## 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 NOS: 22918

APPLICATION OF ROBERT L. BAYLESS, PRODUCER LLC TO REVOKE ORDER NO. R-14686 AND APPROVE THE LA JARA (MANCOS) UNIT AS AMENDED, RIO ARRIBA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JULY 7, 2022

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER WILLIAM BRANCARD and TECHNICAL EXAMINER McCLURE on Thursday, July 7, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS

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2	APPEARANCES	
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7	CASE CALLED	
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1 HEARING EXAMINER BRANCARD: Good afternoon. This

- 2 is the hearing of the New Mexico Oil Conservation Division,
- 3 July 7, 2022. We are back on today's docket, Item Number
- 4 80. This is Case 22918, Robert L. Bayless.
- 5 MS. HARDY: Good afternoon, Mr. Examiner, Dana
- 6 Hardy with the Santa Fe office of Hinkle Shanor on behalf of
- 7 Robert L. Bayless Producer LLC.
- 8 HEARING EXAMINER BRANCARD: Thank you. Are there
- 9 any other interested persons for Case 22918?
- 10 (No audible response.)
- 11 HEARING EXAMINER BRANCARD: Hearing none, Ms.
- 12 Hardy, perhaps you can start off with explaining what the
- 13 goal of the application is.
- MS. HARDY: Sure, I would be happy to do that.
- 15 The application requests that the Division revoke Order
- 16 R-14686 regarding the La Jara unit to the extent that it
- 17 remains in effect, and I'm not sure if it remains in effect
- 18 because the unit was not developed as it was proposed and
- 19 approved.
- 20 So we would ask that the order be revoked to the
- 21 extent it is in effect and then approve the unit as we are
- 22 amending it here. And what we are doing with the unit, it's
- 23 an exploratory unit, entirely voluntarily, it was originally
- 24 approved to consist of 10,878 acres of federal and fee land
- 25 in Township 29 North, Range 4 West in Rio Arriba County, and

- 1 the order defined the unitized interval as the Mancos.
- The unit was not developed as it was proposed,
- 3 and here we are proposing to amend it. We are shrinking it
- 4 down so that it consists of 4160 acres of federal land, so
- 5 the fee lands have been removed, and the acreage involved is
- 6 Section 22 through 27, in the E/2 of Section 28 in Township
- 7 29 North, Range 4 West, and there is no change in the
- 8 unitized interval.
- 9 Bayless does own 100 percent of the working
- 10 interest in the unit and BLM has issued a preliminary
- 11 approval letter. So that is what we are proposing to do,
- 12 and I have filed affidavits of three witnesses, and they are
- 13 also here available to testify. I would like to take them
- 14 through their exhibits and testimony if that's agreeable to
- 15 the Division. I think they can explain things better than
- 16 me.
- I believe you are muted, Mr. Brancard.
- 18 HEARING EXAMINER BRANCARD: You are right. Mr.
- 19 McClure, do you have any preference how to proceed?
- 20 TECHNICAL EXAMINER McCLURE: I can go either way,
- 21 I mean, if they are suggesting to question witnesses, then
- 22 that works for me.
- 23 HEARING EXAMINER BRANCARD: Well, let's start by
- 24 having your witnesses be sworn in and perhaps you can
- 25 identify them and their names, Ms. Hardy.

1 MS. HARDY: Sure. I have Cranford Newell, who

- 2 will address land; George Coryell, who will address geology;
- 3 and John Thomas who will address engineering, and I see them
- 4 here on the screen.
- 5 HEARING EXAMINER BRANCARD: If we can have them
- 6 sworn in.
- 7 (Oath administered collectively to witness.)
- 8 HEARING EXAMINER BRANCARD: Okay, thank you. So,
- 9 Ms. Hardy, if it helps you to move the exhibits along by
- 10 using the witnesses, that's fine, otherwise you can just
- 11 move through the exhibits like you normally do in an
- 12 application.
- 13 MS. HARDY: Okay. I think I would like to kind
- of quickly have the witnesses go through them if that's
- 15 acceptable.
- 16 HEARING EXAMINER BRANCARD: Okay. Proceed.
- 17 CRANFORD D. NEWELL
- 18 (Sworn, testified as follows:)
- 19 DIRECT EXAMINATION
- 20 BY MS. HARDY:
- Q. Mr. Newell, can you hear me?
- 22 A. Yes.
- 23 Q. Can you please state your full name for the
- 24 record?
- 25 A. Cranford D. Newell, Jr.

1 Q. By whom are you employed and in what capacity?

- 2 A. I am the land manager for Robert L. Bayless
- 3 Producing LLC.
- 4 Q. Have you previously testified before the
- 5 Division?
- 6 A. Yes, I have.
- 7 Q. Were your credentials as an expert petroleum in
- 8 land matters accepted?
- 9 A. Yes.
- 10 MS. HARDY: Mr. Examiner, I move to qualify
- 11 Mr. Newell as an expert in petroleum land matters.
- 12 HEARING EXAMINER BRANCARD: So accepted.
- 13 Q. Thank you. Mr. Newell, can you please identify
- 14 the document that's been marked as Bayless Exhibit A?
- 15 A. Yes, this is my affidavit for this case.
- 16 O. Is the affidavit true and correct?
- 17 A. Yes.
- 18 Q. Can you please identify the document provided as
- 19 **Exhibit A-1?**
- 20 A. Yes. This is Robert L. Bayless Producing
- 21 application and proposed notice in this case.
- 22 Q. Is that a true and correct copy of the
- 23 application?
- 24 A. Yes.
- Q. And what does the application request?

- 1 A. Bayless seeks first revoking Order R-14686
- 2 regarding the La Jara to the extent the order remains in
- 3 effect, and secondly, approving amendments to the unit area.
- Q. When was the unit originally approved?
- 5 A. Order R-14686 was issued in May of 2018.
- 6 Q. Can you please identify Exhibit A-2?
- 7 A. Yes. One second. Yes, this is a plat of the
- 8 unit that was originally approved back in May of 2018.
- 9 Q. What was the unitized interval?
- 10 A. The Mancos Shale formation.
- 11 Q. Did Bayless develop the unit as it was initially
- 12 approved?
- A. No, it did not.
- 14 Q. Why not?
- 15 A. The commodity --
- 16 Q. Does Bayless now intend to develop the unit?
- 17 A. Yes, it does.
- 18 Q. And how does Bayless propose to amend the unit?
- 19 A. By decreasing the size of the unit from
- 20 approximately 10,870 acres to approximately 4160 acres.
- Q. What type of land does the unit now include?
- 22 A. All the lands in the amended unit boundary which
- 23 is federal land.
- Q. Is there any change in the formation?
- 25 A. No, there is not.

1 Q. Does Bayless own 100 percent of the working

- 2 interest in the unit?
- 3 A. Yes, it does.
- Q. Can you please identify Exhibit A-3?
- 5 A. Yes. This is the approved unit agreement with
- 6 associated exhibits. It has been approved by the BLM.
- 7 Q. Can you please identify the exhibits to the unit
- 8 agreement?
- 9 A. Yes. Exhibit A is a plat -- one second, Ms.
- 10 Hardy, as I get to it. Exhibit A is the plat of the amended
- 11 unit boundary, and Exhibit B identifies the leases and shows
- 12 Bayless owns 100 percent of the working interest in this --
- Q. Can you please identify Exhibit A-4?
- 14 A. Yes. Exhibit A-4 is the BLM letter granting
- 15 preliminary approval of the unit.
- 16 Q. Because Bayless is reducing the size of the unit,
- 17 did it give notice of the application to the parties who
- were notified of the original case?
- 19 A. Yes, it did.
- 20 Q. In your opinion, will granting the application
- 21 prevent waste and protect correlative rights?
- 22 A. Yes, I do.
- 23 MS. HARDY: I have no further questions for
- 24 Mr. Newell, and I would request the admission of Exhibit A
- 25 and its attachments, A-1 through A-4.

Page 9 1 HEARING EXAMINER BRANCARD: Thank you. So 2. admitted. (Exhibits A, A-1 through A-4 admitted.) 3 4 HEARING EXAMINER BRANCARD: Mr. McClure, if it's okay with you, I will have them go through all their 5 6 testimony and then we ask questions. 7 TECHNICAL EXAMINER McCLURE: Yes. That's fine by 8 me. MS. HARDY: Okay. And next I would like to call 9 10 George Coryell, our geologist. Mr. Coryell, can you hear 11 me? 12 MR. CORYELL: Yes, I can. 13 GEORGE CORYELL 14 (Sworn, testified as follows:) 15 DIRECT EXAMINATION BY MS. HARDY: 16 17 Q. Can you please state your full name for the record? 18 George Coryell. 19 Α. 20 (Audio interference.) 21 MS. HARDY: I'm getting an echo there. I don't know who is -- there, okay, it stopped. 22 23 Q. By whom are you employed and in what capacity?

I'm employed by Robert L. Bayless Producer LLC.

Have you previously testified before the

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- 1 Division?
- 2 A. Yes, I have.
- 3 Q. Were your credentials as an expert in petroleum
- 4 geology accepted?
- 5 A. Yes.
- 6 Q. Can you please identify the document in front of
- 7 you that's marked as Exhibit B?
- 8 A. Yes. It's my affidavit in this case.
- 9 Q. Is the affidavit true and correct?
- 10 A. Yes, it is.
- 11 Q. Can you briefly describe the unitized formation?
- 12 A. Yes. It's a Mancos Shale formation, the top of
- 13 which is defined by the base of the Mesa Verde, and which
- 14 also is the base of the Sandstone. And the base of the
- 15 Mancos Shale formation is defined as the top of the --
- 16 MS. HARDY: Mr. Examiner, I was going to share my
- 17 screen so Mr. Coryell and everyone can see the geology
- 18 exhibits, but it looks like I don't have sharing capability.
- 19 Now, I do. Thank you. Let me see if I can get it pulled
- 20 up.
- 21 HEARING EXAMINER BRANCARD: Don't thank me, thank
- 22 Marlene.
- 23 MS. HARDY: Thank you, Marlene. Okay. Can you
- 24 all see my screen there?
- TECHNICAL EXAMINER McCLURE: Yes, ma'am, we can.

- 1 MS. HARDY: Okay. Great.
- Q. Mr. Coryell, can you please identify Exhibit B-1?
- 3 A. Yeah. This is the type log for the La Jara unit.
- 4 It's located outside the La Jara unit about two and a half
- 5 miles to the northwest, but it uses the best logs in the
- 6 area for this section.
- 7 Q. And what does the log show?
- 8 A. The primary thing it shows are the two pays that
- 9 are being explored for development currently in the Mancos
- 10 Shale formation, and that is colored in red, and that is the
- 11 Black Pay and the Olive Pay, and we took this terminology
- 12 that was originally used by WPX.
- 13 Also it does shows the datum there which is the
- 14 Greenhorn Limestone Member of the Mancos Shale. That's what
- 15 I used for my depth in the structure maps in the area, and
- 16 it's because it's such a consistent pick from all the
- 17 numerous operators in the area.
- 18 Q. Thank you. Can you please identify B-2?
- 19 A. Yeah. This is a map of the San Juan Basin, and
- 20 it shows the oil gas fairways within the Mancos Shale as
- 21 defined by the USGS. And you can see that the mapped
- 22 area -- maps in the area are marked in blue, and within that
- 23 you can see a small like spot, and that's the actual -- our
- 24 unit area.
- Q. Can you please identify Exhibit B-3?

1 A. Yes. This is an industry activity map, and what

- 2 it shows is the history from 2010 to 2017 of the initial
- 3 drilling in -- the horizontal drilling in the Mancos Shale.
- 4 And three main operators in there, the initial one in 2010
- 5 is WPX in the center there, center to north. To the east
- 6 was Black Hills, and to the -- from the northwest corner
- 7 was -- Petroleum in 2017.
- 8 Q. Can you please identify Exhibit B-4?
- 9 A. Yeah. This is a -- this is a Greenhorn structure
- 10 map on the datum that I describe. What it basically shows
- 11 is that, first of all, the unit outlined there, you can
- 12 see -- and also the process, I will discuss it later, you
- 13 know, momentarily, but the unit outline is just slightly
- 14 east of the actual access of the, of the San Juan Basin
- 15 because it trends to the north.
- 16 And it's about, it's about -- it's about 200 feet
- 17 from the WPX wells up to the north, and then northwest about
- 18 250 feet low to the unit. And if you look at the next map,
- 19 the next exhibit.
- 20 Q. Look at B-5?
- 21 A. Yes. B-5 is a Greenhorn depth map, and this is a
- 22 little -- this is converse, but the unit there, the BP and
- 23 WPX one are actually high to the -- high to the unit, the
- 24 very same unit by 500 feet low. And taking these two (poor
- 25 audio) WPX and the BP area as well as the Black Hills, but

1 this shows that we're all in the same relative structure,

- depth, range, of similar maturities (poor audio).
- 3 Q. And can you please identify Exhibit B-6?
- A. B-6, the next three exhibits are cross sections
- 5 which together show a continuity of the unitized intervals,
- 6 especially the initial targets throughout the mapped area,
- 7 between the productive areas and the unitized.
- 8 Specifically the first exhibit, B-6 is Cross
- 9 Section A which showed the interval drilled by the three
- 10 initial operators in the area and the dates that they
- 11 drilled them. And it shows that it has subsequent drilling
- 12 that's done -- concentrate on those two pays in terms of
- 13 horizontal drilling. And they are two distinct pays that --
- in most cases wells from one pad will drill both pays in two
- 15 different wells.
- 16 Cross Section C, which is -- excuse me -- Cross
- 17 Section B, which is Exhibit B-7, shows that those wells into
- 18 the La Jara unit area, and two wells which are older wells,
- 19 the first well drilled in 1973 by Conoco and it does show
- 20 that when it entered into -- penetrated the top of the Black
- 21 Pay, it did have -- it kicked and a flow of gas at 9.9,
- 22 which is a little over pressure in there and unfortunately
- 23 now that (poor audio) but it does show that at that top that
- 24 is the -- that is the target that everybody is else has been
- 25 initially drilling in. The next exhibit to -- go ahead.

1 Q. Oh, I was going to ask you to identify Exhibit

- 2 **B-8.**
- 3 A. Yes. Exhibit B-8 is Cross Section C, and that
- 4 basically again shows the correlation of the target zones
- 5 that the entire unitized interval, it's correlative up into
- 6 the -- it connects up with the A to A Prime which is the
- 7 Black Hills area which shows this is consistent all across
- 8 the area.
- 9 Q. Okay. And what does the cross section show
- 10 collectively?
- 11 A. Collectively they show that the unitized interval
- 12 is highly consistent, and the particular specific units
- 13 within it are very consistent and continuous across the
- 14 area.
- Q. Can you please identify Exhibit B-9?
- 16 A. Yeah. B-9 is one -- it's pretty much a key map
- 17 in terms of understanding the spectrum of the unitized area.
- 18 What it shows is it's a total Gallup net pay isopach, which
- 19 is the unit that contains the pays within the Mancos Shale
- 20 formation. And it, it maps net fee resistivity within the
- 21 Gallup formation and it contains all of them in the Black
- 22 pays. And what it shows is that in the area, additionally
- 23 spoiled by BPWX and Black Hills, that they are drilling at
- 24 about 200 to 300 feet of net pay.
- But as you go south net pay increases, and

1 actually in the La Jara unit area, you have 380 to 450 feet

- of net pay, so it's very good (poor audio) of prospective
- 3 gas production. And so what this basically is telling us,
- 4 the take-away here is that the La Jara unit area, this
- 5 indicates that our unit area will be at least as prospective
- 6 as the northern areas are productive and potentially that's
- 7 greater potential for good gas production.
- 8 Q. And there is expect the -- gas wells; is that
- 9 correct?
- 10 A. That is correct.
- 11 Q. Based on your analysis, is the proposed unitized
- 12 area prospective for the recovery of gas from unitized
- 13 interval and suitable for development as a unit?
- 14 A. Yes, it is.
- 15 Q. In your opinion is approval of the unit in the
- 16 best interest of conservation, the prevention of waste and
- 17 protection of correlative rights?
- 18 A. Yes.
- 19 Q. And were the exhibits you've discussed prepared
- 20 by you or under your direct supervision?
- 21 A. Yes, it was.
- 22 MS. HARDY: Thank you. I have no further
- 23 questions for Mr. Coryell. I would move the admission OF
- 24 Exhibit B and its attachments B-1 through B-9.
- 25 HEARING EXAMINER BRANCARD: Thank you. The

- 1 exhibits are admitted.
- 2 (Exhibit B, B-1 through B-2 admitted.)
- 3 MS. HARDY: Thank you. And next I have just a
- 4 couple of quick questions for Mr. Thomas.
- JOHN D. THOMAS
- 6 (Sworn, testified as follows:)
- 7 EXAMINATION
- 8 BY MS. HARDY:
- 9 Q. I'm trying to figure out my share situation here.
- 10 Okay. Okay. Mr. Thomas, can you please state your full
- 11 name for the record?
- 12 A. John D. Thomas.
- 13 Q. By whom are you employed and in what capacity?
- 14 A. Robert L. Bayless Producer LLC. I am the
- 15 production and asset manager in charge of engineering
- 16 operations.
- 17 Q. Have you previously testified before the
- 18 Division?
- 19 A. Yes, I have.
- 20 Q. Were your credentials as an expert petroleum
- 21 engineering accepted?
- 22 A. Yes, they were.
- 23 MS. HARDY: I would like to qualify Mr. Thomas as
- 24 an expert in petroleum engineering.
- 25 HEARING EXAMINER BRANCARD: Thank you. So

- 1 qualified.
- MS. HARDY: Thank you.
- Q. Mr. Thomas, can you please identify the document
- 4 that's marked as Bayless Exhibit C?
- 5 A. It's my affidavit in this case.
- 6 Q. Is the affidavit true and correct to the best of
- 7 your knowledge?
- 8 A. Yes.
- 9 Q. Is the unit area subject to special pool rules?
- 10 A. Yes, the unit area is subject to the Basin Mancos
- 11 gas pool rules.
- 12 Q. And what do those rules require?
- 13 A. They require a 660 foot setback from the unit
- 14 boundary.
- 15 Q. And will the location of wells within the unit
- 16 comply with that requirement?
- 17 A. Yes, they will.
- 18 Q. And does Bayless propose to develop the unit
- 19 without internal setbacks?
- A. Yes, we do.
- 21 Q. In your opinion, is approval of the unit in the
- 22 interest of conservation, the prevention of waste and the
- 23 protection of correlative rights?
- A. Yes, it is.
- MS. HARDY: I have no further questions for the

- 1 witnesses. I move the admission of Exhibit C and also
- 2 Exhibit D which is my notice affidavit. And the notice
- 3 affidavit includes my mailing list, the hearing notice
- 4 letter, the receipts and publication affidavit.
- 5 HEARING EXAMINER BRANCARD: Thank you. The
- 6 exhibits are so admitted.
- 7 (Exhibits C and D admitted.)
- 8 HEARING EXAMINER BRANCARD: Mr. McClure?
- 9 TECHNICAL EXAMINER McCLURE: Yes, Mr. Brancard.
- 10 Yes, Mr. Brancard, I do have a few questions, just a few
- 11 though. Ms. Hardy, I guess I have some questions. I guess
- 12 if you want to answer, go ahead, or if you want to direct to
- 13 whichever witness you think is most suitable is fine.
- I guess my initial question then what is the
- 15 status of the original federal expiration unit then, was
- 16 that essentially abolished or was that amended then?
- 17 MS. HARDY: I think that Mr. Newell can answer
- 18 that question.
- 19 MR. NEWELL: Mr. McClure, the original unit that
- 20 was approved back in 2018 was abolished.
- 21 TECHNICAL EXAMINER McCLURE: Sounds good. My
- 22 next question is now this new unit that's been approved by
- 23 the BLM, the only difference between it and the original
- 24 unit is, of course, a new development plan and a smaller
- 25 area. Is that correct?

1 MR. NEWELL: An amended unit size, correct, also

- 2 the removal of fee lands that were present in the original
- 3 unit outline.
- 4 TECHNICAL EXAMINER McCLURE: Yeah, very good. I
- 5 quess the question I have, which might be a little bit
- 6 longer than an answer, the original order, Order R-14686,
- 7 there is order in Paragraph 14 which states that the unit
- 8 operator shall provide interwell communication data within
- 9 the unit to the Aztec district office of the Division no
- 10 later than 18 months after the effective date of this order.
- 11 Are you aware of the reason that ordering paragraph was put
- 12 if there as to what maybe the Division's concerns were
- 13 there.
- MR. NEWELL: I would be happy to answer that if I
- 15 can, Dana. The reasons for that is some of the offset
- 16 wells, if you review production data from the original wells
- 17 that were drilled in 2010 and 2017, there are some frac
- 18 hits, there is also no (poor audio) from a spacing
- 19 standpoint of distance between wells, there are questions
- 20 about how wells should be spaced in between inside the unit
- 21 boundary. So they were looking for additional data
- 22 regarding that, so we agreed to provide that data.
- 23 TECHNICAL EXAMINER McCLURE: I gotcha. Their
- 24 concern then was -- was there any special approval, I guess,
- 25 for increased spacing over the pool rules then that was

- 1 granted?
- 2 MR. NEWELL: For well density?
- 3 TECHNICAL EXAMINER McCLURE: Correct, yes.
- 4 MR. NEWELL: There was not.
- 5 TECHNICAL EXAMINER McCLURE: And you are not
- 6 requesting that now; correct? Excuse me, let me backtrack.
- 7 Is the proposal to drill vertical wells or horizontal wells.
- 8 MR. NEWELL: Horizontal wells.
- 9 TECHNICAL EXAMINER McCLURE: So then there is no
- 10 density requirement -- I mean -- okay. Is that what their
- 11 concern was is because at that time horizontal wells, there
- 12 was concern the wells were going to be too dense then?
- 13 MR. NEWELL: It was a discussion of -- the
- 14 discussion that we had at the time was we were requesting --
- 15 we didn't request a density, a well spacing density, and we
- 16 were going to gather data as we drilled these wells on how
- 17 far we spaced them apart, so they asked for additional data
- 18 regarding that as we moved forward -- interval inside the
- 19 unit battery. Now we kept the initial setbacks from the
- 20 external boundary of the unit, but they were asking for
- 21 additional data for that.
- 22 TECHNICAL EXAMINER McCLURE: Okay, thank you.
- 23 Actually that concludes my questions. Thank you.
- 24 HEARING EXAMINER BRANCARD: Thank you. Okay. So
- 25 you may have covered some of my questions already, but is

1 the entire unit that's being proposed within the Basin

- 2 Mancos gas pool?
- 3 (Inaudible.)
- 4 HEARING EXAMINER BRANCARD: And so you are asking
- 5 for no internal setbacks, so, Ms. Hardy, you are just asking
- 6 to implement the provision that's in the horizontal well
- 7 rule?
- 8 MS. HARDY: That's correct, Mr. Examiner.
- 9 HEARING EXAMINER BRANCARD: That's basically
- 10 classified this as a unitized area under the provision for
- 11 unitized areas in the horizontal well rule?
- MS. HARDY: That's correct.
- 13 HEARING EXAMINER BRANCARD: Okay. Thank you.
- 14 Just one other thing. The eastern boundary of the unit is
- 15 the Jicarilla Apache Reservation. Has there been any
- 16 outreach to the Jicarilla Nation?
- 17 MR. THOMAS: We provided notice, and in our
- 18 previous hearings, we did have discussions with the tribe
- 19 about concerns on setbacks, but no other communications
- 20 since the notice for this amended application.
- 21 HEARING EXAMINER BRANCARD: I did note they
- 22 appeared at the previous hearing, but you have not had
- 23 communications with them since then?
- MR. THOMAS: We have not.
- 25 HEARING EXAMINER BRANCARD: But they weren't

- 1 provided notice of this proceeding?
- 2 MR. THOMAS: Yes, they were.
- 3 HEARING EXAMINER BRANCARD: Okay. Thank you, and
- 4 that's all the questions I have.
- 5 MS. HARDY: I have nothing further. I would ask
- 6 that the case be taken under advisement.
- 7 HEARING EXAMINER BRANCARD: All right. So you
- 8 are asking for, A, the original La Jara unit order to be
- 9 revoked.
- MS. HARDY: That's correct.
- 11 HEARING EXAMINER BRANCARD: That's good, we like
- 12 to get rid of orders. And so, B, you want us to approve the
- 13 new unit?
- MS. HARDY: Correct.
- 15 HEARING EXAMINER BRANCARD: We don't normally do
- 16 that anymore. (Poor audio) for the BLM to go ahead because
- 17 it's their unit.
- 18 MS. HARDY: Right.
- 19 HEARING EXAMINER BRANCARD: This is BLM, right,
- 20 even though the land is forest service?
- 21 MR. NEWELL: The minerals are BLM minerals. The
- 22 surface is Carson National Forest.
- 23 HEARING EXAMINER BRANCARD: And then you want
- 24 some recognition of lack of internal setbacks; correct?
- 25 MR. NEWELL: That's correct, Mr. Examiner.

Page 23 1 HEARING EXAMINER BRANCARD: And what else was 2 important to you all? 3 MR. NEWELL: You hit the major topics already. MS. HARDY: I think that was it. 5 HEARING EXAMINER BRANCARD: And we just recognize that it's subject to the rules of the Basin Mancos Gas Pool? 6 7 MS. HARDY: Correct. 8 HEARING EXAMINER BRANCARD: Okay. All right. I 9 think we hit the topics here. Anything else, Mr. McClure? TECHNICAL EXAMINER McCLURE: No, sir. I think 10 I'm good. 11 12 HEARING EXAMINER BRANCARD: With that, Case 22918 13 will be taken under advisement. Thank you. 14 MS. HARDY: Thank you. 15 (Taken under advisement.) 16 17 18 19 20 2.1 22 23 24 25

Page 24 STATE OF NEW MEXICO 2. COUNTY OF BERNALILLO 3 REPORTER'S CERTIFICATE 5 I do hereby certify that I reported the 6 7 foregoing virtual proceedings in stenographic shorthand and 8 that the foregoing pages are a true and correct transcript 9 of those proceedings to the best of my ability. 10 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case 11 12 and that I have no interest in the final disposition of this 13 case. 14 I FURTHER CERTIFY that the Virtual Proceeding was 15 of poor to good quality. 16 Dated this 7th day of July 2022. 17 /s/ Irene Delgado 18 Court Reporter 19 License Expires: 12-31-22 20 2.1 22 23 2.4 25