

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 7 June 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Enron Oil and Gas Company CASE
10 for compulsory pooling, Eddy County, New 9686
11 Mexico.

12 BEFORE: Michael E. Stogner, Examiner

13 TRANSCRIPT OF HEARING

14 A P P E A R A N C E S

15 For the Division: Robert G. Stovall
16 Attorney at Law
17 Legal Counsel to the Division
18 State Land Office Building
19 Santa Fe, New Mexico

20 For Enron Oil and Gas Scott Hall
21 Company: Attorney at Law
22 CAMPBELL and BLACK, P. A.
23 P. O. Box 2208
24 Santa Fe, New Mexico 87501

25 For Dinero Energy, Inc.: James Bruce
Attorney at Law
HINKLE LAW FIRM
500 Marquette N. W. Suite 740
Albuquerque, New Mexico 87102

For Kaiser-Frances Oil Co.: W. Thomas Kellahin
Company: Attorney at Law
KELLAHIN, KELLAHIN & AUBREY
P. O. Box 2265
Santa Fe, New Mexico 87504

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

I N D E X

ROBERT McCOMMON

Direct Examination by Mr. Hall	4
Cross Examination by Mr. Kellahin	18
Cross Examination by Mr. Bruce	28

LARRY HASTINGS

Direct Examination by Mr. Hall	28
Cross Examination by Mr. Kellahin	35
Cross Examination by Mr. Bruce	48

E X H I B I T S

Enron Exhibit One, Plat	5
Enron Exhibit Two, Breakdown	6
Enron Exhibit Three, Letters	7
Enron Exhibit Four, Affidavit	17
Enron Exhibit Five, AFE	29
Enron Exhibit Six, Isopach	31
Enron Exhibit Seven, Letter	9
Enron Exhibit Eight, Letter	10
Enron Exhibit Nine, Letter	14

1 MR. STOGNER: Call next Case
2 Number 9686.

3 MR. STOVALL: Application of
4 Enron Oil & Gas Company for compulsory pooling, Eddy
5 County, New Mexico.

6 MR. STOGNER: Call for appear-
7 ances.

8 MR. HALL: Mr. Examiner, Scott
9 Hall from the Campbell and Black law firm, Santa Fe, on
10 behalf of Enron, with two witnesses this morning.

11 MR. STOGNER: Call for addi-
12 tional appearances.

13 MR. BRUCE: Mr. Examiner, my
14 name is Jim Bruce from the Hinkle Law Firm, representing
15 Dinero Energy, Inc.. I have one witness who needs to be
16 sworn, maybe.

17 MR. STOGNER: Any additional
18 appearances?

19 MR. KELLAHIN: Mr. Examiner,
20 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,
21 Kellahin & Aubrey, appearing on behalf of Kaiser-Francis
22 Corporation.

23 I have no witnesses.

24 MR. STOGNER: Are there any
25 other appearances in this matter?

1 Will the witnesses please
2 stand to be sworn?

3
4 (Witnesses sworn.)

5
6 MR. STOGNER: Mr. Hall, you
7 may continue.

8
9 ROBERT M. McCOMMON,
10 being called as a witness and being duly sworn upon his
11 oath, testified as follows, to-wit:

12
13 DIRECT EXAMINATION

14 BY MR. HALL:

15 Q For the record please state your name.

16 A Robert M. McCommon, Junior.

17 Q Mr. McCommon, by whom are you employed
18 and in what capacity and where do you live?

19 A Enron Oil and Gas Company, in Midland,
20 as a landman, and I live in Midland, Texas.

21 Q And you've previously testified before
22 the Division and had your credentials made a matter of
23 record, have you not?

24 A Yes, sir, Mr. Hall, I have.

25 Q And you're familiar with the application

1 here today and the lands involved?

2 A That's correct.

3 MR. HALL: Mr. Examiner, are
4 the witness' credentials acceptable?

5 MR. STOGNER: Are there any
6 objections?

7 Mr. McCommon is so qualified.

8 Q Explain for the Examiner what it is
9 Enron seeks today.

10 A Mr. Examiner, what Enron is seeking is a
11 compulsory pooling of the Strawn and Atoka formations in
12 the south half of Section 15, Township 24 South, Range 28
13 East, Eddy County, New Mexico.

14 Q All right, and I understand you've pre-
15 pared certain exhibits.

16 Let's look at what's been marked as Ex-
17 hibit One and would you explain that to the --

18 A Yes, sir, this is a plat prepared by
19 myself which shows the 320-acre proration unit which we
20 have proposed pooling. It also shows the proposed location
21 of Enron's Willow Lake 15 No. 1 Well, which is 660 from the
22 south line and 1980 from the east line of said Section 15.
23 It's a 12,000 foot Atoka test.

24 Q All right, and your primary objective is
25 --

1 A The Atoka A-2 Sand.

2 Q All right, let's look at Exhibit Two and
3 would you go over that exhibit, please?

4 A Yes. This a breakdown of the interest
5 of the parties that we see that have interest in the south
6 half of Section and the parties that have an interest in
7 there and also their numerical interest.

8 Q All right. Would you explain which
9 interests are presently committed to the well and which you
10 are seeking to pool --

11 A Yes, sir.

12 Q -- and for what reasons?

13 A Yes, sir. The interest that is commit-
14 ted is shown as the second item down, Enron Oil and Gas
15 Company, which is 39.8 plus percent. That is interest that
16 we have, that we do have under lease.

17 The other interest stated there we have
18 obtained voluntary joinder at this time and therefore we
19 are seeking to pool those interests.

20 Q All right, let's explain which interests
21 you've made contact with in your efforts to obtain their
22 voluntary joinder.

23 A Okay, may I go to Exhibit Number Three,
24 Mr. Scott?

25 Q Yes.

1 A Okay. Exhibit Number Three is a col-
2 lection of letters that have been sent out by Enron.
3 There's a letter dated March the 9th from Enron to Meri-
4 dian requesting a farmout of their interest in the south
5 half.

6 A letter dated March 9th from Enron to
7 Phillips Petroleum requesting a farmout of their interest
8 in the south half of Section 15.

9 A letter dated March 9th to Quinoco
10 Petroleum, Inc., requesting a farmout of their interest in
11 the south half of Section 15. Quinoco contacted us by
12 phone, contacted Enron by phone, told us they'd sold their
13 interest to Kaiser-Francis, whereupon on March the 17th,
14 which is the fourth letter, Enron sent a letter to Kaiser-
15 Francis requesting a farmout of their interest or either a
16 purchase in such a case that they might be willing to sell.

17 The next letter is a letter written --
18 it's from our broker, Mr. Ray L. McKim and this was under
19 the direction of Enron Oil & Gas Company, where you wrote a
20 letter to Ms. Grace (unclear) requesting an oil and gas
21 lease on her interest in the south half of Section 15.

22 The next letter is dated May 4th from
23 Enron to Dinero requesting a farmout of their interest in
24 the south half of Section 15.

25 The next item is a cover sheet which we

1 fill out at our office. It shows that an AFE has been --
2 or any type of correspondence -- has been telecopied to
3 another party. There is that cover sheet evidencing a
4 telecopy and then the next item following that is the AFE
5 itself.

6 Q And which party was that?

7 A This is Kaiser-Francis.

8 Q All right.

9 A Attention Jim (unclear).

10 The next is a similar message transmit-
11 tal sheet, a telecopy to Mr. Frank Hulse. Mr. Hulse is a
12 landman with Phillips Petroleum and at their request we
13 furnished them with an AFE also.

14 Q Mr. McCommon, with respect to the estate
15 of Jack Miller, what were Enron's efforts specifically to
16 determine the ownership of that interest and obtain a
17 joinder of that interest?

18 A Okay. We had Mr. McKim, our broker,
19 check the county records of Eddy County, and he determined
20 that Mr. Jack R. Miller had an interest in the property.
21 We attempted to contact Mr. Miller at his last address.
22 His sister, Miss Harlow, has an interest in this property.
23 We contacted her for an oil and gas lease and she agreed to
24 lease to us, and upon an inquiry as to Mr. Miller, she in-
25 formed us that he is deceased and that there were two

1 people that we may be able to contact that might have some-
2 thing to do with that interest, one being Mr. Annala, Wayne
3 C. Annala, who's an attorney in Hood River, Oregon, and Ms.
4 Cheryl M. Owen, who is the personal representative of the
5 estate of Jack R. Miller.

6 Q All right, and what was the result of
7 those contacts?

8 A Okay. Our broker contacted Mr. Annala,
9 attempted to contact him by telephone, sending a letter,
10 including a lease. Mr. Annala finally called back and
11 there was numerous conversations and then I finally con-
12 tacted Mr. Annala, talked to him directly, and I told him
13 we'd be getting back to management to counter an offer he
14 made, counter offer.

15 I contacted -- tried to contact him
16 numerous times by telephone and he'd never return my call.
17 Finally I sent him a letter dated May the 19th --

18 Q All right, let's --

19 A -- and I --

20 Q Let me mark that as an exhibit, as Exhi-
21 bit Seven.

22 Please continue.

23 A Okay, which is Exhibit Seven, which I'm
24 referring to now, a letter dated May 19th which was sent by
25 express mail to Mr. Annala.

1 We also at that time sent a letter to
2 Ms. Owen, Cheryl M. Owen, also dated May the 19th, 1989.

3 Q All right, and let me mark that letter
4 as Exhibit Eight.

5 Please continue.

6 A Okay. We felt that if we were going to
7 have to go to a forced pooling hearing that probably we
8 should, as required, make a best effort possible to contact
9 these people. We did not know whether Mr. Annala or Ms.
10 Owen actually had -- who had the proper authority to grant
11 this lease, so we sent a request to both of them.

12 We also sent to Ms. Owen a copy of the
13 letter that I sent to Mr. Annala and we sent with our
14 letter to Mr. Annala a copy of the letter we sent to Ms.
15 Owen.

16 Q All right.

17 A And since that time we have not received
18 any correspondence -- any contact, or received any response
19 from Mr. Annala.

20 Q Mr. Jack Miller was not a New Mexico
21 resident --

22 A Yes.

23 Q -- or domiciled in New Mexico, is that
24 correct?

25 A Yes, as far as I know he was not, no.

1 Q All right. And to your knowledge had
2 any ancillary probate been conducted for that interest in
3 New Mexico?

4 A As far as I know, no, sir.

5 Q All right, and if I understand you
6 correctly, there was a question in Enron's mind, anyway,
7 about who had the proper authority to speak for Jack R.
8 Miller Estate.

9 A That is correct.

10 Q And is that the reason you made efforts
11 to contact both Mr. Annala and Ms. Owen?

12 A That is correct.

13 Q And when was your most recent contact
14 with Ms. Owen?

15 A Ms. Owen called us yesterday. She
16 called our Midland office and my supervisor called me here
17 in Santa Fe and told me that Ms. Owen had called and he
18 didn't know who she was, and I said, "Well, I do."

19 So I returned her call and talked with
20 her.

21 Q All right, and as of this date you do
22 not have in hand a signed lease from either Ms. Owen or Mr.
23 Annala, do you?

24 A No, sir, I do not.

25 Q All right. And is that your motivation

1 for proceeding to pool that particular interest?

2 A Yes, sir, it is.

3 Q All right.

4 A However, if we do receive an executed
5 lease from the proper authority we would remove that from
6 the forced pooling order.

7 Q All right.

8 A We have that option.

9 Q Very good. Would you explain in greater
10 detail your dealings with Dinero and your efforts to obtain
11 voluntary joinder from them?

12 A Yes, sir. I'd like to explain that my
13 understanding is that Dinero initially contacted Enron for
14 either a farmout or purchase of our interest. At that time
15 our company, I was not with Enron, but it's been explained
16 to me by my supervisor, that the company was in the mode of
17 selling off properties, supposedly the bottom 15 percent.

18 Q Let me interject, when were the first
19 contacts with Dinero?

20 A Contacts made? I would have to say
21 probably sometime in late '88 --

22 Q All right.

23 A -- but I was not personally involved in
24 those contacts.

25 Q Excuse me, please go ahead.

1 Q Okay. The local division, it's my
2 understanding, had negotiated I believe in good faith with
3 Mr. Jim Dewey, who's the landman for Dinero, trying to work
4 out a trade and he's given an indication that they thought
5 that something could be done here.

6 In January, and I guess some time in
7 March, February or March, the philosophy of our company
8 changes and we decided to become an aggressive oil and gas
9 exploration company in opposed to selling off properties.

10 At that time management told our local
11 division that we would not farmout or sell that interest;
12 in fact, we were going to do the contrary, we would like to
13 see a well drilled in there.

14 At that time we contacted Mr. Dewey on
15 the 9th, my understanding of it is that this occurred,
16 that Mr. Skinner, who was a landman, since retired, con-
17 tacted Mr. Dewey, said that we were going to be, you know,
18 trying to put this thing together, and we're not going to
19 lease to you.

20 Subsequent to that conversation we sent
21 out these letters for -- to obtain leases or farmouts from
22 the parties that we didn't have (not clearly understood).

23 Since then I've had conversations with
24 Mr. Dewey with Dinero. We talked about what the situation
25 was. We sent them a letter requesting a farmout. Mr.

1 Dewey came back to me; we had a meeting where we agreed
2 that we'd recommend a farmout to our respective manage-
3 ment and if I may refer to this letter dated June the 5th
4 --

5 Q Let me mark that as Exhibit Nine. Go
6 ahead.

7 A Okay. This letter I prepared. I sent
8 this to Mr. Dewey. This was -- I hand carried this over
9 yesterday, yesterday morning and it was to confirm our
10 verbal agreement whereby Dinero is going to farm out the
11 interest that it controlled subject to a formal farmout
12 agreement and also our approval of title, which is stated
13 there in paragraph 1 of said letter.

14 The interest to be covered, on page 3,
15 which is Exhibit A, I'd like to review that briefly, if I
16 may.

17 Q Please go ahead.

18 A The first oil and gas lease, Bonnie
19 Hazel Roberts, Enron has purchased an assignment of the
20 lease of Bonnie Hazel Roberts from Mr. Lloyd Barton. Sup-
21 posedly that interest is held by production. When I was
22 preparing this exhibit I noticed that Mr. Dewey had told me
23 that they had a lease from Ms. Roberts, so we agreed that
24 we would put this interest here. If it turned out our in-
25 terest was valid, then it would be credited to us. If it

1 turned out that our lease or assignment of lease was not --
2 had expired and his lease was valid, then, obviously, it
3 would be subject to his farmout agreement.

4 The next item, number 2, Mr. Dewey had
5 informed me that Mr. Wayne C. Annala had the authority to
6 grant an oil and gas lease covering the estate of Jack R.
7 Miller and that had agreed to do so granting an oil and gas
8 lease to Dinero. Based on that we went ahead and included
9 this interest in this farmout agreement.

10 The next item is L. C. Warren, which Mr.
11 Dewey had informed me that they'd acquired the lease on and
12 then the fourth item is the interest of Meridian Oil, Inc.,
13 which Mr. Dewey informed me that Dinero had acquired a
14 farmout agreement and I don't believe it has been executed
15 but they do have verbal confirmation of a farmout agreement
16 covering the following properties and Dinero -- Meridian's
17 interest in that to Dinero.

18 Q All right, but as of this morning you do
19 not have in hand an agreement with Dinero, do you not?

20 A No, sir, I do not.

21 Q And with respect to Exhibit Two, showing
22 the Dinero interest, it does not list the Meridian interest
23 as part of their interest but if I understand you, that is
24 now spoken for by them through their farmout agreement.

25 A That's correct. We still would want to

1 force pool that and we would remove that from the order
2 upon Dinero, you know, having a farmout agreement signed
3 and executed, fully executed between them and Meridian and
4 we would credit that to Dinero and accept it under this
5 farmout arrangement pursuant to this letter that we have
6 proposed.

7 Q And in further view of the fact that the
8 Dinero interest acquired from the estate of Jack R. Miller
9 came through Mr. Annala, and in further view of the fact
10 that there is a question as to his authority to execute
11 such a lease on behalf of the estate, do you believe it
12 would be prudent for Enron to proceed to agree to take
13 title through the Dinero farmout for that Miller Estate
14 interest?

15 A No, sir, I would not.

16 Q All right, and that is your motivation
17 for proceeding to --

18 A Force pool.

19 Q -- pool the estate interest directly, is
20 that correct?

21 A Yes, sir, that is correct.

22 Q Mr. McCommon, in your opinion has Enron
23 made a good faith effort to obtain the voluntary joinder of
24 all the parties involved?

25 A Yes, sir, we have.

1 Q All right. Looking at Exhibit Four, is
2 Exhibit Four an affidavit by which you have directed your
3 counsel to send out notice to all affected parties?

4 A Yes, sir, it is.

5 Q And Enron does seek to be designated as
6 operator of the proposed well, is that correct?

7 A That is correct.

8 Q Mr. McCommon, in your opinion will the
9 granting of the application be in the best interest of
10 conservation, the prevention of waste and protection of
11 correlative rights?

12 A Yes, sir, I believe it will.

13 Q And were Exhibits One, Two, Three,
14 Seven, Eight, Nine, and Four prepared by you or at your
15 direction?

16 A Yes, sir, they were.

17 MR. HALL: We'd move the ad-
18 mission of Exhibits One, Two, Three, Seven, Eight, Nine and
19 Four and pass the witness.

20 MR. STOGNER: Are there any
21 objections?

22 MR. KELLAHIN: Let me make
23 sure I understand what is being tendered for submission,
24 Mr. Examiner, if I may have a second.

25 That leaves in my packet of

1 exhibits, Mr. Hall, Five and Six for another witness to
2 offer?

3 MR. HALL: Yes, the AFE and
4 the isopach.

5 MR. KELLAHIN: I have no ob-
6 jection.

7 MR. STOGNER: Okay, Exhibits
8 One, Two, Three, Four, Seven, Eight and Nine will be ad-
9 mitted into evidence at this time.

10 Did I get them right?

11 MR. HALL: Yes, sir.

12 MR. STOGNER: Okay.

13 Mr. Kellahin, your witness.

14 MR. KELLAHIN: Thank you, Mr.

15 Examiner.

16

17

CROSS EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. McCommon, I have not read the pack-
20 age of correspondence in detail but let me ask you and see
21 if I have missed it. Am I correct in understanding that
22 over your signature that you did not send Kaiser-Francis a
23 letter proposing that they participate in paying for and
24 drilling of the subject well?

25 A No, sir, not a letter to that effect;

1 however, I've had numerous conversations with Mr. Wake-
2 field, who is a land manager or landman for Kaiser-Francis,
3 which we had indicated that we would gladly accept their
4 joinder and that's why, by a copy of that transmittal,
5 telecopy transmittal, we sent them an AFE so that they
6 could consider that as an alternative.

7 Q In response to my question, then, you
8 did not over your signature send out a specific letter
9 proposing as one of the methods by which you would attempt
10 to obtain voluntary participation the joinder in the well.
11 It was only as a result of this telecopy on, what's that,
12 May 26th of '89?

13 MR. HALL: Let me object for
14 purposes of clarification. Are you asking whether or not
15 Enron directed a communication to Kaiser-Francis?

16 MR. KELLAHIN: No, sir, I'm
17 asking if this witness over his signature sent out a letter
18 on behalf of Enron to Kaiser-Francis proposing that they
19 participate in the well and pay their share of the costs of
20 that well.

21 A By letter, no, sir.

22 Q When I look at the package of corres-
23 pondence, your first involvement, at least by letter, is a
24 letter of May 4th of 1989, is that correct?

25 A That's correct.

1 Q When did you personally become involved
2 in this project, Mr. McCommon?

3 A I personally became involved when we
4 decided to start making an effort in attempting to acquire
5 oil and gas leases, so that would be probably somewhere
6 after March the 9th; shortly thereafter, within a week or
7 two, somewhere in that time frame.

8 Q Does that represent a change in philo-
9 sophy for this particular area by your company where prior
10 to this period of time they were selling off interests, and
11 then I believe in your direct testimony you say that there
12 was a change of policy and you were to acquire interest for
13 the drilling of the well?

14 A Yes, sir, that is correct.

15 Q Does this package of information, I be-
16 lieve it's all put together as Exhibit Number Three, except
17 for the additional correspondence, does this represent all
18 your correspondence?

19 A No, sir, by no means. I have, at my
20 office, I've written down on notepads times, the numerous
21 times I've had conversations with either Kaiser-Francis,
22 Dinero, Phillips Petroleum and Meridian --

23 Q I'm talking about correspondence --

24 A Oh, I'm sorry, excuse me, sir.

25 Q -- as opposed to your own personal notes

1 on telephone conversations.

2 A As far as I know, yes, sir, this would
3 represent it, to the best of my knowledge.

4 Q The written communications to
5 Kaiser-Francis are represented by the first initial letter
6 that is contained in any of the Enron files showing a March
7 17th, 1989, letter, is that correct?

8 A Yes, sir.

9 Q That is, in fact, the first contact with
10 Kaiser-Francis?

11 A To my knowledge it --

12 Q In writing, sir.

13 A Yes, sir.

14 Q All right, and that offer, then, was
15 under certain terms to farm out their interest back to
16 Enron.

17 A That was correct. That is correct.

18 Q Now, when we go through the package of
19 information, I come to the telecopy page that has all these
20 phone numbers on it.

21 A Yes, sir.

22 Q Telecopy numbers?

23 A Uh-huh.

24 Q How do I look at this and know that this
25 went to Kaiser-Francis?

1 A At the top, sir.

2 Q All right, there's a series of these --

3 A Yes, sir.

4 Q -- and I'm confused by it.

5 A Yes, sir. The one, there are two of
6 them. The first one in the package should say "To
7 Kaiser-Francis, Attention Mr. Jim Whitefield" at the top
8 and that date is 5-26-89.

9 Then following that is a copy of the
10 items or the AFE that was telecopied to him.

11 Q All right, then following that there's a
12 similar type telecopy to a Frank Hulse.

13 A Hulse, H-U-L-S-E. That's -- he's a
14 landman with Phillips Petroleum.

15 Q Did you supply Dinero with a proposed
16 AFE for the well prior to the hearing?

17 A No, sir, I did offer to and they told me
18 that one was required or they did not need one.

19 Q Is this the only AFE that's been
20 utilized by Enron for purposes of this well?

21 A To the best of my knowledge, yes, sir.

22 Q And it's dated February 24th of '89?

23 A Let me look at that, Mr. Kellahin. Yes,
24 sir, that's correct.

25 Q Do your files reflect why Mr. Skinner

1 did not send this AFE which was prepared in February to the
2 parties to be involved in the formation of the pooling?

3 A No, sir, I don't know the answer to that
4 question.

5 Q Do you know the recent chronology of the
6 title history for the half section?

7 A Could you maybe further explain the
8 question?

9 Q Yes, sir, do you know the sequence by
10 which Kaiser-Francis obtained its interest in the half
11 section?

12 A I believe to a certain extent I do. I
13 know that -- I believe that Enron sold its interest to
14 Quinoco and then I believe Quinoco obviously wrote -- let
15 me qualify that.

16 I can only testify that I know that we
17 sent -- that Enron sent a letter to Quinoco and that they
18 said they had sold their interest to Kaiser-Francis.

19 Q Do you know approximately when that took
20 place, Mr. McCommon?

21 A The sale?

22 Q Yes, sir.

23 A No, sir, I do not.

24 Q Was that before or after the AFE was
25 prepared?

1 A I have no idea, sir. I can't answer that
2 question.

3 Q Exhibit Number Two shows 39 percent plus
4 to Enron?

5 A Yes, sir.

6 Q Can you generally show me how that is
7 consolidated out of the south half of the section?

8 A Yes, sir. We have approximately 65
9 acres under lease that's located in the southwest quarter,
10 which we share with Meridian and Phillips.

11 Q I'm looking at the land map, Exhibit
12 Number One.

13 A Yes, sir, and it's very split up,
14 Mr.Kellahin, but I'll try to give you a basic information.

15 Q Not in detail but just give me --

16 A Yes, sir, okay.

17 Q -- general idea of how the interests are
18 held.

19 A Okay. The 39 percent represents a 7.5
20 net acre lease, 10 gross, from Brad Bennett. It also re-
21 presents 65 acres that we had previously leased under this,
22 130 gross, 65 net. Again Meridian and Phillips are our
23 partners. 15 gross net acres from Roy Barton assignment of
24 interest of leasehold that he had, and I believe that is
25 what I based my calculations on. Not having my notes in

1 front of me that's all I have to say. That's to the best
2 of my memory at this time.

3 Q All right. To make sure I understand,
4 what part --

5 A Excuse me, and 40-acres also, undivided
6 40-acre lease from Ms. Harlow in the west half of the
7 southwest -- southeast quarter.

8 Q Does any of the 39.8 percent represent
9 interest that you've obtained by negotiating farmout
10 agreements with parties?

11 A No, sir, it does not.

12 Q Does any of that 39 percent represent
13 the consolidation of interest by people that have agreed to
14 participate and pay for their share of the cost of the
15 well?

16 A No, sir, it does not.

17 Q When we look at the Kaiser-Francis 25
18 percent --

19 A Yes, sir.

20 Q -- is that an undivided 25 percent in
21 the south half of the section?

22 A No, sir, it is not. They own, according
23 to our records, records in Eddy County, they own the east
24 half of the southeast quarter, 80 gross and net acres,
25 which they (unclear) purchased from Quinoco.

1 Q Am I correct in remembering on direct
2 testimony you said it was Dinero that first proposed to
3 Enron the consolidation of the acreage in the section for
4 the formation of a spacing unit for the well?

5 A I would say that they -- they they first
6 contacted us to drill a well and to acquire an interest.
7 Now how, what formation they were going -- I mean what
8 acreage they were going to put together or -- or put in the
9 unit, I have no idea.

10 Q How do you know that, Mr. McCommon?

11 A How do I know --

12 Q Yes, sir.

13 A -- that they contacted us?

14 Q Yes, sir.

15 A By conversation with personnel in the
16 office.

17 Q Would that have been with Mr. Skinner?

18 A Yes, sir, Mr. Skinner and Mr. Estep is
19 our land manager.

20 Q Mr. Estep?

21 A Mr. Estep.

22 Q Is he still employed as a landman here?

23 A Yes, sir, he is. E-S-T-E-P.

24 Q Mr. Estep was employed as best you know
25 during the whole six months of negotiations for this

1 spacing unit?

2 A That is correct.

3 Q Mr. Skinner is no longer employed?

4 A Yes, he retired on May 31st.

5 Q But in talking to these people and look-
6 ing at your files it was Dinero that first proposed the
7 formation of the -- or the consolidation of the acreage for
8 the well.

9 A Yes, sir.

10 Q Can you give me a time frame as to when
11 that might have occurred, if you know?

12 A I don't know, sir. As I said, well, to
13 the best of knowledge it was sometime in late '88 that they
14 approached us.

15 Having come in the middle of this, I'm
16 familiar with some of it but I just don't know it all.

17 Q Well, that's what I understand, that
18 you're simply telling us what others have told you involved
19 in the transaction and your personal involvement was after
20 March of 89.

21 A That's correct.

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

24 MR. STOGNER: Thank you, Mr.
25 Kellahin.

1 Mr. Bruce?

2
3 CROSS EXAMINATION

4 BY MR. BRUCE:

5 Q I think Mr. Kellahin has covered most of
6 it. There's one question. Is Enron interested in obtain-
7 ing such as Kaiser-Francis and Dinero to join their inter-
8 est in the well, I mean and to share the well costs?

9 A Yes, sir, we certainly are.

10 Q Thank you.

11 MR. STOGNER: Mr. Hall.

12 MR. HALL: That concludes --

13 MR. STOGNER: If there are no
14 other questions the witness may be excused.

15
16 LARRY HASTINGS,

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

19
20 DIRECT EXAMINATION

21 BY MR. HALL:

22 Q For the record please state your name.

23 A My name is Larry Hastings.

24 Q Mr. Hastings, where do you live, by whom
25 are you employed, and in what capacity?

1 A I live in Midland, Texas. I'm employed
2 by Enron Oil & Gas and a Division Reservoir Engineer.

3 Q And, Mr. Hastings, you previously have
4 testified before the Division or one of its examiners and
5 had your credentials accepted, is that the truth?

6 A Yes, I have.

7 Q And you are familiar with the subject
8 application and the affected lands, is that the case?

9 A I am.

10 MR. HALL: Mr. Examiner, are
11 the witness' credentials acceptable today?

12 MR. STOGNER: Are there any
13 objections?

14 MR. KELLAHIN: No, sir.

15 MR. STOGNER: Mr. Hastings is
16 so qualified.

17 Q Mr. Hastings, let's look at the exhibit
18 you prepared, first Exhibit Five, if you would identify
19 that and explain that, please.

20 A Exhibit Five is Enron's AFE, drilling
21 AFE, for the well to be named the Willow Lake 15 No. 1,
22 located in Section 15.

23 Q All right, would you review the totals
24 on that exhibit, please?

25 A This well, we're proposing to spend,

1 drilling cost, intangibles, \$473,000; completion cost,
2 (unclear) \$340,000; completed well cost, \$538,340; tangible
3 well cost on the back page, back side, drilling, \$750,000
4 -- excuse me, that's a total. Total tangibles, \$277,000;
5 completion, 177; total tangible well cost, 454,000. Total
6 well cost at the bottom, completed well is \$992,000, round
7 numbers.

8 Q Are these charges in line with what's
9 being charged by other operators in the area for similar
10 wells?

11 A To the best of my knowledge, they are.
12 It's been some time since we've drilled a well out in this
13 area.

14 Q All right. What is the last well you
15 drilled in the proximity?

16 A The last well we drilled in New Mexico
17 was a well called the Hepler 11-1 in the Cinta Roja Field
18 in -- Cinta Roja area in Lea County. It was drilled
19 January 30, 1989, and it's some distance away.

20 It was a 14,873-foot well. It -- the
21 dry hole cost was \$930,000.

22 Another well that's -- would be somewhat
23 similar to this Atoka well is a well in our Pitchfork Ranch
24 Field in Lea County.

25 It was drilled in July the 19th, 1987,

1 is when the spud date was. It's page 32, 14,000 foot Atoka
2 test, drilled and completed cost was \$1,069,000.

3 Q Do you have the section, township and
4 range for that well?

5 A Yes, I do. That's Section 33, Township
6 24 South, 34 East, Lea County.

7 Q All right. Are you prepared to make a
8 recommendation to the Examiner as to the risk penalty that
9 should be assessed against the nonconsenting interest
10 owners in the well?

11 A Yes, sir, I am.

12 Q What is that?

13 A I believe that should be 200 percent.

14 Q And what is the basis for that?

15 A The basis of the risk in this situation,
16 if you'll refer to the next exhibit --

17 Q And that's Exhibit Six?

18 A That's right.

19 Q Would you identify that, please, and ex-
20 plain that.

21 A That is a -- let me get my copy. That
22 is a net pay isopach of the target Morrow sand that we're
23 going for in this Willow Lake 15.

24 The net pay shows porosity greater than
25 or equal to 8 percent.

1 The risk involved here is that this a
2 channel sand and if you will look in Section 15 you will
3 see two wells there that have zero feet of this particular
4 sand.

5 Q All right, in the north half of 15, who
6 drilled that well?

7 A I'll have to look on another map.

8 Q Well, that's all right, let's go on.

9 A What we're looking at here, in 16 is the
10 HNG Well. It was drilled back in March of 1979, about 10
11 years ago. That's a good while back.

12 Q All right, there are a number of comple-
13 tions throughout the area shown on Exhibit Six. In your
14 view is this area extensively developed?

15 A Yes, I do believe it is extensively
16 developed. You can see where the isopach runs; it runs
17 down through the Kaiser-Francis to the old Burma Oil & Gas
18 No. 1 Willow Lake to the Nero (sic) Well in the southeast
19 quarter of 22. It goes on up into the Coquina Marrow Well
20 and then the Kaiser-Francis Aminoil CNB State up in Section
21 11. As is shown, it's extensively developed and we believe
22 one of the risks is the possibility of some severe pressure
23 depletion in this reservoir.

24 Q All right. Have you had a chance to
25 review the pressure information? Have you drawn any con-

1 clusions from that?

2 A Yes. Drawn the conclusions, the pres-
3 sure data is very skimpy. In fact there was only two pres-
4 sure points, an initial one and an initial pressure off the
5 Dinero well, and it shows it be pressure depleted.

6 Q All right, and this is a pressure drive
7 reservoir, is it not?

8 A Yes, I believe that it is.

9 Q All right.

10 Q Mr. Hastings, do you believe that there
11 is a chance you could drill a well at the proposed location
12 that would not be a commercial success?

13 A There is that risk, most definitely.

14 Q All right, can you estimate the
15 recoveries you'd expect to receive from the well?

16 A The recoveries we expect on the top end
17 at about 2 BCF; the low end, in fact break even is probably
18 around 750-million undiscounted dollars.

19 Q All right, and do you regard this as a
20 marginally economic prospect?

21 A Fairly marginal, yes.

22 Q Based on those recovery numbers.

23 A That's right.

24 Q Have you made an estimate of the over-
25 heard and administrative costs while drilling and producing

1 the well?

2 A Yes, sir, I have.

3 Q And what are those?

4 A Based upon Ernst and Whinney Survey of
5 Rates, the average in 1988 for a well of this depth was,
6 for drilling overhead and administrative cost, \$4,440. The
7 COPAS escalator from '88 to '89 is 3.3 percent and by esca-
8 lating those up we come up with a drilling overhead and
9 administrative cost of \$5,103 per month.

10 The overhead and administrative cost for
11 a producing well in this area, and again from Ernst and
12 Whinney, 1988 average for a well of this depth in this area
13 is \$524 a month, escalated per COPAS, comes up approximate-
14 ly \$541 per month. In fact it's \$541.29.

15 Q All right. And are you recommending
16 that these figures be incorporated into any order resulting
17 from this hearing?

18 A Yes, I am.

19 Q In your opinion, Mr. Hastings, will the
20 granting of this application be in the best interest of
21 conservation, the prevention of waste, and the protection
22 of correlative rights?

23 A Yes.

24 Q And were Exhibits Five -- I'm sorry,
25 strike that. Were Exhibits Five and Six prepared by you or

1 at your direction?

2 A Yes, at my direction or I reviewed them
3 after they were prepared by other peopled.

4 Q All right.

5 MR. HALL: We'd move the ad-
6 mission of Exhibits Five and Six and that concludes our
7 direct of this witness.

8 MR. STOGNER: Exhibits Five
9 and Six will be admitted as evidence.

10 Mr. Bruce, your witness.

11 MR. BRUCE: Mr. Kellahin, went
12 first last time.

13 MR. STOGNER: Mr. Kellahin, my
14 apologies (inaudible) --

15

16 CROSS EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. Hastings, what has been your person-
19 al involvement with the drilling and proposed location of
20 this well?

21 A I was the one that, and here again, to
22 the best of my knowledge, Dinero requested a farmout of our
23 acreage sometime the first part of the year. I looked at
24 that and as a result of that, that instigated a study of
25 this area and as a result of the study we decided it would

1 be -- to drill a well there ourselves.

2 Q Is this your personal study as a reser-
3 voir engineer or is this someone else's work in Enron?

4 A Oh, this is my personal study, yes.

5 Q This is something you've done yourself?

6 A Yes.

7 Q When we look at the AFE, Exhibit Number
8 Five, are there any wells shown on Exhibit Number Six that
9 you have specifically looked at the completed well cost to
10 see how those costs relate to the AFE?

11 A No, sir, I have not. Those are all (not
12 clearly understood), very old, in fact.

13 Q In looking in Section 22 in Exhibit
14 Number Six in the south half, is the Dinero well?

15 A Yes, yes.

16 Q What's the date of the completion of the
17 Dinero Well?

18 A Right offhand I do not know. I do know
19 that it -- well, I can only speculate or guess; it's appro-
20 ximately 1984.

21 Q You said you, in making your study, you
22 had limited pressure information available and I believe
23 you referred to two sources of pressure information.

24 A That's correct.

25 Q Are those -- is that information shown

1 on Exhibit Number Six?

2 A No, it is not.

3 Q Do you have any pressure data from any
4 of the wells shown on Exhibit Number Six?

5 A The only pressure data we had was an
6 initial pressure point from the well, the -- let's see,
7 what's the name of that well, the old Kaiser-Francis Burma
8 Oil & Gas Willow Lake Unit No. 1.

9 Q Excuse me, I need some help to find that
10 well.

11 A That's in Section 22, northwest quarter.

12 Q Okay. What pressures do you have?

13 A If you'll give me a moment I'll find
14 where I have that written down.

15 Okay, I believe the initial bottom hole
16 pressure measured in the Willow Lake Unit No. 1 was 8,651
17 psia on January the 15th, 1976.

18 Q Do you have any subsequent pressures for
19 that well?

20 A Another sheet of paper. Okay, let's see
21 here.

22 Kaiser-Francis Willow Lake Unit No. 1.
23 Other than the initial pressure I do have pressure points
24 here.

25 Q How many pressure points do you have?

1

2

A Well, let's see, I have one, two, three, four, five, six, seven, eight, other than the initial.

3

4

Q Have you utilized the pressure information to determine what has been the drainage area of the Kaiser-Francis Well?

5

6

7

A Let me quantify that pressure information first, okay?

8

9

Q Sure.

10

11

A That pressure information, those seven or eight points intermediate from the first, came about as a result of looking at the New Mexico Oil & Gas Annual Reports put out by the Engineering Committee of those 24-hour shut-ins and just as an example, starting in 1980, the reported bottom hole pressure, 617.2 -- excuse me, I think that's surface pressures reported. In 1987 it was 1,336, so that gives you a good idea of the quality of the information.

12

13

14

15

16

17

18

19

Q Did you have sufficient pressure information from which you could construct a decline curve for the well?

20

21

22

A A decline curve? Just a production decline curve?

23

24

A Sure, yeah.

25

Q Yes. I have the PI curves.

1 Q And you did that for the Kaiser-Francis
2 Well?

3 A Yes, I did.

4 Q Did you have --

5 A Or at least I pulled it and looked at it
6 and estimated a EUR for that well, which you can see on
7 here, estimated EUR is 53.7 BCF. The decline curve was
8 very indefinite because at the time I looked at these
9 there were portions of 1988, and I believe it went all the
10 way back to 1984 where takes were very erratic; the well
11 was shut-in for three months at a time, even, but when it
12 did produce it produced on the order of 60-70-million a
13 month, if my memory serves me correctly.

14 Q Describe for me again, Mr. Hastings, how
15 you got your cumulative recovery, estimated cumulative re-
16 covery for the Kaiser-Francis Well. What was the method
17 used?

18 A That was strictly a recount extrapola-
19 tion of the data that was there.

20 Q Did you do any material balance calcula-
21 tions for that well?

22 A For that particular well, no.

23 Q What is the source of -- well, let me
24 ask you, the initial bottom hole pressure of the 8651 is
25 for what formation?

1 A The Atoka. The Atoka A sand; the sand
2 that is completed in that -- the old Burma Oil & Gas Well.

3 Q What would we anticipate to be initial
4 virgin reservoir pressure for the Atoka formation in this
5 area?

6 A Initial virgin reservoir pressure?

7 Q Yes, sir.

8 A That 8651.

9 Q That one? The map drawn on Exhibit
10 Number Six, the geologic portion of that presentation was
11 prepared by who?

12 A It was prepared by an Enron geologist.

13 Q Do you remember his name?

14 A A gentleman by the name of Barry Zinn.

15 Q Is Mr. Zinn still employed as a geolo-
16 gist for Enron?

17 A Yes, he is.

18 Q Do you know the information or the data
19 that he utilized to prepare the display?

20 A Yes.

21 Q What are the parameters for the contour?

22 A The parameters for the contour are poro-
23 sity greater than or equal to 8 percent.

24 Q Okay. He's mapped this on the Atoka A
25 Sand, is that what --

- 1 A The Atoka A Sand. It is that sand that
2 does appear in that Willow Lake Unit No. 1.
- 3 Q So this would be a net pay isopach using
4 a porosity of 8 percent or greater?
- 5 A Correct.
- 6 Q There was no caption, that's the reason
7 I asked that.
- 8 A Oh, right. I think I mentioned that
9 earlier.
- 10 Q In picking the optimum location in the
11 south half of Section 15, what have you determined to be
12 the optimum location?
- 13 A The optimum location would be 660 off
14 the south line and 1980 off of the east line. That makes
15 it a legal unit, legal location on the south half unit, and
16 we believe that to be right there in the high part of the
17 isopach, the thick part, excuse me.
- 18 Q The HCW Well in the north half of 15 was
19 deep enough to penetrate through the Atoka A-2 sand?
- 20 A Yes, sir, it went all the way to the
21 Morrow.
- 22 Q Did it test the Atoka A-2 sand?
- 23 A I do not know. I do know that it tested
24 the Atoka. The exact sand it tested I do not know.
- 25 Q The well in the southwest of 15, what is

1 that well?

2 A That well is the old Aminoil No. 3
3 Willow Lake Unit. It was a Morrow test; plugged, P & A'd
4 in the 1986. It only produced about 696-million in the
5 Morrow. As to whether it tested the Atoka or not, I do not
6 remember.

7 Q The forced pooling application asked to
8 pool the Atoka and Strawn underlying the south half of 15.
9 What is the proposed total depth of the well?

10 A 12,000 feet.

11 Q That would be the base of the Morrow.

12 A No.

13 Q No?

14 A No.

15 Q Okay.

16 A The base of the Atoka.

17 Q All right. Do you have any displays or
18 information you're going to present on the -- on the Strawn
19 formation?

20 A No, sir, I do not.

21 Q What -- what -- why not?

22 A The only Strawn well we have up here is
23 -- that I know of, let's put it that way -- in Section 14,
24 center south half in the north -- no, excuse me, in the
25 southeast quarter, that Pogo Lightfoot Com No. 1. The only

1 information I can find, it was an Upper Strawn Lime
2 producer at 11,520 feet 526, and the New Mexico Commission
3 only reports it made like 15-million cubic feet of gas.

4 Q So the primary formation with the best
5 potential in this immediate area is this Atoka A-2 Sand.

6 A That's correct.

7 Q The AFE, Exhibit Number Five, was pre-
8 pared by what individual?

9 A It was prepared by a James Stenson and
10 cosigned by R. L. Ingle.

11 Q Is that Ingle?

12 A Ingle, I-N-G-L-E.

13 Q What does Mr. Ingle do, sir?

14 A Mr. Ingle is the Operations Manager for
15 the Midland Division. He is my immediate supervisor.

16 Q And who is Mr. Stenson?

17 A Mr. Stenson was the Drilling Superinten-
18 dent for Enron at this time, at the time this was prepared.

19 Q Who is the Drilling Superintendent now?

20 A The Drilling Superintendent now is a
21 gentleman by the name of Mike Spears.

22 Q Have you reviewed this AFE with either
23 Mr. Stenson or Mr. Spears?

24 A Yes.

25 Q The basis for the day work as shown on

1 the AFE, the 40 days and \$4100 per day, is that based upon
2 the bid from --

3 A Yes, sir, they've gone out for bids on
4 this thing.

5 Q All right, and so that process has
6 already taken place --

7 A Yes.

8 Q -- and this represents the lowest bid?

9 A I believe that it does. To the best of
10 my knowledge it does.

11 Q What's the name of the proposed drilling
12 contractor that this bid reflects?

13 A That I can't tell you. I do not remem-
14 ber. Hold on a minute. Let's back up on that. I believe,
15 and again I'm trying to do this from memory, I believe it's
16 --

17 Q Are any of the wells in this area --
18 they're of older vintage, they're 1984, apparently is the
19 last one.

20 A Yes.

21 Q In reviewing the proposed drilling and
22 completion program, is that something you did or is that
23 something the Drilling Superintendent handled?

24 A That's something the Drilling Superin-
25 tendent did. The only thing I could say about this is that

1 there is no large stimulation treatments anticipated.

2 Q Have you made an effort to try to
3 quantify the potential impact the Kaiser-Francis Well would
4 have had on the south half of Section 15 in depleting any
5 portion of the south half of 15 in the Atoka A-2 Sand?

6 A If you'll bear with me a minute I might
7 have something.

8 The answer is no, I have not. What I
9 prepared was a material balance on the field total.

10 Q Did your risk factor penalty in trying
11 to quantify the risk factor penalty, Mr. Hastings, did any
12 portion of that decision, was it based upon potential
13 drainage from the Kaiser-Francis Well?

14 A Although I have not quantified potential
15 drainage, I do believe that there has been significant
16 drainage in this field. In fact, I believe this field to
17 be a competitive reservoir. As a result, all wells are
18 draining from a common source of supply. Drainage is oc-
19 ccurring all through the field.

20 One of the, again, by stating the fact
21 that this is a pressure depletion, that we expect a lower
22 pressure here, it -- from that remark I implied that the
23 drainage is taking place.

24 Q I'm interested in some of the details
25 that got you to that conclusion.

1 What led you to that conclusion?

2 A We did a volumetric study of the isopach
3 and from the pressure data, like I said before, I had an
4 initial pressure and one pressure point from the initial
5 bottom hole pressure on the Dinero Well indicated on the
6 order of 2021 BCF recoverable reserves, I believe it was,
7 cumulative production from that standpoint was about 12
8 BCF; remaining is about 8 BCF spread amongst the wells.

9 Q What's the basis for your opinion that
10 there is a high range of potential cumulative recovery?

11 A We simply looked at this area in here in
12 Section 15 and on the basis of the assumption that it's a
13 competitive reservoir and again making the assumption that
14 drainage has taken place, we feel that there is some
15 drained -- undrained area there and a well is necessary for
16 the protection of correlative rights.

17 Q What's specific study got you to the 2
18 BCF?

19 A Volumetric calculations of that area
20 underneath Section 15.

21 Q That's the same field average study
22 you're talking about that gave you the information by which
23 then you've estimated the 2 BCF.

24 A Yes, that was strictly an estimated
25 volume in that Section 15.

1 Q What's your basis for using 700-million
2 as the low range of expectation for recovery from the well?

3 A Let me qualify that. When I say low
4 range expectation, I'm considering that an economic limit.
5 All right? I'm sorry if I implied that that was a low
6 range. It's nothing more than an economic limit.

7 Q What is the expected period of time to
8 recovery payout one time of the cost of investing money
9 for the well?

10 A I can't answer that.

11 Q Why not?

12 A Because I don't know what it is. The
13 economic limit was based upon a -- simply taking of the
14 drilling cost, dividing through by .75 to take care of
15 local taxes and expenses, and dividing that through by
16 \$1.50 per MCF, come up with approximately 750-million cubic
17 feet of gas as an economic limit.

18 Q You have not done a study, then, that
19 will give us some period of time in which we might recover
20 that amount of gas in order to pay out the well.

21 A We have run economics but I do not have
22 them with me. I do not know what that is offhand.

23 MR. KELLAHIN: Thank you, Mr.
24 Examiner.

25 MR. STOGNER: Thank you, Mr.

1 Kellahin.

2 Mr. Bruce, your witness.

3

4

CROSS EXAMINATION

5

BY MR. BRUCE:

6

Q Mr. Hastings, you said the Atoka is the
7 primary objective?

8

A Yes.

9

Q And the isopach you have here, is that
10 based on the Atoka or the Morrow?

11

A This is based upon the Atoka sand, that
12 sand that does appear in the old Willow Lake Unit No. 1.

13

Q Are you going to test the Morrow?

14

A No, sir, we are not going to the Morrow.
15 The Morrow in this area has been non-remarkable.

16

Q Mr. Hastings, looking at Kaiser-Francis
17 No. 1 Willow Lake, are you aware of any downhole problems
18 that well may have had?

19

A No, sir, I'm not.

20

Q In looking below that in what would be
21 Section 30, right below the Kaiser-Francis and the Dinero
22 wells, do you have any information on a Pogo well in the
23 north half of Section 30?

24

A Yes, I do. The portion of the isopach
25 that this -- this exhibit was shot from, as you can see,

1 this sand does extend down in that direction and we be-
2 lieve them to be in communication.

3 Q How much sand did that well have?

4 A Just a moment and I will tell you. The
5 Pogo State B-9492, excuse me, No. 1, we estimate had 11
6 feet of pay. That is porosity greater than 8 percent.

7 Q Did that well produce from the Atoka?

8 A It does produce from the Atoka.

9 Q Can you give me a cumulative production
10 figure?

11 A On the order of .8 of a BCF. Those are
12 probably as of like November; probably it's more than that.

13 Q When was that well drilled?

14 A I -- right offhand, I believe that well
15 was drilled July of 1986. I can't confirm that.

16 Q Did you have any --

17 A Have to check the scout data.

18 Q Did you have any pressure data on that?

19 A Other than what was reported on the
20 scout card, no.

21 Q And what was reported on that?

22 A I believe it was 7157.

23 Q And what was the bottom hole pressure in
24 the Dinero Well, 22 --

25 A The initial pressure in the Dinero Well,

1 Bruce.

2 Are we ready for closing
3 statements at this time, gentlemen?

4 Mr. Bruce, Mr. Kellahin,
5 either one of you may go first.

6 MR. KELLAHIN: Mr. Examiner, I
7 have no position for or against the applicant in this case
8 so I have no statement.

9 MR. STOGNER: Thank you, Mr.
10 Kellahin.

11 Mr. Bruce?

12 MR. BRUCE: I really don't
13 have any position at this time. I'll reserve that till
14 later.

15 MR. STOGNER: Thank you, Mr.
16 Bruce.

17 Mr. Hall, do you -- I assume
18 you want to waive?

19 MR. HALL: Yes, sir.

20 MR. STOGNER: Does anybody
21 else have anything further in Case Number 9686?

22 This case will be taken under
23 advisement.

24

25

(Hearing concluded.)

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

C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY CERTIFY that 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 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. 9686, heard by me on 7 June 1989.

Michael E. Stammers, Examiner
Oil Conservation Division