

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 LANCE OIL AND GAS )  
COMPANY, INC., FOR COMPULSORY POOLING )  
AND OPTIONAL INFILL WELL PROVISIONS, )  
SAN JUAN COUNTY, NEW MEXICO )

CASE NO. 13,573

ORIGINAL

2005 OCT 20 AM 9 07

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

October 6th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, October 6th, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

October 6th, 2005  
 Examiner Hearing  
 CASE NO. 13,573

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<u>PAUL LEHRMAN</u> (Landman)	
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## A P P E A R A N C E S

## FOR THE DIVISION:

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Deputy General Counsel  
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Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 8:46 a.m.:

3           EXAMINER EZEANYIM: Pretty much, I would like to  
4 go to the remaining docket in the order that they appear  
5 there. I wanted to make a comment. I don't know who is  
6 attorney for these two cases, 13,573 and 13,574. I would  
7 like to combine them for purposes of testimony. Is that  
8 okay if I do that? 13,573 and 13,574?

9           MR. CARR: May it please the Examiner, we're  
10 going to present them separately, although the presentation  
11 in the second case will be abbreviated. The only reason is  
12 that there are different people being pooled in each of  
13 those, but they're very, very similar. And the first one  
14 will be a full presentation, and then we'll just ask that  
15 you note that the witness is sworn, and we'll go through  
16 the things that are different.

17           If you want to consolidate them, we could do it  
18 that way, but I am going to have to break the ownership  
19 part into two separate pieces.

20           EXAMINER EZEANYIM: No, I was thinking we could  
21 go separately --

22           MR. CARR: Okay.

23           EXAMINER EZEANYIM: -- to make it easier on you.

24           (Off the record at 8:47 a.m.)

25           (The following proceedings had at 9:22 a.m.):

1 EXAMINER EZEANYIM: At this point I call Case  
2 Number 13,573, and this is the Application of Lance Oil and  
3 Gas Company, Inc., for compulsory pooling and optional  
4 infill well provisions, San Juan County, New Mexico.

5 Call for appearances.

6 MR. CARR: May it please the Examiner, my name is  
7 William F. Carr with the Santa Fe office of Holland and  
8 Hart, L.L.P. We represent Lance Oil and Gas Company in  
9 this matter, and I have one witness.

10 EXAMINER EZEANYIM: Any other appearances?  
11 May the witness stand up to be sworn, please?

12 (Thereupon, the witness was sworn.)

13 MR. LEHRMAN: Is this thing really on?

14 MR. CARR: Just as a backup.

15 MR. LEHRMAN: I see it over here. I never really  
16 know if it's on or not.

17 MR. CARR: Are you ready?

18 MR. LEHRMAN: Yes, sir.

19 PAUL LEHRMAN,  
20 the witness herein, after having been first duly sworn upon  
21 his oath, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. CARR:

24 Q. Would you state your name for the record, please?

25 A. Paul Lehrman.

1 Q. Would you spell your last name?

2 A. L-e-h-r-m-a-n.

3 Q. Where do you reside?

4 A. Farmington, New Mexico.

5 Q. By whom are you employed?

6 A. Lance Oil and Gas Company.

7 Q. And what is your current position with Lance Oil  
8 and Gas Company?

9 A. I'm a senior landman with Lance.

10 Q. Mr. Lehrman, have you previously testified before  
11 this Division?

12 A. Yes, I have.

13 Q. At the time of that testimony, were your  
14 credentials as an expert in petroleum land matters accepted  
15 and made a matter of record?

16 A. Yes.

17 Q. Are you familiar with the Application filed in  
18 this case?

19 A. Yes.

20 Q. And are you familiar with the status of the lands  
21 in the subject area?

22 A. Yes, I am.

23 MR. CARR: We tender Mr. Lehrman as an expert in  
24 petroleum land matters.

25 EXAMINER EZEANYIM: Mr. Lehrman is so qualified.

1 Q. (By Mr. Carr) Would you briefly summarize for  
2 Mr. Ezeanyim what Lance Oil and Gas Company, Inc., seeks  
3 with this Application?

4 A. We would like to pool all the mineral interests,  
5 uncommitted interests in the Pictured Cliffs and the  
6 Fruitland Coal formations in the south half of Section 16,  
7 Township 29 North, Range 13 West, San Juan County.

8 Q. And you're seeking to pool everything from the  
9 surface through the base of the Pictured Cliffs; is that  
10 correct?

11 A. That's correct.

12 Q. The south-half spacing unit is a 320-acre unit,  
13 and in what formation will you be -- what 320-acre  
14 formations are the subject of this case?

15 A. That would be the Basin-Fruitland Coal Gas Pool.

16 Q. And are you proposing to drill two wells in that  
17 formation?

18 A. Yes.

19 Q. They are the FRCP 16 Wells 1 and 2; is that  
20 right?

21 A. That's correct.

22 Q. You are also are seeking to pool the southwest  
23 quarter?

24 A. Yes, to form a southeast 160 -- or, I'm sorry,  
25 the southwest 160 West Kutz-PC Gas Pool.

1 Q. And that will be dedicated to the FRCP 16 Number  
2 1?

3 A. That's correct.

4 Q. And what about the southeast quarter?

5 A. The 16 Number 2 well will be the southeast West  
6 Kutz-Pictured Cliff Gas Pool.

7 Q. And that well will be drilled to a standard  
8 location?

9 A. Yes.

10 Q. Is it Lance's intention to have both wells  
11 producing from both the Basin-Fruitland Coal Gas Pool and  
12 the West Kutz-Pictured Cliffs Pool?

13 A. We hope so, but that's our objective.

14 Q. And the FRCP 16 Well Number 2 is the infill well  
15 for the Basin-Fruitland Coal?

16 A. Yes, that's correct.

17 Q. Could you just summarize for us what the rules  
18 are for these pools?

19 A. The special pool rules, Order R-8768-F, basically  
20 provides for 320-acre spacing for the Basin Fruitland Coal,  
21 but since we're in a low-productivity area it provides for  
22 one infill well, which would be the FRCP 16 Number 2.

23 Q. And what about the West Kutz-Pictured Cliffs? Is  
24 that under statewide rules?

25 A. Yes, that is under statewide rules, and that's

1 160-acre spacing which provides for 660-foot setbacks and,  
2 again, the 160-acre spacing.

3 Q. Mr. Lehrman, would you refer to what has been  
4 marked as Lance Oil and Gas Company Exhibit Number 1,  
5 identify that and review it for the Examiner?

6 A. It's a plat showing the south half of Section 16,  
7 Township 29 North, Range 13 West. The yellow depicts  
8 acreage currently held by valid oil and gas leases by Lance  
9 Oil and Gas. You can see the Animas River down there to  
10 the right, with the two locations shown with black gas  
11 markers, one in the southwest and one in the southeast.

12 Q. Now, the yellow acreage is acreage that has been  
13 committed to the well?

14 A. Yes, that's correct.

15 Q. And the white acreage is the acreage that now  
16 must be pooled?

17 A. That's correct.

18 Q. Let's go to Exhibit Number 2. Would you identify  
19 that, please?

20 A. It is a list of the unleased mineral owners in  
21 the south half of Section 16.

22 Q. And it is broken down by quarter section; is that  
23 correct?

24 A. Yes, it's broken down by -- the first portion on  
25 the first page is the southwest quarter, and then the

1 southeast quarter begins at the very bottom of that page  
2 and continues on to the next page.

3 Q. And this is a current list of those owners who  
4 have not voluntarily committed their interest to this well?

5 A. That's correct.

6 Q. And it corresponds to the area that is white on  
7 Exhibit Number 1?

8 A. Yes.

9 Q. All other interests have committed to the well?

10 A. Yes.

11 Q. What percentage of the interest has been  
12 committed to the two wells proposed by Lance on this  
13 spacing unit?

14 A. In the south-half Fruitland Coal, 61 percent; the  
15 southwest quarter PC is 81 percent; and the southeast PC is  
16 41 percent.

17 Q. Would you --

18 EXAMINER EZEANYIM: Repeat that --

19 THE WITNESS: The south-half Fruitland Coal is 61  
20 percent; the southwest PC is 81 percent; and the southeast  
21 PC is 41 percent.

22 Q. (By Mr. Carr) Would you refer to Exhibit 3 and  
23 review Lance's efforts to obtain voluntary participation of  
24 the interest owners in these spacing units in the proposed  
25 wells?

1           A.    Yes, the Exhibit Number 3 is a letter sent out by  
2 Lance to mineral owners that were determined by a title  
3 opinion by an attorney, offering to lease their acreage in  
4 the proposed drill block. That was sent out on March 30th  
5 of this year.

6           Q.    Now, behind that you have another letter. What  
7 is this?

8           A.    If you turn over -- actually, my --

9           Q.    It has two copies.

10          A.    Yeah, it has two copies. On September 6th, we  
11 also sent out a second letter to unleased mineral interest  
12 owners offering them several options. One was an oil and  
13 gas lease, one option was to participate as a working  
14 interest owner in the drill block, and we also make an  
15 offer to sell the mineral interests. And then it provides  
16 for recognition of the pooling statutes. And basically  
17 what happens is, we ask them to make an election and send  
18 it back in an envelope. And that went out on September 6th  
19 of this year.

20          Q.    In addition to these letters, have you contacted  
21 these parties by telephone?

22          A.    Yes, most of the parties have been contacted, you  
23 know, either in person or by phone to try to get them to  
24 make an election prior to this hearing.

25          Q.    And then on September 13th they were advised by

1 certified mail of today's hearing?

2 A. That's correct.

3 Q. In your opinion, have you made a good faith  
4 effort to locate and obtain the voluntary participation in  
5 these wells of all interest owners in the spacing unit?

6 A. Yes.

7 Q. What is Exhibit Number 4?

8 A. Exhibit Number 4 is Lance's internal  
9 authorization for expenditure for the cost associated with  
10 drilling the FRCP 16 Number 1 well, which is the well in  
11 the southwest quarter.

12 Q. And what are those totals?

13 A. The total costs are actually on page number 2.  
14 The summary total of intangible and tangible costs are, the  
15 dryhole costs are approximately \$162,000. To complete  
16 would be \$442,000, with the total well cost being  
17 approximately \$603,000.

18 Q. Are these costs in line with what is charged by  
19 other operators in the area for similar wells?

20 A. Yes.

21 Q. And these are consistent with the actual costs  
22 incurred by Lance in developing other properties?

23 A. Yes.

24 Q. Will there be a joint operating agreement for the  
25 well?

1 A. Yes.

2 Q. Will this operating agreement contain the  
3 accounting procedures for joint operations?

4 A. Yes.

5 Q. And do these COPAS accounting procedures provide  
6 for periodic adjustment of the overhead and administrative  
7 charges?

8 A. Yes.

9 Q. And does Lance request that the order entered in  
10 this case provide that these costs be adjusted in  
11 accordance with COPAS procedures?

12 A. Yes.

13 Q. Have you made an estimate of the overhead and  
14 administrative costs to be incurred while drilling the well  
15 and also while producing it, if it is successful?

16 A. Yes, we have.

17 Q. And what are those figures?

18 A. The figures are \$3500 for a drilling well rate  
19 and \$350 a month for producing well rate.

20 Q. These are your standard figures?

21 A. Yes.

22 Q. And they're consistent with the 2004-2005 Ernst  
23 and Young survey?

24 A. Yes, that's what we use.

25 Q. Do you recommend that these figures be

1 incorporated into any order that results from today's  
2 hearing?

3 A. Yes.

4 Q. Does Lance request the 200-percent charge for  
5 risk authorized by statute be assessed against any interest  
6 owner who doesn't voluntarily participate in the well?

7 A. Yes.

8 Q. Does Lance Oil and Gas Company, Inc., seek to be  
9 designated operator of each of these wells?

10 A. Yes.

11 Q. Is Exhibit Number 5 an affidavit confirming that  
12 notice of this hearing has been provided in accordance with  
13 the Rules of the Division?

14 A. Yes, that's correct.

15 Q. And there is a copy of the letter and also a list  
16 identifying each of the interest owners?

17 A. Yes, affidavit with the attached list of  
18 uncommitted interests, and letter from Holland and Hart,  
19 and then the actual Application with the certified copies  
20 attached.

21 MR. CARR: And may it please the Examiner, the  
22 affidavit of publication -- I have it, it just has not been  
23 included in this exhibit. And with your permission, I'll  
24 provide that immediately after the hearing, but it --

25 EXAMINER EZEANYIM: Okay.

1 MR. CARR: -- was published, and we do have the  
2 affidavit of publication.

3 EXAMINER EZEANYIM: Okay, I'll take  
4 administrative notice of that.

5 THE WITNESS: What's on the back?

6 MR. CARR: It's on your copy, it just isn't on  
7 mine.

8 MS. MacQUESTEN: Okay, so we're all right.

9 MR. CARR: All right, so we're all right. Next  
10 crisis avoided.

11 (Laughter)

12 Q. (By Mr. Carr) Mr. Lehrman, how soon do you  
13 propose to commence the drilling of this well?

14 A. Pardon me?

15 Q. How soon do you plan to start drilling?

16 A. We would like to start as soon as possible.

17 Lance has engaged a company from Wyoming. Rig availability  
18 in the San Juan Basin is virtually impossible, so we've  
19 actually engaged a company from Wyoming and brought a rig  
20 down to drill some other wells that we have permitted, but  
21 we're shortly going to run out of locations and would like  
22 to drill this as soon as possible, to not lose that rig  
23 because it will probably go back to Wyoming and then we  
24 won't be able to get another one back.

25 Q. Were Exhibits 1 through 5 prepared by you or

1 compiled at your direction?

2 A. Yes.

3 MR. CARR: May it please the Examiner, at this  
4 time we'd move the admission into evidence of Lance  
5 Exhibits 1 through 5.

6 EXAMINER EZEANYIM: Lance Exhibits 1 through 5  
7 will be admitted into evidence.

8 MR. CARR: And that concludes my direct  
9 examination of Mr. Lehrman in this case.

10 MS. MacQUESTEN: No questions, thank you.

11 EXAMINATION

12 BY EXAMINER EZEANYIM:

13 Q. Okay, I start with, you said that you needed this  
14 order issued as soon as possible. What do you mean, "as  
15 soon as possible"? Because it might have to be -- my  
16 schedule. What do you mean, "as soon as possible"? The  
17 rig is already on location?

18 A. No, no, it's not. We have several other  
19 locations that we can drill prior to this. Are you asking  
20 me --

21 Q. Yeah, if you can give me an estimate or when you  
22 think you may have that rig?

23 A. If possible, we would like to have the order by  
24 the end of the month, I think. Maybe sometime even in  
25 early November. Like I said, we have several other

1 locations that we have permitted and made location and can  
2 move the rig to, but we feel it's imperative that we get  
3 the order fairly quickly so we don't lose that rig.

4 Q. Okay. Now, if we go back to the south half of  
5 the well unit, you are going to drill the FRCP 16 Well  
6 Number 2 in the southeast quarter. You said it's a  
7 standard location. What is the location of that FC well?  
8 Do you know -- Do you have the physical location of that  
9 well?

10 A. The actual footages?

11 Q. Yeah.

12 A. No, I don't know off the top of my head. I'll  
13 have to get those numbers for you. We have a definitive  
14 location, I just don't have those footages.

15 Q. But they are a standard location in the FC?

16 A. Yes.

17 MR. CARR: Yes.

18 EXAMINER EZEANYIM: Okay, I would like to have  
19 that.

20 MR. CARR: Yes, sir.

21 THE WITNESS: Okay.

22 MR. CARR: We can provide that today.

23 EXAMINER EZEANYIM: Okay, good.

24 Q. (By Examiner Ezeanyim) And in this well you are  
25 primarily targeting the FC. In this particular well, it's

1 an infill well, you want to drill to the FC, right?

2 A. Yes, we'd like to hopefully produce both the  
3 wells from the Fruitland Coal and the Pictured Cliffs.

4 Q. Both wells, okay.

5 A. Yes.

6 Q. Okay, I'm coming to that. And because -- in this  
7 Number 2, you didn't mention about downhole commingling,  
8 and it appears to me that you're going to only have your  
9 target in the FC. Are you going to go to PC too?

10 A. We'll probably go, you know, just into the Lewis  
11 Shale. Our main objective is the Fruitland Coal, but  
12 honestly, Mr. Examiner, the PC is somewhat sporadic in that  
13 area --

14 Q. Uh-huh.

15 A. -- so it's a secondary objective. But you know,  
16 we'll drill through the PC into the Lewis Shale, with the  
17 main objective being the Fruitland Coal. So that's a  
18 possibility, but it just depends on, you know, what the  
19 logs look like and everything.

20 Q. Okay, and that goes to my next question now. I  
21 will go to Number 1. You have to have a dual completion in  
22 the FC and the PC, right?

23 A. It would be the same --

24 Q. The same with the other one --

25 A. Yeah, it would --

1 Q. Okay, now --

2 A. -- be the same as Number 2.

3 Q. -- I'm looking at the -- I'm looking at the  
4 publication here. It didn't say in the FC that they're  
5 going to have dual completion, but in the Well Number 1,  
6 you're going to have dual com- -- and do downhole  
7 commingling?

8 A. If we feel like the PC is productive.

9 Q. Okay.

10 A. You know, it will depend on drilling of the well  
11 and what our geoscientist feels would be possibly  
12 productive in the PC.

13 Q. Uh-huh.

14 A. Like I said, there is some PC in the area, and in  
15 some areas there's not PC, but we would like that -- we  
16 permitted that, you know, just depending on what it looks  
17 like, you know, logwise.

18 Q. Okay. How do you know you are going to do  
19 downhole commingling when the well is not yet drilled?

20 A. Pardon me?

21 Q. How do you know you are going to do downhole  
22 commingling when the well is not yet drilled?

23 A. Well, it's just a possibility, you know, like to  
24 leave that option open, I guess. It's like any well, you  
25 know, if you're -- the Fruitland Coal and the PC are so

1 close together, a lot of times you get -- even though  
2 that's disputed, you're going to get some -- It would be  
3 almost impossible to drill into the Fruitland Coal without  
4 getting into the PC.

5 Q. I know.

6 A. But we own all rights, we own all depths, so we  
7 think it's a possibility, although in some instances we  
8 haven't done it, but we would like to have that as a  
9 possibility.

10 Q. Yeah, what I'm getting here is -- well, they  
11 have an offset well that shows that you might have that in  
12 the -- you might have downhole commingling in the PC -- or  
13 you just assume -- or you want to get permission to do  
14 that. And I want to remind you that even though you stated  
15 it here, and even if we issue you an order, you know you  
16 still have to obtain your downhole commingling  
17 administratively --

18 A. Yes.

19 Q. -- before you do that. You might propose now you  
20 are going to do downhole commingling. When you go there,  
21 you might find that you might complete them singly --

22 A. Yes.

23 Q. -- and then produce them singly.

24 A. Yes.

25 Q. So in that case you can submit it. But if you

1 have to downhole commingle them, of course, you know you  
2 have to apply for downhole commingling, because this order  
3 is not going to approve downhole commingling.

4 A. Right.

5 MR. CARR: Mr. Examiner, under the Rules, Basin-  
6 Fruitland Coal and West Kutz-Pictured Cliffs are pre-  
7 approved for commingling.

8 THE WITNESS: Yes, I was going to mention that.  
9 That's a pre-approved pool.

10 EXAMINER EZEANYIM: Can you repeat that?

11 MR. CARR: Under Rule -- I believe it's 303,  
12 there are a number of pools that are pre-approved for  
13 commingling --

14 EXAMINER EZEANYIM: Oh --

15 MR. CARR: -- and these pools --

16 EXAMINER EZEANYIM: -- okay --

17 MR. CARR: -- these pools are pre-approved for --

18 EXAMINER EZEANYIM: -- okay --

19 MR. CARR: -- for downhole commingling.

20 EXAMINER EZEANYIM: -- okay, that's different, if  
21 they are pre-approved you can do that at the District.

22 THE WITNESS: Right.

23 MR. CARR: Yes.

24 EXAMINER EZEANYIM: Yeah, okay.

25 MR. CARR: So that's why we didn't bring it here.

1 They'll have to take that to the district.

2 EXAMINER EZEANYIM: Okay.

3 THE WITNESS: We're aware of those procedures. I  
4 appreciate that reminder, but we're still not sure -- Like  
5 I said, you know, we've had some PC in the area and we've  
6 had some that just, you know, obviously wouldn't produce  
7 anything at all from the PC.

8 EXAMINER EZEANYIM: Yeah, okay. You know, the  
9 point I'm trying to make here is that operators understand  
10 that we are dealing with only compulsory pooling issue  
11 here, even if you -- I will mention that the downhole  
12 commingling -- that's hypothetical.

13 THE WITNESS: Right.

14 EXAMINER EZEANYIM: -- and since you mention  
15 that, these pre-approved pools have to go to the District.  
16 If they are not pre-approved, they have to come to us for  
17 downhole commingling whenever you decide to do that.

18 THE WITNESS: Okay.

19 Q. (By Examiner Ezeanyim) In a way, you are talking  
20 about -- go back to Exhibit -- Let me see if I can find  
21 that number. Just out of my curiosity I want to know how  
22 you come up with that number. Let me find it.

23 Okay, this is Exhibit -- Number 3? I think the  
24 last page? No, the second page -- the last page -- where,  
25 you know, the September 6th letter, 2005. You know, that's

1 number one, you know. Just for my curiosity, how did you  
2 come up with that \$564.06? Is there any calculation that  
3 gives you that, or is that an arbitrary number that you  
4 give to these unleased mineral interests to see if they can  
5 lease with you? I can understand the one-eighth, but you  
6 are going to give them this bonus consideration for  
7 \$564.06. How do you calculate that? Is there any way you  
8 calculate it, or you just get that number off the -- just  
9 my --

10 A. Well, what we did is, we had an attorney render  
11 title opinion based on his research in the county, and  
12 there's a lot of smaller tracts in this drill block. If  
13 you notice on the map how small some of these tracts are,  
14 some of them can range from, you know, a quarter of an  
15 acre, to an acre, to an eighth of an acre. It just depends  
16 on how the actual mineral interests came out. And then we  
17 actually have some tracts where people only own, let's say,  
18 an undivided half in that small tract.

19 So what you're going to have is a very small  
20 mineral percentage, multiplied by the offer for a net  
21 mineral acre, and then sometimes we round up or round down.  
22 So we try to take it out to two places. Sometimes we just  
23 make it an even offer, but we try to make it as close to  
24 the net that they actually own as possible.

25 Q. I don't know whether you are required under the

1 statutes to give a bonus consideration. You know, you  
2 could take it off and -- just one-eighth. Is there  
3 anything that says you have to give a bonus consideration?  
4 You know, just for my information. It's not that it has  
5 anything to do with this.

6 A. It's just commensurate with industry practice.

7 Q. Okay. I'm going to the advertisement now.  
8 You've made other attempts to notify every interest owner  
9 here?

10 A. Yes.

11 Q. And I understand that these two wells, none of  
12 them has been drilled. Has anyone drilled yet? These two  
13 wells, none has been drilled?

14 A. No, no.

15 Q. And you are also asking for optional infill well  
16 and provision for --

17 MR. CARR: Not in this case. This case we have  
18 them both, so --

19 THE WITNESS: Yes.

20 MR. CARR: It will be in the second case that we  
21 seek just the infill provisions that are --

22 EXAMINER EZEANYIM: Okay.

23 MR. CARR: -- authorized --

24 EXAMINER EZEANYIM: Okay --

25 MR. CARR: -- by --

1 EXAMINER EZEANYIM: -- maybe that's -- Okay.

2 MR. CARR: We asked for it, but we were wrong.

3 EXAMINER EZEANYIM: Okay, okay. I mean, I don't  
4 think you --

5 MR. CARR: Yeah, we did ask for it, I mean, but  
6 it was in error because --

7 EXAMINER EZEANYIM: Okay, you're asking for it in  
8 this case?

9 MR. CARR: In the second of these two cases.  
10 this first case, we already have the infill well covered by  
11 the Application, so we wouldn't need the procedures.

12 EXAMINER EZEANYIM: Okay, I understand now.  
13 Okay, good.

14 Anything further?

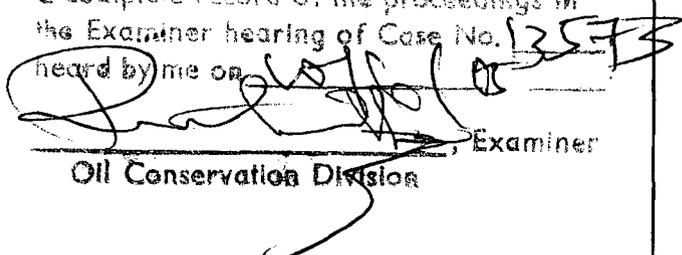
15 MR. CARR: Nothing further in this case.

16 EXAMINER EZEANYIM: Okay. With nothing further,  
17 then Case Number 13,573 will be taken under advisement.

18 (Thereupon, these proceedings were concluded at  
19 9:44 a.m.)

20 \* \* \*

21 I do hereby certify that the foregoing is  
22 a complete record of the proceedings in  
the Examiner hearing of Case No. 13573  
heard by me on

23   
24 \_\_\_\_\_, Examiner  
Oil Conservation Division

25

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )    ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL October 7th, 2005.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006