

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. 14162

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

August 21, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
TERRY G. WARNELL, Technical Examiner, on Thursday, August 21,
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
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FOR THE APPLICANT:

Tommy Roberts
ATTORNEY AT LAW
PO Box 129
Farmington, New Mexico 87499

1 MR. BROOKS: Let's call Case No. 14162, Application
2 of Merrion Oil and Gas Corp. for Compulsory Pooling in San Juan
3 County, New Mexico.

4 Call for appearances.

5 THE WITNESS: Mr. Examiner, my name is Mr. Tommy
6 Roberts. I'm an attorney in Farmington, New Mexico, appearing
7 on behalf of the applicant. I have two witnesses to be sworn.

8 MR. BROOKS: Okay. We need to swear the witnesses,
9 please. Witnesses state your names and then the court reporter
10 will administer the oath.

11 MR. SHARPE: George Sharpe, S-h-a-r-p-e.

12 MS. CAMPBELL: Briana Campbell, C-a-m-p-b-e-l-l.

13 [Witnesses sworn.]

14 MR. ROBERTS: I call Mr. Sharpe as my first witness.

15 GEORGE SHARPE

16 after having been first duly sworn under oath,

17 was questioned and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. ROBERTS:

20 Q. State your name and your address for the record,
21 please.

22 A. George Sharpe, Farmington, New Mexico.

23 Q. And Mr. Sharpe, by whom are you employed?

24 A. Merrion Oil and Gas.

25 Q. In what capacity?

1 A. I'm the investment manager.

2 Q. And how long have you been employed in that
3 capacity?

4 A. 1990, whatever that would be -- 18 years.

5 Q. Have you previously testified before the
6 New Mexico Oil Conservation Division?

7 A. I have.

8 Q. In what capacity?

9 A. I was an expert witness.

10 Q. Have you testified in compulsory pooling cases?

11 A. I have.

12 Q. Were you qualified as an expert in the field of
13 petroleum engineering at the time?

14 A. I was.

15 Q. Are you familiar with the application in this
16 case?

17 A. I am.

18 Q. And have you prepared exhibits to be presented in
19 conjunction with your testimony today?

20 A. Yes.

21 MR. ROBERTS: Mr. Examiner, I tender Mr. Sharpe as an
22 expert in the field of petroleum engineering.

23 MR. BROOKS: So qualified.

24 Q. (By Mr. Roberts): Mr. Sharpe, would you briefly
25 state the purpose of the application in this case.

1 A. The purpose of the application is to request
2 compulsory pooling in the Basin Fruitland Coal pool, the W/2 of
3 Section 9, 29 North, 13 West, in San Juan County.

4 Q. And do you propose to drill two wells in this
5 proration unit?

6 A. We do.

7 Q. And is that done pursuant to the pool rules for
8 the Basin Fruitland Coal gas pool?

9 A. It is.

10 Q. Are these standard gas well locations?

11 A. Yes.

12 Q. Is this a standard spacing proration unit?

13 A. It is.

14 Q. And describe briefly the experience of Merrion in
15 drilling and completing Fruitland Coal gas wells in the San
16 Juan Basin.

17 A. We have -- we are owners in probably 30 wells in
18 the San Juan Basin and have drilled 15 of those wells.

19 Q. Okay. I want you to refer to what's been marked
20 as Exhibit No. 1, please, and identify that exhibit. Explain
21 its significance to the application.

22 A. It's a map showing the San Juan Basin, showing
23 the City of Farmington, and just identifying that the wells are
24 being drilled within the city limits of the City of Farmington.
25 It is a bubble map depicting production of the Basin Fruitland

1 Coal wells in the basin with the bubble size representative of
2 the cumulative production from the coal, and it just
3 illustrates that the City of Farmington is outside of the
4 prolific Fruitland Coal area.

5 Q. Turn to what's been marked as Exhibit No. 2,
6 please, and identify that exhibit.

7 A. Exhibit 2 is a topographic map showing the
8 standup spacing unit in the W/2 of Section 9. It also shows
9 the proposed locations of the two Fruitland Coal wells that we
10 plan to drill. It's meant to illustrate the logistical
11 complexities of drilling within the city. In addition, it is
12 fee acreage with multiple fee owners; thus the need for
13 compulsory pooling.

14 Q. Turn to what's been marked as Exhibit No. 3, and
15 identify that exhibit and explain its relevance to the
16 application.

17 A. Exhibit No. 3 is the C-102s for the two wells.
18 These have been approved by the State of New Mexico showing the
19 proposed locations for the two wells and showing it to be a
20 standard 320-acre spacing unit.

21 Q. And turn to Exhibit No. 4, please, and identify
22 that exhibit.

23 A. Exhibit No. 4 is a production bubble map blown in
24 on the area of interest around the W/2 of Section 9, and it
25 shows that the performance of the Fruitland Coal wells in this

1 area is highly variable. There is a significant amount of risk
2 with undertaking this operation, and it is meant to help
3 justify our request for the full risk penalty on the compulsory
4 pooling.

5 Q. Okay. Exhibit 5, identify that exhibit, please.

6 A. Exhibit No. 5 is a copy of two AFEs, Authority
7 for Expenditures, that were sent out to all the committed and
8 uncommitted owners in the W/2 of Section 9 for the two wells
9 that we plan to drill.

10 Q. Just briefly summarize the dry hole costs and
11 completed costs.

12 A. The dry hole costs are estimated to be \$342,000
13 per well and completed well costs of \$719,000 per well.

14 Q. And the format of this exhibit, the AFE for the
15 Glade Park No. 1 is on the left-hand side, and the AFE for the
16 Glade Park No. 2 is on the right-hand side; is that correct?

17 A. That's correct.

18 Q. Were these AFEs sent to all non-joining parties?

19 A. They were.

20 Q. All right. In your opinion, are these estimated
21 costs reasonable given the nature of the operation?

22 A. Yes, they are.

23 Q. And are they consistent with your experience in
24 the drilling completion of Fruitland Coal gas wells in the San
25 Juan Basin?

1 A. They're higher than they ought to be, but they're
2 consistent with what it costs in the last year or so.

3 Q. Okay. Let's refer to Exhibit No. 6. Identify
4 that exhibit, please.

5 A. Exhibit No. 6 is the operating agreement for all
6 depths in the W/2 of Section 9, and that was submitted to all
7 of the joining and non-joining parties.

8 Q. Is this is the standard form commonly used in the
9 industry for operations of this type?

10 A. It is.

11 Q. Any substantial modifications to the model form?

12 A. There are not.

13 Q. Who do you propose be designated as the operator
14 in the contract area?

15 A. Merrion Oil and Gas Corporation.

16 Q. Let's move to what you've marked as
17 Exhibit No. 7, please, and identify that exhibit and explain
18 its significance to the application.

19 A. Exhibit 7 is published overhead rates by Ernst
20 and Young Company that evaluates overhead rates across the
21 United States. These are for New Mexico. It shows the rates
22 for shallow wells that are going to be a thousand foot deep,
23 Fruitland Coal wells. The rates for a shallow well have a
24 median drilling overhead rate of \$2279, and then median
25 producing overhead rate of \$427 per month. We have proposed

1 slightly higher rates than that of 5,000 per month for drilling
2 and 500 per month for producing. And we feel justified based
3 on the additional manpower and logistical effort to drill and
4 operate within the city limits.

5 Q. So the request for a bit higher rates than what
6 might be customary has to do with the location within the city
7 limits and --

8 A. The complexity of the operations and the fact
9 that it's going to take a lot more manpower within the office
10 to not only to deal with the permitting and getting the wells
11 drilled, but ongoing operations.

12 Q. What kind of expenses -- and I don't mean
13 specific dollar amounts -- but just briefly describe the
14 efforts so far that Merrion has undertaken to gain approval for
15 the drilling of these wells from the City of Farmington?

16 A. We've spent probably several man weeks mapping
17 locations, meeting with city officials to try to find
18 acceptable locations within the city that are not going to
19 impact or that are going to minimize the impact on neighbors.
20 There has been a great deal of effort involved in meeting with
21 neighbors and talking about issues.

22 The application process is the normal State
23 application plus a city permit process that requires a planning
24 and zoning meeting, an oil and gas commission meeting, and
25 ultimately a city council meeting. So there's a significant

1 amount of manpower effort involved in that.

2 Q. Okay. What risk factor do you propose be
3 assessed of the non-joining interest owners?

4 A. We request the maximum risk factor for the Basin
5 Fruitland Coal pool.

6 Q. What is your understanding of what that rate is?

7 A. My understanding is it's 156 percent.

8 Q. Mr. Sharpe, in your opinion, will the granting of
9 this application be in the interest of conservation and result
10 in the prevention of waste and the protection of correlative
11 rights?

12 A. Yes.

13 Q. And were Exhibit Nos. 1 through 7 either prepared
14 by you or at your direction or under your supervision?

15 A. Yes, they were.

16 MR. ROBERTS: Mr. Examiner, I move the admission of
17 Exhibit Nos. 1 through 7.

18 MR. BROOKS: Exhibit Nos. 1 through 7 are admitted.

19 [Applicant's Exhibits 1 through 7 admitted into
20 evidence.]

21 MR. ROBERTS: I have no further questions on direct.

22 EXAMINATION

23 BY MR. BROOKS:

24 Q. Okay. If you were mistaken about the maximum
25 risk factor that it's actually 200 percent, would you --

1 A. I would want 200 percent, Mr. Examiner.

2 Q. Very good. We actually did raise that about
3 three years ago on the Basin Fruitland Coal, so I thought you
4 might want to --

5 MR. ROBERTS: That's the reason why we kind of
6 couched it --

7 THE WITNESS: Thank you for asking.

8 Q. (By Mr. Brooks): Okay. You're drilling two
9 wells in the same spacing unit; is that correct?

10 A. Yes.

11 Q. And you want a compulsory pooling order that will
12 authorize both wells?

13 A. We anticipate drilling both wells, again, trying
14 to minimize cost, getting in and out. We're going to drill
15 them simultaneously.

16 Q. Okay. You'll move from one right to the other?

17 A. Yes.

18 Q. Let's see. What else do I need to ask here?
19 Merrion is going to be the operator?

20 A. Yes, sir.

21 Q. That's Merrion Oil and Gas Corp.?

22 A. Yes, sir.

23 Q. You said there were quite a few owners in this
24 spacing unit.

25 A. Yes, there are sir. And that's going to be

1 testified to in the ensuing exhibits.

2 Q. You have another witness that's going to cover
3 the land issues?

4 A. Yes.

5 Q. Okay. I guess that's all I have, then.

6 MR. BROOKS: Mr. Warnell?

7 MR. WARNELL: Yeah, I have a question for Mr. Sharpe.

8 EXAMINATION

9 BY MR. WARNELL:

10 Q. When I look at your Exhibit No. 2 -- I've been
11 a pilot just about as long as I've been in the oil patch. And
12 as a matter of fact, I learned how to fly in Farmington. And
13 when I look at your Exhibit No. 2, I see the airport there.
14 And your Glade Park No. 1 well is almost off the end of the
15 runway. That bothers me a little bit.

16 A. The FAA regulations -- we're going to have to
17 comply with those to make sure we're okay with those. If you
18 learned to fly in Farmington, you'll know that that's a fairly
19 significant mesa. The drilling rig will be approximately 55
20 foot high, well below the top of that mesa.

21 Q. So the top of your rig is going to be well below
22 the ground elevation of the airplane?

23 A. Yes, sir.

24 Q. Have you talked with the FAA?

25 A. We are actually, through the city process, doing

1 that, and having to satisfy the FAA on that well location.

2 Q. All right.

3 MR. WARNELL: That's all I've got. Thank you.

4 MR. ROBERTS: I have no questions on redirect.

5 MR. BROOKS: Very good. You may call your next
6 witness.

7 MR. ROBERTS: I call Briana Campbell.

8 BRIANA CAMPBELL

9 after having been first duly sworn under oath,

10 was questioned and testified as follows:

11 DIRECT EXAMINATION

12 BY MR. ROBERTS:

13 Q. Would you state your name and your address for
14 the record, please.

15 A. Briana Campbell, 610 Reilly Avenue, Farmington,
16 New Mexico.

17 Q. And by whom are you employed?

18 A. Merrion Oil and Gas.

19 Q. In what capacity?

20 A. I work in the land department.

21 Q. How long have you been employed by Merrion?

22 A. I started working in January, but last summer I
23 was an intern for them.

24 Q. Okay. Briefly describe your post high school
25 education.

1 A. I attended New Mexico State University, and I
2 graduated a with degree in managerial leadership and marketing.

3 Q. Have you had any other experience working in the
4 oil and gas industry?

5 A. I did an internship for Energen Resources in
6 Farmington, New Mexico, a couple of years ago.

7 Q. And what were your responsibilities during that
8 internship?

9 A. Land research.

10 Q. Briefly describe your job responsibilities in
11 your position at Merrion.

12 A. I deal with land and mineral rights owners. I
13 research mineral rights, and I guess I'm a land analyst, you
14 could say.

15 Q. Have you testified before the Oil Conservation
16 Division on prior occasions?

17 A. No, I have not.

18 Q. Are you familiar with the application in this
19 case?

20 A. Yes.

21 Q. And what have been your responsibilities with
22 respect to this application?

23 A. I researched from patent forward all the mineral
24 rights owners for Section 9.

25 Q. Describe the process you followed in researching

1 titles.

2 A. I did tract research. I went to San Juan Title
3 and used their books, and went from patent forward for every
4 parcel and the W/2 of Section 9, did book-and-page and then
5 went to the county and double-checked and then printed every
6 document out and went through the documents.

7 Q. Did the abstract company provide the
8 book-and-page takeoff for you, or did you do that work
9 yourself?

10 A. I did that myself.

11 Q. So you went to the tract indices and determined
12 what documents had been entered under that tract?

13 A. Yes.

14 Q. How many separate tracts of land did you examine
15 the title to in the W/2 of Section 9?

16 A. When it all came out, it was well over 100
17 tracts.

18 Q. How much time did you spend in that process?

19 A. About four months.

20 Q. Have you prepared exhibits to be presented in
21 conjunction with your testimony?

22 A. Yes.

23 Q. I'm going to ask you to refer to Exhibit No. 8
24 and to describe that exhibit. Tell us what it tells us.

25 A. Exhibit No. 8 is a lease ownership summary. It

1 has everyone who we have tried to contact to lease. They are
2 the unleased interest owners. We also have the uncommitted
3 working interest owners, the committed working interest owners,
4 which is Merrion, XTO, Jay Steigelman, Specialty Lending Group,
5 LLC, Juraj Lucas-Klepac.

6 Also Synergy Oil Corporation is a committed -- no,
7 I'm sorry. That's Section 18. I'm sorry. I got a little
8 confused.

9 Q. Let's look at this ownership tabulation in a
10 little more detail. Is it set out on a tract basis?

11 A. No. They're just re-numbered.

12 Q. Okay. Well, I see that, for example, one
13 interest owner is listed three times?

14 A. Oh, yes.

15 Q. So they have -- is it your finding that they had
16 three separate changes of title to a mineral interest in this
17 half section?

18 A. Yes.

19 Q. Okay. If we look at the last page of the exhibit
20 where we have some subtotals, we indicate that total
21 uncommitted mineral interests are 116 acres-plus. These are
22 all still uncommitted to this project or to these projects as
23 far as you know at this time?

24 A. Yes.

25 Q. What percentage of the total interest does that

1 represent?

2 A. 36 percent, a little over.

3 Q. And then you've identified Richardson Operating
4 Company as an uncommitted leasehold operating rights interest,
5 and I assume that that means that you have found in your
6 examination title that they have a lease or leases covering
7 minerals within this half section --

8 A. Yes.

9 Q. -- and that they have not committed to the
10 projects?

11 A. We have not heard from them, no.

12 Q. And what is the percentage of that interest?

13 A. About almost 5 percent, 4.7 percent.

14 Q. Then in the next category you identify as
15 committed leasehold operating rights interest owners. XTO
16 Energy you identify as having a 12.88 percent interest for
17 these projects. That would be working interest in the wells.
18 They have indicated that they are joining.

19 A. Yes. They signed the AFEs and the operating
20 agreement.

21 Q. And then Merrion Oil and Gas's interest is
22 44 percent, approximately?

23 A. Yes.

24 Q. The next three who have been identified as
25 committed leasehold operating rights interest owners, they're

1 actually mineral interest owners whose interests are on lease
2 at this point who have decided to participate.

3 A. Yes. They want to participate.

4 Q. And you've -- and they have given you formal
5 notice that they are participating?

6 A. Yes. They've signed AFEs and operating
7 agreements.

8 Q. So the total working interest -- potential
9 working interest -- in the well, you've got 59-plus percent who
10 have indicated their agreement to participate?

11 A. Yes.

12 Q. Let's move to what you've marked as
13 Exhibit No. 9. Would you identify that exhibit, please.

14 A. This is a letter that we sent out to all the
15 owners, the mineral interest owners, in Glade Park in the W/2
16 of Section 9 giving them their four options for proposal to
17 drill.

18 Q. The letter itself is dated June 24th, 2008?

19 A. Yes.

20 Q. It indicates that these letters were certified
21 with a return receipt requested. Were they actually sent
22 certified with a return receipt requested?

23 A. Yes, they were.

24 Q. Let's have you just briefly, as briefly as
25 possible, go through the contents of the letter focusing on the

1 options that you advised these owners they had.

2 A. The first option is -- we offered the mineral
3 interest owners to participate. They would share in the cost
4 of the drilling, completion, and ongoing operation costs. We
5 kind of them gave a brief synopsis of how they could figure out
6 how much of the 320 acres they own.

7 The second option would be for us to lease --

8 Q. Let me interrupt you there for the first option.
9 So along with this notification, you sent to these people an
10 authority for expenditure for both wells?

11 A. Yes.

12 Q. Okay. Go ahead with the description of the
13 section option.

14 A. The second option, Merrion Oil and Gas has
15 offered to lease. We were going to pay \$250 per net acre, and
16 the mineral interest owners would receive a 15 percent royalty
17 interest. And we gave them information to determine how much
18 they would own out of the 320 acres.

19 Q. And did you also send along a proposed lease with
20 the letter?

21 A. No. What we did is we set it up on the FTP site
22 on the internet so they could access the operating agreement,
23 the lease, and the mineral deed online.

24 Q. Okay. Let's describe the third option you
25 identified in your letter.

1 A. That would be for Merrion to purchase the
2 minerals outright from the mineral interest owner for \$1500 per
3 net acre.

4 Q. Then you went on in the letter to describe the
5 consequences of choosing -- of not choosing either one of those
6 options?

7 A. Yes.

8 Q. Would you briefly summarize what you explained to
9 them.

10 A. We explained that if they did not respond or
11 choose the first three options, they had the option of being
12 force-pooled. And we gave them the date that the force-pooling
13 hearing was going on. They were also -- they also had an
14 opportunity to even choose option four if they just didn't want
15 to deal with anything.

16 Q. In the letter, you indicated that the application
17 had been set for the August 7 hearing date. Subsequent to that
18 time, did you advise all of these interest owners of the
19 continuance to the 21st?

20 A. No. We were still set up for August 7th a while
21 back, but I did call some and -- or some people had called and
22 I would tell them that it had been changed to the 21st.

23 Q. Now, next to the last page of this exhibit
24 appears to be simply a summary of the options; is that
25 accurate?

1 A. Yes.

2 Q. And the last page is a list of the attachments;
3 is that correct?

4 A. Yes.

5 Q. All right. Let me have you move on to -- let's
6 see, was that Exhibit 9? Yeah. I think so. Let's go on to
7 Exhibit No. 10, please, and identify that exhibit.

8 A. Okay. This is a proposal to drill to the working
9 interest owners for the W/2 of Section 9 in San Juan County.

10 Q. And to whom did this letter go?

11 A. This went to XTO and Richardson.

12 Q. Okay. And why did you have a separate letter to
13 XTO and Richardson?

14 A. Because each company owns -- has leases for
15 Section 9.

16 Q. So the first letter is correspondence to the
17 mineral interest owners who are unleased simply to advise them
18 of their options and to describe what would happen in the event
19 they did not choose --

20 A. Yes.

21 Q. -- any of those options. And the second letter
22 is to the known leasehold operating rights interest owners, and
23 you were just advising them of the application and also
24 advising them of the proposal and operations that they may have
25 had, right?

1 A. Yes.

2 Q. Let's refer you to what's been marked as
3 Exhibit No. 11. Please identify that exhibit.

4 A. This is a summary of attempts to locate or -- for
5 our certified return receipts mailing. It has everyone that we
6 sent letters to, whether or not they received it, if it was
7 returned to us, and the date that we sent it back.

8 Q. And this is all of the unleased mineral interest
9 owners --

10 A. Yes. This is all of them.

11 Q. -- to whom notice was sent?

12 A. Yes.

13 Q. And how do you indicate on this exhibit that a
14 return receipt came back to Merrion?

15 A. There's an X under the return to Merrion Oil and
16 Gas column. We had five that were returned, four we found new
17 addresses on the credit bureau of Farmington website that we
18 have access to. We sent those letters back out. The only one
19 that we were not able to find was E.O. and June Johnston.

20 Q. Okay. Let me just clarify that. The people for
21 whom you received receipts are marked with an X next to their
22 name under the column "Received by Owner"; is that right?

23 A. Yes.

24 Q. And the return to Merrion Oil and Gas column were
25 those that came back undelivered; is that correct?

1 A. Right.

2 Q. And then you resent to those people --

3 A. Yes.

4 Q. -- another letter?

5 A. Yes.

6 Q. Or the same letter under a different mailing; is
7 that correct?

8 A. Yes.

9 Q. All right. Are you familiar with the notice
10 requirements set forth in the rules of the New Mexico Oil
11 Conservation Division applicable to hearings of this kind --
12 applications of this kind?

13 A. Yes.

14 Q. And were those -- did Merrion comply with those
15 notice requirements?

16 A. Yes.

17 Q. Let me have you refer to what's been marked as
18 Exhibit No. 12 and just briefly identify what that exhibit
19 contains.

20 A. Exhibit No. 12 is the copy of our return receipts
21 that we sent out to the landowners, interest owners.

22 Q. For every mineral interest owner on your list?

23 A. And including the working interest owners.

24 Q. Okay. Were Exhibit Nos. 8 through 12 either
25 prepared by you or at your direction or supervision?

1 A. Yes.

2 MR. ROBERTS: Mr. Examiner, I move the admission of
3 Exhibit Nos. 8 through 12.

4 MR. BROOKS: Exhibits 8 through 12 are admitted.

5 [Applicant's Exhibits 8 through 12 admitted into
6 evidence.]

7 MR. ROBERTS: No further questions on direct.

8 MR. BROOKS: Okay.

9 EXAMINATION

10 BY MR. BROOKS:

11 Q. On this Exhibit No. 8, what's the difference
12 between 8 and 11? Oh, I think I see. Okay.

13 On Exhibit No. 8, all the 36.25472 percent are all
14 unleased?

15 A. Yes.

16 Q. And on Richardson, is there a lease interest or
17 is that a mineral interest?

18 A. They have leasehold interest.

19 Q. Okay. And what about XTO?

20 A. It's leasehold interest.

21 Q. And then these other three, Steigelman, Specialty
22 Lending, and Lucas-Klepac, are those participating unleased
23 interests?

24 A. Yes.

25 Q. Okay. Exhibit 12, the return receipts, what

1 actual letter was sent with these? Was that --

2 A. That would be the Exhibit No. 9.

3 Q. Exhibit 9?

4 A. Yes.

5 Q. Okay. Now, did you send a letter to these people
6 advising them of the scheduling of the original hearing in this
7 case?

8 A. Of the August 21st hearing?

9 Q. Well, any hearing?

10 A. August 7th?

11 Q. Of any hearing?

12 A. Yes.

13 Q. You did?

14 A. Yes.

15 Q. Was that sent certified?

16 A. It was included in that letter.

17 Q. So the notice of the hearing was included with
18 Exhibit No. 9?

19 A. Yes. They're -- in the last paragraph, there's a
20 notice of the hearing. And then we also sent along with that
21 the notice that we contacted the OCD.

22 MR. ROBERTS: Mr. Examiner, it's on the second page
23 of that Exhibit 9 letter.

24 MR. BROOKS: Yeah. I'm looking at that. Is that the
25 only letter that was sent to these people?

1 MR. ROBERTS: You'll have to answer that question.

2 Q. (By Mr. Brooks): There was not another letter
3 sent after the hearing date was assigned?

4 A. No.

5 Q. Okay.

6 MR. BROOKS: Are you going to file an Affidavit of
7 Notice, or is this testimony the notice?

8 MR. ROBERTS: We intended this testimony to serve
9 that purpose.

10 MR. BROOKS: Okay. This letter doesn't comply with
11 the requirements of our notice. So we've received the evidence
12 and that's good, and we will allow it to be applied. But we're
13 going to have to take this under advisement with instruction
14 that additional notice be sent.

15 If you will look at our Rule 1210(b), it's type of
16 content of notice -- type and content of the notice. I know
17 it's in here somewhere. Exactly where is it? Okay. The
18 hearing's date, time, and place. And neither the time nor the
19 place of the hearing is specified in this notice, as far as I
20 can see.

21 So what I will do, I will reset this hearing for
22 September 18th, which is the next hearing date we have in which
23 this can -- which will give you the time needed for the
24 notices, and you can re-notice these people for that date. And
25 if no one appears, it will not be necessary to present any

1 further testimony. Did you have any questions for the witness?

2 MR. WARNELL: No questions.

3 MR. ROBERTS: That concludes our presentation.

4 MR. BROOKS: Very good. Okay. Case No. 14162 will
5 be continued to September 18th for notice.

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13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
15 the Examiner hearing of Case No. 14162,
16 heard by me on 8/21/03.
17 David K. Brooks, Examiner
18 Oil Conservation Division
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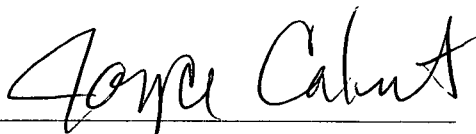
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REPORTER'S CERTIFICATE

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.

DATED this 21st of August, 2008.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/09

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 1-28 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, 21st day of
12 August, 2008.

13
14 

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

18
19 

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

CASE NO. 14162

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

August 21, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
TERRY G. WARNELL, Technical Examiner, on Thursday, August 21,
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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