

## 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: )  
 ) CASE NO. 10168  
APPLICATION OF PACIFIC ENTERPRISES )  
OIL COMPANY (USA) FOR COMPULSORY )  
POOLING, EDDY COUNTY, NEW MEXICO. )  
----- )

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

December 19, 1990  
10:52 a.m.  
Santa Fe, New Mexico

This matter came on for hearing before the Oil  
Conservation Division on December 19, 1990, at 10:52 a.m.  
at the Oil Conservation Division Conference Room, State  
Land Office Building, 310 Old Santa Fe Trail, Santa Fe,  
New Mexico, before Maureen R. Hunnicutt, RPR, Certified  
Shorthand Reporter No. 166, for the State of New Mexico.

FOR: OIL CONSERVATION  
DIVISIONBY: MAUREEN R. HUNNICUTT, RPR  
Certified Shorthand Reporter  
CSR No. 166

## I N D E X

December 19, 1990  
 Examiner Hearing  
 CASE NO. 10168

PAGE

APPEARANCES

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## APPLICANT PEOC WITNESSES:

M. CRAIG CLARK

Direct Examination by Mr. Kellahin

5

RICK RICKETTS

Direct Examination by Mr. Kellahin

15-16

Examination by Examiner Stogner

21

REPORTER'S CERTIFICATE

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\* \* \*

## E X H I B I T S

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## APPLICANT PACIFIC ENTERPRISES OIL CO. EXHIBIT

1 Porcupine Prospect Structure Map  
 B / Lower Morrow Channel

17 21

2 Porcupine Prospect Isopach Map  
 Lower Morrow Channel Clean Sand

18 21

3 Porcupine Prospect Stratigraphic  
 Cross Section A - A'

18 21

4 Porcupine Prospect Land Plat

7 21

5 Exxon State 16 #1, Working Interest  
 Ownership

9 15

6 Letter, February 14, 1990, to Working  
 Interest Owners, Re: Porcupine Prospect #6140

9 15

7 Memo, To: Ralph Moore, From: Jeff Ryan  
 Date: December 17, 1990, Subj: AFE's

11 15

8 Letter, June 12, 1990, to PEOC  
 from Michael R. Goode, Division Landman

12 15

9 Letter, June 21, 1990, to Mike Goode from  
 M. Craig Clark

12 15

E X H I B I T S  
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APPLICANT PACIFIC ENTERPRISES OIL COMPANY EXHIBIT

10	Letter, July 26, 1990, to Mike Goode from M. Craig Clark	13	15
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15	Letter, February 19, 1990, to M. Craig Clark from Kathryn A. Neeper	14	15
16	Letter, July 26, 1990, to Joe Thomas from M. Craig Clark	14	15
17	Fax Memorandum, Date: November 1, 1990 to William T. Duncan and James Bruce, Esq. from W. Thomas Kellahin	14	15
18	Letter, November 1, 1990, to Joe Thomas from M. Craig Clark	14	15
19	Certificate of Mailing of Notice	22	22

## 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 THE APPLICANT:       KELLAHIN, KELLAHIN & AUBREY  
                             Attorneys at Law  
                             BY: W. THOMAS KELLAHIN, ESQ.  
                             117 North Guadalupe  
                             Santa Fe, New Mexico 87501

\*   \*   \*

1 EXAMINER STOGNER: Okay. Call the next case,  
2 No. 10168.

3 MR. STOVALL: Application of the Pacific Enterprises  
4 Oil Company (USA) for compulsory pooling, Eddy County,  
5 New Mexico.

6 EXAMINER STOGNER: Call for appearances.

7 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of the  
8 Santa Fe law firm of Kellahin, Kellahin & Aubrey,  
9 appearing on behalf of the applicant; and I have two  
10 witnesses to be sworn.

11 EXAMINER STOGNER: Are there any other appearances?

12 (No response.)

13 EXAMINER STOGNER: There being none, will the  
14 witnesses please rise to be sworn?

15 (The witnesses were duly sworn.)

16 MR. KELLAHIN: My first witness is Mr. Craig Clark.  
17 He's a petroleum landman with Pacific.

18 M. CRAIG CLARK,  
19 the Witness herein, having been first duly sworn, was  
20 examined and testified as follows:

21 DIRECT EXAMINATION

22 BY MR. KELLAHIN:

23 Q. Mr. Clark, for the record would you please  
24 state your name and occupation?

25 A. My name is Craig Clark. I'm a petroleum

1 landman for Pacific Enterprises Oil Company (USA).

2 Q. Mr. Clark, were you assigned the  
3 responsibilities as a petroleum landman on behalf of your  
4 company to attempt on a voluntary basis to consolidate the  
5 acreage for the drilling of the subject well?

6 A. I was.

7 Q. Have you made a study of and are you familiar  
8 with that ownership?

9 A. Yes, I am.

10 Q. And under your direction and supervision have  
11 you communicated with all the working interest owners in  
12 an attempt to derive their agreement on participation?

13 A. Yes, I have.

14 MR. KELLAHIN: We tender Mr. Clark as an expert  
15 petroleum landman.

16 EXAMINER STOGNER: Mr. Clark is so qualified.

17 Mr. Kellahin, before we go any further --

18 MR. KELLAHIN: Sure.

19 EXAMINER STOGNER: -- in this one, we need to clarify  
20 a few things. Wasn't the Fren-Pennsylvanian gas pool the  
21 subject of a case and an order several weeks ago?

22 MR. KELLAHIN: Exactly right, Mr. Examiner. The  
23 division changed the spacing rules for the pool and  
24 changed them from 160 to 320; and you did that by order  
25 No. R-9333. Here's a copy of that order.

1 EXAMINER STOGNER: Okay. I'll take administrative  
2 notice of Order R-9333. And that particular order made  
3 the Fren Pennsylvanian gas pool who had -- that was being  
4 developed on 160-acre spacing now in line with the  
5 statewide 320-acre spacing pursuant to the general rule;  
6 is that correct?

7 MR. KELLAHIN: That's correct; right. You may  
8 remember, there were two different cases going on at the  
9 same time, the Anderson-Penn, we froze the 160 to its  
10 current boundaries and let the adjoining property go to  
11 320.

12 The Fren pool, this one we're dealing with now,  
13 we changed the rule for the entire pool.

14 EXAMINER STOGNER: Okay. I remember those two. I  
15 forgot which one was which. I wanted to make sure that  
16 was clear.

17 With that, you may proceed.

18 Q. (By Mr. Kellahin) Mr. Clark, let me direct  
19 your attention to what is marked as Pacific Exhibit No. 4.  
20 Identify and describe that for us.

21 A. That is a plat of the land ownership for our  
22 particular proration unit for the east half of Section 16.  
23 This is for the deeper rights. That is what we're  
24 primarily interested in, the Morrow formation.

25 The southeast quarter is owned a hundred

1 percent by Exxon. The west half of the northeast quarter,  
2 Pacific owns 75 percent. Fina Oil & Chemical owns the  
3 other 25 percent. We have secured a farmout from them.  
4 And Anadarko owns a hundred percent of the northeast  
5 northeast. They have indicated they'll participate;  
6 however, we have nothing signed by them at this point;  
7 annual Matador Petroleum owns the southeast northeast, and  
8 we have secured a farmout from them.

9 So the two people we're looking to pool in this  
10 case are Exxon and Anadarko.

11 EXAMINER STOGNER: Excuse me. While we're on  
12 Exhibit 4, then the 320-acre proration unit, 50 percent is  
13 owned by Exxon?

14 THE WITNESS: Yes, sir. They own the entire  
15 southeast quarter.

16 EXAMINER STOGNER: And ARCO has 12-1/2 percent?

17 THE WITNESS: Yes, sir.

18 EXAMINER STOGNER: And those are the two interests  
19 which you are force pooling today?

20 THE WITNESS: Yes.

21 EXAMINER STOGNER: Okay. Mr. Kellahin.

22 MR. KELLAHIN: Thank you, Mr. Examiner.

23 Q. (By Mr. Kellahin) You've identified the  
24 entities that would be subject to the pooling order,  
25 Mr. Clark. Identify the vertical intervals you are



1 seeking to pool from the top of the Wolfcamp --

2 A. That's correct.

3 Q. -- to the base of the Pennsylvania for the  
4 deep-gas, 320 spacing.

5 A. That's correct.

6 Q. And the primary target of the well is going to  
7 be the Morrow?

8 A. That's right.

9 Q. The approximate location of the well, is that  
10 shown on your display?

11 A. It is. We're going to drill the well 1,980  
12 from the north and 1,980 from the east.

13 Q. Let's set that aside for a moment and turn to  
14 next Exhibit No. 5.

15 A. Exhibit 5 shows the same thing as basically on  
16 the land plat, has the parties and the interest they own,  
17 and then it has their election of what they have done for  
18 this well.

19 Q. Okay. Identify for us what was your first  
20 written communication to any of the working interest  
21 owners to first propose this well.

22 A. Well, to all the working interest owners, we  
23 formally proposed the well, February 14th, and that's  
24 shown on my Exhibit No. 6. We enclosed a copy of the AFE  
25 and asked them to either join or farm out their interest.

1 Q. What, if any, response did you receive from any  
2 of these parties following your February 14, 1990, letter?

3 A. Well, we had no response from Exxon to that  
4 specific letter. Exxon has -- We started communicating  
5 with Exxon in November of 1989, requesting a farmout.  
6 Those are shown further on in here with some other  
7 exhibits.

8 Q. All right. We'll come to those.

9 A. And the other companies -- Anadarko has  
10 indicated they are willing to join; however, as I've said,  
11 we have not secured them either, prepaying their costs or  
12 signing a JOA.

13 Q. In your earlier communications, did you send  
14 these proposed working interest owners an AFE for the  
15 well?

16 A. Yes, we did.

17 Q. Is that the AFE attached as the last document  
18 to Exhibit No. 6?

19 A. That's correct.

20 Q. That AFE shows a date of approximately February  
21 of 1990?

22 A. That's correct. We have gone back here  
23 recently. There's been an increase in the costs of  
24 drilling wells here the last few years; however, when this  
25 AFE was prepared, it was prepared at \$21 a foot, and we

1 find that we're still able to drill wells in this general  
2 vicinity for that price.

3 Q. What have you done to satisfy yourself that  
4 despite the age of AFE, that it still represents a  
5 reasonable estimate in terms of current costs for those  
6 items --

7 A. These AFEs, we have gone back to our operations  
8 in -- our department which prepares these AFEs. They have  
9 gone back and looked at the wells that we are currently --  
10 We spudded a well approximately three weeks ago. We're  
11 paying \$20.75 cents a foot to have that well drilled, and  
12 they also used outside consultants to get a different view  
13 on the costs for drilling those wells, and they feel that  
14 these costs are just still reasonable, even though the AFE  
15 is almost a year old.

16 Q. Have you had that information summarized and  
17 put in writing?

18 A. Yes, that is shown on Exhibit No. 7.

19 Q. Okay. Have you had any objection from any of  
20 the proposed working interest owners as to your AFE costs?

21 A. No, we have not.

22 Q. Has anyone objected to Pacific being the  
23 operator?

24 A. No, they have not.

25 Q. Anyone objected to the well location?

1 A. No.

2 Q. The orientation of the spacing unit?

3 A. No, they have not.

4 Q. Anything?

5 A. No.

6 Q. Let's go to Exhibit -- What's that?

7 A. Exhibit No. 8 is just a letter from Anadarko  
8 where they have indicated that they are willing to join,  
9 subject to an operating agreement and execution of AFE.

10 I've been in verbal contact with Anadarko, they  
11 still have indicated that they are willing to participate  
12 in the well. They realize they still are -- that we are  
13 force pooling their interests and they anticipate working  
14 out a deal with us prior to our actually spudding the  
15 well.

16 Q. In the unfortunate event that that doesn't  
17 occur, then would you ask the Examiner to be able to  
18 utilize the pooling order, then, against that company so  
19 you can go ahead with the well?

20 A. Yes, sir.

21 Q. Okay. Exhibit No. 9, what's that?

22 A. Exhibit No. 9 is just correspondence where we  
23 had sent them the drilling title opinions and the AFE,  
24 that they wanted in a little more in depth of our costs.

25 Q. Okay. Exhibit 10.

1           A.       Exhibit 10 is just a letter when we were  
2       updating the Anadarko, the status. This is back when we  
3       did have to go back in and apply for a change in field  
4       rules, and we were just trying to keep them apprised of  
5       the status of this well.

6           Q.       Have you timely and fairly responded to  
7       Anadarko's request for information by which they then  
8       could make decisions on participation?

9           A.       Yes, we have.

10          Q.       Let's turn now to Exxon.

11          A.       Okay.

12          Q.       Summarize for us by use of these proposed  
13       exhibits your efforts to get Exxon to participate.

14          A.       Okay. Well, Exhibit 11 is our first request  
15       for the farmout. As I say, it was November 1989, and this  
16       was before we had proposed a well. We had just gone in  
17       and requested a farmout of their interest.

18          Q.       Okay. Exhibit 12?

19          A.       Exhibit 12, where they turned us down on that  
20       request.

21                   Exhibit 13 is we, again, proposed a well in  
22       January. It says '89; however, we hadn't changed the  
23       date; it should be January, 1990. And we again requested  
24       a farmout of their interest.

25                   Exhibit 14, they again declined to farm out

1 their interest.

2 Then Exhibit 15 is a letter in response to our  
3 formal proposal, which was our Exhibit No. 6, where we  
4 formally proposed the well then and asked them to join or  
5 farm out then.

6 Exhibit 16 is in July when we had to go back  
7 in, and we anticipated going in and force our -- force  
8 pooling back in July. That's when the question of the  
9 field rules came up. We communicated with Exxon then and  
10 told them we were going to go back and change the field  
11 rules to 320-acre spacing. Then we again asked them to  
12 join the drilling of the well. There was no response to  
13 that.

14 And then Exhibit 17 is a letter from Kellahin's  
15 firm to Exxon that was written after the order changing  
16 the field rules and saying that we again anticipate going  
17 to hearing for compulsory pooling.

18 And Exhibit No. 18 is my letter to the landman  
19 of Exxon, saying basically the same thing, that we had  
20 received an order changing the field rules, and we would  
21 like for Exxon to join again.

22 Q. In your opinion, Mr. Clark, have you given  
23 Exxon a fair and reasonable opportunity to voluntarily  
24 participate in the well at this point?

25 A. Yes, sir, we have.

1 Q. And in the event they elect not to do so on a  
2 voluntary basis, do you need the assistance of a pooling  
3 order in order to accomplish the drilling of this well?

4 A. Yes.

5 Q. What do you recommend to the Examiner that he  
6 utilize for overhead rates in the pooling order?

7 A. For drilling well rates we would like to use  
8 \$5,500. For producing well rates, we would like to use  
9 \$540. Both of those are in line with Ernst & Young for  
10 overhead rates for wells drilled to this similar depth.

11 MR. KELLAHIN: That concludes my examination of  
12 Mr. Clark. We would move the introduction of his exhibits  
13 1 through 18 -- I'm sorry -- 4 through 18.

14 EXAMINER STOGNER: Exhibits 4 through 18 will be  
15 admitted into evidence.

16 (Applicant PEOC Exhibits 4 through 18  
17 were admitted into evidence.)

18 EXAMINER STOGNER: I have no questions of this  
19 witness. You may be excused.

20 Mr. Kellahin.

21 MR. KELLAHIN: I would like to call Mr. Rick  
22 Ricketts. Mr. Ricketts is a petroleum geologist  
23 testifying on behalf of Pacific.

24 RICK RICKETTS,  
25 the Witness herein, having been previously duly sworn, was

1 examined and testified as follows:

2 DIRECT EXAMINATION

3 BY MR. KELLAHIN:

4 Q. Mr. Ricketts, for the record would you please  
5 state your name and occupation?

6 A. My name is Rick Ricketts. I'm a petroleum  
7 geologist for Pacific Enterprises Oil Company.

8 Q. Mr. Ricketts, on prior occasions have you  
9 testified as a petroleum geologist before the oil  
10 conservation division?

11 A. Yes, I have.

12 Q. And are you familiar with the mechanics of the  
13 risk factor penalty component of the forced-pooling  
14 orders?

15 A. Yes, I am.

16 Q. With the percentages and how that is handled?

17 A. Yes, I am.

18 Q. And you've testified on that subject before in  
19 terms of the geologic risk involved in pooling cases?

20 A. Yes, I have.

21 Q. All right. Have you made such a geologic  
22 assessment with regards to this well and reached any  
23 conclusions?

24 A. Yes, I have.

25 MR. KELLAHIN: We tender Mr. Ricketts as an expert



1 petroleum geologist.

2 EXAMINER STOGNER: Mr. Ricketts is so qualified.

3 Q. (By Mr. Kellahin) What is your opinion?

4 A. My opinion is we should get the maximum  
5 nonconsent penalty on this well.

6 Q. Let's turn to your Exhibit No. 1 and have you  
7 tell us how you reached that conclusion.

8 A. Okay. Exhibit No. 1 is a structure map,  
9 contoured on the base of the Lower Morrow shale to the  
10 prominent shale marker within the Morrow formation that I  
11 used to do my contouring on. Contour interval was a  
12 50-foot contour interval. All the deep penetrations,  
13 Morrow penetrations in Township 17 South, 31 East are  
14 indicated on here.

15 I might add, all the shallow wells have not  
16 been included on this map.

17 Q. Refresh the examiner's recollection. Identify  
18 for him the wells that were spaced onto 160 when we were  
19 dealing with Fren-Penn pool on 160 gas, please.

20 A. It would be the Skelly well on Section 15, the  
21 Skelly well in Section 21 and also a Skelly well on  
22 Section 22.

23 Q. In fact, that's all of the producing wells  
24 available under the rules as we changed them this summer?

25 A. That's correct.

1           Q.     Let's go to Exhibit No. 2. Identify that  
2 display for us.

3           A.     Okay. Exhibit No. 2 is an isopach map of the  
4 Lower Morrow channel. It's a Queen Sand isopach. Lower  
5 Morrow channel is the main producing horizon in this  
6 particular area, and it is the zone that is producing in  
7 all three of the Skelly wells in Fren-Penn field.

8           Q.     Show us how you have determined the geologic  
9 objective for your well in the east half of 16 in terms of  
10 locating that well in 16.

11          A.     Okay. I feel the Lower Morrow channel is a  
12 northeast -- or north -- excuse me -- northwest southeast  
13 trending fluvial system. The three previously mentioned  
14 Skelly wells in Sections 15, 21 and 22 penetrated that  
15 zone, are productive out of that zone.

16                 There was another Skelly well in the southeast  
17 corner of Section 22 that also encountered the same sand  
18 and was wet in that zone.

19                 And their four wells, you know, indicates the  
20 orientation of the sand fairway. The Sinclair up in  
21 Section 4 missed that zone; and again I think it's --  
22 although it's a zero point, it does kind of give you an  
23 indication of how the orientation of the sand does trend.

24          Q.     Let's go to Exhibit 3 and see how the cross  
25 section fits into the isopach.

1           A.     Okay. This is a stratigraphic cross section,  
2 hung on the base of the Lower Morrow shale, runs from  
3 Section 21 through Section 22 through Section 15 in a  
4 northeast-southwest direction. As you can see, on the  
5 well in Section 22 where the thickest sand is encountered  
6 in the Lower Morrow channel, the other two zones are much  
7 thinner, indicating to go -- on the feather edge of the  
8 channel fair well (phonetic approximation).

9           Q.     Let me ask you some questions about the  
10 comparisons between Exhibits 2 and 3. When we look at the  
11 well in Section 15, there's a well on the Lower Morrow  
12 isopach with 8 feet?

13          A.     That's correct.

14          Q.     And it's got 4.5 bcf?

15          A.     That's correct.

16          Q.     When we look at the cross section, where did  
17 the gas come from?

18          A.     Well, it probably came -- well, it obviously  
19 came out of the same channel system. It probably -- that  
20 well had probably a little better permeability porosity  
21 than the other wells, and therefore, it probably drained a  
22 larger area than the other two wells.

23                 These being very old logs, it's hard to  
24 determine, you know, an exact amount of porosity and  
25 permeability the well has. However, based on the fact

1 that it's had actually less sand than the other wells, I  
2 would assume it had better permeability and better  
3 porosity and therefore had a better drainage ratio.

4 Q. When we look at the well in 22 in the northwest  
5 quarter, you've got 21 feet of that and just under a bcf  
6 of gas?

7 A. That's correct.

8 Q. How do you explain that geologically?

9 A. Well, geologically, just as I mentioned in the  
10 well in Section 15, you have a thicker sand, but probably  
11 less permeability and less porosity and therefore a less  
12 effective reservoir.

13 Q. What does that do for your ability to predict  
14 the risk involved in locating oil in 16?

15 A. Well, basically what it tells you, it's a  
16 fairly high risk deal. I feel we're going to be right in  
17 the middle of the channel there in Section 16, but you  
18 know, the question is: How good of a sand is it going to  
19 be? We're going to be there, it's just will it have an  
20 effect on porosity and permeability.

21 Q. And your next control point as you move to the  
22 north is the old Sinclair well up in 4?

23 A. That's correct. And it did not have any of  
24 that particular channel in there.

25 Q. So --

1           A.       That, I think, is another reason that makes  
2       this somewhat of a risky prospect. The fact that it's  
3       very poorly controlled. We essentially have really only  
4       five wells in the entire north half of the township to  
5       base the orientation of the sand body on.

6           Q.       Would you recommend to the Examiner that he  
7       assess the maximum 200 percent respective penalty for this  
8       well?

9           A.       Yes, I would.

10          Q.       Were Exhibits 1, 2 and 3 prepared by you?

11          A.       Yes, sir.

12          MR. KELLAHIN: We move their introduction.

13          EXAMINER STOGNER: Exhibits 1, 2 and 3 will be moved  
14       into evidence.

15                               (Applicant PEOC Exhibits 1 through 3  
16                               were admitted into evidence.)

17          MR. KELLAHIN: That concludes my examination of  
18       Mr. Ricketts.

19                               EXAMINATION

20       BY EXAMINER STOGNER:

21          Q.       The application is everything from the top of  
22       the Wolfcamp down, but this Morrow sand in the Fren-Penn  
23       is the only production, is that correct, in the area?

24          A.       There down in Section 32, there is a -- excuse  
25       me -- Section 30, I'm sorry. Section 30, there is some

1 production out of the Atoka and out of the Cisco. The  
2 Morrow is the main objective on this prospect, yes.

3 EXAMINER STOGNER: I have no further questions of  
4 this witness.

5 Are there any other questions of Mr. Ricketts?

6 MR. KELLAHIN: No, sir.

7 EXAMINER STOGNER: If not, he may be excused.

8 Anything further in Case No. 10168? If not --

9 MR. KELLAHIN: I need to submit the certificates. I  
10 apologize. I almost overlooked that. We're up to 19 for  
11 the next exhibit number?

12 (Applicant PEOC Exhibit 19  
13 was marked for identification.)

14 MR. KELLAHIN: Mr. Examiner, Exhibit 19 is our  
15 certificate of mailing of notice to the parties to be  
16 pooled. We move its introduction, Mr. Examiner,

17 EXAMINER STOGNER: Exhibit 19 will be admitted into  
18 evidence.

19 (Applicant PEOC Exhibit 19  
20 was admitted into evidence.)

21 EXAMINER STOGNER: Is there anything future in this  
22 case?

23 MR. KELLAHIN: That will conclude it.

24 EXAMINER STOGNER: This case will be taken under  
25 advisement.

1 (The foregoing hearing was concluded at the  
2 approximate hour of 11:18 a.m.)

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18 I do hereby certify that the foregoing is  
19 a complete record of the proceedings in  
the Examiner hearing of Case No. 10168,  
heard by me on 19 December 19 90.

20 Michael E. Sayers, Examiner  
21 Oil Conservation Division  
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3 STATE OF NEW MEXICO )  
4 ) ss.  
5 COUNTY OF SANTA FE )

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REPORTER'S CERTIFICATE

I, MAUREEN R. HUNNICUTT, RPR, a Certified Shorthand Reporter and Notary Public, DO HEREBY CERTIFY that I stenographically reported these proceedings before the Oil Conservation Division; and that the foregoing is a true, complete and accurate transcript of the proceedings of said hearing as appears from my stenographic notes so taken and transcribed under my personal supervision.

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

DATED at Santa Fe, New Mexico, this 19th day of January, 1991.

My Commission Expires:  
April 25, 1993

  
MAUREEN R. HUNNICUTT, RPR  
Certified Shorthand Reporter  
CSR No. 166, Notary Public