STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

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

CASE NO. 13,873

AMENDED APPLICATION OF LCX ENERGY, LLC, FOR COMPULSORY POOLING AND UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 10th, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH,
Hearing Examiner, on Thursday, May 10th, 2007, at the New Mexico Energy, Minerals and Natural Resources Department,
1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7
for the State of New Mexico.

* * *

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APPLICANT'S WITNESS:

<u>LARRY SCHULZ</u> (Landman)

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REPORTER'S CERTIFICATE

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* * *

EXHIBITS

| Applicant's | | Identified | Admitted |
|-------------------------------|-----|-------------|-------------|
| Exhibit Exhibit Exhibit | 2 | 6 6 7 | - - - |
| Exhibit Exhibit | 3 4 | 13 14 | - |
| Exhibit Exhibit | | 15 15 | - |

* * *

APPEARANCES

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

MILLER STRATVERT, P.A.
150 Washington
Suite 300
Santa Fe, New Mexico 87501
By: J. SCOTT HALL

* * *

| 1 | WHEREUPON, the following proceedings were had at |
|----|---|
| 2 | 8:17 a.m.: |
| 3 | EXAMINER CATANACH: And we'll call first case, |
| 4 | 13,873, the amended Application of LCX Energy, LLC, for |
| 5 | compulsory pooling and unorthodox well location, Eddy |
| 6 | County, New Mexico. |
| 7 | Call for appearances. |
| 8 | MR. HALL: Mr. Examiner, Scott Hall, Miller |
| 9 | Stratvert law firm, Santa Fe, appearing on behalf of the |
| 10 | Applicant, LCX Energy, LLC. I have one witnesses to be |
| 11 | sworn this morning. |
| 12 | EXAMINER CATANACH: Okay, are there any |
| 13 | additional appearances? |
| 14 | Okay, no additional appearances, will the witness |
| 15 | please |
| 16 | (Thereupon, the witness was sworn.) |
| 17 | LARRY SCHULZ, |
| 18 | the witness herein, after having been first duly sworn upon |
| 19 | his oath, was examined and testified as follows: |
| 20 | DIRECT EXAMINATION |
| 21 | BY MR. HALL: |
| 22 | Q. Please state your name, sir. |
| 23 | A. Larry Schulz. |
| 24 | Q. Mr. Schulz, where do you live and by whom are you |
| 25 | employed? |

I live in Midland, Texas, employed by LCX Energy. 1 Α. Have you previously testified before the Division 2 Q. 3 and had your credentials accepted as a matter of record? No, I haven't. 4 Α. And what do you do for a living? 5 Q. I work as a landman. 6 A. 7 Okay, give the Hearing Examiner a brief summary Q. of your educational background and work experience. 8 9 Over 30 years of experience as a landman, graduated from the University of Texas. I worked the 10 11 majority of those years in the Permian Basin, Midland. Okay. Are you familiar with the Application 12 that's been filed in this case and the lands that are the 13 subject of the Application? 14 Α. Yes, sir. 15 Briefly summarize for the Hearing Examiner what 16 0. LCX seeks by this Application. 17 The purpose is to -- it's to force pool unleased 18 Α. 19 and unsigned owners in the unit surrounding this well, Section 10, 17-24, as to the Abo or Wolfcamp formation 20 interval, between 3725 and 4918, as identified in the Mesa 21 Catclaw Number 1 well in the northeast of 31, 17-24. 22 All right, the well name is the 1724 Osborne --23 Q. Yes, that is correct. 24 Α.

-- is that correct, sir?

25

Q.

- 6 1 Α. Yes, that is correct. 2 0. Let's look at Exhibit 1. If you would identify 3 that, please. That is the plat location showing the entry on 4 the surface and the bottomhole location. 5 And are you seeking to pool all formations spaced 6 0. 7 on 320 acres, including the Wolfcamp formation? 8 Α. Yes. Let's look at Exhibit 2, if you would explain 9 Q. that to the Hearing Examiner. 10 Α. That's an Exhibit A to the joint operating 11 12 agreement showing the lands to be unitized, the owners as to the working interest and the list of leases and the 13 information pertinent to those leases being recorded and by 14 whom. 15 Mr. Schulz, are the owners of the working 16 17 interest reflected on the first page of Exhibit A? Yes, sir. 18 Α. And are all of those interest owners 19 0. 20 participating in the well?
 - A. Yes, sir, they are.

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- Q. And are you seeking to force pool the owners of unleased mineral interest owners?
- A. Yes, sir, that's all.
 - Q. And are they reflected on Exhibit A?

- Yes, they are. 1 Α. Why don't you go through Exhibit A and identify 2 Q. those unleased mineral interest owners for the Examiner? 3 Okay, under Tract Number 1 I have William W. 4 5 King. 6 Yes, and under Tract Number 2, on the third page, 7 shows Ray B. Eller, and also the last one, being 15, 8 William Darryl Murphy. 9 All right. Q.
 - Do you want me to describe the problems with Α. them, or do you want --
 - Let's do that, let's turn to Exhibit 2A, and I'll ask you, is Exhibit 2A a compilation of the letters sent by the contract land manager, LCX, to these mineral interest owners seeking their participation in the well?
 - Α. Yes, sir, they are.

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- Q. All right, let's take the top one, if you would just go through those one by one and identify the problems with each of these mineral interest owners and the efforts that LCX has made to obtain a lease from them.
- Α. The first letter written was to Marquis L. Ford. He is shown as being in association with Scott B. Ford and Jack Crockett. Scott and Marquis are sons to Jack Crockett. We've been unable to locate Jack and verify his probate, unable to find that. But contact was made with

Scott Ford, and he is claiming all the interest of Marquis,
his brother. We attempted to lease that, but it was leased
by another company, and that company has since joined the
JOA and has ratified the AFE to support this well with the
leases they acquired from Marquis -- really from Scott B.
Ford, who claims to own Marquis L. Ford's interest.

Jack Crockett is in the same situation. He's the father of Marquis. He was contacted without success, and then through Scott we again verified -- or was told that Scott inherited his interest.

William Darryl Murphy acquired an interest some years back. He has been unable to -- he appears to be deceased, there is no probate, and the last known address was in Colorado, and that business or that place where he was living is no longer in existence. We've been unable to reach him, find him or locate him.

William King we did contact. He lives in California, and he refused all offers and purposely requested that his interests be force pooled.

- Q. Let's look at the interest for Scott B. Ford. That's the fourth [sic] page of Exhibit 2A.
- A. Yeah, that was the owner that we did contact, and we were in negotiations but we did not win out -- or win that particular lease or win his favor with terms, and it was leased by Arrington, David Arrington.

| 1 | Q. And Arrington is participating with this | | |
|----|---|--|--|
| 2 | interest? | | |
| 3 | A. That is correct. | | |
| 4 | Q. Let me ask you specifically, the Scott B. Ford | | |
| 5 | interest would include the apparent interest from Jack | | |
| 6 | Crockett and Marquis Ford? | | |
| 7 | A. That is correct. | | |
| 8 | Q. And you believe Jack Crockett to be deceased? | | |
| 9 | A. Yes. | | |
| 10 | Q. Did you find any evidence of his probate in | | |
| 11 | the | | |
| 12 | A. No. | | |
| 13 | Q Lea County records? | | |
| 14 | A. No. | | |
| 15 | Q. I'm sorry, Eddy County records? | | |
| 16 | And how about Marquis Ford? Do you believe he to | | |
| 17 | be deceased? | | |
| 18 | A. It does appear that way, but we have not | | |
| 19 | substantiated we have not verified that. | | |
| 20 | Q. All right. | | |
| 21 | A. Again, it's mostly going on the word of his | | |
| 22 | brother Scott B. Ford, and since we didn't weren't | | |
| 23 | successful in leasing from Scott, there was sparse | | |
| 24 | information at best at the beginning, and it's been a while | | |
| 25 | since we made contact with Scott. | | |

- So you've concluded that there is no clean chain 1 Q. 2 of title --3 A. No, there isn't. -- into Scott B. Ford? 4 Q. 5 A. No, it is not. 6 So you're seeking to pool all of those interests? Q. 7 Yes. Α. Let's talk about Ray B. Eller. 8 Q. 9 Ray B. Eller has been contacted and his title has been researched, but there is serious default and a bank 10 11 has filed lis pendens relative to foreclosure on this 12 property. And in further verification, no closure has been made at this time. However, we have found that there are 13 14 several other suits against Mr. Eller for nonpayment, and 15 we attempted to go to the bank and see about what process 16 that foreclosure was in and whether or not they would be 17 willing to ratify a subordination to our lease, and they said no. 18 19 0. So based on your examination of records, the record title interest remains in Ray B. Eller? 20 That is correct. 21 Α. 22 Q. And you've seen nothing to indicate a foreclosure 23 deed, a trustee's deed, anything like that?
 - Q. And you've made an offer to Mr. Eller to --

Not at this time, no.

24

25

A.

| 1 | Α. | Yes. |
|----|------------|--|
| 2 | Q. | lease his interest? |
| 3 | Α. | Yes, we did. |
| 4 | Q. | You have not succeeded in getting a lease from |
| 5 | him? | |
| 6 | Α. | No. |
| 7 | Q. | All right, Mr. Schulz, are you asking the |
| 8 | Division t | co pool all of these unleased mineral interest |
| 9 | owners at | the statutory 1/8 royalty rate? |
| 10 | Α. | Yes. |
| 11 | Q. | And are you seeking the imposition of the 200- |
| 12 | percent ri | sk penalty against the dissenting 7/8 working |
| 13 | interest, | against these pooled mineral interest owners? |
| 14 | A. | Yes. |
| 15 | Q. | In your opinion, Mr. Schulz, has LCX made a good |
| 16 | faith effo | ort to locate all the unleased mineral interest |
| 17 | owners and | obtain their participation in the well? |
| 18 | A. | Yes. |
| 19 | Q. | Does LCX seek to be designated operator of the |
| 20 | well? | |
| 21 | Α. | Yes. |
| 22 | Q. | Tell the Examiner, what are the surface and |
| 23 | bottomhole | locations for the well? And you might want to |
| 24 | refer back | to Exhibit 1 to do that. |

25

A.

The surface locations, it's 200 feet from the

north line and 1880 feet from the east line. And please note that that 200 feet is the beginning of the surface only, because we do not anticipate penetrating the objective formation until 660 feet from the north line.

The bottomhole location will be 660 feet from the south line and 1880 feet from the east line of said Section 10, Township 17 South, Range 24 East.

- Q. Will this well be drilled with a pilot hole?
- A. It is unlikely, because we have enough information, and that's the reason why we are planning on entering it a little closer to the north line, but slanting it so that we will not penetrate the formation until 660 feet from the line, north line.
- Q. Is it your understanding that all the perforations in the well will be made inside the 660-foot offset?
 - A. Oh, yes. Yes, yes.
- Q. And is the producing area for the well contained within the setback lines?
 - A. That is correct, yes.
 - Q. Who is the operator to the north of this unit?
- A. We are.

- Q. Okay, and do you have the same working interest
 owner --
- 25 A. Yes.

| 1 | Q. | in that unit to the north? |
|----|------------|--|
| 2 | A. | Yes. |
| 3 | Q. | And they are well aware of this |
| 4 | A. | Yes. |
| 5 | Q. | unorthodox surface location? |
| 6 | А. | Yes. |
| 7 | Q. | And they approve? |
| 8 | А. | Yes. |
| 9 | Q. | Is that EOG? |
| 10 | А. | Yes. |
| 11 | Q. | All right. Let's look at the well cost totals, |
| 12 | Mr. Schul | z. If you'd turn to Exhibit 3, review those |
| 13 | totals for | r the Hearing Examiner. |
| 14 | Α. | Dryhole cost, \$1,199,500. Complete cost of |
| 15 | \$1,094,90 | O. Total cost of \$2,294,400. |
| 16 | Q. | And are those costs in line with what's being |
| 17 | charged f | or similar wells in the area? |
| 18 | А. | Yes. |
| 19 | Q. | What are the estimates of overhead rates for |
| 20 | drilling a | and producing the well? |
| 21 | Α. | Drilling well rates, monthly, are scheduled at |
| 22 | \$4500. T | ne monthly producing rate at this particular depth |
| 23 | is \$250 a | month. |
| 24 | Q. | All right. Based on your experience in the area, |
| 25 | are those | rates reasonable? |

| 1 | A. A little bit on the low side, but that's what we |
|----|--|
| 2 | had in our operating agreement, as far as the monthly |
| 3 | operating for a producing well. But we're going to live |
| 4 | with that. |
| 5 | Q. Are you asking that those drilling and producing |
| 6 | rates be incorporated into the order |
| 7 | A. Yes. |
| 8 | Q that results from this hearing? |
| 9 | A. Yes. |
| 10 | Q. And are you asking that the order provide for an |
| 11 | adjustment of those rates in accordance with the COPAS |
| 12 | A. Sure |
| 13 | Q bulletin? |
| 14 | A yes, please. |
| 15 | Q. In your opinion, Mr. Schulz, would granting LCX's |
| 16 | application be in the interests of conservation, the |
| 17 | prevention of waste |
| 18 | A. Yes. |
| 19 | Q and the protection of correlative rights? |
| 20 | And were Exhibits 1, 2, 2A and 3 prepared by you |
| 21 | or at your direction? |
| 22 | A. Yes. |
| 23 | MR. HALL: That concludes our direct of this |
| 24 | witness, Mr. Examiner. I would move the admission of our |
| 25 | Exhibit 4, which consists of the notice letters and return |

1 receipts, where available, to each of the mineral interest 2 owners. 3 Exhibit 4B is the affidavit of publication for William Darryl Murphy and Jack Crockett at their last known 4 5 addresses. And out of an abundance of precaution, Mr. 6 7 Examiner, I'd move also the admission of Exhibit Number 5, which is our original notice for this case from January 8 19th. You'll note from the file this is an amended 9 10 application, because the surface and bottomhole locations 11 were swapped, and so you have extra notice in this case. 12 EXAMINER CATANACH: Mr. Hall, the only two 13 unlocatable interests are the Murphy and the Crockett? 14 MR. HALL: Yes, sir. EXAMINER CATANACH: Okay. 15 16 **EXAMINATION** BY EXAMINER CATANACH: 17 Mr. Schulz, the -- Let me just double-check with 18 Q. you to make sure I know what interval we're pooling here. 19 20 You mentioned something about a depth interval, 3725 to 4918? 21 22 A. That's a depth interval that we have used in most 23 of our assignments and most of our joint operating agreements, and in previous force pooling hearings where 24

this particular formation -- I think we've seen it

1 necessary to be very specific as to that depth and its --2 any association with the first well that was drilled, and 3 that's what I referred to. If you'd like for me to repeat 4 that I will, and do it a little bit slower. 5 Well, I just -- Is that the depth that you guys 6 are pooling? Is that --7 Α. Yes. -- simply the interval that you want to pool --8 0. 9 Yes, sir. Α. 10 Q. -- is that -- Let me make sure. 3725 to 4918? 11 4918, yes, sir. As -- That's going to be as Α. 12 identified in that particular well that was located in Section 31 of 17-24. 13 14 MR. HALL: Mr. Examiner, we're asking for --EXAMINER CATANACH: 15 I see. MR. HALL: -- the pooling of all formations 16 17 spaced on 320, specifically the Wolfcamp in that interval, within the Wolfcamp. 18 19 (By Examiner Catanach) Okay, does that interval Q. 20 include the Abo as well? 21 Α. Yes. 22 Q. You mentioned the Abo. 23 A. Yes. 24 And can you provide me with the well information Q.

on the well that that came from?

Yes, it is the Mesa Petroleum Catclaw Number 1. 1 A. 2 Q. And do you have a location or anything --3 Northeast quarter, it's 1980 from the north and Α. 1980 from the east of Section 31, Township 17 South, Range 4 24 East. 5 6 EXAMINER CATANACH: Okay. Mr. Brooks, do you want to delve into the land issues? 7 MR. BROOKS: Yeah, I wanted to ask some 8 9 questions, because I didn't follow it all. 10 EXAMINER CATANACH: Okay. **EXAMINATION** 11 BY MR. BROOKS: 12 Do you have a list anywhere of the people you're 13 force pooling? You went through them, but I'm not sure --14 15 I'm sorry, they were not necessarily together, Α. and they weren't on a separate list, no. 16 17 Q. Right, so --18 On the very first page of Exhibit 2 --Q. Yeah. 19 -- Tract Number 1 --20 Α. William King? 21 Q. Then we -- the very next tract, number 2, 22 Α. Yes. 23 you go all the way back to the third page --24 Q. Okay. 25 -- you see Number 14, which is Ray Eller? Α.

Q. Right

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- 2 A. And the one right below it is 15.
- Q. William Darryl Murphy.
 - A. Yes, sir.
 - Q. Okay, and are those the only interests you're --
- A. Well, we spent some time talking about the
 question over the interest that was leased by Arrington
 from Scott Ford. That pertains to the interest that he is
 claiming to have inherited from his brother or assigned to
 him from his brother, Marquis Ford, and his father who is
 deceased --
- 12 Q. Right.
- A. -- but we didn't find probate showing it going
 from his father into Scott.
 - Q. Now, did he lease both the interest --
 - A. He is claiming to lease all three of those parties' interest --
- 18 | Q. Okay.
- 19 A. -- to Arrington at this time.
- 20 Q. So ---
- 21 A. We're not --
- Q. -- let's see, going to your notice letters, tie
 this together here, William King you have a return receipt
 from, and then Ray Eller -- get notice -- you've got a
 return receipt from Marie King. I assume that's the wife

of William King? And then -- Is that correct? 1 2 I think so. A. And then Ray Eller. Do you have a note of what 3 Q. -- where did he get into the notice? 4 5 MR. HALL: Mr. Brooks, he was notified. We did not get a return receipt back for that one. It was direct 6 contact with him. 7 MR. BROOKS: So you don't have a letter? 8 MR. HALL: Yes, there is a letter to him. 9 10 have no signed return receipt. 11 MR. BROOKS: Okay. Now have you verified his 12 receipt of that or -- Oh, I see the letter here to Ray 13 Eller. THE WITNESS: We also have -- Let's see. 14 15 (By Mr. Brooks) He's the one that you said that Q. there was a foreclosure notice on --16 Yes, sir. 17 Α. -- his interest? 0. 18 Okay, you have a letter to Ray Eller, you don't 19 have a return receipt. I don't see a letter to Teresa 20 Eller. 21 22 You don't see a letter to who? 23 Q. To Teresa Eller. You list the interest as being 24 in Ray B. Eller and --25 Α. It is in --

-- Teresa Eller. 1 Q. -- his name. It is in his name, as far as title. 2 Α. Okay, so it's just in his name? 3 Q. 4 Yes, sir. Α. 5 Okay, and what have you done to verify receipt of 6 the notice or to verify the address? 7 Α. We have talked with him, and we have attempted to negotiate a lease with him in person. 8 9 And did you establish that this address that you have -- that you sent this to, 1501 [sic] North Sundown 10 Trail, that that was the correct address? 11 I also have a P.O. box of 537 that we sent a 12 letter to him on -- way back --13 14 Q. Yeah ---- back in 2005. 15 Α. But did you verify this address at 151 North 16 Sundown Trail? 17 18 Α. No, I have not, because when we have made contact it's been through a third party who has managed to either 19 run into him or find him and got phone number where we 20 could contact him. 21 22 Okay. And you did not -- Let's see. Okay, you Q. did not include him in the notice, in the published notice. 23

Well, the other one, then, is William Darryl

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Murray, and you --

Murphy. 1 Α. 2 -- Murphy, and you included him in the published Q. 3 notice? 4 Yes, sir. Α. 5 Now you do not have an address for him? Q. It came back undeliverable. 6 Α. 7 Okay. Q. We have been unable to -- again, he is -- he has 8 9 died, but we have been unable to verify his probate. MR. BROOKS: Okay, thank you. I think that 10 covers them all. 11 12 (Off the record) EXAMINER CATANACH: Mr. Hall, if you guys -- can 13 14 you attempt to verify that address and --MR. HALL: We'll attempt to. It's the best 15 16 address we have, and the reason he wasn't included in the 17 published notice, because we did have an address, he was 18 not an unlocatable mineral interest owner, there was a 19 telephone conversation, one or more, with him, so... we'll follow up on that. We've sent two certified letters 20 to that Sundown Trail address, and they have both come 21 22 back. 23 Yeah, the way they -- Well, you say MR. BROOKS:

they've come back. You don't have return receipts.

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the --

MR. HALL: Correct.

MR. BROOKS: -- letters themselves been returned?

MR. HALL: For the January notice it was returned. For the April notice all we have is the certificate of mailing. We did not receive a letter back for that one.

MR. BROOKS: Yeah, the way that I read that rule, it seems to me that you are required to publish if you do not have a good address. If you can verify that you have a good address, you don't have to have a return receipt. But I would think you would either need to send a notice of the hearing to a verified address, or else you need to put it on the publication.

MR. HALL: Well, I'm not sure I know what a verified address is, but --

MR. BROOKS: Well, there's no definite definition of it, but I would think there needs to be some testimony in the record that, yes, we've sent these things to this address and they've been received. Usually where we get --where this comes up in most instances is where they've been sending checks to a particular address. And you know, people usually don't send checks back, but -- or don't refuse them. But when they get a certified notice, sometimes they don't ever take it up. And we interpret that as being within the Rule.

But if you can't figure out that that's really 1 2 his address and get some testimony to that in the record, then I think you probably need to republish and put it 3 in --4 5 THE WITNESS: We had -- We've gone with the best 6 information we had, and that was the address that was 7 furnished to us. MR. BROOKS: Yeah. 8 9 THE WITNESS: And when we made contact -- tried 10 to reach him at that address, as far as a phone call --MR. BROOKS: Yeah. 11 THE WITNESS: -- there was -- there is no phone. 12 MR. BROOKS: Yeah. 13 THE WITNESS: We have had -- our best in finding 14 -- in locating him, is through service personnel that's 15 16 working in the area that know him personally, and that's how we made contact with him. 17 MR. BROOKS: Well, to comply with the Rules I 18 think you need to either include him in the publication or 19 20 find an address that's a real address for him. MR. HALL: Well, it's my reading of the Rules 21 22 that under the notice affidavit you're -- that the 23 applicant is supposed to provide, is that you verify that notice was sent; there's no requirement that you verify it 24

was received. Working with the best information you have.

So I don't know what else there is to do, to tell you the truth.

MR. BROOKS: Well, I think the easy way would be to republish.

EXAMINER CATANACH: Are you in a hurry to get this well started?

THE WITNESS: Yes. We've been -- We started this thing back in 2005, and we had quite a few unfound owners, and it covered a number of acres, and it hasn't gotten a whole lot easier with some leases expiring and new leases being acquired since that time.

And now we've got all the working interest owners that have leases there signed, as well as made contact with everybody, and have spent quite a bit of time trying to find these people, much less get them to agree to negotiate with us or work out some sort of arrangement for leasing.

And the biggest drawback on Mr. Eller has been the foreclosure notice and the bank being unwilling to subordinate to us.

EXAMINER CATANACH: Well, I'm not going to go against my legal counsel. I think we should do whatever he thinks is necessary. So maybe what you guys do is talk to him again and have him verify that that's his address. Maybe that's the quickest way to do it, I don't know.

MR. HALL: We'll try to do that, we'll document

1 that to you. And if we --2 EXAMINER CATANACH: If you can't do that --3 MR. HALL: -- can't find it, we'll republish. EXAMINER CATANACH: -- I mean, just republish. 4 5 And I quess what we'll do is continue for two weeks, and 6 then if you guys can have something by then, we can do 7 that. If you have to republish it's going to take four 8 weeks, I think. So we'll continue for two weeks and see 9 what you guys can come up with. Okay? 10 MR. HALL: Okay. 11 EXAMINER CATANACH: All right, there being 12 nothing further, this case will be continued to May 24th. 13 (Thereupon, these proceedings were concluded at 14 8:47 a.m.) 15 16 17 I do hereby certify that the foregoing is 18 complete record of the proceedings in heard by me on Maring of Case No. 34 19 heard by me on 20 Conservation Division 21 - , Examiner 22 23 24 25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL May 10th, 2007.

STEVEN T. BRENNER

CCR No. 7

My commission expires: October 16th, 2010