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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 THE NEW MEXICO OIL
CONSERVATION DIVISION FOR A COMPLIANCE
ORDER AGAINST BUCKEYE DISPOSAL, LLC.

CASE NO. 14108

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID BROOKS, Legal Examiner
TERRY WARNELL, Technical Examiner

April 17, 2008

Santa Fe, New Mexico

This matter came for hearing before the New Mexico Oil
Conservation Division, DAVID BROOKS, Legal Examiner, and TERRY
WARNELL, Technical Examiner, on April 17, 2008, at the
New Mexico Energy, Minerals and Natural Resources Department,
1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
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A P P E A R A N C E S

FOR THE APPLICANT, NEW MEXICO CONSERVATION DIVISION

Mikal Altomare, Esq.
NEW MEXICO OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

WITNESS: Daniel Sanchez
Compliance and Enforcement Manager
New Mexico Oil Conservation Division

FOR THE RESPONDENT,

Ernest L. Padilla, Esq.
PADILLA LAW FIRM, PA
1512 South St. Francis Drive
Santa Fe, New Mexico 87504

WITNESS: James Millett
Project Manager
PAB Services, Inc.

1 MR. BROOKS: We'll call Case No. 14108, Application
2 of New Mexico Oil Conservation Division for a Compliance Order
3 against Buckeye Disposal, LLC.

4 Call for appearances.

5 MS. ALTOMARE: Mikal Altomare on behalf of the Oil
6 Conservation Division.

7 MR. PADILLA: L. Padilla for Buckeye, LLC.

8 MR. BROOKS: Witnesses?

9 THE WITNESS: Daniel Sanchez of the OCD.

10 MR. PADILLA: I have one witness, James Millett.

11 MR. BROOKS: Very good. Witnesses, if you have
12 business cards, it will be helpful if you would give them to
13 the reporter if you have not already done so.

14 Will the witnesses please stand to be sworn?

15 [Witnesses sworn.]

16 MR. BROOKS: Okay. You may proceed, Ms. Altomare.

17 MS. ALTOMARE: Thank you, Mr. Examiner. Just
18 briefly, to summarize why we're here today, the application
19 pretty much lays everything out, basically, just to clarify why
20 we're here as opposed to going to District Court for
21 enforcement of the ACO non-compliance.

22 Because this was an on-going non-compliance issue
23 with the one well, coupled with a new violation with a second
24 well, in the name of judicial efficiency, I guess, we thought
25 it best to bring the action here, try and consolidate and get

1 everything done at once, try and get the underlying ACO
2 enforced at the same time as getting the new violations
3 addressed -- trying to hit two birds with one stone, as it
4 were.

5 And also, in effect, get a more solid order if and
6 when we do need to go to District Court so that they can seek
7 enforcement in that venue -- if and when we need to do that.

8 The underlying ACO was done for the State AF#1
9 because of a violation of continuous inactivity for a period of
10 one year plus 90 days. The operator did acknowledge that they
11 were in violation of the OCD rules, signed the ACO, agreed to
12 bring the well back into compliance by either plugging and
13 abandoning it or obtaining a temporary abandonment status
14 approval by the OCD by a date certain. That date certain was
15 set to be December of 2007. I believe it was December 17th.

16 They did not meet that date. And within the ACO,
17 there was a penalty structure that was called for if they did
18 not meet the terms of the ACO. The penalties have not been
19 paid. The well still has not been brought into compliance.

20 And in addition to that, another well that they had
21 acquired shortly after it had been brought into TA status by
22 the previous operator fell out of compliance because the TA
23 expired. And that well has not been brought back into TA
24 status or plugged and abandoned or brought back on line either.

25 In addition to that, both of these wells now fall

1 under the new financial assurance requirements requiring
2 additional single well bonding because they have been inactive
3 for longer than two years and are on state or fee land.

4 Because of these on-going violations, we are seeking
5 an enforcement, an order mandating compliance. We're not
6 seeking any additional penalties in addition to the enforcement
7 of the penalty clause of the underlying ACO. What we are
8 seeking is that the operator be ordered to plug and abandon
9 both wells by a date certain and be ordered to pay the
10 penalties that have accrued to date according to the terms of
11 the ACO that the operator signed and acknowledged some time
12 ago.

13 And at this time, we will call Daniel Sanchez.

14 MR. BROOKS: Very good. Mr. Padilla, do you wish to
15 make an opening statement before we start the witnesses?

16 MR. PADILLA: No. I think the evidence will be clear
17 enough to support what our point is going to be in this case.

18 MR. BROOKS: Very good.

19 MS. ALTOMARE: Before I begin with Mr. Sanchez, there
20 is a packet of exhibits before you, Mr. Examiner. The first
21 two exhibits that you will see are an affidavit of Dorothy
22 Phillips as to the financial assurance issue and an affidavit
23 of service noting the service that was provided to Buckeye
24 Disposal, as well as the service that was attempted on the
25 surety for Buckeye Disposal based on the address that was

1 provided by the surety. Apparently, that address is no longer
2 valid. It was returned to us. There was also publication
3 notice that was provided. All of that is laid out within the
4 Affidavit of Service and the attached exhibits. The affidavit
5 of Dorothy Phillips provides the information regarding the
6 violations of the financial assurance requirements as to these
7 two wells.

8 DANIEL SANCHEZ

9 after having been first duly sworn under oath,
10 was questioned and testified as follows:

11 DIRECT EXAMINATION

12 BY MS. ALTOMARE:

13 Q. Mr. Sanchez, can you state your full name for the
14 record, please.

15 A. Daniel Sanchez.

16 Q. Okay. And by whom are you employed?

17 A. The New Mexico Oil Conservation Division.

18 Q. And how long have you been employed there?

19 A. For three and a half years.

20 Q. And what is your position with the Oil
21 Conservation Division?

22 A. I'm the compliance and enforcement manager.

23 Q. And what are your job duties as a compliance and
24 enforcement manager?

25 A. I supervise the four districts throughout the

1 state, the environmental bureau here in Santa Fe, and I oversee
2 the compliance and enforcement efforts within the Division.

3 Q. Okay. And have you testified before in this
4 forum and before the Division?

5 A. Yes, I have.

6 Q. Have you been qualified as an expert in oil
7 conservation in the oil industry and the regulation and
8 enforcement management?

9 A. Yes.

10 MS. ALTOMARE: At this time, I would move to qualify
11 Mr. Sanchez as an expert in the oil industry and regulation and
12 compliance.

13 MR. BROOKS: Any objection?

14 MR. PADILLA: No, no, no.

15 MR. BROOKS: So qualified.

16 Q. (By Ms. Altomare): Mr. Sanchez, have you
17 reviewed the well files at issue for the two wells that are
18 raised in the application of this case?

19 A. Yes, I have.

20 Q. Are you familiar with the operator that we are
21 discussing today, Buckeye Disposal, LLC?

22 A. Yes.

23 Q. I want to show you what has been marked as
24 Exhibit C. Do you have that in front of you?

25 A. Yes, I do.

1 Q. Can you identify that for the record, please?

2 A. This is the Agreed Compliance Order between the
3 OCD and Buckeye Disposal, LLC.

4 Q. Okay. And for the record, that has been
5 identified as ACO 183; is that correct?

6 A. That's correct.

7 Q. And are you familiar with this particular Agreed
8 Compliance Order?

9 A. Yes, I am.

10 Q. And what was the reason for this particular
11 Agreed Compliance Order?

12 A. For the State AF#1 well, they were out of
13 compliance. There was no production or injection reported
14 since December of 2003, and the well had neither been plugged
15 or temporarily abandoned.

16 Q. Okay. I'd like to direct your attention to Page
17 2 of the Agreed Compliance Order. At Page 2, what are the key
18 conclusions at Paragraphs 2 and 3 that were reached by the Oil
19 Conservation Division in the Agreed Compliance Order?

20 A. They were that Buckeye violated Rule 201 by
21 failing to properly plug and abandon or place on temporary
22 abandonment status the State AF#1 well within 90 days of one
23 year of continuous activity, and the violation of Rule 201 was
24 knowing and willful. Buckeye did not take correct action on
25 the State AF#1 well, even after three letters from the OCD

1 notifying Buckeye of the violation. Those letters were issued
2 in March of '05, June of '05 and July of '06.

3 Q. Okay. In the section labeled "Order" of the
4 Agreed Compliance Order, can you review for the Hearing
5 Examiner what was ordered by the OCD with regard to the
6 State AF#1?

7 A. Okay. "The OCD assesses, and Buckeye agrees to
8 pay, a penalty of \$1,000 for the knowing and willful violation
9 of Rule 201 at the State AF#1 well.

10 "The \$1,000 penalty shall be paid at the time Buckeye
11 executes this order. Payment shall be made by check payable to
12 the New Mexico Oil Conservation Division.

13 "Within 10 days of the date that this order is
14 executed, Buckeye shall file a sundry notice indicating its
15 intent to produce, plug or temporarily abandon the State AF#1
16 well.

17 "Within six months of the date this order is
18 executed, Buckeye shall take one of the following actions to
19 return the State AF#1 well to compliance with Rule 201:

20 "A: Return the well to production and file a C --
21 155 reporting production;

22 "B: Plug the wellbore of the well and file a sundry
23 notice reporting the plugging; or

24 "C: Place the well on approved temporary abandonment
25 status.

1 "If Buckeye fails to return the State AF#1 well to
2 compliance with Rule 201 within six months of the date this
3 order is executed, Buckeye agrees to pay an additional penalty
4 of \$1,000 for each full week after the deadline that the well
5 remains out of compliance with Rule 201."

6 Q. Okay. And Paragraph 6 enumerates a series of
7 acknowledgements that the operator indicated by signing this
8 document; is that correct?

9 A. That's correct.

10 Q. And what are those acknowledgements?

11 A. "The operator acknowledges the correctness of
12 Findings and Conclusions set forth in this order;

13 "Agrees to pay the \$1,000 penalty assessed in the
14 Order at the time the Order is executed;

15 "Agrees to file a sundry notice within 10 days of the
16 date this Order is executed stating its intent to produce, plug
17 or temporarily abandon the State AF#1;

18 "Agrees to return the State AF#1 to compliance with
19 Rule 201 within six months of the date this Order is executed;

20 "Agrees that if it fails to return the State AF#1 to
21 compliance with Rule 201 within six months of the date this
22 Order is executed, it will pay an additional penalty of \$1,000
23 for each full week after that deadline that the State AF#1
24 remains out of compliance with Rule 201;

25 "Waives any right, pursuant to the Oil and Gas Act or

1 otherwise, to a hearing either prior to or subsequent to the
2 entry of this order or to an appeal from this Order;

3 "Agrees that the order may be enforced by OCD or Oil
4 Conservation Commission Order, by suit or otherwise, to the
5 same extent and with the same effect as a final Order of the
6 OCD or Oil Conservation Commission entered after notice and
7 hearing in accordance with all terms and provisions of the Oil
8 and Gas Act."

9 Q. And what are the dates of execution by the
10 representative of Buckeye and by the director of the Oil
11 Conservation Division?

12 A. Buckeye signed on -- I believe it's May 20th
13 of '07, and that was by Peter Bergstein. And the commissioner,
14 Mark Fesmire, Executive Director, signed off on June 1st, 2007.

15 Q. Okay. So based on Paragraph 4 calling for six
16 months of the date of the order -- "within six months of the
17 date of the order, Buckeye shall take one of the following
18 actions to return the State AF#1 well to compliance, " -- six
19 months from June 1st, what would have been the deadline for
20 Buckeye to have returned the well to compliance?

21 A. December 1st.

22 Q. To your knowledge, did Buckeye return the well to
23 compliance using one of the methods that was enumerated in the
24 ACO?

25 A. No, they didn't.

1 Q. Did they make the 10-day deadline for filing the
2 sundry from the June 1st signature of the director?

3 A. No, they didn't.

4 Q. Okay. I'd like to direct your attention to
5 Exhibit E. At this point, can you identify this document for
6 the record?

7 A. This was the letter sent out on June 1st, 2007,
8 along with the signed Agreed Compliance Order acknowledging the
9 receipt of the signed order by Buckeye and the receipt of
10 \$1,000 penalty and given the details of the Agreed Compliance
11 Order issues.

12 Q. Okay. And this letter actually does specify the
13 dates of June 1st and December 1st for the deadlines for
14 Buckeye?

15 A. Yes, it does.

16 Q. So it actually calculates the deadlines for the
17 operator?

18 A. Yes, it did.

19 Q. And you were copied on this letter; is that
20 right?

21 A. That's correct.

22 Q. Just to back up, I'm going to show you Exhibit D.
23 Can you identify this document for the record, please?

24 A. Exhibit D is the well list for Buckeye Disposal
25 LLC, and it shows the four wells that they operate at this

1 time.

2 Q. Okay. And how is this list generated?

3 A. These are the wells reported by the operator to
4 the OCD.

5 Q. And this is the list that is generated by the
6 OCD's online system; is that correct?

7 A. That's correct.

8 Q. And it's a public record available publicly
9 online; is that correct?

10 A. Yes, it is.

11 Q. And it's kept in the ordinary course of the
12 business by the OCD?

13 A. Yes.

14 Q. By your calculations, how many full weeks have
15 elapsed since the December 1st deadline passed for bringing the
16 well into compliance according to the ACO?

17 A. 19.

18 Q. So according to your calculations, how much --
19 what is the total amount of penalty at this time that has
20 accrued based on the penalty structure that is included in the
21 ACO?

22 A. \$19,000.

23 Q. So to your knowledge, has Buckeye made any
24 payment or any effort to remit any amount of the payment of the
25 penalty from the ACO?

1 A. No, not at this time.

2 Q. Okay. What is the status of the AF#1?

3 A. It is still out of compliance with Rule 201.

4 Q. They filed an intent to plug the abandon in
5 January; is that right?

6 A. That's right.

7 Q. To your knowledge, has any additional work been
8 done at the site beyond filing that sundry in January?

9 A. Not to my knowledge.

10 Q. What are you asking for with regard to the
11 violation and non-compliance with the ACO 183 at the
12 State AF#1?

13 A. We're asking that the Hearing Examiner enforce
14 the penalty provision of the ACO 183 by a date certain -- we're
15 looking at within a few weeks of the issuance of the order --
16 stating that -- we're asking just for the \$19,000. We're not
17 asking that the penalty be taken beyond today's date.

18 We're also asking that the well be plugged and
19 abandoned by May 30th of 2008. And if they still fail to come
20 into compliance by meeting these obligations, that the Hearing
21 Examiner order that OCD allow to plug the well and forfeit
22 Buckeye's financial surety.

23 Q. Okay. Mr. Sanchez, with regard to the other
24 portion of the application, I'd like to direct your attention
25 to Exhibit No. F.

1 A. Okay.

2 Q. Can you identify this document for the record,
3 please?

4 A. This is a Change of Operator form from Penroc Oil
5 Corporation to Buckeye Disposal. This was enacted in November
6 of 2003, and this changeover is for the State AF#1, the State
7 AF#2 and the State AF#3 to Buckeye.

8 Q. Okay. So according to this, Buckeye acquired
9 both the State AF#1 and State AF#2 in November of 2003?

10 A. Yes.

11 Q. Is that right?

12 A. Yes.

13 Q. So go ahead and look at Exhibit G, if you would.

14 A. Okay.

15 Q. What is this document?

16 A. This is a form C-103. This was submitted by
17 Penroc Oil Corporation, and it was able to put the State AF#2
18 well on temporary abandonment status until October 17th, 2007.

19 Q. Okay. What is the date of the temporary
20 abandonment approval?

21 A. October 18th, 2002.

22 Q. So the State AF#2 was put on temporary
23 abandonment status approximately a year prior to the transfer
24 to Buckeye; is that right?

25 A. That's correct.

1 Q. So when Buckeye acquired the State AF#2, it was
2 currently in temporary abandonment status?

3 A. Yes.

4 Q. Okay. Are you familiar with Rule 101.B?

5 A. Yes, I am.

6 Q. And what does that rule require?

7 A. Any state or fee well that has been inactive or
8 on temporary abandonment status for more than two years, as of
9 January 1st of 2008, is required to submit financial assurance,
10 individual well bonds on those wells.

11 Q. Okay. I'm going to go ahead and direct your
12 attention to -- if you could look at the affidavit of Dorothy
13 Phillips, which is Exhibit A.

14 A. Uh-huh.

15 Q. If you could look at Exhibit B to her affidavit.
16 According to this document, the State AF#2 was at one point an
17 active, producing well; is that right?

18 A. That's right.

19 Q. And this document is dated 1989; is that right?

20 A. Yes.

21 Q. Okay. And it has been on temporary abandonment
22 status since at least 2002; is that correct?

23 A. Up until 2007.

24 Q. Okay. And what is the current status of the
25 State AF#2 well?

1 A. It is currently in violation of Rule 101.B and
2 Rule 201.

3 Q. What is the current status of the temporary
4 abandonment status for the State AF#2?

5 A. It is no longer on temporary abandonment status.

6 Q. It expired on October 17th?

7 A. Yes, 2007.

8 Q. What is the obligation of an operator with regard
9 to temporary abandonment status when they obtain -- when the
10 well is -- when they operate a well that is under an approved
11 temporary abandonment status with regard to an upcoming
12 expiration?

13 A. Prior to that expiration, the TA, they are either
14 to file paperwork to get the well back on TA status, get it
15 producing again, or plug and abandon the well.

16 Q. Okay. So by failing to do that, the State AF#2
17 well is in violation of both Rule 101.B and Rule 201, which is
18 the rule calling for -- the same rule that the State AF#1 well
19 was in violation that we discussed earlier?

20 A. That's right.

21 Q. Okay. What are -- and just to reiterate, to your
22 knowledge, is the State AF#1 still in violation of Rule 201,
23 which requires plugging and abandonment, return to activity, or
24 TA status after a period of continuous inactivity of one year
25 plus 90 days?

1 A. Yes. It's in violation of Rule 201.

2 Q. With regard to 101.B, is the State AF#2 in
3 violation of that, in that it has been inactive for a period of
4 two years?

5 A. Yes, it is.

6 Q. What are you asking for with regard to the
7 violations of 201 and 101.B for the State AF#1 and the
8 State AF#2?

9 A. An official determination that both wells are out
10 of compliance with Rules 101.B and Rule 201, an order requiring
11 the operator to post the required single well financial
12 assurances for both wells by a date certain and until such time
13 as the wells have been plugged and abandoned and released,
14 order the operator to plug and abandon both of the wells by a
15 date certain. We're looking at May 30th of 2008 for that.

16 An imposition of a penalty for \$19,000 for the
17 original ACO 183. Also, within a couple weeks, two weeks of
18 the issuance of the order and if the operator fails to plug and
19 abandon the wells per the order, declaring the wells abandoned
20 will allow the OCD to forfeit the applicable financial
21 assurance to plug the wells.

22 Q. Is the OCD asking for any additional penalty
23 imposition specifically for these violations?

24 A. No.

25 Q. And are you asking just for, specifically, for

1 enforcement action?

2 A. Just enforcement action and the original penalty
3 for ACO 183.

4 Q. And just for clarification, is there a
5 distinction between plugging and abandonment and the actual
6 release of a site?

7 A. Yes. After the well has been plugged and
8 abandoned, the operator has a year to actually clean up the
9 site and get it released.

10 Q. And the bond under Rule 101.B must remain in
11 place until such time as the site is released; is that right?

12 A. That's correct.

13 MS. ALTOMARE: That's all the questions I have. Pass
14 the witness.

15 MR. BROOKS: Mr. Padilla?

16 CROSS EXAMINATION

17 BY MR. PADILLA:

18 Q. Mr. Sanchez, the application with regard to
19 violation of Rule 101 states on Page 9 that they asked for
20 determining that the subject wells are not in compliance with
21 the 19.15.4.101 NMAC. What is that rule?

22 A. 101 -- Rule 101 is the financial assurance rule.
23 I don't know if that's the exact name for it -- that's what we
24 refer to it as -- and indicates that any well, state or fee,
25 that has been inactive for a period of more than two years

1 requires single well bonding.

2 Q. The citation in the application for this rule is
3 19.15.4.101 NMAC. Is there such a rule?

4 A. I'll ask my attorney. I don't have that in front
5 of me.

6 MS. ALTOMARE: I'm sorry. What page are you at?

7 MR. PADILLA: 9 of 12, at the bottom of the page.

8 MS. ALTOMARE: Is that the only place where it's
9 cited?

10 MR. PADILLA: I'm not sure.

11 MR. BROOKS: It's correctly cited in the notice,
12 apparently.

13 MS. ALTOMARE: It may just be a clerical error.

14 MR. PADILLA: It's cited on the following page at the
15 top of the page.

16 MS. ALTOMARE: Oh, it's -- yeah. That was just
17 apparently a clerical error because the rest of the document
18 has it correctly typed.

19 MR. PADILLA: Well, in the plea hearing statement, I
20 find that citation as well.

21 MS. ALTOMARE: In the substantive portion of the
22 document for violation of OCD Rule 101.B where the actual
23 portion of the document discussing that violation is fully
24 articulated and flushed out beginning on Page 4, it is cited as
25 19.15.3.101.B.

1 MR. PADILLA: So let me ask the witness which is
2 correct. The incorrect citation or the portion citing the
3 substantive portion?

4 MS. ALTOMARE: I think you're asking for legal
5 conclusions. I'm not sure --

6 MR. PADILLA: If he knows. I'm not asking for a
7 legal conclusion. He's testifying here as an expert in
8 compliance.

9 A. I didn't review that part of the opening
10 statement. So I really can't say at this point.

11 Q. (By Mr. Padilla): Mr. Sanchez, what is OCD's
12 criteria for knowing and willful violation under these rules
13 that you've been discussing today?

14 A. In this case, when an operator has been notified
15 of a violation, and we've received no response to that
16 notification, and it's backed up again -- it really doesn't
17 need to be backed up more than that one time as long as they've
18 been notified -- then they are aware that they have violated a
19 rule. That is knowing and willful. That's what I would
20 consider knowing and willful.

21 Q. And that's a purely subjective determination that
22 the OCD makes; is that right?

23 A. I don't believe that's really subjective. It's a
24 very fair and accurate way of determining knowing and willful.

25 Q. Does the OCD look at any mitigating factors in

1 regard to that application of that standard?

2 A. Yes, we do.

3 Q. What kind of mitigating factors do you look at?

4 A. There have been times where a letter has gone
5 out, and there has been no response. We'll contact the
6 operator and determine that they may not have received a
7 letter, in which case we won't go after them. We'll continue
8 to work with them. So that's a mitigating factor, I would
9 think.

10 Q. Are there any other mitigating factors that you
11 would consider?

12 A. That would have to be on a case-by-case basis,
13 but I am sure there are others.

14 Q. What you're telling me, then, is that the OCD
15 doesn't consider mitigating factors, right?

16 A. Yes, we do.

17 Q. In this case, are there any environmental
18 concerns that you know of?

19 A. Not that I'm aware of.

20 Q. Would lack of environmental factors or concerns
21 be a mitigating concern as far as the OCD?

22 A. It could be, yes.

23 Q. What reports have you received from the field
24 office concerning the AF#1 well?

25 A. No specific reports that I can recall at this

1 time.

2 Q. In bringing this application, did the OCD simply
3 consider the lack of response by the operator with regard to
4 the compliance order?

5 A. The lack of response was the reason we entered
6 into the Agreed Compliance Order. We felt that if we did get
7 into an Agreed Compliance Order and laid down the basis for our
8 issues, that the operator would work with us, and we could
9 resolve those issues.

10 Q. With respect to the AF#2 well, did you do
11 anything in terms of notifying the operator that you were
12 bringing this action today?

13 A. Just through the application itself.

14 Q. So no warning letter to start off with?

15 A. No. The operator should have been well aware
16 that they were on temporary abandonment status up to that point
17 and that that well would have been falling off. It's up to
18 them to keep track of those wells.

19 Q. What is the practice of the OCD prior to bringing
20 an application for enforcement with regard to a well such as
21 the AF#2 well?

22 A. It's really on a case-by-case basis. It really
23 depends on the operator and what we're looking for. So there's
24 not one answer for each case.

25 Q. Ordinarily, is a warning letter sent before you

1 bring an application for temporary abandoned status?

2 A. Once again, that really depends on whether
3 there's a specific well we're looking at at that time. If
4 there is something else that we -- like in this case, we had
5 the action on the AF#1 under the Agreed Compliance Order. And
6 when that was ignored, we brought in the AF#2, because that
7 one, too, was out of the compliance. So a letter wouldn't have
8 gone out in that case.

9 Q. If it had just been the AF#2 well, would this
10 letter have gone out first?

11 A. Probably no action would have been taken on that
12 unless there was a request for certain issues. They would have
13 eventually fallen under -- or they are under Rule 40 in being
14 out of the compliance.

15 If they had requested allowables or a permit for
16 another well or something like that, then we would have let
17 them know that there was an issue and would have given them
18 time to resolve that issue.

19 Q. In this case, nothing was sent about the AF#2 in
20 order to resolve the issue of expiration of temporary
21 abandonment status?

22 A. Like I said before, it's not up to us to inform
23 an operator when their TA are coming due. It's their
24 responsibility to maintain those and keep up on them.

25 Q. Well, how is that you bring enforcement action

1 with respect to a well such as the AF#2?

2 A. For that reason, that there was another one that
3 was on the list that we felt that we needed to deal with. And
4 it had been on TA status for five years coming up to 2007, and
5 it remained under that status which brought it under
6 Rule 101.B. So there was an issue of additional financial
7 assurances that we were trying to take care of. And if you
8 look at the application again, we're not asking for penalties
9 on the AF#1. We're asking that they come into compliance.

10 Q. And you're doing the same with respect to the
11 bonding requirements, right?

12 A. Yes.

13 Q. You're not asking for any penalties on that?

14 A. No. Just that they come into compliance with the
15 rule.

16 MR. PADILLA: That's all I have.

17 MR. BROOKS: Very good. Thank you.

18 EXAMINATION

19 BY MR. BROOKS:

20 Q. When you were speaking of what you were asking
21 for with respect to these two wells, you said that you asked
22 for an order that they be plugged.

23 A. Yes, sir.

24 Q. In most of these compliance cases where we have
25 inactive wells, the order reads that they are to be brought

1 into compliance, which could be plugging and approved temporary
2 abandonment or restoration of production. Are you specifically
3 asking in this case that the wells be plugged?

4 A. For the length of time that they have been
5 inactive, we felt that the operator wasn't going to get them
6 back into compliance by putting them back into production or
7 injection. Temporary abandonment status for any length of time
8 after this just doesn't seem to make sense after it's been
9 sitting there for six years inactive, and the other well would
10 have been plugged based on the Agreed Compliance Order 183
11 anyway.

12 Q. Okay. Did the Agreed Compliance Order
13 specifically say it was to be plugged versus being restored to
14 compliance?

15 A. I believe it did.

16 Q. It seems to me it says -- in Paragraph 4 at the
17 top of Page 3, it appears to say that it can be brought into
18 compliance by any means provided.

19 MS. ALTOMARE: They filed an intent to P&A. I think
20 that's what happened.

21 MR. BROOKS: Okay. I think that's the only questions
22 I have. Terry?

23 EXAMINATION

24 BY MR. WARNELL:

25 Q. Have either one of these wells, #1 or #2, ever

1 produced under this operator?

2 A. As far as I know, not under this operator.

3 Q. And you're asking that both wells be plugged by
4 May 30th of this year?

5 A. Yes.

6 MR. WARNELL: I have no other questions.

7 MR. BROOKS: Any follow-up, Ms. Altomare?

8 REDIRECT EXAMINATION

9 BY MS. ALTOMARE:

10 Q. Just for clarification, the last time that the
11 OCD made efforts to send warning letters to work with this
12 operator prior to the issuance of the ACO 183, how responsive
13 was the operator?

14 A. We got no response.

15 MS. ALTOMARE: That's all I have.

16 MR. BROOKS: Very good. The witness may stand down.
17 Does that conclude your presentation?

18 MS. ALTOMARE: It does.

19 MR. BROOKS: Do you want to offer the exhibits in
20 evidence?

21 MS. ALTOMARE: Yes, thank you. I'd like to move
22 Exhibits A through G into evidence, please.

23 MR. BROOKS: Any objection?

24 MR. PADILLA: No.

25 MR. BROOKS: Exhibits A through G are admitted.

1 Mr. Padilla?

2 MR. PADILLA: I have one witness. I'll call
3 Mr. James Millett.

4 MR. BROOKS: Is your name --

5 THE WITNESS: James Millett.

6 MR. BROOKS: Would you spell your last name? Because
7 I'm not hearing you.

8 THE WITNESS: Okay. M-i-l-l-e-t-t.

9 MR. BROOKS: Thank you.

10 THE WITNESS: No problem.

11 MR. BROOKS: You may proceed, Mr. Padilla.

12 JAMES MILLETT

13 after having been first duly sworn under oath,
14 was questioned and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. PADILLA:

17 Q. Mr. Millett, state your full name for the
18 record, please.

19 A. James Millett, M-i-l-l-e-t-t, the last name.

20 Q. You're here representing Buckeye Disposal LLC,
21 correct?

22 A. Yes, sir.

23 Q. And what is your position with Buckeye Disposal
24 LLC?

25 A. I'm currently employed by PAB Services, and I'm

1 the project manager for them.

2 Q. Where are you located?

3 A. Lubbock, Texas.

4 Q. And tell us a little bit about -- you're not here
5 testifying as an expert witness of any sort, right?

6 A. No, sir.

7 Q. You're here as a project manager responding to
8 this application. Right?

9 A. Yes, sir.

10 Q. All right. Tell us a little bit about your --
11 about Buckeye's disposal operations in New Mexico.

12 A. We acquired Buckeye Disposal several years ago,
13 and it is a saltwater disposal for a large area in Buckeye, New
14 Mexico, a large area of production there.

15 Q. When did you take over your specific duties?

16 A. My specific duties were handed to me on or about
17 February the 1st.

18 Q. And what were your instructions when you took
19 over?

20 A. My instructions were to look after all disposals
21 and all compliance, everything into compliance with the State
22 of New Mexico.

23 Q. Can you tell us -- would you be more specific
24 with respect to the AF#1 and the AF#2 wells?

25 A. The AF#1 and the AF#2, we learned in late

1 December of the non-compliance issue. And that was part of the
2 reason for my hiring in December. And I was told to work with
3 the OCD and bring them into compliance, as well as work with
4 Ernie -- or not Ernie, but Eddy C. as to the feasibility of
5 bringing one of those into production as an injection well.

6 Q. Have you retained Eddy C. as a consultant?

7 A. Yes, sir. Yes, sir. I've been working with him
8 for a couple of months now.

9 Q. What is Mr. C. doing?

10 A. Mr. C. is looking into the feasibility of
11 bringing the State AF#2 into -- as an injection well to relieve
12 some pressure off of our State AF#3. We are currently about
13 ready to run a casing log on that. That was our next --

14 Q. What's the proximity of the AF#1, the AF#2, and
15 the AF#3?

16 A. They are all within a quarter mile of each other
17 in a triangular pattern.

18 Q. Have you had any kind of personnel issues at
19 Buckeye?

20 A. Yes, we've had some. Over the last three --
21 about the last three years, we've had some major personnel
22 issues in our Hobbs office.

23 Q. More recently, have you had personnel issues with
24 your manager in the Hobbs office?

25 A. Oh, yes. Mr. Tom Brume and Brian Meredith, both

1 of which when several of these compliance orders came down,
2 were given the full authority to execute, and did not take care
3 of plugging and abandoning it or putting it into production or
4 whatever they deemed feasibly necessary for Buckeye.

5 Q. What kind of changes has Buckeye made with regard
6 to coming into compliance?

7 A. Beginning last -- early last -- in 2006 and 2007,
8 we began a complete turnover of our management there. Tom
9 Brume --

10 MS. ALTOMARE: I'm going to object to this if he
11 doesn't have personal knowledge of this. He just started in
12 February.

13 THE WITNESS: I have the records.

14 MR. BROOKS: I'm sorry. Counselor should respond to
15 the objection, but I'm going to overrule it. I will accept the
16 testimony for what it is, and Counsel can explore his knowledge
17 of these matters on Cross. Continue.

18 Q. (Mr. Padilla): Let me ask you: Have you done an
19 investigation as to -- to familiarize yourself with the --

20 A. Yes, I have.

21 Q. -- personnel issues and why you are --

22 A. Yes, sir.

23 Q. -- in your position? You know that, right?

24 A. Yes, sir. I have done --

25 Q. And you have personal knowledge of what has

1 happened before and currently, right?

2 A. Yes, sir: Yes, sir.

3 Q. All right. So what are you trying to get done
4 out there now?

5 A. We have installed new management beginning last
6 July and August, Larry Parker and Jim Sara. Right now, we are
7 trying -- with Jim, he's a daily pumper who looks after the
8 facility. And right now, we'd like to bring State AF#1 into
9 plug and abandonment status and to bring the State AF#2,
10 pending Eddy C.'s recommendations, either to use it as an
11 injection or plug and abandon if it's not going to be feasible.

12 Q. You heard Mr. Sanchez testify here about the
13 deadline of May 30th, 2008, for plugging and abandoning those
14 two wells. Let's start out with the AF#1, and let me hand you
15 what we have marked as Exhibit No. 1.

16 And I'll have you identify that first.

17 A. It's a C-103 that we just recently filed to plug
18 and abandon the State AF#1.

19 Q. How long -- was that C-103 in response to this
20 application, or had you already planned to plug and abandon
21 that well?

22 A. We had planned to plug and abandon it. The C-103
23 was filed immediately following this application, but it had
24 been discussed with -- consulting with Eddy C. and consulting
25 with Larry Parker to bring it into compliance.

1 Q. Have you done anything to that well to guarantee
2 that there would be no environmental concerns?

3 A. Larry Parker, prior to my being fully responsible
4 for the bringing all these into compliance, took the initiative
5 to set a cast-iron bridge plug. This was done in early
6 February.

7 Q. And as far as you know, what effect would the
8 setting of that bridge plug have?

9 A. Reassure that there wasn't any environmental
10 problem or causing any problems with the casing or anything
11 to --

12 MR. BROOKS: Excuse me. I missed something. Are you
13 talking about the #1 or the #2?

14 THE WITNESS: State AF#1.

15 MR. BROOKS: Okay. Continue.

16 Q. (By Mr. Padilla): How about the #2?

17 A. No work has been done on the #2 at this time.

18 Q. But you're testing the well to see whether or
19 not --

20 A. Oh, yes, yes, yes. We are setting up to run a
21 casing log on it to determine the casing and to determine the
22 feasibility of turning it into an injection well.

23 Q. The testimony we've heard from Mr. Sanchez seems
24 to indicate that Buckeye just doesn't take care of its
25 operations. Do you have a comment about that?

1 A. Yeah. Our facilities are daily checked on by Jim
2 Sara. He was hired last July. He's constantly monitoring the
3 pressures as well as -- there's a lot to go on with the
4 disposal; it's not just a normal production well, as many of
5 you all are aware -- a lot of environmental tank levels that
6 need to be monitored. And on a daily basis, he's assuring that
7 there's no problems with any of that or any environmental
8 concerns for the facility, as well as the day-to-day operation
9 to relieve -- to keep some of these higher producing saltwater
10 wells in that area in operation.

11 Q. Would conversion of the AF#2, the saltwater
12 disposal well, help in preventing early retirement of wells out
13 there?

14 A. Yes, sir. With the rising cost of diesel -- and
15 some of these higher producing saltwater wells -- with only one
16 well, we are filling up now almost on a daily basis. And it is
17 causing the saltwater to be trucked several more miles down the
18 road at a greater expense to the operator.

19 Q. Let me talk about or ask you about knowing and
20 willing violation of the rules. To your knowledge, has there
21 been some total disregard of the rules, of OCD rules?

22 A. No, sir. No, sir. Both Tom Brume and Brian
23 Meredith, as well, were given the full authority to execute
24 these.

25 Q. Let me ask you, before your personnel changes,

1 was there any disregard even then, as far as you know?

2 A. No, sir. No, sir. And no, sir, not at all. And
3 I did go back and look at even our fine history on this. And
4 we have executed any fines or anything immediately upon notice.

5 Q. What is Exhibit No. 2?

6 A. Exhibit No. 2 would be a copy of a cancelled
7 check from last May. That was executed immediately following
8 the receiptment of that order, without delay.

9 Q. You weren't delinquent in paying that penalty?

10 A. No, sir.

11 Q. Now, who was supposed to file these sundry
12 notices, the 103s and that kind of thing?

13 A. In 2007, that would have been left up to Walter.

14 Q. Is that the person that was discharged?

15 A. That was the person that was discharged in July
16 of last year.

17 Q. For failing to --

18 A. For failing to do multiple things, including --
19 we did not know of this non-filing of the sundry notice, but he
20 was -- I did review his records, and he was discharged from our
21 corporation for lack -- basically lack of doing his job.

22 Q. But still there weren't any environmental hazards
23 out there?

24 A. No. No environmental hazards at all.

25 MR. PADILLA: That's all I have.

1 MR. BROOKS: Okay. Ms. Altomare?

2 CROSS EXAMINATION

3 BY MS. ALTOMARE:

4 Q. Mr. Millett, how long have you worked in the oil
5 and gas industry?

6 A. Off and on for the last five years.

7 Q. Okay. And where did you work before taking up
8 with Buckeye?

9 A. I worked with Texland Petroleum. I have worked
10 with both Peter Bergstein and his drilling division. I worked
11 on the rigs, drilling there for several summers.

12 Q. Okay. Is that how you came to work with Buckeye,
13 in particular?

14 A. Yes, ma'am.

15 Q. What, specifically, were you hired to do when he
16 hired you to work with Buckeye?

17 A. I was hired to bring all of our disposals and to
18 look after all of our disposals as far as day-to-day
19 operations, as well as compliance.

20 Q. Okay. So you were hired to take a look at all
21 the disposals in New Mexico?

22 A. Yes, ma'am.

23 Q. Including the State AF#2?

24 A. Yes, including the State AF#2.

25 Q. And you all were looking at that specifically for

1 reactivating it.

2 A. Yes, ma'am.

3 Q. Why wasn't the temporary abandonment expiration
4 addressed?

5 A. Our files had not been kept very well, and that
6 was one thing we did not realize was in expiration until
7 receiving the application.

8 Q. Okay. You said that you were aware back in
9 December -- or Buckeye became aware back in December that there
10 were some compliance issues that were coming. And that was
11 part of the reason for your hire.

12 A. Yes, ma'am.

13 Q. If you were aware, or Buckeye was aware, back in
14 December of compliance issues, what action did Buckeye take to
15 initiate contact with OCD to start diffusing that situation?

16 A. I'm not aware of exact actions. Larry Parker did
17 begin to take immediate action, and -- because he was not aware
18 of State AF#2 being in compliance. He was aware of State AF#1
19 not being compliant. And that was part of the cast-iron bridge
20 plug. He was not -- did not know very much on how to do it,
21 but he knew setting a cast-iron bridge plug would assure there
22 would not be an environmental problem.

23 Q. Was any contact initiated, though, with OCD about
24 the ACO violation, the non-compliance?

25 A. I don't know. I do not know.

1 Q. Okay. You said you did a full review of all of
2 the records, and it's your position that Buckeye had never done
3 any kind of knowing and willful violation of non-compliance of
4 any nature?

5 A. Correct.

6 Q. Why, then, were all of the letters disregarded
7 that were sent prior to the ACO being entered into?

8 A. They were received by Mr. Bergstein. I did meet
9 with him on this issue. They were received by him, and with
10 the constant turnover of management, it seemed just to slip
11 through the cracks. He authorizes his managers to take care of
12 things. And he would receive them, take care of the fines,
13 take care of anything and request that they be executed, and
14 they were not executed.

15 Q. You do understand that, as a company, as an
16 employee for the company, that the company is responsible
17 ultimately for the behavior of the employees?

18 A. Yes, ma'am. We are aware of that.

19 Q. Okay. What about the financial assurance issues?
20 The OCD has sent out multiple letters to all operators
21 informing them of the financial assume obligation changes. Why
22 has Buckeye been nonresponsive with those changes?

23 A. I'm not sure what happened to the letters prior
24 to my hire date. I did receive a letter, and I have spoken
25 with Dorothy Phillips, and she's directed me to the website,

1 and that is ongoing currently right now of bringing both of
2 them into financial compliance.

3 Q. Okay. Are you the person, then, that is
4 responsible for doing that as well as --

5 A. I'm the person who is responsible for making sure
6 it is executed.

7 Q. Prior to you, who was responsible for that?

8 A. There was no assigned person.

9 Q. Okay. So you can't speak to why, prior to all of
10 this, financial obligations were completely disregarded?

11 A. I have found no reason or no knowledge of why
12 they were completely disregarded.

13 Q. And you can't speak to why, other than paying the
14 \$1,000, the ACO obligations that were imposed by the ACO 183
15 were disregarded?

16 A. I have become aware of those obligations, and
17 literally within weeks of me becoming aware of those
18 obligations, the application was ordered, which was
19 basically -- told us to hold on on doing anything.

20 Q. But again, you weren't there when the ACO was
21 executed? You didn't take part in that process?

22 A. No, ma'am.

23 Q. You are aware, though, that Peter did --
24 Mr. Bergstein did not delegate that duty? He actually signed
25 the ACO himself?

1 A. Yes.

2 Q. And he participated in that process?

3 A. Yes.

4 Q. Has he spoken to you about why he didn't
5 personally see that through to the end?

6 A. Mr. Bergstein is a very busy individual, and he
7 executed this as well as turned it over to his management
8 staff, and he puts a lot of trust in his management staff, and
9 over the last year he has realized that that was very negligent
10 on his part, but he has taken care of that by correcting it
11 with some proper individuals.

12 Q. Okay. The State AF#2 was acquired back in 2003,
13 and Buckeye has never done anything to it since acquiring it;
14 is that right?

15 A. That is correct.

16 Q. So it's basically just been sitting out there
17 since its acquisition?

18 A. Yes, ma'am.

19 MS. ALTOMARE: Okay. I think that's all I have.

20 MR. BROOKS: Mr. Padilla, did you want to tender your
21 exhibits?

22 MR. PADILLA: Yes, I do. I offer Exhibits 1 and 2.

23 MR. BROOKS: Any objection?

24 MS. ALTOMARE: No objection.

25 MR. BROOKS: Respondent's Exhibits 1 and 2 are

1 admitted.

2 EXAMINATION

3 BY MR. BROOKS:

4 Q. On the #1, do you plan to plug that?

5 A. Yes, sir. We do plan to plug that. I will say
6 that the May 30th date is a little bit of a time crunch to
7 coordinate it with the OCD and with rigs and everything. I
8 would ask for a little more time there.

9 Q. On the #2, I wasn't clear. What exactly is your
10 plan on that?

11 A. The plan on that is to run a casing log, and that
12 is to determine, you know, the quality of it and to determine
13 the feasibility of turning it into an injection well.

14 Q. Okay. And if you determine that it's not
15 feasible, would you plug that well?

16 A. Yes. Yeah, we will plug that well and abandon it
17 and continue just from where we are.

18 Q. And you don't view it as having any potential for
19 return to production?

20 A. No, sir.

21 Q. And are you aware that to be an injection well,
22 you would have to file an application --

23 A. Oh, yes.

24 Q. -- C-108 with the Division?

25 A. Yes, sir. And that is what Eddy C. is involved

1 with us for.

2 Q. Very good. Now, this Exhibit 2 that you tendered
3 into evidence, a check for \$21,000 -- let's see.

4 MR. BROOKS: Does someone have an extra copy of
5 Division Exhibit C that they could provide to the witness?

6 MS. ALTOMARE: It's actually memorialized in Division
7 Exhibit E, the letter that was sent out that we have received
8 the check, so we don't contest that they paid it.

9 MR. BROOKS: Do you have a copy of it? Can I use
10 your copy?

11 MS. ALTOMARE: Here's Exhibit C. I found it.

12 MR. BROOKS: Will you give it to the witness, please?

13 Q. (By Mr. Brooks): If you look on Page 3 --

14 A. Yes, sir.

15 Q. -- item B there, under 6B it says, "Agrees to pay
16 \$1,000 penalty assessed in the order at the time the order is
17 executed."

18 Now, would that be the \$1,000 that corresponds to the
19 check?

20 A. Yes, sir.

21 Q. Okay. Then if you look down on item E, "Agrees
22 that if it fails to return the State AF#1 to compliance within
23 six months of the date this order is executed, it will pay an
24 additional \$1,000 for each full week that the deadline for
25 State AF#1 remains out of compliance."

1 Did you pay any of those additional payments provided
2 in that?

3 A. No. We have not paid any additional payments to
4 date.

5 Q. Do you disagree with the Division's statement
6 that the additional payments that have accrued amount to
7 \$19,000?

8 A. I do not agree on that.

9 Q. You do not?

10 A. According to this requirement, I do think that is
11 a little high at this time, and it's going to be economically
12 infeasible to us.

13 Q. But do you agree that that's the amount that's
14 under the terms of this agreement?

15 A. Under the terms of this agreement.

16 Q. And if you'll look over on Page 4 of that -- I
17 can't read that signature. I can't read even the printed name
18 on there. Do you know the individual whose signature appears
19 on Page 4?

20 A. Yes, sir.

21 Q. What is his name?

22 A. Peter Bergstein.

23 Q. And is he authorized to sign for Buckeye Disposal
24 LLC?

25 A. Yes, sir.

1 MR. BROOKS: That's all I have.

2 EXAMINATION

3 BY MR. WARNELL:

4 Q. Mr. Millett, a couple of questions just to help
5 clarify something. You mentioned on well #2, making it into an
6 injection well and then again a disposal well. Do you
7 differentiate between those two?

8 A. No, sir. Same thing.

9 Q. And then your casing log that you're hoping --
10 anticipating on running on well #2, what exactly -- what type
11 of casing log are you going to run?

12 A. Eddy C. has not informed me completely on what he
13 wants to run there. He just wants to see because it has been
14 in temporary abandonment status. It has been sitting there,
15 and we have no knowledge of it.

16 Q. Do you have any idea how long it takes to get a
17 service company set up to run a casing log?

18 A. He felt that we could do that from the date we
19 decided to, within a week or two.

20 Q. And the #2 well was acquired in '03, and nothing
21 has been done to it?

22 A. No, sir.

23 Q. Why is it that you now are thinking about running
24 the casing log after all that time?

25 A. It has been thought about. Our company, for the

1 last year, there has been an increase in saltwater from these
2 production wells in that area. Over the last year, our
3 facility has seen an increase. We have been filling up on
4 almost a daily basis now.

5 MR. WARNELL: Thank you. I have no other questions.

6 MR. BROOKS: Okay. Anything further, Mr. Padilla?

7 MR. PADILLA: Nothing further.

8 MR. BROOKS: The witness may step down. Do you have
9 anything further, Ms. Altomare?

10 MS. ALTOMARE: Just if you want me to summarize what
11 it is that we are asking for.

12 MR. BROOKS: I think you've been over it.

13 MS. ALTOMARE: If you're clear on it --

14 MR. BROOKS: I feel confident, and if I have any --
15 if there's any confusion, I'll have the transcript to go by.

16 Mr. Padilla, do you have anything further?

17 MR. PADILLA: Nothing, other than our standard
18 argument against civil penalties and the OCD's authority to
19 assess penalties, but you know my argument on that.

20 MR. BROOKS: Yes. And we anticipate a ruling from
21 the Supreme Court, but I'm not sure we anticipate it before
22 this order will be made.

23 Okay. If there's nothing further, then
24 Case No. 14108 will be taken under advisement.

25 [Hearing concluded.]

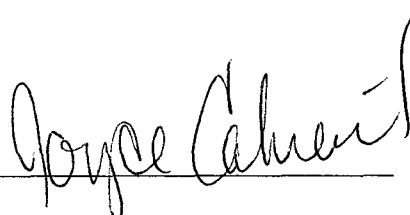
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14108,
heard by me on Apr 17 2008.

David K. Butler
David K. Butler, Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, 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 and was reduced to printed form under my direct supervision.

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 proceeding.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3

4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-46 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 17th day of
12 April, 2008.

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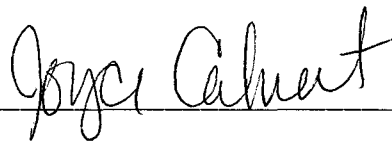
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