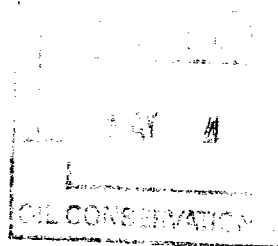


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING)
CALLED BY THE OIL CONSERVATION)
DIVISION FOR THE PURPOSE OF)
CONSIDERING:)
APPLICATION OF NAUMANN)
OIL & GAS, INC.)

CASE NO. 11,218

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 6th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, April 6th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

April 6th, 1995
Examiner Hearing
CASE NO. 11,218

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

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Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

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By: W. THOMAS KELLAHIN

FOR YATES DRILLING COMPANY:

CAMPBELL, CARR & BERGE, P.A.
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P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 2:20 p.m.:

3
4
5
6 EXAMINER CATANACH: At this time we'll call Case
7 11,218, which is the Application of Naumann Oil and Gas,
8 Inc., for compulsory pooling and an unorthodox gas well
9 location, Eddy County, New Mexico.

10 (Off the record)

11 EXAMINER CATANACH: Are there appearances in this
12 case?

13 MR. KELLAHIN: Yes, sir.

14 EXAMINER CATANACH: Who might that be?

15 MR. KELLAHIN: I'm Tom Kellahin of the Santa Fe
16 law firm of Kellahin and Kellahin, appearing on behalf of
17 the Applicants and I have two witnesses to be sworn.

18 EXAMINER CATANACH: Any additional appearances?

19 MR. CARR: My name is William F. Carr. I'm with
20 the Santa Fe law firm Campbell, Carr and Berge. I'm
21 entering an appearance on behalf of Yates Drilling Company.

22 I do not intend to call a witness.

23 EXAMINER CATANACH: Okay, will the witnesses
24 please stand to be sworn in?

25 (Thereupon, the witnesses were sworn.)

1 DAVID N. FRYE,

2 the witness herein, after having been first duly sworn upon
3 his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. KELLAHIN:

6 Q. Would you please state your name and occupation?

7 A. I'm David Frye, I'm a petroleum landman.

8 Q. On prior occasions, Mr. Frye, have you testified
9 before this agency and qualified as an expert in the field
10 of petroleum land management?

11 A. Yes, sir, I have.

12 Q. Have you and your company, Logro Corporation,
13 provided land title experience and assistance to attempting
14 to formulate on a voluntary basis a spacing unit for the
15 drilling of the proposed well that is the subject of this
16 case?

17 A. Yes, we have.

18 MR. KELLAHIN: We tender Mr. Frye as an expert
19 witness.

20 EXAMINER CATANACH: Mr. Frye is so qualified.

21 Q. (By Mr. Kellahin) Before we look at the
22 paperwork, Mr. Frye, describe for us the concept that
23 you're trying to execute on behalf of your various partners
24 and interest owners.

25 A. We're trying to form a south-half proration unit

1 for the drilling of an 11,200-foot Morrow test in Section
2 34 of 17 South, 29 East.

3 Q. As part of that work, did you determine what in
4 your opinion is the appropriate ownership within Section
5 34?

6 A. Yes, I did.

7 Q. One of the first options you considered was the
8 formation of a spacing unit for a deep gas well?

9 A. Yes.

10 Q. And what were your options?

11 A. We -- For our proposed location or the location
12 we felt we needed, we could either form a standup west-half
13 proration unit or a laydown south-half proration unit.

14 Q. What technical assistance were you receiving from
15 Mr. Young or others with regards to the location of the
16 well itself?

17 A. The location needed to be in the southwest
18 quarter of the section, approximately where we've staked it
19 for this area.

20 Q. And that proposed location was the work product
21 of technical people that have experience in making those
22 types of decisions?

23 A. That is correct.

24 Q. Once those individuals recommended to you an
25 approximate well location, what did you do in an effort to

1 formulate a spacing unit on a voluntary basis?

2 A. I attempted to -- I contacted all the owners in
3 the west half of the section, back in August of 1994, and
4 attempted to form a west-half proration unit, or -- unit.

5 Q. In terms of your efforts to form a west-half
6 spacing unit, were you able to obtain the unanimous
7 agreement of all the working interest owners?

8 A. We were not.

9 Q. What party or parties represented an interest
10 that you were unsuccessful with?

11 A. Mr. S.P. Yates -- I think he's also known as
12 Yates Drilling Company -- did not agree to the west-half
13 unit.

14 Q. All right. Your initial effort was to form a
15 west-half spacing unit?

16 A. That is correct.

17 Q. And why were you unsuccessful in that effort?

18 A. If we had been put in a position to pool Mr.
19 Yates and carry his interest, it would have been an
20 uneconomic endeavor for us.

21 Q. How large of an interest would S.P. Yates have
22 had in a west-half-oriented spacing unit?

23 A. He would have had 50 percent.

24 Q. How long a period did you negotiate with
25 representatives of Mr. Yates in order to try to obtain a

1 west-half spacing unit?

2 A. Until -- Well, from our first contact in August
3 of 1994, all the way until the first week in February of
4 1995.

5 Q. By the end of your efforts on that orientation,
6 you were at the point where Mr. Yates was unwilling to
7 participate on a voluntary basis?

8 A. That is correct.

9 Q. What would that have forced you and your partners
10 to do?

11 A. If we would have had to pool his interest and
12 carry it under a pooling order, that would have been a --
13 carried 50 percent, which would have been unacceptable.

14 Q. All right, you did not have the resources for
15 this deal to carry such a large nonconsenting interest?

16 A. That is correct.

17 Q. What then did you do?

18 A. We reoriented -- or attempted to renegotiate and
19 form a south-half unit, which would have Mr. Yates'
20 interest at just a one-eighth interest.

21 Q. Were you able to successfully achieve on a
22 voluntary basis the participation of all the interest
23 owners in a south-half spacing unit, with the exception at
24 this point of Mr. Yates?

25 A. That is correct.

1 Q. All right. Describe for us your latest -- the
2 commencement point of the latest efforts to negotiate his
3 participation with the orientation of the spacing unit now
4 as a south-half unit.

5 A. On February 10th, I sent a letter proposing a
6 south-half unit, and talked to his landman on various
7 occasions since then.

8 Q. Identify for us what's marked as Exhibit 1.

9 A. Exhibit 1 is the letter that I -- a copy of the
10 letter that I originally sent to Mr. Yates. I sent it
11 certified mail, and it includes the copy of the return
12 receipt on the back, as well as a copy of the AFE which was
13 attached.

14 Q. What are the current status of your efforts to
15 obtain voluntary approval of Mr. Yates for participation
16 under this current proposal?

17 A. I'm hopeful that we will achieve voluntary
18 agreement. They're looking at the AFE and operating
19 agreement now, and I believe we've resolved all major
20 differences on the joint operating agreement, although I
21 don't have anything signed.

22 Q. Are you at the point in the process where if you
23 delay any further obtaining a pooling order you've run the
24 risk of losing the commitment of other interest owners that
25 are currently committed to the deal?

1 A. That is correct. We have a lease expiration.

2 Q. Estimate for us the number of times you have
3 contacted or discussed this issue with representatives of
4 Mr. Yates.

5 A. Approximately 22 times since August.

6 Q. As that negotiation stands as of today, have you
7 advised Mr. Yates or his representatives that you initially
8 intend to have Naumann Oil and Gas, Inc., designated as the
9 operator?

10 A. Yes, sir, I have.

11 Q. Have you advised them of the estimated costs of
12 this well, as set forth on this AFE that you submitted on
13 February 10th, for his attention?

14 A. Yes, we have.

15 Q. Have you received any objection from him with
16 regards to the designation of the operator or as to the
17 costs of the well?

18 A. We have not.

19 Q. Have you had any objection with regards to the
20 location of the well?

21 A. No, we have not.

22 Q. Have you proposed to them overhead rates for
23 drilling and producing well rates on a monthly basis?

24 A. We have discussed and appear to have agreement on
25 a drilling well rate of \$4500 per month and a producing

1 well rate of \$450 a month.

2 Q. How do those rates compare to the *Ernst & Young*
3 tabulation of average wellbore costs for that portion of
4 New Mexico for wells at that depth?

5 A. I believe they're below the average for that
6 area.

7 Q. Are you aware of anything else that you can do at
8 this point in order to resolve the issue concerning Yates'
9 participation or commitment of their acreage for this well?

10 A. I don't believe there's anything else we can do
11 in the time frame that we have available to us.

12 Q. And while you expect and still hope for his
13 voluntary participation at this point, are you requesting
14 the Division to issue a pooling order?

15 A. Yes, I am.

16 Q. And if that order is issued under this
17 configuration, his interest would be what percentage, sir?

18 A. A one-eighth interest.

19 Q. Are there any other parties to be pooled?

20 A. No, there are not.

21 MR. KELLAHIN: That concludes my examination of
22 Mr. Frye.

23 We move the introduction of Exhibit 1.

24 EXAMINER CATANACH: Exhibit Number 1 will be
25 admitted as evidence.

EXAMINATION

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BY EXAMINER CATANACH:

Q. Mr. Frye, I missed your proposed overhead drilling rate. Was it \$4500?

A. \$4500 for the drilling well rate. Have to speak up, sorry.

Q. And \$450 for the producing rate?

A. That's correct.

Q. Okay. The only party you're pooling is Yates -- or Yates Drilling Company?

A. Mr. S.P. Yates, yes, sir.

Q. Okay, he's got a one-eighth interest in the spacing unit?

A. Yes, sir.

Q. What is Logro's relationship to Naumann Oil and Gas?

A. Logro and Naumann, we partner together on many of our trades, drilling wells as we did in the other ones I've been in front of you with recently.

I do most of the land work and some of the engineering, and Naumann Oil and Gas is a certified operator, a bonded operator in the State of New Mexico, handles the operations.

Q. The well will actually be drilled by Naumann?

A. Yes, sir.

1 Q. Has Naumann drilled some Morrow wells recently in
2 this area?

3 A. The last two wells, Morrow wells, or last well
4 that was -- Let me start over again.

5 He's been drilling Strawn wells not far from
6 here, towards the town of Carlsbad.

7 Q. Comparable depth?

8 A. Yes, sir.

9 Q. He should have a pretty good handle on drilling
10 costs?

11 A. Yes, sir.

12 Q. Okay.

13 A. We discussed those drilling costs. I think Yates
14 does not have a problem with those at all.

15 EXAMINER CATANACH: Okay, I have nothing further.

16 MR. KELLAHIN: Call at this time Joe Young.

17 JOE A. YOUNG,

18 the witness herein, after having been first duly sworn upon
19 his oath, was examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 Q. Mr. Young, would you please state your name and
23 occupation?

24 A. My name is Joe Young, and I'm a reservoir
25 engineer in Plano, Texas.

1 Q. Mr. Young, on prior occasions have you testified
2 before the Division in your capacity as a reservoir
3 engineer?

4 A. Yes, sir.

5 Q. Have you done work with regards to this
6 Application insofar as preparing, examining the AFE, and
7 also compiling and studying geologic and engineering
8 information concerning this prospect?

9 A. Yes, sir, I have.

10 MR. KELLAHIN: We tender Mr. Young as an expert
11 witness.

12 EXAMINER CATANACH: Mr. Young is so qualified.

13 Q. (By Mr. Kellahin) Let's start where we left off
14 with Mr. Frye. If you'll turn to his Exhibit Number 1 and
15 look at the second page, that represents an AFE. It's got
16 Logro's corporation name on the heading of it, but this has
17 got a signature blank that appears to have your signature
18 on it?

19 A. Yes, sir, I prepared this AFE.

20 Q. How did you go about its preparation, Mr. Young?

21 A. I consulted with a variety of companies here that
22 provide these services and solicited bids from them on the
23 various activities. I also went about collecting AFEs in
24 the area and by other people, the most recent drilling
25 that's been done in the area, and prepared it in that

1 fashion.

2 Q. It's undated, but to the best of your information
3 and knowledge, do these estimates represent current and
4 accurate charges for these different activities?

5 A. Yes, sir, they do.

6 Q. From my own experience, the AFE appears to be on
7 the low side for a deep Morrow gas well. Describe for us
8 what particular area of the Morrow you're in and why you're
9 able to AFE a well at this cost.

10 A. In this particular area, the intermediate casing
11 string, we have it AFE'd at 2900 feet. That's
12 approximately the depth that you have to run the
13 intermediate casing string, and so it's short relative to
14 the deeper wells as you move south, unless you have a much
15 lower cost.

16 Q. We're in a portion of Eddy County, New Mexico,
17 where you are shallower in achieving the Morrow than you
18 would be at other portions of Eddy County?

19 A. No, sir, not particularly.

20 Q. I misunderstood what you said then.

21 A. As far as the cost per foot for this area -- and
22 this is in line with the Morrow drilling cost per foot in
23 this area -- Morrow drilling costs are substantially
24 higher.

25 If you move further south, deeper into the Basin,

1 into those portions of the Basin in which you have to run a
2 longer intermediate string of pipe, where you have to case
3 off the Bone Springs and the Wolfcamp, you have a 9000-foot
4 string of intermediate pipe.

5 Q. And you don't have those shallower reservoirs --

6 A. You don't --

7 Q. -- to worry about in this particular area?

8 A. Correct, you do not have those pressure problems
9 to worry about.

10 Q. All right. Describe for us your location. How
11 did you go about determining what in your opinion was an
12 optimum location in Section 34 in which to attempt to
13 locate and drill this well?

14 A. Okay. May I refer to Exhibit --

15 Q. Yes, sir.

16 A. -- Number 2?

17 Exhibit Number 2 is a net isopach map on the
18 Lower Morrow formation. There are a lot of penetrations in
19 this area. There's a lot of shallow oil production. This
20 map was prepared only showing those wellbores that
21 penetrated the Morrow formation.

22 It's got the proposed location indicated on it in
23 Section 34. The proposed location is based on the Morrow
24 sand channel trend that's established by the nearest
25 producing well in -- I believe it's the C location of

1 Section 33 in the northwest.

2 Q. Describe for us the values used adjacent to each
3 of the well symbols.

4 A. Those values represent the -- The top number is
5 the gross sand thickness in the lower Morrow formation,
6 then the bottom number is the net sand thickness based on a
7 porosity cutoff.

8 Q. Within Section 34, you have an open circle, and
9 that's the approximation of your well location?

10 A. Yes, sir.

11 Q. That falls on what contour line on the map?

12 A. On the 10-foot contour line.

13 Q. Why is that of importance to you?

14 A. I believe that any movement further to the east,
15 back towards Section 35 -- The well in Section 35 was a dry
16 hole in the Morrow. Any movement back to the east would
17 greatly decrease your chances of making a commercial lower
18 Morrow well.

19 Q. Would you have a standard well location for a
20 south-half spacing unit, which would be at least 1980 from
21 the west line of the spacing unit?

22 A. No, sir, what we're requesting is closer to the
23 west line.

24 Q. And if you move to a 1980 location, you're beyond
25 or outside the 10-foot contour line of your --

1 A. Yes, sir.

2 Q. -- Morrow potential?

3 A. Yes, sir.

4 Q. And that would not be acceptable to you?

5 A. Correct.

6 Q. All right. Let's look at the cross-section
7 that's displayed on Exhibit 2. If you'll turn to Exhibit
8 3, identify and describe that for us.

9 A. Exhibit Number 3 is a cross-section showing the
10 lower Morrow interval. In Exhibit 2, the line from A to A'
11 indicates where the cross-section is drawn.

12 The well in the middle of cross-section A-A' is
13 the nearest producing well, the nearest lower Morrow
14 producing well to the proposed location. It's a well that
15 was drilled by Tenneco, the well in Section 33.

16 And on that well, the perforations are indicated
17 by the dark column in the center, and you can see to the
18 left of that where the clean sand is developed, and the
19 accompanying porosity on the right-hand side of the scale,
20 it's a neutron density log.

21 Then on either side of it, the well in Section
22 32, and the well to the east in Section 35, both of those
23 indicate an absence of the lower Morrow.

24 Q. Does it appear to you that Tenneco, when they
25 perforated this well, perforated the entire potential

1 productive thickness --

2 A. Yes, sir.

3 Q. -- of this lower Morrow interval?

4 A. Effectively, yes, sir.

5 Q. Okay. And as you move both east and west of that
6 well location to your next data point, that reservoir is
7 not present on the logs of either of those wells?

8 A. Correct. There was a completion attempted in the
9 lower Morrow, in the well in Section 35, the one that's on
10 the cross-section at A', and the reservoir-quality rock was
11 not present.

12 Q. Let's go back to Exhibit 2 now and have you
13 describe for us how you reached the judgment about the size
14 and the shape and the location of the Morrow as you
15 depicted it on Exhibit Number 2.

16 A. The Morrow channel -- The lower Morrow channel is
17 defined by the wells that have produced from it, and the
18 wells that define the border -- the wells that did not have
19 the reservoir -- or the porosity developed in the channel.

20 The wells to the north have production from the
21 lower Morrow, and those wells indicate the center of the
22 channel where the reservoir-quality rock extends from the
23 north, coming down to the south, in through the -- what
24 would be the southeastern quarter of Section 33.

25 To the south, there are no penetrations in the

1 lower Morrow to define how far the extent is.

2 Q. Based upon this work, do you have an opinion as
3 to an appropriate risk-factor penalty to assess in this
4 case?

5 A. Yes, sir.

6 Q. What is that opinion?

7 A. I believe that the 200-percent penalty --

8 Q. -- is appropriate?

9 A. Yes, sir, is appropriate.

10 Q. And what are the reasons that you believe that?

11 A. I believe that -- The proposed location is at
12 least a mile away from the nearest producing well in the
13 lower Morrow. There are dry holes present where the lower
14 Morrow has not been productive in close proximity to
15 producing wells, and there is a lack of wellbore control in
16 the direction in which -- in the direction of the proposed
17 location.

18 MR. KELLAHIN: That concludes my examination of
19 Mr. Young.

20 We move the introduction of his Exhibits 2 and 3.

21 EXAMINER CATANACH: Exhibits 2 and 3 will be
22 admitted as evidence.

23 EXAMINATION

24 BY EXAMINER CATANACH:

25 Q. Mr. Young, did you do this mapping yourself?

1 A. Yes, sir, I did.

2 Q. How did you determine the location of that 10-
3 foot contour line in Section 34?

4 A. In Section --

5 Q. Yeah.

6 A. -- in Section 34?

7 Q. Right.

8 A. Based on the trend established by the wells to
9 the north and the -- say the width of the channel that's
10 seen in the area.

11 Q. Do you know where the zero contour line may fall
12 within Section 34?

13 A. No, sir, I do not.

14 We know that the well in the southwestern portion
15 of Section 27 would define the zero contour. It was absent
16 there.

17 And we know that on a net basis it's not present
18 in Section 35.

19 And so it is basically somewhere in between the
20 last production well that we have on the western side and
21 the wells where we know it's absent.

22 Q. Are there wells that have less than ten feet of
23 net that are producing in this area?

24 A. Yes, sir, I believe there are wells that -- There
25 is a lot of the Morrow production in this area, depending

1 upon how broadly we define "area".

2 But there are wells to the east and to the west
3 that have produced from the lower Morrow, and I can't give
4 you a specific example. But yes, sir, I believe there
5 probably are wells that have made -- that have produced gas
6 from the Morrow, with thicknesses -- Are you talking about
7 like a net porosity thickness --

8 Q. Yes.

9 A. -- less than 10 feet? Yes, sir.

10 Q. There appears to be one in Section 28, in the
11 southwest quarter. Do you know if that's a Morrow
12 producer?

13 A. Yes, sir, that well was -- It was completed in
14 the Morrow. It's completed in the Morrow and in the Atoka,
15 both.

16 Q. Moving to the west, you're just trying to
17 minimize your risk at that location?

18 A. Yes, sir.

19 Q. Are you -- Who are the offset operators to this
20 location?

21 A. In Section 34, to the north, as discussed by Mr.
22 Frye, is S.P. Yates and Arco.

23 In Section 33 the -- I think Section 33, the
24 north half, it's divided in -- for the Morrow, north and
25 south half proration units, and the north half is Central

1 Resources. In the south half is Kerr-McGee, Conoco and
2 Amoco. And to the south of us in Section 3 is S.P. Yates.

3 Q. You're not aware of any party having any
4 objections to this location?

5 A. No, sir.

6 EXAMINER CATANACH: Mr. Kellahin, was notice sent
7 to all these various parties?

8 MR. KELLAHIN: I was going to recall Mr. Frye,
9 Mr. Examiner, to authenticate the Notice, but Exhibit 4 is
10 my certificate of notification.

11 In addition, there was a Federal Express package
12 sent to S.P. Yates and to Yates Drilling Corporation of
13 this Application.

14 The only correspondence I received from any of
15 those parties notified was by Louis Dreyfus, and Louis
16 Dreyfus and Naumann have executed mutual waivers with
17 regards to the location.

18 I believe the Dreyfus interest is located down in
19 Section 4, if I'm not mistaken.

20 EXAMINER CATANACH: Dreyfus, Section 4?

21 MR. KELLAHIN: Isn't that right?

22 MR. FRYE: That's correct.

23 EXAMINER CATANACH: There are a couple more
24 parties on here. Marathon?

25 MR. KELLAHIN: Yes, sir, I was going to recall

1 Mr. Frye, and we'll have him address those issues.

2 EXAMINER CATANACH: All right, let's go ahead and
3 do that.

4 MR. KELLAHIN: All right.

5 EXAMINER CATANACH: I have no further questions
6 of Mr. Young.

7 DAVID N. FRYE (Recalled),
8 the witness herein, after having been previously duly sworn
9 upon his oath, was examined and testified as follows:

10 DIRECT EXAMINATION

11 BY MR. KELLAHIN:

12 Q. Mr. Frye, I've handed you a copy of Exhibit 4,
13 which is my certificate of mailing. That is a two-part
14 certificate. Behind the return receipt cards is a
15 supplemental certificate with regards to S.P. Yates.

16 If you'll look through those notifications, have
17 we correctly notified all those interest owners towards
18 whom this well is being located?

19 A. Yes, sir, I believe we have.

20 Q. In addition, the only party to be pooled is S.P.
21 Yates?

22 A. That is correct.

23 Q. Would you take Exhibit Number 2, which is perhaps
24 our only reference map, and take the Examiner through where
25 these other offsetting parties have their interests?

1 A. Yes, sir, I'll be glad to.

2 The north half of Section 34, which we are not
3 crowding, is S.P. Yates and Arco, which is -- We have their
4 agreement on this -- for this well.

5 North half of 33 is Central Resources. They're
6 the operator of what used to be the Tenneco well.

7 The south half of Section 33, it would be Kerr-
8 McGee, Conoco and Amoco.

9 And the north half of Section 4 that we discussed
10 is Marathon, Louis Dreyfus, Christie Thomas [*sic*], and
11 DeKalb.

12 EXAMINATION

13 BY EXAMINER CATANACH:

14 Q. Okay, Mr. Frye, are there -- Who operates in the
15 south half of 33?

16 A. There is not currently a Morrow producer in the
17 south half of 33.

18 Q. Okay.

19 A. And then there's not one in Section 4 or in
20 Section 3 either.

21 Q. Are you aware of any objection or opposition --

22 A. No, sir --

23 Q. -- from any of these?

24 A. -- not at all.

25 EXAMINER CATANACH: Okay. What else, Mr.

1 Kellahin?

2 MR. KELLAHIN: Let me mark as Exhibit 5, Mr.
3 Examiner, the copy of the mutual waiver that Dreyfus and
4 Naumann have entered into so that it's part of the record
5 for any future reference.

6 This is a confirmation letter showing the mutual
7 waiver that I've just described, and we would request it be
8 introduced as Exhibit 5.

9 EXAMINER CATANACH: Okay, Exhibit 5 will be
10 admitted as evidence.

11 Is there anything further?

12 MR. KELLAHIN: Not in this case.

13 EXAMINER CATANACH: There being nothing further,
14 Case 11,218 will be taken under advisement.

15 (Thereupon, these proceedings were concluded at
16 2:50 p.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 11218,
heard by me on April 6 1995.
David R. Catanach, Examiner
Oil Conservation Division

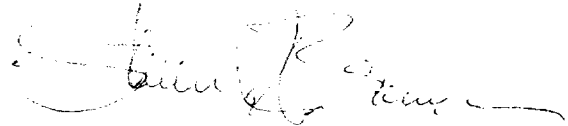
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) SS.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 17th, 1995.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998