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

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IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:  
Case Nos. 23944, 23945, 24074,  
24075, 24076, 24101, 24102.

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HEARING

DATE: Thursday, May 23, 2024  
TIME: 9:00 a.m.  
BEFORE: Hearing Examiner Gregory A. Chakalian  
LOCATION: Pecos Hall  
Wendell Chino Building  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
REPORTED BY: James Cogswell  
JOB NO.: 6613524

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A P P E A R A N C E S

ON BEHALF OF MRC PERMIAN OIL COMPANY:

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A P P E A R A N C E S (Cont'd)

ALSO PRESENT:

Hailee Thompson, Technical Examiner

Freya Tschantz, Law Clerk

David Johns, Witness (by videoconference)

Andrew Parker, Witness (by videoconference)

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E X H I B I T S

NO.	DESCRIPTION	ID/EVD
Exhibit A	Statement of David Johns, Petroleum Landman	15/19
Exhibit B	Statement of Andrew Parker, Petroleum Geologist	16/19
Exhibit C	Statement of Tanner Shulz, Petroleum Engineer	17/19
Exhibit D	Statement of Travis Wolf, Petroleum Engineer	17/19
Exhibit E	Notice Affidavit for Cases 24074 to 24076 and Cases 24101 to 24102	17/19
Exhibit F	Affidavit of Publication for Cases 24074 to 24076 and Cases 24101 to 24102	18/19

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P R O C E E D I N G S

THE HEARING EXAMINER: It is nine o'clock on May 23, 2024. We're here for a contested hearing between Pride Energy and MRC Permian Company. The case is 23944, 23945, 24074, 24075, 24076, 24101, and 24102.

Entries of appearance, please.

MR. FELDEWERT: Good morning, Mr. Examiner. Michael Feldewert, Santa Fe office of Holland & Hart, appearing on behalf of MRC Permian Company.

THE HEARING EXAMINER: Thank you, good morning.

MS. SHAHEEN: Good morning, everyone. Sharon Shaheen, on behalf of Pride Energy.

THE HEARING EXAMINER: Good morning. As a preliminary matter, Ms. Shaheen, I was advised this morning by Ms. Tschantz that you sent an email yesterday with some important news about this case. Can you tell me where you sent that email?

MS. SHAHEEN: I sent it to ocdhearings@emnrd.nm.gov.

And I understand that I should have included Ms. Tschantz's personal email as well; I apologize for that. I did, of course, copy Mr.

1 Feldewert on that email.

2 THE HEARING EXAMINER: Okay. In the  
3 future, if we have a contested hearing, and there's a  
4 last-minute change, would you please include me, as  
5 the hearing officer, in your email?

6 MS. SHAHEEN: Absolutely. My apologies  
7 for missing that.

8 THE HEARING EXAMINER: Thank you. Can  
9 you explain what you said -- I haven't seen your email  
10 yet; can you explain what you said in your email?

11 MS. SHAHEEN: Yes. For sure. I also  
12 filed withdrawals of Pride's objections to Matador's  
13 cases going forward by affidavit. Those were filed  
14 late yesterday.

15 But basically, the parties have reached  
16 agreement. And Pride has signed a joint operating  
17 agreement with Matador, with the understanding that  
18 they would go forward to present their cases by  
19 affidavit today and drill certain wells. And that, of  
20 course, now that the JOA has been signed, that Pride  
21 will not be force pooled in this proceeding.

22 THE HEARING EXAMINER: Okay. And when  
23 you say you withdrew your objections; which cases did  
24 you withdraw your objections in?

25 MS. SHAHEEN: That would have been --

1 let me just double check, because I got a little  
2 confused with the case numbers. So we would have  
3 withdrawn our objections to 24101, 24102, and the  
4 earlier Wolfcamp cases, which are 24074 through 24076.

5 THE HEARING EXAMINER: Okay, so all the  
6 cases. Okay. Have you reviewed the exhibits that  
7 Mr. Feldewert is going to present today?

8 MS. SHAHEEN: I have reviewed the  
9 Exhibit A-3 and noted that it does include Pride as a  
10 party to be force pooled, but I believe it's common  
11 knowledge -- black-letter law if you will -- that once  
12 the parties have signed a JOA, that any forced pooling  
13 order is of no effect on a party who has signed a JOA  
14 with the operator.

15 But I have no objections to these --  
16 Pride has no objections to these exhibits being  
17 admitted into the record today.

18 THE HEARING EXAMINER: Okay.  
19 Wonderful.

20 All right. Mr. Feldewert, how will MRC  
21 Permian handle its Exhibit A-3?

22 MR. FELDEWERT: We are not pooling --  
23 in light of the recent development, we are not pooling  
24 Pride and note that on the record.

25 THE HEARING EXAMINER: Okay. So in --

1     okay.  Then should I infer from that answer that you  
2     feel you don't need to amend A-3?  It's basically no  
3     effect whatsoever when it comes to Pride?

4                     MR. FELDEWERT:  Correct.  And as is the  
5     case, even after hearings, parties enter in a  
6     voluntary agreement, and once that occurs, they're no  
7     longer pooled, yeah.

8                     THE HEARING EXAMINER:  Okay.  Thank you  
9     for the clarification.

10                    Okay.  So, Ms. Shaheen, you don't have  
11    any witnesses this morning; is that correct?

12                    MS. SHAHEEN:  I do not.

13                    THE HEARING EXAMINER:  Okay.  Very  
14    good.

15                    Mr. Feldewert, your witnesses are  
16    available?

17                    MR. FELDEWERT:  Yeah.  In light of the  
18    development, they would have been here, but in light  
19    of the development, they canceled their plane  
20    reservations, and they are available remotely as  
21    needed.

22                    THE HEARING EXAMINER:  Perfect.  Okay.  
23    Why don't you begin your presentation by affidavit?

24                    MR. FELDEWERT:  Okay.  So in these  
25    consolidated cases, MRC Permian seeks to pool both the



1 Bone Spring and the Wolfcamp, under the north half of  
2 Sections 29 and 30, Township 20 South, 28 East, down  
3 there in Eddy County, and approve as needed  
4 overlapping spacing units in the Bone Spring  
5 formation.

6 As you know, Pride initially opposed,  
7 but they've now withdrawn. So I think we can focus  
8 primarily today, and I will focus just today on the  
9 land and geology statements -- okay -- filed by MRC as  
10 well as the notice of information. And these were all  
11 filed last week under the pre-hearing order.

12 But I want to first talk about our  
13 applications, because I think we need to talk about  
14 those briefly before we get into the exhibits.

15 MRC filed five applications. There are  
16 two of them involving the Bone Spring; that would be  
17 the 24101 and the 24102. And they seek to pool  
18 standard 320-acre overlapping oil spacing units in the  
19 Bone Spring. One under the north half of the north  
20 half, and one under the south half of the south half  
21 of Sections 29 and 30.

22 And if you want to turn to the Exhibit  
23 A-1, which is C-102s, and it would be page 48 and 49  
24 of the 151-page PDF.

25 THE HEARING EXAMINER: Okay. Give me a

1 just a minute to get there.

2 MR. FELDEWERT: Sure, sir.

3 THE HEARING EXAMINER: You said page  
4 48?

5 MR. FELDEWERT: Yes, of the 151-page  
6 PDF.

7 THE HEARING EXAMINER: Okay.

8 MR. FELDEWERT: The reason I bring this  
9 up is that you will see on page 48 that this is the  
10 draft C-102 for the Bone Spring, and you'll see this  
11 is for the north half north half spacing unit, to be  
12 dedicated to the 121H. And then the next page is the  
13 C-102 for the 122H, which is going to be dedicated to  
14 the south half of the north half spacing unit.

15 We've also filed C-102s in the prior  
16 two pages for the 111H and the 112H, and they were  
17 going to be part of the initial well package under  
18 these applications. In light of the discussions with  
19 Pride -- okay -- we have now removed the 111H and the  
20 112H as initial wells.

21 And the initial wells will just be the  
22 121H and the 122H, which is why yesterday I filed  
23 amended compulsory pooling checklists for these two  
24 cases, to make it clear that these initial wells are  
25 only going to be the 121H for the north half north

1 half, and the 122H for the south half north half in  
2 the Bone Spring; okay?

3 THE HEARING EXAMINER: Mr. Feldewert,  
4 before you go on, let me just make sure I'm looking at  
5 the right documents. So I have -- when you say you  
6 filed; which case did you file the amended checklists  
7 in? Because I'm looking at Case Number 24074, which  
8 is the first case in order here, and I don't see an  
9 amended in this.

10 MR. FELDEWERT: So the two cases  
11 involving the Bone Spring --

12 THE HEARING EXAMINER: 101 and 102?  
13 Okay.

14 MR. FELDEWERT: -- 101 and 102; those  
15 are the two cases in which I filed the --

16 THE HEARING EXAMINER: Okay.

17 MR. FELDEWERT: -- notice of revised  
18 compulsory pooling checklist.

19 THE HEARING EXAMINER: Let me pull it  
20 up. I was --

21 MR. FELDEWERT: Sure.

22 THE HEARING EXAMINER: -- in your other  
23 case and thought the exhibits were all the same in  
24 every case.

25 So of this eight-page document -- I

1 see. Okay.

2 MR. FELDEWERT: So that way you'll have  
3 the right compulsory pooling checklist for the order.  
4 Okay?

5 THE HEARING EXAMINER: Is there any  
6 other changes to the exhibit packet that you filed on  
7 the 17th?

8 MR. FELDEWERT: No, sir. No.

9 THE HEARING EXAMINER: Okay.

10 MR. FELDEWERT: Okay. Now what you'll  
11 also see is that in those form C-102s, we identified  
12 the oil pool; okay?

13 But what we found is that in this area,  
14 there is an existing 160-acre vertical well spacing  
15 unit comprised of the northwest quarter of section 30,  
16 in the Bone Spring, which is dedicated to a gas pool.  
17 We identify it in our application, but it's a  
18 Stonewall EP State Number 6. It's producing from the  
19 East Avalon Bone Spring Gas Pool, and it's operated by  
20 EOG Resources.

21 First off, we're expecting oil so we  
22 used the oil pool out there in our checklist; okay?  
23 And secondly, this is in the Bone Spring. I guess you  
24 could read the horizontal well rules as requiring  
25 approval of an overlapping spacing unit in the same

1 formation, even if a different pool is involved, which  
2 is why we applied for an overlapping spacing unit in  
3 the Bone Spring. But we are pooling just the oil  
4 pool.

5 Then we get to the Wolfcamp  
6 applications. We have three applications filed there;  
7 it's 24076, 75, and 74. And I'm going to start with  
8 24076, and that's because it seeks to pool a standard  
9 640-acre horizontal gas spacing unit in the Wolfcamp  
10 underlying this north half acreage. And it's for  
11 their proposed Wayne Gaylord 201H and 202H wells.

12 Now, if you could turn to Exhibit B-5.

13 THE HEARING EXAMINER: Can you share  
14 your screen with us?

15 MR. FELDEWERT: Yes, I can certainly do  
16 that; that might be easier. All right.

17 THE HEARING EXAMINER: Thank you.

18 MR. FELDEWERT: Okay, I should be  
19 sharing.

20 THE HEARING EXAMINER: Yes.

21 MR. FELDEWERT: So this is our Exhibit  
22 B-5; it's page 86 of the 151-page PDF. And you'll see  
23 that it notes that these wells are going to be placed  
24 in the Upper Wolfcamp; in the Upper Wolfcamp, where  
25 the company expects to produce oil.

1           However, MRC was informed twice by the  
2 Division, because I had them go back and check, that  
3 even though these wells are in the Upper Wolfcamp and  
4 they expect oil, that they will be placed in the  
5 Burton Flats Wolfcamp North Gas Pool, which has 160-  
6 acre building blocks.

7           So that's why we filed this  
8 application, to create a standard gas spacing unit  
9 using 160-acre building blocks, and included the gas  
10 pool, then, in our C-102 for this case.

11           Now, I know or I understand that there  
12 is an oil pool in this area; in fact, Pride's  
13 applications reference the oil pool, and you'll see  
14 that their exhibits that they filed placed their wells  
15 in the oil pool, and we're all targeting the same  
16 zone. And it's pool code 98315; 98315, which is the  
17 WC Burton Flat Upper Wolfcamp Pool.

18           Our wells are in the Upper Wolfcamp.  
19 We expect to produce oil, so out of an abundance of  
20 caution, I filed our other two applications, 24074 and  
21 24075, which seek to create oil spacing units, one in  
22 north half north half and then south half north half.

23           But again, since the Division told us  
24 twice that they were going to be in a gas pool, even  
25 though we're located in the Upper Wolfcamp, we filed

1 24076, and that's the one for which I have provided a  
2 compulsory pooling checklist.

3 Now, if the Division informs me, after  
4 looking at this, that this should be oil, then I can  
5 file the compulsory pooling checklist for 24074 and  
6 24075, and we can dismiss 24076.

7 I just don't know where we're at, and  
8 I'm not getting -- well, I guess I got consistent  
9 advice from the district office. It seems a little  
10 funny to me, but I'll let the Division sort that out;  
11 okay? Okay. So that's our applications; that's why  
12 we have five of them; okay?

13 So then we turn to our hearing package,  
14 you'll see that we have our pre-hearing statement that  
15 we filed because this was a contested case. We have  
16 the applications for all five cases in that package.  
17 We have the checklist for the two Bone Spring cases,  
18 24101 and 02; that's the one for which I filed the  
19 amended checklist yesterday; okay? Then we have the  
20 compulsory pooling checklist for 24076, which is the  
21 case seeking the creation of a gas pool.

22 Then we have an Exhibit A from David  
23 Johns; he's the landman.

24 (Exhibit A was marked for  
25 identification.)

1           He's previously testified as an expert.  
2 He notes that the ownership is the same between the  
3 Bone Spring and the Wolfcamp, and it's also uniform  
4 across the north half acreage, so that's why we filed  
5 all the same exhibits.

6           Pooling list includes overriding  
7 royalty interest donors, which are identified in his  
8 exhibits, and then you'll see that he has what, I  
9 guess, you would consider the standard exhibits, as  
10 Exhibit A-1 or the C-102s, for the identified wells.  
11 The Exhibit A-2 is the tract map that covers the north  
12 half north half acreage. Exhibit A-3 contains the  
13 ownership breakdown by tract and by spacing unit and  
14 identifies the parties that they seek to pool.

15           And then, Exhibit A-4 is a list of  
16 overriding royalty interest donors that are also  
17 included as the parties that they seek to pool. With  
18 Exhibit A-5 being the well proposal letter, with the  
19 AFEs. And then finally, Exhibit A-6 is the summary of  
20 communications with the parties that they -- working  
21 interest donors that they seek to pool.

22           Exhibit B is the statement of Andrew  
23 Parker.

24           (Exhibit B was marked for  
25 identification.)



1           He's the geologist for the company.  
2 Mr. Parker has also previously testified as an expert  
3 witness before the Division. And he provides a  
4 general location map as Exhibit B-1, and then he  
5 provides structure maps and cross-sections, first for  
6 the Bone Spring and then for the Wolfcamp.

7           And you'll see that he has some other  
8 exhibits showing the comparison between what MRC has  
9 proposed and what Pride has proposed; we can kind of  
10 ignore that. And we also, of course, dropped the  
11 first Bone Spring wells as initial wells in the Bone  
12 Spring after our discussions with Pride.

13           We did file Exhibits C and D.

14           (Exhibit C and Exhibit D were marked  
15 for identification.)

16           They're statements from Mr. Tanner  
17 Shulz and Mr. Travis Wood [ph]. They're no longer  
18 needed, since Pride has dismissed their competing  
19 proposal, so we don't need to disparage Pride any more  
20 than we did.

21           Just kidding, Sharon.

22           And then, we have as Exhibit E, the  
23 affidavit of notice.

24           (Exhibit E was marked for  
25 identification.)

1           The ownership is uniform, so you'll see  
2 that all five applications went out under separate  
3 letters to the same parties.

4           Then we have Exhibit F, which is an  
5 affidavit of publication, and there's something a  
6 little odd about it; you'll see it.

7           (Exhibit F was marked for  
8 identification.)

9           The notary was done by someone in  
10 Wisconsin. First time I've seen that, but it notes  
11 that the publication was done in a Carlsbad newspaper.  
12 So I was a little thrown off by that yesterday, until  
13 I looked at it more closely, but apparently -- and  
14 we're starting to see that -- Carlsbad Argus is using  
15 a notary from the state of Wisconsin to reflect that  
16 notice was actually published in the Carlsbad  
17 newspaper.

18           So with that, I would move the  
19 admission of our exhibits. I would ask that the cases  
20 be taken under advisement, and I can answer any  
21 questions that you have, or we do have our witnesses  
22 available as needed.

23           THE HEARING EXAMINER: Is Ms. Kessler  
24 with us?

25           MS. KESSLER: Good morning, Mr. Hearing

1 Examiner. Yes, I am.

2 THE HEARING EXAMINER: Okay, great. I  
3 noticed that you entered an appearance, and you're  
4 what, observing?

5 MS. KESSLER: That's correct, yes. And  
6 so, I received the exhibits. I don't have any  
7 questions, and just noting the proceedings in this  
8 case.

9 THE HEARING EXAMINER: Perfect, thank  
10 you.

11 Are there any objections from anyone to  
12 the admission of these exhibits into evidence?

13 Not hearing any, Exhibits A through F  
14 are admitted into evidence.

15 (Exhibit A through Exhibit F were  
16 received into evidence.)

17 Let's go to the technical examiner for  
18 questions. First, who do you want to be sworn in? Do  
19 you want the landman and the geologist to be sworn in?

20 MS. THOMPSON: Yeah, if they've not  
21 been --

22 THE HEARING EXAMINER: Okay. Would you  
23 turn your cameras on? You're going to be sworn in.

24 Freya, I can't see anyone. I don't  
25 know if you have the ability for me to see the

1 landman -- maybe, I don't know.

2 Okay. Would you each state and spell  
3 your names for the record, please?

4 MR. JOHNS: David Johns. Spelled  
5 D-A-V-I-D. J-O-H-N-S.

6 MR. PARKER: Andrew Parker.  
7 A-N-D-R-E-W. P-A-R-K-E-R.

8 THE HEARING EXAMINER: Thank you.

9 THE REPORTER: Please raise your right  
10 hands.

11 WHEREUPON,

12 DAVID JOHNS,  
13 called as a witness and having been first duly sworn  
14 to tell the truth, the whole truth, and nothing but  
15 the truth, was examined and testified as follows:

16 WHEREUPON,

17 ANDREW PARKER,  
18 called as a witness and having been first duly sworn  
19 to tell the truth, the whole truth, and nothing but  
20 the truth, was examined and testified as follows:

21 MS. THOMPSON: I don't have, like, a  
22 specific order, so I want to start with Mr. Feldewert  
23 here, because the applications were a little  
24 confusing.

25 MR. FELDEWERT: Yes.

1 MS. THOMPSON: We're going to start  
2 with the pool and the pool codes.

3 I checked it myself yesterday. So the  
4 Burton Flats Wolfcamp North Gas 23520 is the correct  
5 pool that we'd be using in that area.

6 Going on from that, you --

7 MR. FELDEWERT: Let me stop you there.  
8 So that would be the one then that we provided under  
9 Case 24076. That's the gas pool application, and then  
10 we have that compulsory pooling checklist in our  
11 existing package; correct?

12 MS. THOMPSON: Yep.

13 MR. FELDEWERT: Okay.

14 MS. THOMPSON: So moving forward on  
15 that, I'm not sure if you would be able to then  
16 include those checklists for the missing applications,  
17 or how that works --

18 MR. FELDEWERT: So --

19 MS. THOMPSON: -- you're waiting for on  
20 that.

21 MR. FELDEWERT: So now we're on the --  
22 so if it's a gas pool, and that's the one that  
23 Division's placing it in, then the other two Wolfcamp  
24 cases, which sought to create oil, can be dismissed.

25 I filed those only because, since we

1 were in the Upper Wolfcamp and we expected oil, I  
2 thought it might be the other pool -- okay -- but  
3 those -- if and indeed this area is covered by a gas  
4 pool, that would be 24076, and the other two  
5 applications then can be dismissed, and we don't need  
6 to worry about them.

7 MS. THOMPSON: Okay. Perfect on that.

8 You also mentioned the overlapping  
9 spacing unit, and you said that was with what kind of  
10 well, a vertical well?

11 MR. FELDEWERT: It is a vertical well,  
12 and it's got a 160-acre dedicated gas spacing unit in  
13 the northwest quarter of 34, yes.

14 MS. THOMPSON: Okay. Let me pull up  
15 your other application real fast; give me one sec.

16 MR. FELDEWERT: I'm sorry, I said  
17 northwest quarter of 36, it's northwest quarter of 30.

18 THE HEARING EXAMINER: You said 34, but  
19 I knew you meant 30.

20 MR. FELDEWERT: Thank you.

21 MS. THOMPSON: Right, so it's the north  
22 half of sections 29 and 30, correct?

23 MR. FELDEWERT: Yes.

24 MS. THOMPSON: Okay. Was there, like,  
25 a development recently, I guess, on why the first Bone

1 Springs applications were dropped all of a sudden?

2 MR. FELDEWERT: Well, I can tell you,  
3 and I think Ms. Shaheen can confirm this, this was  
4 after discussions with Pride as to what the initial  
5 wells should be, as opposed to what would be developed  
6 later on as infill wells. That's the information that  
7 I have.

8 MS. THOMPSON: And then what's MRC's, I  
9 guess like, development plan on, I guess -- what's the  
10 right word -- to reduce costs and reduce impact on the  
11 environment when it comes to that area? Because you  
12 have -- how many wells total do you have now, between  
13 the applications?

14 MR. FELDEWERT: Well, there'll be two  
15 Bone Spring wells and two Wolfcamp wells.

16 MS. THOMPSON: Okay.

17 MR. FELDEWERT: As initial wells.

18 MS. THOMPSON: As the initial wells.  
19 Okay.

20 THE HEARING EXAMINER: Can you identify  
21 those with numbers?

22 MR. FELDEWERT: Yeah, the Bone Spring  
23 wells will be the 121H for the north half north half  
24 and then the 122H for the south half of the north  
25 half, as you'll see from our C-102s and the amended

1 compulsory pooling checklist that we filed yesterday.

2 And then the Bone Spring wells for this  
3 north half gas spacing unit will be the 201H and the  
4 202H, and that's reflected in our filed compulsory  
5 pooling checklist.

6 MS. THOMPSON: Okay. And I'm not sure  
7 if I was getting all the cases mixed up, but were  
8 these all -- none of these required like a non-  
9 standard spacing unit; these were all standard spacing  
10 unit cases?

11 MR. FELDEWERT: Correct.

12 MS. THOMPSON: Okay. So I kind of  
13 wanted to go back to the impact the wells would have  
14 on, like, facilities and costs and stuff like, and how  
15 you plan on reducing those.

16 Was it, like -- you know, generally in  
17 these cases we have, you know, something that talks  
18 about how you plan on, I guess, reducing the impact of  
19 the well sites and the facilities in that area. I'm  
20 not sure if you could direct me to an exhibit?

21 MR. FELDEWERT: Give me a minute.

22 MS. THOMPSON: Or would that be a  
23 better question for one of your witnesses?

24 MR. FELDEWERT: I'm trying to see what  
25 we have. Give me one second.



1 Do we have our witnesses available?

2 I --

3 THE REPORTER: Yeah.

4 MR. FELDEWERT: -- think they can try to  
5 address your question.

6 MS. THOMPSON: Okay. I believe that  
7 might work better for --

8 THE HEARING EXAMINER: Let's ask as a  
9 panel.

10 Mr. Feldewert, is it okay if we  
11 consider the two witnesses as a panel and just ask the  
12 questions of the panel?

13 MR. FELDEWERT: Yes. Does that --

14 THE HEARING EXAMINER: Okay.

15 MS. THOMPSON: So when it comes to the  
16 impact that the wells will have as far as to the  
17 environment and to be able to save costs and get, I  
18 guess -- what's the right word; the --

19 THE HEARING EXAMINER: Mitigate.

20 MS. THOMPSON: Mitigate, yeah.

21 Mitigate any kind of, like, impact to the environment  
22 while also bringing out the most maximum costs for  
23 interest donors. Do you have something in there that  
24 speaks to that? For either one of you two?

25 MR. JOHNS: I think regarding the cost-

1 savings for partners, we're -- we're planning on  
2 drilling all four subject wells in one single batch.

3 MS. THOMPSON: One single batch. And  
4 will those facilities all -- would those wells all be  
5 going to, like, one facility; or because of the  
6 directions of the well, are there going to be, like,  
7 more than one facility that they'd be moved to?

8 MR. JOHNS: That's correct. Yes.  
9 We're -- to mitigate any type of surface damages,  
10 we're going to share some -- shared facilities.

11 MS. THOMPSON: Shared facilities.  
12 Okay. That's the question I was asking. Okay.

13 I actually don't have any other  
14 questions. Thank you.

15 THE HEARING EXAMINER: Mr. Feldewert,  
16 you mentioned that if the Division would consider the  
17 Upper Wolfcamp as a gas pool, then you would be  
18 dismissing 74 and 75, but if it didn't, then you  
19 wouldn't. How do you plan on proceeding in that  
20 respect?

21 MR. FELDEWERT: I think the Division  
22 has confirmed here today that this Upper Wolfcamp  
23 target is going to be in the gas pool; and therefore,  
24 24076 is the applicable case, and after this hearing,  
25 I will file a dismissal of 24074 and 75.

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THE HEARING EXAMINER: Okay thank you.  
Is there anything else? No.

I have no questions for your witnesses.  
They may be excused.

Thank you both; we'll take this case  
under advisement.

MR. FELDEWERT: Thank you for your  
time.

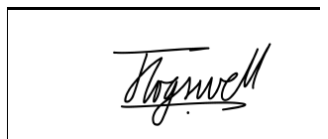
THE HEARING EXAMINER: Thank you.  
We're off the record.

(Whereupon, at 9:32 a.m., the  
proceeding was concluded.)

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CERTIFICATE

I, JAMES COGSWELL, the officer before whom the foregoing proceedings were taken, do hereby certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; that the proceedings were recorded by me and thereafter reduced to typewriting by a qualified transcriptionist; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

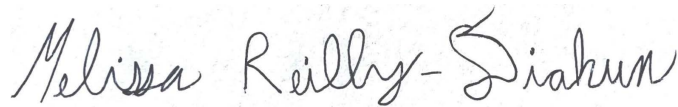


JAMES COGSWELL  
Notary Public in and for the  
State of New Mexico

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CERTIFICATE OF TRANSCRIBER

I, MELISSA REILLY-DIAKUN, do hereby certify that this transcript was prepared from the digital audio recording of the foregoing proceeding, that said transcript is a true and accurate record of the proceedings to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



MELISSA REILLY-DIAKUN

[& - advice]

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[employee - gas]

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[gaylord - knowledge]

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