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. 14612

APPLICATION OF CELERO ENERGY II, ~~LLP~~ LP, FOR APPROVAL OF A COOPERATIVE WATERFLOOD PROJECT, AND TO QUALIFY THE PROJECT FOR THE RECOVERED OIL TAX RATE, LEA COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

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

March 31, 2011

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, TERRY WARNELL, Technical Examiner, and DAVID K. BROOKS, Legal Examiner, on March 31, 2011, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis, Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253
Paul Baca Professional Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT:
JAMES BRUCE
369 Montezuma, No.
Santa Fe, NM 87501

I N D E X

EXAMINER WARNELL: Okay. That takes us back to Page 1 where we started, so we can go back on the record. Next case will be case 14612, application of Celero Energy for approval of corporate -- cooperative waterflood project and to quantify the project for the recovered oil and tax rate in Lea County, New Mexico. Call for appearances.

MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe representing the applicant. I have three witnesses.

EXAMINER BROOKS: Does that include Mr. Catanach?

MR. BRUCE: If the examiners order me to.

EXAMINER WARNELL: Would the three witnesses please stand and state your name and be sworn. Could you state your name first, please?

MR. GRISHAM: Jim Grisham.

MR. BAKER: John Baker.

MR. ANDERSON: John Anderson.

(Oath administered.)

MR. BRUCE: The land exhibits are already in front of you.

EXAMINER WARNELL: I see your color copier is working.

MR. BRUCE: Somebody's is.

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JIM GRISHAM

(Having been sworn, testified as follows:)

DIRECT EXAMINATION

BY MR. BRUCE:

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

A. Jim Grisham, Ft. Worth, Texas.

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

A. Celero Energy. I'm the land director.

Q. Have you previously testified before the Division as a landman?

A. Yes, I have.

Q. Were your credentials as an expert accepted as a matter of the record?

A. Yes, they were.

Q. As does your area of responsibility at Celero include this portion of Southeast New Mexico?

A. Yes, it does.

Q. Are you familiar with the land matters involved in case?

A. I am.

MR. BRUCE: Mr. Examiner, I tender Mr. Grisham as an expert petroleum landman.

EXAMINER WARNELL: Mr. Grisham is so recognized.

Q. Mr. Grisham, would you identify Exhibit 1 for the

examiner and summarize what Celero seeks in this case?

A. Yes, sir. Celero seeks to institute a cooperative waterflood project in the Devonian formation underlying 320 acres of land outlined on the plat. The second page of the plat describes the three fee leases involved. Celero also requests approval to inject produced water into the Devonian formation in the two wells.

The WT Mann A Well Number 2, an existing well located 660 feet from the North Line and 2,310 feet from the East Line of Section 36 and the TD Pope 36 Well Number 10, which is currently drilling at a location of 350 feet from the North Line and 990 feet from the West Line of Section 36.

Q. And these three fee leases, who operates those in the Devonian formation?

A. Celero Energy.

Q. Regarding the injection operation, who are the offset operators or working interest owners?

A. That information is listed on Exhibit 2.

Q. And does Celero have internal working interest owners in the three fee leases?

A. Yes, sir, we do. And that information is listed on Exhibit 3.

Q. Okay. So one lease you own 100 percent, and the other ones you have some relatively small working interest owners?

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A. Yes, sir.

Q. And who are the surface owners of the land where the well that's drilling the TD Pope 36 Well Number 10, who is the owner of that surface?

A. Donald Spears.

Q. And I believe, on the other well, the actual owner is Celero --

A. That's correct.

Q. -- itself?

A. That's correct.

Q. And were all of these interest owners notified of the hearing?

A. Yes, they were.

Q. Is that reflected in the Affidavit of Notice of David Catanach marked Exhibit 4?

A. Yes, sir, it is.

Q. And all of these people received actual notice; there were no returned green cards?

A. That's correct.

Q. And was notice of the injection application also published in a newspaper?

A. Yes, sir, and the Affidavit of Publication is included in the C-108.

Q. And that will be -- other witnesses will introduce that exhibit, correct?

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A. Yes.

Q. One final thing, if this application is approved, do you request that any additional injection wells, if there are any, be allowed to be approved administratively without a hearing?

A. Yes, sir, we do.

Q. In your opinion, will the granting of this application be in the interest of conservation and prevention of waste?

A. Yes, sir.

Q. And were Exhibits 1 through 4 prepared by you or under your direction or compiled from company business records?

A. Yes, sir, they were.

MR. BRUCE: Mr. Examiner, I move the admission of Exhibits 1 through 4.

EXAMINER WARNELL: Exhibits 1 through 4 admitted.

(Exhibits 1 through 4 admitted.)

MR. BRUCE: I have nothing further.

EXAMINER BROOKS: No questions.

EXAMINER WARNELL: Do you have a breakdown, as far as on the total 320 acres as far as federal, state and fee?

THE WITNESS: It's all fee.

EXAMINER WARNELL: It's all fee?

THE WITNESS: Yes, sir.

EXAMINER WARNELL: No questions.

THE WITNESS: Okay.

MR. BRUCE: The only thing I do have in addition with respect to land is this is a cooperative project. They have not unitized, and I just wanted to make sure that I'm giving you Order Number R12268, which is the prior case where a cooperative non-unitized project was approved. They are not often done, but --

EXAMINER WARNELL: Okay. Thank you.

JOHN BAKER

(Having been sworn, testified as follows:)

DIRECT EXAMINATION

BY MR. BRUCE:

Q. Will you please state your name and city of residence.

A. John Baker, Ft. Worth, Texas.

Q. And who do you work for?

A. Celero Energy.

Q. What's your job at Celero?

A. Petroleum geologist.

Q. Have you previously testified before the Division?

A. I have.

Q. And were your credentials as an expert petroleum geologist accepted as a matter of record?

A. Yes, they were.

Q. Are you familiar with the geology involved in this application?

A. I am.

Q. Mr. Baker, you have Exhibit 5 in front of you, which is the C-108. Does that also contain geologic exhibits for this project?

A. It does.

Q. And did you prepare those geologic exhibits?

A. I did.

MR. BRUCE: Mr. Examiner, you may want to pull out those geologic exhibits where they are a little easier to --

THE WITNESS: The first is the one over here.

MR. BRUCE: The first one -- there should be --

THE WITNESS: It's in Exhibit 5. That's one.

EXAMINER WARNELL: One of how many?

THE WITNESS: One of four.

Q. So we make sure we have them all in front of us, what are the three exhibits, Mr. Baker?

A. The first one is a location. The second one will be a type log and explanation of the stratigraphy. The third one will be a structure map of the area, and the fourth one will be a cross-section through the area of review.

Q. Okay. Which one do you want to testify first on, Mr. Baker?

A. I would like to call your attention first to the map

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that shows the area of review and also the project area, as well as the well names.

Q. Okay. Go ahead. What does that reflect?

A. This shows the area of review and also the project area around the well that is drilling the Pope 36 10 and also the other well in question, the WT Mann A 2 within -- within that area. The subsequent maps will show details concerning this area.

Q. Okay. Go ahead.

A. The next item I would like to discuss is this one.

THE WITNESS: Do you have this one?

EXAMINER WARNELL: With the log on it?

THE WITNESS: Yeah, it's got a log on it.

A. Essentially what this does is describes the stratigraphy of the reservoir.

Q. Wait a second, Mr. Baker.

MR. BRUCE: They are about three-quarters of the way through the information packet, Mr. Examiner.

EXAMINER WARNELL: You would think one of us would find it.

MR. BRUCE: It took me --

EXAMINER BROOKS: Next time you should put pages on these things. Like Carol said to me one time about something that worked for me, "Next time. If there is a next time."

EXAMINER WARNELL: She's tough.

Q. So this is the type log, Mr. Baker?

A. Yes. This is the type log that shows the stratigraphy of the reservoir area. For our purposes, the designation as the age of the reservoir being Devonian, Silurian is also applicable or representative of the reservoir section. It is referred to as Silurian slash Devonian. The Silurian Reservoir, as you can see on the type log on the right, is made up of a -- of dolomite and limestone and is a continuous interval that in this particular well occurs over about 5-, 600 feet. If you want an explanation as to the relationship of the Silurian to the Devonian stratigraphy, that is provided there in the type log discussion.

Q. Okay. And is capped by the Woodford Shale?

A. It is capped by the Woodford Shale, which you can see on the type log.

Q. And right behind that in the packet was the cross-section, correct?

A. Right.

Q. And what does the cross-section show?

A. The cross-section goes from West to East across the project area and goes through both the 36 10 -- TD Pope 36 10 Well that is currently drilling, and also on the far right of the cross-section shows the well logs for the WT Mann A 2, and it shows the consistency of the reservoir and also shows

the structure of the reservoir. You can see that by looking at the Woodford Shale cap and how the Woodford Shale is considerably higher on the West as it is to the East. This area, this portion, this cross-section is only on the Eastern flank of the reservoir, the whole reservoir.

Q. And you stated the Celero Devonian is constant across the proposed project area? Silurian

A. It is.

Q. And then finally your structure map?

A. The structure map shows the structure of the entire field and where the area of review exists within the entire field. Essentially, this is a Northwest -- North to South structure. You can see most of the Northern portion of the field. The black lines are where there are faulting defined by seismic, and you can see there is not much faulting in the area of review that is shown on the map. The contour interval of the map is 50 feet.

Q. Are there -- you mentioned faulting. Is there any faulting which would connect the injection zone with any fresh water system?

A. Not to my knowledge.

Q. And were the area of review map and type log, the cross-section and structured map prepared by you or under your supervision?

A. Yes, they were.

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Q. In your opinion, is the granting of this application in the interest of conservation and prevention of waste?

A. Yes.

MR. EXAMINER: Mr. Examiner, I would move the admission of those four portions of Exhibit 5, the geologic plats.

EXAMINER WARNELL: Those four portions of Exhibit 5 will be admitted.

(Exhibit 5 geologic portions admitted.)

MR. BRUCE: I have nothing further of this witness.

EXAMINER WARNELL: Mr. Brooks, any questions?

EXAMINER BROOKS: No questions.

EXAMINER WARNELL: I'm curious about your type log there.

THE WITNESS: Okay.

EXAMINER WARNELL: The Woodford Shale, is there any Woodford Shale production in that area of review here?

THE WITNESS: There is not.

EXAMINER WARNELL: So what do you make of that porosity on that log?

THE WITNESS: The porosity in the log is actually, it's very interesting. ~~The whole reservoir is low porosity, but it's highly fractured.~~ Not in the area of review, I don't think, but we have core -- cored wells in several portions of the reservoir that show that although it is low

porosity or has very few porosity streaks, it's pervasively fractured.

EXAMINER WARNELL: I have no further questions.

JOHN ANDERSON

(Having been sworn, testified as follows:)

DIRECT EXAMINATION

BY MR. BRUCE:

Q. Would you please state your name for the record.

A. John Anderson.

Q. And where do you reside?

A. Colleyville, Texas.

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

A. I work for Celero Energy. I'm a petroleum engineer.

Q. Have you previously testified before the Division?

A. Yes.

Q. Were your credentials as an expert petroleum engineer accepted as a matter of record?

A. Yes, they were.

Q. Are you familiar with the engineering involved in this application?

A. Yes, I am.

MR. BRUCE: Mr. Examiner, I tender Mr. Anderson as an expert petroleum engineer.

EXAMINER WARNELL: Mr. Anderson is so tendered. I'm

not sure we tendered Mr. Baker. Do you remember that?

EXAMINER BROOKS: I don't remember.

MR. BRUCE: If so, I tender him as an expert.

EXAMINER BROOKS: You should say he is so qualified. Mr. Baker and Mr. Anderson will be accepted.

Q. Mr. Anderson you've got in front of you Exhibit 5. Did you prepare that, other than the geology?

A. Yes, sir.

Q. This is the C-108 for the project, correct?

A. Yes, sir.

Q. Let's go to the third page, which is the basic project data. Could you just summarize the proposed injection operations?

A. ~~We intend to inject in both the~~ 30 -- ~~Pope 36 Number~~ 10 Well and in the WT Mann A Number 2 Well ~~as injectors~~, and we test an average injection rate of about 20,000 barrels of water per day per well with a maximum of about 20,000 barrels of water per day per well.

Q. And what would be the injection pressures?

A. The top perforations in the producing wells are approximately 12 -- 12,200 feet subsurface. So under Division rules the maximum injection pressure will be about ~~2,440 PSI.~~ 12,200'

Q. Okay. And in looking at this, this is in the -- insofar as the fresh water goes, this -- it's a couple

hundred feet in-depth, the Ogallala, the fresh water?

A. Yes. Yeah, the maximum depth of the Ogallala that we investigated in this area is 193 feet.

Q. Okay. And you don't anticipate any problem complying with the Division's point-2 PSI per foot of depth rule, do you?

A. No. As a matter of fact, we will likely be injecting on a vacuum to start, but we don't anticipate injecting more than the maximum.

Q. Let's go a couple of pages further into C-108, and there is the well data on the WT Mann A Number 2. Could you discuss that well, its prior -- how it was completed, and then its current completion, or, I should say, proposed completion?

A. Okay. Would you like to move to one of the wellbore sketches.

Q. Sure. Let's go to the wellbore sketches.

A. Yeah.

EXAMINER WARNELL: Which one is that?

THE WITNESS: I think the other direction. That's the Pope. Just a couple of pages ahead of that.

EXAMINER WARNELL: This is a wellbore?

THE WITNESS: Yeah. Go two more.

A. This was a wellbore configuration as it was in December of this past year, and it's essentially a well that

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was drilled in 1954. It has cumed 463,000 barrels of oil from 1996 when it was TA'd and had been TA'd since that point in time. It penetrated 263 feet of the proposed oil productive Devonian reservoir, and we've got 7 inch production casing from TD, which is a 12639 feet to surface, and currently the well has been TA'd since 1966.

Q. So that was the current status of the well.

A. Moving to the next page. In December of 2010, an administrative order was issued by your -- the OCD to convert this well to a saltwater disposal well. And the plan was to squeeze the existing perforations in the wellbore, deepen the well 261 feet to 12,900 feet, and then run in cement a 4.5 inch liner from 12,300 feet down to 12,900 feet and perforate the interval of the Devonian that's below the oil water contact from 12725 to 12900 feet, and inject as a saltwater disposal well the original oil water contact into the non-hydrocarbon bearing Devonian formation.

We've got that approved, and we are actually in the process of doing the well work on this well at the current time. And the actual injection tubing arrangement that we had established, that's where the next page -- well, I'm not sure -- if you go to the next page, it kind of shows. There is two pages in there. One shows the actual liner and liner hanger arrangement.

And then the following page, essentially what we are

going to do is have a polished bore receptacle at the top of the liner when it's installed, and originally we were going to go ahead and just use that polished bore receptacle and sting in the 4.5 inch injection tubing into that receptacle and inject down the tubing through the liner into the formation. Your Hobbs office had a little bit of a concern about that with regards to possibly the liner top leaking on the back side. So we modified the design to install an actual production packer above the seal assembly and then tie our 4.5 inch line, injection line, from that production packer all the way up to the surface to inject the fluid into, thereby isolating any potential liner top leak that could potentially occur in the wellbore.

Q. Now, you said the initial proposed perforations for injection were 12,725 to 12,900 feet, do you now propose additional perforations?

A. Yes. And that's what's on the next page is our proposed -- well, there should be an injection well proposed water injection wellbore. Essentially all we are doing here is, I mean, we are basically going to add perforations in the hydrocarbon bearing portion of the Devonian reservoir and essentially have -- we are asking permission to inject from the top of the Devonian formation which is at 12376 feet all the way to 12900 feet, and inject both hydrocarbon and non-hydrocarbon portion of the reservoir.

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EXAMINER WARNELL: Has the SWD been amended?

MR. BRUCE: We are asking to amend that now.

EXAMINER WARNELL: What's the original SWD number?

THE WITNESS: That should be included in your package, maybe at the very back of it, but the Administrative Order SWD is SWD-1257, approved on December 16 of 2010.

MR. BRUCE: It's two of the last three pages of the C-108, Mr. Examiner.

EXAMINER WARNELL: All right. Thank you.

Q. Enough on that. We'll go a couple more pages in and you have the data, the wellbore sketches or sketch, yes, sketches of the W -- excuse me -- the TD Pope 36 Number 10, what is the current status of that well?

A. The current status of the TD Pope 36 Number 10 is that its current drilling, and it's essentially, the design of the wellbore is such that we are going to have a 7 inch production casing in that wellbore. It will be an open hole completion from the top of the Devonian, which is at 12175 feet in this wellbore down to the original oil water contact, which is estimated 12,720 feet. So this will be purely an injection well in the hydrocarbon bearing portion of the reservoir.

The completion will be conventional packer with a 4.5 inch injection tubing strength run from the packer set at 12,125 feet to surface. And as an additional note, I mean,

12,225? — Ask Jim Bruce To Verify. Well Should have been Logged by now.

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depending on how quickly -- we were going to originally plan to produce this well until we got permission to convert it to injection.

EXAMINER WARNELL: Did you do any initial projection tests? Will you do any kind of testing on this or are you just --

THE WITNESS: Well, yes, because our vision was we were going to get the well completed before we got permission to convert it, so we are going to kind of produce it and see what it would do.

Q. And then scrolling through the C-105, there is a land plat that has already previously been submitted, and then you have a couple of spreadsheets, or maybe it's all one -- it's just -- what does the spreadsheets on the wells in the area of review reflect, without going into great detail?

A. The spreadsheet in front of you is essentially a compilation of all the wells that either -- that -- in the area of review. And it includes both low camp wells that did not actually penetrate the Devonian formation and the wells that did penetrate the Devonian formation. The spreadsheet itself contains well names, location, spud date, the surface intermediate and production casing and cementing data, well TD, well status, and the actual production intervals on that well.

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Q. Does it currently indicate the current status of those wells?

A. Yes, it does.

Q. And how many PNA'd wells are there?

A. There were four PNA'd wells that actually penetrated the Devonian reservoir.

Q. And for of the wells in the area of review, are they properly completed or properly PNA'd so as to prevent movement of fluid between open zones?

A. Yes, they are. Another item I just want to mention, there are also 11 wells within -- that have anywhere from one to three laterals, and then that actually impact the area of review.

Q. So they are within the area of review?

A. Right. The vertical is not necessarily, but the laterals cross over into the area of review.

Q. Okay. I got you. Now, there is a bunch of data after your spreadsheet --

A. Well --

Q. -- data -- go ahead.

A. What's included after the spreadsheet are the wellbore sketches and well histories provided in this exhibit for all of the wells that actually penetrated the Devonian formation. The four PNA'd wells appear to have been properly PNA'd to prevent migration of fluid to other zones. But I

included all the wells so you could see what the laterals look like and how they -- that initial map that John Baker showed you of the locations, there is red lines on that map that actually shows the direction of the laterals and how they impact the area of review. So with that information together, you should get a good picture of what has been penetrated in that reservoir.

Q. This is data on all Devonian wells, not just the PNA'd wells?

A. That's correct.

Q. Okay. And once you wade through that section of the C-105, is there data on water in the area?

A. Yes, there is.

Q. And including a water analysis, fresh water analysis?

A. Yes, there is.

Q. All right. And I think you covered this, but what is the source of the injection water?

A. The source of the injection water would be exclusively produced water from the Devonian formation.

Q. Therefore, there will not be any compatibility issues?

A. That is correct.

Q. Let's go on to the -- some more of the project data. You prepared some exhibits on production and data on what you

hoped to achieve by this project. Without me interrupting too much, why don't you start with Exhibit 7 and tell the Examiner what Exhibit 6 through 8 reflect -- or 6 through 9, excuse me.

A. Okay. Exhibit 6 is a production history for the eight wells that are actually in the project area, not the area of review, but the project area, and it basically shows that they were essentially drilled in the early 50s. Peak production was about 20,500 barrels of water per day in 1955. And current production is about 350 barrels of oil per day in this area, and about 37 hundred barrels of water per day for these eight wells.

And you can see that from a period of probably 1982 to essentially 2004, most of this production was basically shut in and just TA'd. And it wasn't until the early 2000s that they actually started reactivating these wells and putting them back on production.

Q. And what is Exhibit 7?

A. One other note on that plot is, we, basically, out of these eight wells, produced 6.1 million barrels of oil, 2.8 Bcf of gas, and about 11.4 million barrels of water.

Q. And what is the drive mechanism in this pool?

A. Well, generally speaking, in most Devonian reservoirs and a good portion of this Devonian reservoir, it's a strong water drive, but Mr. Baker and I had performed

a reservoir engineering study on this field on this reservoir, and we determined that this portion of the field is a combination weak water drive and a gas expansion reservoir, and as a result of that we feel like there is an opportunity for a secondary recovery project.

Q. And then move on to Exhibit 7. What does this show you?

A. Exhibit 7 is essentially the eight wells that will be in the project area that shows their location, their cum, production history, and it also shows our projected remaining recoverable reserves as we continue to produce the wells, and it also shows the -- what our estimate is of the original oil in place here. So it boils down to the -- to the far right columns that shows the recovery efficiency that we have already had on -- to date on these wells, which, for all eight wells is about 43 percent. And our estimated recovery -- recovery efficiency at the end of the life, the ultimate recovery, is around 49 percent.

EXAMINER WARNELL: So these are the same eight wells that are here on --

THE WITNESS: Yes, sir.

EXAMINER WARNELL: -- Exhibit 6?

THE WITNESS: Yes, sir.

Q. And when you say the "ultimate," that's ultimate without the injection project?

A. Yes. This is just current producing under the weak water drive situation.

Q. Then Exhibit 8, what does that reflect?

A. Exhibit 8 is a projected model for this infill injector in this well, the 36 10. And it basically shows that, you know, once we drill the wells, start injecting with a year or year and a half -- it takes about a year to a year and a half to respond, and it will peak out at about 70 barrels of oil per day of incremental production with the associated gas, and then it will steadily go on to a decline rate.

Q. And was the waterflood project proposed as a method of extending the life of this portion of the reservoir?

A. Yes, it was.

Q. And what is Exhibit 9?

A. Exhibit 9 is just a summary of -- we were initially going to have six producing wells in this field. We are going to have two injection wells. Estimated cost of the facility associated with this project is a million dollars. Estimated total project cost is $4.3 million. And estimated value of incremental production on a cash value basis is about $13 million. We estimate injection commencement starting June of this year, and we are going to be injecting produced water, and anticipated injection volumes is 40,000 barrels of water per day.

Q. How many -- you mentioned the estimated value of incremental production. How many additional barrels of oil do you anticipate recovering during the life of the project?

A. It will be 200- to 250,000 barrels.

Q. And what is the estimated life of the project?

A. Seventeen years.

Q. And will this project, based on the numbers you have given, will this project be economic?

A. Yes, sir.

Q. From an engineering standpoint, is this, this portion of the pool suitable for a waterflood project?

A. Yes, sir.

Q. And, in your opinion, is it prudent to apply an enhanced recovery program at this time?

A. Yes, sir.

Q. And you believe that it is technically and economically feasible?

A. Yes, sir.

Q. And will the value of the oil and gas recovered by project operations exceed the project costs plus a reasonable profit?

A. Yes, sir.

Q. And because of the estimated additional production, do the wells in the project, will they qualify for the

recovered oil tax rate?

A. Yes, sir.

Q. And, in your opinion, is the granting of this application in the interest of conservation and prevention of waste?

A. Yes, sir.

Q. And were Exhibits 5 through 9 prepared by you?

A. Yes, sir.

MR. BRUCE: Mr. Examiner, I would move the admission of Exhibits 5 through 9.

EXAMINER WARNELL: Exhibits 5 through 9 admitted.

(Exhibits 5 through 9 admitted.)

MR. BRUCE: I have nothing further in this case.

EXAMINER BROOKS: No questions.

EXAMINER WARNELL: I think I've got everything I need. I have no further questions.

MR. BRUCE: I have one more witness to call.

EXAMINER WARNELL: Okay. Call your fourth and final witness. Okay. So with that, Case Number 14612 will be taken under advisement, and I believe that that concludes today's docket.

EXAMINER BROOKS: Okay, well, since Mr. Hall has not reported back to us, then case number 14605 will be continued until April the 14th.

EXAMINER WARNELL: April 14, the one Richard said he

would take.

EXAMINER BROOKS: No, that's the one that Scott Hall wanted time to figure out what was going on.

(Docket concluded.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____.

_____, Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico CCR 253, DO HEREBY CERTIFY THAT ON March 31, 2011, proceedings in the above-captioned case were taken before me and that I did report in stenographic shorthand the proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to nor contracted with any of the parties or attorneys in this case and that I have no interest whatsoever in the final disposition of this case in any court.

WITNESS MY HAND this 31st day of March 2011.

Irene Delgado, CCR 253
Expires: 12-31-2011

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