

3 IN THE MATTER OF THE HEARING CALLED  
4 BY THE OIL CONSERVATION DIVISION FOR  
5 THE PURPOSE OF CONSIDERING:

6 APPLICATION OF OXY USA, INC.  
7 FOR A NONSTANDARD SPACING AND  
8 PRORATION UNIT AND COMPULSORY  
9 POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 15118

ORIGINAL

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS

11 EXAMINER HEARING

12 May 1, 2014

13 Santa Fe, New Mexico

14 BEFORE: PHILLIP GOETZE, CHIEF EXAMINER

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18 This matter came on for hearing before the  
19 New Mexico Oil Conservation Division, Phillip Goetze,  
20 Chief Examiner, on Thursday, May 1, 2014, at the New  
21 Mexico Energy, Minerals and Natural Resources  
22 Department, 1220 South St. Francis Drive, Porter Hall,  
23 Room 102, Santa Fe, New Mexico.

24 REPORTED BY: Mary C. Hankins, CCR, RPR  
25 New Mexico CCR #20  
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## 1 APPEARANCES

2 FOR APPLICANT OXY USA, INC.:

3 GERMAINE R. CHAPPELLE, ESQ.  
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## 21 EXHIBITS OFFERED AND ADMITTED

22 OXY USA, Inc. Exhibit Numbers 1 through 9	12
23 OXY USA, Inc. Exhibit 1A (This exhibit was not tendered to the court reporter 24 for attachment to the record.) (Not attached)	
25 OXY USA, Inc. Exhibit Numbers 10, 10A through 18	21

1 (8:39 a.m.)

2 EXAMINER GOETZE: Next case is Case 15118,  
3 application of OXY USA, Incorporated for a nonstandard  
4 spacing and proration unit and compulsory pooling, Eddy  
5 County, New Mexico.

6 Call for appearances.

7 MS. CHAPPELLE: Good morning, Your Honor.  
8 Germaine Chappelle, Gallagher & Kennedy, for OXY. I  
9 have two witnesses with me.

10 EXAMINER GOETZE: Would your witnesses  
11 please stand and identify themselves?

12 MR. PRATT: My name is Daniel Pratt.

13 MR. HODGE: Mark Hodge.

14 EXAMINER GOETZE: And the court reporter  
15 will swear you in.

16 (Mr. Hodge and Mr. Pratt sworn.)

17 MS. CHAPPELLE: Good morning. How are you?

18 EXAMINER GOETZE: Fine. Thank you. How  
19 are you?

20 MS. CHAPPELLE: Good. Thank you.

21 So I would like to get started and call our  
22 first witness, Mark Hodge.

23 MARK HODGE,

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

DIRECT EXAMINATION

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BY MS. CHAPPELLE:

Q. Good morning. How are you?

A. Good morning. How are you?

Q. Good. Thank you.

MS. CHAPPELLE: And, Your Honor, I just want to say as a threshold matter, this particular proposed well is similar to a well that was authorized last June, and just for your reference, we'll be referencing it throughout. But that Case Number was 15006, Order Number R-13734.

EXAMINER GOETZE: Very good. And I'm not "Your Honor," just a hearing examiner (laughter). Proceed.

MS. CHAPPELLE: I do that at the PRC, too. It's force of the habit.

Q. (BY MS. CHAPPELLE) Mr. Hodge, have you testified in a forced-pool hearing before this Commission or this Division before?

A. Yes, ma'am. Once approximately eight years ago, in a Harding County, New Mexico forced-pooling hearing, I did testify as a witness on behalf of OXY.

Q. And to your knowledge, were you sworn in and accepted as an expert in that case?

A. I cannot say for sure I was accepted as an

1 expert, but I was sworn in and testified.

2 Q. Can you please give us -- let me give you your  
3 exhibit pack.

4 A. Thank you.

5 MS. CHAPPELLE: And I'm going to mark the  
6 resumes separately from the packet. I'll fix that.

7 Q. (BY MS. CHAPPELLE) Mr. Hodge, could you please  
8 turn to Exhibit 1A [sic]? It's the first one in your  
9 packet.

10 A. Okay.

11 Q. And can you please identify that document?

12 A. This is my professional resume.

13 Q. Can you please give us --

14 EXAMINER GOETZE: Could we interrupt for a  
15 moment? So you have testified here before, and you have  
16 been qualified as an expert?

17 THE WITNESS: I cannot say for sure I was  
18 qualified as an expert, but I have testified once before  
19 at the NMOCD in a forced-pool hearing on behalf of OXY.

20 EXAMINER GOETZE: We'll assume that you  
21 were qualified at that time, and it will carry through.

22 Very good.

23 MS. MCGRAW: Is he a landman?

24 EXAMINER GOETZE: Yes.

25 THE WITNESS: Yes.

1 Q. (BY MS. CHAPPELLE) Mr. Hodge, could you please  
2 move to what's marked in your packet as Exhibit 1A  
3 [sic]?

4 A. Yes.

5 Q. And could you please identify that for the  
6 Hearing Examiner?

7 A. Well, this is the general location of the  
8 proposed well. It's approximately halfway between Jal  
9 and Carlsbad in southeastern Eddy County, New Mexico,  
10 just south of State Highway 128, approximately 10 or 12  
11 miles north of the Texas line.

12 Q. Can you please highlight for the Hearing  
13 Examiner what is circled in red?

14 A. That would be Section 26, Township 23 South  
15 Range 30 East.

16 Q. Okay. Can you please move to Exhibit 2 and  
17 describe that exhibit?

18 A. This is the relative position of the well we're  
19 debating today, the FNR Federal 26 2H, which is situated  
20 directly north of the previous case that you cited  
21 earlier for the FM 26 4H, which was force pooled by this  
22 Commission and has now been drilled by OXY. Therefore,  
23 the new well we're working on today is one-fourth mile  
24 north of the previous well.

25 Q. Mr. Hodge, can you tell us a little bit about

1 the 4H well? Has that been completed, or is it in the  
2 process of being completed?

3 A. That well has been drilled but has not been  
4 completed. We are still in the process of carefully  
5 evaluating the completion techniques. However, there  
6 has been no logistical or economic setbacks. It's been  
7 viewed as a successful venture. Otherwise, we would not  
8 be proceeding with the offset well. But to answer your  
9 question directly, the well has not yet been completed  
10 on production.

11 Q. Thank you, Mr. Hodge.

12 With respect to Exhibit 3, can you talk to  
13 us about the working interest owners?

14 A. Yes. This is a single federal lease in which  
15 OXY USA, Inc. owns 50 percent of the record title  
16 working interest, and ConocoPhillips company owns an  
17 identical 50 percent record title working interest.

18 Q. Thank you.

19 And with respect to Exhibit 4, can you  
20 please describe that exhibit?

21 A. Yes. This was the formal well proposal OXY  
22 sent to ConocoPhillips in January of this year, along  
23 with an AFE, Authority for Expenditure, for the proposed  
24 well, as well as a proposed Joint Operating Agreement,  
25 which, if entered into, would govern the operations of

1 this well.

2 Q. And to your knowledge, what election did  
3 ConocoPhillips make?

4 A. They did not make any election. They did not  
5 return the election letter in any form or fashion.

6 Q. With respect to the AFE attached to that, is it  
7 your opinion that that AFE is in line with industry  
8 standards?

9 A. Yes. OXY updates those constantly based upon  
10 our own drilling activities and the drilling activities  
11 of operators where we are a nonoperating participant.

12 Q. Thank you, Mr. Hodge.

13 With respect to Exhibit 5, can you discuss  
14 the timeline of discussions between OXY and  
15 ConocoPhillips with respect to this well?

16 A. Yes. In August 2013, the previously referenced  
17 NMOCD order was issued for the 4H well, which, as  
18 discussed, has now been drilled and awaiting completion.

19 In January of 2014, OXY delivered to  
20 ConocoPhillips the well proposal with the AFE and  
21 proposed Joint Operating Agreement for the well that  
22 we're discussing today, the #2H.

23 From that point forward, there has been no  
24 formal election by ConocoPhillips to either participate  
25 or not participate in this well. However, I feel like I

1 should mention we have had discussions with them in a  
2 general sense about this, and it's clear that they knew  
3 the well being proposed, and it's clear that they were  
4 not going to participate.

5 Q. Thank you.

6 And should they decide to participate  
7 voluntarily even after this forced pooling, would OXY  
8 work with them, should they decide to do that?

9 A. I believe so. It would not be my decision. It  
10 would be the decision of management, but we had  
11 encouraged them to participate in the earlier 4H well.  
12 We encouraged them to participate in this well. And if  
13 they change their mind and decide to participate, since  
14 we're both large operators and have other business with  
15 each other, there is a very good chance we would deal  
16 with them, but it's not my decision to make.

17 Q. I understand.

18 With respect to Exhibit 6, can you please  
19 identify that for the record? And is this correct? Is  
20 this a notice to the affected interest owners?

21 A. Yes. Correct. This was sent out by your law  
22 firm to all interested parties, including the overriding  
23 interest owner, Andrikopoulos.

24 Q. And flipping through this, do you note that the  
25 certified mail return receipts are attached, signifying

1 the date those were sent out?

2 A. Yes, absolutely.

3 Q. Thank you, Mr. Hodge.

4 Turning now to Exhibit 7 -- before we do  
5 that, to your knowledge, are there any unknown interest  
6 owners that haven't been identified that need notice?

7 A. None whatsoever.

8 Q. Thank you.

9 With respect to Exhibit 7, can you please  
10 walk us through that exhibit?

11 A. Well, this is, again, a relative position of  
12 the previously drilled #4H well and the proposed #2H  
13 well one-quarter mile directly to the north. The green  
14 outline is the forced pooling order for the previous  
15 well. The yellow is the remaining leasehold interest,  
16 held 50/50 by OXY and ConocoPhillips in this immediate  
17 area, including the proposed proration unit for the #2H  
18 well.

19 Q. Thank you, Mr. Hodge.

20 Turning now to Exhibit 8, can you talk with  
21 us about the well location and setback compliance?

22 A. Yes. This well has been permitted by the BLM.  
23 It will be drilled in strict compliance with all setback  
24 requirements and will be drilled in strict compliance  
25 with all BLM and NMOCD requirements of all types. It's

1 well within the hard-line setback requirements for this  
2 type well.

3 Q. And just for the record, can you read in the  
4 actual requirements as specified -- the actual location  
5 as specified on the exhibit?

6 A. Yes. The surface-hole location is proposed at  
7 330 feet from the west line and 2,060 feet from the  
8 south line of Section 26, Range 23 South -- Township 23  
9 South, Range 30 East. The proposed bottom-hole location  
10 is 350 feet from the west line and 2,060 feet from the  
11 south line of said Section 26.

12 Q. Thank you, Mr. Hodge.

13 Now, with respect to Exhibit 9, is that the  
14 permit from the BLM --

15 A. Excuse me. I see a typographical error here in  
16 Exhibit Number 8. As to the bottom-hole location, that  
17 should be read "350 feet from east line," not "350 feet  
18 west line," as it's written. All other footage calls  
19 appear correct.

20 Q. Thank you for catching that.

21 A. Thank you.

22 Q. With respect to Exhibit 9, can you identify  
23 this exhibit?

24 A. Yes. This is the Form C-102, which is the  
25 survey plat, which is submitted along with the

1 application for permit to drill.

2 Q. And it is your testimony today that the BLM has  
3 approved this location and well; is that correct?

4 A. That's correct.

5 MS. CHAPPELLE: With that, Your Honor, I  
6 have no further questions of this witness, and I tender  
7 the witness.

8 EXAMINER GOETZE: And your exhibits?

9 MS. CHAPPELLE: Yes, and my exhibits. That  
10 will be 1 through 9, Your Honor.

11 EXAMINER GOETZE: 1 through 9 are so  
12 admitted.

13 (OXY USA, Inc. Exhibit Numbers 1 through 9  
14 were offered and admitted into evidence.)

15 CROSS-EXAMINATION

16 BY EXAMINER GOETZE:

17 Q. Mr. Hodge, one question. You were referred to  
18 here as a senior landman, consultant. Are you an  
19 employee with OXY?

20 A. Yes, sir. I'm an employee. That's part of my  
21 job title.

22 Q. Oh, okay.

23 And you prepared or had oversight of the  
24 figures in here, in your exhibits. Exhibit 7 and  
25 Exhibit 8, I assume, were prepared by you or under your

1 direction?

2 A. Actually, this was a team effort in which I was  
3 involved with geoscientists, a draftsman and an  
4 engineer.

5 Q. Very good.

6 And do we have a pool name for this well?

7 A. It should appear on that plat. I do not have  
8 it off the top of my head. Our geoscientist will.

9 Q. Okay. We'll defer that until later.

10 And then based upon what you provided to  
11 me, we are not in the motions of completing the well  
12 yet. We're still waiting on that?

13 A. On the initially drilled #4H well, yes, sir.  
14 And this well -- the well we're discussing today has not  
15 spud.

16 Q. Okay. Very good.

17 And you're waiting on 4H to help you with  
18 this completion?

19 A. Not necessarily. We're just working 4H as they  
20 deem advisable to work it and careful completion  
21 technology. The drilling of the #2H that we're  
22 contemplating today is more of an economic consideration  
23 based upon timing and budgetary concerns and stuff.  
24 It's a solid drill location irrespective of the 4H.

25 EXAMINER GOETZE: I have no further

1 questions for this witness.

2 MS. CHAPPELLE: Thank you, Your Honor.

3 THE WITNESS: Thank you, sir.

4 MS. CHAPPELLE: I mean, sir (laughter).

5 EXAMINER GOETZE: Thank you.

6 MS. CHAPPELLE: With that, I'll call Daniel

7 Pratt.

8 Thank you, Mr. Hodge.

9 DANIEL A. PRATT,

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

12 DIRECT EXAMINATION

13 BY MS. CHAPPELLE:

14 Q. Good morning, Mr. Pratt. How are you?

15 A. I'm fine. Thank you.

16 Q. Have you testified before this Division before?

17 A. No, I have not.

18 Q. Can you please turn, in your packet -- and I  
19 will provide one of these for you as well -- to Exhibit  
20 10? It's in your packet, Exhibit 10.

21 A. Uh-huh.

22 Q. And identify that document, please.

23 A. That is my resume.

24 Q. And can you please talk to the Hearing Examiner  
25 about your resume.

1           A.    I hold a bachelor of science in geology from  
2    Florida Atlantic University, 1975.  I have a master's of  
3    science in geology from the University of Florida in  
4    1978 and have worked in the profession since then,  
5    approximately 36 years, of which the first five or six  
6    years were on the environmental and engineering side and  
7    assessment since 1993 in the oil and gas industry.  I  
8    have worked most of the basins of the world, worked  
9    everything from rank wildcat to extensive experience in  
10   field development, including the last three years in  
11   Hugoton and most recently the Permian.

12           Q.    Thank you, Mr. Pratt.

13                    Are you currently employed by OXY?

14           A.    Yes, I am.

15           Q.    What is your title?

16           A.    Senior geological advisor.

17           Q.    Are you an expert petroleum engineer?

18           A.    No.

19           Q.    What would be the basis of your expert opinion  
20   in this case?

21           A.    I am a petroleum geologist.

22           Q.    And based on your experience and education,  
23   does that render you an expert to discuss the technical  
24   and scientific aspect of this case?

25           A.    I believe so, and I have done so for Oklahoma

1 and for Texas.

2 MS. CHAPPELLE: With that, Your Honor -- I  
3 mean, sir, I tender the witness as an expert.

4 EXAMINER GOETZE: You're so qualified.

5 Q. (BY MS. CHAPPELLE) Can you please move to what  
6 I have marked as Exhibit 10A -- and I'll need to make  
7 that correction on Exhibit 10 -- and identify what that  
8 is?

9 A. This is an area map surrounding the well we're  
10 discussing today. The most relevant thing you have not  
11 yet seen is there is a depth structure map on top of the  
12 target horizon, the Brushy Canyon. The contour  
13 interval's in 20 feet. It is basically -- what you may  
14 see is that it's basically sloping gently to the  
15 southeast.

16 Q. And can you please identify for the Hearing  
17 Examiner the proposed Federal 2H?

18 A. Yes. It's the well that is marked in red and  
19 is labeled as "Proposed Well FNR 26 Federal #2H" in a  
20 box that is also surrounded by red, with an arrow that  
21 is pointing to the surface-hole location.

22 Q. And do you reach any conclusions with respect  
23 to the 2H and the structure map?

24 A. Basically, it will be -- the heel will be at  
25 the western end, and the toe will be at the eastern end.

1 It will be descending slightly through the length of the  
2 well, just as the 4H did.

3 Q. Can you please move to Exhibit 11 and identify  
4 that exhibit?

5 A. This exhibit is almost identical, except here,  
6 instead of the depth structure map, what we have is the  
7 isopach map of the target interval. Here, the contour  
8 interval is in ten feet. You may note that the 50-foot  
9 contour interval goes right through the tract of the  
10 well. It will actually thicken slightly to the  
11 southeast but not by a lot. It's fairly uniform in this  
12 area.

13 Q. Okay. And do you reach any conclusions about  
14 the potential success of this well given your analysis  
15 of both the structure and isopach?

16 A. Yes. I expect it to be a success.

17 Q. Thank you.

18 Turning now to Exhibit 12, can you please  
19 identify that document?

20 A. This is the type log for the target interval.  
21 It was actually from the FNR 26 Federal #1, which is a  
22 vertical well located just off the tract of the 4H. If  
23 you look very closely at the top of the interval, you'll  
24 see BC A6, top of porosity. That's the Brushy Canyon  
25 A6. That's effectively the top of the Brushy Canyon.

1 If you go down near the bottom -- closer to the bottom,  
2 it is 7,700 feet measured depth. That is the Brushy  
3 Canyon A2. That is the interval we are targeting, with  
4 the approximate center point of what we intend to drill  
5 a lateral here marked as "proposed lateral."

6 Q. Turning now to Exhibit 13, can you please  
7 identify that exhibit?

8 A. Yes. This is a cross section going from the  
9 FNR 26 Federal 1. If you refer back to Exhibit 10A, you  
10 may notice that there is kind of a reddish-pink line  
11 that goes down from that location down to the southeast,  
12 to the Blackjack 1 Federal #2Q. That is the right-hand  
13 well on the cross section. Basically what you're seeing  
14 here is that the Brushy Canyon A6 -- excuse me -- the  
15 Brushy Canyon is relatively -- approximately the same  
16 thickness. It does get a little bit thicker as you go  
17 to the southeast, and it does go downdip, as reflected  
18 in the isopach and structure maps.

19 Q. Thank you, sir.

20 Can you please turn to Exhibit 14 and  
21 identify that exhibit?

22 A. This is a vertical section along the proposed  
23 well path. And if you look at it, on the left side, you  
24 will see the surface-hole location. The way we plan and  
25 drill these wells is we have a vertical well path down

1 to approximately 7,100 feet measured depth. At that  
2 point, we beginning building our curve. We go from  
3 vertical to horizontal, which takes about 710 feet to do  
4 so.

5 The landing point is at a location in this  
6 particular well. It's 1,038 from the west line, at a  
7 depth of about 4,310 subsurface TVD. You will then  
8 descend slightly towards the east, hit TD at 350 feet  
9 from the east line, which is 20 feet short of the hard  
10 line, and at a depth of 4,355 subsurface TVD.

11 Q. Thank you, sir.

12 Please turn to Exhibit 15 and describe that  
13 for the Hearing Examiner.

14 A. This is something that's prepared for us by the  
15 company that designs -- helps design the completion of  
16 the well, and basically it's just a proposed wellbore  
17 diagram. It shows the casing points and also the layout  
18 of the lateral as planned as of today.

19 Q. Turning now to Exhibit 16, can you please  
20 describe that?

21 A. This is a more detailed view of the lateral  
22 showing the locations where we, as of right now, plan to  
23 perforate and fracture the well.

24 Q. Okay. And turning now to 17A, can you please  
25 go through that -- I mean, 17A through -- it's a

1 multipage exhibit.

2 A. Yes. This is the Standard Planning Report that  
3 we get from a company that is contracted to us. In this  
4 case, it's Scientific Drilling.

5 What this does is go through some of what I  
6 just showed you, but it also goes through in detail the  
7 exact location that the well is supposed to be as it  
8 travels through the paths, both in the vertical, through  
9 the curve and then through the lateral, also. This is  
10 what we use as a guide as we are drilling the well.

11 Q. Thank you, sir.

12 And turning now to the last exhibit,  
13 Exhibit 18, can you please describe that?

14 A. This is the type curve that we use for our  
15 economic analyses. It is actually prepared by the  
16 reservoir engineer who works with me. And what he has  
17 done here is -- these are derived from the producing  
18 wells in the area that are in the same or approximately  
19 the same producing horizon. This is what we use to  
20 determine what the well should produce and also the  
21 economics in terms of whether it will be economic or  
22 not.

23 Q. Looking at this exhibit and the previous  
24 exhibits that you testified about, what is your opinion  
25 about whether all zones will produce and what the

1 economic potential for this well is?

2 A. It is economically viable, or our management  
3 would not have approved it. And we will be producing  
4 initially from the Brushy Canyon A2. And then at a  
5 later time, we may come updip and produce in some of the  
6 shallower ones if it is deemed necessary. So we will  
7 drain all four in the entire unit.

8 Q. And with respect to this proposed well, do you  
9 believe it protects correlative rights and is in the  
10 best interest of both OXY, the working interest owner,  
11 and the State to drill?

12 A. Yes, I do.

13 Q. Did you, or under your supervision, prepare the  
14 exhibits regarding your testimony today?

15 A. The only exhibits that I did not prepare were  
16 the wellbore plan and the well path. Those were  
17 prepared, as I stated, by a contractor.

18 MS. CHAPPELLE: With that, Your Honor, I  
19 tender the witness and Exhibits 10A through 18.

20 EXAMINER GOETZE: Exhibits 10A through 18  
21 are so admitted.

22 (OXY USA, Inc. Exhibit Numbers 10A  
23 through 18 were offered and admitted into  
24 evidence.)

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## CROSS-EXAMINATION

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BY EXAMINER GOETZE:

Q. So we're looking at top of Brushy Canyon, and I'll ask you the magic question: The 49er Ridge, is that the pool name, or is that just an area name?

A. What I've heard is 49er Ridge. I have an extra pool name in there. Sorry.

Q. Okay. So we won't take that one up.

And then the last part of your completion is open hole?

A. As of right now, yes. That is what we were doing in the 4H. We ran into a slight mechanical difficulty, which we have since fixed. We are trying both the open hole and the plug and perf in this area, and we're basically experimenting between the two to see which seems to work best. As of right now, though, we are planning to do open hole, yes.

Q. Very good.

EXAMINER GOETZE: I have no further questions for this witness.

However, we still have some unanswered questions. We have not talked about overhead rates. Do you want any overhead rates?

MS. CHAPPELLE: Yes. The overhead rates are identified in the AFE, and to put that into the

1 record, obviously I would need to bring our landman back  
2 up.

3 EXAMINER GOETZE: Let's bring him back up,  
4 then.

5 MARK HODGE,  
6 after having been previously sworn under oath, was  
7 recalled, questioned and testified as follows:

8 DIRECT EXAMINATION

9 BY MS. CHAPPELLE:

10 Q. Mr. Hodge, if you wouldn't mind turning to  
11 Exhibit 4 and answering the Hearing Examiner's question  
12 with respect to overhead rates.

13 A. Yes. And this was a question in my mind until  
14 recently, and I called my manager at OXY last night and  
15 was advised that we will be seeking \$7,000 per month for  
16 drilling well overhead and \$700 per month for producing  
17 well overhead, based upon recent analysis of all JOAs we  
18 had entered into either as operator or nonoperator. So  
19 that came straight from OXY last evening.

20 Q. And is it your understanding that that's a  
21 reasonable cost and within the industry standard?

22 A. Yes. Absolutely.

23 EXAMINER GOETZE: Well, it's on the high  
24 end of costs. But this is based upon Brushy and  
25 completion in Delaware?

1 THE WITNESS: I believe so. I requested  
2 the information of my manager last evening, and that's  
3 what they came back with, 7,000 per month for drilling  
4 and 700 per month for operating.

5 Q. Very good.

6 EXAMINER GOETZE: Then I have no further  
7 questions for this witness.

8 MS. CHAPPELLE: And I believe, Your Honor,  
9 that was consistent with what we did in the last case as  
10 well, but I can clarify that for you if you'd like.

11 EXAMINER GOETZE: We'll find out. We do  
12 have our ways.

13 You have no further witnesses or --

14 MS. CHAPPELLE: No, Your Honor.

15 EXAMINER GOETZE: In that case, thank you.  
16 Case 15118 is taken under advisement.

17 (Case Number 15118 concludes, 9:08 a.m.)

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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. 15118  
heard by me on May 1, 2014  
[Signature], Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

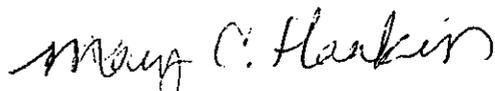
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CERTIFICATE OF COURT REPORTER

I, MARY C. HANKINS, New Mexico Certified Court Reporter No. 20, and Registered Professional Reporter, 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 that were reduced to printed form by me to the best of my ability.

I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects the exhibits, if any, offered by the respective parties.

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 in the final disposition of this case.



MARY C. HANKINS, CCR, RPR  
Paul Baca Court Reporters, Inc.  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2014