STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

APPLICATION OF MARBOB ENERGY CORPORATION FOR VERTICAL EXPANSION OF THE BURCH KEELY UNIT, EDDY COUNTY, NEW MEXICO CASE NO. 14558

TRANSCRIPT OF PROCEEDINGS
Examiner Hearing
October 28, 2010
9:05 a.m.
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

BEFORE: DAVID BROOKS, HEARING EXAMINER
WILL JONES, TECHNICAL 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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I N D E X

MR. BROOKS: At this time we will call Case Number 14558, Application of Marbob Energy Corporation for vertical expansion of the Burch Keely Unit, Eddy County, New Mexico. Call for appearances.

MR. HALL: Mr. Examiner, Scott Hall, Montgomery & Andrews Law Firm, Santa Fe, appearing on behalf of Marbob Energy Corporation and its successor operator, COG Operating, LLC. I have three witnesses this morning.

MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe representing ConocoPhillips Company. I have no witnesses.

MR. BROOKS: Would the witnesses please stand. Each identify yourselves, and then you will be sworn together.

MR. CHUMBLEY: Dean Chumbley.

MR. CRAIG: Ken Craig.

MR. REYES: Ramon Reyes.

(Note: Witnesses sworn.)

DEAN CHUMBLEY

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

EXAMINATION

BY MR. HALL:

Q For the record, please state your name.

A Dean Chumbley.

Q Mr. Chumbley, where do you live and by whom are you employed?

A Artesia, New Mexico. Employed by COG Operating.

Q In what capacity are you employed?

A I work in the land department.

Q And have you previously testified before the division and had your credentials established?

A No, sir.

Q Would you give the hearing examiner a brief summary of your educational background and work experience.

A Went to work in the industry in 1986. For 13 years, I have worked in the land department with Marbob Energy, and recently at the first of this month, I took the position with COG Operating.

Q And for the record, is COG succeeding Marbob as operator of the property that is the subject of this application?

A Yes.

Q You're familiar with the application that was filed in this case?

A Yes, sir.

Q And you're familiar with the lands that

are the subject of the application?

A Yes, sir.

MR. HALL: Mr. Examiner, we offer Mr. Chumbley as an expert petroleum landman.

MR. BROOKS: So qualified -- I'm sorry.

MR. BRUCE: No objection.

MR. BROOKS: So qualified.

Q (By Mr. Hall) If you could, Mr. Chumbley, if you would like to refer to Exhibit 1 and explain to the hearing examiner what Marbob and COG are asking in this application.

A Marbob and COG are wishing to expand the limits of their Burch Keely Unit so that we can capture a certain section that is below the unit rights but within our ownership.

Q And to what depth do you seek to expand the unit?

A To 5,000 foot.

Q Let's look at Exhibit 1. Is that a graphic depiction of the Burch Keely Unit?

A Yes. This is a plat with the Burch Keely outline identifying the roughly eight sections, 5,129 acres of lands that are all federal leases.

Q Right. Can you give us an idea currently

how many injectors and producers are on the unit?

A There are approximately 315 producers and 30 injectors.

Q And it's a waterflood unit; is that correct?

A Yes, sir.

Q Look at Exhibit 2. Is that a copy of Order Number R-7900 which authorized injection operations for the unit?

A Yes, sir, it is.

Q What was the date of that order?

A The order was dated November 28, 1984. It has the date of the hearing. I guess the division considered it on the 25th of April, 1985.

Q All right. And part of that same Exhibit Number 2, if you flip through there, there is an Order Number R-7900-A. Do you see that?

A Yes, I do.

Q Is that the order of the division from 1993 which authorized the creation of a statutory unit for Burch Keely Unit?

A Yes, sir, it is.

Q And Marbob was the applicant in that particular case?

A Yes, sir.

Q When did Marbob actually become unit operator?

A In 1992.

Q Okay. And pursuant to the terms of the unit agreement, if you would look at Exhibit Number 4, COG is currently going through the process to have itself designated as successor unit operator?

A That is my understanding, that that's in process.

Q If we look at -- go back to Order R-7900-A, will that tell us the original unitized formation?

MR. BROOKS: Where is 7900-A?

MR. HALL: It is part of Exhibit Number 2. It consists of three orders.

MR. BROOKS: It is attached to the back of 7900?

MR. HALL: Correct.

MR. BROOKS: Okay. I see it.

A Yes, sir, it does.

Q (By Mr. Hall) If you look at page 6 of that order, ordering paragraph 4, does that tell us the depth of the unitized formation?

A Yes, sir. It identifies the unitized formation as being comprised of the interval from the

top of the Seven Rivers formation to the base of the San Andres formation or to a true vertical depth of 5,000 foot from the surface, whichever is lesser.

Q Now, the purpose of the application here today is pick up that piece that goes all the way down to 5,000 feet?

A Yes, sir.

Q And you're picking up the Paddock Blinebry interval by doing that?

A Yes, sir.

Q If we look at Exhibit 3, can you identify that for us, please?

A Exhibit 3 is an order from the division in which Applicant Marbob Energy proposed abolishment of the Grayburg-Paddock Pool and extension of the vertical limits of the Grayburg-Jackson Pool.

Q All right. And that is now known as the Grayburg-Jackson-Paddock Pool as its formal nomenclature?

A I believe that's correct.

Q Okay. Let's look at Exhibit 4. Would you identify that, please?

A Exhibit 4 is the unit operating agreement of the Burch Keely Unit.

Q All right. Is that the unit agreement?

A Yes, sir.

Q And if you look at page 4 of that exhibit, Section 4, it says, "Expansion." Does that authorize the operator to seek vertical and horizontal expansion of the unit as deemed appropriate?

A Yes, sir, it does.

Q Okay. Look at Exhibit 5. What is Exhibit 5? Could you identify that, please?

A Exhibit 5 is a BLM letter granting approval of the expansion. It expands the unitized formation to include the top 500 feet of the Paddock formation.

Q And the date of that is?

A March 11, 1994.

Q And has Marbob and COG discussed its proposal to extend the vertical limits down to 5,000 feet as requested in this application?

A Yes, sir, they have.

Q And what reaction did you get from BLM?

A BLM concurred that we should make our efforts to expand the unit to 5,000 foot.

Q All right. If you look at Exhibit 6, is that a copy of BLM's October 5, 2010 letter in support?

A Yes, sir. This is a support letter from

BLM.

Q All right. Now, would vertical expansion change the participation of any interest owner in the Burch Keely Unit?

A No, sir.

Q All the royalty and overriding royalty are the same at all depths?

A They are the same above and below.

Q So allocation of production would be unchanged?

A Unchanged, yes, sir.

Q Let's look at Exhibit 7. Is Exhibit 7 a compilation of materials comprising your notice packet?

A Yes, sir, it is.

Q And the top page of Exhibit 7, what does that show us?

A The top page is a plat that we use to identify the offset operators.

Q In this case, was notice provided to all of the interest owners in the present unit?

A Yes, sir.

Q And to all of the offset owners as shown on the top page?

A Yes, sir.

Q And you did it with that 40-acre thickness around the unit boundaries?

A Yes, sir.

Q And the hearing examiner can go through the exhibit and see a list of all of those interest owners to whom notice was sent and by whom received?

MR. HALL: In addition, Mr. Examiner, for your information, there are two additional interest owners who were sent and received notice not on the list. They are Mr. Ray Miller and Dastrac, D-A-S-T-R-A-C. They do not appear on the list, but they did receive notice.

Q (By Mr. Hall) Did the owners of the deep rights below the current base of the unit receive notice of the application?

A The operators did receive notice.

Q All right. If you look at Exhibit Number 8, is that a copy of Ms. Munds-Dry's notice affidavit for notification of the hearing that went out on this case?

A Yes, sir.

Q Were Exhibits 1 through 7 prepared by you or assembled at your direction?

A Yes, sir.

MR. HALL: And in the case of Exhibit

8, Mr. Examiner, the affiant is present in the hearing room should you wish to cross-examine her. We would move the admissions of Exhibit 1 through 8 at this time. That concludes our direct of this witness.

MR. BROOKS: Any objections?

MR. BRUCE: No objections.

MR. BROOKS: Exhibits 1 through 8 are admitted.

(Exhibits 1 through 8 admitted.)

MR. BROOKS: Do you wish to question the witness?

MR. BRUCE: Yes, sir.

MR. BROOKS: You may proceed. I'm sorry. I've forgotten for whom you appeared.

MR. BRUCE: ConocoPhillips.

MR. BROOKS: Okay. Go ahead.

EXAMINATION

BY MR. BRUCE:

Q Mr. Chumbley, and maybe this is a question for the geologist, but what is the approximate current depth of the unitized interval?

A The current depth that the unit is producing from or the --

Q Well, I mean, what I am looking for, just

to make it clear, is what depths are you seeking to add, from what depth down to 5,000 feet?

A As a footage depth, I don't have that, but it is -- we are seeking to unitize to the depth of 5,000 foot subsurface.

Q Okay. But right now, what is this above? 4,000 or do you know?

A I don't know.

Q Would the geologist or engineer know?

A The geologist or engineer would know.

Q Okay. And Mr. Chumbley, the Grayburg Deep Unit underlies a large portion of the Burch Keely Unit, correct?

A Yes, sir.

Q And is working interest or is interest ownership different in the Grayburg Deep Unit than it is in the Burch Keely Unit?

A Yes, sir.

MR. BRUCE: I think that's all I have, Mr. Examiner, of the witness.

MR. BROOKS: Okay. If I correctly understood your testimony, the ownership in the horizons that you intend to add to the unit by this deepening is identical to the ownership of each of the tracts in the existing unit; is that correct?

A Yeah. It is my understanding they would be paid the same if they were brought into the unit.

MR. BROOKS: Okay. Well, but is the tract ownership the same? Is the tract ownership identical tract by tract?

A I would have to check. I'm not sure I'm understanding the question. On the tract by tract --

MR. BROOKS: Okay. Well, the area that will be added to the unit is not presently unitized, right?

A That's right.

MR. BROOKS: So we have two separate questions here that we have to distinguish between to make sure we know what is actually being said. One is the tract participation factors because I don't -- you know, I haven't studied this unit, but normally there are tract participation factors for each tract.

A Right.

MR. BROOKS: So at one level, we can say the tract participation factors are the same where they are added to the unit versus the area that is currently in the unit. And then the other thing is who are the actual owners of each tract because I would assume that the interest that the owners of each tract will receive in unit deduction will be

their ownership in the particular tract times the tract participation factor.

So I am now asking then are -- for each of the tracts in the unit, is the ownership identical for the depths that are being added to the unit as compared to the depths that are already in the unit?

A It is my understanding that the tract factors in the unit agreement will be applied to the above and below, and COG is now 100 percent working interest owner in the depths to 5,000 foot.

MR. BROOKS: Okay. And the royalties and overriding royalties, are those the same for each tract above and below the depth of the present unit base?

A I believe they are.

MR. BROOKS: Okay. That's what I was trying to establish. But, of course, those tracts are not unitized now --

A No.

MR. BROOKS: -- below the depth of the unit base? So what they would actually receive -- are there any wells that presently produce from the zone that is being added to the unit?

A Not within the unit boundaries.

MR. BROOKS: Okay. But if there were a well, then the present owners would -- since it is not unitized, as the way things are now, they would be deriving their production from their particular tracts that run with it? Because it's not now unitized?

A Yes, I believe -- if I'm understanding you right, the wells producing at these depths that are not unitized --

MR. BROOKS: Right.

A -- they would be on a lease -- being paid on that lease basis.

MR. BROOKS: If this is authorized, this unit expansion is authorized, then they will be paid on a tract participation basis?

A Yes, sir.

MR. BROOKS: Now, does COG have the authority under its oil and gas leases that cover these tracts to place these tracts into the unit, or is it going to be necessary for the Oil Conservation Division to exercise its police power under the statutory Unitization Act in order to bring these royalty and overriding royalty interests into the unit?

A I would assume that with the letter of

support from the BLM, with them being federal leases --

MR. BROOKS: Now, are all of these federal leases?

A Yes, sir.

MR. BROOKS: Or are there private overrides?

A Private overrides?

MR. BROOKS: Yeah. Are there overrides --

A Yes, sir. They are overriding royalty owners.

MR. BROOKS: Okay. Well, now, that gets me beyond my area of expertise because I am aware that courts have held that in private leases where the royalty can be unitized, that the scope of the unitization authority applies also to any overrides. I am not specifically aware of how that works in federal leases, but perhaps Mr. Hall can educate me.

MR. HALL: It would have been helpful had I asked this question, Mr. Brooks, to make clear that the unit operator owns 100 percent of all of the federal leases.

MR. BROOKS: I understand the unit

operator owns 100 percent of the working interest.

MR. HALL: Committed to the unit. The unit agreement itself, Exhibit 4, explains authority to expand the unit, and also the exhibits to the unit agreement outline ownership of the overrides. I think that was the original purpose of the statutory unitization approval in 1994.

MR. BROOKS: Well, I assumed it was done for some reason --

MR. HALL: It was --

MR. BROOKS: -- but of course, it could have been --

MR. HALL: -- in fairness to the royalty interest owners at that time.

MR. BROOKS: Yeah.

MR. HALL: So that remains unchanged because ownership is identical through the lower depths in the current unitized formation.

MR. BROOKS: It is all federal leases?

MR. HALL: Yes.

MR. BROOKS: Then there is only one royalty owner, the United States of America?

MR. HALL: Correct.

MR. BROOKS: But there are various

overriding royalty owners?

MR. HALL: Yes.

MR. BROOKS: Who differ from tract to tract?

MR. HALL: Correct.

MR. BROOKS: Now, can you tell me that under the applicable law, federal law, gas leases that COG, as the working interest owner, has the authority to unitize those overriding royalty interests or commit them to the unit, or does the OCD have to do that?

MR. HALL: Certainly, the overrides are carved out of the working interest, and the unitized working interests are certainly subject to the unit agreement as with the overrides.

MR. BROOKS: But the unitized -- the overriding royalties were carved out of the working interests before the unit agreement was entered into, correct?

MR. HALL: Presumably so. I believe that is correct.

MR. BROOKS: Okay. Now, I think you're -- I think this probably -- that that authority does exist, but I'm not clear on it. I am working on this in other case that Mr. Bruce is

familiar with. So that's why I had some concern about trying to figure it out in this case. But I think I have gone as far with this line of questioning as I can go at this point so I will pass to Mr. Jones.

MR. JONES: That Grayburg Deep Unit, what formations is it in? The one that is way below this?

A It begins at 5,000 foot.

MR. JONES: So it begins exactly where you are applying to --

A Yes, sir.

MR. JONES: -- to unitize down to on the other? Is the surface exactly flat out there?

A No, sir.

MR. JONES: Oh, but we're still doing it for 5,000 feet from the surface?

A Yes.

MR. JONES: And that will extend it down 500 feet into the Paddock? Is that the intention?

A You might have to ask somebody -- an expert on that.

MR. JONES: I can -- the pool, the Grayburg Jackson Pool has been vertically extended,

according to Exhibit 3, into 500 feet below the top of the Paddock formation. Is that the current vertical designation of that pool, or was there another exhibit showing additional --

A I believe the geologic testimony will answer a lot of your questions on that. They have some logs and whatnot there.

MR. JONES: Okay. But this application to lower the vertical limits are deep in the unitized interval. Will that correspond exactly with the pool that has been established?

A I believe that currently the wells that are producing are within this pool amendment.

MR. JONES: Okay.

A Yes, sir.

MR. JONES: Okay. Thank you.

MR. BROOKS: But you said there are no wells producing from the portion -- from the depths that are being added to the unit within the unit?

A No, sir, not below this to the 5,000.

MR. BROOKS: Okay. Thank you. Anything further from counsel?

MR. HALL: No, sir.

MR. BROOKS: The witness may step

down. You may call your next witness.

MR. HALL: At this time, Mr. Examiner, we call Mr. Raymond Reyes to the stand.

RAMON REYES

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

EXAMINATION

BY MR. HALL:

Q For the record, state your name.

A Ramon Reyes.

Q Mr. Reyes, where do you live, and by whom are you employed?

A I live in Midland, Texas. I am employed by COG Operating.

Q In what capacity?

A I am the New Mexico shelf lead geologist.

Q All right. You've previously testified before the division and had your credentials as expert petroleum geologist accepted as a matter of record; is that right?

A Yes, I have.

Q You're familiar with the lands that are the subject of this application?

A I am.

Q And the pools in the area?

A Yes, sir.

MR. HALL: At this point, Mr. Examiner, we offer Mr. Reyes as an expert petroleum engineer -- sorry about that -- petroleum geologist.

MR. BROOKS: Any objection?

MR. BRUCE: No objection.

MR. BROOKS: So qualified.

Q (By Mr. Hall) Mr. Reyes, let's look at Exhibit Number 9, please. Would you identify that for us?

A Exhibit Number 9 is a type log that we constructed, two logs. Normally, a type log has one, but this one happens to have two. The log on the left, the Great Western Burch Keely A 27 well is the mentioned well in the pooling order when it was established in 1994, I believe. This is an old well that was drilled back in 1956, and you can't do a lot of interpretation on that log itself.

So what I have done is I have added a well just half a mile to the east that we also operate. It is called the Polaris B Federal Number 20. It is a modern log that I have used as a correlation so you can understand the correlation of what I'm using, what was used back in the day and what we're using

now. The current Grayburg Jackson Pool is outlined in the green on the right showing that the rights, current rights that we have that's covered in the pool goes from the top of the Seven Rivers down to 500 feet below the top of the Paddock.

Q So what does the pink show us?

A The pink area is showing the stranded pay that we're seeking to extend, to add to our existing producing wells that we currently have there, and below that would be the Grayburg Deep Unit Pool. It is also highlighted on the right side -- on the left side -- right side going down.

Q And so the bottom depth of that vertical interval, you're seeking to add to the unit that is shown at the 5,000 foot marker?

A That is correct.

Q Okay. Let's look -- anything further with respect to Exhibit 9?

A Just to show you that the interval that we're seeking or talking about would be the Yeso, but we've broken it down because it is over -- it is about 1500 feet thick. So the upper third of it, we call it the Paddock, and the bottom two-thirds, we call it Blinebry just to differentiate the two.

And I'm going to show in the next map a

color code to signify the different horizons that we produced in the local area. You will note that the Yeso interval is pretty -- fairly easy identifiable by a silt stone that is called the Glorieta on the top, and then again identified on the bottom by another silt stone called the Tubb and, again, your carbonate section in between.

Q And so we answered the examiner's earlier question about the vertical limits of the pool. What you have shown in green here, does that correspond with the nomenclature proceeding that the division went through in 1994, which is this Exhibit Number 3, establishing the vertical limits of that Grayburg Jackson Pool?

A Yes, sir.

Q Let's look at Exhibit 10.

A Okay. Exhibit 10 has a few bells and whistles on it. It is actually two maps in one. It is actually like a structure map that is hung on top of the Paddock, and then the other is a production map showing the color codes, the red and blue dots.

We will start with the structure map. This is -- when we're looking from west to east, it is a slow structural dip as you go eastward. So as you go farther to the east, the thinner the section

that we're seeking to add, the 5,000 feet, will get thinner.

As my cross-section will show in the next exhibit, as you go farther west, it tends to be thicker because, again, it is a 5,000 foot interval cutoff that we're having to deal with rather than a stratigraphic point being either the top of the Paddock or the base of the Tubb, whichever -- however you want to identify that. So we're just trying to show that pink interval that kind of falls between the deep unit and the unit that we currently have, the in between sections that we're talking about.

The other thing that you will note is COG is a very active operator in this part of the world. We have production to the west in 17, 29, which is the Empire Unit, and we have production to the east in 17, 30 called the Loco Hills area. And the red and blue dots indicate the horizon within the Yeso of the production that we're producing from in these wells.

You will note that there are no blue dots in between the Burch Keely, and again, I will touch on that in my next exhibit. On the right and to the left of these fields, we have established production not only in the Paddock section, but also in the

Blinebry section. So we believe that we are not being good stewards by not capturing that stranded pay and adding it to our future drill wells that we're going to be doing.

Q So the blue shows Blinebry production?

A Correct.

Q And the unit is outlined in blue?

A Correct.

Q No current Blinebry production within the unit?

A No, sir.

Q And you show a cross-section line on your exhibit here?

A Yes, sir.

Q You have a cross-section?

A My next exhibit will touch on that. I have constructed a cross-section that goes from west to east, and it is identified and goes past the unit outline to the west and past the unit outline to the east. Do you want to go to that exhibit?

Q Let's look at Exhibit 11.

A Okay. This cross-section will kind of answer some of the questions earlier asked to Mr. Crumbley about the area that we're talking about. Again, this is hung on top of the top of the Paddock,

which is the carbonate -- where the carbonate section starts. And then we have rights from the top of the Paddock to 500 feet below that section which is the green dashed line going across. Okay?

So it's a pretty uniform section showing what we're allowed to produce from. Right below that, you will see the pink area. And as you will note to the west, it is over 550 feet thick. And to the east, we're looking at 260 feet thick, the area that we're seeking to extend. Again, because of the structural component, again, we're shallower to the west, and we're going deeper to the east, and having the 5,000 foot cutoff, again, not being tied to anything stratigraphically, that's sort of what we're leaving now behind.

What you're seeing here are the four wells in this cross-section are within the unit themselves. Now these wells were drilled a lot -- they are older wells, and at the time, they were drilled as Morrow completions or Morrow targets and deeper, Wolfcamp, Strawn, whatever is out there. You will note that there are no -- there was -- there is potential pay in those horizons, but again, not having the rights for those horizons, that is something we're going to eventually offset and drill a new well.

The well to the west is called the G-J Coop Unit Number 96 and the Polaris Number 20 to the east, and I use those as my type logs, so there is no confusion of what -- I am using different types of logs. And, again, the one -- the second from the right, the plain looking log that was talked about in the -- for the pooling is included.

You can see that COG produces not only from the Paddock, from the Blinebry, it takes it almost all the way down to the Tubb on both sides, and it is indicated by the red marks that are on the log. So we essentially are producing from the whole interval from left and right. So we're capturing all that we can, so that's why it coincides with the red and blue dots on each side of this unit.

And as you can see, especially on the west side, we have the potential to add another 550 plus feet to our existing plan to develop this unit. And as we go farther west, we still are capable of adding 260 feet.

Q Does it make geologic sense to try to develop these Blinebry reserves as a separate legal entity outside of the unit?

A Yes, absolutely.

Q Does it make more sense to develop them in

conjunction with unit operations?

A Absolutely.

Q As the geologist, do you conclude that by granting this application, additional reserves will be produced and recovered that would otherwise go unrecovered?

A Yes, sir, I do.

Q Were Exhibits 9, 10, and 11 prepared by you?

A They were.

MR. HALL: At this point, we would offer Exhibits 9, 10, and 11. That concludes our direct of the witness.

MR. BRUCE: No objection.

MR. BROOKS: Exhibits 9, 10, and 11 are admitted.

(Exhibits 9, 10 and 11 admitted.)

MR. BROOKS: I guess immediately to the question that Mr. Jones asks, and I didn't ask of the previous witness, and if I don't get it sufficiently clarified, perhaps he can, but the pool designation, the applicable pool designation, what are the -- is this unit area currently the Grayburg Jackson Paddock? Is that the pool designation?

A I am not exactly sure of the exact name of

it, but that sounds fairly close.

MR. BROOKS: Okay. And what are the currently established vertical limits of the pool?

A As shown in the type log on the green above, that is our vertical limitations.

MR. BROOKS: Okay. Well, what I am trying to -- I'm trying to go back to these orders because they went through them, and I am not sure --

MR. HALL: Mr. Examiner, if you look at the application itself, that's explained there, and the Grayburg Jackson Paddock Pool is the current nomenclature for the pool.

MR. BROOKS: Does that include all of the unitized -- everything that is currently unitized in the unit?

MR. HALL: Yes, to -- and it includes -- it goes from the top of the Seven Rivers to 500 feet below the top of the Paddock.

MR. BROOKS: Okay. And that's the same definition as -- for the unit?

MR. HALL: The unitized, current unitized formation is contained within that.

MR. BROOKS: Okay. The area that you propose to expand the unit into, is that in the same pool?

MR. HALL: Same pool.

MR. BROOKS: Okay. The pool is already -- the pool already includes that area?

MR. HALL: Yes.

MR. BROOKS: As defined in the applicable nomenclature order?

MR. HALL: Which is an exhibit.

MR. BROOKS: Which is one of the exhibits?

MR. HALL: Yes.

MR. BROOKS: Okay. That's what I was trying to establish. So we don't have to do anything with the nomenclature in this case?

MR. HALL: That's right.

MR. BROOKS: Okay. I believe that -- now, this 5,000 foot boundary is -- the significance of that is that it is the top of the Grayburg Deep Unit, correct?

A Yes, sir.

MR. BROOKS: Okay. So it doesn't have any particular geologic significance? 5,000 feet is just wherever 5,000 feet is?

A Yes, sir.

MR. BROOKS: Okay. Mr. Bruce?

MR. BRUCE: I do have a few

questions.

MR. BROOKS: Okay. I'm sorry I interrupted you.

EXAMINATION

BY MR. BRUCE:

Q Mr. Reyes, in looking at this -- depending on where you are in the unit, you're going to be adding some Blinebry to the unitized area, correct?

A Correct.

Q And in virtually all of it, you will be adding at least -- I should say you will be adding some Paddock in certain areas of the unit?

A No, sir. If you go back to look at the cross-section, you know, that 500-foot below the Paddock, it runs pretty much where we pick -- well, we pick the top of the Blinebry. Now, it is all called Yeso, and the Blinebry pick can be -- that is an interpretive pick, so yeah, we can go back and forth on that. But in my opinion, in my interpretation of this, that 500-foot interval pretty much captured all of the Paddock production that we would identify as Paddock production.

Q Okay. Well, I was just looking at your final map here.

A Okay.

Q And looking at the Grayburg Deep Unit Number 10 well, and that would show that you would be capturing some of the Paddock?

A Okay. In looking at it, you're looking at maybe less than 20 feet. And if you're a log interpreter, that's pretty tight rock. I don't know that we would even -- us, we would attempt to put -- try to do that.

Q But depending on where you were, just looking at your maps --

A Yes, sir.

Q -- there might be some Paddock? It might not be productive, but there might be Paddock added?

A And the word I would use would be minimal, yes, sir.

Q But throughout the unit, you're going to be adding a portion of the Blinebry?

A Yes, sir.

Q Okay. And looking at -- maybe looking at the map on the -- your Exhibit 11, the well on the east side, the COG Polaris B Federal Number 20 --

A Yes, sir.

Q -- could you describe how -- and this is not a unit well, correct?

A It is not. It is outside the unit.

Q Could you discuss how -- and just step back. You've described -- you say that generally the Paddock and the Blinebry are referred together as the Yeso?

A That is correct.

Q How is the Yeso typically completed and frac'd in one of these wells?

A Are you referring to COG or in general?

Q How does COG do it?

A Everybody does it a little bit different.

Q Oh, sure.

A Well, it depends on what we're trying to accomplish as far as capturing reserves. As you can refer back to the structure map, that has a bunch of red dots in the middle and the blue dots to the right and to the left, the Blinebry section was not developed until recently and mostly by -- directed by us, because overall, the interval tends to be pretty tight, the porosity is very low, but due to recent and better frac designs, we were able to establish production into the Blinebry.

The Blinebry has been a very productive overall interval for us. So depending on -- our reservoir engineer I think will be speaking after me so I am not going to get into a lot of detail, but

some of those Blinebry sections, we actually test separately just so that we can figure out reserve numbers to calculate to know whether it is an economic venture for us to do.

And then after a certain amount of time, we go back and we add the Paddock, and then we move on. There is also times we also do it at the same time. Again, it is just a function of cost and time and just -- and our expertise is also involved in this, so we're the front runners in this Yeso production and development.

Q And in looking at your Exhibit 11 and, you know, you've got COG wells at either end of the cross-section, is it typical to have one frac in the Paddock and then three in the Blinebry?

A Yes, sir, it is typical. It varies at times. Again, we're still learning and trying to, you know, better design, make them cheaper, make them better, more economic, so it is not an actual cookie cutter, but it's something that we're doing currently.

Q And now just a couple of final questions. You don't need to look at it -- well, it's down on your -- on Exhibit 11, the map showing the wells in the cross-section. There are currently no Blinebry

producers in the Burch Keely Unit?

A That is correct.

Q And then one more, is it -- if COG's application is granted and you frac at the top of the Blinebry, is it possible to frac into zones below 5,000 feet?

MR. HALL: At this point, Mr. Examiner, I've been pretty generous with holding objections. We have a prehearing statement from ConocoPhillips, and I don't think under the rules, they are really allowed to cross-examine, and this is way beyond the scope of Mr. Reyes' direct testimony.

MR. BRUCE: Well, Mr. Examiner, I think as you well know, this was a conflict. Mr. Hall got the case yesterday. I got it yesterday morning. I didn't file a motion for a continuance because Mr. Hall's witnesses were on the way up. I think a little leeway should be granted because of the circumstances of this case and Mr. Carr having a conflict out of this.

MR. BROOKS: What is ConocoPhillips' position? I was going to ask you that in conclusion but --

MR. BRUCE: And really the final question that I asked Mr. Reyes gets to the heart of

the matter. At this 5,000 foot level, the Grayburg Deep Unit interest owners and the interest owners above 5,000 feet in the Burch Keely Unit both own interest in the Blinebry.

MR. BROOKS: Yeah.

MR. BRUCE: And if they are going to be fracing near that 5,000 foot level, they may be fracing into the Grayburg Deep Unit and recovering reserves from that, and that is ConocoPhillips' objection to this application in a nutshell.

MR. BROOKS: So you are -- you do object to the application?

MR. BRUCE: I do.

MR. BROOKS: You are opposing --

MR. BRUCE: We do object to the application.

MR. HALL: And all I am trying to do at this point is make a statement and that's all. I can't present evidence.

MR. BROOKS: Well, I'm not sure the rule prohibits cross-examining witnesses. However, the question of being beyond the scope of direct is good in New Mexico, contrary to Texas procedure, as I understand it. I am going to overrule the objection, and I will allow you to proceed with your

examination. We will take this into consideration in determining what evidence we rely on.

MR. BRUCE: And really I just have that one final question, Mr. Examiner.

MR. BROOKS: Okay. Go ahead.

Q (By Mr. Bruce) Which is is the potential there if COG fracs at the top of the Blinebry, frac into zones below 5,000 feet? In other words, into zones which are part of the Grayburg Deep Unit?

MR. HALL: Same objections, beyond the scope, and violates Rule 4-14.

MR. BROOKS: I will overrule the objection. Go ahead and answer the question.

A Since I am not an engineer and I'm not the -- I don't design the fracs, I am not an expert, and I can't testify to say what the results on that would be. I would defer that to our engineer.

MR. BRUCE: Thank you, Mr. Examiner.

MR. BROOKS: Mr. Jones?

MR. JONES: Sounds kind of unfortunate about this 5,000 foot, and also since the surface might not be totally level out there, also, but it seems you have a lot of experience out there looking at these logs, and you've probably looked this over. Do you see any instances where the

perforations that you might pick to develop this Blinebry interval would -- could because of reservoir -- if you weren't limited to your 5,000 feet, would you extend directly across vertically through that limit?

A You know, I really don't know because especially in the Blinebry section, if you go back and refer to the logs, you look at the porosity profile, it is such tight rock, and it is really microfractured. You know, I don't know where that fracture will end up going, whether sideways, up, or down. Again, I would have to defer that to our reservoir engineer.

I don't get to pick the intervals that we frac. As you can tell, they are fairly uniform. They are 200 feet thick, and they are sort of put within -- in that section. So I mean, you know, we're talking about volume versus, you know, a big porosity zone where you tap into it and you move forward.

MR. JONES: So what do you see as the average porosity in this Blinebry interval?

A You know, this Yeso, it is pretty widespread. It goes all the way to Texas, all the way around the bend, to the shelf edge. It hugs the

shelf edge all the way around. So I mean, it varies. We can drill -- we're drilling -- as you've seen in the map, we're drilling -- you drill one next to the other, and you can't even match them.

MR. JONES: Okay.

A The porosity just changes overall. So you can't really put your finger on it and say, "This is what you're going to get."

MR. JONES: So it might vary from well to well?

A Absolutely. Yes, sir.

MR. JONES: But in general, can you -- you said earlier that the Paddock Blinebry was a carbonate, general carbonate, and it is bounded by the siltstone Glorieta and the siltstone Tubb; is that correct?

A It is identified by it, yes, sir.

MR. JONES: And you arbitrarily split this interval one-third for Paddock, and two-thirds for Blinebry?

A Yes, sir.

MR. JONES: So is it true that the Paddock is generally -- the best porosity permeability is in the upper part of that big carbonated interval, which would include the Paddock

and not the Blinebry?

A That is correct. You can look at any of the logs, and you can see the porosity profile. It is better developed, and that's why you see more red dots and not the blue dots.

MR. JONES: But COG is kind of a pioneer in trying to develop the Blinebry; is that correct?

A Yes, sir. And there are other operators that are doing the same as we are.

MR. JONES: Okay. The injection wells that you will put in, because you are extending this unit, will you extend -- do you put injection wells down into the Blinebry, also?

A We just recently acquired this property not even two weeks ago.

MR. JONES: Okay.

A I don't even know what injection wells there are to my knowledge yet. I mean, we have a rough count. We're just now, you know, getting into our system and figuring out what to do with it.

MR. JONES: So as part of this application, you don't include specific applications to deepen injection wells?

A No.

MR. JONES: No C-108 is part of this application?

A No.

MR. JONES: We are going to see a flurry of C-108s I take it.

A Hopefully.

MR. JONES: Hopefully. Okay.

MR. BROOKS: Anything further from counsel?

MR. HALL: Nothing further from this witness.

MR. BROOKS: Very good. The witness may stand down, and we will take a 15 -- or a ten-minute recess before we proceed with the next witness.

(A recess was taken.)

MR. BROOKS: You may call your next witness, Mr. Hall.

MR. HALL: Mr. Examiner, we call Ken Craig to the witness stand.

KEN CRAIG

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

EXAMINATION

BY MR. HALL:

Q For the record, please state your name.
A Ken Craig.
Q Mr. Craig, you were sworn previously this morning; is that correct?
A Yes.
Q Where do live and by whom are you employed?
A I live in Midland, Texas, and I am employed by COG Operating.
Q And what do you do for COG?
A I am the New Mexico lead reservoir engineer.
Q Are you familiar with the Burch Keely Unit in the application that was filed by Marbob in this particular matter?
A Yes, I am.
Q You've previously testified before the division and had your credentials as a petroleum engineer established as a matter of record before?
A I have not.
Q Give the hearing examiner a brief summary of your educational background and work experience, please.
A I have a bachelor of science degree in mechanical engineering from the University of Texas

at Arlington. I started work with Amoco in 1991, and since that time, all of my experience has been in West Texas or Southeast New Mexico. I have done several -- had several different positions: Operations engineer, reservoir engineer, facilities engineer, and I am current team lead for the reservoir group for Concho.

MR. HALL: Mr. Examiner, we offer Mr. Craig as an expert petroleum engineer.

MR. BROOKS: Your expertise is primarily in reservoir engineering, correct?

A I have done a little bit of all of it. I started out as a production engineer with Amoco, so several years of that.

MR. BROOKS: So you go across various specialities there?

A I have.

MR. BROOKS: He is so qualified.

Q (By Mr. Hall) Mr. Craig, would you explain to us the process that COG utilized to evaluate possible development of the expanded unit interval we have been talking about here today?

A When we first looked at the Burch Keely Unit, it was apparent that we only had rights down to 500 foot below the top of the Paddock, which has been

a very productive zone for us, but we realized that there was pay below that, but above the unit below us that we could also try to develop.

So we looked at several options. One would be to continue on our way with drilling Paddock wells and individual Blinebry wells -- all of these are vertical wells. We discussed horizontal wells through the Blinebry by itself just outside of the unit, not counting it as a unit well. But by far the best option that we came up with would be to expand the unitized interval and pick up that stranded Blinebry pay.

Q Let's look at Exhibit 12. What does that show the examiner?

A This is just an indication of the plans that we have to develop the Burch Keely Unit. You can see where we plan to drill over 200 wells in the next five years. By doing this, we think we can recover additional reserves, over five million barrels of oil just from that Blinebry pay that we can develop now.

Q So in addition to new drills, you have a number of add-ons --

A Right.

Q -- within the unit as well?

A That would be some work that we would do in the existing Paddock wells by deepening those and just pooling that pay.

Q Does it make sense from an engineering economic perspective to try to develop the Blinebry reserves as a standalone project outside of the unit?

A A project to drill a Blinebry only well would be uneconomical for us to drill.

Q Okay. Let's look at Exhibit 13. What does that show us?

A This is just some of the data from the Burch Keely Unit itself as the top line, and that shows the target that we would be going for if we were just drilling Burch Keely Unit Paddock wells. As Mr. Reyes' map showed, we have established production east and west of the Burch Keely Unit in our other Concho development wells.

And we tried to put an estimate based on some selective tests of what kind of reserves that they would contribute to a well. And then we came down to the next to the last line there as a drill option just for this upper Blinebry piece, a zero percent rate of return for us to try to drill that by itself. But if we can add that to a typical Burch Keely Paddock well, it gets us much better economics.

Q In terms of the Blinebry reserves, do you have an estimate of additional Blinebry reserves that you could expect to recover if you implemented your development plans shown on Exhibit 12?

A If you just took the 24 MBOE top number per well with the 200 plus wells that we do plan to drill, that would be five million barrels or equivalent that we would be adding.

Q And that is oil that would not go recovered if this application is not granted?

A That's true.

Q Address an additional matter that has come up this morning. Based on your experience, Concho's experience in developing Blinebry reserves, is there a likelihood of fracturing into nonowned Blinebry reserves in this particular project?

A We have some in-house data now that supports, my opinion, that most frac growth is in an upper direction and not a downward direction.

Q All right. In your opinion, Mr. Craig, would granting the application in this case be in the interests of conservation and protection of correlative rights and prevention of waste?

A I'm sorry. I didn't hear the first --

Q Would granting this application be in the

interest of conservation, the prevention of waste, and protection of correlative rights?

A Yes, it would.

Q Were Exhibits 12 and 13 prepared by you?

A Yes.

MR. HALL: At this point, we would move the admission of Exhibits 12 and 13, and that concludes our direct of this witness.

MR. BROOKS: Objections?

MR. BRUCE: No objection.

MR. BROOKS: No objections? Twelve and 13 are admitted.

(Exhibits 12 and 13 admitted.)

EXAMINATION

BY MR. BRUCE:

Q Just a couple of questions, Mr. Craig. Mr. Craig, you said a Blinebry only well would be uneconomical?

A For the pay that we're discussing.

Q Okay. That's what my next follow-up was.

A Yes.

Q For the 250 plus feet that you're looking at, that would be uneconomical?

A That's right.

Q Okay. And you mentioned that your

in-house data, what type of data is that?

A That is the microseismic data. There seems to be a lot of that right now.

Q And you don't have that data with you here today?

A No, sir.

MR. BRUCE: That's all I have, Mr. Examiner.

MR. BROOKS: I don't really have any questions for you. Mr. Jones?

MR. JONES: Mr. Craig, the porosity in the Blinebry, can you resolve the oil that you're recovering -- project to recover in the Blinebry with the porosity that you see on the logs? In other words, is there a mystery about where this stuff is coming from?

A There is a mystery about where this comes from. It is a very tight pay and really only the use of modern fracture technology has got us to the point where we can develop that pay. It used to be an overlooked horizon.

Q Okay. Adding it to the unit, isn't it true you can always apply for downhole commingle authority to drill a well through this Blinebry and -- in other words, if you need these wells

deepened for economic purposes to -- this is all federal acreage, I take it?

A Uh-huh.

MR. JONES: Couldn't you do downhole commingles, apply for downhole commingles?

A We would expect to do that.

MR. JONES: Okay.

A Yes.

MR. JONES: Okay. Well, you don't have to if you include it in the unit, I guess, but it will all be the same ownership all around. I guess that's not a big question. I guess my primary -- what I was trying to get to here, you're a reservoir engineer; is that correct?

A Yes.

MR. JONES: So is this primary production you're looking at down here, or is this some secondary oil that you want to waterflood?

A No. This would just be primary production.

MR. JONES: Okay. I think I heard earlier that there is only a small fraction of injection wells out here compared to the producing wells; is that correct?

A That's true. I believe those are in the

shallower horizon and not the Blinebry.

MR. JONES: So you're really not projecting to waterflood this Blinebry at all?

A Not at this time.

MR. JONES: And I think we had a case recently where we were going to try to waterflood the Blinebry. So you think it might be feasible in the future?

A I guess it could be feasible. I have done several Clearfork waterfloods on the Texas side, and it would be better pay than this that we would waterflood.

MR. JONES: Okay. So it doesn't sound like you really like it that well for secondary recovery?

A Not now.

MR. JONES: Pretty much looking at ultimate primary. The fracs that grow upward, does that mean that you might -- your interests here might be getting potentially drained by fracs that are instituted within the Grayburg Deep Unit down deeper?

A It is possible.

MR. JONES: Do you have any frac simulators that you guys use in-house or through service company simulators?

A The completion engineers design all the fracs. I don't get involved in that.

MR. JONES: Have you seen any of them?

A I have not. I've just seen the data from the microseismic.

MR. JONES: So you have actually done some microseismic work to look for directions that these fracs are going?

A Directions and height.

MR. JONES: And height?

A Yes.

MR. JONES: About what size frac job would you need out here in this -- as far as the gallons of water and pounds of sand?

A I would have to defer that to the completions engineer.

MR. JONES: And you don't have one here, do you?

A No, sir.

MR. JONES: Well, that's all my questions.

MR. BROOKS: If COG owns 100 percent of the working interest in this that is being under examination here of the upper portion of the

Blinebry, what is the difference it makes whether it is incorporated into the unit, and then you can drill wells that were completed in the Blinebry and in the unit even if it were not incorporated in the unit, could you not?

A I am not sure how that would work.

MR. BROOKS: You're not going to be waterflooding it you said?

A That's right.

MR. BROOKS: So what would be the obstacle then? Would it be that you would have to separate the production by zone? Would that be the obstacle to completing wells in the Blinebry and in the unit?

A It would be difficult to tell the contribution from the unitized interval in this stranded pay.

MR. BROOKS: Okay. That's all my questions. Counsel have anything further in view of the examiner questions?

MR. HALL: I do not, not of this witness. I would offer to recall Dean Chumbley to the stand, who I think can offer some additional explanation about the point you raised on the overrides.

MR. BROOKS: Okay. Yeah, I would appreciate that.

MR. HALL: That concludes our examination of this witness, if he may be excused.

MR. BROOKS: Anything, Mr. Bruce?

MR. BRUCE: No, sir.

MR. BROOKS: The witness may stand down.

MR. HALL: And we would recall Mr. Chumbley to the stand briefly.

MR. BROOKS: Very good.

DEAN CHUMBLEY

After having been previously duly sworn under oath, was questioned and testified as follows:

EXAMINATION

BY MR. HALL:

Q Can you briefly, Mr. Chumbley, about the unit agreement itself, which is Exhibit Number 4, can you explain to the hearing examiner -- it is correct Marbob, now Concho owns 100 percent of the working interest in the unit?

A Yes, sir.

Q When the unit agreement was originally approved by the interest owners, did that include ratification by the overriding royalty interest

owners?

A Yes, sir, it did.

Q And the royalty interests, the BLM has approved this as well?

A Yes, sir.

Q Exhibit 2, the unit agreement, shows overriding royalty interest ownership, correct?

A Yes, sir.

Q It is not likely that the ownership is owned by the same owners. Now it's somewhat outdated; is that correct?

A With the passage of time, I would assume that there is some changes in ownership.

Q But the quantum of the overriding royal interest burden is the same; is that right?

A Yes, sir.

Q So extension of the unit as Marbob and Concho are requesting do not alter participation in unit production at all; is that correct?

A It does not alter it.

Q Who did Marbob acquire the unit property from?

A Phillips Petroleum Company.

Q And who decided on the 5,000 foot cutoff for ownership?

A I was not involved in those negotiations, but I assume that since that is the operator of the deeper unit, that it coincided with that, and that's the decision.

Q So was that a reservation in the conveyance, the ownership was reserved at 5,000 feet by Phillips?

A We were -- yes, we were assigned to 5,000 foot.

Q So we're not seeking to expand the unit horizontally, correct?

A Correct.

Q Not asking to add any additional tracts, correct?

A Correct.

Q Not asking to bring in any additional ownership or new owners; is that right?

A That's right.

Q So that's why participation will remain the same?

A That's correct.

MR. HALL: That concludes my redirect of this witness.

MR. BROOKS: Okay. Mr. Bruce?

MR. BRUCE: No questions.

MR. BROOKS: I believe I have -- I believe I understand what you said, so I will not ask any further questions. Very good. The witness may stand down. Do counsel wish to say anything further before we take this case under advisement?

MR. HALL: I do, Mr. Examiner. I may have created some confusion by some of the comments I made about the vertical extent of the Grayburg Jackson Pool. I will try to clear that up for you. If you look at the type log, it shows the bottom of the current pool, and you can also refer to Order Number R-10067. The pool goes down to 500 feet below the top of the Paddock formation. That order -- nomenclature order is our Exhibit 3. It is the source for that.

MR. BROOKS: That is the Grayburg Jackson Paddock Pool?

MR. HALL: It is currently the Grayburg Jackson Pool.

MR. BROOKS: The Grayburg Jackson Pool?

MR. HALL: Grayburg Jackson Pool is the nomenclature. I think I indicated to you that the expanded unit interval was within the pool. It is not. It goes down into that extension. It would

go into the Grayburg Deep Unit Pool.

MR. BROOKS: Okay. The nomenclature order cuts it off at 500 feet below the base of the Paddock?

MR. HALL: Correct.

MR. BROOKS: Okay.

MR. HALL: I think I created some confusion.

MR. BROOKS: Yeah. Okay. And it looks like that's going to include a substantial portion of the expansion; is that correct? Because when you look at this map, at this cross-section, this dotted green line is the basic Paddock; is that right?

MR. HALL: No. The Paddock is the solid line, and then the bottom of the pool is 500 feet below that.

MR. BROOKS: Below the top of the Paddock or below the bottom of the Paddock?

MR. HALL: The top of the Paddock.

MR. BROOKS: So the pool goes down to 500 feet below the top of the Paddock?

MR. HALL: Correct.

MR. BROOKS: So that's why this dotted line is parallel to the solid line?

MR. HALL: Right. That's the 500-foot pool cutoff.

MR. BROOKS: And that line more or less corresponds with the boundary between the Paddock and the Blinebry, but not exactly?

MR. HALL: I think that's right.

MR. BROOKS: That's the way it looks on this cross-section anyway. Okay.

MR. HALL: The dotted red line is ownership.

MR. BROOKS: That's the 5,000 feet below the surface, right?

MR. HALL: Yes, sir.

MR. JONES: Correct me if I am wrong, but the Grayburg Jackson Pool has different depths depending on whether it is in the Burch Keely Unit or not; is that correct?

MR. HALL: I don't think so.

MR. JONES: I think it was just defined as deepened specifically for the Burch Keely at one time by Marbob. And then in surrounding areas, it was deepened through some COG applications.

MR. HALL: I think the answer to that question is in the nomenclature order where it addresses that, and that is the Order R-10067.

MR. BROOKS: And which exhibit is that?

MR. HALL: That's 3.

MR. BROOKS: Okay. In your application, have you asked for any revision of the nomenclature?

MR. HALL: It does not, and really don't know that that is necessary. It could be taken care of by administrative downhole commingling orders.

MR. BROOKS: Well, yeah, but it would make a lot of paperwork less necessary if we were to corresponded it to --

MR. HALL: We can probably take care of that.

MR. BROOKS: -- to the unit boundaries assuming you did do that. Okay. Mr. Bruce, did you have anything further?

MR. BRUCE: I think I stated my objection, you know, Mr. Examiner, and unfortunately, there is this 5,000 foot cutoff which doesn't go along with any top or bottom of a formation, and that creates problems with respect to potential completions in that zone, and ConocoPhillips is simply worried about protecting its correlative

rights in the deeper unit.

MR. BROOKS: Okay. Very good. And if nothing further, then Case Number 14558 will be taken under advisement.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 14558 heard by me on Oct 28, 2010.

David K. Brooks, Examiner
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 28th day of October, 2010.

Connie Jurado

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