

## STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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NOV 24 2003

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

Oil Conservation Division

CASE NO. 13,154

APPLICATION OF YATES PETROLEUM )  
 CORPORATION FOR NONSTANDARD SPACING )  
 AND PRORATION UNITS, CHAVES COUNTY, )  
 NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

November 7th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Friday, November 7th, 2003, 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.

\* \* \*

## I N D E X

November 7th, 2003  
Examiner Hearing  
CASE NO. 13,154

## PAGE

REPORTER'S CERTIFICATE

5

\* \* \*

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

## FOR THE DIVISION:

GAIL MacQUESTEN  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: MICHAEL H. FELDEWERT

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 9:29 a.m.:

3 EXAMINER JONES: Okay, call Case 13,154, is  
4 readadvertised Application of Yates Petroleum Corporation for  
5 nonstandard spacing and proration units, Chaves County, New  
6 Mexico.

7 Call for appearances.

8 MR. FELDEWERT: May it please the Examiner, my  
9 name is Michael Feldewert with the Santa Fe office of  
10 Holland and Hart, appearing on behalf of Yates Petroleum  
11 Corporation, and we have no witnesses today.

12 EXAMINER JONES: No other appearances in this  
13 case?

14 There being none, will the witness please --

15 MR. FELDEWERT: Actually --

16 EXAMINER JONES: No witnesses?

17 MR. FELDEWERT: No witnesses, I just have a  
18 statement, yeah.

19 This was -- Mr. Examiner, this case was presented  
20 to Examiner Catanach on October the 9th. Evidence was  
21 presented at that time supporting three nonstandard spacing  
22 units, which are set forth in the advertisement today.

23 There was a problem with the advertisement for  
24 the smallest spacing unit, the 50.19 unit area. As a  
25 result, this matter was continued to allow the

1 advertisement of that small spacing unit.

2 The matter has now been properly advertised. All  
3 the interested parties, all the affected parties, were  
4 notified the first time around when they had the hearing on  
5 October 9th.

6 So by virtue of this readvertisement, this matter  
7 is now ready for decision and we ask that it be taken under  
8 advisement by the Division. And I would suspect that you  
9 can punt this to Mr. Catanach.

10 EXAMINER JONES: Good. Okay, thank you. Gail,  
11 do you have anything on this?

12 MS. MacQUESTEN: No, thank you.

13 EXAMINER JONES: Okay. With that, we will take  
14 Case 13,154 under advisement.

15 (Thereupon, these proceedings were concluded at  
16 9:31 a.m.)

17 \* \* \*

18 I do hereby certify that the foregoing is  
19 a complete record of the proceedings in  
20 the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_

21 \_\_\_\_\_, Examiner  
22 Oil Conservation Division  
23  
24  
25

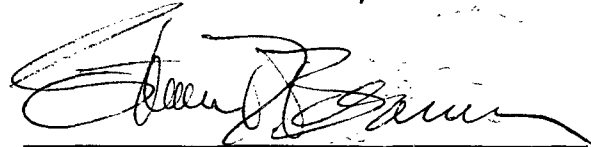
## CERTIFICATE OF REPORTER

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 November 8th, 2003.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006

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. 13,154

APPLICATION OF YATES PETROLEUM )  
 CORPORATION FOR NONSTANDARD SPACING )  
 AND PRORATION UNITS, CHAVES COUNTY, )  
 NEW MEXICO )

**ORIGINAL  
 RECEIVED**

REPORTER'S TRANSCRIPT OF PROCEEDINGS

OCT 23 2003

EXAMINER HEARING

Oil Conservation Division

BEFORE: DAVID R. CATANACH, Hearing Examiner

October 9th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, October 9th, 2003, 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.

\* \* \*

## I N D E X

October 9th, 2003  
 Examiner Hearing  
 CASE NO. 13,154

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

## FOR THE DIVISION:

GAIL MacQUESTEN  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: WILLIAM F. CARR

\* \* \*



1 WHEREUPON, the following proceedings were had at  
2 8:28 a.m.:

3  
4 EXAMINER CATANACH: At this time I will call Case  
5 13,154, the Application of Yates Petroleum Corporation for  
6 nonstandard spacing and proration units, Chaves County, New  
7 Mexico.

8 Call for appearances.

9 MR. CARR: May it please the Examiner, my name is  
10 William F. Carr with the Santa Fe office of Holland and  
11 Hart, L.L.P.

12 We represent Yates Petroleum Corporation in this  
13 matter, and I have two witnesses.

14 EXAMINER CATANACH: Any additional appearances?  
15 Will the two witnesses please stand to be sworn  
16 in?

17 (Thereupon, the witnesses were sworn.)

18 CHARLES E. MORAN,  
19 the witness herein, after having been first duly sworn upon  
20 his oath, was examined and testified as follows:

21 DIRECT EXAMINATION

22 BY MR. CARR:

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

24 A. My name is Charles Moran.

25 Q. Mr. Moran, where do you reside?

1 A. In Artesia, New Mexico.

2 Q. By whom are you employed?

3 A. Yates Petroleum Corporation.

4 Q. And what is your position at Yates Petroleum  
5 Corporation?

6 A. I am a landman.

7 Q. Have you previously testified before the Oil  
8 Conservation Division?

9 A. Yes, I have.

10 Q. At the time of that testimony, were your  
11 credentials as an expert in petroleum land matters accepted  
12 and made a matter of record?

13 A. Yes, they were.

14 Q. Are you familiar with the Application filed in  
15 this case?

16 A. Yes, I am.

17 Q. Are you familiar with the status of the lands  
18 that are the subject of this Application?

19 A. Yes, I am.

20 MR. CARR: Are Mr. Moran's qualifications  
21 acceptable?

22 EXAMINER CATANACH: They are.

23 Q. (By Mr. Carr) Mr. Moran, let's first go to what  
24 has been marked for identification as Yates Petroleum  
25 Corporation Exhibit Number 1, and I'd ask you to refer to

1 this plat and explain to the Examiner what it is that Yates  
2 is seeking in this case?

3 A. Exhibit 1 is a plat of the lands in that --  
4 Chaves County. And what we have there is a correction  
5 section that we must deal with out here. The correction  
6 section is 9 1/2 South, 24 East. If you will look on the  
7 map you will see what looks like to be a bad splice job,  
8 but that's actually a township, and that's the 9 1/2 South  
9 24.

10 Yates Petroleum Corporation is seeking an order  
11 to create a nonstandard spacing unit composed of Section 36  
12 of Township 9 1/2 South, 24 East, composed of Lots 1  
13 through 4, and the correction section, Section 1, of 10  
14 South, 24 East, to form what would be a spacing unit for  
15 320 acres composed of 365.94 acres, for all formations to  
16 be developed on 320-acre spacing.

17 And then for 160-acre spacing we've proposed that  
18 the spacing be increased by combining the two sections to  
19 form a 181.31-acre spacing unit.

20 And then also in the event we discover oil,  
21 combine the two sections to form a nonstandard spacing unit  
22 composed of 50.19 acres, taking lands from both sections.

23 Q. You're proposing to dedicate these nonstandard  
24 units to the Erma Well Number 2?

25 A. Yeah, it would be the Erma Com Number 2.

1 Q. And where is that well?

2 A. The well currently is staked at a location 660  
3 feet from the north line and 660 feet from the east line in  
4 Section 1 of 10 South, 24 East.

5 Q. So if you drill the Erma Number 2 and you drill  
6 to a formation developed under OCD Rules on 320-acre  
7 spacing, you're proposing to create a nonstandard unit  
8 comprised of the north half of Section 1?

9 A. Right.

10 Q. And all of the correction section above it --

11 A. Correct.

12 Q. -- those little slivers?

13 Now, the acreage to the north in Section 36, is  
14 that acreage currently under development, or has it been  
15 developed?

16 A. In -- 9 South, 24 East, Section 36, has already  
17 been developed and the ownership established in that  
18 section.

19 Q. And Yates is going to call an engineering witness  
20 to discuss the drainage areas and the impact on this sliver  
21 of land if, in fact, it isn't dedicated to some well; is  
22 that not --

23 A. Yes.

24 Q. Is Exhibit Number 2 an affidavit confirming that  
25 notice of today's hearing has been provided in accordance

1 with the Rules of the Division?

2 A. Yes, it is.

3 Q. And to whom has notice been provided?

4 A. In this case notice was provided to all royalty,  
5 override and working interest owners in both Section 36 and  
6 Section 1.

7 Q. So all possibly affected parties have received  
8 notice?

9 A. All possible affected parties have received  
10 notice.

11 Q. Were Exhibits 1 and 2 either prepared by you or  
12 compiled at your direction?

13 A. Yes, they were.

14 MR. CARR: At this time, Mr. Catanach, we would  
15 move the admission of Yates Petroleum Corporation Exhibits  
16 1 and 2.

17 EXAMINER CATANACH: Exhibits 1 and 2 will be  
18 admitted.

19 MR. CARR: That concludes my direct of Mr. Moran.

20 EXAMINATION

21 BY EXAMINER CATANACH:

22 Q. Mr. Moran, the Lots 1, 2, 3 and 4, those are in  
23 Section 36, right?

24 A. Yes, that is Section 36 of 9 1/2 South, 24 East.

25 Q. Okay. And Lots 1 through 4 are currently --

1 Well, what type of land is this?

2 A. Section 3 is state land, and Section 1 is fee  
3 land.

4 Q. So the lease in Section 36, the state lease  
5 encompasses these lots?

6 A. Lots 1 through 4, yes.

7 Q. And that's part of a bigger lease in Section 36?

8 A. No, it's a separate lease. Section 36 that is  
9 developed is also a state lease, but it is a separate lease  
10 from what is the -- I'll call it the sliver lease, the  
11 correction lease. That lease is composed of approximately  
12 46.3 acres.

13 This was the one and only time I could nominate a  
14 full township and the State Land Office didn't get mad at  
15 me.

16 Q. Do you happen to know what lease number that is?

17 A. I don't know that I brought it with me. I don't  
18 remember.

19 Q. It may not be necessary, but --

20 MR. CARR: Well, we can provide that --

21 THE WITNESS: I can give you that.

22 MR. CARR: -- immediately after the hearing.

23 EXAMINER CATANACH: Okay, that would be good.

24 Q. (By Examiner Catanach) Okay, so Yates is the  
25 lessee of that sliver?

1           A.    Yes.  The only reason we leased it is, we do not  
2   want anybody else to go in there and lease it and then try  
3   to drill a well on there.

4           Q.    Okay.  Now, you want to form a 365-acre unit, I  
5   can see that.

6                   And you want to form a 181-acre unit, which would  
7   essentially be the northeast quarter of Section 1?

8           A.    Correct.

9           Q.    And Lots 1 and 2?

10          A.    Correct.

11          Q.    Okay.  And I think you also said something about  
12   a 51-acre?

13          A.    Yeah, in the event we find oil we would like to  
14   form an irregular spacing unit for oil based off of Lot 1  
15   of Section 36 and Lot 1 of Section 1.

16                   EXAMINER CATANACH:  Mr. Carr, I'm concerned that  
17   the ad for this case doesn't specify the oil units.

18                  MR. CARR:  It does not, the one that -- We'd have  
19   to re-advertise to include that.

20                   EXAMINER CATANACH:  I think so.

21                  MR. CARR:  Okay.  Yeah, we'll have to do that.

22                   EXAMINER CATANACH:  Okay, let's see.  That's all  
23   the questions I have of this witness.

24                  MR. CARR:  Mr. Catanach, at this time we'd like  
25   to call George Freeman.

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GEORGE H. FREEMAN,

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. George Freeman.

Q. Mr. Freeman, where do you reside?

A. Artesia.

Q. And by whom are you employed?

A. By Yates Petroleum Corporation.

Q. Have you previously testified before the Oil  
Conservation Division?

A. Yes.

Q. At the time of that testimony were your  
credentials as an expert in petroleum engineering  
accepted --

A. Yes.

Q. -- and made a matter of record?

A. Yes.

Q. Are you familiar with the Application filed on  
behalf of Yates in this case?

A. Yes, I am.

Q. Have you made a technical study of the area which  
is involved in this Application?



1 A. Yes, I have.

2 Q. And are you prepared to share the results of that  
3 work with the Examiner?

4 A. Yes.

5 MR. CARR: Are the witness's qualifications  
6 acceptable?

7 EXAMINER CATANACH: They are.

8 Q. (By Mr. Carr) Mr. Freeman, what are the primary  
9 objectives in the proposed Erma Number 2 well?

10 A. The well will be drilled to Precambrian  
11 formation, primarily to test the Wolfcamp and the Abo.

12 Q. Let's go to the geological exhibits contained in  
13 the exhibit packet. I'd like you to go first to a number  
14 of isopach maps that are marked Yates Petroleum Corporation  
15 Exhibit Number 3. Would you identify and review for the  
16 Examiner what they show?

17 A. Yeah, there are six different isopachs here. The  
18 top three are for the Abo A, B and C sand intervals, and  
19 then the next three are the Wolfcamp A, B and C sands. And  
20 these plats show the net thickness of each of these sands  
21 in the area and also identify a trace for a cross-section  
22 through the wells in the area.

23 Q. If we look at these isopachs, we can see that  
24 both the Abo and the Wolfcamp formations, these channels  
25 extend not only through Section 1 but into the correction

1 township, Section 36; is that right?

2 A. Yes, that's correct.

3 Q. Let's go to Exhibit Number 4, the cross-section.  
4 Could you just explain to Mr. Catanach the purpose of this  
5 exhibit and what it shows?

6 A. Yeah, this shows cross-section through several  
7 wells, starting with the Summers Com Number 2 in Section 25  
8 of 9 South and 24 East.

9 Q. Okay.

10 A. Then it goes to the Harvest Wells Number 2,  
11 Number 4 and Number 3, which are in Section 36 of 9 South  
12 and 24 East. Then to the Delhagen which is in Section 6 in  
13 10 South and 25 East. It also identifies where we would  
14 expect the Erma Number 2 to fall, between those wells. And  
15 then down to the Adell Fed Number 1 in Section 7, 10 South  
16 and 25 East.

17 And the cross-section identifies perforations in  
18 existing wells, and it identifies the productive sands that  
19 have an indication of porosity and gas effect on the logs.

20 Q. And again, you can see the continuous nature of  
21 these zones across the area?

22 A. Yes, they correlate across the area.

23 Q. The primary zones of interest are the Wolfcamp  
24 and the Abo, but the Abo is really the principal target  
25 here, is it not?

1           A.   Well, Wolfcamp and Abo both, that's right. But  
2 Abo is probably most likely to be productive.

3           Q.   Let's go to Exhibit Number 5. Could you explain  
4 what that is?

5           A.   Yeah, this is a table showing the typical  
6 properties of the Abo formation, typical reservoir  
7 properties. And of primary interest there is the  
8 permeability, which is approximately .05 millidarcies,  
9 which is low, and this is a tight-gas sand.

10          Q.   Now, go to Exhibit Number 6 and explain what that  
11 is.

12          A.   Okay, this is a model of the drainage radius  
13 around the well producing from the Abo formation with  
14 typical properties. This is actually modeled on the  
15 Harvest 3, which is a productive well in the area, which we  
16 think that the Erma Number 2 will be similar to the Harvest  
17 3.

18               And this shows how the drainage radius around  
19 this well will increase in time. The dots there correspond  
20 to different standard spacings, and the third dot from the  
21 right represents a 160-acre drainage area. You can see  
22 that you'd expect that to be reached in a little over five  
23 years.

24          Q.   All right. And then if we go on out, we can see  
25 that it, in 20 to 25 years, drains substantially more than

1 that; is that right?

2 A. Yes, that would go all the way out to 640 acres  
3 if it did not encounter a boundary in the reservoir. In  
4 that amount of time it could drain a whole section.

5 Q. And the well that you're using is sort of the  
6 sample well that you're trying to use for comparison  
7 purposes, is the Harvest Number 3?

8 A. Yes.

9 Q. That's the well in the southeast of Section 36 of  
10 9 South, 24 East, isn't that right?

11 A. Yes.

12 Q. The offsetting well to the north?

13 A. That's right.

14 Q. What is the next exhibit?

15 A. Exhibit Number 7 shows a model for the same well,  
16 how the rate would decrease as the drainage radius  
17 increases with time.

18 The blue line is for a well in an infinite  
19 reservoir or, in other words, one that has not encountered  
20 a boundary in the reservoir as the pressure disturbance  
21 radiates away from the well. And you can see that the rate  
22 naturally decreases in time before a boundary is  
23 encountered in the reservoir.

24 The magenta line shows how the rate would change  
25 if there was a boundary limiting the reservoir to 160

1    acres. So when that boundary was encountered, then the  
2    rate would fall substantially, although it would keep  
3    producing out for a number of years.

4            Q.    Based on the information you have on the  
5    formation, is it reasonable to assume that the Erma well  
6    will likely perform in a fashion similar to the offsetting  
7    Harvest well to the north?

8            A.    Yes, that's what we hope.

9            Q.    And when you look at the two graphs just  
10   presented, is it also reasonable to assume that the Erma  
11   well will, within a reasonable time frame, effectively  
12   drain at least 160 acres?

13          A.    Yes.

14          Q.    All right, let's go to the next exhibit, Yates  
15   Petroleum Corporation Exhibit Number 8. Would you first  
16   identify that and explain what you're trying to show?

17          A.    Yes, this the same as one of the exhibits Number  
18   3, showing an isopach on the Abo B sand. And there is a  
19   red circle drawn around the location of the Erma Number 2  
20   which identifies a 160-acre radius around that well and  
21   shows that this would -- you know, in a perfectly radial  
22   drainage area would include a lot of the area in the  
23   correction section and even into Section 36 of 9 South and  
24   24 East.

25          Q.    Okay, let's keep that exhibit out and go to

1 Exhibit Number 9. Would you explain what this shows?

2 A. Okay, this is on the same plat, but now we've  
3 moved the drainage -- The circle is drawn around a location  
4 inside the correction section showing a 160-acre drainage  
5 area centered on that location, and you can see that that  
6 would include the location of Erma Number 2, and that the  
7 drainage areas for the two well locations would overlap.  
8 Most of it would overlap. They're almost the same areas.

9 Q. If we look at Exhibit 8, is it fair to say that  
10 unless we create this nonstandard spacing unit, the acreage  
11 in that correction section would be drained but the owners  
12 therein would not share?

13 A. Yes.

14 Q. That's the State of New Mexico in that small  
15 correction section?

16 A. That's correct.

17 Q. If we look at Exhibit 9, is it fair to say that  
18 drilling an additional well in that correction section to  
19 recover what reserves are under that land would be an  
20 unnecessary well?

21 A. That is correct.

22 Q. In your opinion, will approval of this  
23 Application and the establishment of these nonstandard  
24 units be in the best interests of conservation, the  
25 prevention of waste and the protection of correlative

1 rights?

2 A. Yes.

3 Q. Exhibits 3 through 9 include geological and  
4 engineering exhibits; is that correct?

5 A. That's correct.

6 Q. Have you reviewed the geological data with the  
7 Yates geologist?

8 A. Yes.

9 Q. Can you confirm the reasonableness of the  
10 interpretation shown on those exhibits?

11 A. Yes.

12 Q. The engineering exhibits were prepared by you?

13 MR. CARR: Mr. Examiner, at this time we would  
14 move the admission into evidence of Yates Petroleum  
15 Corporation Exhibits 3 through 9.

16 EXAMINER CATANACH: Exhibits 3 through 9 will be  
17 admitted.

18 MR. CARR: And that concludes my examination of  
19 Mr. Freeman.

20 EXAMINATION

21 BY EXAMINER CATANACH:

22 Q. Mr. Freeman, is there any potential for oil  
23 production uphole from the Abo?

24 A. There's a slight possibility, although we don't  
25 really expect it. There is some San Andres production, I

1 think, a few miles to the southeast, although -- I'm sorry,  
2 there has been San Andres production to the southeast,  
3 although I don't think that there's any current production  
4 there.

5 Q. With regards to -- and in case you guys encounter  
6 some production in the Wolfcamp, would that well in the  
7 Wolfcamp sufficiently drain that irregular section?

8 A. Yes, the Wolfcamp would be even more pronounced  
9 in this way. The Wolfcamp is spaced on 320 acres, and the  
10 320-acre drainage area would overlap to an even greater  
11 extent.

12 Q. I know you're not seeking it at this time, but  
13 would you plan to drill an additional well in the Abo in  
14 the northwest quarter of Section 1?

15 A. Well, yeah, I think that's possible if this one  
16 is productive.

17 Q. So in that event you may be in here asking to  
18 include Lots 3 and 4 in one of those proration units,  
19 probably?

20 A. Well, that's really outside of my area but I  
21 would anticipate that, yes, sir.

22 Q. So it depends on what the Erma well does?

23 A. Yes.

24 Q. What's the closest Abo production to you guys?  
25 Up in Section 36?



1           A.    Yeah, we have four wells in Section 36 of 9  
2           South, 24 East, which are productive, and then we've just  
3           drilled the Delhagen over in Section 6 of 10 South and 25  
4           East.

5           Q.    Just off to the east of the proposed location?

6           A.    Yes.

7           Q.    So that's a productive Abo well?

8           A.    Yes.

9           Q.    The wells down in Sections 1 and 2, in the lower  
10          part of the display, are those Abo-producing wells?

11          A.    Yes, the Erma 1 is an Abo well, but it's not a  
12          very good one.

13          Q.    Looks like that's reaching the limits of some of  
14          the sands there?

15          A.    Yes.

16                EXAMINER CATANACH:   Okay, I have no further  
17          questions.

18                MR. CARR:   We will file an ad that includes the  
19          oil unit and request that that be placed on the docket.  
20          It's just an amended ad so the case can be taken under  
21          advisement at that time.  Is that how you'd like that to be  
22          handled?

23                EXAMINER CATANACH:   Yeah, I don't think we need  
24          any additional testimony.  Did you guys -- In the notice,  
25          did you guys provide notice of that unit?

1 MR. CARR: I'll check that, I --

2 EXAMINER CATANACH: If not, you may have to do  
3 some more --

4 MR. CARR: Yeah, I suspect it's in the letter  
5 because it was in the Application and the Application was  
6 mailed to all affected interest owners, but I will confirm  
7 that.

8 EXAMINER CATANACH: Okay.

9 MR. CARR: I will also provide the state lease  
10 number to you.

11 EXAMINER CATANACH: Okay.

12 MR. CARR: And that concludes our presentation.

13 EXAMINER CATANACH: All right, there being  
14 nothing further in this case, Case 13,154 will be continued  
15 and readvertised, and I'm not sure for what docket.  
16 Probably November 6th, I would suspect. Okay, thank you.

17 (Thereupon, these proceedings were concluded at  
18 8:50 a.m.)

19 \* \* \*

20  
21 I do hereby certify that the foregoing is  
22 a complete record of the proceedings in  
23 the Examiner hearing of Case No. 13154,  
24 heard by me on October 9, 2003.  
25 David R. Catnach, Examiner  
Oil Conservation Division

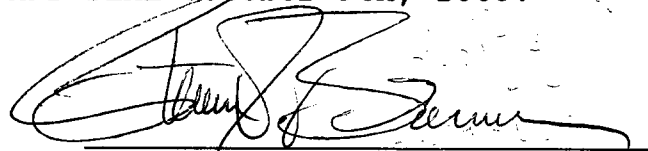
## CERTIFICATE OF REPORTER

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 October 9th, 2003.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006