

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:

APPLICATION OF BTA OIL PRODUCERS, LLC
FOR APPROVAL OF A SALT WATER DISPOSAL
WELL, EDDY COUNTY, NEW MEXICO

CASE NO. 14559

TRANSCRIPT OF PROCEEDINGS

Examiner Hearing

October 14, 2010

9:42 a.m.

1220 South St. Francis Drive
Santa Fe, New Mexico 87504

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BEFORE: TERRY WARNELL, HEARING EXAMINER
DAVID BROOKS, LEGAL EXAMINER

REPORTED BY: CONNIE JURADO, RPR, NM CCR #254
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A P P E A R A N C E S

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1 MR. WARNELL: We will call Case
2 Number 14559, Application of BTA Oil Producers, LLC,
3 for approval of a salt water disposal well, Eddy
4 County, New Mexico. Call for appearances.

5 MR. CARR: May it please the
6 Examiner, my name is William F. Carr with the Santa
7 Fe office of Holland & Hart, LLP. We represent BTA
8 Oil Producers in this matter, and I have one witness.

9 MR. SWAZO: Good morning. My name is
10 Sonny Swazo. I am representing the OCD in this case.
11 I have one witness at this time. And I would just
12 like to point out that we're not here advocating any
13 position with regard to the injection permit. We're
14 not advocating for or against it. We want to make
15 sure that BTA complies with any provisions that you
16 may require in the permit.

17 MR. WARNELL: Okay. Let's go ahead,
18 and if both witnesses will please stand, and state
19 your name and be sworn.

20 (Note: The witnesses were duly sworn.)

21 BEN GRIMES

22 After having been first duly sworn under oath,
23 was questioned and testified as follows:

24 EXAMINATION

25 BY MR. CARR:

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

3 A Ben Grimes.

4 Q Mr. Grimes, by whom are you employed?

5 A BTA Oil Producers.

6 Q And what is your current position with
7 BTA?

8 A Operations manager.

9 Q How long have been employed by BTA?

10 A Be five years in January.

11 Q Have you previously testified before the
12 Oil Conversation Division?

13 A No, I haven't.

14 Q Are you the person responsible for BTA's
15 compliance with the Oil Conservation Division's rules
16 and regulations?

17 A I am one of the people. I oversee the
18 others who --

19 Q When did you become operations manager?

20 A It was a year and three months ago.

21 Q Could you review for the examiners your
22 educational background, your work experience?

23 A Okay. I have a business degree,
24 management finance from Baylor University, and then I
25 went and got my master's of science in physical

1 therapy from Texas Woman's University. Worked as a
2 physical therapist for ten years, and then I was
3 approached by BTA to go through a training program.
4 They knew that the operations manager had four years
5 before he was going to retire, so -- and they took me
6 and they spent the next four years training me.

7 I spent time in the field working as a
8 pumper, supervising pooling units, doing MIT tests,
9 but most of the time was spent underneath the direct
10 supervision of the operations manager at the time,
11 Royce Boyce.

12 Q Are you familiar with the status of the
13 Owl 20504 JV-P Well No. 5?

14 A Yes.

15 Q Are you aware of the current status of the
16 regulatory filings on that well?

17 A Yes.

18 Q Are you the BTA representative who has
19 been engaged in discussions with the OCD concerning
20 actions taken by BTA to bring this well into
21 compliance with OCD rules?

22 A It would be myself and Pamela Inskeep, our
23 administrator.

24 Q Are you also familiar with the two other
25 Owl wells in the one-half mile area of review? The

1 Owl Well No. 1 and the Owl Draw Unit SWD Well No. 1?

2 A Yes.

3 Q And are you authorized to speak for BTA in
4 this proceeding?

5 A Yes.

6 MR. CARR: I would tender Mr. Grimes
7 as a practical landman.

8 MR. SWAZO: I have no objection.

9 MR. WARNELL: I have a question,
10 Mr. Grimes. Now, what were you doing before you went
11 to work for BTA?

12 A Physical therapist.

13 MR. WARNELL: Physical therapist.
14 Why is it that BTA came to a physical therapist and
15 asked him if he wanted be operations manager? That
16 must be an interesting story.

17 A I actually had done work on a couple of
18 the partners with BTA, and I was a long-time friend.
19 So they knew me and they knew my background. I also
20 have a business degree from Baylor. So there is a
21 little more than physical therapy involved, but they
22 were looking for somebody that they could train to
23 take over the position. I think they had done that
24 in the past, and it had worked well for them. So
25 they wanted to repeat the process, and they wanted

1 someone that they could trust, and they trusted me.

2 MR. WARNELL: And they feel it is
3 working well for them now?

4 A I hope so. They tell me it is, but some
5 days, I have my doubts.

6 MR. WARNELL: All right. Mr. Grimes
7 is so recognized.

8 MR. BROOKS: Well, if we judge your
9 physical therapy on the partners of BTA, it must have
10 been very effective.

11 A We had good results.

12 Q (By Mr. Carr) Do you work on them after
13 work?

14 A No.

15 Q All right. Mr. Grimes, could you briefly
16 state what BTA seeks with this application?

17 A We seek an order authorizing us to use the
18 Owl 20504 JV-P Well No. 5 for salt water disposal.

19 Q Have you reviewed the prepared testimony
20 in this case filed by Daniel Sanchez?

21 A Yes, I have.

22 Q And have you prepared exhibits for
23 presentation here today?

24 A Myself and Pam Inskeep, yes.

25 Q Could you identify what has been marked

1 for identification as BTA Exhibit Number 1?

2 A That would be this, the application of BTA
3 Oil Producers for produced water disposal.

4 Q Is this the administrative order that
5 actually originally authorized salt water disposal in
6 this --

7 A Yes, it is.

8 Q And then behind that, there is a second
9 document. What is that?

10 A It's a notice of loss of injection
11 authority.

12 Q Okay. Did this initial order, SWD-1091 --
13 first, it did authorize injection in the well; is
14 that correct?

15 A That's correct.

16 Q It contains certain conditions that BTA
17 was required to meet?

18 A Correct.

19 Q It also provided that the order would
20 terminate if the injection did not commence within
21 one year?

22 A Correct.

23 Q Were the original conditions in this order
24 complied with by BTA?

25 A No.

1 Q And did injection commence within one year
2 of the order?

3 A Yes, it did.

4 Q And when did injection actually commence
5 in this well?

6 A September 5, 2007.

7 Q Let's take a look for a minute at the
8 conditions in this order. The order provided that
9 after installing injection tubing, the casing should
10 be pressure tested?

11 A Uh-huh.

12 Q Is that the MIT test?

13 A Yes.

14 Q Has a mechanical integrity test been
15 conducted on this well?

16 A Well, you run a packer in and you have to
17 circulate the packer fluid, and then you test the
18 casing with 500 pounds. And I found an invoice by
19 Stone Oilfield that they did go through that
20 procedure, and it correlates to the same date that
21 the OCD was on site, 6/12/2007. I don't have
22 documentation that we submitted that, so I can just
23 say that the procedure was done according to that
24 invoice.

25 Q And are you prepared to do whatever needs

1 to be done with the OCD --

2 A We are.

3 Q -- to clarify that?

4 A Yes.

5 Q Was this procedure and all of this
6 actually conducted before you assumed your current
7 position with BTA?

8 A That's correct.

9 Q Once injection commenced in the well --
10 well, first of all, you were required to provide
11 notice of the date of the commencement of injection.
12 Did you do that?

13 A No, I don't believe we did.

14 Q The order also provided that BTA would
15 file monthly reports of the disposal operations on
16 Division Form C-115. Were those originally filed?

17 A No.

18 Q Has that now been done?

19 A Yes.

20 Q If we look at the notice of cancellation
21 of injection authority, the second document in
22 Exhibit 1, what did this notice tell BTA?

23 A To cease injection, that our authority had
24 been removed, to catch up on the documents that we
25 had failed to provide them, and then to go through a

1 resubmittal process.

2 Q Is this application today actually the
3 result of --

4 A Yes, it is.

5 Q -- the requirements of that letter?

6 A Yes. We have been trying to make the
7 requirements of that.

8 Q The testimony filed by Mr. Sanchez
9 indicated that on February 18, 2010, an OCD inspector
10 found that this well was injecting. Was the well
11 injecting at that time?

12 A No, it wasn't. We had a -- there was a
13 site visit I think on the 28th of January. We were
14 informed that we were out of compliance. So on
15 February the 1st when I found out about it, we shut
16 down our producing well. We shut down the injection
17 well. I think the confusion is they said in the site
18 visit, that the panel was turned to on or auto. Out
19 in this area, it is far removed from electricity.
20 There is a generator hooked up to it. And the
21 generator was shut down, so there was no electricity
22 provided to turn that pump on. So we weren't
23 producing or injecting at that point.

24 Q At this time in terms of the OCD
25 requirements, have all of the forms been properly

1 filed to the best of your knowledge?

2 A They have.

3 Q And what about the status of pressure
4 limiting devices and the MIT testing?

5 A There actually is a pressure limiting
6 device on it. We are this morning going to put a
7 gauge that is required on the casing to make sure
8 that there is no leak in the packer or leak in the
9 casing. I believe that we have come into compliance.
10 We have not re-performed an MIT because we don't have
11 the authority to inject yet.

12 Q Could you review for the examiners the
13 concerns expressed by the BLM concerning -- I believe
14 it was the Owl Draw Unit SWD Well?

15 A The --

16 Q First of all, was that a salt water
17 disposal well?

18 A No. It was actually a well that was
19 drilled in 1960, and it was a producer. It was
20 plugged soon after. When we bought the lease, we
21 were going to try to go into that well and turn it
22 into a disposal well. We were unable to do that, and
23 we plugged it based on the plan that we submitted to
24 the BLM.

25 The BLM when this came about objected to

1 the plugging of that. They said that there should
2 have been another plug inserted into that well that
3 they missed at the time. And so they asked us to go
4 back in and drill through the two plugs that were set
5 and put another plug in that well. We have done
6 that. We have replugged that well to their standards
7 and submitted it.

8 MR. WARNELL: Which well was that
9 again?

10 A The Owl Draw Unit No. 1.

11 MR. CARR: And there are two wells
12 within just a few hundred feet of each other --

13 A Correct.

14 MR. CARR: -- both called the Owl No.
15 1. The well that Mr. Grimes is talking about is the
16 Owl Draw Unit No. 1.

17 A The Owl Draw Unit No. 1 was drilled in
18 1960. The producer, which is the Owl 1, we drilled I
19 think in 2006.

20 Q (By Mr. Carr) And what is the status of
21 remediation at this site?

22 A We are working with the BLM. They have
23 had us take up the pad on the No. 5 site, regrade,
24 and we're in -- we are currently working with them to
25 close the remediation.

1 Q Do you believe at this time you have met
2 the concerns of the BLM?

3 A On the Owl Draw and the plugging, we have
4 met the concerns. We are still discussing with them
5 trying to meet the standards that they are requiring
6 for the remediation, so.

7 Q In his prepared testimony, Mr. Sanchez
8 recommends that to assure that BTA has complied with
9 all OCD prerequisites before granting an order, that
10 certain things should be done. One was to set all of
11 the requirements or preconditions in the order, and
12 then come back for a subsequent order.

13 The other option in his testimony was to
14 require you to bring the well in complete compliance
15 and then work with the legal department here and the
16 district, and then whenever you're in compliance,
17 have them file a letter. Do you have a preference as
18 to which of those --

19 A We have worked with Daniel and Gail in the
20 past, just meeting this gentleman today, but I think
21 we have worked with them well. And we would like to
22 continue to do that and have them file a motion where
23 when we meet all of the requirements to inject, they
24 would insert a letter into the file stating that, and
25 we would proceed from there.

1 Q Let's now look at your Exhibit 2, the
2 application for authorization to inject.

3 A Okay.

4 Q Did you prepare this application?

5 A I helped in the preparation of it.

6 Q And who worked with you in the preparation

7 --

8 A Pam Inskeep and Britton McQuien.

9 Q And who is Britton McQuien?

10 A Britton McQuien is a reservoir engineer at
11 BTA.

12 Q Do you believe that this application
13 contains all information required by the Oil
14 Conservation Division?

15 A I do.

16 Q And this is a new application for
17 authorization to inject in the Owl No. 5, and it's
18 being filed pursuant to the notice filed by the OCD
19 terminating prior injection authority?

20 A Correct.

21 Q Okay. Have the logs and test data on this
22 well already been filed with the division?

23 A Yes.

24 Q Has an injection well data sheet and
25 schematic, a new one updated to show the current

1 status of the wellbore, been included in this
2 exhibit?

3 A Yes.

4 Q And is that included on pages 3 through
5 5 --

6 A Yes.

7 Q -- of Exhibit 2? Could you go to the
8 large area review map, which is attached, and just
9 explain what it shows?

10 A The area review map has a -- it has a two
11 mile radius around the proposed injector. Every well
12 within the circle is identified by lease number and
13 name. It shows the location of each injection well,
14 it shows lease ownership in the area, and it shows
15 the area of review. It's got a one-half radius
16 around each injection well. It has, I think in the
17 middle there, the Owl 5 and then the two Owl wells we
18 have discussed are on the left.

19 Q Does this application contain all of the
20 information required by the Oil Conservation Division
21 for each of the wells in the area of review?

22 A Yes.

23 Q Does it include a schematic for the Owl
24 Well No. 1?

25 A Yes, it does.

1 Q And that shows the current configuration
2 of that well?

3 A Yes.

4 Q And that is included in page 6 of this
5 exhibit?

6 A Yes, it is.

7 Q Are there plugged and abandoned wells
8 within the area of review?

9 A The Owl Draw Unit No. 1.

10 Q And have you included a schematic and
11 information of that well?

12 A Yes, the one we just --

13 Q And it is on page 7 of the exhibit?

14 A It is -- yes, 6 and 7.

15 Q And does it include the -- is it accurate
16 showing the replugging of that well?

17 A Yes.

18 Q Have you reviewed the data available on
19 wells within the area of review and determined that
20 no remedial work is required to enable you to safely
21 operate this injection well?

22 A Our engineer has reviewed it, yes.

23 Q And is this well, the plugged and
24 abandoned well plugged in a way so that no injection
25 fluid can escape by virtue of this well out of the

1 injection zone?

2 A Yes.

3 Q What injection volumes does BTA propose to
4 inject?

5 A Average daily rate of 800 barrels of water
6 per day. Maximum daily rate of 2,100 barrels of
7 water per day.

8 Q And what is the source of that water?

9 A The source of that is the 20504 Owl No. 1,
10 which is our producing well out there.

11 Q Is there a water analysis included in the
12 exhibit for this well?

13 A Yes. Exhibit 2, page 9.

14 Q Are the waters compatible with the waters
15 under which they will be --

16 A Yes, they are.

17 Q Is it an open or closed system?

18 A It's a closed system.

19 Q And what injection pressures is BTA
20 proposing?

21 A Average injection pressure of 500 pounds
22 and the max pressure is 586 pounds.

23 Q Do you get that 586 --

24 (Note: Interruption by court reporter.)

25 Q (By Mr. Carr) Do you get the 586 PSI by

1 applying the 2/10 pound per foot of depth to the top
2 of the injection interval as required by the OCD?

3 And your answer?

4 A Yes.

5 Q Is that going to be an adequate pressure
6 limitation?

7 A It should be.

8 Q If you need to increase the injection
9 pressure, would you do that pursuant to a division
10 witnessed step rate test?

11 A Yes, we would.

12 Q How will BTA monitor this well to ensure
13 the integrity of the well?

14 A We have the gauge that will be put on the
15 casing site. We have the packer fluid, which is in
16 the annulus, so if we have any leakage, it will show
17 pressure on that gauge.

18 Q Are there fresh water zones in the area?

19 A This is from Britton --

20 Q Are you looking now at Exhibit 3?

21 A I am looking at item 8.

22 Q Which is marked Exhibit 3 in this case?

23 A There is known fresh water from a shallow
24 alluvium separated from the Delaware Mountain Group
25 by thick evaporites. There is no known source of

1 fresh water underlying the proposed injection

2 interval. We're in the Cherry Canyon, which is part

3 of the Delaware Mountain Group where we're injecting.

4 Q Are there any fresh water wells within the
5 area of review?

6 A I don't believe so.

7 Q This Exhibit Number 3, this is a
8 geological summary?

9 A Yes.

10 Q And was that included in the original
11 filing?

12 A Yes. The -- oh, this, the item 8?

13 Q Yes.

14 A It was not. There was an oversight, and
15 so we had our engineer look at it.

16 Q And so now with this, have you complied
17 with the requirements to provide a geological summary
18 of the subject formation?

19 A Yes.

20 Q Does the exhibit also contain
21 cross-sections magnifying the formations?

22 A Yes, it does.

23 Q Has BTA examined the available information
24 on geologic -- let me start over. Has BTA examined
25 the available geologic and engineering data on this

1 reservoir?

2 A Yes.

3 Q And as a result of that examination, have
4 you found any evidence of open falls or other
5 hydrologic connections between the injection interval
6 and any underground source of drinking water?

7 A No.

8 Q In your opinion, will approval of this
9 application and the use of the No. 5 well for
10 injection be in the best interests of conservation
11 and prevention of waste and the protection of
12 correlative rights?

13 A Yes.

14 Q How soon does BTA hope to commence
15 injection operations?

16 A We would like to do it as -- after we meet
17 all of the requirements of the OCD. As soon as
18 possible.

19 Q What is BTA Exhibit Number 4?

20 A Affidavit confirming notice of application
21 provided in accordance with the rules of the OCD.

22 Q And to whom was notice provided?

23 A Owners of the surface for the injection
24 well, leasehold operators within a half mile of
25 each -- of the injection well, and then publication.

1 Q Is also included?

2 A Yes.

3 Q Were Exhibits 1 through 4 either prepared
4 by you or have you reviewed them, and can you confirm
5 their accuracy?

6 A Yes.

7 MR. CARR: At this time, may it
8 please the examiners, I would move the admission of
9 Exhibits 1 through 4.

10 MR. SWAZO: No objection.

11 MR. WARNELL: Exhibits 1 through 4
12 are admitted.

13 (Exhibits 1 through 4 were admitted.)

14 MR. CARR: And that concludes my
15 examination of Mr. Grimes.

16 EXAMINATION

17 BY MR. SWAZO:

18 Q I have a few questions, Mr. Grimes. You
19 had testified that an MIT was performed sometime
20 around June 2007 -- I think it was June 12, 2007?

21 A Yeah, I said the procedure to do it was
22 performed. We went through, and they tested the
23 casing to 500 pounds. They loaded it with packer
24 fluid, circulated it, set the packer, and then went
25 through that procedure. On the same date, there was

1 an OCD visit, which typically, you are supposed to
2 call the OCD and have them show up, but it wasn't
3 documented as an MIT test, so.

4 Q So there was no --

5 A There was no follow-up documentation, so
6 we were in error on that.

7 Q Okay. And you had testified that all
8 forms had been filed. I was just wondering, so no
9 MIT documentation has been filed for this well?

10 A No MIT. After they removed the ability to
11 inject and we had the hearing come up, I didn't do an
12 MIT because I assumed that you have to have an
13 authority to inject before you will do the MIT to get
14 the approval to inject.

15 MR. SWAZO: Okay. I don't have any
16 more questions.

17 MR. WARNELL: Mr. Brooks?

18 MR. BROOKS: No questions.

19 MR. WARNELL: Mr. Grimes, so I am to
20 understand then that you're not crazy about coming up
21 here for another hearing?

22 A I would like to avoid it, but --

23 MR. WARNELL: And you are prepared,
24 if given the application approval, to do a new MIT?

25 A Yes, sir.

1 MR. WARNELL: And you spoke a little
2 bit about the BLM. They were originally concerned
3 about the Owl Draw Unit No. 1?

4 A Yes, sir.

5 MR. WARNELL: And that's been
6 addressed and they are comfortable with that now?

7 A It has been. They were on site when we
8 plugged the well, and my understanding is that they
9 have removed their objection to the Owl 5.

10 MR. WARNELL: Okay. Thank you. I
11 have no further questions.

12 MR. CARR: That concludes our
13 examination of Mr. Grimes.

14 MR. SWAZO: We would like to call
15 Daniel Sanchez to the stand.

16 DANIEL SANCHEZ

17 After having been first duly sworn under oath,
18 was questioned and testified as follows:

19 EXAMINATION

20 BY MR. SWAZO:

21 Q Would you please state your name for the
22 record?

23 A Daniel Sanchez.

24 Q And Mr. Sanchez, OCD-Exhibit A is your
25 written testimony in this case?

1 A Yes, it is.

2 Q And you helped prepare this document?

3 A Yes.

4 Q And this is the document that you are
5 adopting as your testimony in this case?

6 A Yes, it is.

7 Q I want to go ahead and identify subsequent
8 exhibits. OCD Exhibit B, that is the original
9 injection permit that was granted for this well; is
10 that correct?

11 A Yes.

12 MR. WARNELL: Do we have copies of
13 this?

14 MR. SWAZO: It was prefiled. I
15 apologize in --

16 MR. WARNELL: Oh, okay.

17 MR. SWAZO: I've got an extra copy.

18 MR. WARNELL: Okay.

19 MR. SWAZO: Does anyone else need a
20 copy?

21 MR. CARR: We received it.

22 Q (By Mr. Swazo) And Exhibit C, would you
23 identify that?

24 A This is the change of operator from BTA
25 Oil Producers to BTA Oil Producers, LLC.

1 Q And that document is filed by the
2 operators?

3 A Yes.

4 Q And OCD Exhibit D, what is that?

5 A This is a well inspection history of the
6 well in question.

7 Q And Exhibit E?

8 A Exhibit E is a copy of the letter
9 cancelling the authority to inject.

10 Q And this is a letter that you drafted and
11 sent out?

12 A Yes.

13 MR. SWAZO: I would ask -- I would
14 move for the admission of OCD Exhibits A through E.

15 MR. CARR: No objection.

16 MR. WARNELL: Exhibits A through E
17 are admitted.

18 (Exhibits A through E admitted.)

19 MR. SWAZO: And I have no further
20 questions.

21 EXAMINATION

22 BY MR. CARR:

23 Q Mr. Sanchez, you have in your -- what is
24 your title?

25 A Compliance and enforcement manager.

1 Q As compliance and enforcement manager, you
2 have been working with BTA on this and other matters,
3 have you not?

4 A Yes.

5 Q Would you be comfortable continuing to
6 work with them to assure that this well is in
7 compliance, and that once they are in compliance,
8 have them work through you and the legal department
9 here to put a letter in the file as a condition to
10 reinstating the well for injection?

11 A Yes, I would.

12 MR. CARR: That's all I have.

13 MR. WARNELL: Questions?

14 MR. BROOKS: No questions.

15 MR. WARNELL: I don't believe I have
16 questions, but I need to seek some legal consult
17 here, so let's go off the record just for a minute.

18 (Discussion held off the record.)

19 MR. WARNELL: Let's go back on the
20 record then, sorry about that, but that's why David
21 is here. Okay. So if I am understanding this
22 correctly, then we will go ahead and write a hearing
23 order basically stating once we get everything, all
24 of our ducks in a row stating that any and all
25 compliance issues have been taken care of and BTA and

1 OCD are on board, and at that time then, we would ask
2 that BTA submit an administrative application for
3 salt water disposal. *MAY*

4 MR. CARR: Mr. Examiner, the Exhibit
5 2 has the administrative application.

6 MR. BROOKS: I think we can --

7 MR. CARR: And I ask that the order
8 provide that when Mr. Sanchez is satisfied, that
9 Exhibit 2 then be treated as an administrative
10 application, and that the Engineering Bureau then act
11 on it. That just avoids an additional filing and
12 notice.

13 MR. WARNELL: Yeah.

14 MR. BROOKS: I think that can be
15 done.

16 MR. SWAZO: If I can make a
17 statement?

18 MR. WARNELL: Okay.

19 MR. SWAZO: As I said at the
20 beginning, we don't have any position with regard to
21 the injection permit. We just want to make sure that
22 BTA complies with any conditions that you put in the
23 injection permit prior to commencing the injection.
24 And the basis is is because in 2007, we issued an
25 injection permit for the well, and it required BTA to

1 perform certain actions prior to and after
2 commencement of injection, which they did not do.

3 And we want to make sure that
4 whatever conditions you impose in the injection
5 permit, that that is complied with prior to and after
6 commencement of injection.

7 MR. WARNELL: Okay.

8 MR. CARR: We don't disagree with
9 that at all. We think an order that requires
10 compliance with conditions prior to injection would
11 be appropriate.

12 MR. BROOKS: Well, I think the orders
13 always do. The question is, I suppose, the
14 monitoring of that, but we have a system for that.

15 MR. WARNELL: With that then, Case
16 Number 14559 will be taken under advisement.

17 MR. CARR: Thank you very much.

18 (Hearing concluded at 10:13 a.m.)

19
20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case No. _____
23 heard by me on _____

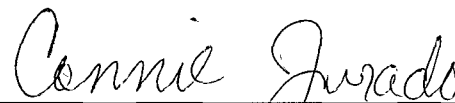
24 _____, Examiner
25 Oil Conservation Division

REPORTER'S CERTIFICATE

I, CONNIE JURADO, do hereby certify that I reported the foregoing case in stenographic shorthand and transcribed, or had the same transcribed under my supervision and direction, the foregoing matter and that the same is a true and correct record of the proceedings had at the time and place.

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 whatsoever in the final disposition of this case in any court.

WITNESS MY HAND this 14th day of October, 2010.



Connie Jurado, CCR, RPR
New Mexico CCR No. 254
Expires: December 31, 2010