

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

IN THE MATTER OF:)
THE HEARING CALLED BY THE)
OIL CONSERVATION DIVISION)
TO CONSIDER:)

Case No. 10361

APPLICATION OF SEAY EXPLORATION,)
INC. FOR COMPULSORY POOLING, LEA)
COUNTY, NEW MEXICO.)
-----)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

DIVISION HEARING

BEFORE: DAVID R. CATANACH, Examiner

August 8, 1991

10:30 a.m.

Santa Fe, New Mexico

This matter came on for hearing before the Oil
Conservation Division on August 8, 1991, at 10:30 a.m.
at the conference room, State Land Office Building, 310 Old
Santa Fe Trail, Santa Fe, New Mexico, before Susan G.
Ptacek, Certified Court Reporter for the State of New
Mexico.

FOR: OIL CONSERVATION
DIVISION

BY: SUSAN G. PTACEK
Certified Court Reporter
CSR No. 124

I N D E X

August 8, 1991
 Commissioner Hearing
 Case No. 10361

PAGE

APPEARANCES

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SEAY WITNESSES:

DAN LEONARD

Direct Examination by Mr. Cavin

5

Examination by Mr. Catanach

14

Examination by Mr. Stovall

16

JOHN G. SEAY

Direct Examination by Mr. Cavin

17

Examination by Mr. Catanach

22

REPORTER'S CERTIFICATE

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* * *

E X H I B I T S

ADMTD

SEAY EXHIBIT

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A P P E A R A N C E S

FOR THE DIVISION: ROBERT G. STOVALL, ESQ.
General Counsel
Oil Conservation Commission
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

FOR SEAY EXPLORATION: STRATTON & CAVIN
Attorneys at Law
BY: SEALY H. CAVIN, JR., ESQ.
Post Office Box 2043
Albuquerque, New Mexico 87103

* * *

1 MR. CATANACH: At this time we will call the hearing
2 back to order and call Case 10361.

3 MR. STOVALL: Application of Seay Exploration, Inc.,
4 for compulsory pooling, Lea County, New Mexico.

5 MR. CATANACH: Are there any appearances in this case?

6 MR. KELLAHIN: Mr. Examiner, my name is Sealy Cavin of
7 Stratton & Cavin law firm in Albuquerque. I represent the
8 applicant in this case, and I have two witnesses to call.

9 MR. CATANACH: Are there any other appearances?
10 Witnesses, please stand and be sworn in.

11 (The witnesses were duly sworn.)

12 MR. CAVIN: Mr. Examiner, my first witness will be Dan
13 Leonard.

14 DAN LEONARD,
15 the Witness herein, having been first duly sworn, was
16 examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MR. CAVIN:

19 Q. Mr. Leonard, would you please state your name,
20 address, employer and occupation?

21 A. My name is Dan Leonard. I'm from Midland,
22 Texas. I'm the president of Leonard Resource Investment
23 Corporation and a petroleum landman.

24 Q. Have you previously testified before the
25 division as a landman?

1 A. Yes, I have.

2 Q. And have your qualifications as a landman been
3 made a matter of record with the division?

4 A. They have.

5 MR. CAVIN: Mr. Examiner, are Mr. Leonard's
6 qualifications as a landman acceptable?

7 MR. CATANACH: They are.

8 Q. (By Mr. Cavin) Mr. Leonard, would you briefly
9 state what you're seeking by this application?

10 A. Yes. Seay Exploration seeks an order to pool
11 all mineral interests from the surface to the base of the
12 Seven Rivers formation underlying Lots 3 and 4 in the south
13 half of the northwest quarter of Section 6, Township 20
14 South, Range 39 East, Lea County, New Mexico, to form a
15 160-acre gas spacing and proration unit developed on
16 160-acre gas spacing. Also to be considered would be the
17 cost of drilling and completing the well and the allocation
18 of the cost as well as the actual operating costs and
19 charges for supervision, and designation of Seay as the
20 operator of the well and charge for the risk involved that
21 we perceive to be involved in drilling this well.

22 Q. Have you prepared or directed the preparation of
23 any exhibits in connection with this application?

24 A. I have, Exhibits 1 through 4.

25 Q. I'd refer you to Exhibit 1 and ask that you

1 identify it and review it for the examiner.

2 A. Exhibit 1 is a land plat of the northwest
3 quarter of Section 6, which is shaded in orange. The
4 offsetting 160s to the east, to the southeast and the
5 northeast that are hatched in orange are existing 160-acre
6 units in the House Seven Rivers field. We are -- we are
7 proposing to form a unit as a westward extension of that
8 field. The location for the -- the proposed location for
9 Seay's Bilberry No. 2 well is indicated by an arrow there
10 to be in the center of the southeast northwest quarter of
11 Section 6.

12 Q. And that is an orthodox location?

13 A. It is.

14 Q. What is the present status of the proposed well?

15 A. We propose to spud this well early in September,
16 I think, on or before the 7th.

17 Q. The next I'd ask you to identify and review
18 Exhibit No. 2 for the examiner.

19 A. Exhibit No. 2 is a presentation of the unleased
20 mineral interests that we have in this 160-acre unit. All
21 of these interests are undivided mineral interests under
22 the south half of the northwest quarter of the section.

23 Q. Now, some of these parties you were not able to
24 locate; is that correct?

25 A. Yes. The top three listed there, the Herndon,

1 the Wright and the Johansen interests are -- we have not
2 been able to locate the Hefner estate and GHK Company
3 interests. We have and made at their suggestion lease
4 proposals to them but haven't as yet gotten an answer from
5 them.

6 Q. But all of these are uncommitted interests?

7 A. They are.

8 Q. And they are all uncommitted mineral interests?

9 A. They are.

10 Q. Now, as far as the top three, Herndon, Wright
11 and Johansen, you had already attempted to locate them when
12 you drilled your well in the northeast quarter of
13 Section 6?

14 A. Yes, we addressed those interests at a hearing
15 here in February, I believe. They're in the northeast
16 quarter of 6 and it's common title with the south half of
17 the northwest quarter of Section 6. They're the same
18 interests that we were not able to locate when we drilled
19 our previous well, the Bilberry No. 1.

20 Q. I'd ask you now to look at Exhibit 3 and
21 identify and review it for the examiner.

22 A. Exhibit 3 is a summary of the efforts that we've
23 made to locate the Herndon, the Wright and the Johansen
24 interests. The Herndon interests -- all these are
25 relatively insignificant mineral interests. The Herndon

1 interest is an interest that's owned equally by a brother
2 and a sister. We've leased the sister who lives in
3 Loveland. She has no knowledge of the whereabouts of her
4 brother. To our understanding the brother is deceased. I
5 think he died in the mid-1980s. The wife lives somewhere
6 in Old Mexico. The kids' last known whereabouts were Fort
7 Worth. We have not had any success in locating any trail
8 of these people in Forth Worth or certainly the records of
9 Lea County.

10 Q. Now, you haven't -- you made quite an extensive
11 effort to locate these before you drilled the well in the
12 northeast quarter?

13 A. Yes.

14 Q. And you haven't really done anything since that
15 aside from the notice attempts we've made?

16 A. Wouldn't know where else to go, no. The Wright
17 interest is an interest that was acquired in 1931. She
18 leased this interest in 1940, listing her address as
19 Alameda County, California. That's her last known address,
20 and she has not been of record since. We've searched
21 Alameda County for probates. We've searched the phone
22 directory. We've been to the California Bureau of Vital
23 statistics looking for any evidence of an address for this
24 lady, and just have not had any success.

25 Q. It appears the last time she did anything of

1 record was in 1940 --

2 A. Yes.

3 Q. -- is that correct?

4 A. She signed an oil and gas lease in '40. The
5 Johansen interest, she's one of the Okan Mason heirs.
6 She's the only one that's ever appeared of record. She
7 executed an oil and gas lease by covering her interest in
8 the northeast quarter in -- which is common titled to the
9 south half northwest quarter in 1949, listing her address
10 as Weston County, Wyoming, and her husband Dan joined her
11 on that lease. We've likewise pursued the records up
12 there, been after the district clerk's office for a search
13 of the probates and addresses and telephone numbers of
14 these people up there, and just have not had any success
15 with it.

16 Q. Is it your opinion that you have conducted a
17 good faith diligent effort to find a correct address of all
18 interested parties?

19 A. I believe we have.

20 Q. At this time I would refer you to Exhibit 4,
21 Mr. Leonard, and ask that you describe for the examiner
22 what efforts were made to obtain a voluntary arrangement
23 with the R. A. Hefner, Jr., estate.

24 A. The Hefner estate interest is divided into
25 several pieces. We leased the Hefner Company interest

1 lease -- interest several years ago. At the time that I
2 did that the -- Unocal had this Hefner -- the other part of
3 this, the Hefner estate in the GHK Company interest under
4 lease in the northeast quarter of, so this was not an
5 interest that we had to be in when we drilled our well in
6 the northeast quarter. I got that interest by virtue of
7 farm out from Unocal.

8 Last summer I contacted the -- Phyllis Bennett,
9 who's a land person working for GHK Company in Oklahoma
10 City about the potential leasing the interest that these
11 trusts and Hefner estate owned in the south half of
12 northwest quarter, which at that time were unleased. She
13 indicated to me that we should go ahead and get our well
14 together in the northeast quarter, and contact her when we
15 got -- got that together. If we got serious about drilling
16 that well, she'd consider granting us a lease on her
17 interest in the south half of northwest.

18 So we contacted her, and Exhibit 4 confirms that
19 we contacted her early in January when we were readying to
20 spud the Bilberry No. 1 well over in the northeast quarter;
21 talked to her by telephone. She suggested that we write
22 her a letter and make her a lease proposal, which we did
23 propose a six-month, one-fifth royalty lease. We followed
24 that -- we followed the letter of January 8th with a
25 telephone call. She indicated that she thought they would

1 be receptive to the lease that we proposed, and we should
2 go ahead and prepare the leases and send them to them.

3 We have done and we've gotten no response from
4 them. We've contacted them numerous times by telephone in
5 the last six months trying to determine whether they're
6 going to lease to us or join in the well, whatever -- what
7 their posture is going to be, because we knew we were going
8 to drill this well in the northwest quarter, and as
9 recently as three or four weeks ago when we talked to them
10 about it, they just have not made a decision what they're
11 going to do. Push has come to shove because we've got a
12 well we've got to drill here in three or four weeks, and
13 that's the reason we're attempting to pool their interest
14 into this well.

15 Q. But GHK Company is the party that speaks for the
16 R. A. Hefner, Jr., estate? They handle their matters?

17 A. Yes.

18 Q. Is it your opinion then that you have made a
19 good faith effort to obtain a voluntary agreement from
20 these parties?

21 A. Yes, we have.

22 Q. Mr. Leonard, next I would like to visit with you
23 about the operating agreement you have which will cover the
24 proposed well.

25 A. Yes.

1 Q. Is this a standard form model -- I'm sorry --
2 model form operating agreement?

3 A. Yes.

4 Q. Are there any unusual provisions in the
5 operating agreement?

6 A. No, not really.

7 Q. Can you tell me what the overhead rate is that
8 you propose?

9 A. \$350 a month.

10 Q. How does this compare with overhead charges of
11 other operators in the area of operation for this depth?

12 A. I believe it's in the mid range of what we've
13 seen in operating costs.

14 Q. Are there any unusual circumstances that would
15 justify a middle-of-the-range rate here or higher than the
16 low mean or median rates?

17 A. Well, we've got -- no. The administration of
18 this particular working interest that we have is
19 complicated because we've got a large number of parties
20 involved in it and it's expensive. You know, we feel like
21 the 350 is certainly justified in terms of managing that
22 size of operating account.

23 Q. How many working interest participants are there
24 in this?

25 A. In excess of 20.

1 Q. Mr. Leonard, is it your opinion that the
2 granting of this application will be in the interest of
3 conservation, the prevention of waste and the protection of
4 correlative rights?

5 A. Yes.

6 Q. And were Exhibits 1 through 4 prepared by you or
7 under your supervision and direction?

8 A. They were.

9 Q. You can testify as to the accuracy of these
10 exhibits?

11 A. I believe them to be accurate.

12 MR. CAVIN: Mr. Examiner, I would move for the
13 admission of Exhibits 1 through 4.

14 MR. CATANACH: Exhibits 1 through 4 will be admitted
15 as evidence.

16 (Seay Exhibits 1 through 4 were
17 admitted in evidence.)

18 MR. CAVIN: Mr. Examiner, that concludes my direct
19 examination of Mr. Leonard. If there are no further
20 questions, I will call Mr. Seay. I'm sorry.

21 EXAMINATION

22 BY MR. CATANACH:

23 Q. Mr. Leonard, are the -- the overhead rates in
24 the operating agreement are 350 per month?

25 A. Yes.

1 Q. Are those the overhead rates you propose for the
2 pooling order?

3 A. Yes, to be consistent with the administration of
4 this entire account.

5 Q. What about while drilling?

6 A. Drilling overhead I believe is 3500 a month.

7 Q. Your Exhibit No. 4, letter dated January 8th,
8 that's the initial contact with the GHK Company?

9 A. It's the initial contact by mail. I contacted
10 Phyllis Bennett the middle of the summer last year and
11 talked to her about how to proceed with this, and she
12 suggested that they would not consider a lease until we got
13 ready to drill the well that we were proposing in the
14 northeast quarter. As such time as I did that, we should
15 make a proposal to them. That's why we waited six months
16 until we actually got the well in the northeast quarter
17 proposed.

18 Q. You have a second letter dated January 26th. Do
19 you have a subsequent written communication?

20 A. Not written communication, no. The second
21 letter, January 26th letter, was a cover letter that they
22 -- subsequent to the January 8th letter she indicated that
23 the lease proposal that we made in that January 8th letter
24 would probably be agreeable; that we should go ahead and
25 prepare the leases and send them to them, and that's what

1 the January 26th letter is. It's a cover letter under
2 which we sent the leases up there for execution. All
3 subsequent followup has been done by telephone.

4 EXAMINATION

5 BY MR. STOVALL:

6 Q. Just out of curiosity, talking about a quarter
7 lease in your January 8th letter, and then a fifth lease in
8 the January 26th. Had you discussed that?

9 A. We discussed it, and the fifth royalty was -- I
10 believe what they had done subsequent -- or previously with
11 Unocal and she indicated that that's -- that they would be
12 receptive to that, and that's how we ought to prepare the
13 paperwork, so we did and sent it up to them.

14 Q. The notes at the bottom of that January 26th
15 letter, there appear to be some handwritten; are those your
16 notes?

17 A. No, those aren't my notes. There is a landman
18 that I had involved with me contacting these people after
19 we -- after our initial contacts, and those are just notes
20 that he made of the followup telephone conversations that
21 he had with her in April and May.

22 MR. CATANACH: The Hefner and GHK interest is all the
23 same?

24 THE WITNESS: Yes, they're all administered by the
25 same people. Hefner is -- GHK is a company that he has a

1 substantial ownership in. So his people are administering
2 that estate.

3 MR. CATANACH: I have no further questions.

4 MR. CAVIN: My next witness is Mr. John Seay.

5 JOHN G. SEAY,
6 the Witness herein, having been first duly sworn, was
7 examined and testified as follows:

8 EXAMINATION

9 BY MR. CAVIN:

10 Q. Mr. Seay, would you please state your name,
11 address, occupation and employer for the examiner?

12 A. My name is John G. Seay, 407 North Big Spring in
13 Midland, Texas. I am the owner of Seay Exploration, Inc.

14 Q. Have you previously testified before the
15 division in your capacity as a geologist?

16 A. Yes, sir, I have.

17 Q. Have your qualifications as a geologist been
18 made a matter of record with the division?

19 A. Yes, sir, they have.

20 Q. Are you familiar with the portion of the Permian
21 Basin which is located in southeastern New Mexico?

22 A. Yes.

23 Q. Are you familiar with the geology of the
24 proposed well and the area surrounding such well?

25 A. Yes, sir.

1 Q. Are you familiar with the application filed in
2 this case on behalf of Seay Exploration?

3 A. Yes.

4 MR. CAVIN: Mr. Examiner, I would tender Mr. Seay as
5 an expert witness in petroleum geology.

6 MR. CATANACH: He is so qualified.

7 Q. (By Mr. Cavin) Mr. Seay, have you prepared or
8 directed the preparation of any exhibits in connection with
9 this application?

10 A. Yes, sir, I have, Exhibits 5, 6 and 7.

11 Q. I would refer you to Exhibit 5 and ask you that
12 you identify and explain it for the examiner.

13 A. This is a structural contour map on top of the
14 Yates.

15 Q. We may have a different Exhibit 5. That's the
16 AFE.

17 A. I'm sorry. This is an AFE for the drilling of
18 the Bilberry No. 2 as a 3200-foot Yates Seven Rivers test.
19 It was just completed in the last week. The figures are
20 accurate as to -- they're current.

21 Q. Is this fairly consistent with the well you
22 drilled in the northeast quarter, as far as cost?

23 A. The northeast corner well was drilled to a total
24 depth of 7700 feet. It tested the Drinkard and Abo, and
25 was plugged subsequently back to the Yates and Seven

1 Rivers, so those costs were different than what this one
2 was.

3 Q. Suffice it to say, you believe this is a
4 reasonable cost estimate?

5 A. Yes, sir. There has not been any drilling
6 activity in the area so that I could compare within, you
7 know, 20 miles or so, but this should be correct.

8 Q. Okay. Mr. Seay, I would now refer to what's
9 been marked as Exhibit 6 and ask you to identify it for the
10 examiner.

11 A. This is the structure map on top of the Yates
12 formation.

13 Q. I would now ask that you refer to Exhibit 7 and
14 ask you to identify and describe it.

15 A. This is a detailed cross section going from the
16 -- on the Seven Rivers section. It's more or less an
17 east-west cross section, going from the MGF Waldrip dry
18 hole, deep dry hole, to the northwest of our proposed
19 location to the Seven Rivers Yates section that we just
20 completed back in February to a producing MGF right well.
21 It is specifically color coded to show the very detailed
22 and correlative nature of the dolomite and anhydrites in
23 this three-well section.

24 Q. Could you describe for the examiner the risk, as
25 you see it, the geologic risk in drilling this well?

1 A. If we could, I would like to refer back to the
2 structure map first. This area has been primarily a
3 Drinkard test. That would be testing wells down to 7700
4 feet. The Yates Seven Rivers up to until recently has been
5 nothing but a nuisance. It's over pressured. It has about
6 a .55 per foot gradient. At 3,000 feet when you drill
7 through it at times you get very large gas kicks. It has
8 been a source of some rig accidents in this immediate area,
9 particularly over in Texas, but it is a -- it has been a
10 viable gas zone.

11 It has between 32 and 36 percent nitrogen, and
12 the pipelines in the area have not wanted to take this gas.
13 We all knew it was here, but no one really wanted to deal
14 with it. We use this formation as a secondary objective to
15 the Drinkard and to the Abo section, and then when those
16 two formations were tied into the Bilberry No. 1, the
17 northeast quarter of Section 6, we did those back.

18 Prior to doing that we attempted and found that
19 the Richardson Carbon Company of Fort Worth had bought the
20 El Paso 1500-mile-unit system in this area, and were
21 aggressively looking for more gas. These folks were
22 primarily liquid products people, and they were looking --
23 although it did have high nitrogen, they took the gas,
24 hooked us up. We do take quite a deduction in gas price,
25 as much as 25 percent deduction, so when the spot market

1 price has been about 1.26, 1.18, we get between 89 and 92
2 cents for this.

3 Also as far as risk goes, we are moving west
4 into somewhat uncharted countryside. The left well, the
5 MGF Waldrip well, did not have a sample or mud log on it.
6 There are no mud logs that have any shows in any of these
7 on this structure in the west half of 6 or the east half of
8 Section 1. Though the section does exist, it is
9 correlative, we do not see that there is -- there are shows
10 associated with any of these wells in the area. I have no
11 record of them. 1947, 1949, 1951, the very closest --
12 that's when most of them drilled. The very closest well,
13 which is the Southwest outfit, didn't even have a log run
14 on it. We are moving in a more risk area.

15 Q. So it's your opinion, while it's a viable
16 prospect, certainly there are considerable geologic risks?

17 A. That's correct.

18 Q. Would you have any opinion as to what sort of
19 penalty you would propose as far as the nonparticipating
20 parties?

21 A. I would propose that we get our money back for
22 the well and have a 200 percent penalty on top of that.

23 Q. Now, you're selling the gas on the spot market;
24 right?

25 A. That's correct.

1 Q. So it's just pretty a day-to-day thing, but so
2 far you have been able to move all your gas?

3 A. Yes.

4 Q. Mr. Seay, is it your opinion that the granting
5 of this application will be in the interest of
6 conservation, the prevention of waste and the protection of
7 correlative rights?

8 A. Yes, sir.

9 Q. Mr. Seay, were Exhibits 5 through 7 prepared by
10 on you or under your supervision or direction?

11 A. Yes.

12 MR. CAVIN: Mr. Examiner, I would move that exhibits 5
13 through 7 be admitted.

14 MR. CATANACH: Exhibits 5 through 7 will be admitted
15 as evidence.

16 (Seay Exhibits 5 through 7 were
17 admitted in evidence.)

18 MR. CAVIN: I have no further questions of Mr. Seay at
19 this time.

20 EXAMINATION

21 BY MR. CATANACH:

22 Q. Mr. Seay, have you completed that well in the
23 northeast quarter of Section 6?

24 A. Yes.

25 Q. That's completed in the House Yates Seven

1 Rivers?

2 A. Yes, sir.

3 Q. At what producing rates?

4 A. We have -- we've had a variety right of choke
5 sizes -- or artificial choke sizes on this particular well
6 unfortunately. I use the word "artificial." There is a
7 halite section in the Yates that is right adjacent to one
8 of the show sands, and because the well is relatively high
9 pressure there is quite a drop between the wellhead and the
10 separator; and we've been having some artificial choking by
11 this halite precipitating in there. We have now put a
12 chemical pump, putting some fresh water in it, and it
13 appears to have alleviated the problem.

14 Flow rate right now is about 350 MCF per day.
15 We get about a barrel of oil maybe once every 10 days to
16 two weeks, in that range. We feel that the well -- that is
17 a consistent flow rate for the pressure that we have right
18 now.

19 Q. As far as you know, none of the wells in the
20 west half of Section 6 or east half of Section 1 were ever
21 tested in that zone?

22 A. No, sir. The only thing that I can tell is the
23 well, which is in the southeast of the northeast of 1, I've
24 been by the well. It is bleeding gas in the area around
25 the five-and-a-half casing and coming up the back side.

1 I've talked to Jerry Sexton in your Hobbs office; he knows
2 that. That's about the only thing that I can tell that is
3 an indication of any gas in that area.

4 These wells have to be frac'd. They're acidized
5 and then frac'd. You really don't know a whole lot until
6 you frac the well. That also adds to some of the risk.

7 MR. CATANACH: I believe that's all I have of the
8 witness. He may be excused.

9 MR. CAVIN: Mr. Examiner, as a final note, I would
10 note that there is a procedural problem regarding notice,
11 and in that regard I would refer you to what's marked as
12 Exhibit 8. Basically what's happened is that we
13 inadvertently -- I inadvertently failed to provide personal
14 notice in a timely manner as required by Rule
15 1207 B. To remedy the situation I'm asking that this case
16 be continued to the August 22nd hearing to give any
17 interested parties a chance to appear at that time.

18 Exhibit 8 is a copy of the letter that we did
19 send to all the interested parties. I will be happy to
20 answer any questions regarding the notice deficiency or any
21 other matters.

22 MR. STOVALL: The only people that are really involved
23 are the Hefner group; is that correct?

24 MR. CAVIN: Excuse me?

25 MR. STOVALL: As a practical matter, the only people

1 that really need the notice --

2 MR. CAVIN: That's correct.

3 MR. STOVALL: -- the Hefner --

4 MR. CAVIN: We'd probably be happy to have the people
5 respond.

6 MR. STOVALL: You did send that notice to the other
7 people.

8 MR. CAVIN: Yes.

9 MR. CATANACH: I thought you didn't know where they
10 were?

11 MR. CAVIN: We sent it to the last known address,
12 which is not --

13 MR. STOVALL: 1931 address in some cases.

14 MR. CAVIN: Especially the one to Alameda County,
15 California. But yes, it's the Hefner and GHK interests are
16 the only ones that I think will be affected, if at all.

17 MR. CATANACH: I have nothing further. There being
18 nothing further in this case at this time, Case No. 10361
19 will be continued to the August 22nd hearing.

20 (Whereupon, the hearing was concluded at the
21 approximate hour of 10:55 a.m.)

22 * * *

23

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25

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

3 REPORTER'S CERTIFICATE

4
 5 I, Susan G. Ptacek, a Certified Court Reporter and
 6 Notary Public, do HEREBY CERTIFY that I stenographically
 7 reported the proceedings before the Oil Conservation
 8 Division, and that the foregoing is a true, complete and
 9 accurate transcript of the proceedings of said hearing as
 10 appears from my stenographic notes so taken and transcribed
 11 under my personal supervision.

12 I FURTHER CERTIFY that I am not related to nor
 13 employed by any of the parties hereto, and have no interest
 14 in the outcome thereof.

15 DATED at Santa Fe, New Mexico, this 18th day of
 16 October, 1991.

17
 18 My Commission Expires:
 19 December 10, 1993

Susan G. Ptacek
 SUSAN G. PTACEK
 Certified Court Reporter
 Notary Public

20
 21 I do hereby certify that the foregoing is
 22 a complete report of the proceedings in
 the Examiner hearing of Case No. 10361,
 heard by me on August 8, 1991.

23 David R. Colant, Examiner
 24 Oil Conservation Division
 25