

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:

ORIGINAL

APPLICATION OF TARCO ENERGY, LC, FOR
APPROVAL OF A PRESSURE MAINTENANCE PROJECT
IN EDDY COUNTY, NEW MEXICO

Case 14931

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Presiding Examiner
DAVID K. BROOKS, Legal Examiner

November 29, 2012

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, RICHARD EZEANYIM,
Presiding Examiner, and DAVID K. BROOKS, Legal Examiner,
on Thursday, November 29, 2012, at the New Mexico Energy,
Minerals and Natural Resources Department, 1220 South St.
Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91
Paul Baca Professional Court Reporters
500 Fourth Street, N.W., Suite 105
Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

PADILLA LAW FIRM, P.A.
ERNEST L. PADILLA, ESQ.
1512 S. St. Francis Drive
Santa Fe, New Mexico 87505
(505)988-7577

WITNESSES:

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John Maxey:

Direct examination by Mr. Padilla
Examination by Examiner Ezeanyim

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REPORTER'S CERTIFICATE

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1 EXAMINER EZEANYIM: Let's go back on the
2 record and go to page 3 and call Case Number 14931,
3 application of Tarco Energy, LC, for approval of a
4 pressure maintenance project in Eddy County, New Mexico.
5 Call for appearances.

6 MR. PADILLA: Mr. Examiner, Ernest L.
7 Padilla, Santa Fe, New Mexico, for the applicant. I have
8 one witness, John Maxey.

9 EXAMINER EZEANYIM: Any other appearances?
10 The witness has been sworn previously; right?

11 THE WITNESS: This morning.

12 EXAMINER EZEANYIM: Okay.

13 JOHN MAXEY

14 Having been first duly sworn, testified as follows:

15 DIRECT EXAMINATION

16 BY MR. PADILLA:

17 Q. Mr. Maxey, would you state your name, please?

18 A. John C. Maxey.

19 Q. Are you the same Mr. Maxey that testified in
20 another hearing this morning?

21 A. Yes.

22 Q. And had your credentials accepted as a
23 petroleum engineer as a matter of record?

24 A. Yes.

25 MR. PADILLA: Mr. Examiner, we tender

1 Mr. Maxey as an expert petroleum engineer.

2 EXAMINER EZEANYIM: He is so qualified.

3 Q. (By Mr. Padilla) Mr. Maxey, have you prepared
4 certain exhibits for introduction here in connection with
5 this application for pressure maintenance?

6 A. Yes, I have.

7 Q. Can you briefly tell the Examiner what we're
8 trying to accomplish by this application?

9 A. This is an application by Tarco Energy, and
10 they have a lease. Production on that lease ceased in
11 about 1987, which I have some exhibits.

12 They came in on this lease and reestablished
13 production in 2008, and they have since -- they have
14 about eight wells producing right now. They would like
15 to take one of their wells and convert it to injection.

16 This is a pressure maintenance project, and
17 they would like to expand this to flood it sometime.
18 They would like to build pressure and see what the
19 reservoir does. And they have approximately six offset
20 wells within 10-acre spacing, so they've got a very good
21 monitoring basis for this.

22 And they would like to see what kind of
23 response they get and then -- they did not want to
24 unitize at this time, and therefore we didn't come with a
25 waterflood application. And they want to start this up

1 as a pressure maintenance project.

2 Q. What zones are involved in this injection
3 project?

4 A. This is basically Yates Seven Rivers.

5 Q. At what depth are you encountering the Yates
6 Seven Rivers?

7 A. 418 feet to about 460 feet.

8 Q. Is there anything of concern with regard to
9 that shallow depth?

10 A. I don't have a concern with anything in regard
11 to the shallow depth.

12 Q. Let's go through Exhibit Number 1. And take
13 us through that, if you would, please.

14 A. Okay. Exhibit 1 is the C-108 application for
15 authority to inject, with the attached map with the area
16 of review. I might call to the attention of the Examiner
17 that there's approximately 85 wells in the area of
18 review. That's why you'll see quite a few schematics
19 attached to this application.

20 Along with that application, you'll see the
21 well data sheets, the answers to the questions on the
22 cover sheet for the C-108, and the injection well data
23 sheet.

24 I might add that the wells that Tarco has been
25 drilling since 2008 are all cemented very well. The

1 surface casing is cemented back to surface and long
2 strings are cemented back to surface. And this injection
3 well is one of the newer wells.

4 And as I've stated, you've got quite a few
5 schematics on the wells within the area of review.

6 Q. Have you examined those schematics, and have
7 you --

8 A. I've looked, yes.

9 Q. And have any of those wells raised some
10 concern in your mind as to whether or not they have
11 weaknesses or anything?

12 A. Some of these wells -- this area was initially
13 drilled back in the '40s, Cable Tool.

14 In the interval that we're talking about
15 that's producing, there were deeper Cable Tool wells
16 drilled. Some of those wells had seven-inch casings set
17 at 17-, 18-, 1,900 feet, and were cemented with a small
18 amount of cement at the bottom.

19 Subsequently, a lot of those wells have been
20 plugged. There are a few of those wells within this area
21 of review that were plugged years ago, and there was some
22 annuluses that are in question about what exactly is in
23 there.

24 So in conversation with the operator, however,
25 Tarco, they are drilling these wells with air, and they

1 encounter no water when they're drilling these with air.

2 So the concern was, is there fresh water,
3 shallow water? And that has been a discussion with Tarco
4 and some of the regulatory agencies. And based on their
5 drilling experience -- and they have eight wells
6 producing. I believe there's 12 wells you'll see on an
7 exhibit that they drilled that they don't encounter
8 water, drilling on air.

9 Q. In terms of pressures, what kind of injection
10 pressures are going to be used?

11 A. They're anticipating under a permit that the
12 OCD would specify .2 psi per foot as the initial
13 pressure. And so we're talking roughly 80 psi surface
14 injection pressure.

15 Q. So for somebody like me, that doesn't
16 understand pressures, how does that impact the
17 formations, the injection formation and that sort of
18 thing? Are you going to part the formation with that
19 kind of pressure, in other words?

20 A. No. The .2 psi per foot has been a standard
21 at the OCD for years, and I've never seen a case where it
22 has parted. One thing about shallow formations this
23 shallow, the frack gradient is usually higher because the
24 overburden is what you have to lift to part the
25 formation.

1 So I don't have any stimulation data, but
2 you're probably looking on the order of 1 psi per foot
3 for parting this formation.

4 Q. In terms of pressure maintenance or
5 waterflood, how do you view this as enhancing production,
6 generally?

7 A. Generally, this is looking to inject and
8 monitor a well in the center of existing production and
9 look for additional secondary recovery in the EURs.

10 Q. I think we've covered most of what's in the
11 C-108 with additional exhibits. So let's move on to
12 Exhibit Number 2 and have you tell the Examiner what's
13 contained in that.

14 A. Exhibit 2, again, is just a locator map.
15 We're just above the Abo Shelf Edge in the southeastern
16 part of New Mexico, Delaware Basin.

17 The Empire Field is where we are and this
18 property is situated in. Again, this map is from a paper
19 done by the Bureau of Mines of New Mexico back in 2004 by
20 Ron Broadhead, et al.

21 This is just a locator map to show you that
22 I've demarcated the Empire Field from the upper side of
23 the Shelf Edge of the Abo to the northwest part of the
24 basin.

 This sandstone that we're talking
25 about is the Artesia sandstone. It's subdivided into

1 Tansill, Yates, Seven Rivers, Queen and Grayburg. What
2 they're producing from is Yates Seven Rivers. There's
3 Tansill above the producing zone that I have no record of
4 oil show in the records that I've seen, the Cable Tool
5 records. There is production further down in the
6 Queen/Grayburg section.

7 The second page of that again is just a
8 geologic section to show you that the Artesia Group is
9 subdivided into the Upper Guadalupian and Lower
10 Guadalupian. The Lower Guadalupian is really more the
11 Queen and Grayburg Formation. You do have some overlap
12 there. We're talking about Yates Seven Rivers here.

13 Q. What's on Exhibit 3?

14 A. Exhibit 3, Tarco, when I initially discussed
15 this with them, they had a waterflood study prepared by
16 two engineers and presented that study to me and said
17 they would like to pursue the project. The study was
18 performed in 1987. And I thought, well, that's a little
19 old.

20 But when I started my review and looked at
21 production, production in the field in their area of
22 interest for their waterflood ceased in 1987. And you'll
23 see in an exhibit further back that production was not
24 reestablished until 2008, so there was no reason to deem
25 the waterflood study out of date on my part.

1 This is a competitive area. So there is some
2 confidentiality involved in the waterflood study, so I
3 tried to shrink this down to the area of interest that
4 they have in flooding.

5 On this particular exhibit, you'll see the
6 Russell C Number 3 is the application well, the small dot
7 in the center of that rough outline of 360 acres in the
8 south half of Section 35. This map was prepared by R.H.
9 Neustaedter. He was one of the individuals. He's a
10 licensed P.E. that performed most of the geologic studies
11 for Tarco on this prospect. I'm utilizing their
12 information and data, and I've reviewed what I could get
13 my hands on that they used in preparing their report.

14 This is an isopach map on the porous interval,
15 a gross total net feet map. What it illustrates is a
16 better portion of the total net fee is over the south
17 half of 35. These contour intervals are 5 foot, so the
18 20-foot interval is what encompasses most of the south
19 half of 35. The next line to the south would be 15 foot
20 and then 10 foot there on the map.

21 The circled numbers are wells that
22 Mr. Neustaedter used and he indexed in the report. So
23 what I've also done on this exhibit is attach his index
24 and the way he numbered the wells. He indexed the wells
25 from the map to the next two pages, which describe the

1 well name, description and the footage costs.

2 In his report, he specified that some of these
3 wells he does not have logs for. But the vast majority
4 of logs that were within the study area at that time he
5 had logs for, and that is what his map is based on.

6 Q. Are there any new wells that penetrate the
7 injection zone?

8 A. New wells on this? That's on the next --

9 Q. Let's go on to that one, Number 4.

10 A. The next exhibit is another map that was
11 prepared which coincides with information that I was
12 seeing when I did a search of the production records.
13 It's an iso-cum map. It's designating sweet spots for
14 the cumulative production in the 1987 report.

15 And the 15,000 contour is the one that's
16 mapped. The largest amount of cum is a 15,000 barrel cum
17 isopach that is mapped in the south center of Section 35.
18 And those iso-cums are in 5,000-barrel increments.
19 That's what the K stands for.

20 The red squares on this map are post 1987
21 wells. These are the wells that Tarco has come in
22 beginning in 2008 and drilled. So what I'd like for you
23 to see on this map is the Russell C Number 3, the well
24 they would like to inject their produced water into.

25 You can see they're surrounded by six offset

1 wells that they have drilled, all cased and cemented to
2 surface. And this is -- each one of the squares depicted
3 on here is 40 acres. So these are basically 10-acre
4 spacing wells, so you've got some very close offsets to
5 monitor.

6 Q. On this one, you will see some effect from
7 injection?

8 A. Yes. The whole idea behind their project is
9 to take their produced water, 42 or 48 barrels of water
10 per day, from the approximately 8 out of 12 wells that
11 are producing right now -- they've got a couple in
12 varying stages of completion -- divert it from the
13 disposal line they have going to the southeast that
14 disposes in a commercial site approximately three miles
15 away, divert it into the Russell C Number 3, and see what
16 kind of response they get.

17 Q. This is a true pressure maintenance waterflood
18 type --

19 A. Yes. The idea is to recharge the aquifer,
20 generate pressure within the confines of these six offset
21 producers, try to bank oil, and see what kind of response
22 can be -- if it matches what the calculated values are.

23 Q. You show a cross-section in here from A to A
24 prime?

25 A. The next exhibit is just a two-well

1 cross-section. As I stated, there are not very many
2 newer versions of logs out there, so I've got just a
3 two-well cross-section to illustrate the pay section from
4 A to A prime. And the red outline on this map is the
5 study area for the waterflood that was done.

6 Q. So going to your cross-section, the green
7 shaded area is the injection zone?

8 A. Yes. The orange shaded area on the top of the
9 cross-section is a marker on the gamma ray logs that I
10 saw on other offsets in some of the older logs. So I've
11 used that marker to hang these two logs stratigraphic
12 equivalent.

13 And the red lines with the green shading is
14 the actual gross interval, with the porosity development
15 within. That gives you an idea of what the pay section
16 looks like.

17 Q. We'll go to Number 6 now. What does that tell
18 us?

19 A. Item 6, I wanted to -- because of the date of
20 the waterflood study and going back and looking at
21 production out here, you can see the last two wells that
22 Oxy was producing back in '87 ceased production. And
23 there was no oil production until 2008, when Tarco came
24 in and drilled some new wells.

25 The nine well cum in the area of review that

1 -- the waterflood area, the nine wells within that area,
2 the old, old wells, as of November of 1987, they cumed
3 77,000 barrels of oil from this zone, approximately
4 8.6,000 barrels of oil per well. And again, the capital
5 M is thousands.

6 Furthermore in this exhibit, the average water
7 production right now that Tarco has is 48 barrels of
8 water per day average in the four months. That's what
9 they would like to inject in their center well. Their
10 oil production is approximately 600 barrels of oil per
11 month, around 20 barrels a day.

12 The current eight-well cum, if you add all
13 production together, you know, the historic plus these
14 eight wells, is 108,000 barrels of oil, which is an
15 incremental increase of 31,000 barrels of oil because of
16 these new eight wells.

17 Q. Mr. Maxey, are these wells spaced on 10 acres?

18 A. Ten-acre spacing.

19 Q. Sogoin back to Exhibit 4, the wells shown in
20 the red squares are on 10-acre spacing?

21 A. That's correct.

22 Q. Can we move on to Exhibit 7?

23 A. It's just an expanded view of the Tarco
24 production. On a primary basis, the total EUR expected
25 out of the new drilling program is 69,000 barrels of oil

1 primary. That would -- if nothing else was developed on
2 a primary basis, it would bring the total for the acreage
3 in red on that previous exhibit to a primary production
4 of 146,000 barrels of oil from 450 feet.

5 Q. Do you have an estimate as to how these lines
6 would change, based on this project, injection project?

7 A. That's in a tabular form on the next exhibit.

8 Q. Let's go to that, then.

9 A. One of the issues in the study, when I
10 reviewed and audited some of the numbers, was the amount
11 of data available in preparing this study. A gentleman
12 by the name of Clinton B. Crocker, another registered
13 P.E., is the one who performed this study.

14 I did not include bios on these gentlemen.
15 But I have them, if the Commission is interested, the
16 guys that did the study in '87.

17 What I did is I reviewed their entire study.
18 And basically what Mr. Crocker did, he calculated
19 volumetrics in a much larger area. I reviewed his
20 calculations for the specific 360 acres that are in that
21 red description. Within there, you can calculate about
22 2.8 million barrels of oil in place.

23 The various reservoir parameters that went
24 into his study, in some of these -- for instance, his
25 permeabilities came from core data. There was no core

1 data that I could find, but he had reference to core
2 data.

3 So we're talking about a 360-acre area;
4 average water saturation of 46 percent; average depth,
5 412 feet; average height of the formation, 9.8 feet;
6 porosity, on average, just over 19 percent; bottomhole
7 temperature, Boi of 1.025; a very shallow reservoir.

8 Using 10-acre spacing -- and he calculated on
9 well pairs using 10 acres on the injectors and 10 acres
10 on the producers. So he calculated his data on 18 well
11 pairs, is what I counted up.

12 The initial reservoir pressure was 206 psi;
13 oil gravity was 35 degrees. He did not have a recovery
14 factor. But based on what I calculated on volumetrics
15 and looking at what he did, our numbers agree on
16 volumetrics, and I came up with 9 percent on primary
17 recovery factor.

18 The only thing I might disagree with, if
19 Mr. Crocker were around now, is what he did for his
20 waterflood study and what I tabulated are his results for
21 his well pairs. This is what he calculated in the table,
22 and he calculated this based on a two-to-one secondary to
23 primary.

24 What I did, I ran economics based on his
25 numbers and the estimated costs, op ex and cap ex, that

1 would go into the project. And I also looked at a
2 one-to-one, which, when I look at these types of projects
3 in these sands, I look at more of a .7 to a 1.2, primary
4 to secondary. So I would just use a one. Either way,
5 the economics work very well on this project.

6 On the economics that I ran, \$85 well flat, 75
7 net revenue, op ex was -- and keep in mind that this is a
8 company whom the employees own their own rig. They go
9 out on their own rig, they drill their wells, they turn
10 their own wrenches, they do everything themselves. They
11 do their own bookwork.

12 Their op ex is figured at \$300 a month, plus a
13 dollar per barrel of oil; the water, 50 cents per barrel
14 for handling and taking care of the water. Tax is 8
15 percent. Cash flow on the two-to-one scenario is \$1.5
16 million. Net present value is \$962,000 per well pair.
17 If you go to a one-to-one estimate on primary to
18 secondary, it's roughly half on the economics.

19 Now, analogy-wise, the only injection into
20 this zone has been back to the east about seven or eight
21 miles. It wasn't full-fledged flood. And it's much
22 deeper, due to regional dip, so there's not a good
23 analogy close-by offset.

24 So basically what we're looking at is moving
25 the 48 barrels of day produced water into the

1 newly-converted injector. You have six wells to monitor
2 and watch for increases in production and water. And
3 this type of project in this particular sand has proved
4 over and over that it will increase the estimated
5 ultimate recovery on a waterflood project if we can prove
6 up the initial well.

7 Q. Mr. Maxey, would approval of this application,
8 in your opinion, be in the best interest of conservation
9 of oil and gas and the prevention of waste?

10 A. Yes, it would prevent waste.

11 Q. Can you elaborate on that just --

12 A. It will prevent waste and will increase the
13 recovered oil and prevent waste from leaving this oil in
14 the ground. Right now the eight wells that are now on
15 production, primary production after 25 years' cessation,
16 are proving that we still have energy in the reservoir,
17 and there's still a lot of oil to be recovered.

18 Q. Will approval of this application impair
19 correlative rights?

20 A. No.

21 MR. PADILLA: Mr. Examiner, we offer
22 Exhibits 1 through 8 and pass Mr. Maxey for
23 cross-examination.

24 EXAMINER EZEANYIM: Exhibits 1 through 8
25 will be admitted.

1 David?

2 (Exhibits 1 through 8 were admitted.)

3 EXAMINER BROOKS: No questions.

4 EXAMINATION

5 BY EXAMINER EZEANYIM:

6 Q. First -- let me understand. You want to do
7 pressure maintenance, and then maybe that will combine
8 into a waterflood?

9 A. Right.

10 Q. That's the testimony I've been listening to.
11 And based on that, after this waterflood --
12 they are going to come in for a waterflood; right? They
13 are going to come in for a waterflood project?

14 A. Yes. It would have to be a hearing, yes,
15 because there would have to be unitization.

16 Q. Of course for pressure maintenance, you don't
17 need to. But when you decide to do waterflood, you can
18 come again, unitize the area and then come in for
19 waterflood.

20 A. Yes.

21 Q. You see why this is different from the other
22 one? I'm trying to follow what you're saying. That is
23 very good.

24 Then your calculation on here is based on a
25 two-to-one ratio?

1 A. The economics on that page, yes.

2 Q. We'll worry about it when it is, but I'm
3 trying to find out how we are going to approve pressure
4 maintenance.

5 I would like to go back to the Form C-108. In
6 that area, you said you had 85 wells in the area of
7 review?

8 A. That's right.

9 Q. Now, I'm looking at this. There's a bunch of
10 them. I take it that A is active?

11 A. Yes.

12 Q. And P is -- what is P?

13 A. P would be producing. Excuse me. A is
14 abandoned.

15 Q. P is producing? Okay. A is abandoned, and P
16 is producing?

17 A. That's right.

18 Q. And all those -- this is all in the area of
19 review?

20 A. All these wells are in the circular area of
21 review for the C-108.

22 Q. Half mile?

23 A. Yes, half-mile radius.

24 Q. A lot of wells?

25 A. Yes.

1 Q. You have -- because I haven't looked at it.
2 You have plugged and abandoned well schematics saying how
3 they were plugged and abandoned?

4 A. Yes, in the C-108.

5 Q. It's all included here?

6 A. Yes.

7 Q. For all the ones that -- any one producing is
8 okay. But if they are plugged and abandoned, I wanted to
9 see the diagram to see whether they are going to have --

10 A. There was discussion providing stick diagrams
11 in a hearing, and I didn't know how to manage 85 wells in
12 a hearing.

13 Q. It's a lot of wells.

14 A. That's a very prospective area, shallow wells,
15 very closely spaced.

16 Q. So now the type O is oil. What is I,
17 injection, in that area of review?

18 A. Yes.

19 Q. I is injection?

20 A. Yes.

21 Q. O is oil, and then A is active? No, no. A is
22 abandoned?

23 A. Yes --

24 EXAMINER BROOKS: Are you sure of that?

25 A. -- a lot of abandoned wells.

1 EXAMINER BROOKS: Are you sure A is
2 abandoned in the status column? Or is P plugged and A
3 active?

4 THE WITNESS: It's my understanding that A
5 was abandoned.

6 EXAMINER BROOKS: I think P is abandoned
7 in the status column. But that's confusing because --

8 THE WITNESS: Our existing Russell 5 and 7
9 are P status.

10 EXAMINER BROOKS: Which is this, now?

11 THE WITNESS: Those are producing. On the
12 second page of all those wells, come down to the Russell
13 C5 and 7. The Russell C7 and the Russell C5 are
14 producing. Those are producing wells, and they have a
15 code of P.

16 I looked through all these schematics, and
17 there are a lot of plugged wells.

18 EXAMINER BROOKS: I'm confused about the
19 symbolism, because A could mean either active or
20 abandoned, and P could mean either plugged or producing.
21 We ought to have better symbols on our tables. I just
22 want to make it clear that we know what we're talking
23 about.

24 THE WITNESS: If you'd like it clarified,
25 I can clarify it.

1 EXAMINER BROOKS: Just make sure it's
2 right and consistent, and report that back to us. We
3 don't want to be confused about that subject.

4 EXAMINER EZEANYIM: Good point. That's
5 the point I was making there.

6 And when I flash my eyes, I see the -- it's
7 very confusing, abandoned or plugged or something.

8 What I want you to do is to -- on that area of
9 review, I want you to put -- if you want P to be plugged,
10 say, "P, plugged," or, "P, producing," or whatever, so we
11 can go to the area of review and see how we are going to
12 handle it.

13 Because when I look at your diagram, P or A, I
14 get confused. And I don't see any cement showing that
15 they are plugged and abandoned. So I want you to go back
16 and demonstrate -- it's not a big deal.

17 EXAMINER BROOKS: We've had this problem
18 on C-108s before.

19 EXAMINER EZEANYIM: Especially when you
20 have a bunch of wells like this.

21 Q. (By Examiner Ezeanyim) Now, what is the depth
22 of the fresh water in the area?

23 A. Well, they have not really found any fresh
24 water in the area, and there's no fresh water reported by
25 the State Engineer in this area.

1 They're drilling with air. So they're
2 dusting, and they're encountering no water. So if you're
3 going to encounter water, you do it on air.

4 Q. And the water you are using to --

5 A. Produced water will be reinjected on lease,
6 on lease-produced water.

7 Q. So I assume you worry about compatibility
8 issues?

9 A. I'm sorry?

10 Q. I assume you worry about whether the water is
11 okay to be injected?

12 A. Right. It's the existing producing formation.

13 MR. PADILLA: Same water?

14 THE WITNESS: Same water.

15 Q. (By Examiner Ezeanyim) When you do that
16 nomenclature, you do it actually in a manner of time to
17 do all this. If you can say, well, out of the area of
18 review, it's half of them. Sixty is producing, you know,
19 15 or 25 is plugged and abandoned, when you give us
20 those, so that I can know exactly how many are producing
21 and how many are plugged and abandoned.

22 To help me try to look for them, tell me
23 whether they are plugged and abandoned properly. Tell me
24 the number that is plugged and abandoned. Because
25 otherwise, if you don't tell me, I have to go back page

1 by page.

2 A. So you're kind of going back to the
3 clarification on the abandoned?

4 Q. Yes. Once you do that, then you can tell me
5 out of those 85 area of review wells, so-and-so are
6 plugged and abandoned, so-and-so are producing or
7 temporarily abandoned, anything. Just tell me the status
8 and how many.

9 A. Add them up?

10 Q. Yes. And the P and A are very, very
11 confusing.

12 A. Right.

13 EXAMINER EZEANYIM: I have no more
14 questions.

15 Do you have anything more?

16 MR. PADILLA: No, we don't have any more,
17 other than Exhibit 9, which is my affidavit of mailing of
18 notices to the various operators.

19 EXAMINER EZEANYIM: Have we admitted that
20 exhibit or not?

21 MR. PADILLA: No. We would ask that that
22 be admitted.

23 EXAMINER EZEANYIM: Exhibit Number 9 will
24 be admitted.

25 (Exhibit 9 was admitted.)

1 MR. PADILLA: That's all we have, unless
2 you have any questions for Joe Tarver, who is the
3 principal with Tarco Energy.

4 EXAMINER EZEANYIM: Is he here?

5 MR. PADILLA: Yes.

6 EXAMINER EZEANYIM: There's no point.

7 MR. PADILLA: I agree.

8 Okay. Nothing further.

9 EXAMINER EZEANYIM: At this point, Case
10 Number 14931 will be taken under advisement.

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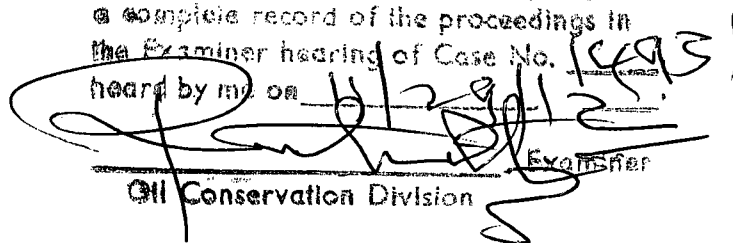
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14931
heard by me on 6/28/12


Examiner
Oil Conservation Division

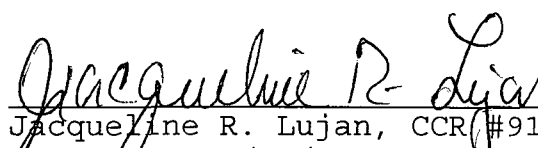
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on November 29, 2012, proceedings in
the above captioned case were taken before me and that I
did report in stenographic shorthand the proceedings set
forth herein, and the foregoing pages are a true and
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with any of the parties or
attorneys in this case and that I have no interest
whatsoever in the final disposition of this case in any
court.

WITNESS MY HAND this 11th day of December,
2012.


Jacqueline R. Lujan, CCR #91
Expires: 12/31/2012