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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 14163

APPLICATION OF MERRION OIL AND GAS
CORPORATION FOR COMPULSORY POOLING IN
SAN JUAN COUNTY, NEW MEXICO

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REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner
RICHARD EZEANYIM, Technical Examiner
TERRY G. WARNELL, Technical Examiner

September 18, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
RICHARD EZEANYIM, Technical Examiner, and TERRY G. WARNELL,
Technical Examiner, on Thursday, September 18, 2008, at the
New Mexico Energy, Minerals and Natural Resources Department,
1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR WESTERN REFINING SOUTHWEST, INC.:

J. Scott Hall, Esq.
MONTGOMERY & ANDREWS LAW FIRM
325 Paseo De Peralta
Santa Fe, New Mexico 87501

1 MR. EZEANYIM: Well, then, today there are some
2 requests that I move some cases up or down. So I'm going to
3 shuffle among the docket. And until then we'll get to hear
4 from whom our request shows up.

5 So barring that, we first of all call case, on page
6 2, Case No. 14163. This case was continued from August 21st to
7 September 18th, and this is the Merrion Oil and Gas Corporation
8 for Compulsory Pooling in San Juan County, New Mexico.

9 Call for appearances.

10 MR. HALL: Mr. Examiner, I'd like to enter an
11 appearance in this case for Western Refining Southwest, Inc.

12 MR. EZEANYIM: For Case No. 14163?

13 MR. HALL: Yes, sir.

14 MR. EZEANYIM: Okay. Very good. There is no
15 appearance on behalf of the applicant, but we got an affidavit
16 from Merrion Oil saying that it should be taken into account
17 and consider this case. So I would like the record to reflect
18 that we have gotten an affidavit from Merrion Oil, the
19 applicant in this case.

20 And the hearing now goes first. The Examiner, in
21 continuing this case to today, said that the operator can
22 provide a notice of continuance because of certain issues for
23 this case. And maybe that's why we have an appearance right
24 now.

25 MR. BROOKS: Mr. Hall, does your client oppose -- or

1 does your client intend to offer evidence?

2 MR. HALL: Not today. I should state for the record
3 my name. Mr. Brooks, my name is Scott Hall, Montgomery and
4 Andrews law firm of Santa Fe, for Western Refining. I don't
5 know much more than that. They are the owner of an unleased
6 mineral interest record title that's in Giant Industries
7 Arizona, Inc. I believe it's a very small tract within the
8 unit, and I'll know tomorrow, I hope.

9 MR. BROOKS: And you're requesting a continuance?

10 MR. HALL: Not -- if it's to be taken under
11 advisement today, I just wish to enter an appearance to
12 preserve their rights.

13 MR. BROOKS: Okay.

14 MR. HALL: I won't present any witnesses today.

15 MR. BROOKS: Okay.

16 MR. EZEANYIM: Should I continue it?

17 MR. BROOKS: Well, if they haven't requested it to be
18 continued, I don't see any reason to continue it.

19 MR. EZEANYIM: I guess that's why the continuance was
20 requested before was because to inform all the interest owners,
21 you know, about these continuances. So something like that.
22 So based on the advice of my attorney, I'm going to go ahead.

23 What happened first was they were supposed to provide
24 notice of the continuance to the operators, and they have done
25 that. They also published notice of this continuance in the

1 Farmington Daily Times. They have done what they were asked to
 2 do. So the record will reflect that we received an affidavit
 3 of completion of these tasks from one Briana Campbell of
 4 Merrion Oil.

5 And before I take this case under advisement, I will
 6 give an opportunity to the opposing counsel to state what it is
 7 that you are asking in this case.

8 MR. HALL: Mr. Examiner, I got the call late in the
 9 day yesterday to simply enter an appearance for Western
 10 Refining. They had only recently discovered that they had an
 11 unleased mineral interest. In not being a producing company,
 12 they were unsure of the protocol. They simply asked me to
 13 enter an appearance to preserve their rights in this matter.

14 It's my expectation that they'll communicate with
 15 Merrion and try to work out a lease or some form of
 16 participation in the well. I've not been asked to seek a
 17 continuance, and I believe that participation can be arranged
 18 before the time the order is issued in any event. So I don't
 19 see the need for a continuance.

20 MR. EZEANYIM: So you wouldn't object to me taking
 21 this case under advisement?

22 MR. HALL: No, sir.

23 MR. EZEANYIM: We now have got all the data and
 24 information that we requested. This case, Case No. 14163, will
 25 be taken under advisement today.

I do hereby certify that the foregoing is
 a complete record of the proceeding in
 an Examiner hearing of Case No.

PAUL BACA PROFESSIONAL COURT REPORTERS
 500 4th Street, NW, Suite 105, Albuquerque, NM 87102

_____, Examiner
 Oil Conservation Division

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2 **REPORTER'S CERTIFICATE**

3

4 I, JOYCE D. CALVERT, Provisional Court Reporter for
5 the State of New Mexico, do hereby certify that I reported the
6 foregoing proceedings in stenographic shorthand and that the
7 foregoing pages are a true and correct transcript of those
8 proceedings and was reduced to printed form under my direct
9 supervision.

10 I FURTHER CERTIFY that I am neither employed by nor
11 related to any of the parties or attorneys in this case and
12 that I have no interest in the final disposition of this
13 proceeding.

14 DATED this 18th of September, 2008.

15

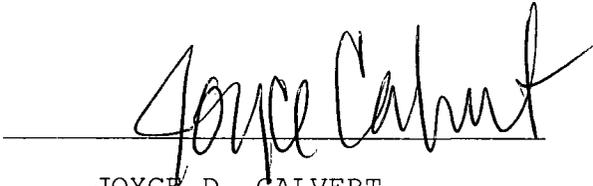
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22 JOYCE D. CALVERT
23 New Mexico P-03
24 License Expires: 7/31/09
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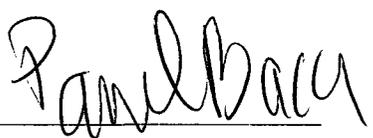
STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

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

Dated at Albuquerque, New Mexico, 18th day of September, 2008.



Joyce D. Calvert
Provisional License #P-03
License Expires: 7/31/09



Paul Baca, RPR
Certified Court Reporter #112
License Expires: 12/31/08