

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date FEBRUARY 20, 1997 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Ernie Harold	Barry Zosser Corp Harold & Harold	Albuquerque
ENICK Duffee	MARION OIL CORP.	Reserve II
Mike Brown	"	"
William J. Jan	Dunham, Jan, Fong & Jan	Santa Fe
David Bledsoe	Bass Enterprises	Midland
Greg A. Williams	"	Ford Worth
W. J. Gillikin	Kellin & Gillikin	Santa Fe
Bill Simmer	KCS Medallion	Midland
John Thomas	PENWELL ENERGY INC	MIDLAND.
Mark Wheeler	" " "	"
Rick Deffenbaugh	KCS Medallion Res. Inc.	Tulsa
Jim Duce		SF
Wayne Bailey	Bass Enterprises	F. Worth
Terry Payne	"	Austin, TX

I N D E X

February 20th, 1997
 Examiner Hearing
 CASE NO. 11,725

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A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
Suite 1 - 110 N. Guadalupe
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3 EXAMINER CATANACH: All right, at this time we'll
4 call Case 11,725.

5 MR. CARROLL: Application of Manzano Oil
6 Corporation for compulsory pooling and an unorthodox oil
7 well location, Lea County, New Mexico.

8 EXAMINER CATANACH: Call for appearances.

9 MR. CARR: May it please the Examiner, my name is
10 William F. Carr with the Santa Fe law firm Campbell, Carr,
11 Berge and Sheridan. We represent Manzano Oil Corporation,
12 and I have two witnesses.

13 EXAMINER CATANACH: Call for additional
14 appearances.

15 There being none, will the witnesses please stand
16 to be sworn in?

17 (Thereupon, the witnesses were sworn.)

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

21 DIRECT EXAMINATION

22 BY MR. CARR:

23 Q. Would you state your name for the record, please?

24 A. Yes, my name is Enick Diffee. Let me help you
25 with the spelling of that, please. The first name is

1 Enick, spelled E-n-i-c-k. Last name Diffie, D-i-f-f-e-e.

2 Q. And where do you reside?

3 A. Roswell, New Mexico.

4 Q. By whom are you employed?

5 A. I'm an independent petroleum landman, and I work
6 for Manzano Oil Corporation on a contract basis.

7 Q. Have you previously testified before this
8 Division?

9 A. No, I have not.

10 Q. Could you summarize your educational background
11 for Mr. Catanach?

12 A. Yes, I have a bachelor's in business
13 administration. I am a certified professional landman.
14 Again, that requires ongoing educational seminars to,
15 again, maintain my certification, and for recertification
16 purposes.

17 Q. How long have you been a certified petroleum
18 landman?

19 A. Sixteen years.

20 Q. Does your work involve properties in southeastern
21 New Mexico?

22 A. Yes, it does.

23 Q. Are you familiar with the Application filed in
24 this case on behalf of Manzano Oil Corporation?

25 A. Yes, I am.

1 Q. And are you familiar with the status of the lands
2 in the subject area?

3 A. Yes.

4 MR. CARR: We tender Mr. Diffie as an expert
5 witness in petroleum land matters.

6 EXAMINER CATANACH: He is so qualified.

7 Q. (By Mr. Carr) Mr. Diffie, could you briefly
8 summarize what Manzano Oil Corporation seeks with this
9 Application?

10 A. Yes, we are seeking pooling from the surface to
11 the base of the Strawn formation, underlying the spacing
12 and proration units in Section 2 of Township 16 South,
13 Range 36 East, and as to the south half of the southeast
14 quarter of Section 2 for all formations spaced on 80-acre
15 spacing, which --

16 Q. What are the 80-acre spaced pools in this area?

17 A. That would include the Undesignated North
18 Lovington-Wolfcamp Pool and also the Undesignated Northeast
19 Lovington-Pennsylvanian Pool.

20 Q. If you drill a well in a formation that's
21 developed on 40 acres, what acreage would be dedicated
22 there?

23 A. That would be the southeast quarter of the
24 southeast quarter.

25 Q. Ad what is the name of the well you propose to

1 drill?

2 A. The "SV" Killerbee Number 1.

3 Q. And where will it be located?

4 A. It will be at an unorthodox location 487 feet
5 from the south line and 1270 feet from the east line, being
6 Unit O of Section 2.

7 Q. Have you prepared exhibits for presentation here
8 today?

9 A. Yes, we have

10 Q. Would you refer to what has been marked for
11 identification as Manzano Exhibit Number 1, identify that
12 and review it for the Examiner?

13 A. What you have before you is just simply a mineral
14 ownership plat, prepared by Midland Map Company, and
15 highlighted would be the proposed proration unit, being 80
16 acres, the south half, southeast, of Section 2. And also
17 indicated on the map is the proposed well location.

18 Q. This well is unorthodox by being too close to the
19 south line; is that right?

20 A. That's correct.

21 Q. And who is the offsetting operator to the south?

22 A. Manzano Oil Corporation.

23 Q. What is the status of the land in the spacing
24 unit?

25 A. It's fee acreage.

1 Q. And what is the primary objective in this
2 proposed well?

3 A. It would be the Strawn formation, at
4 approximately 11,800 feet.

5 Q. Let's go to what has been marked as Manzano
6 Exhibit Number 2. Would you identify this, please?

7 A. Yes, we have a mineral leasehold takeoff covering
8 the south half, southeast, of Section 2. We've made
9 notice, or just a note, on the leasehold takeoff that the
10 subject lands are within the Schenck-Lovington subdivision.

11 Q. And of the 80 acres, what percentage of the
12 acreage has been committed to the spacing unit voluntarily?

13 A. Voluntarily, 90.05 percent.

14 Q. And of the other 9.95 percent, are you still
15 working with some of those interest owners?

16 A. It's an ongoing process. Yes, we are.

17 Q. Let's go to the second page of that exhibit, and
18 could you just identify what the pages immediately behind
19 the cover sheet show?

20 A. Yes, again we begin with just various owners. As
21 you can see, Manzano Oil Corporation has a substantial
22 leasehold in this 80-acre tract of land, and again, there
23 are a number of individuals that we have identified and
24 have had some contact with, but we presently do not have an
25 oil and gas lease from.

1 Q. And the last page of this exhibit, what is that?

2 A. If you're referring to the plat being the
3 Schenck-Lovington addition, this again was just something
4 that we felt would assist you in better understanding our
5 land position.

6 Again, in 19 and 30 this 80-acre tract of land
7 was subdivided into town lots, and as you can see, there
8 are a number of lots which total 768 town lots, most of
9 these lots being approximately 25 feet by 135 feet.

10 Q. And this was done when?

11 A. In 19 and 30 is when it was subdivided, and the
12 minerals were retained by various owners.

13 Q. Okay, and so your job has been to go out and try
14 and try and voluntarily find the heirs of these people and
15 get this all voluntarily committed?

16 A. That's correct.

17 Q. And who's going to actually be subject to pooling
18 in this case? Everyone -- all the interests shown as
19 currently unleased on Exhibit 2?

20 A. That's correct.

21 Q. If you get other interest owners voluntarily
22 committed to the well, will you advise the Division of that
23 fact so they're not subject to pooling?

24 A. Yes, we will.

25 Q. Generally, what efforts have you made to locate

1 these -- Have you been unable to locate some of these
2 owners?

3 A. In some cases we have.

4 Q. And what efforts have you made to locate all
5 individuals in this 80-acre tract?

6 A. Well, of course we first of all relied upon all
7 of the records contained within Lea County, New Mexico,
8 being both in the county records and as well as within the
9 district court office. We've made inquiries through just
10 the tax assessor's office in Lea County, depending greatly
11 upon the tax roles. We've contacted people within the town
12 site of Lovington. We've tried to locate probate files.
13 We feel like we've done a very extensive search as to the
14 records to be able to identify and then also locate these
15 people.

16 Q. How many owners, approximately, still would be
17 subject to pooling?

18 A. Thirty-two.

19 Q. And have you located some of those individuals?

20 A. Yes, we have. Out of the 32 individuals that are
21 presently unleased, we have negotiated verbal trades to
22 acquire leases from 19 of those 32 individuals.

23 Q. Can you identify for me what has been marked as
24 Manzano Exhibit Number 3?

25 A. Yes, this is the authority for expenditure.

1 Q. Would you review the totals shown on that
2 exhibit?

3 A. Yes, the dryhole costs would be at \$481,500.
4 Completion costs were \$253,600, for a total cost of
5 \$735,100.

6 A. And are these costs in line with what's been
7 charged by other operators for similar wells in the area?

8 A. Yes, they are.

9 Q. Mr. Duffee, let's go to what has been marked
10 Exhibit Number 4. Would you advise Mr. Catanach when you
11 first proposed this well to the owners you could locate?

12 A. Yes, we have just an example of letters that we
13 mailed, dated March the 28th of 1996. This one particular
14 letter is the exhibit -- is again referencing Mr. and Mrs.
15 Robert S. Leonard. Again, this is just representative of
16 the letter that we have sent to them.

17 In this letter we explain very thoroughly what we
18 were attempting to do as to acquiring oil and gas leases on
19 the numerous town lots. And also, at the same time, we
20 extended an offer to acquire an oil and gas lease.

21 Q. And have you made a good-faith effort to identify
22 and obtain the voluntary participation of the owners of all
23 768 town lots in this tract?

24 A. We feel that we have.

25 Q. What have you offered these people?

1 A. We've offered them either an opportunity to
2 participate in the drilling of a well or to lease their
3 mineral interests to us.

4 Q. Is Exhibit Number 5 a copy of an affidavit
5 confirming that notice of today's hearing has been provided
6 to those owners subject to a pooling required by OCD rules?

7 A. Yes.

8 Q. Has Manzano made an estimate of the overhead and
9 administrative costs to be incurred while drilling this
10 well and also producing it, if it is successful?

11 A. Yes, they have. For a drilling rate it would be
12 \$5000 per month and \$500 per month for producing rates.

13 Q. And what is the basis of these figures?

14 A. Obtained from the Ernst and Young survey.

15 Q. Are these the same figures that were approved by
16 an order of this Division on the 17th of this month for the
17 Chipshot Number 1 well?

18 A. Yes, they are.

19 Q. And that's a well in the offsetting section?

20 A. Correct.

21 Q. Do you recommend that these figures be
22 incorporated into the order that results from today's
23 hearing?

24 A. Yes, we do.

25 Q. Does Manzano seek to be designated operator of

1 the proposed well?

2 A. Yes.

3 Q. Were Exhibits 1 through 5 either prepared by you
4 or compiled at your direction?

5 A. Yes, they were.

6 MR. CARR: At this time, Mr. Catanach, we would
7 move the admission into evidence of Manzano Oil Corporation
8 Exhibits 1 through 5.

9 EXAMINER CATANACH: Exhibits 1 through 5 will be
10 admitted as evidence.

11 MR. CARR: And that concludes my direct
12 examination of Mr. Diffiee.

13 EXAMINATION

14 BY EXAMINER CATANACH:

15 Q. Mr. Diffiee, you said that you've got 32 unleased
16 owners; is that correct?

17 A. That's correct.

18 Q. At this point?

19 A. Yes.

20 Q. And these are listed on your Exhibit Number 2 --

21 A. Yes, they are.

22 Q. -- as unleased? Okay.

23 Out of those unleased owners, you say that you
24 verbally -- you got a verbal commitment from 19?

25 A. We have verbal trades with 19. Those oil and gas

1 leases have been mailed out to them, they've been mailed
2 out within the last two to three weeks. We continued to
3 stay in close contact with those individuals, answering
4 questions that they might have when they phone us.

5 We anticipate those leases coming in over the
6 next several days, or even a few weeks.

7 Q. Can you identify for me the interest owners that
8 were not locatable?

9 A. Let me refer to my file just one second so I can
10 be exact for you.

11 Okay, on page 2 we'd begin with Joseph and Allan
12 Day. Again on page 2, Russell A. Braun. Also page 2,
13 Beverly Powers, et al.

14 Then on page 3, Louise M. -- the spelling of the
15 last name is A-u-g-e-r-e-a-u. The estate of E.D. Baring-
16 Gould, again trying to locate their heirs.

17 Page 4 would be Lucy P. Mitchell. Also on page
18 4, Church of Four Square Gospel. Lloyd B. Hill. Also on
19 page 4, the estates of Charles and Hilda St. Martin. Page
20 4, Charles Aniser, spelled A-n-i-s-e-r.

21 And I believe that's it.

22 Q. And these are the last known addresses for these
23 people?

24 A. Yes, they are. They were obtained from the most
25 current listing of the Lea County tax rolls. These

1 individuals also own the surface of these town lots, and so
2 again we've relied upon the tax rolls in Lea County as to
3 the last known address, of which the Lea County Assessor's
4 Office sends their tax notices to these addresses.

5 Q. So you've accounted for 100 percent of the
6 interest owners within the --

7 A. Yes, we have.

8 Q. -- proration unit? Okay.

9 Mr. Duffee, who is Omni Oil Properties?

10 A. Omni Oil Properties as a sole proprietorship, and
11 I'm the sole owner.

12 Q. And you're just employed by Manzano to do --

13 A. On a contract basis, yes.

14 Q. Okay. These well costs are in line with wells
15 that Manzano has recently drilled in this area?

16 A. That's correct, they've drilled two wells just
17 within the last year.

18 EXAMINER CATANACH: Okay. I have nothing further
19 of this witness.

20 Mr. Carr, we did notice there is a mistake in the
21 advertisement of this case. The 40-acre unit sought to be
22 pooled by the advertisement says the southwest of the
23 southeast. It's actually southeast southeast.

24 MR. CARR: Right.

25 THE WITNESS: That's correct.

1 EXAMINER CATANACH: We're probably going to have
2 to readvertise the case for the 20th of March, continue and
3 readvertise it to correct that mistake.

4 MR. CARR: Okay.

5 THE WITNESS: Thank you for your time.

6 EXAMINER CATANACH: Thank you.

7 MR. CARR: At this time we would call Mike Brown.

8 MIKE BROWN,

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

11 DIRECT EXAMINATION

12 BY MR. CARR:

13 Q. Would you state your name for the record, please?

14 A. Mike Brown.

15 Q. Where do you reside?

16 A. Roswell, New Mexico.

17 Q. By whom are you employed?

18 A. I'm employed by Manzano Oil Corporation.

19 Q. Mr. Brown, what is your current position with
20 Manzano?

21 A. I'm a geologist.

22 Q. Have you previously testified before this
23 Division?

24 A. Yes, I have.

25 Q. At the time of that testimony, were your

1 credentials as an expert in petroleum geology accepted and
2 made a matter of record?

3 A. They were.

4 Q. Are you familiar with the Application filed in
5 this case on behalf of Manzano Oil Corporation?

6 A. I am.

7 Q. Have you made a geological study of the subject
8 area?

9 A. Yes, I have.

10 Q. Are you prepared to review the results of that
11 work with the Examiner here today?

12 A. Yes, I am.

13 MR. CARR: Are the witness's qualifications
14 acceptable?

15 EXAMINER CATANACH: They are.

16 Q. (By Mr. Carr) Mr. Brown, have you prepared
17 exhibits for presentation here?

18 A. I have.

19 Q. Let's go to what has been marked Manzano Exhibit
20 Number 6. I'd ask you to identify this and review it for
21 Mr. Catanach.

22 A. This is a land plat of the Lovington area, in
23 particular, Township 16 South, R 36 East.

24 What I've shown on this exhibit in the
25 fluorescent orange dot is the location of the Manzano Oil

1 "SV" Killerbee Number 1, located 487 feet from the south
2 line and 1270 feet from the east line. I've shown in red
3 the approximate locations of regular locations within the
4 80-acre proration unit that I'm showing in fluorescent
5 orange -- or fluorescent yellow.

6 I've also located the proration units and
7 locations of the other Manzano wells that have been drilled
8 in the past year, the Chipshot Number 1 and the Double
9 Eagle Number 1, and also the location of the Chipshot
10 Number 2, which is currently drilling.

11 Q. And this shows the trace for the two seismic
12 sections or lines that you're going to show?

13 A. Yes, I'm going to show two seismic lines, A-A',
14 which is an east-west seismic line that runs through the
15 Killerbee location, and then I'll show the B-B' which runs
16 through the two regular locations and also the proposed
17 location.

18 Q. All right, let's go to Exhibit Number 7, your
19 seismic line A-A'. Would you review that for Mr. Catanach?

20 A. Yes, this is a west-to-east seismic line that
21 runs through our proposed location, which I've shown in
22 red. I've shown the regular location, which is projected
23 onto this line. It would be to the north about, you know,
24 30 feet, but would essentially be projected into this spot,
25 and it's shown in light blue.

1 I've noted the Strawn peak horizon with the
2 symbol "STN", and I've noted our amplitude anomaly that
3 we're chasing in the fluorescent yellow.

4 If you'll look at the Killerbee location, we have
5 the classic signature for a Strawn porosity mound; we have
6 a two-peak signature.

7 As you move to the east, into the regular
8 location, you'll see that it's a tight -- it's shown as
9 tight Strawn. A big complication here, that we haven't had
10 in past wells, is that we have a deep-seated fault, that's
11 actually a Devonian fault that runs through the Strawn, and
12 you see it cuts the Strawn, just west of a regular
13 location, or just due east of the proposed location.

14 Q. Let's go to B-B.

15 A. B-B' is essentially a west-to-east cross-section.
16 It runs through the two regular locations that could be
17 proposed on this 80-acre tract and also the proposed
18 location. Once again, I've shown the proposed location in
19 red, and showing the nice Strawn amplitude feature.

20 The regular location to the east is on the wrong
21 side of the fault. And it also shows to be tight and
22 unproductive.

23 As we move west, towards the western regular
24 location, it's quite obvious that we move downstructure
25 considerably. So we feel very strongly that the proposed

1 location is as far east as we can go and be comfortable.
2 We're less than 300 feet from the projected fault, and to
3 move west into the other 40-acre tract we'd be losing
4 structure.

5 Q. So this is the best possible location in the
6 Strawn on this spacing unit?

7 A. Yes, it is.

8 Q. All right. Let's go to your next exhibit,
9 Exhibit Number 9, your isopach, and have you review that
10 for Mr. Catanach.

11 A. Exhibit 9 is the map view of the 3-D survey that
12 we took, but I've shown the outline of the amplitude
13 anomaly with a light blue. The best part of the amplitude
14 anomaly is shown in green. And then I've shown the fault,
15 essentially how it runs through this 80-acre tract, in red.

16 Now, as you see, the proposed location is very
17 close to the fault, and it's as far east as we can get and
18 stay within the best part of the Strawn. The regular
19 location to the east is on the wrong side of the fault.
20 The western location, as we noted before, has -- would
21 probably have decent Strawn development but will be
22 downstructure.

23 Q. Are you prepared to make a recommendation to the
24 Examiner concerning the risk associated with the drilling
25 of this well?

1 A. Yes, I am.

2 Q. And what do you recommend?

3 A. I recommend the 200-percent penalty.

4 Q. And what do you base that on?

5 A. This Strawn feature here are very -- they're very
6 small, and they're very difficult from a stratigraphic
7 standpoint. There's extreme stratigraphic risk.

8 And then here, this location, we also have a
9 major structural risk, not only with the fault, but also we
10 are regionally structurally low to some wet Strawn wells.
11 Each individual pod will have its own oil/water contact,
12 and until we put a well, we really don't know what the
13 fluids will be in this particular pod.

14 Q. In your opinion, could you drill a well at this
15 location that would not be a commercial success?

16 A. Yes, I do.

17 Q. Do you believe that drilling a drill at the
18 proposed location to test the Strawn is, however, in the
19 best interests of conservation, the prevention of waste and
20 the protection of correlative rights?

21 A. Yes, I do.

22 Q. Were Exhibits 6, 7, 8 and 9 prepared by you?

23 A. Yes, they were.

24 MR. CARR: At this time, Mr. Catanach, we would
25 move the admission into evidence of Exhibits 6, 7, 8 and 9.

1 EXAMINER CATANACH: Exhibits 6, 7, 8 and 9 will
2 be admitted as evidence.

3 MR. CARR: An that concludes my direct
4 examination of Mr. Brown.

5 EXAMINATION

6 BY EXAMINER CATANACH:

7 Q. Mr. Brown, the concern about drilling
8 downstructure is the oil-water contact?

9 A. Yes, it would be. We found in our Chipshot 1 an
10 oil-water contact in the Strawn, and the Killerbee will be
11 downstructure of that. But the Strawn, each of the pods
12 have their own contact, and we don't know what it's going
13 to be here. But you definitely want to drill on your
14 highest possible spot.

15 Q. You don't have a well drilled into this producing
16 pod as of yet?

17 A. No, we do not.

18 Q. Have you guys used seismic data in this area
19 before?

20 A. Yes, this -- All the wells we've drilled in the
21 last year have been based on a 3-D survey, 7-1/2-mile
22 survey that we shot.

23 Q. Do you feel like you guys can interpret that data
24 well enough to drill these things?

25 A. We feel like we're gaining sufficient knowledge

1 from it to predict fairly well what we're going to find.

2 Q. Is that a dry hole in the northwest of Section
3 11?

4 A. Yes, it is. That well was drilled -- I'm not
5 sure of the exact date; it's been about four years ago --
6 based on 2-D data, and that was a Wolfcamp penetration. We
7 didn't get to the Strawn.

8 Q. What about the well offsetting it to the east in
9 Section 1? Was that a Strawn test?

10 A. Yes, sir, it was. It was tight and unproductive.

11 Q. That was targeted for this pod?

12 A. They were seeing something. You see sideswipe on
13 2-D data. They may have been seeing this pod. There's
14 another pod to the east. There's a productive well in the
15 southeast corner of 1, and that's in a Strawn pod that may
16 extend westward a little bit that they might have seen.

17 Q. I believe that it was testified -- Does Manzano
18 own the acreage to the south in Section 11?

19 A. Yes, we do.

20 Q. Okay. In the northeast quarter?

21 A. The northeast quarter, yes, sir.

22 Q. Okay. The interest in this 80-acre unit is
23 undivided, it's all -- Is that your understanding?

24 MR. DIFREE: No, the only undivided interest that
25 we have in this 80 acres is Wiser Oil Company, which we

1 have under lease, has an undivided one-fourth mineral
2 interest, the lands themselves, as to the remaining three-
3 quarter mineral interest, is subject to the various
4 conveyances as to the 768 town lots.

5 So you have Wiser Oil Company with a quarter
6 under the entire 80-acres, and then those other individuals
7 that we have on our leasehold takeoff, they all own a
8 three-quarter mineral interest under those various town
9 lots. Each town lot has a separate chain of title.

10 Q. (By Examiner Catanach) Mr. Brown, what are the
11 prospects of making a completion in something other than
12 the Wolfcamp and Strawn, uphole from there?

13 A. We haven't seen anything in the other wells.

14 Q. It's really not likely that you might have a 40-
15 acre unit in there anyway?

16 A. No, as far as I know, there's no wells in this
17 general area that have anything other than Strawn and
18 Wolfcamp -- or Atoka, which would be on a bigger spacing.

19 MR. CARR: Mr. Catanach, instead of delaying the
20 order, we would prefer to dismiss the portion of the case
21 relating to a 40-acre spacing unit. And that would, I
22 believe, eliminate the problem with the legal
23 advertisement, so we can proceed with this matter today.

24 I understand they do need to drill the well
25 sometime during the second half of March, and that will

1 alleviate that problem as well. And since there are really
2 no 40-acre prospects out here, we would prefer to dismiss
3 the 40-acre portion of the case.

4 EXAMINER CATANACH: Mr. Carr, have you examined
5 Division records and are you satisfied that this well is,
6 in fact, within a mile --

7 MR. CARR: Yes.

8 EXAMINER CATANACH: -- both of the Strawn and
9 Wolfcamp 80-acre pool?

10 MR. CARR: Yes, yes, the ones that are
11 identified.

12 EXAMINER CATANACH: Okay.

13 MR. CARR: As you know, we've had that problem
14 before, and we have checked that problem.

15 EXAMINER CATANACH: Okay, that's fine. If that's
16 what you guys want to do, we'll go ahead and dismiss the
17 40-acre portion of the case.

18 Is there anything further?

19 MR. CARR: Nothing further.

20 EXAMINER CATANACH: All right, there being
21 nothing further, Case Number 11,725 will be taken under
22 advisement.

23 (Thereupon, these proceedings were concluded at
24 8:54 a.m.)

25 * * *

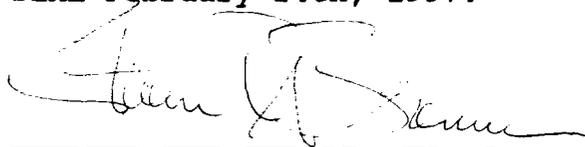
CERTIFICATE OF REPORTER

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.

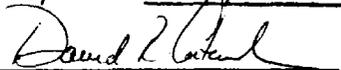
WITNESS MY HAND AND SEAL February 24th, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1178, heard by me on February 20, 1997.

 , Examiner
 Oil Conservation Division