

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 CHAPARRAL ENERGY, LLC, )  
FOR APPROVAL OF A SALTWATER DISPOSAL )  
WELL, LEA COUNTY, NEW MEXICO )

CASE NO. 13,695

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

June 8th, 2006

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, June 8th, 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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*WVJ/JB/STB*

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I N D E X

June 8th, 2006  
Examiner Hearing  
CASE NO. 13,695

PAGE

APPLICANT'S WITNESS:

<u>RONALD K. BROWN</u> (Engineer)	
Direct Examination by Mr. Larson	3
Examination by Examiner Jones	13
Examination by Ms. MacQuesten	20

REPORTER'S CERTIFICATE	25
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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	13
Exhibit 2	12	13

\* \* \*

A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN  
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Energy, Minerals and Natural Resources Department  
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FOR THE APPLICANT:

HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.  
218 Montezuma  
P.O. Box 2068  
Santa Fe, New Mexico 87504  
By: GARY W. LARSON

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WHEREUPON, the following proceedings were had at  
8:19 a.m.:

EXAMINER JONES: Okay, if there's no other  
continuances or dismissals, let's call the first case of  
the day, Case 13,695, which is continued from May the 11th.  
Application of Chaparral Energy, LLC, for approval of a  
saltwater disposal well, Lea County, New Mexico.

Call for appearances.

MR. LARSON: Gary Larson for Chaparral Energy,  
and I have one witness, Ron Brown.

EXAMINER JONES: Any other appearances?  
Will the witness please stand to be sworn?  
(Thereupon, the witness was sworn.)

MR. LARSON: May I approach and hand you the  
exhibits?

EXAMINER JONES: Sure.

RONALD K. BROWN,

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

DIRECT EXAMINATION

BY MR. LARSON:

Q. Good morning, Mr. Brown.

A. Good morning.

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

1 A. Ronald K. Brown.

2 Q. And where do you reside?

3 A. Yukon, Oklahoma.

4 Q. And by whom are you employed?

5 A. By Chaparral Energy, LLC.

6 Q. And what is your job title?

7 A. I'm field services manager and production  
8 engineer.

9 Q. And what do those functions entail?

10 A. Production engineer, I handle operations in north  
11 Texas through New Mexico, production operations. And field  
12 services manager, I supervise employees that do work for  
13 ourselves, dozers and backhoes and pipeline construction,  
14 that type of stuff.

15 Q. Have you previously testified before the New  
16 Mexico Oil Conservation Division?

17 A. No, I have not.

18 Q. Have you ever testified before an agency that  
19 regulates oil and gas operations?

20 A. I have testified in Oklahoma Corporation  
21 Commission.

22 Q. Can you give us an estimate of how many times?

23 A. Between 10 and 12 times.

24 Q. Would you summarize your educational background  
25 for me, please?

1           A.    I have an engineering degree from the University  
2 of Nebraska, with emphasis on soil and water hydrology.  
3 I've been working as a petroleum engineer since 1975.

4           Q.    And are you a licensed professional engineer?

5           A.    Yes, I'm a registered professional engineer.

6           Q.    In the State of Oklahoma?

7           A.    In the State of Oklahoma.

8           Q.    Any other states?

9           A.    No, I'm only registered there.

10          Q.    And how long have you been employed by Chaparral  
11 Energy?

12          A.    I've been employed by Chaparral for about 13  
13 years.

14          Q.    And then you have experience previous to that in  
15 the oil and gas industry as an engineer?

16          A.    Yes.

17          Q.    And are you familiar with the engineering matters  
18 related to Chaparral's application for approval of a  
19 saltwater disposal well?

20          A.    Yes, I am. This was prepared under my  
21 supervision.

22          Q.    And would you identify for the Hearing Examiner  
23 Chaparral Exhibit Number 1?

24          A.    Exhibit Number 1 is the application and  
25 supporting documents for the State test -- I mean, for the

1 application. We applied for administrative approval.

2 Q. And were there any objections received to that  
3 application?

4 A. Yes, there was one written objection from the  
5 surface tenants.

6 Q. And that would be a grazing lease?

7 A. That would be a grazing tenant, yes.

8 Q. And do you recall the grazing lessee's name?

9 A. I have it here somewhere. Yes, it's Wendell  
10 Dallas -- or Weldon Dallas.

11 Q. And when did he send the letter to the Division?

12 A. He sent the letter -- he dated it 7-14 of '05.  
13 It was received by the Oil Conservation Division July 18th  
14 of '05.

15 Q. And since that time has Chaparral received any  
16 information from Mr. Dallas regarding analysis of the  
17 matters that are proposed in Chaparral's Application?

18 A. We have had no correspondence from Mr. Dallas.

19 Q. And to your knowledge has he submitted anything  
20 further to the Division?

21 A. To my knowledge he has not.

22 Q. Is the disposal well proposed by Chaparral an  
23 existing well?

24 A. Yes, it's an existing well.

25 Q. And where is the well located?

1           A.    The well is located in unit letter K, Section 21,  
2 11 South, 33 East, Lea County, New Mexico.

3           Q.    And do you know when that well was drilled?

4           A.    That well was drilled in 1967 by Bell Petroleum  
5 and was completed as a Permo-Penn producer. Also in 1967  
6 Bell applied for, and it was approved, to inject produced  
7 water down the intermediate into this same zone that we're  
8 applying for now as a disposal well.

9           Q.    And do you know how long Bell utilized it as an  
10 injection well?

11          A.    I know they utilized it for a few months, and  
12 then negotiated contracts with a pipeline to dispose of the  
13 produced water. I don't know the exact months.

14          Q.    Okay. So once they had access to a pipeline to  
15 take the produced water, they ceased injecting into the  
16 well?

17          A.    Right. And -- But they were injecting down the  
18 back side. There wasn't any tubing protecting the  
19 intermediate casing.

20          Q.    And in conjunction with preparing this  
21 Application, did Chaparral test the integrity of the  
22 proposed injection well?

23          A.    Yes, we did, and in fact on the -- page 1 of  
24 Exhibit 1 is the report of how -- when we tested it, and  
25 got -- with the chart attached, the second page, where we

1 tested the casing, intermediate casing.

2 Q. And is the well properly cased and cemented, in  
3 your opinion?

4 A. Yes, it is.

5 Q. And based on Chaparral's analysis, will any of  
6 the produced water to be injected be able to escape into  
7 other zones?

8 MS. MacQUESTEN: Mr. Larson --

9 MR. LARSON: Yes.

10 MS. MacQUESTEN: -- I don't recall you asking to  
11 have Mr. Brown accepted as an expert. Did I miss that?

12 MR. LARSON: No, I didn't.

13 MS. MacQUESTEN: We'd be happy to entertain such  
14 a motion before we go into opinion testimony.

15 MR. LARSON: Okay, I would like to move that Mr.  
16 Brown be accepted as an expert witness.

17 EXAMINER JONES: Mr. Brown is qualified as an  
18 expert petroleum engineer.

19 MR. LARSON: Thank you, Ms. MacQuesten.

20 THE WITNESS: Thank you.

21 Q. (By Mr. Larson) I may have asked this question  
22 already, but will any of the produced water be able to  
23 escape into other zones, other than the zone that you  
24 propose to inject into?

25 A. To the best of my knowledge, no.

1 Q. And I'll refer you to page 10 of Exhibit 1. How  
2 many oil and gas wells are located in the area of the  
3 proposed injection well?

4 A. There are four oil and gas wells in that half-  
5 mile circle.

6 Q. And is that in addition to the proposed injection  
7 well?

8 A. That is in addition to the proposed injection  
9 well, yes.

10 Q. And does Chaparral own any of those wells?

11 A. Chaparral owns two of the wells, one temporary  
12 abandoned well, and one well that is testing, that we just  
13 drilled.

14 Q. And Chaparral is in the process of bringing that  
15 well into production?

16 A. Right.

17 Q. And could you identify that well for the Hearing  
18 Examiner?

19 A. The well we're bringing on is the State K Number  
20 3, which is south and west of the State K Number 1.

21 Q. And as part of the Application, is Exhibit 1 --  
22 has Chaparral listed those wells along with pertinent  
23 information about the completion of those wells?

24 A. Yeah, on page 11, the wells -- the four  
25 additional wells are listed, of which the one well was

1 plugged and one's producing, the one shut in and the one  
2 completing.

3 Q. And I believe you said there was one well that's  
4 been plugged and abandoned?

5 A. Yes, that's correct, the Bell B.

6 Q. And was it properly plugged and abandoned?

7 A. Yes, it was properly plugged and abandoned.

8 Q. And of the other wells within the area of review  
9 -- have properly cased and cemented?

10 A. Yes, they're all properly cased and cemented.

11 Q. And have they been cased and cemented in a manner  
12 that would prevent the movement of fluids into other zones?

13 A. That is correct.

14 Q. And please briefly summarize the injection  
15 operations that Chaparral proposes to undertake.

16 A. We plan on producing the State K Number 3, moving  
17 the produced water to the State K Number 1 location, low  
18 pressure, and then injecting from that location into the  
19 State K Number 1, through coated tubing and packer.

20 Q. So you'd be sending produced water from one  
21 producing well?

22 A. At this time, yes.

23 Q. And what is the anticipated daily injection rate  
24 for the proposed well?

25 A. Anticipated daily injection rate is 700 barrels a

1 day.

2 Q. And what is the anticipated maximum daily  
3 injection rate?

4 A. I anticipate 1200 barrels a day.

5 Q. And what does Chaparral propose to be the maximum  
6 injection pressure for the well?

7 A. We've proposed a maximum pressure of 2000 pounds.

8 Q. Pounds per square inch?

9 A. Pounds per square inch, yes.

10 Q. And does Chaparral intend to implement a  
11 stimulation program for the proposed injection well?

12 A. At this time we don't feel that a stimulation  
13 program is needed. But if needed, one will be proposed and  
14 sent to the Commission.

15 Q. Are there any sources of fresh water within a  
16 half a mile of the proposed injection well?

17 A. Yes, there are two freshwater wells within a half  
18 mile of the proposed well.

19 Q. And are those identified in Exhibit 1?

20 A. Whether they're identified or not, we -- because  
21 there's no way to identify a freshwater well -- we did  
22 collect water samples from both wells, and they are  
23 analyzed in this exhibit.

24 Q. Do you know the distance from the proposed  
25 injection well of the two water wells?

1 A. Approximately a quarter of a mile from the well.

2 Q. And Chaparral took water samples from both wells  
3 and had them analyzed?

4 A. Yes, we had them analyzed.

5 Q. And the analytical data is included in Exhibit 1?

6 A. That is correct.

7 Q. Has Chaparral analyzed the produced water that's  
8 to be injected into the proposed well?

9 A. Yes, we took a sample from the produced well for  
10 the testing well and it was analyzed, and it is also  
11 included in the packet.

12 Q. In Exhibit 1?

13 A. In Exhibit 1, yes.

14 Q. And did Chaparral provide notice of this hearing  
15 to the surface owner and other interested parties?

16 A. Yes, we did.

17 Q. Could you at this time identify Chaparral Exhibit  
18 2 for the Hearing Examiner?

19 A. Exhibit 2 is the affidavit of hearing.

20 Q. Affidavit of notice of hearing?

21 A. Notice of hearing, yes, sir.

22 Q. And are attached the affidavit the notice letters  
23 that Chaparral sent to the interested parties?

24 A. Yes, they are. And they were sent by priority  
25 mail and certified mail.

1 Q. Would the granting of Chaparral's Application be  
2 in the interest of conservation and the prevention of  
3 waste?

4 A. Yes, it would.

5 Q. Were Chaparral Exhibits 1 and 2 prepared by you  
6 or under your supervision?

7 A. Yes, they were.

8 MR. LARSON: Mr. Hearing Examiner, at this time  
9 I'd move the admission of Exhibits 1 and 2.

10 EXAMINER JONES: Exhibits 1 and 2 will be  
11 admitted to evidence.

12 MR. LARSON: I have no further questions for Mr.  
13 Brown.

14 EXAMINATION

15 BY EXAMINER JONES:

16 Q. Okay, Mr. Brown, did you say that you had gotten  
17 a sample of water from the proposed injection interval in  
18 an offset well?

19 A. No, from the -- the water we're going to inject,  
20 from the producing well.

21 Q. Okay. This got -- this Application got protested  
22 and set to hearing before I had a chance to actually  
23 interact and maybe ask some questions administratively, so  
24 I have some -- several questions here and maybe even  
25 requests that could be done after the hearing, that you

1 could supply, and then we can write the order --

2 A. Okay.

3 Q. -- after that. Let's see.

4 The State Land Office -- Did you notice the State  
5 Land Office? Is that in the --

6 A. We noticed the State Land Office of this hearing.

7 Q. Okay.

8 A. We did not send them a notice of the Application.

9 Q. Did you hear anything back from them?

10 A. No, did not hear anything back from them.

11 Q. Okay. But it clearly says convert the above well  
12 to a saltwater disposal well, so...

13 Did the notice that went to them actually have a  
14 copy of the whole Application? It didn't, did it?

15 A. No, it did not.

16 Q. Okay. That's something that I think is in our  
17 Rules to do that, so maybe if you guys can do that and --

18 A. We will get that done, yes.

19 Q. Okay. And the other operators within a half  
20 mile, I have Prime Operating Company at 2640 feet, so I'm  
21 willing to forget that one. And the rest of them I match  
22 right up with what you said. Phoenix operating -- and you  
23 noticed them.

24 Tipperary Oil and Gas for -- had the plugged and  
25 abandoned well. Do you guys control that well now?

1           A.    No, but we didn't -- because it was plugged that  
2 long ago, I did not notify them.

3           Q.    So it went -- it went --

4           A.    Yeah --

5           Q.    That's okay, but it went back to the -- because  
6 it was --

7           A.    It should have went back to the State.

8           Q.    The State.  And of course you guys are Chaparral,  
9 okay.

10                  Okay, another thing, can you have your geologist  
11 give me a piece of paper that has all the formation tops,  
12 from the surface all the way down to about 9000 feet or so,  
13 something like that?

14           A.    Okay.

15           Q.    And then -- and notice the State Land Office.

16                  And then can you give me a before-conversion diagram of the  
17 well itself, of the way it is right now?  I think the  
18 conversion -- the well -- unless I'm -- I could be wrong on  
19 that.  I think the one you've got now is the one that's  
20 after conversion, after you drill out plugs and that kind  
21 of stuff and put the 5-1/2 casing in.

22           A.    Yeah.  Right now it's -- the 5-1/2 casing isn't  
23 in there, and it's just the 8-5/8 packer is in there for --  
24 has TA'd.

25           Q.    So it's not much different?

1           A.    Not much different, but I'll prepare that one and  
2 send it to you.

3           Q.    Okay.  And let's see here.  Okay, your pressure  
4 maximum that you want -- Do you need 2000 pounds, do you  
5 think, to get water in the ground?

6           A.    No, I'm just saying that that is a maximum.  I  
7 don't think it will get to that, but that's -- I had to  
8 pick a number.

9           Q.    Okay, you realize we start out with .2 p.s.i. per  
10 foot in New Mexico, and then if you run a step-rate test or  
11 show that fracturing of the formation or above the  
12 formation won't occur, well, you can apply for more  
13 pressure --

14          A.    Right.

15          Q.    -- in the future?  But we'll start you out at .2.

16          A.    Okay.  As far as -- Before I forget Weldon  
17 Dallas's concern here, did you guys have any contact with  
18 them, with him?

19          A.    We sent him a letter asking, you know, what his  
20 concern was, and the only response, you know, was, we got  
21 this copy that he sent here to the Commission, from the  
22 Commission.  We got nothing back from him.

23          Q.    Yeah, okay.  Okay, I think our Rules don't even  
24 say you have to notify the leasee anyway, so the State Land  
25 Office, once you notify them, we'll see what happens there.

1           Okay, the well table -- I guess the biggest --  
2 the biggest problem I've got here -- and Gail's going to  
3 talk to you in a minute about something else, but -- is the  
4 cement tops in the offset wells. And that's something that  
5 we've had to pay real close attention to, and your well  
6 table doesn't really -- I guess what I really need is  
7 wellbore diagrams of each one of those wells, and I think  
8 you've got --

9           A. I have the Bell B. Unfortunately, the one I --

10          Q. The Bell A, Bell B, and the plugged well?

11          A. Right.

12          Q. Okay, they're all there then, right?

13          A. They're all here, yes.

14          Q. Okay. If you look on those -- Let's pick one  
15 here. Okay, the plugged wells, the first one in the pack  
16 here, right?

17          A. Right.

18          Q. The Bell B. Okay, that one has a plug at 5900  
19 feet and then an open interval; is that correct?

20          A. Right.

21          Q. Up to --

22          A. -- 650 feet.

23          Q. Well, actually --

24          A. Well, top of cement was 38- --

25          Q. 36- --

1 A. -- yeah, 3685.

2 Q. Yeah. So basically that whole interval, if  
3 gremlins happened to move up and down the hole, could  
4 actually -- it's entirely possible, maybe not likely but  
5 possible, that fluid could move over and move down into  
6 other formations. And see, you didn't apply for a permit  
7 to inject in that lower interval down to 5900. I can't say  
8 what would happen if you applied for a permit to have -- to  
9 -- in that zone, which would mean you'd need to re-notice  
10 everybody, but that's the problem I have with that well.

11 So we would -- if everything else worked out, we  
12 would grant you a permit to inject, but we would require  
13 you to go back in and set a plug higher in this well.

14 A. Okay, there is a plug at 3685.

15 Q. Right. But waters moving laterally from the well  
16 that you're injecting into would come in around 4000 feet,  
17 and -- You see what I mean?

18 A. Yeah. Okay, about -- Yeah, the way I looked at  
19 it -- and -- was that, you know, because that one was  
20 cemented, they had a plug at 5900, and that cement went up  
21 to 3600, and there was a plug --

22 Q. The cement -- the cement in the wellbore went up  
23 to --

24 A. On the outside of the casing --

25 Q. Oh.

1           A.    -- went up to 3600, and then they set a plug on  
2 the inside at 3600, and they tagged to prove it was there.

3           Q.    So what is the cement top on the production  
4 casing, on the 4-1/2-inch?

5           A.    At 3685.

6           Q.    That's the cement top?

7           A.    Yeah.

8           Q.    With no -- Did it have a DV tool in the hole?

9           A.    That I do not know. This information came from  
10 the State records.

11          Q.    Yeah. Okay. So can you give me another wellbore  
12 diagram, then, that actually shows the cement volumes and  
13 the cement top --

14          A.    Okay.

15          Q.    -- real -- very clearly on that well?

16          A.    Okay.

17          Q.    And then the next well is the same way, the Bell

18          A.    That one shows a top-of-cement at 8166 and then the  
19 8-5/8 casing above that.

20          A.    Right.

21          Q.    And so if water is injected around 4000 feet, it  
22 could possibly move laterally and move up to the Bradenhead  
23 or down to -- you know, if worst came to worst, to 8166  
24 feet.

25          A.    Right.

1 Q. So you guys -- you guys control that well, so you  
2 could do something with that one, maybe.

3 A. But the Bell A, no, it -- we're not the operator  
4 of the Bell A.

5 Q. Oh.

6 A. That one is Phoenix Hydrocarbon.

7 Q. This is page 13?

8 A. Yeah, she messed up and left Chaparral Energy on  
9 the operator, but it's not the operator. She was using our  
10 form, and it automatically prints us as an operator.

11 EXAMINER JONES: Okay, okay. Well, I guess I'll  
12 just keep on going here. We -- Those kind of things, can  
13 you just make sure the wellbore diagrams are extremely  
14 accurate on all the offset wells, and send that to me, and  
15 the other ones, and then we'll look at it and see what  
16 happens then.

17 And that's all I had on this well. I think Gail  
18 had something to say.

19 MS. MacQUESTEN: I had a couple of questions.

20 EXAMINATION

21 BY MS. MacQUESTEN:

22 Q. On Exhibit Number 2, the affidavit of notice of  
23 hearing, it states that copies of the notice letters and  
24 certified return receipts are attached, and I didn't get  
25 copies of the return receipts. Do you have those?

1 MR. LARSON: They weren't attached at --

2 THE WITNESS: Okay, I have those on -- for the  
3 two.

4 Q. (By Ms. MacQuesten) And were you able to get  
5 return receipts on all of the addresses that you mailed  
6 notice to?

7 A. I don't have -- I have these two on my list.

8 MS. MacQUESTEN: So if we could get copies of  
9 these to add to the exhibit --

10 MR. LARSON: Certainly.

11 MS. MacQUESTEN: -- and it appears we've got a  
12 return receipt for Phoenix Hydrocarbons and Weldon --

13 MR. LARSON: Yes.

14 MS. MacQUESTEN: -- Dallas, and then you're going  
15 to be re-notifying the Land Office; is that right?

16 MR. LARSON: That's right.

17 THE WITNESS: And when we will -- and we will get  
18 receipt from that one.

19 MS. MacQUESTEN: Okay.

20 MR. LARSON: The notice of hearing was sent by  
21 priority mail, I believe.

22 THE WITNESS: Right.

23 MS. MacQUESTEN: And we'll need to have something  
24 indicating receipt of the notice.

25 MR. LARSON: Certainly.

1 Q. (By Ms. MacQuesten) My other questions go to a  
2 different issue, and that is in regard to our new Rule 40.  
3 And perhaps I should address these questions to Mr. Larson.

4 Are you aware we have -- in Rule 701 there's a  
5 requirement that the operator be in compliance with Rule 40  
6 before we can grant an injection permit. I just want to  
7 let you know that a short time ago I did check the inactive  
8 well list for Chaparral, and it appeared to me that there  
9 were more wells on the list than are allowed under Rule 40,  
10 which would put them in violation of Rule 40.

11 If that's the case -- and I can't say right now  
12 that that is because I've been out of the office for the  
13 past three days visiting the Districts, and I can't --  
14 wasn't able to check this morning. But if that's the case,  
15 when it comes time for Mr. Jones to be able to grant a  
16 permit, he will not be able to grant a permit until  
17 Chaparral is in compliance with Rule 40, either by getting  
18 wells removed from the inactive well list or entering into  
19 an agreed compliance order to bring those wells into  
20 compliance, and I just wanted to make sure you are aware of  
21 that as we go through this process.

22 A. Right, and they were -- two weeks ago, everything  
23 -- all but two wells were in compliance. Whether the  
24 paper- -- with the field person. Now, whether the  
25 paperwork had got through the district office or not, I

1 don't know.

2 Q. Right, and that may be something you'll need to  
3 keep --

4 A. Yes.

5 Q. -- up, to make sure that paperwork has gone  
6 through. If it hasn't gone through and it's causing you  
7 problems, you may want to call us and talk about an agreed  
8 compliance order --

9 A. Right.

10 Q. -- and get that in place --

11 A. Right.

12 Q. -- so it's not an issue for you.

13 MR. LARSON: And what would you suggest we do in  
14 terms of letting the Hearing Examiner know that we're in  
15 compliance with Rule 40?

16 MS. MacQUESTEN: We can check. We have the  
17 ability --

18 EXAMINER JONES: We'll check.

19 MS. MacQUESTEN: -- to check online. But if it  
20 is a question for you, you may want to keep in touch.

21 MR. LARSON: Sure.

22 MS. MacQUESTEN: Okay.

23 (Off the record)

24 EXAMINER JONES: Okay, what we're thinking is to  
25 continue this till June 6th, and Mr. Brown won't have to

1 show up, but maybe some designee of him, maybe Mr. Larson,  
2 show up and just show us the requested information and --

3 MR. LARSON: June 6th?

4 EXAMINER JONES: July 6th.

5 MR. LARSON: July 6th.

6 EXAMINER JONES: July 6th, sorry.

7 MR. LARSON: Okay.

8 EXAMINER JONES: That's -- I think that's a month  
9 away.

10 MR. LARSON: And should we submit all the things  
11 you requested at that time, or do you want us to send them  
12 as we get them in?

13 EXAMINER JONES: No, just wait till that time.

14 MR. LARSON: Okay.

15 EXAMINER JONES: Okay? And that's all we have.

16 So we've continued Case 13,695 until July the 6th.

17 Thank you guys very much.

18 MR. LARSON: Thank you.

19 (Thereupon, these proceedings were concluded at  
20 8:50 a.m.)

21 \* \* \*

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

25 \_\_\_\_\_, Examiner  
Oil Conservation Division

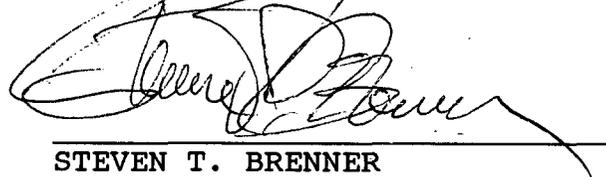
## CERTIFICATE OF REPORTER

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 June 11th, 2006.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006