

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 MCKAY OIL CORPORATION FOR )	CASE NOS. 12,694
AN UNORTHODOX GAS WELL LOCATION, CHAVES )	
COUNTY, NEW MEXICO )	
APPLICATION OF MCKAY OIL CORPORATION FOR )	12,695
AN UNORTHODOX GAS WELL LOCATION, CHAVES )	
COUNTY, NEW MEXICO )	
APPLICATION OF MCKAY OIL CORPORATION FOR )	and 12,696
AN UNORTHODOX GAS WELL LOCATION, CHAVES )	
COUNTY, NEW MEXICO )	
_____ )	(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

July 12th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, July 12th, 2001, 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.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

## I N D E X

July 12th, 2001  
 Examiner Hearing  
 CASE NOS. 12,694, 12,695 and 12,696 (Consolidated)

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## E X H I B I T S

Applicant's	Identified	Admitted
Case 12,694		
Exhibit 1	5	6
Exhibit 2	5	6
Case 12,695		
Exhibit B	7	7
Exhibit 1	7	7
Exhibit 2	7	7
Case 12,696		
Exhibit B	7	7
Exhibit 1	7	7
Exhibit 2	7	7

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

## FOR THE DIVISION:

DAVID BROOKS  
Attorney at Law  
Energy, Minerals and Natural Resources Department  
Assistant General Counsel  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

NAGI SOAS  
Roswell, New Mexico

## ALSO PRESENT:

RICHARD EZEANYIM  
Chief Engineer  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87501

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   12:20 p.m.:

3           EXAMINER CATANACH: At this time I am going to  
4   call Case 12,694, which is the Application of McKay Oil  
5   Corporation for an unorthodox gas well location in Chaves  
6   County, New Mexico.

7           I will call for appearances in this case.

8           MR. SOAS: My name is Nagi Soas.

9           EXAMINER CATANACH: Can you spell that for us,  
10   please?

11          MR. SOAS: N-a-g-i S-o-a-s, and I'm presenting  
12   McKay Oil Corporation out of Roswell, New Mexico.

13          EXAMINER CATANACH: Okay, and I'll call for  
14   additional appearances. There are no other parties present  
15   at this time. I'm sorry, you pronounce that Soas?

16          MR. SOAS: Soas.

17          EXAMINER CATANACH: Soas, okay. Mr. Soas, you're  
18   here representing McKay Oil Corporation here today?

19          MR. SOAS: Yes, sir.

20          EXAMINER CATANACH: And I'll tell you what, why  
21   don't we swear you in? In case I have any questions of  
22   you, you can go ahead and answer them.

23          (Thereupon, Mr. Soas was sworn.)

24          EXAMINER CATANACH: Okay, Mr. Soas, I understand  
25   that you have some exhibits that you would like to present

1 in this case; is that correct?

2 MR. SOAS: Yes, sir. I'd like to present Exhibit  
3 1 and Exhibit 2.

4 EXAMINER CATANACH: Okay, Exhibit Number 1 and 2?

5 MR. SOAS: Yes, sir.

6 EXAMINER CATANACH: And those are the only two  
7 exhibits that you have in this case?

8 MR. SOAS: Right.

9 EXAMINER CATANACH: Okay, and --

10 MR. SOAS: Is that including in this package?  
11 No, we have a full package here. You know that it has the  
12 permit from BLM and all of that, and those two exhibits  
13 including in this package.

14 EXAMINER CATANACH: Okay. Does that also  
15 include, Mr. Soas, proof that you've notified any  
16 interested parties in this case?

17 MR. SOAS: Yes, sir, we own all the surrounding,  
18 so everything around those two -- around this location,  
19 belongs to McKay Oil Corporation.

20 EXAMINER CATANACH: Okay. Is it your opinion  
21 that there is enough evidence in your exhibits for the  
22 Division to process this Application?

23 MR. SOAS: Yes, sir.

24 EXAMINER CATANACH: Okay. And you would like to  
25 admit that as evidence at this time?

1 MR. SOAS: Yes, sir.

2 EXAMINER CATANACH: Okay, Exhibits 1 and 2 in  
3 Case Number 12,694 will be admitted as evidence at this  
4 time. Thank you, Mr. Soas.

5 I also believe that there are an additional two  
6 cases on the docket --

7 MR. SOAS: Yes, sir.

8 EXAMINER CATANACH: -- for McKay Oil Corporation  
9 today?

10 MR. SOAS: Yes.

11 EXAMINER CATANACH: And in the interest of time  
12 and efficiency, why don't we go ahead and call those cases,  
13 and then if you have evidence in those cases, you can also  
14 present it at this time.

15 MR. SOAS: Okay.

16 EXAMINER CATANACH: Let me call Case 12,695,  
17 which is the Application of McKay Oil Corporation for an  
18 unorthodox gas well location, Chaves County, New Mexico.

19 And I will also call Case 12,696, which is the  
20 Application of McKay Oil Corporation for an unorthodox gas  
21 well location, also in Chaves County, New Mexico.

22 And I assume, Mr. Soas, that you are entering an  
23 appearance in all three of these cases today?

24 MR. SOAS: Yes, sir.

25 EXAMINER CATANACH: Okay. And do you, Mr. Soas,

1 have additional evidence that you wish to present in Case  
2 12,695 and Case 12,696?

3 MR. SOAS: Yes, sir, the 12,695 I'd like to  
4 submit Exhibit B, Exhibit 1 and Exhibit 2.

5 EXAMINER CATANACH: Okay, and -- Let's see,  
6 that's Exhibit B and 1 --

7 MR. SOAS: -- Exhibit 1 and Exhibit 2.

8 EXAMINER CATANACH: -- and 2, okay. Do you have  
9 those?

10 MR. SOAS: Yes, sir.

11 EXAMINER CATANACH: Okay, Exhibit B and 1 and 2  
12 will be admitted as evidence in Case Number 12,695.

13 And similarly, do you have any evidence to  
14 present in Case Number 12,696, Mr. Soas?

15 MR. SOAS: Yes, and also Exhibit B, Exhibits 1  
16 and 2, and I do have --

17 EXAMINER CATANACH: Okay, if you would bring  
18 those forward, Mr. Soas.

19 Okay, Exhibit B and Numbers 1 and 2 will be  
20 admitted as evidence in Case Number 12,696.

21 Mr. Soas, is there anything you would like to add  
22 in any of these cases at this point?

23 MR. SOAS: The only -- On Exhibit 12,695 and  
24 12,696, that was a request from the BLM to move due to a  
25 drainage to a draw, so that was their request.

1 EXAMINER CATANACH: Sir, is that documented in  
2 your evidence somewhere?

3 MR. SOAS: Yes, sir.

4 EXAMINER CATANACH: Okay, that's the reason for  
5 the unorthodox location on those two --

6 MR. SOAS: Yes, sir.

7 EXAMINER CATANACH: Is that similar for the  
8 12,694 case?

9 MR. SOAS: No, the 12,694 case is geological --

10 EXAMINER CATANACH: Okay, and --

11 MR. SOAS: -- and it's including, the exhibit  
12 including -- showing the isopach, and shows why we're  
13 moving it to that unorthodox location.

14 EXAMINER CATANACH: Very good. Okay, anything  
15 else, Mr. Soas?

16 MR. SOAS: I sure thank the panel, thank you very  
17 much.

18 EXAMINER CATANACH: Okay, thank you, sir.

19 There being nothing further in these cases, Cases  
20 12,694, 12,695 and 12,696 will be taken under advisement.

21 MR. SOAS: Thank you, Mr. Examiner.

22 EXAMINER CATANACH: Thank you, sir.

23 (Thereupon, these proceedings were concluded at  
24 12:25 p.m.)

25

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 12694, 12695, 12696  
\* \* \*  
heard by me on 10/12/2001 at TS

STEVEN T. BRENNER, CCR, Examiner  
(505) 989-9317 Conservation Division



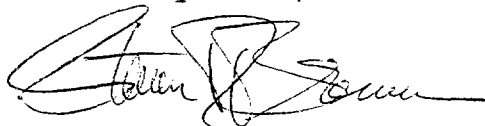
## CERTIFICATE OF REPORTER

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 July 18th, 2001.



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STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002