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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

PRE-HEARING TRANSCRIPT

March 30, 2017

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER WILLIAM V. JONES, TECHNICAL EXAMINER MICHAEL McMILLAN, TECHNICAL EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner, William V. Jones and Michael McMillan, Technical Examiners, and David K. Brooks, Legal Examiner, on Thursday, March 30, 2017, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 (8:19 a.m.) 1 2 EXAMINER GOETZE: Ladies and gentlemen, good morning. This is the New Mexico Oil Conservation 3 Examiner Hearings, Docket Number 12-17. We are in 4 Porter Hall. 5 To start with, my name is Phillip Goetze. 6 7 I'll be the lead examiner for today. 8 I have to my left Mr. Brooks, who is legal 9 counsel. And to my right -- immediate right is 10 Mr. Jones, who will be participating in one case, and to 11 his right is Mr. McMillan, who also will be 12 participating in one case. 13 The first item will be changes to the docket, and there are numerous ones so pay attention. 14 And for those who have made late entries of changes, 15 16 make sure we get it right. 17 Starting on page 1, Case 15646 has been 18 continued to April 13. Case Number 15647 has been 19 continued to April 13th. Case 15650 has been dismissed. 20 Case 15651 has been continued to April 13th. Page 3, Case Number 15655 has been 21 22 continued to April 13th. Case 15656 has been continued 23 to April 13th. Case Number 15657 has been dismissed. 24 Case Number 15658 has been continued to April 13th. 25 Page 4, Case Number 15659 has been

Page 3 continued to April 13th. Case Number 15660 is continued 1 2 to April 13th. 3 Moving on to page 5, Case 15662 has been dismissed. Case Number 15643 has been continued to 4 April 13th. Case Number 15626 has been dismissed. 5 Moving to page 6, Case Number 15627 has 6 7 been dismissed. Case Number 15665 has been dismissed. 8 Case Number 15668 has been continued to April 27th. 9 Moving to page 7, Case Number 15669 has 10 been continued to April 27th. 11 To page 8, Case Number 15547 has been 12 continued to May 25th. Case Number 15548 has been continued to May 25th. Case Number 15549 has been 13 continued to May 25th. Case Number 1550 -- and that's 14 15550 has been continued to May 25th. Case Number 15551 15 16 has been continued to May 25th. 17 Going on to page 9, Case Number 15552 has 18 been continued to May 25th, and Case Number 15562 has 19 been continued to May 25th. 20 At that point these are the only noted 21 changes. 22 And we would also make a notation: For 23 those people who are here for cases 1 through 8, those 24 cases will be heard immediately after lunch. That would 25 be at 1:30. Meanwhile, I'll continue with the regular

Page 4 docket upfront. Any other additions, changes or notations? MR. BRUCE: Mr. Examiner, at the bottom of page 3, Case Number 15658, NM&O Operating Company, instead of April 13th, I would request that be continued to the 27th of April. EXAMINER GOETZE: Very good. Thank you. All right. First let's get rid of some previous business. (The pre-hearing proceedings conclude, 8:23 a.m.) 

Page 5 1 STATE OF NEW MEXICO COUNTY OF BERNALILLO 2 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court б Reporter, New Mexico Certified Court Reporter No. 20, 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 11 were reduced to printed form by me to the best of my 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 21 MARY C. HANKINS, CCR, RPR 22 Certified Court Reporter New Mexico CCR No. 20 23 Date of CCR Expiration: 12/31/2017 Paul Baca Professional Court Reporters 24 25