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

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

APPLICATION OF AGUA SUCIA, LLC Case No. 14411  
TO REINSTATE DIVISION ADMINISTRATIVE ORDER  
SWD-559 FOR A SALT WATER DISPOSAL WELL,  
LEA COUNTY, NEW MEXICO

APPLICATION OF BURLINGTON RESOURCES Case No. 12276  
OIL & GAS COMPANY FOR COMPULSORY POOLING,  
SECTION 36, TOWNSHIP 27 NORTH, RANGE 8 WEST,  
SAN JUAN COUNTY, NEW MEXICO

APPLICATION OF BURLINGTON RESOURCES Case No. 12277  
OIL & GAS COMPANY FOR COMPULSORY POOLING,  
SECTION 16, TOWNSHIP 31 NORTH, RANGE 11 WEST,  
SAN JUAN COUNTY, NEW MEXICO

APPLICATION OF COG OPERATING, LLC Case No. 14472  
FOR CANCELLATION OF OPERATOR'S AUTHORITY  
AND TERMINATION OF SPACING UNITS, YESO  
ENERGY, INC. DOW "B" FEDERAL WELL NO. 1,  
EDDY COUNTY, NEW MEXICO

APPLICATION OF NEW MEXICO OIL Case No. ~~14547~~  
CONSERVATION DIVISION. THE APPLICANT  
SEEKS AN ORDER AUTHORIZING THE OIL  
CONSERVATION DIVISION TO RECOGNIZE AN OPERATOR  
OF RECORD FOR WELLS CURRENTLY OPERATED  
BY YESO ENERGY, INC., OGRID 221710

APPLICATION OF TARGA MIDSTREAM Case No. 14575  
SERVICES LIMITED PARTNERSHIP AS OPERATOR  
FOR VERSADO GAS PROCESSORS, LLC FOR  
APPROVAL TO INJECT ACID GAS INTO TARGA'S  
EXISTING EUNICE GAS PLANT SALT WATER  
DISPOSAL (SWD) WELLS NO. 1, (API No. 30-025-21497),  
LEA COUNTY, NEW MEXICO

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REPORTER'S TRANSCRIPT OF PROCEEDINGS  
COMMISSIONER HEARING

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BEFORE:        MARK E. FESMIRE, Chairman  
                 JAMI BAILEY, Commissioner  
                 WILLIAM C. OLSON, Commissioner

December 9, 2010  
Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, December 9, 2010, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jeannine K. Sims, RPR, NM CCR #12  
                 Paul Baca Court Reporters  
                 500 Fourth Street, NW, Suite 105  
                 Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE OIL CONSERVATION COMMISSION:

Ms. Gail MacQuesten  
ASSISTANT GENERAL COUNSEL  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

FOR THE APPLICANT, AGUA SUCIA:

Mr. James Bruce  
ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504

FOR ARMSTRONG ENERGY CORPORATION:

Mr. William F. Carr  
HOLLAND & HART, LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504

1 FOR THE APPLICANT, TARGA MIDSTREAM SERVICES:

2 Mr. William Scott  
 3 MODRALL, ROEHL, HARRIS & SISK  
 4 500 Fourth St. NW, Suite 1000  
 5 Albuquerque, New Mexico 87102

6 ALSO PRESENT:

7 Ms. Florene Davidson  
 8 Ms. Cheryl Bada

9 TARGA WITNESSES: CASE 14575 PAGE

10 Clark White:

11 Direct Examination by Mr. Scott 14  
 12 Cross-examination by Ms. MacQuesten 23

13 Alberto Gutierrez:

14 Direct Examination by Mr. Scott 33  
 15 Cross-examination by Ms. MacQuesten 89  
 16 Re-Direct Examination by Mr. Scott 136  
 17 Recross-examination by Ms. MacQuesten 141

18 William Jones:

19 Direct Examination by Ms. MacQuesten 166  
 20 Cross-examination by Mr. Scott 185  
 21 Re-Direct Examination by Ms. MacQuesten 212  
 22 Recross-examination by Mr. Scott 215

23 EXHIBITS ADMITTED PAGE

24 Targa Exhibits 1 through 2 38  
 25 Targa Exhibit 3 88  
 Targa Exhibit 4 89

Oil Conservation Division Exhibits A-L 218

REPORTER'S CERTIFICATE 228

1 these cases has requested that they be continued to the  
2 next regularly scheduled commission meeting; is that  
3 correct?

4 MS. DAVIDSON: That is correct.

5 CHAIRMAN FESMIRE: Okay. We will at this  
6 time continue both No. 12276 and 12277 to the next  
7 regularly scheduled commission meeting. Which is --

8 MS. DAVIDSON: January 13.

9 CHAIRMAN FESMIRE: January 13th of 2011.  
10 The next item before the Commission is the application of  
11 COG Operating, LLC for cancellation of an order -- of an  
12 operator's authority and termination of spacing units it  
13 Yeso Energy Dow "B" 28 Federal No. 1, Eddy County, New  
14 Mexico. This case because of the lack of time available  
15 to the Commission will be continued to the January 13th,  
16 2011 regularly scheduled Commission meeting.

17 The next case before the Commission is Case  
18 No. ~~14547~~, the application of the New Mexico Oil  
19 Conservation Division seeking an order authorizing the  
20 Oil Conservation Division to recognize an operator of  
21 record for wells currently operated by Yeso Energy, Inc.  
22 It's related to the prior case. This too will be  
23 continued to the January 11th, 2011 commission meeting.  
24 I'm sorry, January 13th, 2011 meeting.

25 The last item before the Commission is Case

1 THE STATE OF NEW MEXICO :  
2 COUNTY OF BERNALILLO :

3

4 BE IT KNOWN that the foregoing transcript of  
5 proceedings was taken by me; that I was then and there a  
6 Certified Court Reporter and Notary Public in and for the  
7 County of Bernalillo, State of New Mexico, and by virtue  
8 thereof, authorized to administer an oath; that the  
9 witness before testifying was duly sworn by me; that the  
10 foregoing 228 pages contain a true and accurate  
11 transcript of the proceedings, all to the best of my  
12 skill and ability.

13

14 I FURTHER CERTIFY that I am neither employed by  
15 nor related to nor contracted with (unless excepted by  
16 the Rules) any of the parties or attorneys in this case,  
17 and that I have no interest whatsoever in the final  
18 disposition of this case in any court.

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*Jeannine K. Sims*  
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JEANNINE K. SIMS, CSR, RPR  
NM Certified Court Reporter #12  
License expires: 12/31/10  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, New Mexico 87102