

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Meridian Oil, Case 10041
Inc., for five nonstandard
gas proration units, Rio
Arriba County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

September 5, 1990

ORIGINAL

A P P E A R A N C E S

FOR THE DIVISION: ROBERT G. STOVALL
 Attorney at Law
 Legal Counsel to the Divison
 State Land Office Building
 Santa Fe, New Mexico

1 HEARING EXAMINER: Call next case, No.
2 10,041.

3 MR. STOVALL: Application of Meridian Oil,
4 Inc., for five nonstandard gas proration units, Rio
5 Arriba County, New Mexico.

6 HEARING EXAMINER: There again, I couldn't
7 read the map. It was advertised in the wrong county.
8 It was originally heard August 8.

9 Call for appearances? There being none,
10 this case will be taken under advisement.

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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. 10041.
heard by me on 5 Sept. 1990.
Michael Stovall, Examiner
Oil Conservation Division

1 CERTIFICATE OF REPORTER

2 STATE OF NEW MEXICO)

3) ss.

4 COUNTY OF SANTA FE)

5 I, Deborah O'Bine, Certified Shorthand
6 Reporter and Notary Public, HEREBY CERTIFY that the
7 foregoing transcript of proceedings before the Oil
8 Conservation Division was reported by me; that I
9 caused my notes to be transcribed under my personal
10 supervision; and that the foregoing is a true and
11 accurate record of the proceedings.

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

16 WITNESS MY HAND AND SEAL September 14,
17 1989.

18 
19 DEBORAH O'BINE
20 CSR No. 127

21 My commission expires: August 10, 1990
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1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
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6 EXAMINER HEARING
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8 IN THE MATTER OF:
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10 Application of Meridian Oil, Inc.
11 for 11 non-standard gas proration
12 units, Rio Arriba County, New Mexico
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Case 10041
Case 10042

16 TRANSCRIPT OF PROCEEDINGS
17

18 BEFORE: MICHAEL E. STOGNER, EXAMINER
19
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21 STATE LAND OFFICE BUILDING

22 SANTA FE, NEW MEXICO

23 August 8, 1990
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ORIGINAL

A P P E A R A N C E S

FOR THE APPLICANT:

W. THOMAS KELLAHIN
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

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1 P R O C E E D I N G S

2 HEARING EXAMINER: We can move on to the next page
3 and call next case, No. 10041; is that correct?

4 MR. STOVALL: Application of Meridian Oil, Inc. for
5 five non-standard gas proration units, San Juan County, New
6 Mexico.

7 HEARING EXAMINER: Call for appearances.

8 MR. KELLAHIN: Mr. Examiner, I am Tom Kellahin of
9 Santa Fe law firm of Kellahin, Kellahin & Aubrey appearing on
10 behalf of the Applicant, and I have two witnesses to be sworn.

11 HEARING EXAMINER: Are there any other appearances
12 in this matter? Will the witnesses please stand to be sworn.

13 ALAN ALEXANDER,
14 the witness herein, after having been first duly sworn upon his
15 oath, was examined and testified as follows:

16 HEARING EXAMINER: Mr. Kellahin.

17 MR. KELLAHIN: Mr. Examiner, Case 10041 as well as
18 Case 10042 deal with the same subject matter. The non-standard
19 gas proration spacing units that result from irregular size
20 sections. And for our convenience in presenting the testimony
21 today we'd request that Case 10042 be consolidated for hearing
22 purposes.

23 HEARING EXAMINER: Are there any other appearances
24 besides the Applicant in Case 10042 which is the application of
25 Meridian Oil, Incorporated for six non-standard gas proration

1 units in San Juan County, New Mexico? There being none these
2 cases will be consolidated for purposes of testimony.

3 Mr. Kellahin.

4 MR. KELLAHIN: Thank you, Mr. Examiner.

5 EXAMINATION

6 BY MR. KELLAHIN:

7 Q. Mr. Alexander, for the record would you please state
8 your name and occupation.

9 A. Yes. My name is Alan Alexander. I am employed as a
10 senior land adviser by Meridian Oil, Inc. in their Farmington,
11 New Mexico, office.

12 Q. Have you on prior occasions testified as a petroleum
13 landman before the division, Mr. Alexander?

14 A. I have.

15 Q. Pursuant to your employment as a landman have you
16 made a study of the landman issues involved in each of these
17 two applications?

18 A. I have.

19 MR. KELLAHIN: At this time, Mr. Examiner, we tender
20 Mr. Alexander as an expert petroleum landman.

21 HEARING EXAMINER: Mr. Alexander is so qualified.

22 MR. KELLAHIN: For purposes of the presentation,
23 Mr. Examiner, we have prepared separate exhibit books for each
24 of the two cases. And I'll ask Mr. Alexander to address
25 himself first of all to Case 10041. This exhibit book is put

1 together with Exhibits 1 through 6, I believe.

2 Q. (BY MR. KELLAHIN) Mr. Alexander, let me have you
3 turn to that exhibit package and let's have you go through the
4 exhibits starting with Exhibit No. 1. Would you identify and
5 describe that for us, please.

6 A. Yes. Exhibit No. 1 is the application of Meridian
7 Oil, Inc. to establish 11 non-standard spacing units which
8 would include both cases 10041 and 10042.

9 Q. The application then was divided into two separate
10 cases, some of the wells were set in one case and others were
11 in another case?

12 A. Yes, sir, that's correct.

13 Q. Identify for us the wells that are the subject -- or
14 the spacing units that are the subject of Case 10041.

15 A. Those would be the spacing units that are described
16 and would be the third page of Exhibit 1 under the style of
17 application and would include those non-standard spacing units
18 that we were requesting that are located in Township 30 North,
19 Range 6 West, and are the first five non-standard spacing units
20 listed on that page.

21 Q. Let me have you turn to the plat, it's a fold-out
22 plat that's attached to the application behind Exhibit No. 1.
23 Do you have that, sir?

24 A. Yes, sir.

25 Q. When we look at this plat there is an area that's

1 shaded in gray on the right-hand margin of the display and then
2 there is another area with the same type of shading on the
3 left-side margin of the display. Describe for us the two
4 different areas in terms of the cases that are the subject of
5 this application.

6 A. The area that is shaded on the east side of the
7 display, which is located in Township 30 North, Range 6 West,
8 comprises those non-standard spacing units that are the subject
9 of Case 0041.

10 Q. When we look for the non-standard spacing units for
11 Case 0042 how are they shown on this display?

12 A. They are the shaded approximate half sections that
13 are located on the west side of this land plat.

14 Q. What is the basis for your request, Mr. Alexander,
15 that these non-standard proration units be approved for
16 Basin-Fruitland Coal gas wells?

17 A. The basis for your request results from the fact
18 that these sections, which are the subject of these cases, are
19 irregular, and do not contain 640 acres. Therefore particular
20 portions of those sections developed on a one-half section
21 basis would not meet the current field rules. And we would
22 need the non-standard spacing units approved therefore.

23 Q. Have you attempted to include as many non-standard
24 spacing units as possible in order to provide a comprehensive
25 solution to the irregular-sized sections that occur within

1 these two townships?

2 A. Yes, sir, that's correct.

3 Q. When we look at Case 10041, those five non-standard
4 proration units, in what county are we located?

5 A. We are located in Rio Arriba County.

6 Q. I note the bottom of this display says San Juan, but
7 it should be Rio Arriba County?

8 A. Yes, sir. I have marked through that hopefully and
9 indicated that it is Rio Arriba County.

10 Q. When we look at the wells for 10042, are those in
11 San Juan County or Rio Arriba County?

12 A. Those are also located in Rio Arriba County.

13 Q. Can you show the Examiner the county line that
14 separates San Juan County from Rio Arriba County.

15 A. Yes, sir. Basically the county runs -- the county
16 line runs north and south, and it runs between townships -- or
17 I am sorry, Ranges 7 and 8 until it gets into Township 30
18 North, Range 7 West, where it meets the lake and the San Juan
19 River, and then it follows a course northeasterly along that
20 river.

21 Q. So the western boundary of those six non-standard
22 proration units for Case 10042, that western boundary then is
23 also the western boundary of Rio Arriba County?

24 A. That is correct.

25 Q. Has Meridian used this same solution in terms of the

1 configuration of these non-standard units for any other pools
2 or any other production?

3 A. Yes, sir, we have. They are the solution for the
4 Mesa Verde and Dakota pools in this area.

5 Q. Is there any reason from your perspective to
6 continue that solution for the Basin-Fruitland Coal gas wells?

7 A. Yes, sir, there is. The proposed non-standard
8 spacing units do have producing Mesa Verde and/or Dakota wells
9 on them where we have already established a line of ownership
10 and we have division orders in existence that would -- and in
11 keeping with those spacing units we would stay with units that
12 are familiar to our partners and working interest owners in
13 this immediate area.

14 Q. Let's turn now to the information behind Exhibit
15 No. 2, in Case 10041, and have you identify and describe that
16 display.

17 A. Exhibit No. 2 is an offset operators plat which
18 shows the units we are requesting. It also indicates who would
19 be the offset operator or owner.

20 Q. Can you identify for us on that display which of the
21 spacing units currently have been drilled with Basin-Fruitland
22 Coal gas wells?

23 A. Yes. If you will notice on the plat you will see a
24 triangle-shaped symbol. As an example in Section 12 of 30
25 North, 6 West you will see a triangle symbol up in the

1 Northeast Quarter. Those are Fruitland Coal symbols. You will
2 also see a symbol in Section 13, and a symbol in Section 36
3 indicating that coal wells have been drilled in those sections
4 also.

5 Q. What was the basis for drilling the wells before the
6 approval of the non-standard units?

7 A. These wells were drilled prior to the November 1,
8 1988, effective date of the order for the San Juan
9 Basin-Fruitland Coal pool. And they were drilled under
10 statewide rules of that time, except for the well that is
11 located down in Section 36, the No. 443 well. And it was
12 drilled after those rules.

13 And I would like to at this point bring to the
14 attention of the trial examiner that in my research for this
15 case today I have discovered that we do have an existing order
16 for that well. And therefore we will not need that included in
17 this particular application.

18 Q. Can you give us the order number that references
19 what amounts to the east half of Section 36 so that the
20 Examiner will have that available.

21 A. Yes, sir.

22 Q. What is that number?

23 A. The order number is R-8868-A.

24 Q. And that approves what, sir?

25 A. That approves both a non-standard location and a

1 non-standard spacing unit for the San Juan 30-6 No. 443 well.

2 Q. All right. Let's turn now to the information behind
3 Exhibit No. 3 and have you identify and describe that
4 information.

5 A. The information located behind Exhibit No. 3
6 consists of regulatory forms C-102's and C-104's on the
7 existing wells that are located on the proposed spacing units
8 being the San Juan 30-6 unit No. 438 well, the San Juan 30-6
9 unit No. 435 well. And that is all. We have removed the
10 No. 443 well since we did not need a non-standard proration for
11 unit of proof for it today. It's been approved in the past.

12 Q. Within each of the proposed non-standard proration
13 units, except with the well that's been approved by this prior
14 order, has your company been able to locate locations for each
15 of the wells for those spacing units that will place those
16 wells at standard locations?

17 A. We have. The existing wells are, with the exception
18 of the 443 well which we are not talking about today, the
19 existing wells are at standard locations. And the wells that
20 we have not drilled yet we anticipate will be staked or have
21 been staked at standard locations.

22 Q. Okay. Let's turn now, Mr. Alexander, to the
23 information behind Exhibit No. 4. If you'll identify and
24 describe that display for us.

25 A. There are two land plats included behind Exhibit

1 No. 4. They show the existing Mesa Verde and Dakota units in
2 the area of the application on one plat, and they show the
3 existing Fruitland Coal spacing units in the area of the
4 application on the other plat.

5 Q. Have you had any objection from any of the
6 offsetting operators to the approval of the proposed
7 application in either of these cases?

8 A. No, sir, we have not.

9 Q. Direct your attention now, Mr. Alexander, to the
10 documentation shown in terms of exhibits for Case 10042. When
11 we turn to that exhibit book would you again identify the
12 information behind Exhibit No. 1.

13 A. The application that is behind Exhibit 1 is the same
14 application that we presented in the prior Case, 0041. And it
15 lists in this instance the non-standard spacing units that we
16 were requesting that are located in Township 30 North, Range 7
17 West and in Township 29 North, Range 7 West.

18 Q. Okay. Now turn, sir, to Exhibit No. 2 and identify
19 and describe that exhibit.

20 A. Exhibit No. 2 is the offset operator owner plat for
21 the locations we were requesting in Case No. 0042. And it
22 indicates who the offset owner operators are and where they are
23 located.

24 Q. Again have you received any objection from any of
25 those offset owners or operators?

1 A. No, sir, we have not.

2 Q. The reasons for the proposed non-standard units for
3 the wells involved in Case 10042, are they the same reasons
4 that you gave us for the wells in Case 10041?

5 A. Yes, sir, that's correct.

6 Q. And have you supplied the Examiner with maps showing
7 the solutions that have been used for other spacing units --
8 for these spacing units for other pools or formations?

9 A. Yes, sir. They would be included behind Exhibit
10 No. 3, showing both Mesa Verde and Dakota and the Fruitland
11 Coal existing spacing units.

12 Q. When we turn to the information behind Exhibit No. 4
13 what are we looking at?

14 A. Exhibit No. 4 is a form C-102 and C-104 from State
15 of New Mexico that references the San Juan 29-7 unit No. 511
16 well, which is a well that is drilled on one of the requested
17 non-standard spacing units.

18 Q. Have you drilled Fruitland Coal gas wells on any of
19 the other non-standard proration units that are the subject of
20 Case 10042?

21 A. No, sir, we have not.

22 Q. Do you have available in each of those spacing units
23 standard well locations for wells to be drilled in those units?

24 A. Yes, sir, we do.

25 Q. And for well 511 which is shown on the Exhibit No. 4

1 display, is that well at a standard location?

2 A. Yes, sir, I believe that it is.

3 Q. In your opinion, Mr. Alexander, will approval of
4 this application afford to Meridian and its interest owners in
5 these non-standard proration units the opportunity to develop
6 these spacing units for Fruitland Coal gas production?

7 A. It will.

8 MR. KELLAHIN: That concludes my examination of
9 Mr. Alexander. We would move the introduction of his Exhibits
10 1 through 5 in each of the two cases.

11 HEARING EXAMINER: Exhibits 1 through 5 in both
12 cases.

13 MR. KELLAHIN: I am sorry, I misspoke, it's Exhibit
14 1 through 4.

15 HEARING EXAMINER: Exhibit 1 through 4.

16 MR. KELLAHIN: Exhibit 5 is for the engineer to
17 discuss.

18 HEARING EXAMINER: Okay. Exhibits 1 through 4 in
19 both cases 10041 and 10042 will be taken under advisement at
20 this time. I am sorry, will be admitted into evidence.

21 Mr. Kellahin, I've been looking here at the notice
22 and it appears that it's inadequate and it will probably have
23 to be readvertised.

24 MR. KELLAHIN: We were going to recommend that to
25 you, Mr. Examiner. It appears that --

1 HEARING EXAMINER: I am jumping ahead of myself
2 again. Why don't we go ahead and continue to your next witness
3 then.

4 MR. KELLAHIN: We'll discuss the corrections after I
5 present the engineering witness if that's all right.

6 HEARING EXAMINER: Okay. I do have one question for
7 this witness.

8 EXAMINATION

9 BY THE HEARING OFFICER:

10 Q. The Blanco-Mesa Verde and Basin-Dakota non-standard
11 proration units that exist in these areas, were they approved
12 on a well-by-well basis, or did they come in and have one of
13 the large exceptions done several years ago in which both of
14 those pools have both experienced?

15 A. I researched that fact and I will provide you with
16 the information that I did come up with. It appears that the
17 only orders that have been issued in the area of the
18 application are issued for the Basin-Dakota pool. And those
19 order numbers are R-3246 and Order No. R-2046. Those orders
20 did set Dakota non-standard proration units across all of the
21 area under the application in the 30 North, 6 West, they
22 encompassed the same spacing units we were requesting for the
23 coal. In 30 North, 7 West likewise encompasses the same
24 spacing units.

25 However, when you get down into 29 North, 7 West the

1 spacing units that were approved by the orders that I just gave
2 you cross-sectionalize and involve more than just what would be
3 the west half of those sections. However, those orders were
4 not followed when those wells were drilled back in those days.
5 And from the research that I was able to do all of the Mesa
6 Verde wells and the Dakota wells in 29 and 7 were drilled under
7 administrative approval from the Aztec office.

8 More than likely because both of these units
9 provide in the Unit Agreement that all of the drilling block
10 shell comprised of either the east half or the west half, and
11 the thinking at that time was that since those orders were
12 signed by the regulatory agencies that in itself approved the
13 non-standard proration units.

14 However, during the development of the Fruitland
15 Coal we have decided to come to the Commission, at the
16 Commission's request, and get specific orders addressing that
17 issue so there is not any confusion.

18 HEARING EXAMINER: Okay. Thank you very much,
19 Mr. Alexander.

20 Mr. Kellahin.

21 MR. KELLAHIN: Nothing further with this witness,
22 Mr. Examiner.

23 DAVID WANTUCK,
24 the witness herein, after having been first duly sworn upon his
25 oath, was examined and testified as follows:

EXAMINATION

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BY MR. KELLAHIN:

Q. Would you please state your name and occupation.

A. My name is David Wantuck and I am a reservoir engineer with Meridian Oil in Farmington, New Mexico.

Q. Mr. Wantuck, for the court reporter would you spell your last name, please.

A. It's W-a-n-t-u-c-k.

Q. Mr. Wantuck, have you on prior occasions testified before the Division as a petroleum engineer?

A. No, I have not.

Q. Would you summarize for the Examiner what has been your educational background.

A. I graduated in 1987 from Texas Tech University with a bachelor of science in petroleum engineering.

Q. Subsequent to graduation would you summarize your employment as a petroleum engineer.

A. I've worked for Meridian Oil since graduation for two and a half years in reservoir engineering department.

Q. As part of your duties as an engineer for your company are you familiar with the engineering aspects of the coal gas development that's taking place by your company in the San Juan Basin?

A. Yes, I am.

Q. Have you made a specific study of the 11

1 non-standard proration units that are the subject of these two
2 cases?

3 A. Yes, I have.

4 MR. KELLAHIN: We tender Mr. Wantuck as an expert
5 petroleum engineer.

6 HEARING EXAMINER: Mr. Wantuck is so qualified.

7 Q. (BY MR. KELLAHIN) Let me direct your attention,
8 sir, to exhibit book for 10041 and have you turn to the last
9 display found behind Exhibit No. 5. Is this the same display
10 that's also included as Exhibit No. 5 in the the other case
11 book, 10042?

12 A. No, it is not.

13 Q. Let me have you take each of the two maps then, one
14 for each case. When we look at these displays what are we
15 looking at?

16 A. We are looking at a Fruitland Coal net isopach in
17 the areas that we are talking about. For Case No. 10041 there
18 is one map for Township 30 North, 6 West. And for Case No.
19 10042 there is actually two maps. One covering Township 30
20 North, 7 West and one covering Township 29 North, 7 West.

21 Q. In examining the isopachs do you as an engineer see
22 any reason that would preclude you from recommending to the
23 Examiner that he approve each of these 11 non-standard
24 proration units?

25 A. No, I do not.

1 Q. Do you see any significant differences in the
2 thickness of the coal within each of the non-standard proration
3 units that might cause you to reconfigure the acreage within
4 any non-standard proration unit to some other solution?

5 A. No, I do not. They are fairly uniform thicknesses.

6 Q. Is Mr. Alexander correct that for each of the
7 non-standard proration units there appears to be a standard
8 location for the coal gas well that's either been drilled or
9 available to be drilled?

10 A. Yes.

11 Q. Do you find any problem in terms of locating a well
12 within the non-standard proration unit from which to give you a
13 location to effectively and efficiently develop that
14 non-standard proration unit?

15 A. No, I don't see a problem.

16 Q. Do you see any other combination as an engineer of a
17 way you would restructure the configured solution for this
18 non-standard acreage problem?

19 A. No.

20 Q. Do you see any potential for the violation of
21 correlative rights of any of the offsetting interest owners if
22 the Examiner approves these non-standard proration units?

23 A. No, sir.

24 Q. In the absence of approval of the non-standard
25 proration units do you see any way for these non-standard units

1 to have their acreage participate in coal gas production?

2 A. Could you restate the question.

3 Q. Yeah. If the non-standard units are not approved do
4 we have any other solution for putting that acreage into a
5 producing status with coal gas wells?

6 A. No.

7 Q. This looks to be the best solution?

8 A. Yes, sir, it does.

9 Q. There appears to be enough acreage to support the
10 drilling of a well?

11 A. Yes, sir.

12 Q. Do you see any inconsistency in terms of your plans
13 of development for coal gas wells if these are approved?

14 A. No.

15 Q. It doesn't disrupt or disturb the plan of
16 development for coal gas production?

17 A. No, it does not.

18 Q. Is the coal thickness simply one of the criteria
19 that you as a reservoir engineer look at in analyzing coal
20 locations and putting together spacing units for coal gas
21 wells?

22 A. It's just one of the criteria. We look at gas
23 content, we look at lineaments.

24 Q. In terms of taking that entire package of
25 information do you see anything that's available to you

1 currently that causes you to believe that the Examiner should
2 not approve any of these non-standard proration units?

3 A. No, I don't.

4 MR. KELLAHIN: That concludes my examination of
5 Mr. Wantuck.

6 We would move the introduction of Exhibit No. 5 in
7 each of these two cases.

8 HEARING EXAMINER: Exhibit No. 5 in both cases will
9 be admitted into evidence at this time.

10 I have no questions of Mr. Wantuck. Are there any
11 other questions of this witness?

12 MR. KELLAHIN: No, sir.

13 HEARING EXAMINER: If not he may be excused.

14 Mr. Kellahin.

15 MR. KELLAHIN: Mr. Examiner, we would at this time
16 also move the introduction of Exhibit 6 in each of the two
17 cases, which is simply our certificate of notification to the
18 offsetting operators.

19 They represent notifications taken from
20 Mr. Alexander's list from the exhibit book, I believe it's
21 Exhibit No. -- I believe it's Exhibit No. 2 in each instance,
22 shows his tabulation of the offsetting operators.

23 HEARING EXAMINER: I do have one question of
24 Mr. Alexander.

25 Mr. Alexander, pursuant to the pool rules this

1 authorization can be done administratively. Why didn't you not
2 do them on a case-by-case basis instead of coming in here today
3 and getting all of them like this. Is there an advantage over
4 that?

5 MR. ALEXANDER: We thought it would probably make a
6 more concise package for the Examiner to look at and cover it
7 with any questions that you might have. We didn't see any
8 preference one way or the other unless you had a preference to
9 do them one way or the other.

10 HEARING EXAMINER: I have no questions for either
11 witness at this time.

12 Does anybody else have anything further?

13 MR. KELLAHIN: Mr. Examiner, we would like to have
14 your assistance in correcting and readvertising the docket call
15 for each of these two cases. It appears from
16 Mr. Alexander's research that the county should be Rio Arriba
17 County for each of the two cases, and not San Juan County. And
18 perhaps that's enough to cause it to be readadvertised. I am not
19 certain.

20 HEARING EXAMINER: Yes, it should be readadvertised
21 just for the publication purpose pursuant to the notification
22 rules and the general rule. So therefore these cases shall be
23 continued until examiner hearing scheduled for September 5. I
24 do not know of any reason why there needs to be any witnesses
25 at that time.

1 MR. KELLAHIN: Thank you.

2 There is one additional typo. It appears that in
3 Case 10042 the reference number to the spacing case should be
4 8768 and not 8789. I think anybody looking would have seen
5 that that was not the right reference. And I can't imagine
6 anybody that would have not come because of that. But I think
7 that wrong county may be enough reason to have it readvertised.
8 So with your concurrence we would request that they be
9 readvertised and continued for the -- I guess it would be
10 September 5.

11 HEARING EXAMINER: Yes, sir.

12 MR. KELLAHIN: That's all we have, Mr. Examiner.

13 HEARING EXAMINER: Thank you, Mr. Kellahin.

14 Does anybody else have anything further in either of
15 these cases? Okay.

16 * * * * *

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19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
21 the Examiner hearing of Case Nos. 10041 and 10042
heard by me on 8 August 1990.

22 Michael H. Shapiro, Examiner
23 Oil Conservation Division
24
25

1 CERTIFICATE OF REPORTER

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

5

6 I, Diane M. Winter, Certified Shorthand Reporter and
 7 Notary Public, HEREBY CERTIFY that the foregoing transcript of
 8 proceedings before the Oil Conservation Division was reported
 9 by me; that I caused my notes to be transcribed under my
 10 personal supervision; and that the foregoing is a true and
 11 accurate record of the proceedings.

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

16 WITNESS MY HAND AND SEAL August 20, 1990.

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Diane M. Winter

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DIANE M. WINTER
 CSR No. 414

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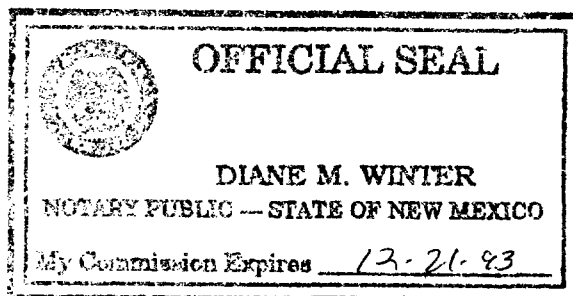
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My commission expires: December 21, 1993

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CUMBRE COURT REPORTING
 (505) 984-2244