

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 RUBICON OIL AND GAS,)
L.L.C., FOR A UNIT AGREEMENT,)
LEA COUNTY, NEW MEXICO)

CASE NO. 13,645

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 16th, 2006

Santa Fe, New Mexico

2006 MAR 2 PM 2 19

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, February 16th, 2006, 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.

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I N D E X

February 16th, 2006
 Examiner Hearing
 CASE NO. 13,645

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REPORTER'S CERTIFICATE

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E X H I B I T S

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A P P E A R A N C E S

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 8:16 a.m.:

3 EXAMINER CATANACH: And first case is Case
4 13,645, the Application of Rubicon Oil and Gas, L.L.C., for
5 a unit agreement, Lea County, New Mexico.

6 Call for appearances.

7 MR. CARR: May it please the Examiner, my name is
8 William F. Carr with the Santa Fe office of Holland and
9 Hart, L.L.P. We represent Rubicon Oil and Gas, L.L.C., in
10 this matter, and I request permission to present the case
11 by affidavit.

12 EXAMINER CATANACH: Okay, any additional
13 appearances in this case?

14 Okay, Mr. Carr, you may proceed.

15 MR. CARR: May it please the Examiner, Rubicon
16 seeks approval of the Hightower State Exploratory Unit.
17 This unit is comprised of 2080 acres of State of New Mexico
18 land, located approximately 8 miles west of Caprock.

19 Rubicon Exhibit Number 1 is an affidavit from
20 Michael D. Hayes, their petroleum geologist. This
21 affidavit identifies the project, and attached to it and
22 addressed in the affidavit are various exhibits.

23 Attachment A to the affidavit is the unit
24 agreement. This unit agreement is on the State Land Office
25 form.

1 Attachment B to the affidavit is the plat which
2 identifies the unit boundary. Rubicon is intending to test
3 all formations from the surface to the base of the Devonian
4 formation. The initial test well will be at a standard
5 location 660 from the north and east lines of Section 27,
6 Township 12 South, Range 33 East, and again it will be
7 drilled and they will test all formations from the surface
8 to the base of the Devonian at an approximate depth of
9 10,600 feet.

10 Attachment C to the affidavit is an ownership
11 breakdown. 100 percent of the working interest is
12 committed to the unit, and 100 percent of the royalty is
13 owned by the State.

14 Attachment D to the affidavit is not included.
15 It is a letter from the Commissioner of Public Lands giving
16 preliminary approval to the formation of the unit. We
17 talked to Mr. Pete Martinez yesterday afternoon. He was
18 hoping to have it out by five o'clock yesterday. We did
19 not get it. With your permission, we will ask that the
20 record be left open and submit that later today as soon as
21 it is received. But we have talked to Mr. Martinez, and
22 there appears to be no concern on the part of the State
23 Land Office.

24 EXAMINER CATANACH: Okay.

25 MR. CARR: Attachment E to the affidavit is a

1 Wolfcamp net pay isopach map that shows the porosity
2 development in the Devonian, which is the primary target.
3 There is -- I'm sorry, the Wolfcamp.

4 There is one economic well in the Wolfcamp. That
5 is in the southeast southeast of Section 27. It has
6 produced 122,000 barrels of oil. It was plugged and
7 abandoned in 1983.

8 Attachment F to the affidavit is a structure map.
9 It shows a broad structural nose trending from the Bagley
10 field area, culminating in a closure over the Hightower
11 field.

12 Exhibit G is a net pay isopach map. It's on a
13 10-foot contour, and it shows what we believe will be 20
14 feet of net pay in the area.

15 Exhibit H is a cum map showing production by
16 producing horizon. Production in the Bagley and Hightower
17 fields occurs on the structural closure that is shown on
18 the preceding exhibit.

19 Exhibit I is a structural cross-section. It
20 shows the primary target for the well.

21 Rubicon Exhibit 2 is an AFE for the initial test
22 well, and Rubicon Exhibit Number 3 is the affidavit of
23 publication.

24 In his affidavit, Mr. Hayes testifies that the
25 development of the unit area pursuant to the unit plan is

1 in the best interest of conservation, the prevention of
2 waste and the protection of correlative rights. And we
3 would request that Rubicon Exhibits 1 through 3 be admitted
4 into evidence, and based on the affidavit and these
5 exhibits that the Application be approved.

6 EXAMINER CATANACH: Exhibits Number 1 through 3
7 will be admitted as evidence.

8 Anything further, Mr. Carr?

9 MR. CARR: No. We'll submit to you, we hope this
10 morning, the letter from the Commissioner of Public Lands.

11 EXAMINER CATANACH: Okay, that would be fine.

12 There being nothing further, Case 13,645 will be
13 taken under advisement.

14 (Thereupon, these proceedings were concluded at
15 8:25 a.m.)

16 * * *

17
18
19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
the Examiner hearing of Case No. 13645,
21 heard by me on February 16, 2006.
David R. Catnach, Examiner
22 Oil Conservation Division
23
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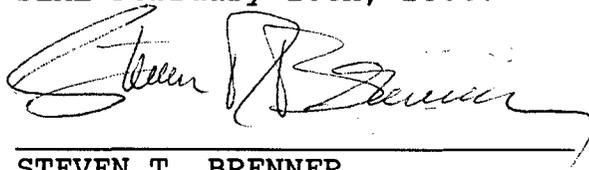
CERTIFICATE OF REPORTER

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 February 16th, 2006.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006