

and proration unit (project area) in the Glorieta-Yeso formation comprised of the E/2 W/2 of Section 7, Township 19 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NE/4 NW/4 of Section 7, and (ii) the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Long Branch Well No. 2, a horizontal well with a surface location in the NE/4 NW/4, and a terminus in the SE/4 SW/4, of Section 7. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 4 miles northwest of Lakewood New Mexico.

20. CASE 14627: (Continued from the November 10, 2011 Examiner Hearing.)

Application of Nadel and Gussman Permian, L.L.C. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the N/2 S/2 of Section 5, Township 19 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NW/4 SW/4 of Section 5, and (ii) the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Big Iron Well No. 1, a horizontal well with a surface location in the NW/4 SW/4, and a terminus in the NE/4 SE/4, of Section 5. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 4 miles North-Northwest of Lakewood, New Mexico.

21. CASE 14628: (Continued from the November 10, 2011 Examiner Hearing.)

Application of Nadel and Gussman Permian, L.L.C. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the S/2 S/2 of Section 5, Township 19 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the SW/4 SW/4 of Section 5, and (ii) the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Big Iron Well No. 2, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the SE/4 SE/4, of Section 5. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 4 miles north-northwest of Lakewood, New Mexico.

22. CASE 14729: (Continued from the November 10, 2011 Examiner Hearing.)

Application of Nadel and Gussman Heyco, L.L.C. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the N/2 N/2 of Section 20, Township 18 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NE/4 NE/4 of Section 20, and (ii) the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Wabash 20 Fed. Com. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4, and a terminus in the NW/4 NW/4, of Section 20. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles south of Atoka, New Mexico.

23. CASE 14745: (Continued from the November 10, 2011 Examiner Hearing.)

Application of Nearburg Producing Company for Designation of a Non-standard Spacing Unit, an Unorthodox Surface Location and Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the S/2 SW/4 & SW/4 SE/4 of Section 34, Township 19 South Range 25 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit in the Glorieta-Yeso formation, North Seven Rivers-Yeso pool (97565), for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the S/2 SW/4 & SW/4 SE/4 of Section 34 to be dedicated to its Irami MO Fed Com No. 1-H Well to be drilled horizontally from a surface location 330' from the South line and 10' from the West line to a standard bottom hole location 330' from the South line and 1650' from the East line of Section 34, to a depth sufficient to test the Glorieta-Yeso formation. Also to be considered will be the cost of drilling and completing

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

PRE-HEARING STATEMENT

DOCKET NO. 33-11

BEFORE: DAVID K. BROOKS, Hearing Examiner
WILLIAM V. JONES, Legal Examiner

November 10, 2011

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, DAVID K. BROOKS,
Hearing Examiner, and WILLIAM V. JONES, Legal Examiner,
on Thursday, November 10, 2011, at the New Mexico
Energy, Minerals and Natural Resources Department, 1220
South St. 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

1 EXAMINER BROOKS: Good morning, ladies and
2 gentlemen. This is the delayed commencement of the Oil
3 Conservation Division Docket Number 33-11. First we
4 will announce the continuances and dismissals.

5 On page 1, case number 14746 is continued to
6 December 1st. On page 2, case number 14747 is continued
7 to December 15; case number 14743 is continued to
8 December 1st; case number 14754 is continued to
9 December 1st; case number 14686 is continued to
10 December 15; case number 14687 is continued to
11 December 15.

12 On page 3, case number 14659 is continued to
13 December 15; case number 14755 is continued to
14 December 1; case number 14756 is dismissed; case number
15 14757 is dismissed.

16 On page 4, case number 14758 is continued to
17 December 15. On page 6, case number 14736 is continued
18 to January 5th; case number 14623 is dismissed. On
19 page 7, case number 14625 and case number 14626 are
20 dismissed. Case numbers 14627 and ~~14628~~ are continued
21 to December 1st. Case number 14655 is dismissed.

22 On page 8, case number 14656 is dismissed; case
23 number 14729 and case number 14745 are continued to
24 December 1st. On page 9, case number 14629 is continued
25 to December 15.

1 And then there are two big surprises. Case
2 number 8352, the West Bravo Dome case is being continued
3 to January 5th. And case number 13940, Yates Petroleum
4 Corporation vs. Pride Energy is continued to
5 January 5th.

6 Very good.

7 [Pre-Hearing statements conclude.]

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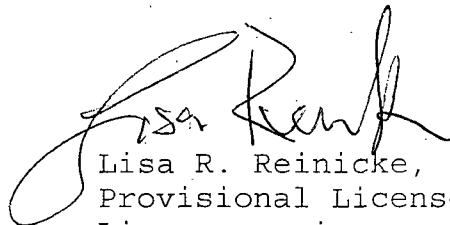
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See clearly and the...
to the report of the...
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by me as...
Oil Conservation Division

REPORTER'S CERTIFICATE

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,
Provisional License P-405
License expires: 8/21/2012

Ex count: