

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:

APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NONSTANDARD SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

Case 14918

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

November 1, 2012

Santa Fe, New Mexico

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, WILLIAM V. JONES,  
Presiding Examiner, and DAVID K. BROOKS, Legal Examiner,  
on Thursday, November 1, 2012, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South  
St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91  
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A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, LLP  
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REPORTER'S CERTIFICATE 26

1 EXAMINER JONES: Let's start on the first  
2 case of the day. Let's call Case 14918, application of  
3 Mewbourne Oil Company for a nonstandard spacing and  
4 proration unit and compulsory pooling in Eddy County, New  
5 Mexico. Call for appearances.

6 MR. FELDEWERT: Michael Feldewert, of the  
7 Santa Fe office of Holland & Hart, appearing on behalf of  
8 Mewbourne Oil Company. I have two witnesses today.

9 EXAMINER JONES: Any other appearances?  
10 Will the witnesses please stand and state your  
11 names?

12 MR. MITCHELL: Corey Mitchell.

13 MR. CLESS: Nate Cless.

14 EXAMINER JONES: Will the court reporter  
15 please swear the witnesses?

16 (Two witnesses were sworn.)

17 COREY MITCHELL

18 Having been first duly sworn, testified as follows:

19 DIRECT EXAMINATION

20 BY MR. FELDEWERT:

21 Q. Would you please state your full name for the  
22 record, please, and identify by whom you're employed and  
23 in what capacity?

24 A. My name is Corey Mitchell. I'm employed by  
25 Mewbourne Oil Company as a landman.

1 Q. And have you previously testified before this  
2 Division as an expert witness on petroleum land matters?

3 A. I have.

4 Q. Were your credentials accepted?

5 A. Yes, sir.

6 Q. Are you familiar, Mr. Mitchell, with the  
7 application that's been filed by Mewbourne in this  
8 matter?

9 A. Yes, sir.

10 Q. Are you familiar with the status of the lands  
11 in the subject area?

12 A. Yes, sir.

13 MR. FELDEWERT: Mr. Examiner, I would once  
14 again tender Mr. Mitchell as an expert witness in  
15 petroleum land matters.

16 EXAMINER JONES: Mr. Mitchell is so  
17 qualified.

18 Q. (By Mr. Feldewert) Would you please turn to  
19 what's been marked as Mewbourne Exhibit Number 1,  
20 identify this exhibit for the Examiners, and please  
21 explain what the company seeks under this application?

22 A. Exhibit Number 1 is a land plat, Tomano 10  
23 Fed Com Number 8-H well. We are seeking to create a  
24 160-acre nonstandard spacing and proration unit comprised  
25 of the north half/south half of Section 10, Township 18

1 South, Range 31 East, and to pool all the mineral  
2 interests in the Bone Spring Formation.

3 Q. What well will be initially dedicated to this  
4 north half/south half unit?

5 A. The Tomano 10 Fed Com Number 8-H.

6 Q. Is that going to comply with all the setbacks  
7 required by the Division?

8 A. Yes, sir.

9 Q. What will the surface and bottomhole locations  
10 be for this well?

11 A. The surface location will be in Unit L, and  
12 our bottomhole location will be in Unit I.

13 Q. What is the initial target for this well?

14 A. The Second Bone Spring Sand.

15 Q. And have you been able to identify what pool  
16 is involved with this application?

17 A. It is to Tomano Bone Spring pool.

18 Q. Is the south half of Section 10 all federal  
19 lands?

20 A. Yes, sir.

21 Q. How many leases are involved?

22 A. There are two federal leases.

23 Q. Does the second page of this exhibit identify  
24 all of the working interest owners in this acreage?

25 A. Yes, sir, it does.

1 Q. And is Mewbourne Exhibit Number 2 a copy of  
2 the well proposal letter that was sent out to these  
3 interest owners for this project?

4 A. Yes, sir.

5 Q. I note this is addressed to Ard Oil, Ltd. Was  
6 a similar letter sent to all of the working interest  
7 owners that are shown on the second page of Exhibit  
8 Number 1?

9 A. Yes, sir.

10 Q. This submittal then contained an AFE, did it  
11 not?

12 A. Yes, sir.

13 Q. Have all of the working interest owners in  
14 this acreage agreed to participate in the proposed well?

15 A. All of the working interest owners are subject  
16 to a JOA. They've either elected to participate or go  
17 nonconsent in the drilling of this well.

18 Q. Under the terms of the JOA?

19 A. Yes.

20 Q. Has the well been drilled?

21 A. Yes, sir.

22 Q. Why does the company seek then to pool this  
23 acreage?

24 A. We sent out a com agreement, and Ard Oil has  
25 refused to sign it. And the BLM will not approve it

1 until we pool the interest of Ard Oil.

2 Q. Does this particular pooling application only  
3 apply to Ard Oil's interests?

4 A. Yes, sir.

5 Q. What percentage interest do they control?

6 A. It's 2.65 percent.

7 Q. What efforts did -- I know you sent out your  
8 well proposal. You've got elections made by all the  
9 working interest owners, including Ard Oil. What efforts  
10 did the company undertake to obtain the signature of Ard  
11 Oil on the necessary communitization agreement?

12 A. In January, we sent a com agreement with a  
13 letter requesting execution. We never received it back.  
14 And upon receipt of all the other partners' signatures,  
15 we sent another letter via Certified Mail in August, and  
16 we received that package back unclaimed.

17 Q. The Mewbourne Exhibit Number 2 shows an  
18 address for Ard Oil, Ltd. Is that a valid address?

19 A. It is.

20 Q. Is that the address that was utilized to send  
21 the communitization agreements to them both first in  
22 January and again in August?

23 A. Yes, sir.

24 Q. In fact, if I look at the second page of that  
25 exhibit, using that address, they actually returned the

1 green card for that exhibit?

2 A. Yes, sir.

3 Q. Have you been able to previously get in touch  
4 with Ard Oil, Ltd., at this address in Fort Worth, Texas?

5 A. Yes, sir.

6 Q. But for whatever reason, they have not  
7 returned a signed copy of the communitization agreement?

8 A. Correct.

9 Q. So your only remaining recourse, pursuant to  
10 what the BLM requires, would be to come here before the  
11 Division and obtain a pooling order?

12 A. Yes, sir.

13 Q. Let's go through the remaining aspects of this  
14 pooling order. If we turn to the AFE, which is included  
15 as the last page of Exhibit Number 2, are the costs  
16 reflected on this AFE consistent with what the company  
17 has incurred for drilling similar horizontal wells?

18 A. Yes, sir.

19 Q. And has Mewbourne made an estimate of the  
20 overhead and administrative costs to drill this well and  
21 also while producing this well if it is successful?

22 Well, it has been drilled; right?

23 A. Yes, sir. We request 6,000 a month for  
24 drilling and 600 a month for producing.

25 Q. Is that what costs that have been charged to

1 the working interest owners pursuant to the joint  
2 operating agreement that they have all executed in this  
3 matter?

4 A. Yes, sir.

5 Q. And do you request that these figures be  
6 incorporated into any order that results from this  
7 hearing and that they be adjusted in accordance with the  
8 COPAS accounting procedures?

9 A. Yes, sir.

10 Q. Since Ard Oil has actually signed a JOA and  
11 elected to go nonconsent under the terms of the JOA, I  
12 guess there's no need for the company to request a 200  
13 percent risk penalty that is customarily imposed by the  
14 Division's rules?

15 A. Correct.

16 Q. If we turn now to the nonstandard unit, did  
17 Mewbourne identify the operators and the lease mineral  
18 interest owners in the 40-acre tract surrounding the  
19 proposed nonstandard spacing unit?

20 A. Yes, sir.

21 Q. Did the company include these known lease  
22 mineral interest owners in the notice of this hearing?

23 A. Yes, sir.

24 Q. Has Mewbourne brought a geologist to provide  
25 technical testimony in support of the nonstandard spacing

1 and proration unit?

2 A. Yes, sir.

3 Q. Finally, Mr. Mitchell, is Exhibit 3 an  
4 affidavit, with the attached letters, providing notice of  
5 this hearing to all of the affected parties?

6 A. Yes, sir.

7 Q. Were Exhibits 1 and 2 prepared by you or  
8 compiled under your direction and supervision?

9 A. Yes, sir.

10 MR. FELDEWERT: Mr. Examiner, I would move  
11 the admission into evidence of not only Mewbourne  
12 Exhibits 1 and 2, but also the affidavit which has been  
13 marked as Exhibit Number 3.

14 EXAMINER JONES: Exhibits 1 and 2 will be  
15 admitted, and the affidavit, Exhibit 3, will be admitted.

16 (Exhibits 1, 2 and 3 were admitted.)

17 MR. FELDEWERT: That concludes my  
18 examination of this witness.

19 EXAMINATION

20 BY EXAMINER JONES:

21 Q. Mr. Mitchell, the percent that Mewbourne would  
22 have had itself, how much would it have in this proposed  
23 unit?

24 A. We have approximately 98 percent committed. I  
25 don't know exactly offhand what our interest is. And Ard

1 Oil has 2.65 percent, which they elected to go  
2 nonconsent, but they refused to sign the com agreement.

3 Q. But Mewbourne is the operator of the JOA?

4 A. Yes, sir.

5 Q. And the JOA has a risk penalty of its own?

6 A. Yes, sir.

7 Q. It's got penalties of its own for  
8 nonparticipation?

9 A. Yes, sir.

10 Q. And the application said something about  
11 record title owners being subject to --

12 A. Ard Oil is a record title holder. And that is  
13 why the BLM is requesting them to sign the com agreement  
14 as more of a record title holder, as opposed to a working  
15 interest owner.

16 Q. But they are a working interest owner also?

17 A. Yes, sir, they're both.

18 Q. But it's two federal leases and a whole bunch  
19 of working interest owners. So someone had the leases  
20 originally? I don't have land experience. So how does  
21 that work? They farmed it out or --

22 A. It's mainly a family that originally had it,  
23 the Hudsons. And it got split up amongst their different  
24 trusts, and we've acquired the interest from them.

25 Q. That sounds like a lot of work to put these

1 things together.

2 A. It can be.

3 Q. And the 40-acre tracts around this, about how  
4 many people were noticed because of that?

5 A. Section 11 is the same ownership as in our  
6 well that's the subject today. It's the same parties,  
7 same JOA. And in Section 9 is Chesapeake Operating.

8 MR. FELDEWERT: Mr. Examiner, if you look  
9 at Exhibit Number 3, on the fourth page it has a breakout  
10 to give you an idea of the parties that we originally  
11 thought we were going to need to pool because of the  
12 circumstances associated with the communitization  
13 agreement and the officers.

14 Q. (By Examiner Jones) And the people in the  
15 north half of Section 10, who would that be?

16 A. It's the same.

17 Q. Same?

18 A. Yes, sir, same as in the remainder.

19 Q. And no special pool rules for this?

20 A. No, sir.

21 Q. And no unlocatable parties?

22 A. No, sir.

23 EXAMINER JONES: Okay.

24

25

## EXAMINATION

1

2 BY EXAMINER BROOKS:

3 Q. Typically, Ard won't sign anything Hudson  
4 signs; right?

5 A. Correct. That's the problem we have.

6 Q. But you said Ard had gone nonconsent?

7 A. Yes, sir, because the Hudsons joined.

8 EXAMINER JONES: Mr. Feldewert, do you  
9 think we should go ahead and issue our standard form of  
10 order on the assumption that if Ard has already decided  
11 to go nonconsent, they will make the same decision under  
12 the operating agreement -- under the pooling order?

13 MR. FELDEWERT: We kind of have an odd  
14 circumstance here. I don't know what you can do, other  
15 than issue your standard pooling order, because we're  
16 really trying to satisfy the concerns that the BLM had.

17 They determined that simply because they were  
18 subject to a joint operating agreement, that that wasn't  
19 sufficient for the BLM to go ahead and approve the  
20 communitization agreement. They wanted the pooling order  
21 from the Division.

22 So I think, to be safe, we need to go forward  
23 with a standard pooling order.

24 EXAMINER BROOKS: Very good. Thank you.  
25 That's all I have.

1 MR. FELDEWERT: We'll call then our second  
2 witness.

3 NATE CLESS

4 Having been first duly sworn, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. FELDEWERT:

7 Q. Would you please state your name and then  
8 identify by whom you're employed and in what capacity?

9 A. Nate Cless. I'm a geologist for Mewbourne Oil  
10 Company.

11 Q. Have you also previously testified before this  
12 Division?

13 A. I have.

14 Q. Have you testified as an expert witness in  
15 petroleum geology?

16 A. Yes, sir.

17 Q. Were your credentials accepted and made a  
18 matter of public record?

19 A. Yes, sir.

20 Q. Are you familiar with the application that has  
21 been filed by Mewbourne in this case?

22 A. I am.

23 Q. Have you had the opportunity to conduct a  
24 geologic study of the lands that are the subject of this  
25 application?

1           A.     I have.

2                         MR. FELDEWERT:  Mr. Examiner, I would once  
3 again tender Mr. Cless as an expert witness in petroleum  
4 geology.

5                         EXAMINER JONES:  Mr. Cless is so  
6 qualified.

7           Q.     (By Mr. Feldewert)  Mr. Cless, if we turn to  
8 what's been marked as Mewbourne Exhibit 4, would you  
9 please identify that and walk the Examiners through that  
10 exhibit?

11           A.     Exhibit 4 is a structure map that I made on  
12 the base of the Second Bone Spring, what we call the A  
13 Sand.  I'll point out what that marker is in a later  
14 exhibit.

15                         Also on here, I've identified the Bone Spring  
16 producers and what intervals they're producing out of.  
17 Our main target is the Second Bone Spring Sand, which is  
18 highlighted by the yellow circles.  Those yellow circles  
19 are vertical Second Bone Spring Sand producers.

20                         There are also two horizontal Second Bone  
21 Spring Sand producers that are drilled in the north  
22 half/north half of Section 10, as well as the south  
23 half/north half of Section 10, which we have drilled.

24                         I've also marked on here the location of a  
25 cross-section that will be a later exhibit, A to A prime.

1 But basically as far as structure is concerned in this  
2 area, it's dipping from north to south. We don't believe  
3 there's too much of a structural component here. We do  
4 have vertical Bone Spring production out of the second  
5 sand, both updip and downdip of us, so we don't believe  
6 the structure is going to be a major player.

7 Q. So you're seeing consistent structure across  
8 the south half of Section 10?

9 A. We are.

10 Q. Would you then turn to what's been marked as  
11 Mewbourne Exhibit 5, identify it, and walk the Examiners  
12 through that exhibit?

13 A. Exhibit Number 5 is a gross isopach map of the  
14 Second Bone Spring A Sand. Once again, I have here all  
15 the Bone Spring producers. But under every vertical  
16 well, there's a number, and that's the gross thickness  
17 for that particular well.

18 So if we just look at -- there are four wells  
19 in the north half/south half of Section 10, and they  
20 range from 96 feet of gross thickness to about 120 feet  
21 of gross thickness. So along the north half/south half  
22 of Section 10, we probably have an average thickness of  
23 110 feet. There's not a lot of variation as far as the  
24 gross interval is concerned in this area.

25 Q. The numbers you were just referencing are in

1 black on Exhibit Number 5?

2 A. Yeah. They're the black numbers directly  
3 below the wellbores.

4 Q. Anything else about this exhibit?

5 A. No, sir.

6 Q. I note you have A to A prime here. Does that  
7 relate then to the next exhibit, Exhibit Number 6?

8 A. Yes. Again, it is the --

9 Q. Give us a minute to pull this exhibit out.  
10 Once we get it out, would you then identify what's been  
11 marked as Mewbourne Exhibit Number 6 and walk us through  
12 this exhibit?

13 A. It's a two-well cross-section going through  
14 the north half/south half of Section 10. It contains the  
15 well in 10-L, as well as the well in 10-I.

16 It's a structural cross-section hung on the  
17 base of the Second Bone Spring A Sand. That sand is  
18 about two-thirds of the way down. You can see I've  
19 marked the top of the Second Bone Spring A Sand, as well  
20 as the base of the Second Bone Spring A Sand. That's  
21 where we placed our lateral.

22 Q. That's in orange on this particular exhibit?

23 A. Yeah. Those are the two orange lines in the  
24 middle of the cross-section.

25 And then you can see on here the gross

1 interval is pretty consistent across that north  
2 half/south half. And the porosity log is on the right  
3 side of each wellbore. And throughout this interval, we  
4 have an average porosity of 10 to 12 percent, which is  
5 consistent with what we see in other parts of this play.

6 Again, I've marked a horizontal target in that  
7 interval. So we do believe the north half/south half  
8 will be productive in this Second Bone Spring Sand.

9 Q. You're seeing consistency here with respect to  
10 porosity and thickness across this interval?

11 A. Yes, we were.

12 Q. Just for the record, I note that there is an  
13 inset in the right of Exhibit Number 6. It's labeled,  
14 "Top Second Bone Spring Sand." Is that the same  
15 depiction as what's been marked as Mewbourne Exhibit  
16 Number 5?

17 A. Yes, it is. That's the gross isopach map that  
18 I used for Exhibit Number 5. And again, this first well  
19 is the well that we're going to be landing by. And the  
20 well in 10-I is the well that's closest to our  
21 bottomhole.

22 Q. Based on your study, do you see any geologic  
23 impediment to develop this area using a full-section  
24 horizontal well?

25 A. No.

1 Q. In your opinion, is this an area that can be  
2 efficiently and effectively drained and developed by  
3 horizontal wells?

4 A. Yes, sir.

5 Q. Would you expect that the proposed project  
6 area will contribute more or less equally to the well's  
7 production?

8 A. Yes, sir.

9 Q. Will the completed interval for this well  
10 comply with the setback requirements for the horizontal  
11 well rule?

12 A. It will.

13 Q. If I turn to what's been marked as Mewbourne  
14 Exhibit Number 7, does this contain a well planning  
15 report and diagrams demonstrating compliance with the  
16 setback requirements?

17 A. Yes, it does. This is a horizontal well plan  
18 that's given to us by our directional drilling company.  
19 On the front page, towards the bottom, you have the  
20 surface location marked at 1,737 from the south, 250 from  
21 the west, and the landing point at 1,743 from south and  
22 738 from west. That will be where the first completion  
23 point will be. And then the bottomhole location of 1,800  
24 from the south, 330 from the east. So these all comply  
25 with the state-wide setbacks.

1           If you flip through that, it's got all the  
2 details of the well plan. And the last two pages on that  
3 are the wellbore diagrams that we have. So the  
4 second-to-the-last page shows where we're going to be  
5 kicking off at 8,015 TVD. Our landing point, which is  
6 marked by "EOB," which stands for end of build, is going  
7 to be at 8,492 TVD, and then our bottomhole location at  
8 8,482 TVD.

9           And the last page is just a map view of the  
10 wellbore diagram and the wellbore path for this  
11 particular well.

12           Q.     In your opinion, will the granting of  
13 Mewbourne's application be in the best interest of  
14 conservation, the prevention of waste and the protection  
15 of correlative rights?

16           A.     Yes, it will.

17           Q.     Were Mewbourne Exhibits 4 through 7 prepared  
18 by you or compiled under your direction and supervision?

19           A.     Yes, they were.

20                   MR. FELDEWERT: Mr. Examiner, I would move  
21 the admission into evidence of Mewbourne Exhibits 4  
22 through 7.

23                   EXAMINER JONES: Exhibits 4 through 7 will  
24 be admitted.

25                   (Exhibits 4 through 7 were admitted.)

1 MR. FELDEWERT: That concludes my  
2 examination of this witness.

3 EXAMINATION

4 BY EXAMINER JONES:

5 Q. Mr. Cless, so on this cross-section, your well  
6 will be drilled -- where are you going to tell them to  
7 land your well?

8 A. If you look on the right side, I've got it  
9 marked as a horizontal target with that double red arrow.  
10 So we're going to land right in the middle of that.

11 Q. Right in the middle? So basically, it looks  
12 like your resistivity log is pretty critical for your  
13 pilot hole to look for where you're going?

14 A. Like I said, this is the third well that we're  
15 drilling in this section. So more or less in this area  
16 we look at porosity, and we use resistivity to calculate  
17 water saturations and stuff. With the vertical wells in  
18 this area, we know this area is productive in this  
19 interval, so we do use the resistivity logs and the gamma  
20 ray logs for tying us in whenever we're landing the well.

21 Q. You just have a mud log when you're drilling?

22 A. We have a mud log and then a gamma ray log  
23 that we run as we drill the well.

24 Q. So the gamma ray is 30 feet back or so?

25 A. Yes, sir.

1 Q. How fast do they drill in --

2 A. Usually, we drill the lateral in anywhere from  
3 five to seven days. So it's about a 4,200-foot lateral,  
4 so anywhere from 500 to -- we drilled some that have been  
5 about 1,000 feet a day. Usually about 500 feet a day,  
6 though.

7 Q. How many minutes per foot?

8 A. A half a minute per foot. On average, half  
9 minute to a minute.

10 Q. That fast?

11 A. As you get farther into the lateral, it slows  
12 down a little bit. But usually starting out, it's about  
13 a half a minute to a minute per foot.

14 Q. Are there vertical wells producing in this 160  
15 acres right now?

16 A. Yes.

17 Q. Out of this same interval?

18 A. Yes, there are.

19 Q. Or even out of the upper or lower Bone Spring  
20 interval?

21 A. They're producing out of this particular  
22 interval. The well in 10-L, as well as the well in 10-K,  
23 are both producing out of this interval. And they  
24 produce out of -- actually, I believe they just produce  
25 out of the Second Bone Spring Sand.

1           The well in 10-L we're not too concerned with  
2 because by the time we land, we'll be far enough away  
3 from that well. The well in 10-K, we kind of have an  
4 idea of where we believe that well -- the frack  
5 orientation of this area. So for our completion, we use  
6 a packer-and-port system, so we spaced our ports around  
7 that to kind of minimize interference with that well.

8           Q.     What about I and J?

9           A.     They both produce out of the Second Bone  
10 Spring Carbonate, which all the wells that are in blue  
11 produce out of the Second Bone Spring Carbonate. So  
12 that's going to be above this interval, so we're not too  
13 concerned with interference or communication with those  
14 wells.

15          Q.     Where would it be on this cross-section?

16          A.     Basically, just off the top of this. I've got  
17 it marked, "Second Bone Spring Sand." And just above  
18 that is the Second Bone Spring Carbonate.

19          Q.     It's in the same pool?

20          A.     Yes, it is.

21          Q.     You don't plan on petitioning to split the  
22 pool?

23          A.     No, sir.

24          Q.     Is it going to affect your allowable, those  
25 vertical wells?

1           A.     I don't believe they will. The vertical wells  
2 are down to about 5 to 10 barrels a day, so I don't  
3 believe it will affect it.

4           Q.     So do you expect pretty good continuity? You  
5 don't expect --

6           A.     As far as when we drill the well, like I said,  
7 this well has been drilled, and we never got of the zone  
8 that we were targeting. For this, since we have such a  
9 big interval that we're landing in, we're just going to  
10 put it right in the middle. And we've never had any  
11 problems staying in the sand.

12          Q.     So you can't just frack your vertical wells  
13 again with a bigger frack job and get through the same  
14 thing here?

15          A.     We've just seen better results going in and  
16 drilling horizontals in these.

17                   EXAMINER JONES: Thank you very much.

18                   David?

19                                   EXAMINATION

20           BY EXAMINER BROOKS:

21          Q.     On this last page of your Exhibit Number 7,  
22 you have a red line that's marked, "Lease line," and a  
23 red line that's marked as, "330 foot hard line," on the  
24 left. The red line on the right, is that the 330-foot  
25 line at the other end of the unit?

1 A. Yes, it is.

2 EXAMINER BROOKS: Thank you. That's all I  
3 have.

4 MR. FELDEWERT: That concludes our  
5 presentation in this matter.

6 EXAMINER JONES: Thank you both.

7 With that, we'll take Case 14918 under  
8 advisement.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14918  
heard by me on 11-1-2012  
David K. Burch  
Oil Conservation Division

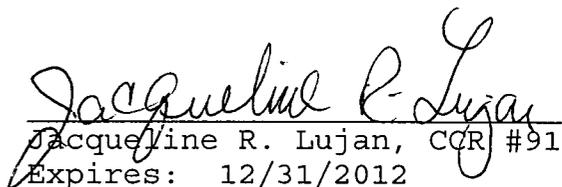
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on November 1, 2012, proceedings in  
the above captioned case were taken before me and that I  
did report in stenographic shorthand the proceedings set  
forth herein, and the foregoing pages are a true and  
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by  
nor related to nor contracted with 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.

WITNESS MY HAND this 12th day of November,  
2012.

  
Jacqueline R. Lujan, CCR #91  
Expires: 12/31/2012