

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:)

APPLICATION OF UNIT PETROLEUM COMPANY)
FOR COMPULSORY POOLING AND AN UNORTHODOX)
WELL LOCATION, LEA COUNTY, NEW MEXICO)

CASE NO. 13,124

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

August 7th, 2003

Santa Fe, New Mexico

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Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, August 7th, 2003, 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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I N D E X

August 7th, 2003
 Examiner Hearing
 CASE NO. 13,124

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* * *

A P P E A R A N C E S

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:

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

FOR BTA OIL PRODUCERS:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

ALSO PRESENT:

MICHAEL E. STOGNER
Hearing Examiner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 10:15 a.m.:

3 EXAMINER JONES: Okay, let's go back on the
4 record and call Case 13,124, Application of Unit Petroleum
5 Company for compulsory pooling and an unorthodox well
6 location, Lea County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
9 representing the Applicant, and I have two witnesses to be
10 sworn.

11 EXAMINER JONES: Any other appearances in this
12 case?

13 MR. CARR: May it please the Examiner, my name is
14 William F. Carr with the Santa Fe office of Holland and
15 Hart, L.L.P. We represent BTA Oil Producers, I do not have
16 a witness.

17 EXAMINER JONES: Now, you're representing BTA?

18 MR. CARR: BTA Oil Producers.

19 EXAMINER JONES: BTA Oil Producers.

20 Any other witnesses -- or any other appearances
21 in this case?

22 There being none, will the witnesses please stand
23 to be sworn in?

24 (Thereupon, the witnesses were sworn.)

25 EXAMINER JONES: Okay, Mr. Bruce?

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BOBBIE THOMPSON,

the witness herein, after having been first duly sworn upon
her oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BRUCE:

Q. Would you please state your name and city of
residence?

A. Yes, my name is Bobbie Thompson, I live in Tulsa,
Oklahoma.

Q. Who do you work for and in what capacity?

A. I work for Unit Petroleum Company as landman of
the western division.

Q. Have you previously testified before the
Division?

A. No, I have not.

Q. Could you summarize for the Examiner your
educational and employment background?

A. I have an associate degree in petroleum land
technology, and I have worked 15 years for Questa Oil and
Gas as a landman, and then the past three years for Unit
Petroleum as a landman.

Q. Does your area of responsibility at Unit include
this part of southeast New Mexico?

A. Yes, it does.

Q. And are you familiar with the land matters

1 involved in this Application?

2 A. Yes, I am.

3 MR. BRUCE: Mr. Examiner, I would tender Ms.
4 Thompson as an expert petroleum landman.

5 EXAMINER JONES: Ms. Thompson is so tendered.

6 Q. (By Mr. Bruce) Would you identify Exhibit 1 for
7 the Examiner, Ms. Thompson, and describe what Unit seeks in
8 this case?

9 A. Exhibit 1 is a land plat showing -- outlining the
10 east half of Section 23, Township 20 South, Range 35 East,
11 and Unit seeks an order pooling the east half of Section 23
12 from 11,920 feet subsurface to the base of the Morrow
13 formation at about 13,500 feet.

14 Q. What is the well's footage location?

15 A. 2100 feet from the south line and 1600 feet from
16 the east line of Section 23.

17 Q. And will Unit's geologist testify about the
18 reason for this location?

19 A. Yes.

20 Q. What is the ownership of the well?

21 A. BTA Oil Producers and its partners own 37.5
22 percent of the working interest, M. Brad Bennett owns 6
23 percent, and Hayes Land Corporation owns 3 percent, and
24 Unit and the other participating parties own the remaining
25 working interest.

1 Q. Now, let's discuss your efforts to obtain the
2 voluntary joinder of the interest owners. What is Exhibit
3 2?

4 A. Exhibit 2 are copies of the letters, proposal
5 letters, mailed to the parties in late May of 2003, and the
6 letters enclosed an AFE, and we requested that the parties
7 participate in the drilling of the well.

8 Q. Have there been any follow-up contacts with these
9 parties?

10 A. We did contact them by phone in late July.

11 Q. Okay. And at this point neither of them have
12 indicated whether or not they will join in the well?

13 A. That's correct.

14 Q. Now, one thing when it comes to notice, the first
15 letter to BTA, there's an exhibit or an attachment that
16 lists a number of other entities. Are those the working
17 interest partners of BTA?

18 A. Yes, they are. And we contacted BTA to talk
19 about notification to those partners, and they indicated
20 that under their agreements with the partners, BTA has the
21 right to participate in the wells for them and that we
22 should not -- we did not need to notify them.

23 Q. Okay, so under -- or BTA has a number of partners
24 under their own --

25 A. Yes.

1 Q. -- agreement, and all you need to do is notify
2 BTA?

3 A. Yes.

4 Q. In your opinion, has Unit made a good-faith
5 effort to obtain the voluntary joinder of these interest
6 owners in the well?

7 A. Yes.

8 Q. Would you identify Exhibit 3 and discuss the cost
9 of the proposed well?

10 A. Exhibit 3 is the AFE prepared by Unit. The
11 proposed depth of the well is 13,500 feet. The completed
12 well cost is \$1,204,400 -- I mean the dryhole cost, excuse
13 me. And the completed well cost is \$1,632,800.

14 Q. Is this cost in line with the cost of other wells
15 drilled to this depth in this area of Lea County?

16 A. Yes.

17 Q. And does Unit request that it be designated
18 operator of the well?

19 A. Yes.

20 Q. Do you have a recommendation for the amounts
21 which should be paid for the supervision and administrative
22 expenses?

23 A. We request that \$6000 per month be allowed for
24 the drilling well and \$600 per month be allowed for a
25 producing well.

1 Q. Are these amounts equivalent to those normally
2 charged by other operators in this area for wells of this
3 depth?

4 A. Yes.

5 Q. Do you request that these overhead rates be
6 adjusted periodically as provided in the COPAS accounting
7 procedure?

8 A. Yes.

9 Q. And finally, were the parties in this well unit
10 notified of this hearing?

11 A. Yes, they were.

12 Q. And is Exhibit 4 my affidavit of notice?

13 A. Yes.

14 Q. Were Exhibits 1 through 4 prepared by you or
15 under your supervision or compiled from company business
16 records?

17 A. Yes.

18 Q. And in your opinion is the granting of Unit's
19 Application in the interests of conservation and the
20 prevention of waste?

21 A. Yes.

22 MR. BRUCE: Mr. Examiner, I'd tender the
23 admission of Unit's Exhibits 1 through 4.

24 MR. CARR: No objection.

25 EXAMINER JONES: Exhibits 1 through 4 will be

1 admitted into evidence.

2 EXAMINATION

3 BY MR. CARR:

4 Q. Ms. Thompson, you indicated that Unit is seeking
5 to pool from 11,900 feet down?

6 A. Yes.

7 Q. Is it the intention to pool below the base of the
8 Wolfcamp?

9 A. No, from 11,000 --

10 Q. Do you know --

11 A. -- that --

12 Q. Do you know where that depth is in relationship
13 to the Wolfcamp formation?

14 A. It's below the Wolfcamp.

15 Q. Okay. You're aware there's a joint operating
16 agreement covering surface to base of the Wolfcamp, and so
17 you're looking at an area below that?

18 A. Yes.

19 MR. CARR: That's all I have, thank you.

20 MR. BRUCE: I have nothing further.

21 EXAMINATION

22 BY EXAMINER JONES:

23 Q. Ms. Thompson --

24 A. Yes.

25 Q. -- the other witness -- Are you going to have a

1 geologic witness?

2 MR. BRUCE: Yes.

3 EXAMINER JONES: Okay.

4 Q. (By Examiner Jones) And this -- BTA represents
5 how much total collective --

6 A. 37.5 percent.

7 Q. 37.5, okay. And the zones you're going for, the
8 pools -- Can you name the pools that you're going for?

9 A. For the Morrow.

10 Q. Okay, the Morrow --

11 A. Yes.

12 Q. -- is the primary objective?

13 A. Yes, it is.

14 MR. BRUCE: Mr. Examiner, it is -- I believe it's
15 within the boundaries of the West Osudo-Morrow Gas Pool.

16 EXAMINER JONES: West Osudo-Morrow, and we've got
17 an undesignated Osudo-Atoka and a Southwest Osudo-Wolfcamp,
18 so the Wolfcamp is not part of this?

19 MR. BRUCE: The Wolfcamp is not part of this
20 Application.

21 EXAMINER JONES: The Wolfcamp is not part of
22 this, okay.

23 MR. BRUCE: And I could not tell you about the
24 Atoka. Perhaps our geologist can.

25 EXAMINER JONES: Okay. And the location of the

1 well, 540 foot to the north-south line, it looks like.

2 Okay, Mr. Brooks, do you have any other
3 questions?

4 MR. BROOKS: No questions.

5 EXAMINER JONES: Okay. Thank you, Ms. Thompson.

6 MOE NAGATY,

7 the witness herein, after having been first duly sworn upon
8 his oath, was examined and testified as follows:

9 DIRECT EXAMINATION

10 BY MR. BRUCE:

11 Q. Would you please state your name and where you
12 reside?

13 A. My name is Moe, M-o-e, Nagaty, N-a-g-a-t-y. I
14 reside in Bartlesville, Oklahoma.

15 Q. Who do you work for?

16 A. I work for Unit Petroleum in Tulsa.

17 Q. Okay. Have you previously testified before the
18 Division as a geologist?

19 A. No.

20 Q. Would you please summarize your educational and
21 employment background?

22 A. Okay, I have a bachelor's degree in science, in
23 1972. I worked as a mudlogger from 1972 to 1973 in the
24 Middle East. I joined the US Geological Survey in 1977
25 till 1981, in Los Angeles, California. In 1981 I joined

1 Phillips Petroleum; I worked with them for 19 years. And
2 then 2000 I joined Samson in Tulsa; I worked with them for
3 three years. And I've been with Unit for the last three or
4 four months.

5 Q. Okay. Does your area of responsibility at Unit
6 cover this portion of southeast New Mexico?

7 A. Yes.

8 Q. And are you familiar with the geologic matters
9 involved in this Application?

10 A. Yes, I am.

11 Q. And you have made a study of this area for
12 purposes of this hearing, have you not?

13 A. Yes, I did.

14 MR. BRUCE: Mr. Examiner, I'd tender the witness
15 as an expert petroleum geologist.

16 EXAMINER JONES: He is so qualified.

17 Q. (By Mr. Bruce) Mr. Nagaty, would you please
18 identify your Exhibit 5 and discuss that for the Examiner?

19 A. Exhibit 5 is a structure map on top of the middle
20 Morrow. It does show a gentle dip to the west southwest.
21 It is not a factor in the play here but is required to
22 present --

23 Q. It just gives some general information on the
24 Morrow?

25 A. Yes.

1 Q. Let's move on to your Exhibit 6 and discuss what
2 you hope to achieve with your well and what is the primary
3 zone of interest?

4 A. Exhibit 6 is a net isopach map for the middle
5 Morrow zone. I have several sands included in this map.
6 Our proposed location is shown there in Section 23 in
7 purple. It shows the thickness of the middle Morrow in
8 each of the wells, and there is a number in green next to
9 each well that shows the cum in the Morrow for that
10 particular well.

11 Q. Okay, and you're going to get into this
12 production data a little bit more later, will you not?

13 A. Yes.

14 Q. One thing, your proposed location is marked in
15 purple. Which of these immediately offsetting wells are
16 still producing in the Morrow, those three offsetting
17 wells?

18 A. Okay, the wells to the west and to the south are
19 still active. The well to the north is not active in the
20 Morrow, it's active in the Wolfcamp. And the well to the
21 east is not active.

22 Q. Okay. Let's move on to your next exhibit, the
23 cross-section, and maybe along with that, Mr. Nagaty, take
24 your Exhibit 8, which is production plats from offsetting
25 wells. Discuss the zones you hope to encounter and how

1 they have produced in the offsetting wells.

2 A. Okay, if you look at the well on the right-hand
3 side of the cross-section, which is the well to the north,
4 the Morrow sands are shown colored in three different
5 colors there. This is an edge well, it has not performed
6 very well. It cum'd 17 million and it was a very poor
7 well. You can look at the production curve --

8 Q. And that's the first page of Exhibit 8, is it
9 not?

10 A. Yes, the very first page. It produced for a very
11 short period of time and it did not do well at all.

12 The second well, the Best Gas Com Number 1, was
13 drilled by Amoco in 1983. They dual-completed this well.
14 They had the Wolfcamp behind liner and the open hole --
15 completed the Morrow as an open-hole well. And in my
16 experience, this is the first well I've ever seen completed
17 open hole in the Morrow. This is not an efficient way of
18 completing this well.

19 It came in very good, about 3 million a day, and
20 in no time it cratered. And I believe that because of
21 mechanical problems, that this bottom part of the well
22 collapsed, and that's -- If you look at the second page of
23 the decline curve, you can see where the problem started.
24 A few months into production, and it just completely lost
25 the well.

1 Q. In looking at the decline curve also, even after
2 it was brought back on line it produced for a few months,
3 and even though the producing rate was what, about a
4 million a day, it just essentially stopped producing?

5 A. 80 M's a day to 50 M's, I mean --

6 Q. So --

7 A. -- the well had very good initial production, 3
8 million a day. And if you look at the cross-section, there
9 is 30 feet of the green sand and 7 feet of the purple sand.
10 And anybody familiar with the Morrow, that kind of porosity
11 and thickness should have done a lot better than that.

12 Q. Okay. What about the two other wells on the
13 cross-section to the southwest and to the south?

14 A. Okay, we've got two wells, they both performed
15 very well. One of them made about 2.7 BCF, the one to the
16 south made 2.8 BCF. And as you see, it was produced in
17 several different sands. The one directly southwest of us
18 did not have any of the green sand at all. It had 14 feet
19 of the upper sand, the purple one.

20 The well to the south of us had a total of 30
21 feet, and you can see how much of it is in the green sand.
22 We do not believe that production down here in the south
23 has any drainage that we should be worried about.

24 The well next door to us did not have any of the
25 green sand. And this is our target, we're hoping to have

1 30-plus feet of this sand in the cross-section. And
2 believe that that well is still -- could do better.

3 Now, the well directly north of us in Section 14,
4 Well Number 3, this is a recent well that was drilled by
5 Apache. And when they drilled through the Morrow they
6 encountered mechanical problems, they had to raise up the
7 mud --

8 Q. Excuse me, you're talking about the well in
9 Section 14 now --

10 A. 14, yes.

11 Q. -- in the -- that would be the southwest quarter
12 of the southeast quarter, Mr. Examiner.

13 A. Yeah, that well encountered severe mechanical
14 problems while drilling the Morrow. And that's what
15 triggered our thinking about the same thing that happened
16 out there happened in this kind of well, and we expect,
17 hopefully, we'll drill it and be very careful while we're
18 going through the Morrow and have a good Morrow well.

19 Q. Okay. Now Mr. Nagaty, in looking back again at
20 your Exhibit 6, which is the isopach, the well is slightly
21 unorthodox, it's a little north of an orthodox location.
22 Now in looking at a location for this well, because of the
23 good log on the Best Com Number 1 to the north, you'd like
24 to stay relatively close to that well, would you not?

25 A. Absolutely.

1 Q. But over to the east, the Heller Trust Well, you
2 do want to move away from that since that was an edge well?

3 A. Yeah, we try to stay about 1500 feet away from
4 that well.

5 Q. And so that -- the geology dictated your well
6 location, did it not?

7 A. Exactly, exactly.

8 Q. It's slightly unorthodox so that you can move
9 closer to the -- well, the well that had what, an initial
10 potential of 4 million a day but barely produced?

11 A. Exactly.

12 Q. Hoping to duplicate those results -- not the
13 results, but the --

14 A. No.

15 Q. -- geology? And again, the Amoco Watkins to the
16 west, Mr. Nagaty, those should be producing at -- You do
17 show a little green sand on that well, but it's not
18 producing from that zone?

19 A. It is perforated in that zone. Excuse me, in --

20 Q. In the green?

21 A. -- the Watkins? No. No, there was no -- It was
22 never perf'd in that green zone.

23 Q. Okay, so you wouldn't think there would be any
24 drainage from any of the offsets in the green -- middle
25 Morrow green sand?

1 A. I do not expect so.

2 Q. Okay. And finally, Exhibit -- the final exhibit
3 is simply the well-location plat for this well, is it not?

4 A. Yes.

5 Q. Showing the unorthodox location?

6 A. Exactly.

7 Q. One final question regarding the depths involved
8 in this pooling, we are seeking to pool from the 11,920
9 feet down. Is that -- That is below the base of the
10 Morrow, is it not?

11 A. No, that's up -- that's from the top of the
12 Morrow down.

13 Q. Excuse me, that's below the base of the Wolfcamp,
14 is what I mean to say.

15 A. Yes, and below the Atoka too.

16 Q. Okay. So that depth is actually above the top of
17 the Morrow?

18 A. Exactly.

19 Q. Okay. Were Exhibits 5 through 9 prepared by you
20 or under your supervision or compiled from company records?

21 A. I prepared everything, yes.

22 Q. And in your opinion, is the granting -- Oh, one
23 final question. If any of these parties go nonconsent, do
24 you request that the maximum cost-plus-200-percent penalty
25 be imposed?

1 A. Yes, I do.

2 Q. And in your opinion is the granting of this
3 Application in the interests of conservation and the
4 prevention of waste?

5 A. Yes.

6 MR. BRUCE: Mr. Examiner, I'd move the admission
7 of Unit Exhibits 5 through 9.

8 EXAMINER JONES: Mr. Carr?

9 MR. CARR: No objection.

10 EXAMINER JONES: Exhibits 5 through 9 will be
11 admitted into evidence.

12 Mr. Carr?

13 MR. CARR: No questions.

14 EXAMINATION

15 BY EXAMINER JONES:

16 Q. Okay, Mr. Nagaty, where do you have the top of
17 the Wolfcamp at, what depth?

18 A. We do not have rights to the Wolfcamp or anything
19 above the well, so I have no information.

20 Q. Okay, above the Morrow, you mean?

21 A. Above the Morrow, I mean, yes.

22 Q. Okay, so you don't have rights to the Atoka
23 either?

24 A. Not the Atoka either.

25 Q. Okay.

1 A. This is the risk we're taking. We have one shot,
2 we have no bailout zone. We have a well, very poor well,
3 to the east of us.

4 Q. You have the deeper rights to the Mississippian,
5 though, don't you?

6 A. Yes, but it's not a target, we're not planning to
7 take it down there.

8 Q. Right. The discovery well in the West Osudo-
9 Morrow was the Watkins "B" Gas Com Number 1. It looks like
10 that well is directly to the west of your location?

11 A. Okay.

12 Q. Okay, in the well file it said the Atoka top is
13 12,140.

14 A. Well, that's slightly deeper than where we are in
15 this well here.

16 Q. Okay. So whether or not that picked top is
17 correct or not, you'd have no interest in the Atoka?

18 A. The Atoka is not productive in this trend. It is
19 productive east of us. It is not a play at all where we
20 are, so it's not a target.

21 Q. So you don't seek to pool any interests in the
22 Atoka, but you do seek to use the language 11,920 as the
23 top of where you want to pool?

24 MR. BRUCE: Yeah, it's not a prospect, but we
25 would seek to pool whatever those depths are. Unit does

1 own rights below 11,920 feet.

2 EXAMINER JONES: Okay, that's the question.

3 Q. (By Examiner Jones) And you're a little too
4 close to the north -- This is going to be an east-half
5 dedication, correct?

6 A. I believe so, yes.

7 Q. Yeah, because the well to the west has a west-
8 half dedication, so --

9 A. Yes.

10 Q. -- I would hope that would be. And it's a little
11 too close to the quarter line, and the reason for that
12 is --

13 A. -- you want to get closer to the northern well,
14 the well that --

15 Q. You're trying to get close to that well that was
16 completed open hole in the Morrow?

17 A. Yes, that 30-foot zone there.

18 Q. They set casing below the -- above the Morrow for
19 some reason?

20 A. They dual-completed this well. They had the
21 Wolfcamp and the Morrow. The Wolfcamp was behind pipe and
22 open hole. Liner, they had a liner on there.

23 Q. So the Morrow was a target after they drilled the
24 well?

25 A. No, no, they drilled the well to the Morrow and

1 dual-completed the well at the same time. They perforated
2 both zones, produced from the Morrow and the Wolfcamp.

3 Q. And the reason they set the casing higher than
4 the Morrow -- was that not good reasoning, that they --

5 A. Well, you have to ask -- No, no. For several
6 years, 1983, Amoco tried this several times, trying to
7 open-hole complete the Morrow, and every single one of them
8 was a disaster, and this is one of them.

9 Q. So it's not a case of big fractures down there
10 that you destroy if you cement through in the Morrow?

11 A. No.

12 Q. It's porosity --

13 A. Porosity, permeability.

14 Q. Okay.

15 A. If you look at the log here, we've got the
16 porosity and we've got the separation of the neutron
17 density here, which indicates a lot of permeability. This
18 well should have done a lot better.

19 Q. Okay, what about the pressures in the Morrow
20 zone? Do you have any idea what they are in this area?

21 A. No, all we have is what's reported to PI that is
22 on the decline curves. We have no -- We have not operated
23 any wells in this area to really have a good handle on
24 that.

25 Q. So you're relying on public data --

1 A. Yes, sir.

2 Q. -- because you don't have a cooperative agreement
3 with any surrounding operators?

4 A. Yes.

5 Q. You said those pressures are on the decline
6 curves, or -- Yeah, here they are, bottomhole pressures.
7 Okay.

8 And the AFE estimate, is that something you
9 looked at also?

10 A. Which one?

11 Q. The AFE estimate?

12 A. Yes.

13 Q. Okay. The AFE looks okay to you?

14 A. Yeah, reasonable.

15 Q. The cost is reasonable?

16 I guess one question I neglected to ask Ms.
17 Thompson, the BTA-controlled interests that are 37 percent
18 of the -- I take it, the working interests of the unit --
19 are they scattered all over this east half?

20 MS. THOMPSON: They didn't provide addresses for
21 us --

22 EXAMINER JONES: Okay.

23 MS. THOMPSON: -- you know, because --

24 EXAMINER JONES: Okay.

25 MS. THOMPSON: -- their agreements --

1 EXAMINER JONES: Okay.

2 MS. THOMPSON: -- they may have had an agreement
3 with them, but they did not provide us any addresses for
4 those.

5 EXAMINER JONES: Okay. Okay, that's pretty much
6 all I've got. Mr. Brooks?

7 MR. BROOKS: Nothing, thank you.

8 EXAMINER JONES: Mr. Carr, do you have any other
9 questions?

10 MR. CARR: No questions.

11 EXAMINER JONES: Okay, with that, Case 13,124
12 will be taken under advisement. Thank you very much, Mr.
13 Nagaty.

14 THE WITNESS: Thank you.

15 (Thereupon, these proceedings were concluded at
16 10:43 a.m.)

17 * * *

18
19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
21 the Examiner hearing of Case No. _____
22 heard by me on _____ 19____
23 Oil Conservation Division, Examiner
24
25

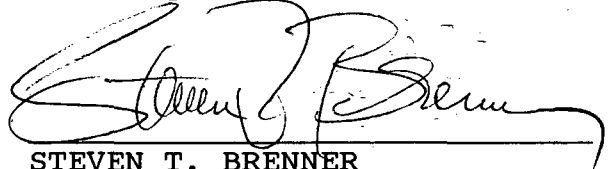
CERTIFICATE OF REPORTER

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 August 9th, 2003.

A handwritten signature in dark ink, appearing to read "Steven T. Brenner", is written over a horizontal line.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006