

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10434

5
6 IN THE MATTER OF:7
8 The Application of Hal J. Rasmussen
9 Operating, Inc., for Pool
10 Reclassification and Special Pool
11 Rules, Lea County, New Mexico.

12 BEFORE:

13 DAVID R. CATANACH
14 Hearing Examiner
15 State Land Office Building
16 February 6, 1992

17 REPORTED BY:

18 CARLA DIANE RODRIGUEZ
19 Certified Shorthand Reporter
20 for the State of New Mexico
21
22
23
24
25**ORIGINAL**

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.C.

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

BY: WILLIAM F. CARR, ESQ.

I N D E X

	Page Number
Appearances	2
WITNESSES FOR THE APPLICANT:	
1. HAL J. RASMUSSEN	
Examination by Mr. Carr	4
Examination by Mr. Catanach	20, 30
Examination by Mr. Stovall	28
Certificate of Reporter	32

E X H I B I T S

	Page Marked
Exhibit No. 1	8
Exhibit No. 2	11
Exhibit No. 3	11
Exhibit No. 4	15
Exhibit No. 5	19
Exhibit No. 6	19

1 EXAMINER CATANACH: At this time we'll
2 call Case 10434.

3 MR. STOVALL: Application of Hal J.
4 Rasmussen Operating, Inc., for pool
5 reclassification and special pool rules, Lea
6 County, New Mexico.

7 EXAMINER CATANACH: Are there
8 appearances in this case?

9 MR. CARR: May it please the Examiner,
10 my name is William F. Carr with the law firm
11 Campbell, Carr, Berge & Sheridan, of Santa Fe. I
12 represent Hal J. Rasmussen Operating, Inc., and I
13 have one witness.

14 EXAMINER CATANACH: Any other
15 appearances? Will the witness please stand to be
16 sworn in.

17 HAL J. RASMUSSEN

18 Having been first duly sworn upon his oath, was
19 examined and testified as follows:

20 EXAMINATION

21 BY MR. CARR:

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

24 A. Yes. I'm Hal Rasmussen.

25 Q. Where do you reside?

1 A. In Midland, Texas.

2 Q. By whom are you employed and in what
3 capacity?

4 A. I'm self-employed. I'm the president
5 of Hal J. Rasmussen Operating, Inc.

6 Q. Have you previously testified before
7 the New Mexico Oil Conservation Division?

8 A. Yes, I have.

9 Q. At the time of that testimony, were
10 your credentials as a petroleum engineer accepted
11 and made a matter of record?

12 A. Yes, they were.

13 Q. Are you familiar with the application
14 filed in this case on behalf of Hal J. Rasmussen
15 Operating, Inc.?

16 A. Yes, I am.

17 Q. And you're familiar with the Wilson
18 Yates-Seven Rivers Pool and the surrounding area?

19 A. Uh-huh.

20 Q. What generally is your ownership in
21 this pool?

22 A. I have partners that--I operate
23 approximately 80 percent of the existing wells in
24 the field. I have partners, my biggest partner
25 being Collins & Ware.

1 Q. In terms of the area that is defined as
2 the pool, what percent of the acreage within that
3 pool do you--

4 A. The areas define the field limits,
5 approximately 50 percent.

6 Q. In terms of existing wells in the pool,
7 what is your ownership?

8 A. In terms of the existing wells that
9 have produced in the field, approximately 65 of
10 the 70-plus wells that have produced in this
11 field.

12 MR. CARR: Are Mr. Rasmussen's
13 qualifications acceptable?

14 EXAMINER CATANACH: They are.

15 Q. Would you briefly state what you seek
16 with this application?

17 A. Basically, we are trying to get some
18 field rules established for the Yates gas pool
19 that we feel is going to be established. We're
20 trying to get associated field rules for this
21 pool.

22 We're trying to get 160-acre spacing
23 for the gas field, 40-acre spacing proration
24 units for the oil which is already in effect.
25 We're trying to get a special gas/oil ratio

1 limitation of 10,000-to-1, which is like they
2 have in the Jalmat and Eumont field, which is not
3 far from this formation--from our field.

4 And we are trying to get special
5 provisions permitting the district office to
6 create and approve nonstandard proration units.

7 Q. Why the district office?

8 A. Well, because we, based on--wellbore
9 wise, we own 80 to 90 percent of this field. We
10 have not had any opposition, and we've been
11 working with the district level as to the best
12 way to create rules for this field. They feel
13 that that would be easier for themselves and us.

14 Q. And they have, in fact, requested that
15 you propose that these applications be approved
16 at a district level?

17 A. Yes. Mr. Sexton has asked that this be
18 done.

19 Q. And that would be easier from just an
20 operational point of view for you?

21 A. Yes, it would be.

22 Q. What rules currently govern the Wilson
23 Yates-Seven Rivers pool?

24 A. Currently there are statewide rules
25 governing this field. In August of 1952, there

1 was a rule passed that exempted this pool from
2 the gas/oil ratio test. Basically what that did
3 was establish, there's oil field rules and
4 there's no rule governing the gas.

5 Q. And this was Order No. R-199?

6 A. Yes, it was.

7 Q. Let's move to what has been marked as
8 Rasmussen Exhibit No. 1. I would ask you to
9 identify that and basically just explain what
10 that's designed to show.

11 A. Based on the State definition of the
12 Wilson field, the orange line is the limits of
13 the Wilson field. As you can see in yellow is
14 what we own and operate under this field and, I
15 think, by looking at the wells that have been
16 completed in this field, you can see where we own
17 80 to 90 percent of the actual productive wells,
18 which are formerly productive wells, too.

19 Q. Could you briefly provide Mr. Catanach
20 with a summary of the history of the development
21 of this area?

22 A. Yes. This field was discovered back in
23 the late thirties by Wilson Oil. It was
24 developed in the late thirties, early forties.
25 It's a Seven Rivers reef section with a Yates

1 section on top of it that they developed in the
2 oil itself. They produced until the late sixties
3 in the existing wellbores, and then in the late
4 sixties they went back in and started deepening
5 the wells into other reef stringers in the same
6 formation.

7 They have produced that. From that
8 point in time, there has not been much work done
9 in this field. They have produced approximately
10 nine million barrels out of this field. In 1952
11 they did get an exemption from the gas/oil test.

12 This field, the oil productive horizon
13 of this field is a strong water drive. We have
14 some wells out there that produce 5,000 barrels
15 of water and 30 barrels a day of oil, and no
16 gas.

17 When this field was developed, they
18 drilled through what I'll show in a second as the
19 Yates sand sections that were gas productive when
20 they drilled through them, but they were cased
21 off and completed down in the oil horizons.

22 The gas itself has not been developed
23 very much. It has been developed in some wells
24 and they produce pretty much oil free.

25 Q. If we look at this field we have some

1 wells that produce virtually no oil, just gas, is
2 that correct?

3 A. Yes, we do.

4 Q. What part of the formation, generally,
5 are they located in?

6 A. The upper part of the Yates.

7 Q. And in the lower portion we find wells
8 that are just basically oil wells with no gas
9 production?

10 A. Yes.

11 Q. Why are you here today seeking this
12 particular change?

13 A. Basically, at this point, there are no
14 rules governing the gas pay itself because you
15 have oil wells that produce very little gas and
16 gas wells that produce very little oil. We feel
17 that there need to be separate field rules
18 governing each.

19 Q. The way to do this is with declaring
20 the pool an associated pool?

21 A. Yes. We would like to declare an
22 associated pool in order to cover this.

23 Q. Let's go now to what has been marked as
24 Rasmussen Exhibit No. 2. I would ask you to
25 identify that for Mr. Catanach.

1 A. This is a structure map that has been
2 put together on the top of the Yates formation
3 itself.

4 Q. This is in the productive portion of
5 this field?

6 A. Yes. This is what we feel is the
7 productive limits of this field based on sample
8 logs, based on logs that we do have, and based on
9 core data of the well. It's at +88 in Section
10 14. The core data on that well indicates that it
11 is a tight formation over there.

12 Q. Basically what does this show you?

13 A. What this is really showing are what we
14 feel are the productive limits of this Yates gas
15 cap.

16 Q. On this exhibit, do you have a trace
17 for a subsequent cross-section?

18 A. Yes, I do. I have a line you can see
19 going through there, which is a cross-section
20 that will show a better definition of this field.

21 Q. Let's move to that cross-section now.
22 That's Rasmussen Exhibit No. 2?

23 A. Exhibit No. 3.

24 Q. Exhibit 3, yes. Would you review that
25 for the Examiner?

1 A. This cross-section, basically what
2 we're trying to show on this cross-section is the
3 top of the Yates formation, which is easily
4 defined by the radioactive sands.

5 The Yates formation itself consists of
6 approximately three sand bodies, and below that
7 you have the Yates-Seven Rivers transition zone
8 which is basically dolomites and limestones,
9 which is your reef section, that section being
10 the oil productive section in this field and
11 being this strong water-drive reef.

12 Q. Have you been able to determine what
13 the gas/oil contact is within this reservoir?

14 A. We have not been able to determine what
15 I feel comfortable enough to say is a gas/oil
16 contact. There is not enough data in this field
17 to support that, mainly because there has not
18 been enough work done in the Yates section
19 itself.

20 The district geologist in Hobbs
21 has--concurs with us, that you cannot define a
22 gas/oil contact.

23 Q. All right. Mr. Rasmussen, what you're
24 seeking is 160-acre spacing for gas, 40-acre
25 spacing for oil, is that correct?

1 A. Yes, we are.

2 Q. And the reason for this is that the
3 pools exhibit a wide variety of producing
4 characteristics?

5 A. Yes.

6 Q. Under existing rules you're unable to
7 simultaneously dedicate oil wells and gas wells
8 on the same spacing unit, is that right?

9 A. Yes, that is right.

10 Q. Now, the pool is developed under
11 40-acre oil well spacing outcome?

12 A. Right.

13 Q. Will 160-acre spacing, at least
14 initially you believe, be the appropriate spacing
15 for gas wells in this area?

16 A. I think initially it will be. This
17 experience is based on initial development in the
18 Eumont and the Jalmat fields.

19 Now, I don't know if, in the future, it
20 may need to be developed on tighter spacing than
21 that, approximately 80-acre spacing, because I
22 feel that this is possibly a tighter formation
23 than what we see in those other two fields.

24 Q. If these rules are adopted and you
25 ultimately need to develop on 80-acre spacing,

1 you could come back in and seek the creation of
2 nonstandards units? Would that be correct?

3 A. Yes, we could.

4 Q. Now, is production from this pool
5 prorated?

6 A. It is not prorated in the sense that
7 you have a prorated field like the Indian Basin
8 or the Jalmat or the Eumont fields. But by
9 asking to have this pool put into an associated
10 pool, there will be allowables assigned to the
11 wells and to the proration units, per say.

12 The oil allowables are already
13 established under the General Rules 505. The gas
14 allowables will be established by taking the
15 highest, the top unit allowable for the oil,
16 times the gas/oil ratio for the field, times the
17 number of acres dedicated to that well, divided
18 by the number of acres for a standard proration
19 unit.

20 Q. So this formula, which is the formula
21 in the associated pool rules--

22 A. Yes.

23 Q. --there is a way to regulate the
24 production limits based on the number of acres
25 dedicated to a well?

1 A. Yes. It will be proportionately
2 reduced by the number of acres you have.

3 Q. How exactly do you propose this
4 administrative procedure to work?

5 A. We have a proposal, if I can submit it
6 as Exhibit 4.

7 Q. All right. Would you review Exhibit
8 No. 4 for Mr. Catanach, please.

9 A. Basically, Exhibit 4 is an outline of
10 what we've put together that may help govern this
11 field as far as the nonstandard proration units.

12 Basically, what we're trying to do is
13 have the district supervisor or the Division
14 Director of the Hobbs office, have the authority
15 to approve nonstandard proration units or gas
16 units, if the following provisions are complied
17 with.

18 First, the nonstandard unit consist of
19 quarter-quarter sections or lots that are
20 contiguous. Basically, they must consist of
21 contiguous quarter-quarter sections within that
22 standard 160-acre quarter, within a normal
23 governmental quarter.

24 We suggest that applicants submit
25 written consent form waivers to all the offset

1 operators and the operators owning interest in
2 that quarter section to submit the waivers so
3 that they'll be notified. At this same time, if
4 the applicants do not object to those waivers,
5 the district supervisor will have the ability to
6 approve those on the district level.

7 Q. Basically, there would be notice to the
8 offsets?

9 A. Yes.

10 Q. They would either be asked to sign a
11 waiver, and failing to do that after a 30-day
12 period of time, the district supervisor could
13 then approve the nonstandard unit?

14 A. Yes.

15 Q. Why are you requesting a gas/oil ratio
16 of 10,000-to-1?

17 A. For several reasons. One of the
18 reasons is that just basically the oil pool is
19 oil productive and does not produce much gas.
20 The gas that would be produced out of this field,
21 we think, would be predominantly oil-free.

22 The Jalmat and the Eumont fields are
23 fields we feel are very similar to this, and they
24 have a 10,000-to-1 GOR. We're asking for the
25 10,000-to-1 GOR to enable us to assign allowables

1 to this field that will make it economically
2 feasible to develop this field.

3 This field is going to have to be
4 developed by drilling new wells, and because of
5 today's gas prices and the cost of drilling these
6 wells, we need a higher allowable in this field.

7 Q. If the application is granted with this
8 higher GOR, that's going to make it economically
9 feasible to go forward with additional
10 development in the field?

11 A. Yes.

12 Q. Without that, is it economically
13 feasible for there to be further development in
14 this area?

15 A. No, there is not. The existing gas/oil
16 ratio is 2,000-to-1. Based on that, we feel
17 we're looking at 18- to 20-month payouts by
18 producing at full allowable on these wells, and
19 we don't feel that that is, with today's
20 environment, with gas prices doing what they're
21 doing, that that's a wise investment.

22 Q. If you're able to go forward with
23 additional development, there will be recovery of
24 additional hydrocarbons, obviously, from the
25 field?

1 A. Yes. This field or this Yates gas cap
2 has basically been ignored from the very
3 beginning. From the very beginning there was,
4 obviously, no gas market out here.

5 There has been wells in here that were
6 plugged in the late seventies that were gas
7 productive, but there was not a good enough price
8 for this field. So, by establishing the GOR
9 limits that we want, I think that we can produce
10 these at rates that we can develop this field and
11 recover all the gas that is down there.

12 Q. By proving this application, therefore
13 you'll recover reserves that otherwise would not
14 be produced, and that would, therefore, prevent
15 waste?

16 A. Yes.

17 Q. In terms of ownership in the productive
18 portion of the reservoir, you virtually own all
19 of the productive area at this time in the gas
20 zone?

21 A. Yes, we do.

22 Q. And the core information you referenced
23 earlier, indicates that it's a relatively tight
24 formation?

25 A. We think so.

1 Q. Do you see any potential in this area
2 for the impairment of correlative rights?

3 A. I do not.

4 Q. Is Exhibit No. 5 an affidavit with
5 attached schedule and copies of letters, showing
6 that notice of this hearing has been provided as
7 required by OCD rules?

8 A. Yes, it is.

9 Q. Is Exhibit No. 6 copies of letters from
10 the Hobbs District Office supporting this
11 application?

12 A. Yes, it is.

13 Q. In your opinion, will approval of this
14 application be in the best interest of
15 conservation, the prevention of waste and the
16 protection of correlative rights?

17 A. Yes, I do.

18 Q. Were Exhibits 1 through 6 either
19 prepared by you or compiled under your direction?

20 A. Yes, they were.

21 MR. CARR: At this time, Mr. Catanach,
22 we move the admission of Rasmussen Exhibits 1
23 through 6.

24 EXAMINER CATANACH: Exhibits 1 through
25 6 will be admitted as evidence.

1 MR. CARR: That concludes my direct
2 examination of Mr. Rasmussen.

3 EXAMINATION

4 BY EXAMINER CATANACH:

5 Q. Mr. Rasmussen, the lower portion of the
6 Yates and a portion of the Seven Rivers, is that
7 oil productive, or is it just the Yates?

8 A. Yes, we believe so. No, the Seven
9 Rivers portion is definitely all oil productive,
10 and the lower part of the Yates, we feel, is
11 partially oil productive, too, but we've not been
12 able to establish a gas/oil contact.

13 Q. But the portion of the Yates that's oil
14 productive is the dolomite section or the
15 transition zone, you stated?

16 A. Yeah, I think it is the dolomite
17 section.

18 Q. Above that you've got, you said, three
19 distinct sands?

20 A. Uh-huh.

21 Q. Are all of these sands gas productive?

22 A. The lower sand, we're not sure if it's
23 gas productive or oil productive. The reason for
24 the majority of the wells out there that were
25 drilled on top of the structure, they set casing

1 through that third sand. By doing that, that
2 indicates to us that it was probably not
3 productive. That's what their objection was to
4 shut off the gas. But in some areas of the
5 field, they have set pipe above that and those
6 wells did not, from the records that we have, did
7 not exhibit any high gas/oil ratios.

8 Q. But you definitely know that the upper
9 two sands are gas productive?

10 A. Yes, we definitely feel that they are--

11 Q. Okay.

12 A. --based on wells that have been
13 produced and recent wells that have been
14 completed in this zone.

15 Q. Now, to develop this gas section, you
16 would drill some new wells in this field?

17 A. Yes, we would.

18 Q. And probably just perforate them in the
19 sand section of the Yates?

20 A. Yes.

21 Q. Do you have any oil wells that produce
22 at a high GOR?

23 A. No, we don't. We have, at this time,
24 we have two oil wells and they're both producing
25 out of the reef section. We have them on

1 submersible pumps and they're making 5,000
2 barrels a day of water, approximately 30 barrels
3 a day of oil, and no gas.

4 Q. Will your 10,000-to-1 GOR in any way
5 affect the oil wells in this field?

6 A. I don't think so, no.

7 Q. I believe you stated that you thought
8 the Yates sand was tight in this field?

9 A. The reason I think that it may be tight
10 is for a couple of reasons. There are gas wells
11 that have been developed out here that do not
12 exhibit high--have not exhibited high cumulative
13 gas production. When I say "high," I'm saying a
14 hundred million at the most.

15 We have core data on a well, granted
16 that it is to the northwest, which could be
17 defined as a productive limit, that shows that it
18 is tight.

19 My reason for thinking that this
20 possibly could be a tight reservoir is our
21 proximity to the Jalmat and Eumont field is that
22 we're probably 5 to 10 miles away from there, and
23 it's my opinion that if this Yates formation was
24 not tight, it would be highly productive, and
25 they would have developed this earlier in the

1 life of this field as they did in those other two
2 fields. Therefore, I think it's possible that
3 this is a much tighter reservoir than what we see
4 in these other two fields.

5 Q. You're pretty comfortable that these
6 gas wells will drain no more than 160 acres?

7 A. Yes, I'm very comfortable on that. I'm
8 not so sure they won't drain more than 80 acres.

9 Q. Okay. You discussed the possibility
10 that if they are draining, say, 80 acres, you
11 could establish nonstandard gas proration units.
12 Might it not be a better idea to review or
13 produce some of these gas wells for a while and
14 see exactly what kind of acreage they're
15 draining?

16 A. Yes, that would be the case. We would
17 have to go out and drill the wells and complete
18 the wells before we do that. There are no
19 existing wells we could do that with. There are
20 approximately four existing wells out there, two
21 of which were drilled and completed, and I
22 believe they're on the cross-section. They were
23 completed back in the early sixties and, at this
24 time, we've tried to get them going and they
25 won't even hardly produce now, and I don't think

1 they're even indicative of what we're going to
2 get out here.

3 There are two wells that were completed
4 by the previous operators when we bought it in
5 here, and there was not a gas pipeline in this
6 field when we took this over back in August. The
7 gas out here off these two wells was being used
8 to supply the gas engines on this property.
9 There was no electricity at this time; so, we
10 have no idea how much gas has been produced out
11 of those two wells and we cannot, from that, we
12 cannot judge what drainage has been in there.

13 We have subsequently put a pipeline in
14 there, and so I think we're going to have to
15 start now developing wells and drilling wells in
16 order to get the information we need to determine
17 how much they will drain.

18 Q. Would you be willing to or what would
19 you think about promulgating these rules for a
20 temporary period, and then having you come back
21 when you have more data?

22 A. We could do that. Is your
23 suggestion--are you leading to possibly making
24 these 80-acre proration units?

25 Q. I'm just saying at this point in time

1 we don't know what these gas wells are going to
2 drain, and it might be better if you went out and
3 gathered up some data and came back in in two
4 years or something to tell us what, exactly,
5 these wells are going to drain. At that time we
6 may downspace it to 80.

7 A. That could possibly--that might be the
8 way to go. At this time, there are no field
9 rules governing the gas itself, and that's what
10 we're trying to establish is some type of rules
11 that will establish the gas so that we don't get
12 in a situation-- I mean, the way the rules are
13 now, we can develop this on 40-acre spacing and
14 we would get in a situation where we get into
15 problems with correlative rights.

16 We are, at this point, just trying to
17 establish some type of rules for the gas itself,
18 also enabling us to have a gas/oil ratio that
19 enables us economically to go out and develop
20 it. At that point in time, we're not ruling out
21 having to come back in after we've determined
22 what it can drain, coming back in and maybe
23 trying to come back and change the spacing on
24 this field to do that.

25 Q. Do you think a two-year period might

1 give you enough time to come up with the data?

2 A. Yes, I think so. I guess the only
3 thing I ask, I'm not opposed to that, the only
4 thing I ask is that I have some type of rules and
5 some type of allowable that enables me to have
6 the economic assurance to go out and drill these
7 wells.

8 This is a pretty large project in the
9 sense of what it costs to do the wells, and at
10 this point we've spent a large amount of money
11 electrifying the field and filling the pipeline
12 in here just to get to the point to start
13 developing it. So that is all that I ask,
14 really.

15 Q. It's your opinion that a 2,000-to-1 GOR
16 will not be sufficient to economically develop
17 the field?

18 A. No, it is not. With today's economics,
19 with the gas prices the way they are, it's just
20 not economical for us to develop it with that
21 2,000-to-1 GOR.

22 That's why we asked for the 10,000-to-1
23 GOR because it is in effect in the Jalmat and the
24 Eumont field, and we feel that those two fields
25 would most closely resemble what we're trying to

1 do here.

2 Q. You're not asking for simultaneous
3 dedication of acreage, are you?

4 A. No, we're not. We're asking that it be
5 placed in an associated pool.

6 Q. How would you propose to define the
7 difference between an oil and a gas well in this
8 field?

9 A. I think by its GOR, gas/oil ratio.

10 Q. What would you propose? I know the
11 associated pool rules have a 30,000-to-1
12 separation.

13 A. I think that would be appropriate. I
14 feel comfortable enough to say that I think
15 they're either going to produce mostly oil and
16 gas or mostly oil.

17 Q. Okay. Is it your opinion that
18 producing the gas won't have any detrimental
19 effect on ultimate oil recovery from the pool?

20 A. Yes. Like I say, we have 80 to 90
21 percent of the wells that have produced in the
22 Wilson field, produced at one time. There are
23 approximately two wells left producing in that
24 field. This field is at its limit. The wells
25 will need to be plugged, worked over, or some

1 type of additional development needs to be done
2 to this field.

3 Q. Your request for district approval of
4 nonstandard proration units, I suppose you've
5 discussed that with Mr. Sexton down in Hobbs?

6 A. Yes, we have.

7 Q. I can't see a whole lot of
8 difference. It's just a matter of who does the
9 approving. I mean, we use the same producer in
10 Santa Fe as you've outlined here.

11 What would be the difference between us
12 doing it or Jerry doing it?

13 A. I think the main difference would be
14 that most of the paperwork we have to file in
15 this field is filed on a district level.
16 Therefore, it seems to me it would be easier just
17 to file it all with one office and have it
18 approved at one office.

19 EXAMINER CATANACH: Okay.

20 EXAMINATION

21 BY MR. STOVALL:

22 Q. Mr. Rasmussen, on your notice, you've
23 got the affidavits. I assume you sent each of
24 these. Do you know if, under this particular
25 application, it's required to be certified mail

1 or not? I don't remember offhand.

2 A. I can't answer if it's required or
3 not.

4 MR. CARR: Mr. Stovall, I have the
5 return receipts if you would like them on each of
6 those parties.

7 MR. STOVALL: We probably should get
8 them.

9 MR. CARR: I can just give them to you
10 or I could also have them marked as an exhibit,
11 Exhibit No. 7.

12 MR. STOVALL: Why don't you just make
13 them part of Exhibit 5.

14 MR. CARR: Okay. And I can deliver
15 those to you right now. I have them with me.

16 Q. (BY MR. STOVALL) Did you consult with
17 Mr. Carr before sending notice, to determine to
18 whom notice was required to be given?

19 A. Yes.

20 Q. What type of land is this? Who is the
21 royalty owner on this land?

22 A. The State.

23 Q. Did you notify the State?

24 A. Yes.

25 Q. I didn't notice that as I went through

1 here. Are there any other types of land besides
2 State land involved?

3 A. I believe it's all State land. I would
4 have to go back and look. To be honest with you,
5 I have people that prepare a lot of this stuff
6 for me, and I can't answer all the questions, but
7 I believe all the land is State.

8 From looking at the plat, I can't see
9 anything that is not State.

10 MR. STOVALL: I don't see State listed
11 on the exhibit.

12 MR. CARR: We'll check that, Mr.
13 Stovall.

14 MR. STOVALL: And confirm that. And
15 recognizing, of course, if there are other
16 royalty owners, they're entitled to notice in
17 this proceeding.

18 THE WITNESS: I'm assuming we've
19 notified them properly.

20 MR. STOVALL: I have nothing further.

21 FURTHER EXAMINATION

22 BY MR. CATANACH:

23 Q. Mr. Rasmussen, I assume that you
24 notified every operator within the pool. Did you
25 include operators within a mile of the pool?

1 MR. CARR: Yes, we did, Mr. Catanach.
2 I reviewed that with their landman, Scott Ramsey,
3 and they'll all been notified.

4 EXAMINER CATANACH: Okay. I have
5 nothing further. The witness may be excused.

6 Anything further, Mr. Carr?

7 MR. CARR: Nothing further.

8 EXAMINER CATANACH: There being nothing
9 further in this case, Case 10434 will be taken
10 under advisement.

11 Let's take a 10-minute break here.

12 (And the proceedings concluded.)

13

14

15

16

17

18

19

20

21

22

23

24

25

CERTIFICATE OF REPORTER

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

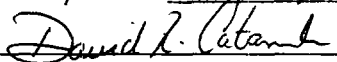
I, Carla Diane Rodriguez, Certified
Shorthand Reporter and Notary Public, HEREBY
CERTIFY that the foregoing transcript of
proceedings before the Oil Conservation Division
was reported by me; that I caused my notes to be
transcribed under my personal supervision; and
that the foregoing is a true and accurate 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 17,
1992.


CARLA DIANE RODRIGUEZ, RPR
CSR No. 4

I do hereby certify that the foregoing
a complete record of the proceedings in
the Examiner hearing of Case No. 10434
heard by me on February 6 1992.


_____, Examiner