

## 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 ANSON GAS )  
 CORPORATION )

CASE NOS. 11,023

11,024

11,025

(Consolidated)

**ORIGINAL**REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

July 21, 1994

17 1994

Santa Fe, New Mexico

This matter came on for hearing before the Oil  
 Conservation Division on Thursday, July 21, 1994, at Morgan  
 Hall, State Land Office Building, 310 Old Santa Fe Trail,  
 Santa Fe, New Mexico, before Steven T. Brenner, Certified  
 Court Reporter No. 7 for the State of New Mexico.

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## I N D E X

July 21, 1994  
 Examiner Hearing  
 CASE NOS. 11,023, 11,024 and 11,025 (Consolidated)

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## A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

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By: TANYA M. TRUJILLO

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 9:03 a.m.:

3 EXAMINER MORROW: At this time we'll call Case  
4 11,023.

5 MR. CARROLL: Application of AnSon Gas  
6 Corporation for compulsory pooling, Lea County, New Mexico.

7 MS. TRUJILLO: Mr. Examiner, if I may take a  
8 minute to --

9 EXAMINER MORROW: Sure.

10 MS. TRUJILLO: -- compile the exhibits?

11 EXAMINER MORROW: Do you all need five minutes or  
12 so? We can take a short break.

13 MS. TRUJILLO: That would be great.

14 EXAMINER MORROW: Okay, we'll take a ten-minute  
15 break at this time.

16 (Thereupon, a recess was taken at 9:07 a.m.)

17 (The following proceedings had at 9:20 a.m.)

18 EXAMINER MORROW: All right, I believe we called  
19 Case 11,023, and --

20 MS. TRUJILLO: Mr. Examiner, thank you for the  
21 brief recess.

22 EXAMINER MORROW: Okay, yes.

23 MS. TRUJILLO: My name -- Have I entered an  
24 appearance?

25 EXAMINER MORROW: Yeah --

1 MS. TRUJILLO: My name is Tanya Trujillo from the  
2 Santa Fe law firm, Campbell, Carr, Berge and Sheridan.

3 I enter an appearance today on behalf of the  
4 Applicant, AnSon Gas Corporation.

5 At this time I would move to consolidate for the  
6 purposes of this hearing Cases Number 11,023, 11,024 and  
7 11,025, and I would like to note that Case Number 11,026  
8 should be dismissed.

9 EXAMINER MORROW: All right, and each of those is  
10 described in the same way, Application of AnSon for  
11 compulsory pooling.

12 MS. TRUJILLO: That's correct. All of the cases  
13 involve acreage in the same general area, and the testimony  
14 will be almost identical on most issues.

15 EXAMINER MORROW: Are there any other  
16 appearances? Go ahead.

17 MR. CARROLL: Ms. Trujillo, this letter from  
18 Smith-Clement Exploration, does that pertain to all four  
19 cases or just the first three and not to the one that's  
20 being dismissed?

21 MS. TRUJILLO: I think it pertains to all, the  
22 three, three cases. Okay, that's correct. It pertains to  
23 all four cases, but one of them we are dismissing.

24 EXAMINER MORROW: All right. We'll consolidate  
25 those cases, 11,023, -24 and -25, for purposes of

1 testimony.

2 MS. TRUJILLO: I have two witnesses to be sworn.

3 EXAMINER MORROW: Will the witnesses please  
4 stand?

5 (Thereupon, the witnesses were sworn.)

6 MS. TRUJILLO: My first witness this morning is  
7 Mr. Charles Lundeen.

8 CHARLES E. LUNDEEN,

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 MS. TRUJILLO:

13 Q. Sir, could you please state your full name and  
14 place of residence?

15 A. My name is Charles E. Lundeen, and I'm from  
16 Oklahoma City, Oklahoma.

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

18 A. I'm land manager and division attorney for AnSon  
19 Gas Corporation in Oklahoma City.

20 Q. Have you previously testified before this  
21 Division or one of its examiners and had your credentials  
22 as a landman accepted at that time and made a matter of the  
23 record?

24 A. Yes, I have.

25 MS. TRUJILLO: Mr. Examiner, I tender this

1 witness today as a landman.

2 EXAMINER MORROW: We'll accept his  
3 qualifications.

4 Q. (By Ms. Trujillo) Are you familiar with the  
5 Application filed in this case?

6 A. Yes, I am.

7 Q. And are you familiar with the subject area?

8 A. Yes, I am.

9 Q. Mr. Lundeen, could you briefly state what AnSon  
10 seeks with these Applications?

11 A. AnSon seeks pooling of parties that we've been  
12 able to come to agreement with for the drilling of a Strawn  
13 oil well in three 40-acre units within Section 33, 16  
14 South, 38 East, Lea County.

15 Q. And there are three wells; is that correct?

16 A. That's correct, three wells that are contiguous  
17 within Section 33. We're asking to pool those formations  
18 from the surface to the base of the Strawn formation.

19 Q. Mr. Lundeen, could you refer to what has been  
20 marked as Anson Exhibit Number 1, please?

21 A. Yes, it's a map that shows the four contiguous  
22 40-acre units within the center of Section 33, 16 South, 38  
23 East.

24 I've listed the case number and the well name for  
25 each of the three 40-acre units that we're seeking a

1 pooling in.

2 Q. Okay. Could you for the Examiner go through the  
3 three respective well locations?

4 A. All locations will be 330-330 legal locations  
5 within these 40-acre units.

6 Q. And Well Number Mary "33" -- ?

7 A. Yeah, Mary "33" Number 1 will be located at a  
8 legal location in the southeast of the northwest of Section  
9 33.

10 Q. And the Lawrence Number "33" Well?

11 A. It's in the northeast of the southwest of Section  
12 33.

13 And the Arthur well is in the northwest of the  
14 southeast of Section 33.

15 Q. Okay. And you stated these were all standard  
16 locations; is that correct?

17 A. Yes, ma'am.

18 Q. Now, Mr. Lundeen, did you prepare an exhibit that  
19 shows the ownership interests?

20 A. Yes, I did. It's Exhibit Number 2, and it shows  
21 the -- all the mineral owners within the units, the acres  
22 that we have currently under lease and the percentage of  
23 that unit, and also all mineral owners that are unleased  
24 and the percentage that they own in the unit.

25 And the mineral owners that are unleased are the



1 ones that we are pooling.

2 Q. Okay. And this has been prepared for each  
3 respective well --

4 A. Yes.

5 Q. -- is that correct?

6 A. Yes, I have three separate ownership reports for  
7 each well.

8 Q. Mr. Lundeen, could you summarize the status of  
9 the acreage in Sections 33 and Section 8?

10 A. Section 8 we're dismissing, but in Section 33 we  
11 currently own in the Mary "33" well, for Case Number  
12 11,023, 89.2355 acres -- or, excuse me, percent, or 35.6942  
13 acres.

14 In the Lawrence "33" Number 1, in Case Number  
15 11,024, we own 88.6105 percent or 35.4442 leased acres.

16 And in the Arthur "33" Number 1, in Case Number  
17 11,025, we own 89.2355 percent or 35.6942 acres within that  
18 unit.

19 Q. Okay. And Mr. Lundeen, what is the primary  
20 objective of each of the proposed wells?

21 A. Strawn, Strawn oil.

22 Q. And what is the percentage of acreage that is  
23 voluntarily committed to each well?

24 A. It would be the same that we had leased. We own  
25 that 100 percent.

1           The percentages that I gave you for each unit  
2   that are under lease are owned by AnSon Gas Corporation and  
3   their internal partners, and we intend to participate with  
4   that full interest in each of these wells and any force-  
5   pooled acreage that we may acquire by parties who elect not  
6   to participate.

7           Q.   Are there certain owners who you have been unable  
8   to locate?

9           A.   Yes, ma'am, there are.

10          Q.   And what efforts have you made to find these  
11   individuals?

12          A.   The people that we can't find, last addresses  
13   were Canadian addresses, and the letters have all been  
14   returned with no forwarding addresses. We attempted to  
15   find these parties. We've run down Social Security Numbers  
16   through the computer search, the United States Computer  
17   Search, for names. We cannot find anybody.

18               We checked county records, probate records, tax  
19   and lien records, judgments, phone directories, friends and  
20   relatives, and these parties can simply not be found.

21               And we've noticed that these parties are also  
22   listed as address unknowns in many other wells within this  
23   area. Other people have attempted to find them.

24               Those people are W.C. Goffitt [phonetic], Paul  
25   Balbaud, the Imperial Trusts Company of Canada, and then

1 the third -- excuse me, the fourth address unknown is Jack  
2 M. Hawkins. He is deceased and we have named his heirs.  
3 We have no proof that he is deceased, only verbal, and so  
4 we have named him as an address unknown, but we do have his  
5 assumed heirs listed.

6 EXAMINER MORROW: Do you have that summarized  
7 somewhere, what you're saying now, or --

8 THE WITNESS: No, sir, the only thing that I have  
9 is just them listed as address unknowns under the  
10 Application, but I -- You mean as far as --

11 EXAMINER MORROW: You don't have a document that  
12 lists the address unknowns on there?

13 THE WITNESS: No, sir, just the -- My acreage  
14 breakdowns merely list their names; it doesn't say address  
15 unknown, but --

16 EXAMINER MORROW: Jack Hawkins, Imperial Trusts  
17 Company of Canada and who else?

18 THE WITNESS: Paul Balbaud and W.C. Goffitt.

19 EXAMINER MORROW: I can't find a Goffitt on  
20 there.

21 THE WITNESS: Well, he's more of a curative  
22 matter. The interest is shown in Paul Balbaud's name on  
23 the ownership report, and we had trouble ascertaining  
24 whether or not that interest is actually split between Paul  
25 Balbaud and W.C. Goffitt. We've named them both in the

1 pooling, but have shown all interest on the acreage  
2 ownership as being Paul Balbaud.

3 EXAMINER MORROW: Excuse me, go ahead.

4 MS. TRUJILLO: Thank you.

5 Q. (By Ms. Trujillo) Mr. Lundeen, in summary, how  
6 many interest owners have you identified who are subject to  
7 these pooling applications?

8 A. Approximately twelve. Twelve.

9 I would like to dismiss one party that we named  
10 as an applicant under our pooling Application. We have  
11 received a lease from that party, and it's Wood Oil  
12 Company. And I've listed them on our acreage sheet as  
13 being owned by AnSon, as being committed. We do have a  
14 signed lease agreement, and it's at the very bottom, 10  
15 acres on each of the lease summaries.

16 So we've come to agreement with them. Although  
17 we've named them as a respondent, we'd like to dismiss them  
18 and not have them subject to any order which may issue in  
19 this case.

20 Q. Okay. Now, Mr. Lundeen, who is Smith-Clement  
21 Exploration?

22 A. Yesterday I received notice -- Or the day before  
23 yesterday, I received notice from our attorney that Smith-  
24 Clement Exploration had sent in a letter. This letter was  
25 not sent to us by Smith-Clement. We were unaware that they

1 had mailed it.

2 Smith-Clement Exploration are former AnSon  
3 employees who were dismissed. They have since purchased a  
4 .25-acre interest in each of our prospects. They -- I  
5 don't know what they want to do with it. We've named them  
6 in two of the poolings.

7 Their lease was not of record in the third unit,  
8 but we did go ahead and notify them by certified mail,  
9 because they had verbally indicated that they were picking  
10 up an additional interest out here.

11 But our attorney mailed us a copy of the letter  
12 they had sent to the Commission the day before yesterday,  
13 and that's the first we had heard that they would be  
14 protesting.

15 Q. Mr. Lundeen, what do you understand their concern  
16 to be about your Application?

17 A. They -- I'd have to read the letter again. I  
18 can't really remember what it said. But basically, I think  
19 they did not want to be forced to make an election on all  
20 three units at once.

21 Q. And do you have a response to that concern?

22 A. Well, our plans are to drill our first well  
23 within the first 30 days of the order being issued.

24 These wells take approximately 21 to 23 days to  
25 drill. Any 30-day period in between the wells would give

1     them an unfair advantage, we feel. They would be getting  
2     to see each well and make an election after they were down.

3             The wells -- Having 90 days to drill after the  
4     issuance of any order would not allow us time to propose  
5     the well to them before each well was down. In other  
6     words, we feel like Smith-Clement in the manner that they  
7     came in should be afforded an opportunity to participate or  
8     go nonconsent.

9             And if they do participate and they want out of  
10    any subsequent well, we would be glad to let them out. We  
11    would not hold them to any participation factor in any  
12    subsequent well.

13            We do, however, request that they be made to make  
14    an election on all hearings because of the time period  
15    involved in drilling these wells. We'll just be moving the  
16    rig from one well to the next.

17            Q.    So basically the rig is signed up now, ready to  
18    drill three wells?

19            A.    Three wells. We will drill them one after the  
20    other if they're all successful.

21            Now, if they're not successful, it's all a moot  
22    point; we will not drill any more. And therefore any  
23    protest by Smith-Clement or any other party will be moot in  
24    that we will not drill a well.

25            Q.    In your opinion, have you made a good-faith

1 effort to locate all the individuals and obtain voluntary  
2 joinder?

3 A. Yes, I feel we have. We started leasing -- Our  
4 first leases were in February, so we started leasing in  
5 January, and we've been acquiring interest within this unit  
6 in February, March and up to the present date.

7 We've had numerous phone calls with all parties,  
8 numerous letters, and our final certified letter with a  
9 copy of the AFE proposing the well was sent -- it's Exhibit  
10 4 --

11 Q. Exhibit 4?

12 A. -- and it was sent June 28th. That was our final  
13 go at all parties before pooling these units.

14 Q. You stated an AFE was included with those  
15 letters?

16 A. Yes.

17 Q. And what has been your most recent contact?

18 A. The June 28th. Well, that was the last certified  
19 letter.

20 We've since -- My broker has been in contact with  
21 these people, seeing if we could go ahead and sign them up  
22 prior to the hearing date, and we have signed up one  
23 company, Wood Oil Company, since the time of the filing the  
24 pooling, but all other parties have indicated that they  
25 wish to be pooled.

1 Q. Now, have you determined the total expenditures  
2 for a completed well?

3 A. Yes, we have.

4 Q. And are those indicated on the AFEs?

5 A. Yes, they are.

6 Our -- We have three AFEs, one for each well.  
7 They're all identical, being that they're in such close  
8 proximity. We'll be using the same rig.

9 The dryhole cost reflected on each AFE is  
10 \$436,900, and additional completion costs of \$317,400 for a  
11 total completed well cost of \$754,300 per well.

12 Q. Are these costs in line with what has been  
13 charged by other operators in the area for similar wells?

14 A. Yes, and in fact we had recently force-pooled a  
15 well about two miles from here, and this well is just a  
16 little bit deeper, but they're in line with the costs that  
17 were formally approved by the Commission.

18 Q. I just want to go over -- You have provided as  
19 exhibits the AFEs and letters reflecting your attempts to  
20 obtain voluntary joinder, correct?

21 A. That's correct.

22 Q. Now, have you made an estimate of the overhead  
23 and administrative costs while drilling this well and while  
24 producing this well, if it is a successful well?

25 A. Yes, it would be \$6000 a month while drilling,



1 and while producing \$600 a month.

2 Q. And are these in line with the *Ernst & Young*  
3 survey --

4 A. Yes, these --

5 Q. -- figures?

6 A. Yes, my accounting department has advised that  
7 these were taken from the 1990 *Ernst & Young* survey and  
8 escalated accordingly.

9 These were also the overhead costs that we  
10 recently submitted in our pooling in May, and we have not  
11 changed since that time.

12 Q. And that Division order was issued on June 3rd,  
13 1994; is that correct?

14 A. That's correct, yes. It's Order Number R-10,126,  
15 for the northeast-northwest quarter of Section 8, 17 South,  
16 38 East.

17 Q. Also a Strawn well?

18 A. Yes, ma'am.

19 Q. Now, are these costs in line with what is being  
20 charged by operators in the area?

21 A. Yes, to our knowledge.

22 Q. Do you recommend that these figures be  
23 incorporated into any order that results from this hearing?

24 A. Yes, I do.

25 Q. And do you seek to be the designated operator of

1 the proposed well?

2 A. Yes, AnSon Gas Corporation seeks to be designated  
3 operator of the proposed well in each of these units.

4 Q. Now, are you familiar with what has been marked  
5 as Exhibits 5A, 5B and 5C?

6 A. Yes, could you refresh me what those were?

7 Q. Yes, these are affidavits signed by William F.  
8 Carr, indicating that notice has been given to Wood Oil  
9 Company, E. Lila Snow, Melinda Investment Corporation, W.  
10 Wayne Gill, Betty Hawkins McRae, Judith Hawkins Moore,  
11 Betty Hawkins, and Charla Brace Green.

12 A. Yes.

13 Q. And can you certify that these affidavits are  
14 correct?

15 A. Yes, I can.

16 MS. TRUJILLO: At this time, Mr. Examiner, I  
17 offer Exhibits 1 through 5 -- Excuse me.

18 Q. (By Ms. Trujillo) Were Exhibits 1 through 5  
19 prepared by you, Mr. Lundeen, or under your supervision?

20 A. Yes, they were.

21 MS. TRUJILLO: At this time I would offer  
22 Exhibits 1 through 5 into the record.

23 EXAMINER MORROW: 1 through 5 are admitted into  
24 the record.

25 MS. TRUJILLO: And I have no further questions

1 for Mr. Lundeen.

2 EXAMINATION

3 BY EXAMINER MORROW:

4 Q. Mr. Lundeen, on Exhibit Number 2, I had first  
5 understood that the top grouping of mineral owners in each  
6 of those exhibits, or each well, was the interest that was  
7 committed to the unit. Is that erroneous?

8 A. No, that's correct.

9 Q. Well, then, you talk about Wood Oil Company. You  
10 had already shown it as committed, and then you said -- I  
11 guess that's what confused me. You made the point that it  
12 was committed, and this list already had it included.

13 A. Well, I listed them on the pooling order as a  
14 party that was uncommitted --

15 Q. Oh, okay.

16 A. -- and since preparing this exhibit, we've made a  
17 deal with them.

18 So I've shown them as being committed, and I'm  
19 going to dismiss them.

20 Q. So this approximately 89 percent in these cases,  
21 what is --

22 A. Yes, sir, that's what we currently own.

23 Q. You indicated that if Smith-Clement committed to  
24 all three wells and then you drilled one and it was not  
25 successful enough in their eyes that they would want to

1 commit to the other two, that it would be agreeable with  
2 you for them to go nonconsent on those?

3 A. Yes, sir. We would not hold them to making a  
4 participation election at this time on all three wells.

5 If the first well -- We'd like for them to elect  
6 to participate, but they can get out of any of the other  
7 two that they want.

8 We just -- We would prefer that they not get out  
9 now and then elect to come back in if the wells are  
10 successful.

11 Q. And would that same opportunity be offered to all  
12 the participants?

13 A. Yes, sir. We would let any party who  
14 participated out of any subsequent well that was drilled,  
15 should the well not be to their satisfaction or a dry hole.  
16 We would let them go nonconsent.

17 Q. Now, did you say you escalated 1990 *Ernst & Young*  
18 costs?

19 A. My accounting department advised that the numbers  
20 they were using were 1990 *Ernst & Young* figures and that  
21 they've been escalated accordingly, and that's about all I  
22 know about it.

23 Q. Well, of course they've published since then,  
24 several times --

25 A. Okay.

1 Q. -- so you could have gotten a more recent -- I  
2 think those do exceed them.

3 A. Do they?

4 Q. As we've been told earlier this morning, those do  
5 exceed the --

6 A. I heard that in prior testimony.

7 Q. -- 1993 *Ernst & Young*, so...

8 Okay, you hadn't had any backlash on those or any  
9 -- no one's --

10 A. No, sir. And as I stated, we submitted those in  
11 our last pooling hearing also.

12 Q. And you had the same amount approved?

13 A. Yes, sir.

14 Q. R-10,126?

15 A. Yes, sir.

16 EXAMINER MORROW: Thank you, sir.

17 THE WITNESS: Thank you, sir.

18 MS. TRUJILLO: Mr. Examiner, I would like to call  
19 my second witness, Mr. Hal Hawthorne, geologist.

20 HAL W. HAWTHORNE,

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

23 DIRECT EXAMINATION

24 BY MS. TRUJILLO:

25 Q. Would you state your name and place of residence,

1 please?

2 A. My name is Hal W. Hawthorne, and I live in  
3 Edmond, Oklahoma.

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

5 A. I'm a geologist with AnSon Gas Corporation.

6 Q. Have you previously testified with this Division  
7 and had your credentials as a petroleum geologist accepted  
8 and made a record at that time?

9 A. Yes, I have.

10 Q. Made a part of the record?

11 A. Yes, I have.

12 Q. Are you familiar with the Application filed in  
13 this case?

14 A. I am.

15 Q. And are you familiar with the subject area?

16 A. Yes, I am.

17 MS. TRUJILLO: Mr. Examiner, are the witness's  
18 qualifications --

19 EXAMINER MORROW: Yes --

20 MS. TRUJILLO: -- acceptable?

21 EXAMINER MORROW: -- they're acceptable.

22 Q. (By Ms. Trujillo) Mr. Hawthorne, have you  
23 prepared an exhibit for presentation in these consolidated  
24 cases?

25 A. Yes, I have.

1           Q.    And Has AnSon drilled other Strawn wells in the  
2 immediate area?

3           A.    In the general vicinity, yes, within a couple  
4 miles.

5           Q.    Okay.  Could you move to Exhibit Number 6 and  
6 review this for the Examiner, please?

7           A.    Yes, this is a -- It is a porosity isopach based  
8 on the inference from some seismic that we have that  
9 indicates a Strawn-age algal mound to sit approximately in  
10 the center of Section 33.

11                   And, you know, this map is based on seismic data,  
12 and therefore the porosity values that I've mapped in here  
13 are inferred from a seismic interpretation.  But it shows  
14 the offsetting control.

15                   And this map exhibits one producing well from the  
16 Abo, which cum'd 1000 barrels of oil.

17                   So basically this is an area that this proved to  
18 be nonproducing from not only the Strawn but from any other  
19 formation.

20           Q.    Are you prepared to make a recommendation to the  
21 Examiner as to the risk penalty that should be assessed  
22 against any nonconsenting interest owners?

23           A.    Yes, I am.

24                   My recommendation is that we -- We're asking for  
25 the maximum 200-percent nonconsent penalty clause due to

1 the risk in this venture, what we're doing here, you know,  
2 trying to explore for algal mounds in an area that has not  
3 proved to not only have algal mounds but for the mounds to  
4 be productive, and with very little upside in any shallow  
5 zones as well.

6 Q. And it's based on those risks that you recommend  
7 200 percent, correct?

8 A. That's correct.

9 Q. And you believe that there's a chance that the  
10 wells you drill could not be a commercial success?

11 A. That is true.

12 Q. Mr. Hawthorne, in your opinion will granting this  
13 Application be in the best interests of conservation, the  
14 prevention of waste and the protection of correlative  
15 rights?

16 A. Yes, I do.

17 Q. And how soon do you plan to spud this initial  
18 well?

19 A. Within the next 30 days.

20 Q. Okay. Was Exhibit Number 6 prepared by you?

21 A. Yes, it was.

22 MS. TRUJILLO: At this time I offer Exhibit  
23 Number 6.

24 EXAMINER MORROW: Exhibit 6 is accepted into the  
25 record.



1 MS. TRUJILLO: And I have nothing further at this  
2 time for this witness.

3 EXAMINATION

4 BY EXAMINER MORROW:

5 Q. Let's see, your other production in the area, how  
6 close is it to this?

7 A. The nearest Strawn production is approximately  
8 four miles.

9 Q. Four miles away. Now, that well in Section 8, it  
10 was a -- it would be about that far away? Was it --

11 A. That well is probably about two miles, two and a  
12 half miles away.

13 Q. Two and a half miles away. Are you going to  
14 drill it -- Why did you dismiss it? Did you decide not to  
15 drill it or --

16 A. We had an unsuccessful effort there.

17 Q. Pardon?

18 A. We were unsuccessful. We drilled that well and  
19 it was unsuccessful.

20 Q. Oh, you drilled it?

21 A. We just -- We finished it here about three weeks  
22 ago.

23 Q. Well, the force-pooling case that you dismissed  
24 today --

25 A. Yes, sir.

1 Q. -- it had already been drilled?

2 A. No, sir, that was the spot we were going to move  
3 to, and --

4 Q. Oh, you drilled on it --

5 A. -- since we're not going to move to it, we --  
6 Yes, right.

7 Q. Okay. But you do have some successful wells four  
8 miles away in the Strawn?

9 A. Yes, sir. Not us, not our company, but -- This  
10 is a new area for us.

11 Q. This R-10,126, was it that unsuccessful one, the  
12 one that --

13 A. Yes, sir, I believe so.

14 Q. Okay. So your only control is just seismic --

15 A. Yes, sir.

16 Q. -- control?

17 Did you make these seismic interpretations?

18 A. Yes, sir, I did.

19 EXAMINER MORROW: Okay, thank you. Appreciate  
20 your testimony.

21 MS. TRUJILLO: Nothing further.

22 At this time I request that the case be taken  
23 under advisement.

24 EXAMINER MORROW: All right, Cases 11,023, -24,  
25 and -25 will be taken under advisement.

1 Case 11,026 will be dismissed.

2 (Thereupon, these proceedings were continued at  
3 9:50 a.m. and re-opened at 3:38 p.m.)

4 EXAMINER MORROW: Before we proceed in Case  
5 Number 11,019, I'd like to take just a minute to re-open  
6 three of the cases that were heard this morning, 11,023,  
7 -24 and -25, for a statement that Counsel would like to  
8 make.

9 MS. TRUJILLO: Thank you, Mr. Examiner.

10 I would like to re-open these consolidated cases,  
11 because the testimony of Mr. Lundeen this morning should be  
12 amended regarding Wood Oil Company.

13 Mr. Lundeen stated that he received a lease from  
14 Wood, when in fact Mr. Lundeen has received confirmation  
15 that a lease of Wood's interests will be executed. Mr.  
16 Lundeen has not actually received the lease in the mail  
17 from Wood.

18 Based on this mistake of fact, Mr. Lundeen would  
19 like to withdraw his dismissal of Wood Oil Company.

20 And I have no further additions or amendments.

21 I ask that these comments be made part of the  
22 earlier record.

23 EXAMINER MORROW: Okay, thank you, ma'am.

24 MS. TRUJILLO: Thank you very much.

25 EXAMINER MORROW: And we'll again take those

1 three cases under advisement.

2 MS. TRUJILLO: Thank you.

3 (Thereupon, these proceedings were concluded at  
4 3:40 p.m.)

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22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the Examiner hearing of Case No. 11,023,11024, +11025  
25 heard by me on July 21 19 91.  
Examiner  
Oil Conservation Division

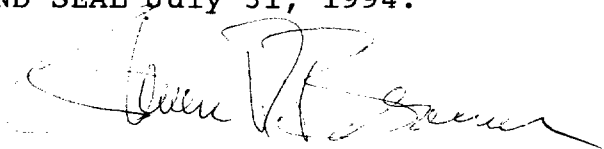
## 1 CERTIFICATE OF REPORTER

2  
3 STATE OF NEW MEXICO )  
4 ) ss.  
COUNTY OF SANTA FE )

5  
6 I, Steven T. Brenner, Certified Court Reporter  
7 and Notary Public, HEREBY CERTIFY that the foregoing  
8 transcript of proceedings before the Oil Conservation  
9 Division was reported by me; that I transcribed my notes;  
10 and that the foregoing is a true and accurate record of the  
11 proceedings.

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

16 WITNESS MY HAND AND SEAL July 31, 1994.

17   
18 STEVEN T. BRENNER  
19 CCR No. 7  
20

21 My commission expires: October 14, 1994  
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23  
24  
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