

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

4 February 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Foran Oil Company for CASE
compulsory pooling, Lea County, New 9071
Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission: Jeff Taylor
Legal Counsel for the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

1
2 MR. STOGNER: Call next Case
3 Number 9071.

4 MR. TAYLOR: Application of
5 Foran Oil Company for compulsory pooling, Lea County, New
6 Mexico.

7 The applicant has requested
8 that this case be continued.

9 MR. STOGNER: Case Number 9071
10 will also be continued to the Examiner's hearing scheduled
11 for February 18th, 1987.

12
13 (Hearing concluded.)
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of this portion of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9071 heard by me on 4 February 1987.

Michael E. Stogdell, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

18 February 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Foran Oil Company CASE
for compulsory pooling, Lea County, 9071
New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:

Jeff Taylor
Legal Counsel for the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For Foran Oil Company:

W. Thomas Kellahin
Attorney at Law
KELLAHIN, KELLAHIN & AUBREY
P. O. Box 2265
Santa Fe, New Mexico 87501

I N D E X

CHARLES HORN

Direct Examination by Mr. Kellahin 4

Cross Examination by Mr. Catanach 15

LEO M. CARNES

Direct Examination by Mr. Kellahin 17

Cross Examination by Mr. Catanach 24

E X H I B I T S

Foran Exhibit One, Plat 5

Foran Exhibit Two, Listing 6

Foran Exhibit Three, AFE 10

Foran Exhibit Four, Letter 13

Foran Exhibit Five, Letter 13

Foran Exhibit Six, AFE 11

Foran Exhibit Seven, Map 19

1
2 MR. CATANACH: Call next Case
3 Number 9071.

4 MR. TAYLOR: Application of
5 Foran Oil Company for compulsory pooling, Lea County, New
6 Mexico.

7 MR. CATANACH: Are there ap-
8 pearances in this case?

9 MR. KELLAHIN: If the Examiner
10 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
11 on behalf of the applicant and I have two witnesses to be
12 sworn.

13 MR. CATANACH: Are there other
14 appearances in this case?

15 MR. BELL: Yes, sir. My name
16 is Robert Bell. I'm a landman with Harvey E. Yates Company
17 and I may want to testify or say something later on.

18 MR. CATANACH: Okay. Will the
19 witnesses please stand and be sworn in?

20
21 (Witnesses sworn.)
22

23 CHARLES HORN,
24 being called as a witness and being duly sworn upon his
25 oath, testified as follows, to-wit:

1

2

DIRECT EXAMINATION

3

BY MR. KELLAHIN:

4

Q

Mr. Horn, for the record would you please

5

state your name and occupation?

6

A

Charles Horn, petroleum landman.

7

Q

Mr. Horn, would you summarize for the Ex-

8

aminer what has been your educational background and work

9

experience as a petroleum landman?

10

A

BBA from the University of Texas in fi-

11

nance and approximately six years experience as a landman,

12

the last one and a half as a land manager, supervising all

13

the land functions, you know.

14

Q

For what company?

15

A

For the last six months, Foran Oil Com-

16

pany; before that, TransAmerican Energy, Limited out of Dal-

17

las.

18

Q

With regards to your petroleum land

19

duties concerning this application for forced pooling, would

20

you summarize for the Examiner the kinds of activities that

21

you have conducted?

22

A

Okay. I've -- I've done all the leasing

23

activity. I have negotiated with the parties holding the

24

other leases as far as whether they're going to participate

25

or farm out; any unleased interest we can't find or basical-

1 ly done everything.

2 Q Was it your responsibility to attempt to
3 formulate a voluntary agreement or arrangement among leases
4 and owners for the commitment of this acreage for the drill-
5 ling of the well?

6 A Yes.

7 MR. KELLAHIN: Mr. Examiner, we
8 tender Mr. Horn as an expert petroleum landman.

9 MR. CATANACH: Mr. Horn is so
10 qualified.

11 Q Mr. Horn, let me direct your attention to
12 Exhibit Number One and have you locate for the Examiner the
13 80-acre tract that is the subject of this forced pooling
14 case.

15 A Okay. It's the south half of the north-
16 west quarter of Section 8, Township 16 South, 37 East, Lea
17 County, New Mexico.

18 Q You're attempting to consolidate acreage
19 for an 80-acre spacing for a well to be drilled in the
20 Northeast Lovington Pennsylvanian Pool in Lea County?

21 A That's correct.

22 Q And you anticipate that the well will be
23 drilled at a standard location in that 80-acre tract?

24 A That's correct.

25 Q Let me have you turn to Exhibit Number

1 Two.

2 MR. KELLAHIN: I'm not sure how
3 legible your copy is, Mr. Examiner. Let me trade with you
4 and I'll give you --

5 A I've got one of these for him.

6 MR. KELLAHIN: I'm going to
7 trade with him and let him have a computer printout.

8 Q When we start at the top of the computer
9 printout, Mr. Horn, would you describe what is intended to
10 be represented by the first portion of the run down through
11 the solid or the dashed line across the exhibit that shows-

12 A Okay.

13 Q -- mineral interest?

14 A That's Foran Oil Company's interest,
15 either leases we have taken directly or through a farmout
16 agreement with Amerada Hess, and we have received that
17 agreement.

18 Q When you started this project, Mr. Horn,
19 what -- what mineral interest or percentage interest did
20 Foran Oil Company have in the 80-acre tract?

21 A They had none.

22 Q So you started initially trying to con-
23 solidate interest to form a voluntary unit?

24 A Right, uh-huh.

25 Q All right. When we look at the Exhibit

1 Number Two and it says "Lessee, Foran Oil Company," those
2 represent the leases Foran has taken?

3 A That's right.

4 Q When we look at Amerada Hess entry, those
5 represent Amerada Hess' leases?

6 A Right, leases we have farmout agreement
7 on.

8 Q So you have a farmout agreement from
9 Amerada Hess for their share --

10 A Right.

11 Q -- of leases. All right.

12 A There's one lease down here listed as
13 Mesa and we have -- they have traded us that share of that
14 lease for well information.

15 Q Let's identify generally the other por-
16 tions of the exhibit so the Examiner understands where we're
17 going.

18 The next entry shows a William Gibbs
19 McAdoo.

20 A Right.

21 Q What is the status of your efforts to ob-
22 tain voluntary joinder by Texaco, which is the lessee of
23 that interest?

24 A Okay. We've been dealing with them, I'd
25 say about a month and a half. They -- that lease was taken

1 in the name of MTS, which was a partnership between Mesa,
2 Texaco, and Sequoia, and we have obtained agreements with
3 Mesa and Sequoia and Texaco indicated that they would also
4 come to agreement; however, the last time I talked to them,
5 due to the small nature of its interest, they have basically
6 elected not to do anything on it, have not come to a deci-
7 sion, and at this point we don't have an agreement with
8 them.

9 Q Can you translate their percentage share
10 into a dollar share of the estimated well costs?

11 A It will be approximately \$600 dry hole
12 cost.

13 Q All right, and they have a .000885 --

14 A That's correct.

15 Q -- share. And when did you last talk to
16 Texaco?

17 A I talked to them Monday.

18 Q All right. The next block of interests
19 are identified by four different individuals or entities.
20 What is the status of your efforts to obtain voluntary join-
21 der by that group?

22 A They have -- they have all agreed to par-
23 ticipate for their share. They have operating agreements in
24 hand. As yet we have not received those back signed.

25 This J. H. VanZant II has agreed to par-

1 ticipate; however, he will not prepay his share.

2 Q All right.

3 A Other than that the rest have voluntarily
4 agreed and we're just waiting for the agreements.

5 Q Okay. So at this point we still have the
6 Texaco share outstanding; the Wood share, VanZant, and Roy
7 Barton.

8 All right?

9 A Correct.

10 Q Okay, we go down to the next block and it
11 shows Sohio as the lessee of the two leases?

12 A Correct.

13 Q What's your status of obtaining voluntary
14 joinder by Sohio?

15 A They've agreed to participate for their
16 share and we're waiting the return of the signed operating
17 agreement at this time.

18 Q All right.

19 A And I spoke to them on Monday, also, and
20 they're still ready to go.

21 Q All right. We get down to the next block
22 of interests and we have approximately 3.6 percent interest
23 that are held by HEYCO?

24 A Correct.

25 Q What is the status of your efforts to ob-

1 tain voluntary joinder by HEYCO?

2 A We have a tentative agreement with them.
3 They have indicated an interest to participate. At this
4 time we're in the process of ironing out the agreement and
5 we have not come to a complete agreement with them at this
6 time; however, they, like I said, have indicated an interest
7 to either participate or farm out.

8 Q All right. Let's go down to the last
9 entry. It says Harriet McAdoo Platt. What's the status of
10 obtaining voluntary joinder of that interest?

11 A Okay. The interest, the title is still
12 vested in Ms. Platt. Upon some lengthy investigation I have
13 found that she is deceased, having died approximately ten
14 years ago.

15 I have not been able to locate any of her
16 heirs. I have found one gentleman who is purportedly kind
17 of a family historian and I've got a call in to him and I'm
18 hopeful that I'll be able to locate a probate and contact
19 the heirs and get, you know, get them leased before we spud
20 the well.

21 Q Let me direct your attention at this
22 point, Mr. Horn, to Exhibit Number Three and have you
23 identify Exhibit Number Three.

24 A Exhibit Number Three is the AFE on this
25 well.

1 Q Is this the proposed AFE that you have
2 shared with Texaco?

3 A That's correct.

4 Q And is this the same AFE that you're pro-
5 posing to HEYCO and Sohio?

6 A Correct.

7 Q All right, and what are the total costs
8 on the dry hole and completed well?

9 A Okay, dry hole costs, \$354,550. Com-
10 pleted well costs, \$161,790, for a total well cost com-
11 pleted, \$516,340.

12 Q How do these costs compare to similar
13 wells in the area, do you know, Mr. Horn?

14 A Yes, they're very comparable. In fact,
15 we have drilled two wells in the past six months in this
16 area and I've got one exhibit here, Number Six is a copy of
17 a well that we actually put together. Estoril was the oper-
18 ator, and the dry hole costs on that well are \$340,150, and
19 that -- that total may increase when we get all our bills
20 in.

21 So I think the total that we have come up
22 with is, you know, within reason.

23 Q Was the Christmas Well, the AFE for which
24 is shown as Exhibit Six, was that a well that was subject to
25 a forced pooling application?

1 A Yes, it was.

2 Q I show you a copy of Division Order R-
3 8382 and ask you if this is the order that Estoril Producing
4 Corporation obtained for the Christmas Well that you've just
5 described?

6 A Yes, that's it.

7 MR. KELLAHIN: Mr. Examiner, I
8 show you a copy of Division Order R-8382, which was entered
9 by the Division on December 31st of '86.

10 I'd ask that that be -- that
11 you take administrative notice of that order.

12 Q Can you show us on Exhibit Number One,
13 Mr. Horn, approximately where the Christmas Well is located
14 in relation to this well?

15 A It's almost due west, approximately one
16 mile. It's in Section 7, Lots 1 and 2 of Section 7, which
17 --

18 Q Up in the northwest quarter.

19 A West half of the northwest quarter.

20 Q West half of the northwest quarter of 7,
21 which is the adjoining section immediately to the west of
22 Section --

23 A That's correct. Approximately one mile.

24 Q Do you have a recommendation to the Exa-
25 miner of the overhead charges you would propose be awarded

1 to Foran Oil Company?

2 A Yes. The previous two operating agree-
3 ments, on the well in Section 7 and the one in Section 6,
4 indicated \$5700 per month drilling well rate; \$570 a month
5 overhead producing rate.

6 And I have a copy of that operating
7 agreement.

8 Q All right. Are those rates similar to
9 the rates that the Commission utilized in the forced pooling
10 order on the Christmas Well?

11 A Yes, they are. Looks like they used
12 \$5500 and \$550 per month.

13 Q All right, sir, let's turn to Exhibits
14 Four and Five at this point and have you identify those doc-
15 uments, Mr. Horn.

16 A These are some letters I wrote to Texaco
17 concerning their interest and at this time we were negotia-
18 ting, like I said, with Mesa, Texaco, and Sequoia.

19 Mesa, I mean Texaco indicated that they,
20 you know, would probably go along with whatever Mesa and
21 Sequoia did. They asked that I send them an AFE and an
22 operating agreement, which I did, and at this time, as of
23 Monday, they had not made a decision and did not appear to
24 be working towards making any decision in the near future.

25 In fact, he indicated that they would

1 not, and, you know, forced pooling might be the way we'd
2 have to go with this.

3 Q Thank you, Mr. Horn.

4 MR. KELLAHIN: Mr. Examiner, at
5 this time we would request that you give us an opportunity
6 to present our engineering witness about the risk factor
7 penalty.

8 We would request that the case
9 be continued and left open for the next docket hearing to
10 give us two things. One will be an opportunity to complete
11 the negotiations with HEYCO and Sohio to see if we can't
12 consummate that effort, and in the absence of doing so, then
13 to provide HEYCO and Sohio an opportunity to come to the
14 hearing today, or at the next hearing, and object or present
15 opposition to the request.

16 I've talked to the HEYCO repre-
17 sentative today. He says they are trying to work out a vol-
18 untary agreement, but in the event we are unable to do so,
19 he would like to have the additional period of time in which
20 to make his choice about presenting evidence, and we have no
21 objection to that.

22 The second point that the con-
23 tinuance helps us overcome is that, as you can see, there
24 are a great many lease owners, or mineral owners, and this
25 has been an evolving process by which some of these people

1 have been added to our mailing list subsequent to filing the
2 application, and a continuance to the next hearing will give
3 us an opportunity to perfect our notification to people that
4 we have now realized are unable or unwilling to voluntarily
5 join, whom we had earlier assumed would join. For example,
6 Texaco, Mr. Barton, whom we have received a lease from him
7 as a trustee but not as an individual, and it may be neces-
8 sary to supplement our notices to Mr. Barton.

9 So that at the end of the pro-
10 cess it will become clear to everyone that we have properly
11 notified all parties and they had a reasonable opportunity
12 to come before the Division.

13 With those comments, Mr. Exam-
14 iner, we would move the introduction of Exhibits One through
15 Six, and we submit Mr. Horn for examination by the Division.

16 MR. CATANACH: Exhibits One
17 through Six will be admitted into evidence.

18
19 CROSS EXAMINATION

20 BY MR. CATANACH:

21 Q Mr. Horn, the administrative charges
22 those went up slightly from the ones that the Division auth-
23 orized in R-8382. Have -- have those costs actually gone up
24 since then, the overhead rates, drilling and producing over-
25 head rates?

1 A I'm not sure that I'm really qualified to
2 answer that.

3 Les, do you know?

4 MR. KELLAHIN: We'll have a
5 subsequent witness that can answer that, I hope, Mr. Exam-
6 iner.

7 Q Okay, as I understand it, the first page
8 of this are the parties that have already voluntarily agreed
9 to join?

10 A Right.

11 Q And the second part is people that have
12 not agreed.

13 A Well, those are people -- most of them
14 have agreed to join but we don't have their signed agree-
15 ment, as we did on those in the upper half. I don't really
16 foresee any problems other than Texaco and the Platt inter-
17 est.

18 MR. KELLAHIN: And Mr. VanZant.

19 A Yeah, Mr. VanZant, that's correct. He's
20 indicated that he will not prepay and that's not acceptable
21 to us.

22 MR. CATANACH: I have no fur-
23 ther questions of the witness. He may be excused.

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

LES M. CARNES,

being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A Yes, my name is Les M. Carnes.

Q And what's your occupation, Mr. Carnes?

A Petroleum engineer.

Q Mr. Carnes, have you previously testified
before the Oil Conservation Division of New Mexico as a pet-
roleum engineer?

A Yes, I have.

Q What is your relationship with Foran Oil
Company?

A I'm a Vice President with Foran at this
time.

Q Have you made a study of the production
in the immediate area of the -- involving the subject well
in the Northeast Lovington Pennsylvanian Pool?

A Yes, I have.

MR. KELLAHIN: We tender Mr.
Carnes as an expert petroleum engineer.

1 MR. CATANACH: Mr. Carnes is so
2 qualified.

3 Q Before we look at Exhibit Number Seven,
4 Mr. Carnes, let me take a moment and have you discuss with
5 the Examiner the anticipated cost that you believe will be
6 incurred in the subject well.

7 Mr. Horn has identified for us Exhibit
8 Number Three, which is the proposed AFE dated January 27th
9 of '86. As a petroleum engineer do you have any comments or
10 observations about whether or not those estimated costs are
11 fair and reasonable?

12 A Yes, I do. I believe the costs are fair
13 and reasonable. They are slightly higher than the predril-
14 ling cost estimate on the Christmas well, and most of that
15 is due to location damages and actual experience with what
16 such costs were on the Christmas well.

17 Another item is cementing and services
18 are slightly higher, and I think also tubular goods are up
19 slightly, but it's -- it's less than five percent increase
20 in cost.

21 In fact, I was told this morning by Cliff
22 Dresser, who is a Vice President of Operations with Estoril,
23 that the actual dry hole cost is going to run more like
24 \$380,000 for the Christmas well as opposed to the predril-
25 ling estimate of \$340,000.

1 Q All right.

2 A However, that involved an extra drill stem
3 test which we don't anticipate in our well. So we feel that
4 the dry hole costs of \$354,500, as mentioned by Mr. Horn,
5 are as accurate as we can get at this time.

6 Q Do you have any comments or observations
7 with regards to the overhead rates to be charged?

8 A Well, we just estimated that if the
9 drilling, some of the drilling costs, even though they're
10 unrelated here, are slightly higher, that we would request
11 \$5700 versus \$5500 a month as covered in the previous testi-
12 mony, and the docket of the -- on the Christmas well.

13 Q Let me direct your attention now, Mr.
14 Carnes, to Exhibit Number Seven and first of all have you
15 identify for me that exhibit.

16 A Exhibit Seven is a location and produc-
17 tion map with initial potential information showing a 9-
18 section area. Eight of these sections surround the section
19 of interest, Section 8, more specifically the northwest
20 quarter of Section 8, where we propose to drill our Twin
21 Lakes well.

22 Q While we're looking at the exhibit, would
23 you locate for the Examiner the Christmas well?

24 A Yes. The Christmas well is located in
25 the northwest northwest of Section 7, Township 16 South,

1 Range 37 East, of Lea County.

2 Q What's the latest report on whether or
3 not that well is going to be a commercial well?

4 A That well has been plugged and abandoned
5 effective February of '87. There was no Strawn development
6 there.

7 Q And this is the well that was approved
8 for Estoril under the forced pooling order we discussed
9 awhile ago.

10 A Yes, sir, that's correct. Let me say one
11 further thing about this plat. It does show the date of
12 first production on the producing wells, as well as the cum-
13 ulative production as of 1-1-87, with a slash and then the
14 estimated ultimate recovery in thousands of barrels on the
15 key producing wells of interest around our location, our
16 proposed location.

17 Q Do you have an opinion, Mr. Carnes, as to
18 what you would recommend the Examiner include in terms of a
19 percentage risk factor penalty to be assessed against any
20 nonconsenting working interest owners?

21 A Yes, I do. We think that it ought to be
22 the 200 percent penalty that's been granted in the past.

23 Q Let's have you describe for us the
24 reasons which cause you to make that conclusion.

25 A Okay. First of all, the nature of the

1 Strawn is -- and it's development is very erratic. There
2 are three separate Strawn banks or facies that develop and
3 an interesting illustration of the variation in production I
4 can locate on Exhibit Seven in probably two or three differ-
5 ent locations.

6 First of all, let's talk about the group
7 of four wells that are producing wells located within a half
8 a mile to three-quarters of a mile of our proposed location
9 in Section 8.

10 Q The ones in the east half of Section 8?

11 A Yes.

12 Q All right, sir.

13 A Three wells in the east half of Section 8
14 and then one in the northwest of the southwest of Section 9.

15 You can see that the estimated ultimate
16 production varies from 44,000 barrels to 430,000 barrels,
17 with cum production variations ranging from 44,000 barrels
18 to 148,000 barrels.

19 So there's quite a variation just in pro-
20 duction, cum production, as well as ultimate recovery in
21 those four wells.

22 Another interesting thing is the water,
23 producing water cut varies from nil, or 0.4 of a percent in
24 the Harvey Yates Well located in the northeast of the south-
25 east of Section 8, and the other three wells, which have

1 water cuts ranging from 53 percent to 66 percent, and yet
2 the well right in the middle has virtually no water produc-
3 tion.

4 So there's quite a variation in the pro-
5 ducing characteristics, as well as the geology and develop-
6 ment of the Strawn itself.

7 Then turning your attention over to the
8 northwest of Section 7, where the Christmas Well ws recently
9 drilled as a dry hole, there is no Strawn bank at all devel-
10 oped, no porosity in that well, while the discovery well in
11 the Dean prospect, located in the southwest southwest of
12 Section 6, due north of the Christmas Well, had 15 feet of
13 porosity development and we made a well that's currently
14 producing around 50 barrels a day, with initial potential of
15 165.

16 So directly offsetting a producing well
17 you can have a dry hole.

18 We can also demonstrate similar charac-
19 teristics in the south half of 7 and the north half of 18,
20 as shown on this Exhibit Seven.

21 One key well in the northeast of the
22 northwest of Section 18 has actually had a cumulative oil
23 production of 100,000 barrels. We believe that one barrel a
24 day is probably below economic limits, so we're saying the
25 ultimate recovery will be 100,000 barrels.

1 Due south, in the south -- well, due
2 southwest, in the southwest quarter of the northwest of 18
3 the well has only made 1000 barrels, hasn't produced since
4 1982, is shut-in. We feel the ultimate recovery there is --
5 is 1000 barrels, or essentially it's a dry hole, directly
6 south of 100,000 barrel well.

7 So it's very erratic in nature.

8 Q Are there any other factors that have
9 caused you to reach the conclusion that the 200 percent risk
10 factor penalty is a fair and appropriate penalty?

11 A Yes. We've run some preliminary econo-
12 mics indicating that just to pay out the \$515,000 completed
13 well costs, that it takes 40 to 50,000 barrels of oil;
14 that's just to break even with no consideration of the cost
15 of money.

16 Then when you add in the cost of one dry
17 hole per producing well, it's around 80,000 barrels of oil
18 just to break even.

19 To make a reasonable return of, say, 30
20 to 45 -- well, 30 to 40 percent before tax, rate of return
21 on your money, and a return on investment of two to one,
22 you're going to have to have about 150-60,000 barrels of
23 oil.

24 On this plat within the mile or mile and
25 a half of our proposed location, there are 11 producing

1 wells and 7 dry holes. The average ultimate recovery, we
2 believe ranges between 150-160,000 barrels of oil for the 11
3 producing wells.

4 So based on that we believe that the pen-
5 alty factor is reasonable.

6 Q Was Exhibit Seven prepared by you or com-
7 piled under your direction?

8 A Yes, it was.

9 MR. KELLAHIN: That concludes
10 our examination of Mr. Carnes, Mr. Catanach.

11 We move the introduction of Ex-
12 hibit Number Seven.

13 MR. CATANACH: Exhibit Number
14 Seven will be admitted into evidence.

15
16 CROSS EXAMINATION

17 BY MR. CATANACH:

18 Q Mr. Carnes, what's the closest dry hole
19 to the proposed location?

20 A The nearest dry hole is probably the
21 southwest southwest of Section 8; slightly over half a mile
22 south.

23 Q Okay.

24 MR. CATANACH: I don't think I
25 have any more questions of this witness.

1 MR. KELLAHIN: All right, sir.

2 MR. CATANACH: He may be ex-
3 cused.

4 Mr. Bell, would you like to
5 make a statement or anything at this time?

6 MR. BELL: No, sir, I'm
7 satisfied.

8 MR. CATANACH: Okay. Then this
9 case will be continued to the March 4th, 1987, hearing
10 examiner docket and the record will be left open until that
11 time.

12
13 (Hearing concluded.)

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of this portion of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9071, heard by me on February 18, 1987.

David L. Catonach, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
Santa Fe, New Mexico

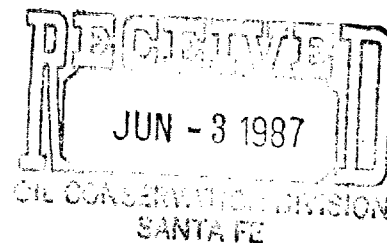
8 April 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Foran Oil Company for CASE
compulsory pooling, Lea County, New 9071
Mexico.

BEFORE: Michael E. Stogner, Examiner



TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STOGNER: Call next Case
Number 9071.

MR. TAYLOR: The application of
Foran Oil Company for compulsory pooling, Lea County, New
Mexico.

MR. STOGNER: Call for appear-
ances.

MR. KELLAHIN: If the Examiner
please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
on behalf of the applicant.

MR. STOGNER: This case was
originally heard at the February 18th, 1987, hearing. At
that time testimony was taken. The applicant at that time
sought that this application be continued for any additional
testimony or --

MR. KELLAHIN: That's correct,
Mr. Examiner.

If there are no other parties
to appear in this case, and I see none, we would like to
introduce at this time our certificate of mailing to show
you that we have now re-notified all the parties that were
to be pooled.

In addition we have added Sohio
to the forced pooling case and they have sent us a letter

1 waiving the twenty day notice period and indicating that
2 they have received notice of the case.

3 So if you'll look at the certi-
4 ficate of mailing, all the names on the first two pages are
5 to be pooled, plus the addition of Sohio, which is noted on
6 the bottom of the second page.

7 MR. STOGNER: And when were
8 these notifications -- new notifications sent out?

9 MR. KELLAHIN: More than twenty
10 days before today's hearing, Mr. Examiner. They were on
11 various dates but all of them prior to twenty days before
12 today.

13 MR. STOGNER: Do you have any-
14 thing further in this case?

15 MR. KELLAHIN: No, sir.

16 MR. STOGNER: Does anybody else
17 have anything further in Case Number 9071?

18 This case will be taken under
19 advisement.

20

21 (Hearing concluded.)

22

23

24

25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of this hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9071, heard by me on 8 April 1987.

Michael E. Dwyer, Examiner
Oil Conservation Division