evidence.

6 MR. CARROLL: That's all I have in this case.

7 EXAMINER STOGNER: Thank you, Mr. Carroll.

8 Mr. Kendrick, any questions of this witness?

9 MR. KENDRICK: Yes.

10 EXAMINATION

11 BY MR. KENDRICK:

12 Q. Mr. Smith, can you hear me?

13 A. Yes, sir.

14 Q. Okay. Do you know anything about the whereabouts
15 of the other principal in H & W Enterprises? I believe --

16 A. I looked through our phone directory here, and I
17 found no name of Mr. Henry Hall.

18 Q. When is the last time you recall ever talking to
19 either of these gentlemen?

20 A. I never have.

21 Q. Okay. Do you have any suggestions on how we
22 might locate them?

23 A. No, sir. I've done all I know to do to find
24 them, you know.

25 Q. Okay. And in terms of the plugging, you said

1 it's fairly straightforward and shouldn't exceed \$8000?

2 A. What I'm giving you there is a -- it's just a
3 kind of a -- some idea of what it could cost. We may even
4 get out less than the \$8000, or it could possibly even go
5 above that.

6 You never know what you're getting into once --
7 till you get into the hole to start working.

8 MR. KENDRICK: Okay, no further questions.

9 EXAMINER STOGNER: Thank you, Mr. Kendrick.

10 You may proceed, Mr. Carroll.

11 Q. (By Mr. Carroll) Mr. Smith, if I could direct
12 you to the exhibits for Case 11,517, dealing with Mercury
13 Production Company, Constate Well Number 1, can you please
14 give the Examiner a very brief history of this well?

15 A. The Constate was spud 9-21 of 1965. 13 3/8
16 casing was set and cemented at 30 feet. The well TD was
17 reached at 3995, October 3, 1965. 4 1/2 casing was run and
18 set at 3994 feet and cemented with 400 sacks.

19 In 1974, permission was asked by report to TA and
20 wait on waterflood development in the area, and that's the
21 way the well sits today.

22 Q. And what was the date of that report?

23 A. That was in 1974.

24 Q. So as far as you know, this well hasn't produced
25 since at least 1974?

1 A. Right, it has been TA'd since 1974, temporarily
2 abandoned.

3 Q. Mr. Smith, what's the present condition of this
4 well that you now recommend that it be plugged?

5 A. Present condition, it is sitting open to the
6 atmosphere, just the casinghead sticking up.

7 The photograph that I'm looking at shows a couple
8 of rusted-out, dilapidated old tanks and a bunch of junk
9 sitting around the location.

10 Q. Mr. Smith, is it your opinion that the plugging
11 of this well at this time will protect correlative rights,
12 prevent waste, and protect public health and the
13 environment and fresh water?

14 A. Yes, sir, it is.

15 Q. Mr. Smith, have you worked up a plugging
16 procedure for this well?

17 A. Yes, sir.

18 Q. And is it contained on page 3 of Exhibit Number
19 1?

20 A. Yes, sir.

21 Q. Nothing unusual with the plugging of this well
22 either?

23 A. Pretty straightforward and simple.

24 Q. And how expensive do you think this one will be?

25 A. Oh, I would say \$7000, \$8000.

1 Q. Uh-huh. Mr. Smith, if I can refer you to what
2 has been marked OCD Exhibit Number 2, this is also a copy
3 of the bond card maintained by Diane Richardson in the
4 Santa Fe office. This shows that there is in place a \$5000
5 one-well bond, issued by American Employers Insurance
6 Company.

7 To the best of your knowledge, is this bond still
8 in effect?

9 A. Yes, sir.

10 MR. CARROLL: Mr. Examiner, if I can refer you to
11 what has been marked OCD Exhibit Number 3, this is the
12 notice that was sent to Mercury Production Company in Fort
13 Worth, Texas, and to the American Employers Insurance
14 Company. This shows the return receipt from American
15 Employers and the return envelope marked as undeliverable,
16 to Mercury Production Company.

17 And with that, I move what has been marked OCD
18 Exhibits 1 through 3 into the record.

19 EXAMINER STOGNER: Any objections?

20 MR. KENDRICK: No objection.

21 EXAMINER STOGNER: Exhibits 1 through 3 will be
22 admitted into evidence.

23 Do you have anything further, Mr. Carroll?

24 MR. CARROLL: That's all I have in this case, Mr.
25 Examiner.

1 EXAMINER STOGNER: Mr. Kendrick, your witness.

2 EXAMINATION

3 BY MR. KENDRICK:

4 Q. Mr. Smith, do you know the names of any of the
5 principals in Mercury Production Company?

6 A. No, sir, I sure don't.

7 Q. So you have nothing in your records, other than
8 the company name and the Fort Worth address?

9 A. That's correct. I have sent letters, and I might
10 add that this -- I didn't have in the exhibit the letters
11 to three different Mercury Productions in the Fort Worth
12 area, and I have received them all back, returned
13 undelivered.

14 Q. Okay, and what did you say the amount of the
15 plugging bond in your records is? Is it --

16 A. \$5000.

17 Q. \$5000. And I think again you said the cost was
18 in the range of \$7000 to \$8000?

19 A. I would estimate that, yes, sir.

20 MR. KENDRICK: Okay, no more questions. Thank
21 you.

22 EXAMINER STOGNER: Thank you, Mr. Kendrick.
23 Anything further of this witness?

24 MR. CARROLL: Nothing further, Mr. Examiner.

25 EXAMINER STOGNER: Okay, I have no other

1 questions of Mr. Smith on any of these issues at this time.

2 However, I'm going to ask Mr. Smith to remain on
3 the phone until we take these cases under advisement or
4 continue them or whatever we're going to need to do.

5 At this time I'll ask for any closing remarks.

6 Mr. Kendrick, do you have any closing statements
7 or anything to offer at this time?

8 MR. KENDRICK: I guess I would request that the
9 Examiner delay slightly the -- any order to plug that you
10 might be inclined to issue, so that we could attempt to
11 reach these operators, at least have a little time to try
12 to reach them to see if we could work something out.

13 So I would ask for a 30-day delay in any order
14 you might issue.

15 EXAMINER STOGNER: Okay.

16 MR. CARROLL: The Division has no objection to
17 that, Mr. Examiner.

18 EXAMINER STOGNER: All right. Well, in that
19 case, Mr. Smith, I guess we're through with you.

20 THE WITNESS: Thank you, sir.

21 EXAMINER STOGNER: Thank you, sir.

22 THE WITNESS: You bet.

23 MR. CARROLL: Thanks, Ray.

24 EXAMINER STOGNER: If there's nothing further in
25 either Cases 11,499, 11,516 or 11,517, then these matters

1 will be taken under advisement.

2 And with that, hearing is adjourned.

3 (Thereupon, these proceedings were concluded at
4 12:07 p.m.)

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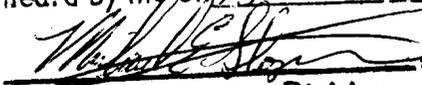
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case Nos. 11494, 11516, and
heard by me on 13 June 1996. 11517

 Examiner
Oil Conservation Division

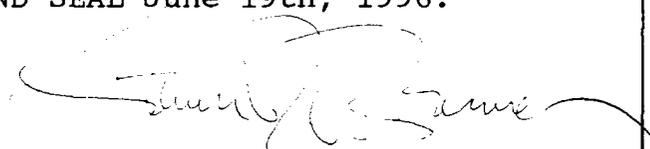
CERTIFICATE OF REPORTER

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 June 19th, 1996.


 STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998