1	STATE OF NEW MEXICO
2	ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3	OIL CONSERVATION DIVISION
4	CASE 10118
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7	EXAMINER HEARING
8	
9	IN THE MATTER OF:
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11	Application of Mesa Operating Limited
12	Partnership for Compulsory Pooling,
13	San Juan County, New Mexico
1 4	
15	
16	TRANSCRIPT OF PROCEEDINGS
17	
18	BEFORE: MICHAEL E. STOGNER, EXAMINER
19	
2 0	STATE LAND OFFICE BUILDING
21	SANTA FE, NEW MEXICO
22	October 17, 1990
23	
2 4	
25	ORIGINAL

1	APPEARANCES
2	FOR THE APPLICANT: J. SCOTT HALL, ESQ. Miller, Stratvert, Torgerson
3	& Schlenker, P.A. 125 Lincoln Avenue, Suite 303
4	Santa Fe, New Mexico 87501
5	* * * *
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- 1 EXAMINER STOGNER: Call next case, No.
- 2 10118, which is the application of Mesa Operating
- 3 Limited Partnership for compulsory pooling.
- 4 Call for appearances.
- 5 MR. HALL: Mr. Examiner, Scott Hall from
- 6 the Miller, Stratvert, Torgerson & Schlenker Law Firm
- 7 of Santa Fe, on behalf of the Applicant this morning,
- 8 with three witnesses.
- 9 EXAMINER STOGNER: Were these witnesses
- 10 previously sworn in Case No. 10117?
- 11 MR. HALL: Yes, sir.
- 12 EXAMINER STOGNER: Let the record so show
- 13 the three witnesses have been sworn.
- 14 Are there any other appearances in this
- 15 case? Mr. Hall.
- 16 EDWARD L. "HANK" WOOD
- 17 the witness herein, after having been previously duly
- 18 sworn upon his oath, was examined and testified as
- 19 follows:
- 20 EXAMINATION
- 21 BY MR. HALL:
- Q. For the record, please state your name?
- 23 A. Edward L. "Hank" Wood.
- Q. Mr. Wood, in view of the fact you've been
- 25 previously sworn, let's proceed direct to your

- 1 exhibits. If you would explain Exhibit 1, please,
- 2 sir?
- 3 A. Exhibit 1 is a land plat showing our
- 4 proposed proration unit as the east half of Section
- 5 32, 29 North, 11 West, for the drilling of a Fruitland
- 6 Coal test to be located 2,085 feet from the north
- 7 line, 950 feet from the east line of said Section 32.
- Page 2 of this exhibit shows the working
- 9 interest owners committed and noncommitted to this
- 10 well; Mesa Operating Limited Partnership, Jack H.
- 11 Herd, Jack Markham, and the Estate of John J. Redfern,
- 12 comprising a total of 45.36867 percent that have
- 13 agreed to participate in the drilling of this test.
- 14 Sun Operating Limited Partnership, who is
- 15 now ORYX, 12.705673 percent; Southland Royalty
- 16 Company, well, if we want to regress, Sun Operating
- 17 Limited Partnership has expressed an interest in
- 18 selling their interest and has told us they will not
- 19 participate but will not confirm that in writing yet.
- 20 Southland Royalty has not responded to our proposal.
- 21 Odessa Knauff, in care of Brooks Exploration in
- 22 Denver, with 12.705673 percent, has not responded.
- 23 They were furnished a title opinion in the last 10
- 24 weeks to verify their interests. They were not aware
- 25 of any ownership in this proration unit.

- John J. Christman, with 9.52925 percent has
- 2 not responded. Rosalind Redfern, with 4.76462 percent
- 3 has not responded, and Flag-Redfern Oil Company, which
- 4 is now, as we understand it, Kerr-McGee, although
- 5 record title shows to be Flag-Redfern, with 3.176418
- 6 percent, has not responded.
- 7 I'll point out for the Examiner, if I may,
- 8 that the interests shown on page 2 of Exhibit 1 do not
- 9 correspond with Exhibit A to the Operating Agreement,
- 10 which is another part of our exhibit. That is due to
- 11 the fact that the Operating Agreement was based on a
- 12 stand-up check of the records in order to adequately
- 13 give notice to the parties of our anticipated drilling
- 14 of the test. The page 2 of this exhibit is based upon
- 15 title examination.
- MR. HALL: If I might briefly explain to
- 17 the Examiner on the Flag-Redfern situation, the record
- 18 title ownership is shown as being in Flag-Redfern.
- 19 There is no record of Kerr-McGee's ownership in this
- 20 tract. I understand through industry knowledge
- 21 Kerr-McGee succeeded to Flag-Redfern's interest and
- 22 made no filing in San Juan County for this tract,
- 23 anyway.
- 24 Kerr-McGee was contacted by Mesa, by Mr.
- 25 Wood, and at first responded to Mesa that they owned

- 1 no interest in this tract. They later communicated
- 2 again with Mr. Wood and indicated that they might, in
- 3 fact, have an interest. We sent notice to
- 4 Flag-Redfern. We subsequently sent notice to
- 5 Kerr-McGee. The Kerr-McGee notice is not within the
- 6 22-day notice period; however, we don't believe that
- 7 they are entitled to notice as they are not a record
- 8 interest owner and they are unsure of their own
- 9 ownership.
- 10 EXAMINER STOGNER: Let me make sure I have
- 11 this clear. When Flag-Redfern were notified, when
- 12 they were notified, that was within the proper time
- 13 constraints?
- MR. HALL: Yes, sir.
- 15 EXAMINER STOGNER: And did you contact
- 16 Kerr-McGee prior to that, trying to work out the
- 17 problem of who really owned that interest, whether
- 18 Kerr-McGee did or not?
- MR. HALL: We did, and we have exhibits we
- 20 would be glad to submit if the Examiner wishes.
- 21 EXAMINER STOGNER: I was just trying to get
- 22 what kind of time frame Kerr-McGee got back ahold of
- 23 you.
- 24 THE WITNESS: We received a letter-- As
- 25 you'll see, our proposal letter which is Exhibit 2,

- 1 was dated August 27, 1990, proposing the test. By
- 2 letter dated September 10, 1990, Kerr-McGee responded
- 3 to us and told us that the interest which Flag-Redfern
- 4 was credited with should now be into the name of
- 5 Rosalind Redfern and the Estate of John J. Redfern,
- 6 who already had been contacted regarding the drilling
- 7 of this well.
- 8 On October 4th, or by a memo dated October
- 9 4th, we received notice from Kerr-McGee that
- 10 Kerr-McGee, as successor by merger to Flag-Redfern Oil
- 11 Company, was an owner in this proration unit and they
- 12 looked forward to hearing from us regarding our plans
- 13 in this matter.
- So we have received notice on September 10
- 15 from Kerr-McGee that they owned no interest in this,
- 16 and notice on October 10 that they look forward to
- 17 seeing what we had to do here. So there appears to be
- 18 a communication problem in their shop regarding their
- 19 interest.
- 20 Flag-Redfern was sent a proposal on August
- 21 27th, which, because of the response of September
- 22 10th, I can only believe Kerr-McGee received.
- 23 EXAMINER STOGNER: Mr. Hall, I believe, in
- 24 my opinion, that notice was adequate. And it's going
- 25 to right itself anyway because of the problem we had

- 1 in the advertisement. This case is going to be
- 2 continued anyway to the 31st, so that will take care
- 3 of itself at that point.
- 4 MR. HALL: I think that's right.
- 5 EXAMINER STOGNER: Okay. So I think we can
- 6 go ahead and proceed.
- 7 Q. (BY MR. HALL) Go ahead with Exhibit 2.
- 8 A. Exhibit 2, as I have already pointed out,
- 9 is Mesa's proposal letter dated August 27, 1990, which
- 10 was sent to the record title owners proposing our test
- ll as a 1,760-foot Fruitland Coal test, showing the
- 12 location and the estimated costs. With that letter we
- 13 forwarded to them Mesa's estimated cost or AFE cost
- 14 estimate for the drilling of the well, and a proposed
- 15 Joint Operating Agreement to govern operations.
- 16 Q. What is the total percentage that's now
- 17 voluntarily committed to the well?
- 18 A. 45.36867 percent.
- 19 Q. What interest are you seeking to pool?
- 20 A. 54.63133 percent.
- 21 Q. In your opinion, Mr. Wood, have you made a
- 22 good faith effort to locate all the individuals to
- 23 obtain their voluntary joinder?
- 24 A. Yes, we have.
- Q. Were Exhibits 1 and 2 prepared by you or at

- 1 your direction?
- 2 A. They were.
- 3 MR. HALL: We would move the admission of
- 4 Exhibits 1 and 2, and that concludes our direct of
- 5 this witness.
- 6 EXAMINER STOGNER: Exhibits 1 and 2 will be
- 7 admitted into evidence.
- 8 EXAMINATION
- 9 BY EXAMINER STOGNER:
- 10 Q. Let's see if we're talking about the right
- 11 well here. I have it FC State Com No. 33?
- 12 A. Yes, sir. It was later revealed that we
- 13 had federal acreage in there and not state; the name
- 14 was changed to FC Fed Com 43.
- 15 Q. And that is the way it appears on the
- 16 advertisement?
- 17 A. Yes, sir.
- 18 Q. So all your correspondence and your two
- 19 exhibits should be changed to reflect Well No. 43, is
- 20 that correct?
- 21 A. Yes, sir.
- 22 MR. HALL: That's correct. There's a
- 23 mixture of state, federal and fee acreage in the unit.
- 24 EXAMINER STOGNER: The names of the wells
- 25 really have no bearing on the docket. I usually use

- 1 those whenever I have a massive amount of applications
- 2 that come in at one time, to keep them straightened
- 3 out. I usually refer to it as a well drilled either
- 4 at a standard or unorthodox.
- 5 Q. (BY EXAMINER STOGNER) In looking at your
- 6 Exhibit No. 2, on your percentages, there again they
- 7 do not correspond, as you stated, to your Exhibit No.
- 8 1, is that correct?
- 9 A. That's correct.
- 10 Q. But your Exhibit No. 1 is correct,
- 11 according to title search?
- 12 A. Based on record title, yes, sir.
- 13 Q. And that sounds like to me it would also
- 14 correspond, this being a section, which is not
- 15 standard that contains 314.84 acres? It sounds like
- 16 it corresponds, and I would assume it does?
- 17 A. Yes, sir.
- 18 Q. The August 27th letter, that was the first
- 19 written correspondence to the parties in which you're
- 20 force pooling?
- 21 A. Yes, sir, it was.
- Q. Did you have any telephone conversations
- 23 with other parties besides Kerr-McGee & Son or ORYX?
- 24 A. Yes, sir. We've had a number of
- 25 conversations with Brooks Exploration. We've made a

- 1 couple of phone calls to John J. Christman and have
- 2 received no response yet, and, of course, I've talked
- 3 to the parties who have consented to join.
- 4 Q. And Southland, I'm assuming you've probably
- 5 had conversations with them?
- A. Multiple, yes, sir. They are in the same
- 7 shape, as we mentioned before in the other testimony,
- 8 in that their reservoir engineer has left and they're
- 9 shorthanded now.
- 10 EXAMINER STOGNER: I will refer to the
- 11 record that has been made for Case No. 10117.
- I have no further questions of this
- 13 witness. You may be excused.
- 14 Anybody else have any questions before I
- 15 excuse him? No? Okay. Mr. Hall.
- 16 STEWART L. SAMPSON
- 17 the witness herein, after having been previously duly
- 18 sworn upon his oath, was examined and testified as
- 19 follows:
- 20 EXAMINATION
- 21 BY MR. HALL:
- Q. For the record, state your name.
- A. Stewart Sampson.
- Q. Mr. Sampson, you've been previously sworn.
- 25 Let's go directly to the exhibits you've prepared for

- 1 this case. And let me ask you first, what risk
- 2 penalty are you seeking for this well?
- 3 A. On this particular well we are seeking the
- 4 200 percent plus cost penalty which, I think, will be
- 5 clear from the exhibits to follow.
- 6 Exhibit 3, just as in the previous case, is
- 7 an isopach map for the entire San Juan Basin for the
- 8 Fruitland Coal thickness. As you can see, the
- 9 location of our proposed well by the red dot, is
- 10 located in an extremely thin area of coal deposition,
- ll right there by the "O" and the "N" in the word
- 12 "Farmington." We have a 10-foot contour, and you can
- 13 see that our well falls just outside that contour
- 14 interval. We think that is an extremely risky
- 15 situation in that we have very little coal expected to
- 16 be present in this well.
- 17 And as in further evidence of that fact,
- 18 Exhibit 3-A is the only well which is located in the
- 19 quarter section where we intend to drill this well.
- 20 This is a Dakota well, which was drilled by Redfern
- 21 and Herd, the #1 Nye, and of course penetrated the
- 22 Fruitland formation. This is a resistivity log. The
- 23 coals show up as high resistive streaks. You can see
- 24 that in this well, which is just a few hundred feet
- 25 from our proposed well, we have a few very thin seams

- 1 which are designated by the black bars in the depth
- 2 track of the log. Right above 1,500 feet is the
- 3 thickness seam in the well at probably six feet, and
- 4 going on up the hole there's about three more seams at
- 5 two feet each. So consequently we anticipate a
- 6 thickness of less than 15 feet in this well.
- 7 The gas in place number would be very small
- 8 due to the thin total coal in the area. Consequently,
- 9 once again, we would have to achieve a very high
- 10 recovery factor to make an economic venture in this
- ll well.
- 12 Another critical aspect, of course, is the
- 13 pressure and permeability characteristics, and that's
- 14 reflected in Exhibit 4 which shows the bottom-hole
- 15 pressures which have been demonstrated in this area,
- 16 and we would anticipate a pressure somewhere in the
- 17 500- to 600-pound range, which is way underpressured
- 18 and, consequently, we would not expect this to be a
- 19 very high permeability area.
- 20 And finally, Exhibit 5 demonstrates the
- 21 location of our well in the northeast of Section 32,
- 22 and any Fruitland Coal completions would have been
- 23 shown on this map with solid red dots; however, there
- 24 have been no completions within this 25-square-mile
- 25 area, so we have basically no data to rely on out here

- 1 which would decrease our risk factor. Consequently,
- 2 the fact that we know we'll have thin coal and don't
- 3 have any other data to rely on, leads us to believe
- 4 that this is worthy of a total 300 percent penalty.
- 5 We are aware that 300 percent penalties
- 6 have been granted in the basin. Previously we have
- 7 seen Hixon, which I believe is now Giant, was granted
- 8 a maximum penalty down in the Bisti area, which we
- 9 feel has certainly no worse geologic characteristics
- 10 than this particular area, so we feel it's justified.
- 11 Q. In spite of the fact that this well is
- 12 within the parameters of the Basin Fruitland Coal
- 13 Pool, would you otherwise consider this a wildcat
- 14 well?
- 15 A. Yes, I certainly would.
- 16 Q. You're assured of encountering the coal, as
- 17 thick as it may be or as thin as it may be?
- 18 A. Yes.
- 19 Q. Does the thickness or thinness of the coal
- 20 itself affect your economics?
- 21 A. Yes, it certainly does. We have a much
- 22 smaller target when the coal is very thin like this
- 23 and, once again, we have to have all other aspects be
- 24 in our favor so that we get a very high recovery
- 25 factor in order to make an economic well.

- l Q. Do you know how this well will be
- 2 completed?
- 3 A. This will be a cased and fractured
- 4 completion.
- 5 Q. Must you necessarily case and fracture the
- 6 well and produce the well for a while in order to
- 7 determine its productive capacity?
- 8 A. Yes, that's correct, and that's a very
- 9 important point here because typically you will hear
- 10 people say that there are not many dry holes in the
- 11 basin. That's simply because it's really very
- 12 difficult to determine whether you're going to have an
- 13 economic well before you incur your completion costs.
- So this well we would take all the way
- 15 through to completion and our fracture stimulation at
- 16 this depth is as expensive as the actual drilling of
- 17 the well, so we will have incurred even more risk than
- 18 would have been incurred in a dry hole, you know, per
- 19 say.
- Q. Were Exhibits 3, 4 and 5 and 3-A prepared
- 21 by you or at your direction?
- A. Yes, they were.
- MR. HALL: We would move the admission of
- 24 those exhibits, and that concludes our direct of this
- 25 witness.

- EXAMINER STOGNER: Exhibits 3, 4 and 5 will
- 2 be admitted into evidence.
- 3 EXAMINATION
- 4 BY MR. STOGNER:
- 5 Q. Mr. Sampson, what are the nearest
- 6 coal-producing wells to this proposed well?
- 7 A. I believe there may be some wells which
- 8 would lie off of Exhibit 5 within another mile, so
- 9 probably you're talking about a minimum of three to
- 10 four miles distant from this particular proposed well.
- 11 O. To the north?
- 12 A. Generally there would be more of a tendency
- 13 for them to be to the north and west, yes, because
- 14 that's moving toward more favorable geologic
- 15 conditions.
- Q. All of these wells that show on Exhibit 5,
- 17 none of them were tested in the coal, is that correct?
- 18 A. No. That's absolutely correct. There are
- 19 other Fruitland producers in the area producing from
- 20 Fruitland sands, but no coal completions.
- 21 Q. How many Fruitland sand wells would you
- 22 estimate are in this area, and where would they be
- 23 located on this map?
- A. There are probably six or eight wells, and
- 25 they would generally be located to the north and west

- 1 of this proposed well. I might point out that the pay
- 2 zones in the Fruitland sand are very obvious. They
- 3 are channelized sequences deposited in a fluvial
- 4 environment, and the well in this quarter section,
- 5 which we have shown here as Exhibit 3-A, does not have
- 6 any Fruitland sands present in it.
- 7 Q. Where, generally, in the Fruitland
- 8 formation, when we look at the overall formation, does
- 9 the coal seams or the coal beds lie within the
- 10 Fruitland formation? Kind of give me a detailed--
- 11 A. Okay. Generally, if you just look at an
- 12 average throughout the basin, there's typically a
- 13 fairly thick coal seam right at the base of the
- 14 Fruitland which is not present in this area at all.
- Then normally you have another couple of
- 16 zones in the range of 1- to 200 feet uphole from that
- 17 point where you can develop a cumulative total of 20
- 18 feet in a group of seams. So it is normally spread
- 19 throughout about a 300-foot interval; typically
- 20 weighted more to the base of the Fruitland is where
- 21 you have a higher cumulative total of coal.
- 22 EXAMINER STOGNER: I'll ask your next
- 23 witness, Mr. Hall--I assume you're going to bring up
- 24 Mr. Hoefer?
- MR. HALL: Yes, sir.

- 1 EXAMINER STOGNER: Maybe he will be a
- 2 little more detailed on corresponding water production
- 3 in these Fruitland formations than Mr. Sampson
- 4 described? That's more the norm, as opposed to where
- 5 you're at.
- 6 Q. Now, the Fruitland sand wells in this area,
- 7 do you know what pool that is? Is that the
- 8 Bloomfield-Farmington? There is a Fruitland sand pool
- 9 out there, is that correct?
- 10 A. That's what I would guess, just based on
- 11 the proximity to the Bloomfield area, but I do not
- 12 know that to be the case. I'm not sure what the field
- 13 name is.
- Q. Do you know if any of the completion
- 15 technician utilized, when those Farmington sand wells
- 16 were put in, if any of the perforations or open-hole
- 17 intervals extend into the coal?
- 18 A. Everything that I've seen out in this area
- 19 was a cased and perforated completion, so the
- 20 completions should have been well localized to the
- 21 sand interval and should not have drained any coal
- 22 appreciably.
- 23 Typically these sands out in this area are
- 24 in the order of 20-feet thick, one channelized sand,
- 25 so it's well localized within the Fruitland.

- 1 EXAMINER STOGNER: I have no other
- 2 questions of Mr. Sampson. You may be excused.
- Mr. Hall.
- 4 TROY A. HOEFER
- 5 the witness herein, after having been previously duly
- 6 sworn upon his oath, was examined and testified as
- 7 follows:
- 8 EXAMINATION
- 9 BY MR. HALL:
- 10 Q. For the record, please state your name?
- 11 A. Troy A. Hoefer.
- 12 Q. Mr. Hoefer, you've previously been sworn.
- 13 Let's go to Exhibit 2 and the AFE in there. If you
- 14 would please review the well costs in that exhibit?
- 15 A. Okay. Exhibit No. 2 is a detailed cost
- 16 estimate for the drilling, equipping and completing of
- 17 the FC Federal Com No. 43. This will be a 1,760-foot
- 18 Fruitland Coal test, and you'll note the completion
- 19 costs are for a cased and fractured well.
- Q. Are those costs in line with what is being
- 21 charged in the area?
- 22 A. Yes, they are.
- Q. Have you made an estimate of the overhead
- 24 and administrative costs while drilling and producing
- 25 the well?

- 1 A. Yes, I have.
- 2 Q. And what are those costs?
- A. \$3,831 per month while drilling; \$382 per
- 4 month while producing the well.
- 5 Q. Do you know those costs to be in line with
- 6 what is being charged?
- 7 A. Yes.
- 8 Q. Are you recommending those charges be
- 9 incorporated into any Order that results from this
- 10 hearing?
- ll A. Yes.
- 12 Q. And Mesa seeks to be designated operator of
- 13 this well, is that correct?
- 14 A. That's correct.
- 15 Q. Let's go to Exhibit 6 now.
- 16 A. Exhibit 6, as you can see, is an exhibit of
- 17 offset Fruitland Coal production within an approximate
- 18 two-mile radius of the proposed FC Federal Com No.
- 19 43. As you can see, there has been no Fruitland Coal
- 20 completions in this area.
- 21 Q. So you have no control over whatsoever of
- 22 the immediate area?
- A. That's correct.
- Q. Do you concur in the request for the 200
- 25 percent risk penalty in this case?

- 1 A. Yes, I do.
- Q. What is the basis for your concurrence?
- 3 A. The basis is the fact that we have no
- 4 offset production. Due to the nature of coal, it can
- 5 be vary variable in the rates of production, and as I
- 6 stated in Case No. 10117, we would put a very large
- 7 fracture treatment on this to enhance the natural
- 8 fracturing and permeability of the reservoir. This
- 9 large tract would have high rates, high pump volumes
- 10 and high pressures.
- 11 Q. Does the fact that you're dealing with a
- 12 relatively thin seam of coal pose any particular
- 13 problems to your frac job?
- 14 A. Yes, it does. In fact, it makes the frac
- 15 much more risky. A thin coal has a much higher
- 16 possibility of screening out than a thicker coal seam.
- 17 Q. Risk penalties are typically based on
- 18 development drilling projects, are they not? Let me
- 19 ask it this way.
- In view of the fact that you have very
- 21 little control or next to no control for this
- 22 particular well, would you consider this well a
- 23 wildcat, respective of the fact that it's within the
- 24 Fruitland Basin Coal Pool?
- 25 A. Yes, I would.

- 1 Q. Would you care to discuss for the Examiner
- 2 the significance of water production from typical
- 3 Fruitland Coal wells, and how that plays in with this
- 4 particular well?
- 5 A. Water production is typically, in a coal
- 6 reservoir, the water is in the natural fracturing of
- 7 the coal. Typically, rates of gas are affected by the
- 8 water production. As the water is produced, the rate
- 9 of gas production will increase if there is a large
- 10 volume of water present in the area. If there's no
- 11 water, we expect the rates to be flat for a period of
- 12 time or possibly even decline.
- 13 Q. In this case, since you have a thin coal
- 14 seam, does that affect your recoverability rate?
- 15 A. Yes, it does.
- 16 Q. Does that have any bearing on the risk, in
- 17 determining whether or not this is a commercial well?
- 18 A. Yes, it does. Recovery factors for the
- 19 coal, due to the fact that it is a thin coal seam, we
- 20 would need a much higher recovery factor to make this
- 21 an economic well.
- Q. I understand this will be a cased-in,
- 23 frac'd well, is that correct?
- 24 A. That is correct.
- Q. You will necessarily have to case and frac

- l the well and produce it for a while before you can
- 2 determine whether or not it is going to be a
- 3 commercially successful well?
- 4 A. That's correct.
- 5 Q. If such is the case, your dry-hole costs
- 6 are really not a consideration in this matter, is that
- 7 not correct?
- 8 A. That's correct. We do expect to encounter
- 9 some coal, and therefore the risk is more associated
- 10 with whether or not we will get a commercially
- 11 economic completion rather than whether or not we find
- 12 coal in the area.
- 13 Q. So you're economics must necessarily take
- 14 in together full-blown completion costs?
- 15 A. That is correct.
- 16 Q. Did you prepare Exhibit 6?
- 17 A. Yes, I did.
- 18 MR. HALL: We would move the admission of
- 19 Exhibit 6.
- Q. Let me ask you one additional question.
- 21 Mr. Hoefer, in your opinion, is the granting of this
- 22 application in the interests of conservation, the
- 23 prevention of waste and the protection of correlative
- 24 rights?
- 25 A. Yes.

MR. HALL: That concludes our direct of 1 this witness. 3 EXAMINER STOGNER: I have no questions of Mr. Hoefer. 4 5 There again, Mr. Hall, I'll take administrative notice of the case in which Order No. 6 R-8768 was produced from. 7 MR. HALL: We would also tender Exhibit 7, 8 9 which is our 12-07 Affidavit. 10 EXAMINER STOGNER: Exhibits 6 and 7 will be admitted into evidence. 11 12 Anything further in this case? 13 MR. HALL: No, sir. 14 EXAMINER STOGNER: Due to, again, the advertisement error, this case will be continued to 15 October 31st, at which time it will be taken under 16 17 advisement. 18 (Thereupon, the proceedings concluded.) 19 20 21 22 23 24

25

1	CERTIFICATE OF REPORTER
2	
3	STATE OF NEW MEXICO)
4) ss. COUNTY OF SANTA FE)
5	
6	I, Carla Diane Rodriguez, Certified
7	Shorthand Reporter and Notary Public, HEREBY CERTIFY
8	that the foregoing transcript of proceedings before
9	the Oil Conservation Division was reported by me; that
10	I caused my notes to be transcribed under my personal
11	supervision; and that the foregoing is a true and
12	accurate record of the proceedings.
13	I FURTHER CERTIFY that I am not a relative
14	or employee of any of the parties or attorneys
15	involved in this matter and that I have no personal
16	interest in the final disposition of this matter.
1.7	WITNESS MY HAND AND SEAL October 20, 1990.
18	Colo Denna La Managa
19	CARLA DIANE RODRIGUEZ CSR No. 91
20	CBR NO. JI
21	My commission expires: May 25, 1991
2 2	I do hereby certify that the foregoing is
23	the Examiner boaring proceedings in
2 4	heard by me on 17 Girose No. 10118
2 5	That I have
	Oil Conservation Division