

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

4 IN THE MATTER OF THE HEARING CALLED
5 BY THE OIL CONSERVATION DIVISION FOR
6 THE PURPOSE OF CONSIDERING:

COPY

7 APPLICATION OF LEGEND NATURAL
8 GAS III, LP FOR A NOMENCLATURE
9 ORDER EXPANDING THE NORTH HAY
10 HOLLOW-BONE SPRING POOL, EDDY
11 COUNTY, NEW MEXICO.

CASE NO. 15182

12 REPORTER'S TRANSCRIPT OF PROCEEDINGS

13 EXAMINER HEARING

14 August 7, 2014

15 Santa Fe, New Mexico

16 BEFORE: RICHARD EZEANYIM, CHIEF EXAMINER

17 This matter came on for hearing before the
18 New Mexico Oil Conservation Division, Richard Ezeanyim,
19 Chief Examiner, on Thursday, August 7, 2014, at the
20 New Mexico Energy, Minerals and Natural Resources
21 Department, Wendell Chino Building, 1220 South St.
22 Francis Drive, Porter Hall, Room 102, Santa Fe,
23 New Mexico.

24 REPORTED BY: Mary C. Hankins, CCR, RPR
25 New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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APPEARANCES

FOR APPLICANT LEGEND NATURAL GAS III, LP:

JAMES G. BRUCE, ESQ.
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Santa Fe, New Mexico 87504
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INDEX

	PAGE
Case Number 15182 Called	3
Presentation by Mr. Bruce	3
Proceedings Conclude	5
Certificate of Court Reporter	6

EXHIBITS OFFERED AND ADMITTED

Legend Natural Gas III, LP Exhibit Numbers 1,2 and 3	5
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1 (8:27 a.m.)

2 EXAMINER EZEANYIM: On page 3 of the
3 docket, we call Case Number 15182. This is the
4 application of Legend Natural Gas III, LP for a
5 nomenclature order expanding the North Hay Hollow-Bone
6 Spring pool, Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of
9 Santa Fe representing the Applicant. I am submitting
10 this case by affidavit.

11 EXAMINER EZEANYIM: Any other appearances
12 in this case?

13 MR. BRUCE: Mr. Examiner, as you know, you
14 heard a companion case, Case 15076, which was a case for
15 special pool rules for increased allowable in the North
16 Hay Hollow-Bone Spring pool, but because the pool hadn't
17 been officially expanded, you asked that the Applicant
18 file a nomenclature case to formally expand the pool.

19 In this case, the North Hay Hollow-Bone
20 Spring pool actually only covers 160 acres, the
21 northeast quarter of Section 26 of 25 South, 27 East.
22 Both my client and you had contacted Paul Kautz of the
23 Division's Hobbs office, and he has -- because of
24 drilling and permitting, he has included several
25 thousand additional acres in the pool.

1 Exhibit 1 is a land plat which shows the
2 current pool boundaries -- in blue, the developed
3 acreage, crosshatch in pink and then in yellow where
4 there are permitted wells to the North Hay Hollow-Bone
5 Spring pool -- and we would ask that the pool be
6 expanded to include all of that acreage.

7 Exhibit 2 submitted to you is the affidavit
8 of Daniel Emmer, the geologist for Legend Natural Gas,
9 and he includes both a structure map and a cross section
10 of the 2nd Bone Spring sand, which is the main sand
11 being developed in the pool by horizontal drilling,
12 which shows that the pool is continuous -- I mean the
13 Bone Spring Formation is continuous across the extent of
14 the proposed pool expansion. And as the geologist said,
15 there is no structural or isopach issues affecting
16 continuity of the reservoir across the pool boundaries.

17 And Exhibit 3 is a notice to all operators
18 either within the pool or within a mile of the pool.
19 And as to both the geology and the notice issues, the
20 evidence was presented in the companion case regarding
21 operatorship, and there was live geologic evidence also
22 about the continuity of the pool. All of the parties
23 did receive notice, and so I would ask for the admission
24 of Exhibits 1, 2 and 3 and ask that this matter be taken
25 under advisement.

1 EXAMINER EZEANYIM: Thank you, Counsel.
2 Exhibits 1, 2 and 3 will be admitted.
3 (Legend Natural Gas III, LP Exhibit Numbers
4 1, 2 and 3 were offered and admitted into
5 evidence.)

6 EXAMINER EZEANYIM: This is a nomenclature,
7 but one question. I didn't have time to talk to Paul
8 Kautz. Did you talk to him? And do we do every
9 expansion that is necessary?

10 MR. BRUCE: Yes. My client spoke with him,
11 and then I e-mailed you a plat -- a color plat that
12 shows what Paul Kautz has e-mailed me.

13 EXAMINER EZEANYIM: And it included the
14 acreage in Legend's application of 15076 for special
15 pool rules?

16 MR. BRUCE: That's correct.

17 EXAMINER EZEANYIM: Okay. Very good.

18 At this point Case Number 15182 will be
19 taken under advisement.

20 MR. BRUCE: And, Mr. Examiner --

21 EXAMINER EZEANYIM: If you need to run to
22 get something, then I can do the other two cases.

23 MR. BRUCE: Yeah. Why don't I do that?

24 (Case Number 15182 concludes, 8:31 a.m.)

25 I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's hearing of Case No. 15182
heard by me on

PAUL BACA PROFESSIONAL COURT REPORTERS
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Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

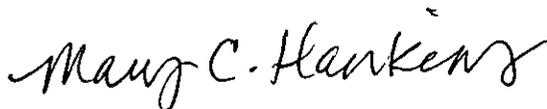
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CERTIFICATE OF COURT REPORTER

I, MARY C. HANKINS, New Mexico Certified Court Reporter No. 20, and Registered Professional Reporter, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that were reduced to printed form by me to the best of my ability.

I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects the exhibits, if any, offered by the respective parties..

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



MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2014