

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 EOG RESOURCES, INC.,)
FOR APPROVAL OF AN UNORTHODOX WELL)
LOCATION, EDDY COUNTY, NEW MEXICO)

CASE NO. 13,741

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

July 6th, 2006

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, July 6th, 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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July 6th, 2006
 Examiner Hearing
 CASE NO. 13,741

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A P P E A R A N C E S

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By: OCEAN MUNDS-DRY

* * *

1 WHEREUPON, the following proceedings were had at
2 8:55 a.m.:

3 EXAMINER EZEANYIM: At this point I call Case
4 Number 13,741. This is the Application of EOG Resources,
5 Inc., for approval of an unorthodox well location, Eddy
6 County, New Mexico.

7 Call for appearances, please.

8 MS. MUNDS-DRY: Good morning, Mr. Hearing
9 Examiner. My name is Ocean Munds-Dry with the law firm of
10 Holland and Hart, here representing EOG Resources, Inc.,
11 this morning, and I have one witness.

12 EXAMINER EZEANYIM: No other appearances?
13 May the witness stand up to be sworn, please?
14 (Thereupon, the witness was sworn.)

15 EXAMINER EZEANYIM: Ms. Munds, you can proceed.

16 MS. MUNDS-DRY: Thank you, Mr. Examiner.

17 STEVEN D. ROBERTSON,

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

20 DIRECT EXAMINATION

21 BY MS. MUNDS-DRY:

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

23 A. Steven D. Robertson.

24 Q. Where do you reside?

25 A. Midland, Texas.

1 Q. By whom are you employed?

2 A. EOG Resources, Inc.

3 Q. And in what capacity?

4 A. As a petroleum engineer.

5 Q. Have you previously testified before the
6 Division?

7 A. No, I have not.

8 Q. Would you please summarize your educational
9 background for Mr. Ezeanyim?

10 A. I received a degree in chemical engineering in
11 1975 at the University of Minnesota. Since then I was
12 employed for 30 years by Unocal Corporation as a research
13 engineer and as an operations petroleum engineer. And for
14 the last six months I've been employed by EOG Resources.

15 Q. And are you a registered professional engineer in
16 Texas?

17 A. Yes, I am.

18 Q. Are you familiar with the Application filed on
19 behalf of EOG Resources?

20 A. Yes, I am.

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

23 A. Yes, I am.

24 Q. And have you made a technical study of the
25 subject area?

1 A. Yes, I have.

2 MS. MUNDS-DRY: Mr. Examiner, we would tender Mr.
3 Robertson as an expert in petroleum engineering.

4 EXAMINER EZEANYIM: Mr. Robertson is so
5 qualified.

6 Q. (by Ms. Munds-Dry) Mr. Robertson, if you would
7 briefly summarize for the Examiner what EOG seeks with this
8 Application.

9 A. Well, we are requesting an administrative
10 approval, or -- We are requesting authorization to complete
11 this Rhine 13 Federal well to be re-entered and recompleted
12 from the Wolfcamp formation, 1680 feet from the south line,
13 150 feet from the east line, in Section 13, Township 17
14 South, Range 24 East.

15 Q. And is it your understanding that this well
16 location is unorthodox?

17 A. Yes, it is.

18 Q. What rules, if you know, govern well spacing in
19 New Mexico?

20 A. Statewide rules, 320-acre gas well spacing, and
21 660-foot setbacks.

22 Q. So the location 150 feet from the east line would
23 be a little bit too close?

24 A. Yes.

25 Q. Okay. Let's discuss for the Examiner the history

1 of the Application first, so he understands how we got here
2 today. Could you please turn to EOG Exhibit Number 1 and
3 identify and review that for the Examiner?

4 A. Okay.

5 Q. It should be that first one on top there.

6 A. Right. All right, the --

7 Q. Maybe two -- Maybe the first one you have
8 there --

9 A. Oh, I'm sorry.

10 Q. -- the letter.

11 A. The letter, yes.

12 Q. One more. That's the one.

13 A. Okay, sorry. Okay on 5-3-06 we requested
14 administrative approval, according to the Division Rule
15 104.F.(2), and that is this letter which is Exhibit 1.

16 Q. So that's a copy of the letter to Mr. Stogner,
17 signed by yours truly?

18 A. Yes.

19 Q. And if you would please turn to EOG Exhibit
20 Number 2 and review that for the Examiner.

21 A. Okay. Exhibit 2 is the response from Mr.
22 Stogner, and it's dated 5-19-06, denying EOG's Application.

23 Q. And did he state certain concerns in the letter,
24 why he wouldn't approve this administratively?

25 A. Yes, he did. The first concern was that the well

1 was drilled 10 months ago, only 150 feet from the boundary
2 of the spacing unit, and no location exception was
3 requested at that time.

4 Number two, no support data for BLM request to
5 move the location for topographic concerns.

6 And three, classifying the well as a monitor well
7 subjected into Division stratigraphic test hole policy.

8 Q. And we'll attempt to address those concerns for
9 the Examiner today, but as a result of this denial did EOG
10 then bring this Application for hearing?

11 A. Yes.

12 Q. If you would please turn to EOG Exhibit Number 3,
13 and let's review the history of the subject well for the
14 Examiner.

15 A. Okay. The well was spudded on July 22nd, 2005,
16 the vertical hole was completed on August 3rd, 2005. This
17 well was originally planned as a proposed horizontal
18 Wolfcamp test.

19 Q. And this well was originally drilled as a
20 potential producing well?

21 A. Yes, it was, not just for monitoring.

22 Q. If you could explain the monitoring of this well,
23 what it was utilized for.

24 A. Okay, this well was first used -- the vertical
25 wellbore was first used to monitor our frac job on an

1 adjacent well in the adjacent section, Yukon 18 Fed Com
2 Number 1H, which is why it was drilled 150 feet from the
3 boundary line.

4 EXAMINER EZEANYIM: Can you repeat that, please?

5 THE WITNESS: Sure. We first utilized the well
6 as a monitoring well to monitor the frac job. We used
7 what's called micro-seismic monitoring, where they put
8 geofoams in the vertical wellbore and then listen for the
9 rock breaking along the horizontal wellbore. And by doing
10 that, they can locate where the fractures are occurring and
11 how evenly spaced the fractures are occurring along the
12 horizontal wellbore. And so that was the purpose of
13 putting this well at 150 feet from the line.

14 And then after that, the intent was to go uphole,
15 kick off with our horizontal wellbore, and complete the
16 horizontal well, the Rhine horizontal well, at a legal
17 location. The actual completion would have been 660 feet
18 from the lease line, or more.

19 Q. (by Ms. Munds-Dry) And Mr. Robertson, is that
20 your understanding why a nonstandard location approval was
21 not sought at that time?

22 A. That is correct.

23 Q. Now in Mr. Stogner's letter he also was concerned
24 that we had not provided any support as to why the BLM had
25 wanted us to move the location because of topographical

1 concerns. Does EOG have further information about that,
2 the BLM location at this time, or the BLM request at this
3 time?

4 A. We believe that -- That was not the main reason
5 for moving the well 150 feet from the line. That was a
6 minor shift in the well, so that --

7 Q. That was only a minor adjustment in the location?

8 A. Right, right.

9 Q. But it's your understanding that that didn't
10 change why it was originally drilled at the 150-foot
11 location?

12 A. That's correct, that's correct.

13 Q. And when was the Yukon well to the west there
14 flooded? Or to the east, pardon me.

15 A. To the east, yeah. It was spudded on August 3rd,
16 2005.

17 Q. And do you know when that frac was conducted?

18 A. Yeah, it was conducted on October 2nd, 2005.

19 Q. And what were the results of studying that well?

20 A. That well was not a very good well in terms of
21 production rate for the cost of the well, and also the
22 thickness of the formation at that location was
23 considerably less than we expected. So therefore we term
24 this not a good well, economically speaking.

25 Q. And that study of the Yukon well, how did that

1 affect EOG's plans for drilling of the Rhine well?

2 A. We decided that it would be uneconomic to drill
3 the horizontal leg of the Rhine well and to stimulate it as
4 a horizontal.

5 Q. Thank you, Mr. Robertson. If you would please
6 turn to EOG Exhibit Number 4 and identify and review that
7 for the Examiner.

8 A. Okay, this is a Form C-102 for the Rhine well,
9 and this shows the permitted location and well plan for the
10 Rhine well where -- you can note the 150-foot location of
11 the vertical wellbore, and then kick off to a legal
12 location, and then going horizontal for about 3900 feet to
13 the west, and also terminating the well at a legal
14 location.

15 So the producing portion of the well will be --
16 or would have been in a legal location, and the original
17 plan all along was to drill this horizontal well.

18 Q. And this again just confirms that EOG had planned
19 to use this as a producing well?

20 A. That is correct.

21 Q. What is EOG Exhibit Number 5?

22 A. This is just a map view of the well locations,
23 which is a little easier to see where the wells of interest
24 are located. You can see in Section 13 the Rhine vertical
25 wellbore is near the section line. And in Section 18 the

1 Yukon wellbore is a south-to-north -- the Yukon well is a
2 south-to-north horizontal well.

3 Q. And it also looks as if there were additional
4 wells in Section 14?

5 A. Yes, the Danube Well Number 2H is a horizontal
6 well, drilled in Section 14. And it also was an
7 unfavorable well log and producing well. In other words,
8 this entire area of the reservoir rock is thin and
9 uneconomic for horizontal wells.

10 Q. Turn to EOG Exhibit Number 6 and review that for
11 the Examiner.

12 A. This shows the actual daily -- or monthly
13 averages of the daily production rate for the Yukon well in
14 dark blue, and for the Danube well in pink squares. And so
15 you can see the initial production rate of the Yukon well
16 was 600 MCF per day, and it has declined since the
17 beginning down to less than 300 MCF per day, as of now.
18 The Danube well, initial production rate was a little over
19 300 MCF per day and has declined down to about 160 MCF per
20 day. And these rates are non-economic, considering the
21 cost of the vertical and horizontal wellbores, and also the
22 stimulation cost.

23 Q. Please turn to EOG Exhibit Number 7 and identify
24 that for the Examiner.

25 A. This Exhibit is a well log showing the Rhine 13

1 Fed Number 1 log traces. The one log trace of most
2 interest here is the density porosity log trace, which is
3 DPHZ, and anything above a density porosity of zero has
4 been colored in with orange there, and that's what we use
5 as kind of an indicator of reservoir pay. And you can see
6 on this we only have about 10 feet of reservoir pay colored
7 in throughout the whole Wolfcamp zone there.

8 So normally, to get an economic well we're
9 looking to have at least 30 feet of pay, and this just
10 verifies that we do not have adequate pay in this area for
11 a horizontal well.

12 Q. If you will then turn to Exhibit Number 8 and
13 review that for the Examiner?

14 A. Okay, these are some economics that I ran on the
15 Rhine 13 Fed Number 1 well, both a time forward economics
16 for the horizontal well, stimulation -- or drilling and
17 stimulation -- and the vertical well stimulation.

18 The first table there shows the unrisked
19 economics, and you can see that the horizontal well has a
20 negative present worth of minus \$28,000, whereas if we were
21 to stimulate the vertical well, it would have a positive
22 present worth of \$241,000.

23 And the second part of the table, if we risk the
24 economics, assuming there is some risk involved in drilling
25 a horizontal well, getting stuck, that type of thing, here

1 we have present worth of minus \$327,000 for the horizontal
2 well and a positive present worth of \$145,000 for
3 stimulating the vertical well.

4 Q. Mr. Robertson, what conclusions, then, have you
5 reached from your engineering study of the Rhine and the
6 wells to the east and west of this location?

7 A. Basically, that this is a thin part of our
8 reservoir, not going to be economic to drill horizontal
9 wellbores and stimulate them here. But since we already
10 have a vertical wellbore drilled, the incremental cost for
11 stimulating the vertical well is relatively small, and so
12 that can be done economically and make productive use of
13 that vertical wellbore.

14 Q. What will the impact be on the correlative rights
15 of EOG if this Application is denied?

16 A. We would be denied the opportunity to efficiently
17 recover the reserves under this spacing unit.

18 Q. Will approval of this Application impair the
19 correlative rights of any other operators in the offsetting
20 spacing units?

21 A. No, because we have the rights in the offsetting
22 spacing unit.

23 Q. Will approval of this Application be in the best
24 interest of conservation and the prevention of waste?

25 A. Yes, it will be.

1 Q. If you will please turn to Exhibit Number 9 and
2 review for the Examiner this exhibit.

3 A. Okay, this is the land map which shows in Section
4 13, in the south half of this section. The federal lease
5 there is owned 100 percent by EOG. Immediately adjacent to
6 that in the west half of Section 18 of 17 South, 25 East,
7 is a federal lease, also owned 100 percent by EOG.

8 Q. And as I believe you just stated, then the
9 offsetting operator in Section 18 is EOG?

10 A. Yes, it is.

11 Q. So EOG is encroaching on itself?

12 A. Yes.

13 Q. Additionally, that means that there was no one to
14 notify of this Application?

15 A. That is correct.

16 Q. Is EOG Exhibit Number 10 an affidavit of
17 publication?

18 A. Yes, it is.

19 Q. Were EOG Exhibits 1 through 10 prepared by you or
20 compiled under your supervision?

21 A. Yes, they were.

22 MS. MUNDS-DRY: Mr. Examiner, we would move the
23 admission of Exhibits Number 1 through 10 into evidence.

24 EXAMINER EZEANYIM: Exhibits 1 through 10 will be
25 admitted into evidence.

1 MS. MUNDS-DRY: And I have no further questions
2 of Mr. Robertson.

3 EXAMINER EZEANYIM: Thank you, Ms. Munds.
4 Questions?

5 MS. MacQUESTEN: No questions, thank you.

6 EXAMINATION

7 BY EXAMINER EZEANYIM:

8 Q. Okay, let's go back with that Exhibit Number 8.

9 A. Uh-huh.

10 Q. First of all, this is a good -- How do you
11 describe risked and unrisked economics?

12 A. Okay, when you apply risked economics, you're
13 basically multiplying, in this case, .7 times your actual
14 volumes produced, that you're predicting to produce. And
15 say -- But you're still spending the same amount of money
16 up front, so you're basically saying -- probability-wise,
17 you know, there's this 70-percent factor that you may not
18 get your desired economic return.

19 Q. Okay, that was -- it's just a number, you just
20 have --

21 A. It's just a number, right, it's relatively low --
22 you know, not a very highly risked amount but there is some
23 risk in going horizontal and getting stuck and not getting
24 your desired result.

25 Q. So if I multiply 241 by .7 I get 145?

1 A. Right.

2 Q. Okay. Now --

3 A. Well --

4 Q. -- why do you choose to do that? I mean, why do
5 you want to demonstrate it that way? I just want to
6 understand.

7 A. Actually, what you just said probably isn't
8 exactly correct. Those are the numbers that come out of
9 the economics program that we run --

10 Q. Okay.

11 A. -- when we put in this risk factor.

12 Q. Okay.

13 A. For example, if we have a wildcat well we would
14 risk it with a 25-percent or less risk factor, according to
15 the guidelines, because of the chance of not hitting the
16 formation that's desired.

17 In this case, when we're drilling a horizontal
18 well, occasionally we may have a broke -- you know, a stuck
19 pipe and lose the hole. And so there is a possibility that
20 we will not be able to complete the well, despite spending
21 a considerable amount of funds. So therefore for our own
22 purposes we usually apply a risk factor to evaluate the
23 economics.

24 Q. How did you estimate the ultimate recovery? What
25 method did you use?

1 A. Ultimate recovery was based on decline curves of
2 the surrounding wells, and mainly the Yukon well.

3 Q. And this is on Federal Number 1. Okay, I'll come
4 back to that.

5 If you go to Exhibit Number 9, about the -- EOG
6 owning the whole of Section 18 --

7 A. Uh-huh.

8 Q. -- and all of the south half of 13, is ownership
9 truly identical? There is no --

10 A. Right.

11 Q. -- it's all owned 100 percent by --

12 A. Right.

13 Q. -- EOG?

14 A. Yes, and mineral ownership is identical.

15 Q. In all respects?

16 A. Right, royalty ownership is identical.

17 Q. So actually there's nobody to -- no overriding,
18 no --

19 A. Right, that is correct, yeah.

20 Q. The production history on your Exhibit Number 6,
21 for that Yukon, which formation -- what formation are they
22 producing from?

23 A. The Wolfcamp.

24 Q. Oh, is that Wolfcamp?

25 A. Yes.

1 Q. Both of them?

2 A. Yes, both of them, these are all going after the
3 same, identical formation.

4 Q. Okay. What is the actual number of this well?
5 Is that Rhine 13 Federal Number 1 or Number 1H? I tried to
6 do a search in our well files. Sometimes it says Number 1,
7 sometimes it says Number 1H. Is the well the Number 1 or
8 Number 1H? I mean, I get conflicting information from the
9 well files.

10 A. Let's see, I believe it's specified Number 1H in
11 our permit, so that would be the legal description.

12 Q. Okay, yeah, I see here it says Number 1H.

13 A. Yes.

14 MS. MUNDS-DRY: And Mr. Examiner, we may need to
15 correct the well name, since it won't -- will no longer be
16 a horizontal well. So we'll make sure that EOG --

17 EXAMINER EZEANYIM: Okay.

18 MS. MUNDS-DRY: -- corrects that.

19 Q. (By Examiner Ezeanyim) Oh, yeah, you wanted to
20 have it 1H, so -- okay.

21 A. Right, that's right.

22 Q. That's why -- okay, now, that's why we are using
23 them interchangeably, okay.

24 I notice that you obtained an APD from BLM, you
25 know, but you didn't from the State because -- and that's

1 one of the questions I have here, is, you thought you were
2 going to drill horizontally to a standard location?

3 A. Yes.

4 Q. And so if I get you right -- So the well was
5 initially drilled as both a monitor well and also a
6 producing well?

7 A. Yes, it was.

8 Q. With the intent of drilling horizontally to a
9 standard location?

10 A. Yes.

11 Q. Therefore you don't need to come to OCD to get
12 any NSL approval?

13 A. That's correct, yes.

14 Q. Okay, this is the question that I was raising,
15 the rejection letter about the BLM wanting you to, you
16 know, move this well from a standard location where you
17 want it to -- the surface standard location, to this
18 nonstandard location, even though you are going to drill
19 horizontally to a standard location. Why did BLM tell you
20 to move it to that nonstandard location?

21 A. Actually, they were just wanting us to move just
22 slightly -- not to the extent that we moved it, but just a
23 little bit; I don't know the exact amount -- so that --
24 because of topographic concerns. So their request was not
25 the reason the well was moved to this location.

1 Q. Okay, it wasn't the real reason?

2 A. It wasn't the real reason.

3 MS. MUNDS-DRY: Mr. Examiner, the land department
4 at EOG had originally understood that that was part of the
5 reason. They have since learned that the 150-foot location
6 didn't have anything really to do with the BLM request. It
7 moved it a little bit, but that wasn't the main
8 determination.

9 Q. (By Examiner Ezeanyim) Well, I can understand if
10 your intention is to go to a standard location, well, you
11 know, it wouldn't --

12 A. Yes.

13 Q. You know, and if you had wanted to go to a
14 standard location, I think it's worthwhile for you to have
15 obtained an APD. Do you have an APD from the OCD, from the
16 District, that you are going to drill this well?

17 If your intent is to drill horizontally to that
18 standard location and therefore you -- If you don't want to
19 get an NSL, because you are going to be at a standard
20 location, why didn't you get an APD from us? You know,
21 because if you are going to demonstrate that you are going
22 to complete in a standard location -- So I was wondering
23 why you didn't get an APD, because as you know, if BLM has
24 given you an approval --

25 A. Uh-huh.

1 Q. -- it's contingent on the State approving it too.

2 A. Uh-huh.

3 Q. So I expected you -- If your intention, as you
4 say, is -- a monitor well, a producing well, you could have
5 gotten an APD from the State saying that you are going to
6 drill this well and demonstrate that you are going to
7 complete in a standard location. Not really the -- to come
8 here, even though your surface location is nonstandard. So
9 I expected you to get it. But I searched, I didn't get any
10 APD --

11 MS. MUNDS-DRY: Mr. Examiner --

12 EXAMINER EZEANYIM: -- from you guys.

13 MS. MUNDS-DRY: -- my understanding -- and I may
14 be wrong about this -- is that because it's federal land
15 they received an APD from the BLM, and they filed their
16 C-102 with the OCD. But I do not believe they -- because
17 it was a standard location originally as intended -- that
18 they needed to obtain an APD from the OCD. That's my
19 understanding, because they had -- because it's federal
20 land here.

21 EXAMINER EZEANYIM: Yeah, I know, but here it
22 says subject to approval by the State.

23 MS. MUNDS-DRY: Sure.

24 EXAMINER EZEANYIM: And I expected you to have
25 gotten an APD maybe at that point. At least it's something

1 to have had on your -- this is -- their website, and when I
2 was looking at it I didn't see any APD from the State.

3 And that goes toward your argument that you
4 wanted this well to be both a monitor and also a producing
5 well. You know, because say if you go to that attachment
6 that Mike gave you --

7 MS. MUNDS-DRY: Uh-huh.

8 EXAMINER EZEANYIM: -- about stratigraphic test
9 hole --

10 MS. MUNDS-DRY: Uh-huh.

11 EXAMINER EZEANYIM: -- you are never, you know,
12 according to that policy, supposed to use that well as a
13 producing well, according to what that policy says.

14 MS. MUNDS-DRY: And Mr. Examiner, I hope that
15 from Mr. Robertson's testimony -- we would argue that that
16 policy doesn't apply because, as we read it, that policy
17 only applies if it's intended to be a monitor well only.
18 And this well, of course, was intended to be a producing
19 well. So it would be our position that that policy
20 wouldn't apply here because it was, in fact, intended to be
21 a producing well in the end.

22 EXAMINER EZEANYIM: Yeah, very good. That's a
23 good point, I understand that. That's why I said you
24 should have gotten an APD --

25 MS. MUNDS-DRY: Sure.

1 EXAMINER EZEANYIM: -- from us. I mean, I think
2 you have to get an APD from both the BLM and the State.
3 It's a federal mineral. And then you've got an APD. We
4 also have, you know, the authority to issue an APD to you.

5 MS. MUNDS-DRY: Sure, and we can certainly do
6 that and make sure that the --

7 EXAMINER EZEANYIM: Okay.

8 MS. MUNDS-DRY: -- appropriate people in the
9 regulatory department do, in fact, submit for an
10 application.

11 EXAMINER EZEANYIM: So do I take it it's an
12 oversight, or what? You know, you didn't get an APD, or
13 just -- BLM had just approved it, therefore go ahead and
14 drill?

15 MS. MUNDS-DRY: And I'm not sure I know, Mr.
16 Examiner.

17 Q. (By Examiner Ezeanyim) What is the depth of this
18 well, do you know, in the Wolfcamp?

19 A. Yeah, on the exhibit you will see the depth shown
20 there.

21 Q. Oh, on the --

22 A. On this well log you can see that --

23 Q. Yeah.

24 A. -- the measured depth is about 5000 feet, down to
25 about 5100.

1 Q. So you just did only the newspaper advertisement,
2 no notification, because -- nobody to notify because, as
3 you stated here, that all -- you know, the ownership is
4 identical in all respects?

5 A. That is correct, yes.

6 Q. And your -- I saw something that I think that --
7 I don't know how that came into -- that -- a letter here.
8 It says "Administrative Order NSL-". There's no number.

9 How did it come about that -- who -- It wasn't
10 signed by anybody. How did it come here if there was --
11 but there was this letter, and you are -- I saw this in the
12 well file, but I didn't understand that. What is this
13 doing here?

14 MS. MUNDS-DRY: Oh, I believe that was included.
15 It probably didn't really need to be. It was just a part
16 of the administrative application, Mr. Examiner, that as a
17 practice we include just a draft administrative order, and
18 that's really just to -- a notice -- a part of the
19 application.

20 EXAMINER EZEANYIM: Okay, it wasn't -- But how do
21 you get it? Did you get it from the well file?

22 MS. MUNDS-DRY: No, we submit that draft order --

23 EXAMINER EZEANYIM: Oh, you submit it --

24 MS. MUNDS-DRY: -- to Mr. Stogner, as a part of
25 our Application.

1 EXAMINER EZEANYIM: Oh, okay, okay. I thought it
2 was --

3 MS. MUNDS-DRY: Sorry, I didn't mean to confuse
4 you.

5 EXAMINER EZEANYIM: All right, it was confusing
6 to me, I didn't know. Okay, that answers that question.
7 Anything further?

8 MS. MUNDS-DRY: Nothing further.

9 EXAMINER EZEANYIM: At this point, Case Number
10 13,741 will be taken under advisement.

11 MS. MUNDS-DRY: Thank you, Mr. Examiner.

12 EXAMINER EZEANYIM: Thank you very much.

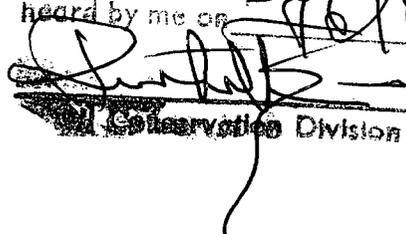
13 THE WITNESS: Thank you.

14 EXAMINER EZEANYIM: Okay, at this time we'll take
15 about a 10-minute break and then go to the next case.

16 (Thereupon, these proceedings were concluded at
17 9:28 a.m.)

18 * * *

19
20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case No. 13741
23 heard by me on 7/16/08

24 
25 _____, Examiner
Conservation Division

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 July 8th, 2006.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006