

## 1 STATE OF NEW MEXICO

## 2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## 3 OIL CONSERVATION DIVISION

4 IN THE MATTER OF THE HEARING )  
5 CALLED BY THE OIL CONSERVATION )  
6 DIVISION FOR THE PURPOSE OF )  
7 CONSIDERING: )  
8 ) CASE NO. 10217  
9 APPLICATION OF YATES ENERGY )  
10 CORPORATION )  
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10 REPORTER'S TRANSCRIPT OF PROCEEDINGS11 EXAMINER HEARING

12 BEFORE: JAMES MORROW, Hearing Examiner

13 January 24, 1991

14 Santa Fe, New Mexico

15 This matter came on for hearing before the Oil  
16 Conservation Division on January 24, 1991, at 10:10 a.m. at  
17 Oil Conservation Division Conference Room, State Land Office  
18 Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico,  
19 before Freda Donica, RPR, Certified Court Reporter No. 417,  
20 for the State of New Mexico.

21  
22 FOR: OIL CONSERVATION BY: FREDa DONICA, RPR  
23 DIVISION Certified Court Reporter  
24 CCR No. 417

25 (ORIGINAL)

## I N D E X

January 24, 1991  
 Examiner Hearing  
 CASE NO. 10217

PAGE

APPEARANCES

3

YATES ENERGY CORPORATION WITNESSES:

SHARON HAMILTON

Direct Examination by Mr. Padilla

4

Cross-Examination by Mr. Carr

11

BILLY DON BAKER, JUNIOR

Direct Examination by Mr. Padilla

13

Cross-Examination by Mr. Carr

19

REPORTER'S CERTIFICATE

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## E X H I B I T S

Applicant's 4- 8

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Applicant's 1- 3

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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 THE APPLICANT:       PADILLA & SNYDER  
                                  200 W. Marcy, Suite 216  
                                  Santa Fe, New Mexico 87504  
BY:   ERNEST L. PADILLA, ESQ.

1 HEARING EXAMINER: At this time we'll hear case 10217.

2 MR. STOVALL: Application of Yates Energy Corporation  
3 for compulsory pooling, Eddy County, New Mexico.

4 HEARING EXAMINER: Call for appearances.

5 MR. PADILLA: Mr. Examiner, my name is Ernest L.  
6 Padilla, Santa Fe, New Mexico, for the applicant in this  
7 case. I have two witnesses to be sworn.

8 MR. CARR: May it please the Examiner, my name is  
9 William F. Carr with the law firm of Campbell & Black, P.  
10 A., of Santa Fe. I represent Harvey E. Yates Company; HEYCO  
11 Employees, Limited; Spiral, Inc.; Explorers Petroleum; W. T.  
12 Wynn. I do not have a witness.

13 THE COURT: Witnesses stand and be sworn, please.

14 (Witnesses sworn.)

15 MR. PADILLA: Mr. Examiner, I'll call Sharon Hamilton  
16 at this time.

17 SHARON HAMILTON

18 the witness herein, having been first duly sworn, testified  
19 as follows:

20 DIRECT EXAMINATION

21 BY MR. PADILLA:

22 Q. Ms. Hamilton, for the record, please state your  
23 full name and by whom you're employed.

24 A. Sharon Hamilton; I'm employed by Yates Energy  
25 Corporation as a landman.

1 Q. Have you previously testified before the Oil  
2 Conservation Division as a petroleum landman and had your  
3 credentials accepted as a matter of record?

4 A. Yes, I have.

5 Q. Have you prepared certain land exhibits for  
6 introduction at this hearing today?

7 A. Yes, I have.

8 MR. PADILLA: Mr. Examiner, I would tender Ms. Hamilton  
9 as a petroleum landman at this time.

10 HEARING EXAMINER: She's so qualified.

11 Q. (By Mr. Padilla) Ms. Hamilton, would you, first  
12 of all, tell us briefly what you seek or what Yates Energy  
13 Corporation seeks by this application?

14 A. We request the right to compulsory pool a 40-acre  
15 tract for the purpose of drilling a Grayburg-Delaware test.

16 Q. Are there interest owners -- working interest  
17 owners -- who have not agreed to pool their interests at  
18 this time?

19 A. Yes, sir, there are.

20 MR. PADILLA: Mr. Examiner, I'd like to start off with  
21 exhibit -- the land exhibits are marked Exhibits 4 through  
22 8, and I'd like to start with Exhibit Number 4 first,  
23 please. And the geological exhibits are marked 1, 2 and 3,  
24 and I'll take those up with the second witness.

25 Q. (By Mr. Padilla) Ms. Hamilton, let me hand you

1        what we have marked as Exhibit Number 4 and have you  
2        identify that for the Examiner, please.

3            A.        This is a land plat of Township 18 South, Range  
4        31 East, in Eddy County, New Mexico. Our proposed location  
5        is in the southwest of the northwest quarter of Section 12,  
6        and it's highlighted in yellow on your plat.

7            Q.        This is a 40-acre tract?

8            A.        Yes, sir. This is a 40-acre tract to be  
9        dedicated to the well.

10          Q.        Is that well proposed at a standard location?

11          A.        Yes, sir, it is.

12          Q.        Ms. Hamilton, let me hand you what we have marked  
13        as Exhibit Number 5 and have you identify that for the  
14        Examiner, please.

15          A.        This is an ownership summary for the 40-acre  
16        tract that indicates the interests of all parties involved  
17        as working interest owners.

18          Q.        Can you start at the top of that list and tell us  
19        exactly who has and who has not participated in drilling of  
20        this well?

21          A.        Yes, sir. Yates Energy Corporation is the owner  
22        of a .23683771 interest in this well. HEYCO Development  
23        Corporation, formerly Harvey E. Yates Company, is the owner  
24        of a .37159510 interest in this well. These interests are  
25        under the control of Yates Energy Corporation, and we wish

1 to force pool the remaining owners.

2 Q. What efforts have you made to force pool or to  
3 gain the voluntary joinder of the other interest owners?

4 A. We have requested farmout from the other owners  
5 in this area and have been unable to negotiate any farmout  
6 contracts.

7 Q. Let me hand you what we have marked Exhibit  
8 Number 5 and have you go -- or have you tell the Examiner  
9 what that is, please.

10 A. Exhibit Number 5 is a summary --

11 Q. I'm sorry, Exhibit Number 6.

12 A. It's a summary of the correspondence that has  
13 been sent by Yates Energy Corporation to the individual  
14 owners. It begins on August the 29th of '90 when we made a  
15 well proposal and ends through a letter of January 4th. And  
16 copies of the correspondence are attached.

17 Q. Briefly tell the Examiner what efforts you have  
18 made to communicate with the interest owners identified in  
19 Exhibit Number 5 and what correspondence or other  
20 communications you have had as shown by Exhibit Number 6.  
21 In other words, I'd like for you to compare Exhibits Number  
22 5 and 6 as far as your efforts to seek the voluntary joinder  
23 of the working interest owners who have not agreed to drill  
24 the well.

25 A. On August 29th we proposed the well to all

1 interest owners. On September the 12th of 1990 we sent  
2 letters to all interest owners requesting farmout. We had a  
3 telephone conversation with Chevron, discussing a  
4 possibility of a farmout; and on January the 3rd, 1991, we  
5 sent an additional letter to Chevron with the terms as they  
6 had discussed on the telephone.

7 Q. And you ultimately asked me to file a compulsory  
8 pooling hearing; is that correct?

9 A. Yes, sir. We asked that we proceed with the  
10 hearing, and on January the 3rd the application was made for  
11 the pooling request.

12 Q. In your opinion, have you exhausted all  
13 reasonable possibilities of gaining voluntary joinder for  
14 drilling this well?

15 A. Yes, sir, we have.

16 Q. Have these same parties been force pooled in  
17 other actions before the Oil Conservation Division?

18 A. Yes, sir, they have. They were force pooled in a  
19 location in this Section 12 in the northeast of the  
20 northwest quarter for the drilling of the number one.

21 Q. And did they join at that time?

22 A. No, sir. They were under non-consent under force  
23 pool order.

24 Q. Ms. Hamilton, do you have anything else further  
25 concerning Exhibit Number 6?



1           A.     No, sir, I do not.

2           MR. PADILLA: I would point out to the Examiner that  
3 included in Exhibit Number 6 is my affidavit of mailing and  
4 the notice that we have sent to the various interest owners.

5           Q.     (By Mr. Padilla) Ms. Hamilton, let's proceed on  
6 with what we have marked as Exhibit Number 7, please.  
7 Identify that, please.

8           A.     This was the proposal AFE submitted for the  
9 drilling costs for the drilling of this well.

10          Q.     Ms. Hamilton, have any of the non-working  
11 interest owners returned a completed AFE to you?

12          A.     No, sir, they have not.

13          Q.     And are the bottom line figures identified on  
14 that exhibit reasonable figures, in your opinion?

15          A.     Yes, sir, in my opinion, I believe they're  
16 reasonable costs.

17          Q.     Has anyone objected to those costs?

18          A.     No, sir, they have not.

19          Q.     Ms. Hamilton, should the Oil Conservation  
20 Division approve this application, does the Yates Energy  
21 Corporation desire to be named the operator?

22          A.     Yes, sir, we do.

23          Q.     Under an order?

24          A.     Yes, sir, under an order.

25          Q.     What overhead charges have you -- I should ask:

1 Do you have any overhead charges that you recommend that the  
2 division incorporate into a compulsory pooling order?

3 A. We would request a \$4,000.00 overhead drilling  
4 rate and a 350 monthly producing rate.

5 Q. Are these figures reflected in what we have  
6 marked Exhibit Number 8?

7 A. Yes, sir, Exhibit Number 8 is a copy of the Ernst  
8 & Young overhead rate summary. And we've requested the rate  
9 based under the 1990 publication.

10 Q. What are those rates for a producing well?

11 A. For the depth interval that we're requesting,  
12 it's \$4,000.00 monthly drilling and 350 monthly producing.

13 Q. So, Ms. Hamilton, do you have anything else  
14 further to add to your testimony?

15 A. No, sir, I do not.

16 MR. PADILLA: Mr. Examiner, we tender Exhibits 4  
17 through 8. And we pass the witness for cross-examination.

18 HEARING EXAMINER: Exhibits 4 through 8 are accepted  
19 into evidence.

20 On the -- where you summarize the interest there,  
21 the 37 percent plus interest shown as HEYCO Development  
22 Corporation in the upper portion of Exhibit Number 5?

23 THE WITNESS: Yes, sir.

24 HEARING EXAMINER: I believe you indicated that Yates  
25 Energy Corporation controlled that interest. Is that the

1 way you put it?

2 THE WITNESS: Yes, sir.

3 HEARING EXAMINER: What did you mean by that?

4 THE WITNESS: Under contract obligations between Yates  
5 Energy Corporation and Harvey E. Yates Company there's a  
6 farmout commitment that we feel we've satisfied the  
7 requirements of the contract between the two companies to  
8 justify the farmout to Yates Energy Corporation of that  
9 interest.

10 HEARING EXAMINER: And the 1.4 percent plus listed  
11 below as the Employees Limited, that's a different --

12 THE WITNESS: Yes, sir, that's a separate interest.

13 MR. CARR: I have just a couple of questions.

14 HEARING EXAMINER: You go ahead.

15 CROSS-EXAMINATION

16 BY MR. CARR:

17 Q. Ms. Hamilton, on the 12th you supplied farmout  
18 terms to those parties that you're now seeking to force  
19 pool, correct?

20 A. Yes, sir, we did.

21 Q. In addition to that, were there any other  
22 negotiations between you and those parties concerning the  
23 farmout?

24 A. No, sir, there were not.

25 Q. That proposal appears to seek a farmout of all

1 interests in the north half of that section; is this  
2 correct?

3 A. Yes, sir.

4 Q. Would Yates Energy be interested or willing to  
5 consider a farmout on just the 40 acres which are involved  
6 in this case?

7 A. We would prefer to negotiate a farmout for the  
8 development of our prospect, which we consider to be the  
9 north half. As we haven't received a proposal for the  
10 40-acre tract, I'm not sure what management would consider.

11 MR. CARR: That's all. Thank you.

12 HEARING EXAMINER: All right. In looking through the  
13 letters that were sent to the interest owners, there was a  
14 mention of a number one well. Has it already been drilled?

15 THE WITNESS: Yes, sir. The number one well is drilled  
16 and producing in the northeast of the northwest quarter of  
17 Section 12.

18 HEARING EXAMINER: All right. Did Yates Energy drill  
19 that well?

20 THE WITNESS: Yes, sir, we did.

21 HEARING EXAMINER: Did the costs on your AFE reflect  
22 comparable costs or the actual costs in that well?

23 THE WITNESS: The number one well was drilled to just  
24 the San Andres, so it was the 5,000 foot test. And it was  
25 drilled in August. And so this AFE for the number two well

1 is -- has been -- it's changed from the number one AFE  
2 because this is a 5,500 foot test. And so this AFE is  
3 different in that it covers the additional footage, and it's  
4 updated as to the current rates.

5 HEARING EXAMINER: Deeper into the San Andres; is that  
6 correct?

7 THE WITNESS: Yes, sir, this goes through the San  
8 Andres into the Delaware.

9 HEARING EXAMINER: You will test the Delaware?

10 THE WITNESS: Yes, sir, that is our total depth is to  
11 test the Delaware and the Grayburg.

12 HEARING EXAMINER: The witness may be excused.

13 MR. PADILLA: Mr. Examiner, at this time I'll call Bill  
14 Baker.

15 BILLY DON BAKER, JUNIOR

16 the witness herein, having been first duly sworn, testified  
17 as follows:

18 DIRECT EXAMINATION

19 BY MR. PADILLA:

20 Q. Mr. Baker, would you state your name please?

21 A. Billy Don Baker, Junior.

22 Q. You're a geologist employed by Yates Energy  
23 Corporation?

24 A. Yes, sir, I am.

25 Q. Have you previously testified before the Oil

1 Conservation Division and had your credentials accepted as a  
2 geologist?

3 A. Yes, sir, I have, and they were.

4 Q. Mr. Baker, have you prepared geologic exhibits  
5 for introduction at this hearing?

6 A. Yes, sir, I prepared three exhibits.

7 Q. And you've made a study of the projected depth as  
8 far as geology is concerned?

9 A. Yes, sir. I'd done a study of this area on  
10 several formations.

11 MR. PADILLA: Mr. Examiner, we tender Mr. Baker as a  
12 petroleum geologist.

13 HEARING EXAMINER: We'll accept Mr. Baker's  
14 qualifications.

15 Q. (By Mr. Padilla) Mr. Baker, first of all, please  
16 generally describe the type of geology that you hope to  
17 encounter in the Delaware.

18 A. This particular proposed prospect is situated  
19 right in front of the Pecos Slope Abo shelf. It's right  
20 outside the Tamano field, the Tamano Bone Springs field.  
21 This is a proposed 5,500 foot Grayburg/Delaware test. The  
22 primary objective of the test is what is called the Grayburg  
23 Loco Hills Sand. We will be penetrating through a number of  
24 potentially productive sands in the Queen, Grayburg. There  
25 is a potential for San Andres carbonate in the area and

1 potential for a Delaware sand.

2 Q. Mr. Baker, let's move to what we have marked as  
3 Exhibit Number 1 and have you identify that, please.

4 A. Yes, sir. This is a structure map on the top of  
5 the Grayburg formation, which I stated is the primary  
6 objective of the Prickly Pear Number 2. This particular  
7 exhibit here shows the well data in the area on the top of  
8 the Grayburg formation with relationship to our proposed  
9 location. It also indicates a cross section A to A prime,  
10 which I will get into a little bit with Exhibit 3 of mine,  
11 which will also show the structural datums on the top of the  
12 Grayburg formation and the potential pay horizons.

13 Q. Mr. Baker, in terms of risk, what does this  
14 exhibit show?

15 A. This exhibit shows that our proposed location  
16 will be approximately 50 feet high to the shoal well, which  
17 has set overall prospect up. But as I will show in a little  
18 bit by my isopach, it also indicates that there is a number  
19 of wells located back to the west in Section 11 that have  
20 the pay sand currently behind pipe that have not been tested  
21 that are in a much favorably up-dipped portion within the  
22 Grayburg formation too. *See 11?*

23 Q. When you say "shoal well," what do you mean by  
24 shoal well?

25 A. The shoal well that I will talk about in a little

1 bit is the HEYCO Taylor One Y, Deep Taylor One Y. It is  
2 currently a Bone Springs producer. It was drilled to the  
3 Bone Springs, but it encountered the Grayburg Loco Hills  
4 Sand. It had significant mud log shoals. <sup>shows<sup>2</sup></sup> And by saying  
5 that, that means oil and gas shoals <sup>shows<sup>2</sup></sup> registered by  
6 chromatographs and registered by a mud logger.

7 Q. Is that the well that's colored there in the  
8 middle of Section 12?

9 A. Yes, sir, it's colored in half by -- in pink.  
10 And I have designated shoal wells by that half slash mark  
11 and producers by colored in full.

12 Q. What else do you want to tell the Examiner  
13 concerning this exhibit?

14 A. That's generally all there is to it.

15 Q. Ready to move on to Exhibit Number 2?

16 A. Yes, sir. Now, Exhibit Number 2 is an isopach of  
17 the Grayburg Loco Hills Sand which is, again, the primary  
18 target of the Prickly Pear Number 2. I have used a porosity  
19 cutoff, porosity off the density logs of greater than 10  
20 percent from isopach values. And in doing so, I have  
21 indicated that there appear to be two stratigraphically  
22 parallel bars situated in this particular area that are  
23 basically running in an east-west orientation. This  
24 particular map indicates that the Prickly Pear Number 2  
25 should encounter approximately 20 feet of the Grayburg sand



1 with greater than ten percent porosity involved.

2 Q. In terms of your location, what kind of optimism  
3 or pessimism do you have with regard to encountering  
4 hydrocarbons?

5 A. Once again, if you take both the isopach and the  
6 structure map and put the two together, it's fairly evident  
7 that we are in the fairway to encounter the Grayburg sand;  
8 but because of the structural relationship with where our  
9 location is located, we are at a significantly down-dip  
10 location as far as some wells located back in Section 11.  
11 We are going to be high to the well in Section 12. That  
12 indicates that we should have shoals here, but it's still  
13 unclear since there have not been any DSTs in this  
14 particular sand area as to where in the oil column we will  
15 be situated.

16 Q. Are there any Delaware or Grayburg wells that  
17 produce in this area from those formations?

18 A. There are two Grayburg wells that are Reid and  
19 Stevens wells that are located in the northwest quarter of  
20 Section 14. These appear to be in a stratigraphically  
21 similar sand pod, but it looks like this is one that's  
22 situated just to the south of us.

23 Q. Do you have anything else further concerning this  
24 exhibit?

25 A. No, sir, I do not.

1           Q.     Let's move on to your cross-section, which is  
2     Exhibit Number 3.

3           A.     Cross-section A to A prime is a structural  
4     cross-section, hung on a datum of minus 250 feet subsea.  
5     This cross-section merely illustrates the top of the  
6     Grayburg formation, which was my structural datum that I  
7     mapped off Exhibit Number 1. It also indicates the entire  
8     Loco Hills Sand interval. And then I have colored in orange  
9     the sand that is greater than 10 percent. And I have  
10    indicated our proposed location as to how we believe we will  
11    be at a structural position as well as a stratigraphic  
12    position within the Grayburg formation.

13                I have also noted on the far right-hand portion  
14    of the cross-section is the shoal well, which is the Harvey  
15    E. Yates Taylor Deep 12 1-Y. The mud log shoal that was  
16    encountered when they went through the Loco Hills Sand, that  
17    is a very good mud log shoal; that is basically all it is at  
18    this time. But that's what is setting up the prospect.

19           Q.     Mr. Baker, based on your study and the exhibits  
20    that you have introduced here today, what recommendation do  
21    you have to the Examiner for a risk of penalty factor?

22           A.     Well, due to the fact that this particular sand  
23    has not produced in this immediate area and that we're  
24    located in a relatively down-dip structural position, I  
25    believe the maximum ought to be asked for.

1 Q. Do you have anything concerning your testimony  
2 here today, Mr. Baker?

3 A. No, sir.

4 Q. In your opinion, Mr. Baker, would approval of  
5 this application be in the best interests of the  
6 conservation of oil and gas?

7 A. Yes, sir.

8 MR. PADILLA: Mr. Examiner, we offer Exhibits 1 through  
9 3. And we pass the witness at this time.

10 HEARING EXAMINER: Exhibits 1 through 3 are accepted  
11 into evidence. Mr. Carr?

12 CROSS-EXAMINATION

13 BY MR. CARR:

14 Q. Mr. Baker, did you indicate that the Prickly Pear  
15 Number 1 defined the prospect for you in the north half of  
16 this section?

17 A. No, sir. The Prickly Pear Number 1, it -- that  
18 particular prospect was proposed shortly after our Thornbush  
19 Federal Number 1. That one defined the San Andres formation  
20 only. At the time that well was proposed, it was strictly a  
21 San Andres test and did not define the rest of the potential  
22 pay intervals that are located within our prospect area.

23 Q. And what is it producing from?

24 A. Right now it's a Queen producer.

25 Q. And the primary objective in the number two well

1 is the Delaware?

2 A. No, sir. As said, it is the Loco Hills. We feel  
3 like there are additional secondary targets, being not only  
4 the Queen, but the Grayburg, the San Andres, and a possible  
5 Delaware sand. That's the reason we want to penetrate  
6 through the top of the Delaware.

7 Q. What do you mean when you say "prospect"?

8 A. Well, I mean in a certain area, I mean, you have  
9 a prospect outline. Each individual well can have different  
10 pay intervals that are the primary target within a prospect  
11 area.

12 Q. The prospect area then you're saying includes the  
13 north half, but you have different objectives within that  
14 prospect?

15 A. Yes, sir, yes, sir. And that's standard practice  
16 within any prospect area, especially situated along this  
17 portion of the shelf.

18 MR. CARR: That's all I have.

19 HEARING EXAMINER: The notice and also on your  
20 cross-section here, there's some Bone Springs data. Is the  
21 Bone Springs -- will it be included in this test?

22 THE WITNESS: No, sir. The Bone Springs formation is a  
23 much deeper formation, and we will not be penetrating that  
24 one. That's what the primary target has been in this area  
25 to date, has been the Bone Springs formation. We will not

1 be penetrating that formation, no, sir. That starts at  
2 about 7,900 feet.

3 HEARING EXAMINER: So the Tamano Bone Springs is not a  
4 part of this application.

5 THE WITNESS: No, sir.

6 HEARING EXAMINER: The Shugrette pool, what is the  
7 producing interval?

8 THE WITNESS: The North Shugrette pool was originally  
9 the Queen field, which is situated by a number of oil wells  
10 on here that are not circled. You can look at either my  
11 structural or my isopach map. That is the Shugrette Queen  
12 Seven Rivers field. That is a relatively old field that's  
13 currently under secondary flood, if I'm not mistaken. Our  
14 Thornbush Federal Number 1, in which we encountered the San  
15 Andres zone that we felt was a wildcat, has also been  
16 included as part of the North Shugrette San Andres pool.

17 HEARING EXAMINER: Is this on this map?

18 THE WITNESS: Yes, sir. It's located in the southeast  
19 of the southwest of Section 1, that oil well situated right  
20 there, the only oil well in Section 1. Yes, sir, that was  
21 our Thornbush Federal Number 1. That was drilled as a Bone  
22 Springs test. It was dry in the Bone Springs and  
23 subsequently recompleted in the San Andres formation.

24 HEARING EXAMINER: In the Shugrette pool?

25 THE WITNESS: Well, we asked for a new field discovery,

1 a new pool designation, and that's what the OCD designated  
2 it, as North Shugrette San Andres, yes, sir.

3 HEARING EXAMINER: A little more on the number one  
4 well. It produces from the Queen; is that correct?

5 THE WITNESS: The Prickly Pear Number 1 does, yes, sir,  
6 the Prickly Pear. The Thornbush Federal Number 1 is from  
7 the San Andres.

8 HEARING EXAMINER: This Prickly Pear Number 1, what is  
9 the producing rate for it?

10 THE WITNESS: About three barrels a day right now.  
11 It's a marginal producer.

12 HEARING EXAMINER: Any questions?

13 MR. STOVALL: No.

14 HEARING EXAMINER: The witness may be excused.

15 MR. PADILLA: We have nothing further, Mr. Examiner.

16 HEARING EXAMINER: Mr. Carr?

17 MR. CARR: We have nothing to present.

18 MR. STOVALL: Were 1 through 3 admitted?

19 HEARING EXAMINER: Yes. Case 10217 will be taken under  
20 advisement.

21 (The foregoing hearing was adjourned at the  
22 approximate hour of 10:40 a.m.)

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1 STATE OF NEW MEXICO )

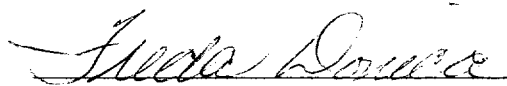
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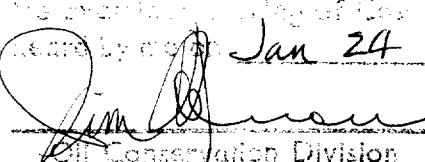
3 COUNTY OF SANTA FE )

4 I, FREDA DONICA, RPR, a Certified Court Reporter, DO  
 5 HEREBY CERTIFY that I stenographically reported these  
 6 proceedings before the Oil Conservation Division; and that  
 7 the foregoing is a true, complete and accurate transcript of  
 8 the proceedings of said hearing as appears from my  
 9 stenographic notes so taken and transcribed under my  
 10 personal supervision.

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

14 DATED at Santa Fe, New Mexico, this 19th day of  
 15 February, 1991.

16   
 17 Freda Donica  
 18 Certified Court Reporter  
 19 CCR No. 417

20 I do hereby certify that the foregoing is a true and accurate transcript of the proceedings of the hearing of Case No. 10217,  
 21 held by me on Jan 24, 1991.  
 22  Examiner  
 23 Oil Conservation Division

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