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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 KAISER-FRANCIS OIL CASE NO. 20293 COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 11, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, July 11, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 1 APPEARANCES 2 FOR APPLICANT KAISER-FRANCIS OIL COMPANY: 3 JAMES G. BRUCE, ESQ. Post Office Box 1056 Santa Fe, New Mexico 87504 4 (505) 982-2043 5 jamesbruc@aol.com 6 FOR INTERESTED PARTY MRC PERMIAN: 7 ADAM G. RANKIN, ESQ. HOLLAND & HART, LLC 8 110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 9 (505) 988-4421 agrankin@hollandhart.com 10 11 12 INDEX 13 PAGE 14 Case Number 20293 Called 3 Correction and Readvertised 3 15 16 Proceedings Conclude 5 6 17 Certificate of Court Reporter 18 19 20 EXHIBITS OFFERED AND ADMITTED (No Exhibits.) 21 22 23 24 25

Page 3 1 (3:21 p.m.) 2 MR. BRUCE: Mr. Examiner, may I ask permission of Holland & Hart -- if you go to the last 3 case on the docket --4 5 EXAMINER JONES: Kaiser-Francis? MR. BRUCE: This will only take 30 seconds. 6 7 MS. LUCK: That's okay. 8 MR. BRUCE: Mr. Examiner, this case was 9 heard a couple of weeks ago. 10 EXAMINER JONES: Case Number 20292 [sic]. 11 MR. BRUCE: 20293. 12 Jim Bruce representing Kaiser-Francis. 13 This case was heard a couple of weeks ago. Mr. Brooks had noted an error. These involve Wolfcamp 14 wells. Mr. Brooks had noted an error in the proposed ad 15 16 that said "Bone Spring." It should be "Wolfcamp." I corrected that, and so the case was simply readvertised. 17 18 The application and the other notice itself was proper. 19 MR. RANKIN: And Adam Rankin entering an 20 appearance, just for the record, for MRC Permian in that case as well. 21 22 EXAMINER JONES: MRC? 23 MR. RANKIN: Yeah. 24 MR. BRUCE: So I would simply ask that the 25 case be taken under advisement.

Page 4 EXAMINER JONES: Okay. I still have listed 1 2 "Bone Spring." 3 MR. BRUCE: It is a Wolfcamp. 4 EXAMINER JONES: It's a Wolfcamp. 5 MR. BRUCE: So everything in the case file is proper. It's just this (indicating). 6 EXAMINER JONES: Now, I didn't have a 7 8 record that this was heard a few weeks ago. 9 MR. BRUCE: It was heard two weeks ago, yeah. I presented the case by affidavit. 10 11 EXAMINER BROOKS: I seem to recall that, 12 although I certainly have seen no record of it. 13 EXAMINER JONES: What date was that? The 27th? 14 MR. BRUCE: Yeah, the 27th. 15 16 EXAMINER JONES: So it got -- okay. I think I remember that now, too. 17 MR. BRUCE: Yeah. I filed the amended 18 19 ad --20 EXAMINER JONES: It was basically 21 readvertised. 22 MR. BRUCE: Yeah. It was simply 23 readvertised to correct -- to remove "Bone Spring" from the ad and put in "Wolfcamp." 24 25 EXAMINER JONES: Yeah. No wonder I can't

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Page 5 find the file. It's in my office (laughter). EXAMINER BROOKS: Whether or not that had to be corrected, and it occurred to me that if we assume that anyone ever reads those advertisements, then it probably did. So I think it's undignified for us to б assume the contrary. (Case Number 20293 concludes, 3:24 p.m.)

Page 6 1 STATE OF NEW MEXICO 2 COUNTY OF BERNALILLO 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court Reporter, New Mexico Certified Court Reporter No. 20, 6 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 were reduced to printed form by me to the best of my 11 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 DATED THIS 26th day of July 2019. 21 22 MARY C. HANKINS, CCR, RPR 23 Certified Court Reporter New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2019 24 Paul Baca Professional Court Reporters 25