

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21361

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21362

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21363

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21364

**MEWBOURNE OIL COMPANY'S
MOTION FOR REFERRAL OF APPLICATIONS TO NEW MEXICO OIL
CONSERVATION COMMISSION FOR HEARING
IN CONJUNCTION WITH *DE NOVO* HEARING IN CASE NOS. 21277- 21280**

In accordance with NMSA 1978, § 70-2-6(B) and NMAC 19.15.4.20.B, Mewbourne Oil Company (“Mewbourne”) requests that the Director of the New Mexico Oil Conservation Division (“Division”) issue an order referring the above-captioned matters to the New Mexico Oil Conservation Commission (“Commission”) for hearing in conjunction with Commission Case Nos. 21277 through 21280 (Division Case Nos. 16481, 16482, 20171, and 20202), which have been provisionally set for a *de novo* hearing on September 17, 2020. The cases involve competing development plans, and the proposed joint hearing would protect correlative rights, promote efficiency, and conserve resources of the Division, the Commission, and the parties. In support of this Motion, Mewbourne states the following.

I. Procedural and Factual Background

1. Mewbourne's applications seek orders pooling uncommitted interests in the W/2 of Sections 33 and 28, Township 20 South, Range 30 East in Eddy County as follows:

- (a) In Case No. 21361, Mewbourne seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 33 and the E/2 W/2 of Section 28;
- (b) In Case No. 21362, Mewbourne seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Section 33 and the W/2 W/2 of Section 28;
- (c) In Case No. 21363, Mewbourne seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 33 and the E/2 W/2 of Section 28; and
- (d) In Case No. 21364, Mewbourne seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Section 33 and the W/2 W/2 of Section 28.

2. Mewbourne owns 100% of the working interest in the W/2 of Section 33, Township 20 South, Range 30 East in Eddy County and has the right to drill wells thereon. Mewbourne also has support from working interests in the W/2 of Section 28, Township 20 South, Range 30 East.

See Affidavit of Tyler Jolly, attached as Exhibit A, at ¶ 4. Mewbourne holds 50% of the working interest in its proposed horizontal spacing units. *Id.* at ¶ 13.

3. In January 2019, Mewbourne submitted well proposals for its four Sidecar 33-28 wells in the W/2 of Sections 28 and 33 that are the subject of its applications. *Id.* at ¶ 5.

4. Subsequent to Mewbourne's January 2019 well proposals, Mewbourne and Ascent Energy LLC ("Ascent") entered into an agreement that involved a trade of Mewbourne's acreage in the W/2 of Section 33 for acreage elsewhere in Eddy County. *See id.* at ¶ 6. Because a letter agreement was executed by both parties, Mewbourne did not pursue compulsory pooling for its proposed Sidecar 33-28 wells at that time. *See id.* at ¶ 7.

5. The Division heard Case Nos. 16481, 16482, 20171, and 20202 on August 20, 2019. Mewbourne appeared at the hearing through counsel but did not oppose Ascent's and Apache's applications because it had entered into the letter agreement with Ascent. *See id.*

6. In Case Nos. 16481 and 16482, Ascent sought orders pooling uncommitted interests in the Bone Spring and Wolfcamp formations in 320-acre horizontal spacing units located in the W/2 W/2 of Sections 28 and 33, Township 20 South, Range 30 East in Eddy County. Ascent proposed to complete three stand-up Bone Spring wells (Case No. 16481) and two stand-up Wolfcamp wells (Case No. 16482).

7. Mewbourne holds a 50% interest in Ascent's proposed horizontal spacing units. *See* Exh. A at ¶ 13. In contrast, Ascent only holds a 34.01% interest in its proposed spacing units. *See* Case Nos. 16481 and 16482, Ascent Hearing Exhibits A-5 and A-6, attached as Exh. B. At the hearing, Ascent presented evidence that it had entered into agreements to acquire additional interests, bringing its total interest to approximately 84%. *See* Case Nos. 16481 and 16482, Ascent Hearing Exhibit A-7, attached as Exh. C; August 20, 2019 Hearing Transcript at 20:2-2-19,

attached as Exh. D. Based on the testimony of Ascent's witness, it appears that Ascent's 84% interest included Mewbourne's interest in the W/2 of Section 33 that Ascent had agreed to acquire under the letter agreement.¹

8. In Case Nos. 20171 and 20202, Apache Corporation ("Apache") sought orders approving the creation of horizontal spacing units and potash development areas in the N/2 of Sections 28 and 29 and the NE/4 of Section 30, Township 20 South, Range 30 East in Eddy County. In Case No. 20171, Apache also initially requested an order pooling all uncommitted mineral interests in an 800-acre horizontal spacing unit in the Wolfcamp formation underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30. In Case No. 20202, Apache initially requested an order pooling all uncommitted mineral interests in an 800-acre horizontal spacing unit in the Bone Spring formation underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30. At the hearing, Apache withdrew its requests for compulsory pooling and only requested approval of its proposed development plan.

9. Apache does not hold an interest in the horizontal spacing units proposed by Mewbourne or Ascent. *See* Exh. A at ¶ 14 and Exh. B.

10. In March of 2020, Ascent notified Mewbourne that it would not honor its agreement to trade Mewbourne's acreage in the W/2 of Section 33 after Mewbourne expended significant time, money, and resources, including completion of a quiet title action, to finalize the trade. Exh. A at ¶¶ 6 and 9.

¹ Ascent's witness testified that the 84% interest included an additional 50% interest that Ascent was acquiring subject to the resolution of title issues. *See* Exh. D. Mewbourne completed a quiet title action to resolve the title issues and effectuate the trade of its acreage in the W/2 of Section 33. *See* Exh. A at ¶ 6.

11. On April 14, 2020, the Division issued Order No. R-21258 approving Ascent's applications in Case Nos. 16481 and 16482 and denying Apache's applications in Case Nos. 20171 and 20202.

12. Mewbourne filed applications for *de novo* hearings in Case Nos. 16481, 16482, 20171, and 20202 on May 4, 2020, and Apache filed applications for *de novo* hearings on May 7, 2020. The *de novo* hearings have been provisionally set for September 17, 2020.

13. In June of 2020, Mewbourne re-proposed its four Sidecar 33-28 wells and filed the above-captioned applications for compulsory pooling on July 6, 2020. *See* Exh. A at ¶ 2. Mewbourne's applications are currently set for a hearing before the Division on August 6, 2020.

II. Argument

A. A joint Commission hearing on the applications filed by Mewbourne, Ascent, and Apache would protect correlative rights.

14. The Oil and Gas Act requires the Division and Commission to prevent waste and protect correlative rights and establishes that the Commission and Division have concurrent jurisdiction and authority to accomplish this result. *See* NMSA 1978, §§ 70-2-11 and 70-2-6.

15. In this regard, Section 70-2-6(B) of the Act provides that "any hearing on any matter may be held before the commission if the division director, in his discretion, determines that the commission shall hear the matter." NMAC 19.15.4.20.B similarly authorizes the Director of the Division to direct the Commission to hear any matter.

16. In accordance with Section 70-2-6(B) and NMAC 19.15.4.20.B, Mewbourne requests that the Director of the Division issue an order referring the above-captioned compulsory pooling applications to the Commission for hearing in conjunction with the *de novo* hearing on Apache's and Ascent's applications in Commission Case Nos. 21277 through 21280 (Division Case Nos. 16481, 16482, 20171, and 20202).

17. Mewbourne's applications in Division Case Nos. 21361-21364 involve the W/2 of Sections 28 and 33 and conflict with Ascent's applications in Commission Case Nos. 21277 and 21278 that involve the W/2 W/2 of Sections 28 and 33. Mewbourne's applications also conflict with Apache's proposed development plans in Commission Case Nos. 21279 and 21280 that involve the N/2 of Section 28. Because the applications involve competing development plans, a joint hearing is appropriate to protect correlative rights.

18. The evidence that will be submitted in support of Mewbourne's applications, and in opposition to Ascent's and Apache's applications, also demonstrates that a joint hearing is appropriate. Mewbourne holds a 50% interest in the proposed spacing units for the Sidecar 33-28 wells as well as in Ascent's proposed spacing units, while Ascent only holds a 34% interest in its proposed spacing units. *See* Exh. A at ¶ 13 and Exh. B. Mewbourne also has drilled and completed over 400 horizontal wells in Eddy County, New Mexico, while Ascent has not completed any horizontal wells in Eddy County, New Mexico. *See* Exh. A at ¶ 13. Apache does not hold an interest in Mewbourne's proposed spacing units and has not sought compulsory pooling. *Id.* at ¶ 14. These facts, as well as the history of the negotiations between Mewbourne and Ascent, provide a strong basis for Mewbourne's pooling applications and for Mewbourne's opposition to Ascent's and Apache's applications and demonstrate that a joint hearing is appropriate to protect Mewbourne's correlative rights. *See, e.g.*, Order No. R-20223 at ¶ 28 (in evaluating competing pooling applications, the Division considers, among other factors, the ownership interests of the parties, the ability of each party to prudently operate the property, and the parties' negotiations prior to pooling).

19. A joint hearing is also appropriate because Mewbourne would have filed its compulsory pooling applications for the Sidecar 33-28 wells after it had initially proposed the

wells in January 2019 if it had known that Ascent would not comply with its agreement to trade Mewbourne's acreage in the W/2 of Section 33. *See* Exh. A at ¶ 15. That circumstance would have allowed the Division to hear Mewbourne's applications prior to, or in conjunction with, the hearing on Ascent's and Apache's applications. Mewbourne should not be prejudiced by Ascent's decision not to complete the agreed-upon trade and should be permitted to present its applications to the Commission at a joint hearing that addresses all of the applications in order to protect its correlative rights.

20. Although Ascent's applications in Division Case Nos. 16481 and 16482 did not include the acreage in the E/2 W/2 of Sections 28 and 33 that is addressed by Mewbourne's applications in Case Nos. 21361 and 21363, a joint hearing on all of the applications is appropriate because Apache's proposed development plan encompasses the N/2 of Section 28. And, as explained above, Mewbourne would have filed its competing pooling applications prior to the August 20, 2019 hearing on Apache's and Ascent's applications, and opposed their applications, but for Ascent's agreement to trade Mewbourne's acreage in the W/2 of Section 33.

21. Consolidating Mewbourne's applications with Ascent's and Apache's applications for hearing would allow the Commission to resolve the conflicting applications in a manner that protects correlative rights. Otherwise, Mewbourne's applications will be heard by the Division and Ascent's and Apache's applications will be heard *de novo* by the Commission, potentially resulting in conflicting decisions and delay if a *de novo* hearing is subsequently required on Mewbourne's applications.

B. A joint hearing would promote efficiency and conserve resources of the Division, the Commission, and the parties.

22. As explained above, Mewbourne's applications in Division Case Nos. 21361-21364 involve acreage that overlaps with Ascent's applications in Commission Case Nos. 21277 and 21278 and that conflicts with Apache's proposed development plans in Commission Case Nos. 21279 and 21280.

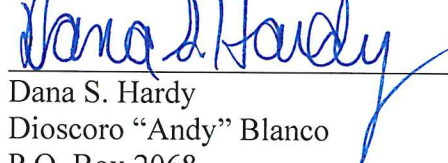
23. Because the cases involve conflicting development plans, it would conserve resources of the Division, the Commission, and the parties for the Commission to hold a joint hearing on the applications. If the cases are heard separately, the parties will be required to participate in a hearing before the Division on Mewbourne's applications, participate in a *de novo* hearing before the Commission on Apache's and Ascent's applications that involve similar evidence and overlapping acreage, and then potentially participate in another *de novo* hearing on Mewbourne's applications. The proposed joint hearing would promote efficiency and thereby benefit the Division, the Commission, and the parties.

24. The parties to Commission Case Nos. 21277 through 21280 were contacted regarding Mewbourne's request for a joint hearing. Ascent does not oppose Mewbourne's request to refer Division Case Nos. 21362 and 21364 (involving the W/2 W/2 of Sections 28 and 33) to the Commission for a joint hearing but opposes Mewbourne's request to refer Division Case Nos. 21361 and 21363 (involving the E/2 W/2 of Sections 28 and 33) to the Commission. Apache opposes Mewbourne's request. Oxy USA, Inc. and EOG Resources, Inc. do not oppose Mewbourne's request.

For the foregoing reasons, Mewbourne respectfully requests that the Director of the Division issue an order referring Division Case Nos. 21361 through 21364 to the Commission for hearing in conjunction with Commission Case Nos. 21277 through 21280.

Respectfully submitted,

HINKLE SHANOR LLP



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CERTIFICATE OF SERVICE

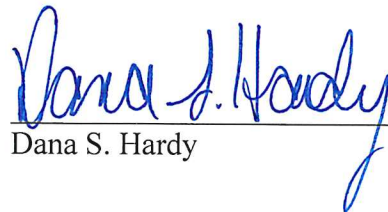
I hereby certify that on this 15th day of July, 2020, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

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

**APPLICATIONS OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case Nos. 21361-21364

**SELF-AFFIRMED STATEMENT OF
TYLER JOLLY**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
2. I am a landman for Mewbourne Oil Company (“Mewbourne”). I have had direct involvement with Mewbourne’s development of the horizontal spacing units that are the subject of Mewbourne’s applications in Case Nos. 21361-21364. I am also familiar with: (1) Mewbourne’s negotiations and agreements with Ascent Energy, LLC (“Ascent”) regarding the acreage in the W/2 of Sections 28 and 33, Township 20 South, Range 30 East in Eddy County that is the subject of Mewbourne’s applications; and (2) the circumstances surrounding Ascent’s applications in Oil Conservation Division (“Division”) Case Nos. 16481 and 16482¹ and Apache Corporation’s (“Apache”) applications in Division Case Nos. 20171 and 20202.²
3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.
4. Mewbourne owns 100% of the working interest in the W/2 of Section 33, Township 20 South, Range 30 East in Eddy County and has the right to drill wells thereon. Mewbourne also has support from working interests in the W/2 of Section 28, Township 20 South, Range 30 East.

¹ Oil Conservation Commission Case Nos. 21277 and 21278.

² Oil Conservation Commission Case Nos. 21279 and 21280.

5. In January 2019, Mewbourne submitted well proposals for the following wells in the W/2 of Sections 28 and 33: (1) the Sidecar 33/28 B3MD Fed Com #1H well, to be horizontally drilled from a surface location in Lot 1 in Section 4, Township 21 South, Range 29 East to a bottom hole location in Unit D in Section 28, Township 20 South, Range 30 East; (2) the Sidecar 33/28 B3NC Fed Com #1H well, to be horizontally drilled from a surface location in Lot 1 in Section 4, Township 21 South, Range 29 East to a bottom hole location in Unit C in Section 28, Township 20 South, Range 30 East; (3) the Sidecar 33/28 W0MD Fed Com #1H well, to be horizontally drilled from a surface location in Lot 1 in Section 4, Township 21 South, Range 29 East to a bottom hole location in Unit D in Section 28, Township 20 South, Range 30 East; and (4) the Sidecar 33/28 W0NC Fed Com #1H well, to be horizontally drilled from a surface location in Lot 1 in Section 4, Township 21 South, Range 29 East to a bottom hole location in Unit C in Section 28, Township 20 South, Range 30 East.

6. After Mewbourne submitted its well proposals, it entered into a letter agreement with Ascent that involved a trade of Mewbourne's acreage in the W/2 of Section 33 for acreage elsewhere in Eddy County. At Ascent's request, Mewbourne then expended significant time, money, and resources, including completion of a quiet title action, to finalize the agreed upon trade.

7. Because Mewbourne and Ascent reached an agreement regarding Mewbourne's acreage in Section 33, Mewbourne did not file pooling applications regarding its four Sidecar 33-28 wells and did not oppose Ascent's pooling applications in Division Case Nos. 16481 and 16482 that include Mewbourne's acreage in Section 33. Mewbourne also did not oppose Apache's applications in Division Case Nos. 20171 and 20202.

8. Mewbourne participated in the August 20, 2019 hearing on Ascent's and Apache's applications through counsel.

9. In March of 2020, Ascent notified Mewbourne that Ascent would not comply with its agreement to trade Mewbourne's acreage in the W/2 of Section 33.

10. On April 14, 2020, the Division issued Order No. R-21258 approving Ascent's applications in Case Nos. 16481 and 16482 and denying Apache's applications in Case Nos. 20171 and 20202.

11. Mewbourne filed applications for *de novo* hearings in Case Nos. 16481, 16482, 20171, and 20202 on May 4, 2020.

12. In June of 2020, Mewbourne re-submitted its well proposals for the four Sidecar 33-28 wells mentioned above and filed the above-captioned compulsory pooling applications on July 6, 2020. Mewbourne would have submitted its compulsory pooling applications after it initially proposed the wells in January 2019 if it had been aware that Ascent would not comply with its agreement to trade Mewbourne's acreage in Section 33.

13. Mewbourne holds a 50% interest in the proposed horizontal spacing units for the Sidecar 33-28 wells as well as in Ascent's proposed horizontal spacing units. Mewbourne also has drilled and completed over 400 horizontal wells in Eddy County, New Mexico, while Ascent has not drilled or completed any horizontal wells in Eddy County, New Mexico. These facts, as well as the history of negotiations between Mewbourne and Ascent, provide a strong basis for Mewbourne's pooling applications and for Mewbourne's opposition to Ascent's pooling applications.

14. Apache does not hold an interest in Mewbourne's proposed horizontal spacing units.

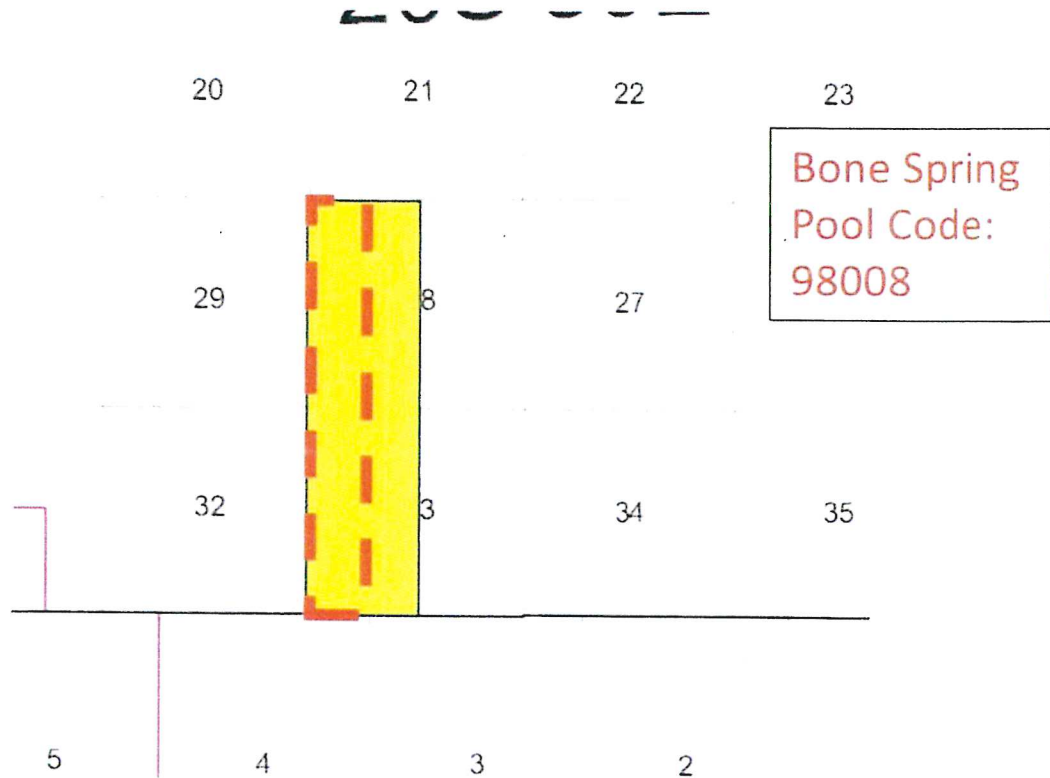
15. Because the applications discussed above involve competing development plans and Mewbourne would have filed its applications prior to the August 2019 hearing and opposed Ascent's and Apache's applications but for its agreement with Ascent, I believe a joint hearing is appropriate to protect Mewbourne's correlative rights. A joint hearing would also conserve resources and promote efficiency.

16. I affirm that my testimony in paragraphs 1 through 15 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.


Tyler Jolly

7-15-2020
Date

Anvil Pooling Unit
 Township 20 South, Range 30 East
 Section 28: W2W2
 Section 33: W2W2
 320.00 Gross Acres
 Eddy County, NM



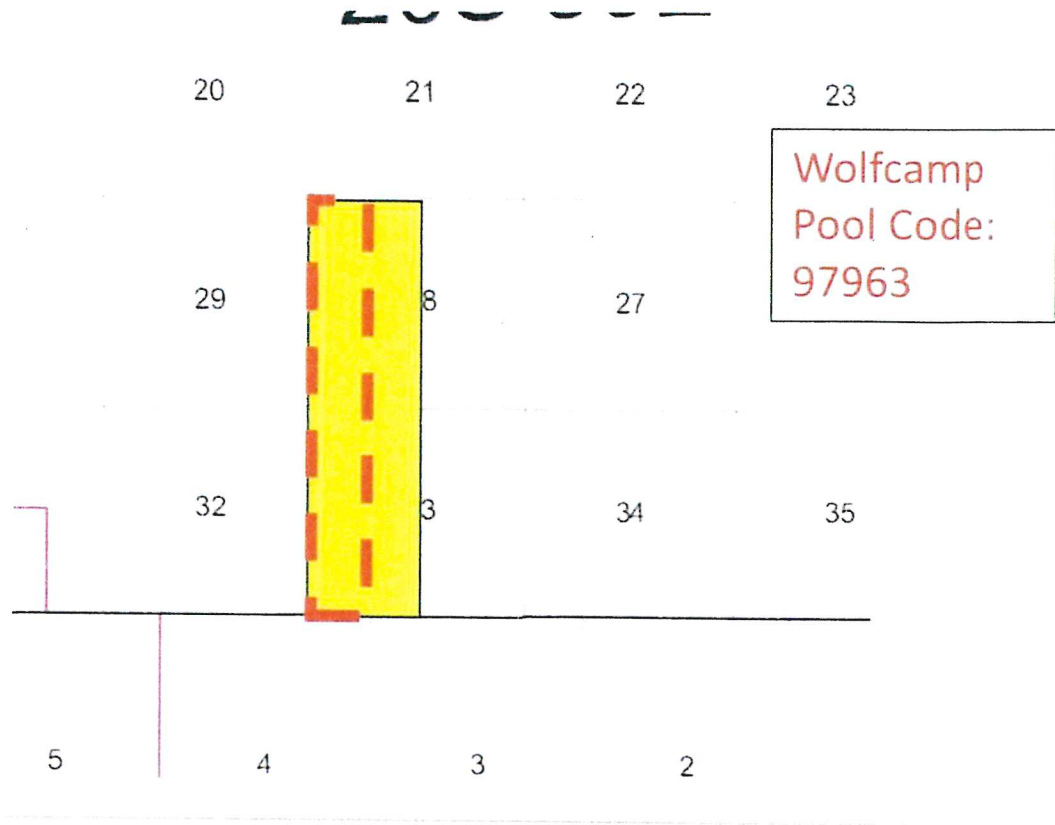
Working Interest for: Anvil Fed. Com #401H, Anvil Fed. Com #501H, and Anvil Fed. Com #601H

Ascent Energy, LLC	34.01%
Delmar Lewis Living Trust	13.28%
Lindys Living Trust	13.28%
Moore & Shelton Company Ltd.	9.38%
Javelina Partners	8.85%
Zorro Partners, Ltd.	8.85%
Ard Energy Group Ltd.	6.64%
EOG Y Resources	3.50%
Josephine T Hudson Testamentary Trust	2.21%
Total	100%

Ascent Energy, LLC
Exhibit
T20S-R30E
Case No. 16481


EXHIBIT B

Anvil Pooling Unit
 Township 20 South, Range 30 East
 Section 28: W2W2
 Section 33: W2W2
 320.00 Gross Acres
 Eddy County, NM



Working Interest for: Anvil Fed. Com #701H and Anvil Fed. Com #702H


Ascent Energy, LLC	34.01%
Delmar Lewis Living Trust	13.28%
Lindys Living Trust	13.28%
Moore & Shelton Company Ltd.	9.38%
Javelina Partners	8.85%
Zorro Partners, Ltd.	8.85%
Ard Energy Group Ltd.	6.64%
EOG Y Resources	3.50%
Josephine T Hudson Testamentary Trust	<u>2.21%</u>
Total	100%

Ascent Energy, LLC	
Exhibit	
T20S-R30E	
Case No. 16482	

Summary of Communications

- To date, Ascent has closed on 3 acquisitions within this Development Area.
- Ascent has an agreement to acquire an additional 50% working interest in proposed Anvil wells, thus bringing Ascent's working interest to ~84%.

EXHIBIT C

Ascent Energy, LLC 
Exhibit
T20S-R30E
Case No. 16481 & 16482

1

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 ASCENT ENERGY, LLC CASE NOS. 16481,
FOR COMPULSORY POOLING, EDDY COUNTY, 16482
NEW MEXICO.

AMENDED APPLICATION OF APACHE CASE NO. 20171
CORPORATION FOR COMPULSORY POOLING
AND APPROVAL OF A HORIZONTAL SPACING
UNIT AND POTASH AREA DEVELOPMENT AREA,
EDDY COUNTY, NEW MEXICO.

APPLICATION OF APACHE CORPORATION FOR CASE NO. 20202
COMPULSORY POOLING AND APPROVAL OF A
HORIZONTAL SPACING UNIT AND POTASH AREA
DEVELOPMENT AREA, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 20, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
DYLAN ROSE-COSS, TECHNICAL EXAMINER
BILL BRANCARD, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner; Dylan Rose-Coss, Technical Examiner; and
Bill Brancard, Legal Examiner, on Tuesday, August 20,
2019, at the New Mexico Energy, Minerals and Natural
Resources Department, Wendell Chino Building, 1220 South
St. Francis Drive, Porter Hall, Room 102, Santa Fe, New
Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
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1 green -- those green, I guess, squares are our approved
2 drill islands with the BLM. We had on-sites with them.
3 They were approved; they were staked prior to sending
4 out the development area notification.

5 **Q. Okay. And so you plan on drilling your wells**
6 **from the south to north?**

7 A. That's correct.

8 **Q. What does page 3 reflect?**

9 A. Page 3 is the current BLM development area map.
10 As you can see, outlined in red there is our proposed
11 Anvil development area. Just for, I guess -- just for
12 your information, the green units are approved units
13 according to the BLM, and the yellow-orange units are
14 pending, I guess, pending status. So they've been sent
15 out to owners, but they are not approved yet.

16 **Q. Moving on to page 4.**

17 A. Page 4 is just the -- it's the Ascent acreage
18 map covering our Anvil development area and all of our
19 interest there in Sections 28 and 32 and 33. And
20 outlined in red is our proposed Anvil development area.
21 Ascent owns interest outside of this -- this unit and
22 has planned to drill more wells on this acreage that are
23 outside of the Anvil development area.

24 **Q. And you are seeking to drill both Bone Spring**
25 **wells and Wolfcamp wells?**

1 A. We are.

2 **Q. What is the interest ownership in the proposed**
3 **well units? And I refer you to pages 5 and 6.**

4 A. Yup. Pages 5 and 6 are just listing the
5 current working interest owners at this time. Ascent is
6 the largest single owner in this unit. We are working
7 with the other owners there, and we have a pending deal
8 to acquire an additional 50 percent in that unit right
9 now. So that has not been closed, but in the near
10 future, we plan to have closer to 84 percent in this
11 unit.

12 **Q. Is the reason that there are some curative**
13 **title issues?**

14 A. There are some curative issues that we're --
15 we're sorting through right now to -- to -- to be able
16 to close that deal.

17 **Q. So that would bring your working interest up to**
18 **close to 85 percent?**

19 A. That's correct, 84 percent.

20 **Q. And you mentioned that you've been working with**
21 **the interest owners. Is that reflected in Exhibit 7 --**
22 **or page 7?**

23 A. Yes. Page 7 is the summary of communications
24 with the working interest owners in our unit. Today we
25 have closed on three acquisitions within this