

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. 14827

APPLICATION OF THREE RIVERS OPERATING
COMPANY, LLC, FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

DOCKET NO. 13-12

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

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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, APRIL 26, 2012, 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 Three Rivers Operating Company:

HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
By: Adam Rankin

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CERTIFICATE OF COMPLETION OF HEARING 27

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1 MR. EXAMINER: I think the next case on the
2 docket is case number 14827; is that right?

3 MR. RANKIN: That's correct.

4 MR. EXAMINER: We call case number 14827,
5 application of Three Rivers Operating Company, LLC, for
6 a non-standard spacing and proration unit and compulsory
7 pooling, Lea County.

8 Call for appearances.

9 MR. RANKIN: Thank you, Mr. Examiner. My
10 name is Adam Rankin on behalf of Three Rivers Operating
11 Company. Today we have two witnesses.

12 MR. EXAMINER: Any other appearances? Okay.
13 Let the witness stand up to be sworn, please. State
14 your name first.

15 MR. KANE: Tim Kane, K-a-n-e.

16 MR. KINLEY: Travis Kinley.

17 [Whereupon the witnesses were duly sworn.]

18 MR. EXAMINER: Go ahead.

19 MR. RANKIN: Mr. Examiner, I call my first
20 witness, Mr. Tim Kane.

21 MR. EXAMINER: You may proceed.

22 MR. RANKIN: Thank you, Mr. Examiner.
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TIM KANE

after having been first duly sworn under oath,
was questioned and testified as follows:

DIRECT EXAMINATION

BY MR. RANKIN:

Q. Mr. Kane, state your name for the record and indicate by whom you're employed.

A. Tim Kane, and I'm employed by Three Rivers Operating as their land manager.

Q. And have you previously testified before the Division?

A. No, I have not.

Q. Will you please review for the Examiners your background, your educational background and your work experience?

A. I graduated from the University of Houston with a PLM degree in 1983. Since then I've worked as a broker in East Texas. I worked for Swift Energy in Oklahoma, Texas, and New Mexico. I worked for Torch Energy Advisors throughout the United States including New Mexico. And then I also had my own business in South Louisiana. I've been with Three Rivers for two years now.

Q. Are you familiar with the application filed in this case?

1 A. Yes, I am.

2 Q. And are you familiar with the status of the lands
3 in the subject area?

4 A. Yes, I am.

5 MR. RANKIN: Mr. Examiner, I'd like to
6 tender Mr. Kane as an expert in petroleum land matters.

7 MR. EXAMINER: Mr. Kane is so qualified.

8 MR. RANKIN: Thank you.

9 Q. (By Mr. Rankin) Mr. Kane, can you please turn to
10 Exhibit Number 1 and review that for the Examiners?

11 A. What that is, is a tract-by-tract breakdown. If
12 you look on page 3 of Exhibit 1 that is a breakdown of
13 section 6, 19 south, 35 east, the north half of the
14 south half. And what I've done is broken down by tract
15 who owns the minerals, whether it's the State of
16 New Mexico or fee minerals, and also who holds the
17 working interest.

18 Q. So is there a designated pool that covers the
19 proposed project area?

20 A. Yes, there is.

21 Q. And is that the Scharb Bone Spring pool?

22 A. Yes, it is.

23 Q. And is the Scharb Bone Spring pool subject to
24 special pool rules?

25 A. Yes. It has 80-acre spacing, and standard

1 locations are 200 feet from the center of the quarter,
2 quarter section.

3 Q. Now, does a completed interval for this well
4 comply with all the setback requirements under the
5 horizontal well rules and the special pool rules?

6 A. Yes, it does.

7 Q. Mr. Kane, if you turn to Exhibit Number 2, does
8 that depict the wellbore diagram, horizontal wellbore
9 diagram, and indicate that the perforations in the
10 completed interval are all within the setback?

11 A. Yes; it does.

12 Q. And if you turn to the next page on that exhibit
13 it shows a map view; is that correct?

14 A. It shows a top to bottom view looking down on the
15 interval, again showing the proposed perforations.

16 Q. Mr. Kane, turning to Exhibit 3, this is a copy of
17 an amended C101 and C103 reflecting that the bottom hole
18 location will be amended to comport with the wellbore
19 schematic diagram; is that correct?

20 A. Correct.

21 Q. Turning to Exhibit 4, is this a copy of a sample
22 well proposal letter that was sent to all mineral
23 interests?

24 A. To all working interests.

25 Q. Working interests. Seeking to pool; is that

1 correct?

2 A. Correct.

3 Q. Now, how many of the interest owners in the north
4 half, south half section 6 remain uncommitted?

5 A. There are two that we have not been able to get
6 in contact with.

7 Q. And those are?

8 A. Dasco and Bright Hawk.

9 Q. And turning to Exhibit Number 5, this is a copy
10 of the well proposal that went to Bright Hawk; is that
11 correct?

12 A. Correct.

13 Q. And it indicates that they received a copy of
14 this well proposal; is that correct?

15 A. They have. We do not have a telephone number for
16 them. All I have is this mailing address, and we have
17 not been able to get in contact with them.

18 Q. Now, as for Dasco, the address that you used was
19 the most current address of record for them; is that
20 correct?

21 A. Yes, it is.

22 Q. Now, what efforts has Three Rivers undertaken to
23 locate Dasco?

24 A. We have looked through the computer searches.
25 They're a New Mexico -- at the time they were a

1 New Mexico corporation, looked through the Secretary of
2 State records. We could not find any additional
3 information as far as an address for them. We've talked
4 to other working interest owners that were with them in
5 the project, we cannot locate them.

6 Q. In your opinion, Mr. Kane, have you undertaken a
7 good faith effort to reach an agreement, a voluntary
8 agreement, with all these interests?

9 A. Yes, we have.

10 Q. Turning to Exhibit Number 6, is this a copy of
11 the AFE that was sent with the proposal?

12 A. Yes.

13 Q. And are these expenses Rivers Three has incurred
14 for doing similar work on horizontal wells?

15 A. Yes, they are.

16 Q. And has Three Rivers made an estimate of overhead
17 and administrative costs while drilling this well?

18 A. Yes, we have. Looking at the Earnston Young
19 COPAS overhead study, it is commiserate with 8,000 a
20 month and \$800 a month; 8,000 a month while drilling and
21 800 while producing.

22 Q. And these costs are also commiserate with what
23 Three Rivers and other operators in the area charge for
24 similar wells?

25 A. Yes, they are.

1 Q. Mr. Kane, just to back up because I wanted to
2 make sure that we got this. I wasn't sure that we did.
3 But what you're seeking with this application is the
4 pool, all interests in the -- is that correct? I wasn't
5 sure if we captured that or not.

6 A. Yes. We are wanting to pool all of the interests
7 in the Bone Springs interval.

8 Q. Comprised of the north half, south half of
9 section 6; is that correct?

10 A. Correct.

11 Q. And township 19 south, range 35 east; is that
12 correct?

13 A. Correct.

14 Q. And that would be dedicated to Airstrip 6 State
15 Well 2H?

16 A. Yes, it will be.

17 Q. And you intend to pool all mineral interests in
18 the Bone Spring formation?

19 A. Correct.

20 Q. Underlining that spacing unit?

21 A. Correct.

22 Q. Thank you. Now, going back to the AFE, does
23 Three Rivers request that all these figures be
24 incorporated into any order resulting from this hearing?

25 A. Yes.

1 Q. And does Three Rivers request that the overhead
2 and administrative costs be adjusted in accordance with
3 COPAS accounting procedures?

4 A. Yes.

5 Q. And does Three Rivers request in accordance with
6 the rules that the maximum charge of 200 percent be
7 imposed on each working interest that have not
8 voluntarily committed to this well?

9 A. Yes.

10 Q. That's a risk charge. Now, Mr. Kane, does Three
11 Rivers have a geologist who will testify in support of
12 these non-standard units?

13 A. Yes, we do.

14 Q. And has Three Rivers identified all the leased
15 mineral interests in the surrounding 40-acre tracts of
16 the proposed non-standard spacing unit?

17 A. Yes, we have.

18 Q. Did Three Rivers include these known lease
19 mineral interest owners in the notice of this hearing?

20 A. Yes, we did.

21 Q. Turning to Exhibit Number 7, is this an affidavit
22 prepared by your attorney indicating that Three Rivers
23 has complied with the rules for providing notice?

24 A. Yes, it is.

25 Q. Was Three Rivers notified by the Division through

1 your attorney that there was an objection received by
2 Mr. and Mrs. Murphy?

3 A. We did receive, and I did talk to them on
4 Saturday.

5 Q. Now, are the Murphys' mineral interests in an
6 offsetting --

7 A. They are unleased mineral interests in an offset
8 section.

9 Q. And you had a conversation with them on Saturday.
10 What was the nature of that conversation?

11 A. I tried to explain to them what the procedures
12 were. They were totally unclear. They thought this was
13 something that was affecting their property. And I told
14 them that it wasn't, it was just affecting our interest
15 in section 6.

16 Q. So looking at Exhibit Number 7, Mr. Kane, on the
17 last page, which first of all Exhibit 7 indicates all
18 the interests which received notice. The last page of
19 Exhibit 7, is that a copy, Mr. Kane, of the green card
20 that was received by the Murphys?

21 A. Yes. They admitted that they didn't receive it
22 until, I want to say, like the 21st. But they did admit
23 that it was mailed on April 5th.

24 Q. Yeah, if you look at the green card it indicates
25 that the mailing date was April 5th, which is a timely

1 mailing; is that correct?

2 A. Correct.

3 Q. Mr. Kane, were Exhibits 1 through 7 prepared by
4 you or were compiled under your supervision?

5 A. Yes, they all were.

6 MR. RANKIN: Mr. Examiner, I'd like to move
7 the admission of Exhibits 1 through 7.

8 MR. EXAMINER: Exhibits 1 through 7 will be
9 admitted.

10 [Exhibits 1 through 7 admitted.]

11 MR. RANKIN: Mr. Examiner, I have nothing
12 further to ask the witness. Pass the witness.

13 MR. EXAMINER: Okay. Mr. Brooks?

14 EXAMINER BROOKS: Who were the parties you
15 couldn't locate?

16 MR. KANE: If you look on Exhibit 1, I have
17 response by Bright Hawk/Burkard Venture is none, and
18 then also Dasco Energy is none.

19 EXAMINER BROOKS: Okay. Mr. Rankin, I don't
20 see that in your affidavit -- in your legal notice I
21 don't see that you named the parties you were trying to
22 serve by publication. It's a lot of fine print and
23 maybe it's in here somewhere.

24 MR. RANKIN: Mr. Brooks, I understand that.
25 We had the most current address of record for Dasco

1 Energy and Bright Hawk. Bright Hawk received the AFE.

2 EXAMINER BROOKS: Yeah, I saw Bright Hawk
3 had signed. Somebody named Carol signed for Bright
4 Hawk. Now what about Dasco?

5 MR. RANKIN: Dasco, the address that was
6 used was the most current address of record.

7 EXAMINER BROOKS: Okay. So your landman,
8 did you state that that was a current, valid address?

9 MR. KANE: That's the best we could find
10 because these people obtained their interest in the late
11 '70s and '80s, and the acreage is held by Shallow
12 Production offsetting this section. So they are not
13 currently a working interest owner that we know of in
14 any current well that we can update the address.

15 EXAMINER BROOKS: Yeah, but where did you
16 get this address from?

17 MR. KANE: From the assignment that they
18 received their interest.

19 EXAMINER BROOKS: 40 years ago?

20 MR. KANE: 30 years ago.

21 EXAMINER BROOKS: Well, you know, I hate to
22 tell people to do things that are not -- I don't like to
23 be too technical about these things. Are you going to
24 have problems if we make you go back and -- is it going
25 to cause you problems on your scheduling if we make you

1 go back and redo the --

2 MR. KANE: We're looking at drilling the
3 well the beginning of probably late July or early
4 August.

5 EXAMINER BROOKS: I think you probably have
6 time. I think you should redo the notice with Dasco and
7 put their name on the notice and we should continue this
8 four weeks. Because our rule doesn't specifically say
9 you have to name the unlocatable people. But the rules
10 of civil procedure do specifically say that and I
11 suspect there might be a cloud that may be applied by
12 analogy.

13 MR. RANKIN: Okay. So you would request
14 that we file a new legal advertisement naming Dasco?

15 EXAMINER BROOKS: Yeah. Yeah, Dasco only.
16 Now Bright Hawk, they're okay with it because they
17 received the notice. Dasco, it may be a good address
18 but the address in the 1970s doesn't seem like it's a
19 very good chance it's a good address unless there has
20 been some further correspondence.

21 MR. RANKIN: Well, we'll do so. And I guess
22 I'll ask for a continuance for four weeks in order to
23 provide that --

24 EXAMINER BROOKS: I think that's what should
25 be done.

1 MR. EXAMINER: Why do we need four weeks?

2 EXAMINER BROOKS: Well, because it's
3 supposed to be 20 days.

4 MR. EXAMINER: Oh, okay. So are we going to
5 complete it today?

6 EXAMINER BROOKS: Yeah, we might as well.

7 MR. EXAMINER: So we continue it to May
8 24th. Okay.

9 EXAMINER BROOKS: I'm through.

10 MR. EXAMINER: Can you give me the order
11 number? You mentioned that there's an order -- you
12 know, that gave you a special pool rule for that. Do
13 you have the number?

14 MR. RANKIN: Yes, I do. Just one second.
15 Sorry, I did not write that down, Mr. Examiner.

16 MR. EXAMINER: Yeah, I need to have that.

17 MR. RANKIN: I'm sorry, I didn't bring it up
18 with me.

19 MR. EXAMINER: Okay. That's okay.

20 MR. KANE: It is order number R2589-C.

21 MR. EXAMINER: 2589-C?

22 MR. KANE: Yes, sir.

23 MR. EXAMINER: Well, what happened with
24 Mrs. Murphy?

25 MR. KANE: I don't know. I mean, we

1 notified all offsetting even mineral owners, and she was
2 an unleased mineral owner and she just had questions
3 about what this procedure was. She absolutely did not
4 know why she had received this notice.

5 MR. EXAMINER: She didn't know why she had
6 received it?

7 MR. KANE: And I explained it to her.

8 MR. EXAMINER: Maybe she doesn't have any
9 interest.

10 MR. KANE: She doesn't have any interest in
11 the pool that we're looking to establish.

12 EXAMINER BROOKS: She's only an offset.

13 MR. KANE: Yes, sir.

14 MR. EXAMINER: What is the depth of this
15 well?

16 MR. KANE: The depth, going down to 11,000
17 and 6.

18 MR. EXAMINER: Is that the kick --

19 MR. KANE: That would be the kickoff point.
20 But I'd rather have the geologist explain that.

21 MR. EXAMINER: Well, that's okay. But the
22 appointment is 11,000. I'm just wondering about your
23 overhead rates with the depth. I haven't looked at it.

24 MR. KANE: I'm sorry, it's 10,664 is the
25 measure depth before you kick off.

1 MR. EXAMINER: Okay, that's it. Let's get
2 the geologist.

3 MR. RANKIN: Mr. Examiner, I call my next
4 witness, Mr. Travis Kinley, the geologist for Three
5 Rivers.

6 MR. EXAMINER: Go ahead.

7 TRAVIS KINLEY
8 after having been first duly sworn under oath,
9 was questioned and testified as follows:

10 DIRECT EXAMINATION

11 BY MR. RANKIN:

12 Q. Mr. Kinley, can you please state your name for
13 the record.

14 A. Travis Kinley.

15 Q. And where are you from and by whom are you
16 employed?

17 A. From Austin, Texas employed as a geologist by
18 Three Rivers Operating.

19 Q. And have you previously testified before the
20 Division?

21 A. No, I have not.

22 Q. Could you please review for the Examiners your
23 background and education and your work experience?

24 A. I received my Bachelor's degree in geology from
25 the University of Wyoming in 2004. Immediately

1 following that -- well, in 2006 I then received my
2 Master's degree in geology from Texas Christian
3 University in Forth Worth. Beginning in about 2005 I
4 began to work for XTO Energy in Forth Worth where I
5 worked as a petroleum geologist for roughly about five
6 years. And I've been with Three Rivers Operating for
7 about a year and a half now.

8 Q. Mr. Kinley, are you familiar with the application
9 filed in this case?

10 A. Yes.

11 Q. And have you conducted a study of the lands that
12 are the subject of this application?

13 A. Yes.

14 MR. RANKIN: Mr. Examiner, I'd like to
15 tender Mr. Kinley as an expert in petroleum geology.

16 MR. EXAMINER: What was your first degree
17 in?

18 MR. KINLEY: I'm sorry?

19 MR. EXAMINER: Your first degree, what was
20 it in?

21 MR. KINLEY: Geology. My Bachelor's degree
22 in geology and Master's in geology, yes, sir.

23 MR. EXAMINER: He is so qualified.

24 MR. RANKIN: Thank you, Mr. Examiner.

25 Q. (By Mr. Rankin) Mr. Kinley, can you please turn

1 to what has been marked as Exhibit Number 9 and review
2 for the Examiners what this depicts.

3 A. This is just a general regional location map
4 showing Three Rivers leased here in question with the
5 yellow -- highlighted by the yellow on there, and also
6 indicated by the thick red arrow in the upper right-hand
7 corner of that figure.

8 Q. This is a general overview map of the location of
9 the well and surrounding wells; is that correct?

10 A. Yes, sir.

11 Q. Turn to Exhibit Number 10, this is a close-up
12 map, is that correct, of the leased area and the
13 surrounding wells?

14 A. Yes, sir. This is a zoomed-in map, again,
15 highlighting the lease, as shown by the legend Three
16 Rivers lease acreage in yellow, again, showing the
17 offset wells which are also highlighted by the -- I'm
18 highlighting the producing Bone Spring interval within
19 those, shown again in the legend, by the pink, purple,
20 green, and orange highlight symbols.

21 I'm also pointing out with the thick red arrow
22 there the location of the Airstrip 6 State Number 2H
23 well with the surface location shown by the gray square
24 on the left-hand side of that lease, and the bottom hole
25 well location depicted by the red star.

1 Q. And turning again over to Exhibit Number 12,
2 Mr. Kinley, this is an overview of the structure map on
3 the top of the third Bone Spring; is that correct?

4 A. Yes, sir. This is the structure map on the top
5 of the third Bone Spring sand with a 100-foot contour
6 interval. You'll see kind of a nose, so to speak,
7 relative high over our lease in section 6, the south
8 half of section 6 with the general regional bit trending
9 from north to south. I'm also showing, again, the
10 location of the well in question here, the Airstrip
11 State Number 2H. In addition to that, I'm showing the
12 line of cross section, which will be presented next by
13 the blue line. And the highlighted wells on that cross
14 section are shown with the pink circles.

15 MR. EXAMINER: Before you go on, let's get
16 this out of the way. You have three wells that are
17 horizontal wells, right?

18 MR. KINLEY: Yes, sir.

19 MR. EXAMINER: And then they are going to
20 use the same pad for this Airstrip State Number 2H with
21 that well that is on the --

22 MR. KINLEY: There's actually a plugged well
23 there on that.

24 MR. EXAMINER: Is that plugged or producing?

25 MR. KINLEY: It's plugged, yes, sir.

1 MR. EXAMINER: Are you going to use -- oh,
2 okay, it's plugged.

3 MR. KINLEY: Roughly the same pad, yes, sir.

4 MR. EXAMINER: Okay. It looks like that's
5 what you are trying to do.

6 MR. KINLEY: Yes.

7 MR. EXAMINER: Okay. Go ahead. I just want
8 to clarify that. And then the other two wells are
9 producing, right?

10 MR. KINLEY: The other two wells in that
11 path are actually not producing anymore. I believe they
12 are plugged. In addition to that, they're actually
13 completed in a shallower zone.

14 MR. EXAMINER: So it's not in the zone you
15 are?

16 MR. KINLEY: Right, correct.

17 MR. EXAMINER: Okay, go ahead.

18 MR. RANKIN: Thank you, Mr. Examiner.

19 Q. (By Mr. Rankin) Mr. Kinley, turning to the next
20 exhibit, Exhibit Number 12, this is the cross section
21 map as indicated on your overview contour map; is that
22 correct?

23 A. Yes, sir.

24 Q. And it views the wells from a west to east
25 direction; is that correct?

1 A. Yes, sir.

2 Q. Please review for the Examiners what this shows.

3 A. This three-well cross section shows the entire --
4 representative wells of the entire Bone Spring section
5 or Bone Spring formation from the top of the Bone Spring
6 line at approximately 7900 feet in this area through the
7 Avalon, the first, second, and third Bone Spring members
8 down to about 10,800 feet. It shows the relatively
9 strong correlation from the offsetting wells and across
10 our lease.

11 Q. And that's true from the top of the Bone Spring
12 formation through to the bottom, is that correct, that
13 formation is consistent throughout?

14 A. Yes, sir, the top through the base.

15 Q. Turn to Exhibit Number 13, Mr. Kinley. This is a
16 close up, is that correct, of the third Bone Spring
17 portion of the Bone Spring formation?

18 A. Yes, sir. This is the same line of cross
19 section, just a zoomed-in view highlighting the third
20 Bone Spring sand, which will be our target area here,
21 which I've also indicated with the red line as our
22 targeted lateral interval within the third Bone Spring.

23 Q. So while the proposed well here is targeting the
24 third Bone Spring formation, Three Rivers is considering
25 the entire Bone Spring formation as potentially

1 underdevelopment; is that correct?

2 A. Yes, sir.

3 Q. Based on your analysis and review of the study
4 and geology of the area, what conclusions have you drawn
5 based on your studies?

6 A. I found that the Bone Spring reservoirs correlate
7 very well across the area and especially across our
8 lease; that no geologic impediments are in place as far
9 as hindering us for developing this area with full
10 section horizontals; that the entire Bone Spring
11 formation can be efficiently and economically drained by
12 horizontal wells. And that we expect -- we, being Three
13 Rivers, expect the proposed project area to contribute
14 equally to the well's production.

15 Q. Thank you, Mr. Kinley. So in your opinion the
16 granting of Three Rivers application would be in the
17 best interest of conservation and would avoid waste; is
18 that correct?

19 A. Yes.

20 Q. And it would protect correlative rights?

21 A. Yes, sir.

22 Q. Thank you, Mr. Kinley. Were Three Rivers
23 Exhibits Numbers 9 through 13 prepared by you or
24 compiled under your supervision?

25 A. Yes.

1 MR. RANKIN: Mr. Examiner, I'd like to move
2 to admit numbers 9 through 13.

3 MR. EXAMINER: Exhibits 9 through 13 will be
4 admitted.

5 [Exhibits 9 through 13 admitted.]

6 MR. RANKIN: Mr. Examiner, I have no further
7 questions of the witness.

8 EXAMINER BROOKS: No questions.

9 MR. EXAMINER: This case will be continued.
10 But I would like to, in accordance with Division rule
11 order number 2589-C, I do want to see a well diagram.

12 MR. RANKIN: That is correct. Mr. Examiner,
13 if you look at Exhibit --

14 MR. EXAMINER: Yeah, I saw it. I saw that
15 you have done something here. Yeah, I can see this.
16 You are going east/west, right?

17 MR. KINLEY: Yes, sir, east/west from west
18 to east.

19 MR. EXAMINER: You are pooling only the --

20 MR. RANKIN: Just the Bone Spring formation.

21 MR. EXAMINER: Anyway, this case will be
22 continued.

23 EXAMINER BROOKS: Exhibit 2. Exhibit 2 will
24 be showing.

25 MR. EXAMINER: Okay, very good. Did you

1 answer my question when I asked about Mr. Murphy? What
2 happens with them?

3 MR. RANKIN: Well, they're an offsetting
4 interest. They have no interest in the projected area.

5 MR. EXAMINER: Okay, very good. Now at this
6 point case number 14827 will be continued to May 24th,
7 right?

8 MR. RANKIN: Solely for the purposes of
9 providing notice to Dasco Energy; is that correct,
10 Mr. Examiner?

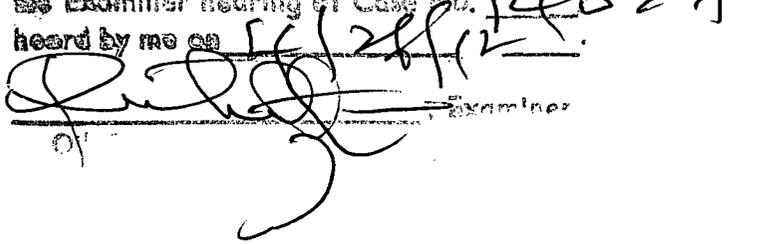
11 MR. EXAMINER: Yes.

12 MR. RANKIN: So I won't need to call the
13 witnesses back for that?

14 MR. EXAMINER: We just call it and then get
15 your information. But you are given 30 days to do that.

16 MR. RANKIN: Thank you, Mr. Examiner.

17 [Case number 14827 continued.]

18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. 14827
21 heard by me on 5/28/12.
22 
23
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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,
Provisional License P-405
License expires: 8/21/2012

Ex count: