**CASE 13910:** Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Irregular Section 25, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Hay Hollow-Morrow Gas Pool and the Hay Hollow-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated North Hay Hollow-Bone Spring Pool. Said units are to be dedicated to its Red Ryder State Com Well No. 1 (API No. 30-015-35150) to be drilled as a gas well at a standard location 1320 feet from the North line and 660 feet from the East line (Unit A) of said Irregular Section 25, to test any and all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9.25 miles south of Malaga, New Mexico.

# CASE 13893: (Continued from the March 29, 2007 Examiner Hearing.)

*Application* of Yates Petroleum Corporation for approval of a pilot project in the North Dagger Draw-Upper Pennsylvanian Unit for purposes of establishing proper waterflood injection patterns and for a temporary exemption from the provisions of Division Rule 203 concerning approved temporary abandonment of wells, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order authorizing a pilot program in the S/2 of Section 20 and all of Section 29, Township 19 South, Range 25 East, N.M.P.M., within the North Dagger Draw-Upper Pennsylvanian Unit, for purposes of establishing a program to determine proper injection patterns in the Unit Area, Eddy County, New Mexico. Applicant also seeks an exemption from the Approved Temporary Abandonment provisions of Division Rule 203 during the time pilot project operations are being conducted. Said wells are located approximately 12 miles south southwest of Artesia, New Mexico.

<u>CASE 13894</u> (Amended and Readvertised): Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico. Applicant seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the W/2 of Section 18, Township 26 North, Range 11

West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells:

1.	Ricky Well No. 1 (API No. 30-045-25976) located 790 feet
	from the North line and 875 feet from the West line (Unit D);
-	

- 2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
- 3. Ricky Well No. 2 (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
- 4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico.

#### <u>CASE. 13899</u>: (Continued from the April 12, 2007 Examiner Hearing.)

Application of Devon Energy Production Company, L.P. for approval of five non-standard gas spacing and proration *units*, San Juan and Rio Arriba Counties, New Mexico. Applicant seeks approval of the following non-standard gas spacing and proration units for production from the Basin-Dakota Gas Pool:

(a) <u>Township 31 North, Range 7 West, N.M.P.M.</u> Section 19: Lots 5-8 and E/2 W/2 Section 30: Lot 5 and NE/4 NW/4

Containing 259.82 acres.

(b) <u>Township 31 North, Range 7 West, N.M.P.M.</u> Section 30: Lots 6, 9, 10, SE/4 NW/4, and E/2 SW/4 Section 31: Lots 7, 8, and E/2 NW/4

Containing 250.65 acres.

(c) <u>Township 31 North, Range 7 West, N.M.P.M.</u> Section 31: Lots 11, 12, and E/2 SW/4

> <u>Township 30 North, Range 7 West, N.M.P.M.</u> Section 6: Lots 10, 11, 12, 17, 18, 19, SE/4 NW/4, NE/4 SW/4, and 6.58 acres out of Tract 40

Containing 296.02 acres.

(d)

Township 30 North, Range 7 West, N.M.P.M.Section 7:Lots 6-9, 12-15, and 38.52 acres out of Tract 40Section 18:Lots 7, 8, and E/2 NW/4

Containing 298.90 acres.

(e) <u>Township 30 North. Range 7 West, N.M.P.M.</u> Section 18: Lots 12, 13, and E/2 SW/4 Section 19: Lots 6, 7, 12, 13, and E/2 W/2

Containing 307.44 acres.

The units are located approximately 21 miles east of Aztec, New Mexico.

#### <u>CASE 13900</u>: (Continued from the April 12, 2007 Examiner Hearing.)

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and simultaneous dedication, Colfax County, New Mexico. Applicant seeks approval to drill its VPR B Well No. 300 as an infill well in an existing 160-acre gas spacing unit in the Vermejo and Raton formations comprising the SW/4 of Section 30, Township 30 North, Range 19 East, N.M.P.M. Applicant further seeks to simultaneously dedicate production from the Vermejo and Raton formations in the SW/4 of Section 30 to the VPR B Well No. 300, to be located in Unit N of Section 30, and to the existing VPR B Well No. 22, located in Unit L of Section 30. The unit is located approximately 29 miles west-southwest of Raton, New Mexico.

### <u>CASE 13901</u>: (Continued from the April 12, 2007 Examiner Hearing.)

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and simultaneous dedication, Colfax County, New Mexico. Applicant seeks approval to drill its VPR B Well No. 301 as an infill well in an existing 160-acre gas spacing unit in the Vermejo and Raton formations comprising the SE/4 of Section 25, Township 30 North, Range 18 East, N.M.P.M. Applicant further seeks to simultaneously dedicate production from the Vermejo and Raton formations in the SE/4 of Section 25 to the VPR B Well No. 301, to be located in Unit P of Section 25, and to the existing VPR B Well No. 21, located in Unit I of Section 25. The unit is located approximately 30 miles west-southwest of Raton, New Mexico.

# <u>CASE 13902</u>: (Continued from the April 12, 2007 Examiner Hearing.)

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and simultaneous dedication, Colfax County, New Mexico. Applicant seeks approval to drill its VPR E Well No. 64 as an infill well in an existing 160-acre gas spacing unit in the Vermejo and Raton formations comprising the NW/4 of Section 3, Township 31 North, Range 19 East, N.M.P.M. Applicant further seeks to simultaneously dedicate production from the Vermejo and Raton formations in the NW/4 of Section 3 to the VPR E Well No. 64, to be located in Unit C of Section 3, and to the existing VPR A Well No. 64, located in Unit E of Section 3. The unit is located approximately 25 miles west-northwest of Raton, New Mexico.

### <u>CASE. 13903</u>: (Continued from the April 12, 2007 Examiner Hearing.)

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and

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:

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR APPROVAL OF FIVE NONSTANDARD GAS SPACING AND PRORATION UNITS, SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO CASE NO. 13,899

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# REPORTER'S TRANSCRIPT OF PROCEEDINGS

#### EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

April 12th, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, April 12th, 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.

\* \* \*

STEVEN T. BRENNER, CCR (505) 989-9317

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STEVEN T. BRENNER, CCR (505) 989-9317

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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:

JAMES G. BRUCE Attorney at Law P.O. Box 1056 Santa Fe, New Mexico 87504

\* \* \*

4 WHEREUPON, the following proceedings were had at 1 2 10:25 a.m.: EXAMINER EZEANYIM: Let's go onto the record 3 again, and at this time I call Case Number 13,899. This is 4 the Application of Devon Energy Production Company, L.P., 5 for approval of five nonstandard gas spacing and proration 6 units, San Juan and Rio Arriba Counties, New Mexico. 7 8 Call for appearances. MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe, 9 representing the Applicant. I have one witness. 10 EXAMINER EZEANYIM: Any other appearances? 11 12 May the witness stand to be sworn, please? (Thereupon, the witness was sworn.) 13 14 JANET WOOLDRIDGE, the witness herein, after having been first duly sworn upon 15 her oath, was examined and testified as follows: 16 DIRECT EXAMINATION 17 BY MR. BRUCE: 18 19 Q. Would you please state your name? 20 Α. My name is Jan Wooldridge. 21 Where do you reside? Q. 22 Α. I live in Shawnee, Oklahoma. Who do you work for and in what capacity? 23 Q. I'm a senior landman for Devon Energy Production 24 Α. 25 Company.

	5
1	Q. Have you previously testified before the
2	Division?
3	A. Yes, I have.
4	Q. And were your credentials as an expert petroleum
5	landman accepted as a matter of record?
6	A. Yes, they were.
7	Q. And are you familiar with the land matters
8	involved in this Application?
9	A. Yes, I am.
10	Q. And are you the landman for Devon who oversees
11	the Northeast Blanco Unit?
12	A. Yes, sir.
13	MR. BRUCE: Mr. Examiner, I'd tender Ms.
14	Wooldridge as an expert petroleum landman.
15	EXAMINER EZEANYIM: Ms. Wooldridge is so
16	qualified.
17	Q. (By Mr. Bruce) And in this case, Ms. Wooldridge,
18	Devon is seeking the approval of five nonstandard Dakota
19	gas well units?
20	A. Yes, sir.
21	Q. And these well units include land in two
22	sections, each well unit includes land in two sections,
23	correct?
24	A. That is correct.
25	Q. And as a result, there's no administrative

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1	process to seek approval for these five well units?
2	A. That's correct.
3	Q. And therefore you had to come to hearing to get
4	these?
5	A. That's correct.
. 6	Q. Would you identify Exhibit 1A for the Examiner
7	and just briefly describe the units that you seek approval
8	for?
9	A. Exhibit 1A is simply a plat that shows those
10	unusual spacing units that go down the west half of those
11	sections that you see. The top spacing unit that shows
12	259.82 acres takes in Section 19 in the northwesterly
13	corner of Section 30 and so on and so forth, all the way
14	down that entire line.
15	Q. Now, are these well units already established for
16	Mesaverde production?
17	A. Yes, sir, they are.
18	Q. But when those approvals were obtained, it was
19	solely for the Mesaverde?
20	A. That is correct.
21	Q. And therefore at this point you would seek to use
22	those same Mesaverde well units for the Dakota?
23	A. Yes, I would.
24	Q. And is Exhibit 1B a $$ and I would refer you to
25	the big foldout maps, Mr. Examiner are those are the

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lands -- I should say, are those maps the federal master 1 2 title plats? 3 Α. They are, sir. 4 Q. From the Bureau of Land Management? 5 They certainly are. Α. And they would indicate to you not only the 6 Q. tracts involved but the acreages involved in those tracts? 7 8 Exactly, that is correct. Α. And the lands involved and the acreages are set 9 Q. forth also on Exhibit 1C; is that correct? 10 That is correct. 11 Α. MR. BRUCE: Mr. Examiner, the reason we included 12 Exhibit 1B is primarily, when you get down to the well 13 units in the southern part of this area, if you'll look at 14 Exhibit 1C, items (c) and (d), there has been a re-survey 15 of some of the acreage in the federal land. And so when 16 17 you compare Exhibit 1C, the acreages described there, to 18 the acreages in the Mesaverde orders which we'll get to in 19 a minute, they don't match, and that's because the federal 20 government re-surveyed the land. 21 And in particular if you look at 1C and 1D [sic], 22 if you look at your plat for the second page of that plat, 23 1B --EXAMINER EZEANYIM: 24 1B? 25 MR. BRUCE: 1D.

7

8 1 MR. BROOKS: 1B. 2 MR. BRUCE: Yeah, look at the 30 North --3 EXAMINER EZEANYIM: Yeah, this is 1B. 4 MR. BRUCE: Yeah, 1B. 5 EXAMINER EZEANYIM: Okay. 6 MR. BRUCE: If you would go to the second page of 7 that, Mr. Examiner, if you look at Sections 6 and 7 in 8 particular, and there have been some other things, you'll 9 see a tract number -- Tract 40, which starts in Section 6, 10 on the west side of Section 6 --Uh-huh. 11 EXAMINER EZEANYIM: MR. BRUCE: -- and heads down into Section 7. 12 13 And that was apparently done after the Mesaverde well units 14 were approved. And so the Mesaverde well descriptions 15 don't comport with the current federal acreage. And so 16 you'll see some of these descriptions that include certain 17 acreages out of Tract 40, which kind of screws things up, 18 but that is the accurate description. 19 EXAMINER EZEANYIM: 1C is the accurate, right? 20 MR. BRUCE: Yes. 21 EXAMINER EZEANYIM: Okay. 22 Q. (By Mr. Bruce) Ms. Wooldridge, what are Exhibits 23 2 through 6? 24 Exhibits 2 through 6 are the orders that were Α. 25 issued for the Mesaverde formation for these spacing units.

	9
1	The acreage amounts agree with the acreage amount that
2	we're proposing for the nonstandard units for the Dakota.
3	It's simply the way the acreage is described that is
4	different.
5	Q. Not in every well unit, but in some of them?
6	A. Right, not in every well unit, just in several.
7	Q. And these were approved I guess wells were
8	drilled quite some time ago, about 40 years ago
9	A. Yes, sir.
10	Q 50 years ago?
11	A. Yes, sir.
12	Q. And at this point you would just seek to use
13	those same well units for Dakota production since they
14	both the Mesaverde and Dakota are both spaced on 320 acres?
15	A. Yes, sir.
16	Q. Are there current Mesaverde producers on these
17	well units?
18	A. There are current Mesaverde producers on these
19	spacing units.
20	Q. And Devon proposes to drill Dakota wells on
21	these
22	A. We have 28 Dakota wells in our 2007 plan of
23	development, that includes four we carried over from 2006.
24	Three of those we propose to drill in these spacing units.
25	Q. And various wells will be drilled over the coming

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10 1 years? 2 Α. Absolutely. Exhibit 7, is that just a listing of -- Exhibit 7 3 Q. 4 is a listing of the Dakota wells, but they're not all on 5 these five well units; is that correct? 6 That is correct. This is just -- the wells we Α. 7 plan to drill this year. And Exhibit 8 is a graphic representation of the 8 Q. 9 Dakota wells; is that correct? 10 À. That is correct. The red triangles represent the bottomhole locations for the 2007 drilling program. 11 Now all of these wells are within the Northeast 12 Q. 13 Blanco Unit; is that correct? 14 That is correct. Α. 15 And at least in most of this area, has a Dakota Q. 16 participating area been formed? 17 Α. A Dakota participating area has been formed. It 18 covers most of the northeastern part of the Northeast Blanco Unit and some of the -- I believe Section 19. 19 The 20 spacing units for -- that you see on Exhibit 1A, the pink spacing unit at the top, and then the second spacing unit 21 22 that's blue, are within the Dakota PA. 23 Q. Okay. 24 Or will be within the Dakota PA. That's our Α. 25 plan.

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1	Q. Okay. Now, because not all of the acreage is in
2	a PA inside of NEBU, the Northeast Blanco Unit, notice was
3	given to the offset Dakota working interest owners and
4	operators, was it not?
5	A. Yes, sir.
6	Q. And some of these well units touch acreage
7	outside of the unit; is that correct?
8	A. That is correct.
9	Q. And was notice also given to the offsetting
10	Dakota working interest owners and/or operators outside the
11	unit that have joined this land?
12	A. Yes, it was.
13	Q. And Exhibit 9 is the affidavit of notice to all
14	of these parties; is that correct?
15	A. That is correct.
16	Q. Now looking at Exhibit 9, on the third page
17	there's Exhibit A which lists all of these offsetting
18	working interest owners and/or operators. Was that
19	information compiled by you?
20	A. Yes, it was.
21	Q. And that is a complete listing of all the offsets
22	of these well units?
23	A. Yes, it is.
24	Q. Now many of those are interest owners within the
25	Northeast Blanco Unit?

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12 Α. That is correct. 1 But they were still given notice? 2 Q. That is correct. 3 Α. I want to draw attention to two names. On the 4 0. 5 upper right-hand column there are two entities, B&N 6 Company, LP, and BN Non-Coal LLC. Those are controlled by 7 Devon Energy, are they not? They are. Yes, sir. 8 Α. 9 And so written notice was not given to those two Q. entities? 10 That is correct. Α. 11 So that I didn't have to mail a letter to you 12 0. giving notice of the hearing? 13 Right. 14 Α. And these are all current addresses, and everyone 15 Q. 16 did receive notice? 17 Α. That is correct. 18 0. In your opinion, is the granting of Devon's 19 Application in the interests of conservation and the 20 prevention of waste? Yes, it is. 21 Α. 22 Q. And were Exhibits 1A through 9 prepared by you or 23 compiled from company business records? Yes, they were. 24 Α. 25 MR. BRUCE: Mr. Examiner, I'd move the admission

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1	of Exhibits 1A through 9.
2	EXAMINER EZEANYIM: Exhibits 1A through 9 will be
3	admitted under evidence.
4	Do you have an questions?
5	EXAMINATION
6	BY MR. BROOKS:
7	Q. Yeah, what I always like to see in these cases,
8	and I don't see that you have that here anywhere, is an
9	ownership map that shows where these various offsetting
10	owners ownership is.
11	MR. BRUCE: We could supply that if you would
12	MR. BROOKS: Yeah, I was going to ask, could you
13	supplement the record with such a
14	THE WITNESS: Sure.
15	MR. BROOKS: a document?
16	Q. (By Mr. Brooks) The red outline on Exhibit 1A,
17	that's the boundaries of the Northeast Blanco Unit?
18	A. It certainly is, yes.
19	Q. Yeah. And now, you said these red triangles on
20	Exhibit 8 were your '07 drilling program?
21	A. Yes, sir.
22	Q. Now are there any Dakota wells in this immediate
23	area now, in the immediate area of the proposed irregular
24	spacing units?
25	A. Yes, sir, there are a couple.

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1	Q. Okay, which ones are current which one of
2	these wells are existing Dakota wells?
3	A. All the wells that you see on this map are
4	existing Dakota wells.
5	Q. Oh, okay. So the ones you said were in your '07
6	drilling program, they've already been drilled?
7	A. No, the ones in the red triangle are the '07
8	drilling program.
9	Q. Okay. So all the wells that have well symbols
10	here are Dakota
11	A. Yes, sir.
12	Q there's nothing other than Dakota wells shown?
13	A. Yes, sir.
14	Q. Okay. And as I recall Let's see, the Dakota
15	is spaced on 320. What is the number of wells I'm
16	not
17	MR. BRUCE: I think it's four.
18	THE WITNESS: Four.
19	MR. BROOKS: Four per 320, that's what I was
20	thinking. So and is it are there going to be any
21	problems I can't think my way through this, and I don't
22	have the pool rule in front of me, but are there going to
23	be any problems with applying the pool rules to the
24	given that these are these are not quarter sections, two
25	quarter sections two adjacent quarter sections, are

STEVEN T. BRENNER, CCR (505) 989-9317

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1 there going to be any problems in applying the pool rules to the well density that we need to write around in writing 2 this order? 3 MR. BRUCE: You know what, Mr. Examiner, let me 4 5 check, because I'm not sure. I didn't match this to the --MR. BROOKS: You know, sometimes we've had to go 6 7 back and do a nonstandard location because of some kind of irregularity of that kind. I thought maybe we'd just cover 8 9 it in writing the order. MR. BRUCE: I will check that. 10 11 MR. BROOKS: Thank you. Okay, that's all my 12 questions. 13 EXAMINER EZEANYIM: So there are two things you are going to do, Mr. Bruce, is supply a map showing the 14 ownerships of the -- around this unit, and you are going to 15 recite on the number of wells page on this unit, so that 16 without one of us -- you know, in filing this case, we 17 might hear all the case today, but we might continue it --18 when? Four --19 MR. BRUCE: Continue it for two weeks. 20 21 EXAMINER EZEANYIM: Two weeks? MR. BRUCE: That ought to be sufficient. 22 In 23 looking at the plat -- And I did look at one thing, Mr. Brooks. I don't think there's a problem with the number of 24 wells --25

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MR. BROOKS: Okay, good. 1 There could conceivably be -- I don't MR. BRUCE: 2 3 know if there's an unorthodox location, but we will check that. These are --4 5 MR. BROOKS: The problem --MR. BRUCE: -- a lot of these are directional 6 7 wells. MR. BROOKS: The problem that comes in sometimes 8 9 is, you know, the wells have to be in certain quarter 10 sections. And if you have an irreqularly shaped unit, 11 sometimes that creates a problem, but --12 MR. BRUCE: Right. MR. BROOKS: -- I couldn't think my way through 13 14 it, and I'm not that familiar with the Dakota order. 15 EXAMINER EZEANYIM: But the Dakota order says maximum of four wells; is that right? 16 17 MR. BRUCE: No more than four wells per well unit. But I think what Mr. Brooks is getting at is number 18 19 of wells per quarter section equivalent. 20 MR. BROOKS: Right --21 EXAMINER EZEANYIM: Yeah. 22 MR. BROOKS: -- exactly 23 THE WITNESS: I don't think there's any chance 24 that these spacing units are going to hold up for four wells per 320, but I certainly understand your point. 25

17 EXAMINER EZEANYIM: Okay, I think what I will do 1 in this case is to continue this case for two weeks to 2 April 26th, and -- April 26th, right? So you can supply 3 4 all --That is right. 5 MR. BRUCE: EXAMINER EZEANYIM: -- the -- okay. 6 7 All right, Case Number 13,899 will be continued to April 26th, to be able to supply the map showing all the 8 ownership interests in these units. 9 (Thereupon, these proceedings were concluded at 10 11 10:42 a.m.) 12 13 14 I do hereby certify that the foregoing is 15 a complete record of the proceedings in the Examiner hearing of Case No. 16 possed by see on R 17 , Examiner Oil Conservation Division 18 19 20 21 22 23 24 25

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

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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 April 16th, 2007.

lor.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2010

STEVEN T. BRENNER, CCR (505) 989-9317