

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: ) CASE NO. 12,618  
)  
APPLICATION OF PRIMERO OPERATING, INC., )  
FOR COMPULSORY POOLING, CHAVES COUNTY, )  
NEW MEXICO ) ORIGINAL  
)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 22nd, 2001

Santa Fe, New Mexico

OIL CONSERVATION DIV  
01 APR -5 AM 11:08

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 22nd, 2001, 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.

\* \* \*

STEVEN T. BRENNER, CCR  
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## I N D E X

March 22nd, 2001  
Examiner Hearing  
CASE NO. 12,618

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\* \* \*

## A P P E A R A N C E S

## FOR THE APPLICANT:

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P.O. Box 1056  
Santa Fe, New Mexico 87504

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:56 a.m.:

3           EXAMINER STOGNER: At this time I'll call Case  
4   Number 12,618, which is the Application of Primero  
5   Operating, Inc., for compulsory pooling, Chaves County, New  
6   Mexico.

7           At this time I'll call for appearances.

8           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
9   representing the Applicant. I have two witnesses to be  
10  sworn.

11          EXAMINER STOGNER: Any other appearances?  
12          Will the witnesses please stand to be sworn?  
13          (Thereupon, the witnesses were sworn.)

14                         F. ANDREW GROOMS,  
15   the witness herein, after having been first duly sworn upon  
16   his oath, was examined and testified as follows:

17                                 DIRECT EXAMINATION

18   BY MR. BRUCE:

19           Q. Will you please state your name and city of  
20   residence for the record?

21           A. My name is Andrew Grooms. I live in Roswell, New  
22   Mexico.

23           Q. What is your profession?

24           A. I'm vice president of land with Primero  
25   Operating, Inc.

1 Q. Have you previously testified before the Division  
2 as a petroleum landman?

3 A. Yes, sir, I have.

4 Q. And were your credentials as an expert landman  
5 accepted as a matter of record?

6 A. Yes, they were.

7 Q. And are you familiar with the land matters  
8 involved in this Application?

9 A. Yes, I am.

10 MR. BRUCE: Mr. Examiner, I tender Mr. Grooms as  
11 an expert petroleum landman.

12 EXAMINER STOGNER: Mr. Grooms is so qualified.

13 Q. (By Mr. Bruce) Mr. Grooms, briefly, what does  
14 Primero seek in this Application?

15 A. We're seeking the compulsory pooling of mineral  
16 interests which we refer to as lost owners because of our  
17 inability to find them and obtain oil and gas leases from  
18 them.

19 Q. Okay, and the well unit involved in this case is  
20 the southwest quarter of Section 5, Township 8 South, Range  
21 30 East; is that correct?

22 A. That's correct.

23 Q. Which county is that in?

24 A. Chaves County, New Mexico.

25 Q. What zones are you force pooling, from the

1 surface to what zone?

2 A. Surface to the base of the San Andres formation.

3 Q. Okay. Now, is this going to be a new well, or  
4 are you re-entering a well?

5 A. We're going to re-enter an older well that was  
6 drilled in the early 1950s.

7 Q. Okay. What is the name of that well?

8 A. The Jennings Com Number 1.

9 Q. Where is that located? What is the footage?

10 A. The well is located 660 from the west and 660  
11 from the south lines of Section 5, 8 South, 30 East.

12 Q. Okay. What is the spacing of the San Andres in  
13 this area?

14 A. For gas, 160 acres I believe.

15 Q. Okay, the nearest San Andres Pool, I believe, is  
16 the Cato-San Andres Gas Pool?

17 A. It's either that or called the West -- I think  
18 that's correct.

19 Q. Okay. Briefly, could you identify Exhibit 1 and  
20 tell the Examiner a little bit about it?

21 A. Exhibit 1 is a copy of the Midland Map plat that  
22 has highlighted the three tracts comprising the southwest  
23 quarter of Section 5, 8 South, 30 East.

24 Q. Are these fee tracts?

25 A. Yes.

1 Q. Okay, and ownership has been split up quite a bit  
2 over the years?

3 A. Yes.

4 Q. Okay. Now, we were going to have an Exhibit 2  
5 and 3, listing certain things. We've combined it into an  
6 exhibit which is Exhibit 2 and 3 together. Could you  
7 identify that, describe the interests in the proposed well  
8 unit, who you seek to force pool and what type of efforts  
9 have been made to locate these people?

10 A. Okay, Exhibits 2 and 3 would describe the listing  
11 of the known mineral owners and the last known mineral  
12 owners of record, with respect to the three tracts  
13 comprising the southwest quarter of Section 5. It breaks  
14 down into a west half, southwest, which is an 80-acre tract  
15 -- we have 100 percent of that leased -- and then there's  
16 two other 40-acre tracts, those being described as the  
17 northeast of the southwest and the southeast of the  
18 southwest. And there is --

19 Q. Okay, and note that the first page of this  
20 exhibit is -- as you said, the west half, southwest, is  
21 leased, fully leased?

22 A. Yes, it is. Yes, sir.

23 Q. And then on the second page you get into the  
24 southeast of the southwest?

25 A. Yes, we do, as well as the northeast of the

1 southwest.

2 Q. Okay. And before we start, are the people you  
3 have highlighted the ones that you seek to force pool?

4 A. That's correct?

5 Q. And the second column lists their percentage  
6 interest. Is that in the 40-acre tract itself?

7 A. Yes, that is the net acres that they own within  
8 the 40-acre tract.

9 Q. Okay. And secondly -- And then would you please  
10 move on and describe your efforts to locate these people,  
11 the title search that was made, and the results or lack of  
12 results of that title search?

13 A. Yes. I hired an independent broker, Jim Schultz,  
14 who's been a landman for many, many years, and I had him  
15 run the records in Chaves County from the inception of the  
16 records, look at last known oil and gas leases, go back and  
17 research the last known addresses of the individuals that I  
18 have highlighted. We sent letters and attempted to make  
19 phone calls, were unable to find phone numbers. We  
20 authorized him to spend some money using an Internet person  
21 locator called US Locator, whereby we attempted to get  
22 names and addresses ascertained on these individuals.

23 We were able to actually find a relative of one  
24 of the individuals who noted an heir and then -- a supposed  
25 heir of one of the individuals, and we could never find

1 her. None of the individuals which we seek to force pool  
2 have ever filed anything of record in Chaves County that  
3 would indicate either estate proceedings, deaths, address  
4 moves or anything else.

5 Q. Okay. So at this point you seek to force pool  
6 what, Deone Grammer, Robert Gardet and Gertrude Smith?

7 A. Yes.

8 Q. Now, with respect to the rest of these parties,  
9 they are leased, but was it difficult locating some of  
10 these people too?

11 A. It actually was. We were successful in finding  
12 some eighty- -- oh, 86 or so percent of the rest of them.  
13 But in two or three of the cases it also took considerable  
14 effort, but we were able to find them.

15 Q. Okay. And again, there was very little in the  
16 county records or even on the Internet searches that would  
17 lead you to these people?

18 A. That's correct.

19 Q. In your opinion, has Primero made a good-faith  
20 effort to obtain the voluntary joinder of all interest  
21 owners in the well?

22 A. Yes, sir, we have.

23 Q. And does Primero request that it be designated  
24 operator of the well?

25 A. Yes, we do.

1 Q. What overhead rates does Primero request?

2 A. We are requesting a \$3500-a-month drilling well  
3 rate and a \$350-a-month producing well rate.

4 Q. And in your opinion are these rates fair and  
5 reasonable and equivalent to rates charged for similar  
6 wells in this area of Chaves County?

7 A. Yes, they are.

8 Q. And were Exhibits 1 through 3 prepared by you or  
9 under your supervision or compiled from company business  
10 records?

11 A. Yes, they were.

12 Q. Mr. Examiner -- And in your opinion, is the  
13 granting of this Application in the interests of  
14 conservation and the prevention of waste?

15 A. Yes.

16 MR. BRUCE: Mr. Examiner, I'd move the admission  
17 of Primero Exhibits 1 through 3.

18 EXAMINER STOGNER: Exhibits 1 through 3 will be  
19 admitted into evidence at this time.

20 EXAMINATION

21 BY EXAMINER STOGNER:

22 Q. With respect to the northeast of the southwest,  
23 these parties are being force pooled, that is an undivided  
24 tract or undivided portion of that quarter-quarter section?

25 A. Yes, sir, that's correct.

1 Q. And between the two parties, that's the Robert  
2 Gardet --

3 A. Yes, sir.

4 Q. -- and Gertrude Smith, that would be 50 percent  
5 of that acreage?

6 A. Yes, sir, that's correct.

7 Q. Okay. Now, on this Exhibit 2-3, down at the end  
8 of page 2 --

9 A. Yes, sir.

10 Q. -- you have a yellow box denoting 22.5 net  
11 mineral acres out of the 160 acres not locatable. Now, the  
12 percentage you're showing here is of the 160; is that  
13 correct?

14 A. Yes, sir.

15 Q. Okay, but the percentages that you show in the  
16 different boxes up above, that represents a percentage of  
17 that particular tract; is that correct?

18 A. Yes, sir.

19 Q. When did you start your search?

20 A. We actually started this search about four -- I'd  
21 say approximately four months ago, somewhere in that  
22 neighborhood. I might also point out that there was an  
23 individual involved with us prior to our involvement, and  
24 he actually began the search prior to last August, and he  
25 was also unsuccessful in being able to locate their heirs.

1 Q. Now, was this a Primero-operated search or  
2 somebody else's?

3 A. This was another independent out of Midland,  
4 Texas. We bought some acreage from their company in this  
5 area, and they had also attempted to find these same  
6 individuals prior to our involvement in the project, so I  
7 would say between their involvement and ours, probably as  
8 much as a year has been involved.

9 Q. Did you do a search on the land records that was  
10 available to you on that old well or the well that you're  
11 fixing to re-enter?

12 A. Yes. Yes, sir. We went back and we looked at  
13 all the oil and gas leases of record on this tract of land,  
14 back to the inception of the records with respect to the  
15 patent issued to the first patentee and took it forward,  
16 and we looked at everything.

17 Q. Okay. Now, according to your Exhibit Number 1, I  
18 show that the well was drilled and abandoned; therefore it  
19 wouldn't have had production?

20 A. That's correct.

21 Q. Okay.

22 A. I believe that's a nineteen-fifty-something-  
23 vintage well. I believe Gulf Oil Corporation drilled that.

24 EXAMINER STOGNER: I have no other questions of  
25 Mr. Grooms. You may be excused.

1 THE WITNESS: Thank you.

2 EXAMINER STOGNER: Mr. Bruce, who's up next?

3 J. PHELPS WHITE,

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

6 DIRECT EXAMINATION

7 BY MR. BRUCE:

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

9 A. My name is Phelps White.

10 Q. And where do you reside?

11 A. I live in Roswell, New Mexico.

12 Q. What is your occupation?

13 A. I'm a geologist and engineer for Primero

14 Operating.

15 Q. Okay. By education you're a geologist?

16 A. Yes, sir.

17 Q. And by training you're an engineer?

18 A. That's right.

19 Q. Have you previously testified before the  
20 Division?

21 A. Yes, I have.

22 Q. And were you qualified as an expert?

23 A. Yes.

24 Q. As an engineer?

25 A. I believe so.

1 Q. And are you familiar with both the engineering  
2 and geology involved in this case?

3 A. Yes.

4 MR. BRUCE: Mr. Examiner, I tender Mr. White as  
5 an expert engineer.

6 EXAMINER STOGNER: Mr. White is so qualified,  
7 based on your questions.

8 Q. (By Mr. Bruce) Mr. White, could you refer to  
9 Primero's Exhibit 4, discuss, perhaps, maybe, how the well  
10 was originally drilled, so far as you can tell from the  
11 prior records and your proposed re-entry operation?

12 A. The well was drilled in 1950 by Gulf to test the  
13 Devonian. They never ran pipe, the plugged it that year.

14 Eugene Nearburg came in and re-entered the well  
15 in 1969 to test the Wolfcamp. He ran a 4-1/2-inch casing,  
16 didn't make a well, apparently, cut the casing off at 3570  
17 feet, pulled it out of the hole and replugged. The  
18 wellbore diagram I've got here shows the location of the  
19 plugs and the existing status of the wellbore.

20 Primero wants to run in, drill out the three  
21 plugs in the 9-5/8-surface casing. We're going to run some  
22 modern logs. The only logs we have are from 1950 and don't  
23 tell us a whole lot. We'll run 4-1/2 casing and cement --  
24 assuming there's porosity there -- we don't know that for  
25 sure, but assuming the logs look okay, we'll run casing,

1 cement, perforate the P-1, P-2 and P-3 zones of the San  
2 Andres and produce a gas well.

3 Q. Is there any mechanical risk involved in re-  
4 entering this well?

5 A. Yes, there's always mechanical risk going in  
6 these old holes. We don't know what Nearburg may or may  
7 not have left in the hole. We assume from the records that  
8 it's cut off at 3570. If the casing is cut off at 2500,  
9 we've got troubles. You just never know till you get in  
10 there and drill the thing.

11 Q. What is --

12 A. We also, as far as -- Like I said, the logs, we  
13 don't know that the pay zone is there.

14 Q. Okay, well, let's get into that a little bit.  
15 What is Exhibit 5?

16 A. Exhibit 5 is a map of the northwest portion of  
17 the Cato-San Andres field, which was constructed by George  
18 Scott and George Reddy for the Roswell Geologic Symposium,  
19 1976, and I have added -- There are only two new  
20 penetrations out there since this map was made, and I've  
21 noted the cumulative production on the wells that are there  
22 now producing out of the Cato-San Andres field.

23 Q. The two new wells are the ones that you've  
24 handwritten?

25 A. Well, I say "new". Those are not our wells.

1 Those wells -- one was drilled as a Montoya test by Aikman  
2 Petroleum and later recompleted in 1990, in the San Andres  
3 Gas Pool. And the well in the southeast of the northeast  
4 of 7 was recompleted by Don Stevens in 1990 also. Those  
5 are the only two wells that have been producing in the  
6 past.

7 The well that Stevens drilled in Section 7 has  
8 made .2 BCF. It quit producing back in October. We  
9 subsequently have perforated the one in the northeast of  
10 the northeast of 7. I haven't put the cum production on  
11 there but it's about 9000 MCF.

12 Q. Is it fair to say that you're on the fringes of  
13 the Cato-San andres field?

14 A. As far as we know, that's correct. There's no  
15 penetrations back to the west. We know that up in the  
16 north part of Section 6 that well was tested and didn't  
17 seem to have the zone n it.

18 Q. Okay. And again, neither Gulf nor Eugene  
19 Nearburg tested the San Andres in this wellbore?

20 A. That's correct.

21 Q. Based on the matters discussed, do you recommend  
22 that the maximum cost-plus-200-percent penalty be assessed  
23 against nonconsenting working interest owners?

24 A. Yes.

25 Q. What is Exhibit 6?



1 ahead and try to clean the hole out as deep as we can  
2 without taking a chance.

3 Q. Okay, now, are you going to be completing this  
4 with 5-1/2, 4-1/2, 7-inch?

5 A. Well, we haven't bought the pipe yet, but I'm  
6 going to say 4-1/2 or 5-1/2. 4-1/2 would be my preference.

7 Q. That's what you put in Exhibit Number 6.

8 A. I don't remember what I've got in my permit. I  
9 think it was an exhibit that Andy had.

10 Q. Well, let's take a look at Exhibit Number 6 and  
11 go down there to tangible drilling and completion cost.

12 A. Yes, sir.

13 Q. Item 315, what are you showing?

14 A. I show 4-1/2 in there.

15 Q. Okay. If you did 5-1/2, how much would that  
16 increase --

17 A. I wouldn't expect it to add more than maybe  
18 \$1500. I've got quite a bit more than that contingencies  
19 in there, I've got a 15-percent contingencies on my  
20 intangible drilling costs included, so I think we could  
21 easily do that, go to 5-1/2 without adding any cost. We'll  
22 save a little bit of cost on cement.

23 Q. Now, does Primero operate any gas wells in this  
24 Cato area?

25 A. Yes, sir, we operate -- Right now we are operator

1 of both wells in Section 7. Only the one in the northeast  
2 of the northeast is producing now.

3 Q. Okay. Were any of your -- Okay, let me ask  
4 another question. How about oil production, does --

5 A. No, we've gotten no oil, and the well is not  
6 producing any oil.

7 Q. Okay. Have you had any experience re-entering  
8 some of these old wells in the Cato, the Chaves County  
9 area?

10 A. I've re-entered several in Chaves County, I  
11 haven't -- Well, take it back. We re-entered the -- we --  
12 Actually, the one in the northeast-northeast of 7, the well  
13 was there, we went in, did a recompletion. In fact, the  
14 State was requiring that that well be plugged through the  
15 previous owner of the wellbore, and we went and did a  
16 pretty big workover on it and pulled some casing and  
17 plugged it. And I've got pretty good experience in that.

18 Q. Okay, tell me about that particular well, about  
19 how it was drilled, when it was drilled, some of the  
20 problems you encountered.

21 A. The one in the northwest of 7?

22 Q. Yes.

23 A. That was drilled also in 1950 by Magnolia  
24 Petroleum. And they produced in excess of 100,000 barrels  
25 from the Devonian in that well. It was purchased in, I

1 believe, 1984, by a guy named Bill O'Brien, Bobco  
2 Enterprises, and I helped him with that purchase and worked  
3 on that well back when it was a Devonian producer.

4 And about 1988 Mr. O'Brien sold that well to Don  
5 Stevens. Don went in and I believe he tried a completion  
6 in the Pennsylvanian there. But Mr. Stevens died and  
7 nothing else was done to the well till we went in there.  
8 Like I said, the NMOCD was requesting Mr. O'Brien to plug  
9 that well, because he was the owner of record.

10 Anyway, the problems we ran into, we had to pull  
11 some 7-inch casing out of there, and we had a few  
12 unexpected problems. But we've got it mechanically sound  
13 now, producing.

14 Q. I was trying to further establish the risk  
15 penalty. You're asking for a 200-percent risk penalty, and  
16 granted it's an existing wellbore, even though it was  
17 plugged in the 1950s. But why 200 percent? Usually that's  
18 reserved --

19 A. Why would I say that? Is that probably fair?

20 Q. Why is it fair?

21 A. Well, the risks -- There's another risk out there  
22 besides the geologic, which is a big risk in any San Andres  
23 reservoir; you don't know what you're going to have. The  
24 mechanical risk, you know, there's a good chance we get in  
25 there and have a problem.

1           There's also a risk in the amount of gas that the  
2 gathering system can take out there. They're starting to  
3 produce some gas over in the Cato field now, in the oil  
4 section, that hadn't been completed before, and constantly  
5 they're adding new gas to the system out there. The gas, I  
6 believe, is only capable of producing a million and a half.

7           If we don't get on this or we get lucky and hit  
8 some gas, we may not be able to produce all the gas we  
9 could, or we may not be able to produce any of the gas that  
10 the pipeline told us that before we put in any new gas we  
11 had to check with them and make sure they could handle it.  
12 So that's another big risk there.

13           The \$100,000 completed well cost is pretty cheap  
14 also, so it's not like drilling a brand-new well.

15           For some reason, I thought that was fairly  
16 standard also. I don't know if there is a standard, but...

17           Q. Well, that's what I'm trying to establish here.  
18 I mean, you already have surface casing set, intermediate  
19 casing set --

20           A. That surface casing is -- and I was just noticing  
21 through my notes the other day when I made this wellbore  
22 diagram, that surface casing was cut off down at about 260  
23 feet. It's still up inside there. This diagram doesn't  
24 show that. That could cause a little problem too. We  
25 wouldn't be out too much cost by the time we found that

1 out, but that's another risk.

2 It was cut off when Nearburg went in there, so I  
3 assume that we could get past that easy enough.

4 Q. Okay. now, when did Nearburg go in here?

5 A. 1969.

6 Q. 1969.

7 A. Yes, sir. They're the ones that set that pipe  
8 that's in the bottom of the hole.

9 Q. Now, is the 8-5/8 -- no, that's 9-5/8, that was  
10 set all the way back to the surface, or just tied back in?

11 A. It was set back to the surface, but when Gulf  
12 plugged the well way back when, they pulled the casing at  
13 265 feet. They pulled the 9-5/8 260-some-odd feet out of  
14 the hole. We've got no open-hole section there down to  
15 2900 feet.

16 None of these are really as slam-dunk as they may  
17 look. I mean, it does look somewhat like an easy re-entry,  
18 but you don't know what you're going to find.

19 Q. Well, let's face it, any re-entry in the Cato is  
20 not easy.

21 A. Well, that well has been there for over 50 years  
22 now.

23 Q. But it was reworked by at least Nearburg,  
24 attempted it in 1969; is that correct?

25 A. That's right.

1           Q.    Now, if this was a successful -- in the very  
2 beginning, successfully able to enter back into that 9-5/8  
3 and deepen it down, what will be done up at the surface  
4 interval, since that's kind of an open-hole area up there,  
5 to protect the surface?  What's your completion technique  
6 then?

7           A.    Well, we don't know what the status is.  I'm  
8 going to assume since they pulled that casing up there,  
9 that they had cement to there.  They pumped enough cement  
10 to circulate up there.  And you know, we don't know where  
11 the cement is behind that 9-5/8 casing.  We could run a  
12 cement bond log to find out, but we really have no open-  
13 hole section.

14                   The water zone out there should be adequately  
15 covered by the 13-and-5- -- that's 13-3/8.  And there's no  
16 water below that.  We're going to run another string of  
17 pipe inside of all that, of course.

18                   So personally I wouldn't think there would be a  
19 problem leaving it the way it is.  But, you know, we could  
20 remedy that situation.  It would just add more dollars to  
21 the situation.

22           Q.    How far down did Nearburg get in 1969?

23           A.    They went down to, I believe, around 7000 feet.  
24 Let me see if I can find it.

25           Q.    Now, did they test the San Andres?

1           A.    No, they did not.  There was no cement over the  
2 San Andres.  And at that time, no one had tested the San  
3 Andres gas cap.  I'm sure there wasn't a gathering system  
4 out there by then.  And the field out there, the oilfield,  
5 has been a pretty big producer, but it's pretty much  
6 depleted now.

7           Q.    Now, did Nearburg run any logs?

8           A.    Not that I can find, not that they reported.  I  
9 would -- You have to assume they did, but I have not been  
10 able to locate them.  It looks like they drilled to 7623.

11                   I only put what we've got, because I don't really  
12 care what's down the hole.  I just care what I'm going to  
13 be encountering in there, and that's really all that's  
14 relative, I think, for us.

15           Q.    Well, even if they would have run a log, would  
16 they have had to run that all the way back up into the San  
17 Andres area?

18           A.    Well, there's just no telling.  And sixty-nine,  
19 it's still -- We're going to run some modern logs in there.  
20 You know, we would probably do that anyway.

21                   But I've looked through the Roswell Geologic  
22 Society and Riley's Log Service and whatnot, and all I can  
23 get is an old log from 1950, electric log.

24                   EXAMINER STOGNER:  I don't have any other  
25 questions of this witness.  You may be excused.

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Mr. Bruce, anything further?

MR. BRUCE: Nothing further in this matter, Mr. Examiner.

EXAMINER STOGNER: If there's nothing further in Case Number 12,618, then this case will be taken under advisement. Thank you, Mr. Bruce.

And let's take a ten-minute recess at this time.

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

\* \* \*

I do hereby certify that the foregoing is a complete record of the proceedings of the Examiner hearing of Case No. 12618 heard by me on 23 March 2001  
*[Signature]*  
Off Conservation Division, Examiner

## 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 March 24th, 2001.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002