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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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REPORTER'S TRANSCRIPT OF PROCEEDINGS
PREHEARING TRANSCRIPT

BEFORE: DAVID K. BROOKS, Legal Examiner
TERRY G. WARNELL, Technical Examiner

May 29, 2008

Santa Fe, New Mexico

This matter came for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Legal Examiner, and TERRY G. WARNELL, Technical Examiner, on May 29, 2008, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

1 MR. BROOKS: We are ready to proceed. We're on the
2 record in Docket No. 17-08 of the Oil Conservation Division.
3 I'm David Brooks and I'm Legal Examiner and Presiding Examiner
4 this morning. With me at the front table is Terry Warnell, who
5 will be the Technical Examiner this morning.

6 We will call the continuances and dismissals. It's a
7 very long list.

8 And on the first page, Case No. 14129 is continued to
9 June the 26th.

10 Case No. 14106 is continued to July the 10th.

11 Going over to the third page, Case No. 14107 is
12 continued to July the 10th.

13 Page 4, Case No. 14132 is continued to June 12th.

14 Case No. 14099 is continued to June 12th.

15 Case No. 14024 is continued to June 12th. That's on
16 Page 5.

17 Going, then, over to the last page of the docket,
18 Case No. 14123 is continued to June 12th.

19 Case No. 14124 is continued to June 12th. And I will
20 note at this time for the record that I am recusing myself on
21 Case No. 14124 whenever it occurs. I will not participate in
22 the decision of that case.

23 Case No. 14134 is continued to June the 20th for a
24 special Examiner Hearing on June 20th at 9:00 a.m.

25 Are there any other continuances and dismissals?

1 Very good.

2 We will then proceed. Are there any hardships? In
3 the absence of -- by that I mean people who need to have cases
4 heard out of order for any particular reason.

5 [Hearing concluded.]

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FILED
MAY 29 2008
David K. Beatty
Oil Conservation Director

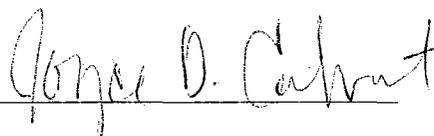
REPORTER'S CERTIFICATE

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I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, 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 and was reduced to printed form under my direct supervision.

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 proceeding.

Signed this 29th day of May, 2008.



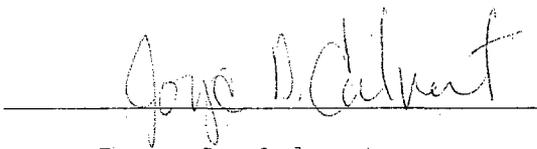
JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
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2 COUNTY OF BERNALILLO)

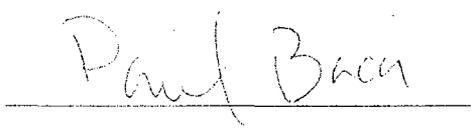
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I, JOYCE D. CALVERT, a New Mexico Provisional Reporter, working under the direction and direct supervision of Paul Baca, New Mexico CCR License Number 112, hereby certify that I reported the attached proceedings; that pages numbered 1-3 inclusive, are a true and correct transcript of my stenographic notes. On the date I reported these proceedings, I was the holder of Provisional License Number P-03.

Dated at Albuquerque, New Mexico, 29th day of May, 2008.



Joyce D. Calvert
Provisional License #P-03
License Expires: 7/31/08



Paul Baca, RPR
Certified Court Reporter #112
License Expires: 12/31/08

8. **CASE 14144:** *Application of Fasken Oil and Ranch, Ltd. for an Injection Wellbore, Eddy County, New Mexico.* Applicant seeks an order approving the conversion of its Avalon "10" Federal Well No. 42, (API # 30-015-31654) located 1980 feet FNL and 660 feet FEL (Unit H) Section 10, T21S, R26E, Eddy County, New Mexico for injection purposes into the Delaware formation at a depth of 2304 feet to 2540 feet. This hearing was set based upon an objection filed by Yates Petroleum Corporation on March 4, 2008. This proposed WFX well is located approximately 1-1/2 miles northwest of the spillway for the Avalon Reservoir, Carlsbad, New Mexico.
9. **CASE 14145:** *Application of Fasken Oil and Ranch, Ltd. for Compliance order requiring Cimarex Energy Co. of Colorado to comply with the Division's oil proration rules for the Apache Ridge-Bone Spring Pool, Lea County, New Mexico.* Applicant seeks relief of current over production of the depth bracket allowable by immediate shut-in of the Cimarex operated wells over produced in the Apache Ridge-Bone Springs Oil Pool. Further, Applicant requests the shut-in period be determined by the cumulative over produced oil volume divided by the most recent month daily oil rate or the current depth bracket allowable, whichever is lesser for the following wellbores:
- (a) Mescalero 30 Federal Well No. 1 (API 30-025-29266)
(Unit P) Sec 30, T19S, R34E Overproduction of 10,191 bbls
 - (b) Pennzoil 36 State Well No. 1 (API 30-025-29918)
(Unit I) Sec 36, T19S, R33E Overproduction of 5,692 bbls
 - (c) Pennzoil B 36 State Well No. 2 (API 30-025-38300)
(Unit J) Sec 36, T19S, R33E Overproduction of 19,440 bbls
 - (d) Pennzoil B 36 State Well No. 7 (API 30-025-38624)
(Unit A) Sec 36, T19S, R33E Overproduction of 13,317 bbls

These wells are located approximately 19-1/2 miles west of Monument, New Mexico

10. **CASE 14138:** *(Continued from the June 12, 2008 Examiner Hearing.)*
Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico. Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Starr 34 Fee Well No. 1H, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.
11. **CASE 14124:** *(Continued from the June 12, 2008 Examiner Hearing.)*
Application of Cimarex Energy Co. of Colorado for special pool rules, Lea County, New Mexico. Applicant seeks an order establishing special rules and regulations for the Apache Ridge-Bone Spring Pool, including a special depth bracket allowable of 1300 barrels of oil per day and a limiting gas:oil ratio of 3000 cubic feet of gas for each barrel of oil produced, effective as of August 1, 2007. The pool covers parts of Section 36, Township 19 South, Range 33 East, N.M.P.M., and Sections 30-32, Township 19 South, Range 34 East, N.M.P.M. The pool is centered approximately 19-1/2 miles west of Monument, New Mexico.
12. **CASE 14123:** *(Continued from the June 12, 2008 Examiner Hearing.)*
Application of Judah Oil, LLC for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order approving salt water disposal into the Wolfcamp and Cisco formations in the Geronimo 27 State Com. Well No. 2, located 990 feet from the South line and 660 feet from the West line of Section 27, Township 17 South, Range 28 East, NMPM. The well is located approximately 12-1/2 miles east-northeast of Atoka, New Mexico.