

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

ORIGINAL

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 14583

APPLICATION OF FARLEIGH OIL PROPERTIES FOR  
A COMPLIANCE ORDER AGAINST SWEPI LP AND SHELL  
EXPLORATION AND PRODUCTION COMPANY,  
GUADALUPE COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner  
DAVID K. BROOKS, Legal Examiner

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February 17, 2011

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, RICHARD EZEANYIM,  
Hearing Examiner, and DAVID K. BROOKS, Legal Examiner,  
on Thursday, February 17, 2011, at the New Mexico  
Energy, Minerals and Natural Resources Department, 1220  
South Street Francis Drive, Room 102, Santa Fe,  
New Mexico.

REPORTED BY: Lisa Reinicke  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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A P P E A R A N C E S

For SWEPI LP and SHELL EXPLORATION AND PRODUCTION:

HOLLAND & HART, LLP  
101 N. Guadalupe Street, Suite 1  
Santa Fe, New Mexico 87504  
(505) 988-4421  
By: William F. Carr

For Farleigh Oil Properties:

JAMES BRUCE, Attorney at Law  
369 Montezuma, No. 213  
Santa Fe, New Mexico 87501  
(505) 982-2043

For the Oil Conservation Division:

Gail MacQuesten, Attorney  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
(505) 476-3451

I N D E X

PAGE

NO WITNESSES TESTIFIED

CERTIFICATE OF COMPLETION OF DEPOSITION

7

NO EXHIBITS ADMITTED

1 EXAMINER EZEANYIM: We are going to follow  
2 the order in the docket. However, we had the  
3 pre-hearing conference sometime on March 9. And we are  
4 going to deal with that issue first as regarding case  
5 number 14583, which is on page 4.

6 And we arrived at the conclusion that the first  
7 order of business today is for the counsel to give us a  
8 brief statement on what had happened between March 9 and  
9 today and what happened with your client. I call for  
10 counsel to come.

11 MR. CARR: Good morning, Mr. Examiner. My  
12 name is William F. Carr, and I represent SWEPI LP and  
13 Shell in this matter. As you indicated, there was a  
14 pre-hearing conference last week, at which time the  
15 parties appeared and discussed the issues concerning the  
16 information that is required by OCD rules to be filed  
17 with the division.

18 As a result of that, I believe that there are no  
19 issues as to the C-115 that needs to be filed for  
20 production. It was commenced in December. And there is  
21 no issue concerning whether or not information was  
22 redacted or deleted from the files. There was a data  
23 request filed at that time, provided by Farleigh Oil  
24 Properties. And I can advise you that I have forwarded  
25 that to Shell. We have had several conference calls on

1 that and have been working through that.

2 I am preparing and have drafted affidavits for  
3 two of their engineers that we will provide within the  
4 next week that will address the logs that have been  
5 filed, what logs have been taken. And also it will  
6 address the questions concerning the information  
7 provided on the C-105. We're preparing a table that  
8 breaks that information out in significantly more detail.  
9 and we will provide that to Mr. Bruce for Farleigh and  
10 Mr. Callahan for Bays Water and to you. And then  
11 following that we can determine what, if any, action  
12 needs to be taken at that point in time.

13 MR. BRUCE: Mr. Examiner, Jim Bruce  
14 representing Farleigh Oil Properties. Mr. Carr and I  
15 have discussed this, and that is acceptable to my  
16 clients. And we'd ask that the hearing be continued for  
17 two weeks, although at some point it probably won't be  
18 heard on the 3rd because I think both the division and  
19 my client and Mr. Callahan's client will probably want  
20 to look at that data before they make a determination.  
21 But at this point I ask the case be continued for two  
22 weeks.

23 MR. CARR: And I join in that.

24 MS. MACQUESTEN: Mr. Examiner, Counsel, Gail  
25 Macquesten representing the Oil Conservation Division.

1 And I just ask that we get a copy of the affidavit --

2 MR. BRUCE: Oh, absolutely. Absolutely.

3 MS. MACQUESTEN: -- as we are a party in the  
4 case.

5 EXAMINER EZEANYIM: Based on this progress  
6 report on what the comments were, I think I would like  
7 to continue this case for one month to March 17. I  
8 think that would be appropriate to give you time to work  
9 on those issues.

10 MR. BRUCE: That's fine.

11 EXAMINER EZEANYIM: My wish is that the  
12 letter will be filed and we dismiss the case.

13 MR. CARR: We're hopeful we will be at that  
14 point also.

15 EXAMINER EZEANYIM: Any other comments?

16 Then let me tell you how we're going to proceed.  
17 It has an impact for anybody who has to travel or  
18 something. The first case will be 14581. After that we  
19 go to 14594, then 14597, 14598, 14599. And the last one  
20 is 14601, an impact on those other hearings. That's  
21 exactly what it is in the docket anyway so we go to  
22 that. And I wanted to mention it in case you have any  
23 extenuating circumstances.

24 [Case Number 14583 is continued.]

25

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14583  
heard by me on 2/17/11

**PAUL BACA PROFESSIONAL COURT REPORTERS**

Oil Conservation Division Examiner  
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REPORTER'S CERTIFICATE

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I, Lisa Reinicke, New Mexico Provisional Reporter, License #P-405, working under the direction and direct supervision of Paul Baca, New Mexico CCR License #112, Official Court Reporter for the US District Court, District of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest whatsoever in the final disposition of this case in any court.

*Lisa R Reinicke*  
Lisa R. Reinicke,  
Provisional License P-405  
License expires: 8/21/2011

Ex count: