

March 5, 2012

Rule 37 Case No. 0269199

Status No. 702375

District 09

APPLICATION OF CHESAPEAKE OPERATING, INC. FOR A RULE 37 EXCEPTION FOR THE WELCH LEASE, WELL NO. 2H, NEWARK EAST (BARNETT SHALE) FIELD, TARRANT COUNTY, TEXAS.

APPEARANCES:

FOR APPLICANT:

Glenn Johnson, Attorney
Erin Rolstad, Attorney
David Triana, Petroleum Engineer
Bill Spencer, Regulatory Consultant
Brian Boerner, Manager, Regulatory Affairs
Steve Mills, Reservoir Engineer
Allan Jackson, Geological Consultant

APPLICANT:

Chesapeake Operating, Inc.

FOR PROTESTANTS:

Louis McBee
Dr. Kaushik De
Ms. Ranjana Bhandari
Gregory Robbins

REPRESENTING:

Tiep Le
Self
Self
Self & Wife Sandra Robbins

PROPOSAL FOR DECISION

PROCEDURAL HISTORY

APPLICATION FILED:	January 28, 2011
NOTICE OF HEARING:	April 7, 2011
HEARD BY:	Marshall Enquist - Hearings Examiner Andres Trevino - Technical Examiner
HEARING DATE :	June 27, 2011
PFD CIRCULATION DATE:	March 5, 2012

STATEMENT OF THE CASE

Chesapeake Operating, Inc. ("Chesapeake" or "Applicant"), seeks an amended drilling permit pursuant to the provisions of Statewide Rule 37 for the Welch Lease, Well No. 2H, a horizontal well in the Newark, East (Barnett Shale) Field, Tarrant County, Texas. Chesapeake received a drilling permit

on September 21, 2010 to drill its Well No. 2H at a Rule 37 location on its pooled unit, which consisted of 303.32 acres at that time. The permit was restricted by four “no perforation zones” (“NPZs”) and was approved administratively. The well, a 4,688 foot lateral, included a total of approximately 2,736 feet restricted by NPZs, leaving approximately 1,952 feet of wellbore available for perforation.

On January 28, 2011, Chesapeake applied to remove the NPZs on its Well No. 2H. The surface location of Well No. 2H is off-unit and is approximately 855 feet ENE of the kick-off point of the well. It is 370 feet west of the east line and 250 feet south of the north line of the W. Welch Survey, Abstract No. 1668. The proposed penetration point is 1761 feet south of the north line and 1014 feet east of the west line of the W. Welch Survey, Abstract No. 1668. The terminus is 1291 feet north of the south line and 213 feet east of the west line of the J.J. Goodwin Survey, Abstract No. 637. The lateral runs on a north-south trend.

Special field rules for the Newark, East (Barnett Shale) Field provide for 330 foot lease line spacing. As to horizontal wells, where the horizontal portion of the well is cased and cemented back above the top of the Barnett Shale formation, the distance to any property line, lease line, or subdivision line is calculated based on the distance to the nearest perforation point in the well, and not based on the penetration point or terminus. Where an external casing packer is placed in a horizontal well and cement is pumped above the external casing packer to a depth above the top of the Barnett Shale formation, the distance to any property line, lease line, or subdivision line is calculated based on the top of the external casing packer or the closest open hole section in the Barnett Shale. The standard drilling and perforation unit for the Newark, East (Barnett Shale) Field is 320 acres. An operator is permitted to form optional drilling units of 20 acres.

A Rule 37 exception is needed for the proposed Welch Lease, Well No. 2H, because the section of the well proposed to be perforated is closer than 330 feet to the boundaries of certain tracts internal to the unit that are unleased. Notices of Intent to Appear in Protest of the application were filed by Dr. Kaushik De, Ranjana Bhandari, Tiep Le, Daniel Lohr and Sandra and Gregory Robbins. Louis McBee appeared representing Tiep Le. The Notice of Intent to Appear in Protest filed by Daniel Lohr stated that he could be represented by one of four representatives, including Louis McBee.

By letter dated July 25, 2011, Glenn Johnson, counsel for applicant, indicated that Chesapeake would begin drilling the Welch Well No. 2H pursuant to the permit granted on September 21, 2011 with NPZ restrictions. The completion of the well would be dependent upon the determination made by the Commission in the present case.

MATTERS OFFICIALLY NOTICED

The examiners have taken Official Notice of the location of Well No. 1H on the Welch Lease. This well has already been drilled and completed. It is east of and roughly parallel to the Proposed Well No. 2H. The well has Status No. 691638 and API No. 439-34857.

DISCUSSION OF THE EVIDENCE

CHESAPEAKE OPERATING, INC.

Chesapeake seeks removal of the “no perforation zones” (“NPZs”) on its Welch Lease, Well No. 2H imposed on the well by Chesapeake’s September 21, 2010 Commission-approved well permit. The NPZs are marked on the attached Appendix I (NPZs marked in red by the examiner). At the time this permit was approved, the Welch Lease contained 303.321 acres. At the time of the application, on January 28, 2011, the pooled unit had increased to 310.88 acres, due to additional leasing. By the time of the hearing, on June 27, 2011, Chesapeake had leased additional acreage for a unit total of 332.193 acres. Chesapeake noted that one tract, Tract No. 505, had undergone foreclosure and that additional notice to the new owner, the Federal Home Loan Mortgage Corporation, was issued at Chesapeake’s request, thus preserving Commission jurisdiction. The filings submitted by Chesapeake indicate the Welch Lease is composed of 503 tracts, of which 473 were leased at the time of the hearing while 30 remained unleased. Chesapeake is engaged in ongoing leasing activities.

An isopach map derived from the logs of nearby wells indicates the Barnett Shale is roughly 380 to 385 feet thick under the Welch Lease. Based on a net thickness of 383 feet for the Barnett Shale, a porosity of 6.63%, a gas content of 69.94 SCF/ton (SCF = Standard Cubic Feet), a water saturation of 18.79%, a unit area of 332.193 acres and a recovery factor of 30%, Chesapeake estimated original recoverable gas in place under the unit to be 26.76 BCF of gas. Another well on the Welch Lease, Well No. 1H, has already been drilled and completed and produced 0.207 BCF by the time of the hearing. Therefore, 26.553 BCF of recoverable gas remained under the Welch Lease at the time of the hearing.

Chesapeake reviewed the Newark, East (Barnett Shale) Field wells within a 3.75-mile radius of the proposed well, finding 50 wells within that radius. Plotting the estimated ultimate recovery (EUR) of each of the wells, Chesapeake developed a scatter diagram and used a least squares regression method to produce a trend line to predict the ultimate recovery of a well in the area based on its length. Based on the scatter diagram, with the drainhole length as the “x” axis and the estimated EUR in MMCF as the “y” axis, Chesapeake derived a well recovery formula of “ $y = 0.7844x + 714.1$ ”. This formula indicates each incremental foot of wellbore will recover 0.7844 MMCF of gas. The 714.1 is the amount of gas, in MMCF, that Chesapeake would expect to recover with a vertical wellbore and no incremental horizontal drainhole length. Thus, Chesapeake calculates its proposed full-length lateral of 4688 feet will recover 4391 MMCF of gas or 4.39 BCF.

Absent the removal of the NPZs, Chesapeake argues it would be left with a wellbore lateral available to perforate that is only 2653 feet in length, which would recover 2795 MMCF of gas, leaving 1596 MMCF or 1.596 BCF unrecovered. Chesapeake based this calculation upon the possible NPZs created by all unleased tracts within 330 feet of the proposed drainhole. Appendix II to this proposal for decision is a copy of the plat used by Chesapeake to show the boundaries of the Unit and the proposed well with the NPZs shaded in red and the wellbore available for perforation shaded in blue.

When the protestants objected that the NPZs should be calculated based on the tracts represented by the protestants present at the hearing (thus reducing the total length of the NPZs), Chesapeake responded by offering its Exhibit 15, which is attached as Appendix III. Under this NPZ fact situation, the drainhole length available for perforation would be 3020 feet, which would produce 3083 MMCF of gas. The drainhole length unavailable due to NPZ restrictions would be 1,668 feet in total length, leaving 1308 MMCF of gas or 1.308 BCF unrecovered. Chesapeake believes that under either analysis, 1.596 BCF and 1.308 BCF are significant quantities of hydrocarbons. Failure to remove the NPZs would deprive Chesapeake and its lessors of the opportunity to produce their fair share of the recoverable hydrocarbons in place beneath the 332.193 Welch Lease, which would be confiscation. Absent Rule 37 exceptions and the removal of the existing NPZs, Chesapeake and its lessors will not be able to recover their fair share of the recoverable hydrocarbons beneath the Welch Lease.

Even if removal of the NPZs from Chesapeake's Well No. 2H is approved, the well's projected recovery of an estimated 4.39 BCF of gas is much less than the 26.553 BCF of recoverable gas in place that Chesapeake calculates is beneath the 332.193-acre Welch Lease. Chesapeake will return to the Commission and seek permits to drill as many as three additional wells on the Welch Lease, which will be necessary to allow Chesapeake to recover its fair share of the recoverable gas in place beneath the Welch Lease.

PROTESTANTS' POSITION AND EVIDENCE

Louis McBee

Mr. McBee states that it is Chesapeake's burden to prove that it is entitled to an exception to Statewide Rule 37 to prevent confiscation. He does not believe Chesapeake has shown the presence of a geologic anomaly that would prevent Chesapeake from recovering its fair share of hydrocarbons. He also notes that Chesapeake could receive approval for its well by filing an application under the Mineral Interest Pooling Act.

Chesapeake has indicated its projected recovery of gas in place is only 30%. Mr. McBee notes this leaves 70% of the gas in the ground, which could be considered waste.

Dr. Kaushik De

Dr. De was confused by the differences between the plat in Chesapeake Exhibit 1 and the plat of available/unavailable wellbore length in Exhibit 13. He noted the zones did not match. Upon questioning the Chesapeake witnesses, he was informed that Exhibit 13 (Appendix II) should be compared to the plat in Exhibit 3. He further asked whether the NPZs should be calculated on the basis of the Protestants who actually were at the hearing.

The scatter diagram used by Chesapeake had a wide range of scatter, so much so as to throw doubt on the usefulness of the diagram in Dr. De's opinion. He observed that the points on the scatter diagram were estimated recoveries used to prove the estimated recovery of the subject well. Although

Chesapeake used the scatter diagram to produce a single line, Dr. De noted that the extremes of the scatter diagram could be used to show recoveries 14 times higher or lower than the one Chesapeake advocated.

Dr. De was concerned that the price of gas is currently very low, making this a poor time to sell one's minerals. As a nuclear physicist, Dr. De understands that technology can change rapidly. Chesapeake can only recover 30% of the gas in place at this time, but that percentage may increase in a few years time, which would be a better time to lease one's minerals.

Ms. Ranjana Bhandari

Ms. Bhandari noted that the scatter diagram made a good match for the first 2700 feet of wellbore, but then had too much scatter after that to be useful. She stated there are alternative least squares regression methods, many of which include a range of error measurement, which Chesapeake's program did not provide. She also noted that Chesapeake had not offered into evidence any of the decline curve data to support the EURs on its scatter diagram.

Gregory Robbins

Mr. Robbins stated that he did not have a reason to sign the lease presented to him by the one landman representing Chesapeake that he dealt with, and that as a result of this hearing, he had no reason to sign a lease now.

EXAMINERS' OPINION

It is the basic right of every landowner or lessee to a fair and reasonable chance to recover the oil and gas under their property as recognized by the Texas Supreme Court in *Gulf Land Co. v. Atlantic Refining Co.*, 131 S.W.2d 73, 80 (Tex. 1939). Denial of that fair chance is confiscation within the meaning of Rule 37. *Id.* To obtain an exception to Statewide Rule 37 to protect correlative rights and prevent confiscation, the applicant must show that 1.) it is not possible for the applicant to recover its fair share of minerals under its tract from regular locations; and 2.) that the proposed irregular location is reasonable. The observation by Louis McBee that Chesapeake had failed to demonstrate the existence of a geologic anomaly is not an element of proving a case based on confiscation. It is an element of proving the need for an Statewide Rule 37 exception based on prevention of waste.

The examiners are of the opinion that approval of the Statewide Rule 37 exception requested by Chesapeake is necessary to prevent confiscation and protect correlative rights. Chesapeake and its lessors are entitled to recover their fair share of gas from beneath the Welch Lease. "Fair share" is measured by the currently recoverable reserves beneath the lease, which in this case is 26.553 BCF. The evidence shows that it is not feasible for Chesapeake to recover its fair share of gas from regular locations in the unit. The Welch Lease Well No. 2H is projected to recover 4.391 BCF over its useful life. The Welch Lease Well No. 1H, already drilled and producing, is projected to recover 5.163 BCF. Combined, the two wells will recover 9.554 BCF of gas, an amount far less than the currently

recoverable reserves. Chesapeake has indicated that it will apply for further wells on the Welch Lease to recover remaining reserves.

Early in the hearing, Dr. Kaushik De pointed out the discrepancy between the NPZs on the plat of the September 21, 2010 as-approved permit for Well No. 2H and the NPZs on the plats used by Chesapeake to determine its fair share of recoverable reserves. Dr. De noted that there seemed to be more NPZs on the September 21, 2010 as-approved wellbore plat (Appendix I) than on the plat used by Chesapeake (Appendix II) to calculate the length of usable, or perforatable, wellbore versus the unusable wellbore burdened with NPZs. Dr. De was correct. The plat of the as-approved permit for the Welch Lease, Well No. 2H had four NPZs. The first plat used by Chesapeake for Rule 37 purposes had only two NPZs, while the second had only three.

Chesapeake did not explain the distinction between the September 21, 2010 as-approved wellbore plat and the plat used as its Exhibit 13 (Appendix II). Chesapeake stated that Tract 505 had been foreclosed on and that notice had been issued to the new owner. Chesapeake did not mention that this caused the tract to be unleased, which added to the length of wellbore potentially subject to an NPZ. However, Chesapeake's plats for the present hearing show the tract to be shaded-in, which indicates its unleased status. Chesapeake also did not explain that the tract designated NL2 (NL = Not Leased) on the application plat which resulted in the grant of the September 21, 2010 permit had since been leased. This tract was re-numbered and shown on the plat and the P-12 submitted for the present hearing as Tract No. 539. The successful leasing of Tract No. 539, in the southern portion of the Welch Lease, actually decreased the length of wellbore subject to an NPZ as previously granted in the September 21, 2010 permit. The result is the plat offered by Chesapeake as its Exhibit 13, with only two NPZs.

In reference to the present application, Chesapeake's first witness, Bill Spencer, stated "This is the application that we are here at hearing about... the purpose was to remove the no-perf zones that were approved in the prior permit." Transcript, page 14, lines 18-25. Mr. Spencer was correct. Regardless of whether some leases were acquired or lost subsequent to the grant of the September 21, 2010 drilling permit, Chesapeake still needed to remove those NPZs from its permit. Chesapeake did not offer a calculation of the potential loss of recoverable reserves as a result of the NPZs on its as-approved permit. Based on the facts in the record, the calculation is simple. The NPZs in the as-approved permit granted September 21, 2010, totaled 2,736.16 feet, leaving 1,951.84 feet of usable wellbore. Using Chesapeake's least squares regression formula, 2245 MMCF would have been recoverable, leaving 2146 MMCF, or 2.146 BCF, unrecovered.

Chesapeake chose to calculate the reserves potentially lost to NPZs based on the acreage leased at the time of the hearing and all potential NPZs that might be imposed due to all unleased tracts. If the entire 4688 feet wellbore were free of NPZ restrictions, it would recover 4391 MMCF of gas or 4.391 BCF. After considering the possible imposition of NPZs by all unleased tracts, Chesapeake calculated a wellbore length available for perforation of 2,653 feet. It would recover 2795 MMCF. The wellbore unavailable for perforation due to NPZs would cause 1596 MMCF, or 1.596 BCF, to go unrecovered.

The protestants quickly became aware that Chesapeake's method of calculation ensured the

greatest amount of unavailable wellbore length under current conditions. They requested that Chesapeake calculated the reserves potentially lost to NPZs based on the number of tracts owned by protestants present at the hearing. Upon recalculation, Chesapeake derived a wellbore length available for perforation of 3,020 feet. It would recover 3083 MMCF. The wellbore unavailable for perforation due to NPZs would cause 1308 MMCF, or 1.308 BCF, to go unrecovered.

Under any of the three scenarios described, whether the unrecovered hydrocarbons amount to 2146 MMCF, 1596 MMCF or 1308 MMCF, a substantial quantity of hydrocarbons would go unrecovered if the “no perf zone” restrictions are not removed. Failure to remove the wellbore restrictions would result in the confiscation of the fair share of recoverable reserves attributable to Chesapeake and its lessors.

The plats offered by Chesapeake all indicate that there is no usable well-pad location on the Welch Lease. The wells must be drilled from an off-lease location. Chesapeake has no other surface location it can drill from to enter the Welch Lease and is confined to use of an off-site well-pad, which forces it to drill into the unit from the north. Well No. 1H on the Welch Lease is currently producing and is located to the east of proposed Well No. 2H. Moving Well No. 2H to the east would cause it to interfere with Well No. 1H. Moving Well No. 2H to the west would cause it to risk passing beneath unleased tracts, which would be an impermissible mineral trespass. The location of Well No. 2H is reasonable.

The examiners recommend that Chesapeake be granted an exception to Statewide Rule 37 for its Well No. 2H on the 332.193-acre Welch Lease in Tarrant County based on prevention of confiscation. Based on the record in this docket, the examiners recommend adoption of the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. At least 10 days notice of this hearing was given to the designated operator, all offset operators, all lessees of record for tracts that have no designated operator, and all owners of record of unleased mineral interests for each affected adjacent tract.
2. Chesapeake Operating, Inc. (“Chesapeake” or “Applicant”), seeks an exception to Statewide Rule 37 for the Welch Lease, Well No. 2H, in the Newark, East (Barnett Shale) Field in Tarrant County.
3. On September 21, 2010, Chesapeake obtained a permit to drill Well No. 2H, at a Rule 37 location on the 303.32- acre Welch Lease, approved administratively with a 4,668 foot lateral and four NPZs totaling 2,736.16 feet. The plat associated with that application is attached to this proposal for decision as Appendix I, which is incorporated into this finding by reference.
4. Chesapeake has drilled the Welch Lease, Well No. 2H, but the well has not been completed with perforations and has not been produced.

5. On January 28, 2011, Chesapeake submitted an application to remove the 2,736.16 feet of NPZs from the lateral of its Well No. 2H on its Welch Lease, which had increased to 310.88 acres due to additional leasing.
6. A Rule 37 exception is needed for the proposed Welch Lease, Well No. 2H, because sections of the well proposed to be perforated are closer than 330 feet to the boundaries of certain tracts internal to the unit that are unleased.
7. Special field rules for the Newark, East (Barnett Shale) Field provide for 330 foot lease line spacing. As to horizontal wells, where the horizontal portion of the well is cased and cemented back above the top of the Barnett Shale formation, the distance to any property line, lease line, or subdivision line is calculated based on the distance to the nearest perforation point in the well, and not based on the penetration point or terminus. Where an external casing packer is placed in a horizontal well and cement is pumped above the external casing packer to a depth above the top of the Barnett Shale formation, the distance to any property line, lease line, or subdivision line is calculated based on the top of the external casing packer or the closest open hole section in the Barnett Shale. The standard drilling and proration unit for the Newark, East (Barnett Shale) Field is 320 acres. An operator is permitted to form optional drilling units of 20 acres.
8. The surface location of the Welch Lease, Well No. 2H is located off the unit, approximately 855 feet ENE of the kick-off point of the well, and 370 feet west of the east line and 250 feet south of the north line of the W. Welch Survey, Abstract No. 1668. The terminus is 1291 feet north of the south line and 213 feet east of the west line of the J.J. Goodwin Survey, Abstract No. 637.
9. The proposed surface location for Well No. 2H is the only surface location available to Chesapeake for the drilling of wells on the Welch Lease.
10. The Chesapeake application is opposed by the owners of unleased tracts internal to the Welch Lease. Their tracts are within 330 feet of the as-drilled lateral.
11. The Barnett Shale formation is present and productive under the entirety of the Welch Lease.
12. To establish the currently recoverable reserves under the 332.193-acre Welch Lease, Chesapeake used a volumetric calculation:
 - a. Available well logs in the vicinity of the Welch Lease indicate the thickness of the Barnett Shale locally to be 380 to 385 feet.
 - b. Using an average formation thickness of 383 feet, a porosity of 6.63%, a gas content of 69.94 SCF/ton (SCF = Standard Cubic Feet), a water saturation of 18.79%, a unit area of 332.193 acres and a recovery factor of 30%, Chesapeake estimated original recoverable gas in place under the unit to be 26.76 BCF of gas.

- c. The Welch Lease Well No. 1H has already been drilled and completed and produced 0.207 BCF by the time of the hearing. Therefore, 26.553 BCF of recoverable gas remained under the Welch Lease at the time of the hearing.
 - d. The EUR for the Welch Lease, Well No. 1H is 5.163 BCF.
- 13. Chesapeake plotted drainhole length versus estimated ultimate recovery for 50 wells with a 3.75 mile radius of the applied-for well on a scatter diagram. Using the least squares regression method, Chesapeake derived a well recovery formula of “ $y = 0.7844x + 714.1$ ”, with drainhole length represented by “x” and estimated EUR in MMCF represented by “y”. This indicates that each incremental foot of horizontal wellbore will recover an additional 0.7844 MMCF of gas, while a purely vertical well would recover 714.1 MMCF.
- 14. The total length of the Well No. 2H drainhole, after removal of the four NPZs totaling 2,736.16 feet placed on the subject well under the permit granted on September 21, 2010, is 4,688 feet. Applying Chesapeake’s calculated well recovery formula, Well No. 2H will have an estimated ultimate recovery of 4.391 BCF of gas.
- 15. As permitted on September 21, 2010, Well No. 2H had four “no perforation zones” (“NPZs”) that total 2,736 feet. Removal of the NPZs would result in the recovery of 2146 MMCF of gas that would otherwise not be recoverable.
- 16. At the time of the hearing on June 27, 2011, the total length of the proposed wellbore for the Welch Lease, Well No. 2H remained 4,688 feet, but several changes to the original unit had occurred:
 - a. As of June 27, 2011, the unit size had increased, due to leasing activity, from 303.321 acres to 332.193 acres. The recoverable gas in place beneath the unit attributable to that acreage was 26.553 BCF.
 - b. At the time of the hearing, Tract 505 had been foreclosed on and the lease on the tract lost, increasing the length of wellbore potentially subject to a Rule 37 spacing objection and to imposition of an NPZ.
 - c. At the time of the hearing, former Tract No. 2NL, re-designated as Tract No. 539, had been successfully leased, resulting in a decrease in the length of wellbore potentially subject to a Rule 37 spacing objection and to imposition of an NPZ.
 - d. At the time of the hearing, the total length of wellbore subject to imposition of a “no perf zone” by all unleased tracts was 2,035 feet.
 - e. Imposition of “no perf zones” totaling 2,035 feet would prevent 1596 MMCF,

or 1.596 BCF, from being recovered.

17. At the time of the hearing, the protestants requested that the total length of NPZs attributable to the subject well be calculated based on the number of tracts represented by the protestants present at the hearing. Under this fact situation, the total length of wellbore affected by NPZs would be 1,668 feet in length. This would cause 1308 MMCF of gas to go unrecovered.
18. Under any of the three NPZ scenarios listed above, the amount of gas that would go unrecovered, whether 2146 MMCF, 1596 MMCF or 1308 MMCF, is a significant quantity of hydrocarbons.
18. The as-drilled location of the Welch Lease, Well No. 2H is reasonable.
 - a. The location of the well is consistent with the location of a well drilled as the second well in development plan requiring multiple parallel wells in a unit oriented north-south.
 - b. Movement of Well No. 2H to the east would interfere with the existing Well No. 1H while movement of the well to the west would result in an impermissible mineral trespass through an unleased tract.
19. Chesapeake continues its attempt to sign unleased mineral interest owners in the Welch Lease.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely given to all persons legally entitled to notice.
2. All things have occurred to give the Commission jurisdiction to decide this matter.
3. Approval of a Rule 37 exception for the as-drilled location of the Welch Lease, Well No. 2H, as proposed to be perforated by Chesapeake Operating, Inc., is necessary to prevent confiscation and protect the correlative rights of the mineral owners.

RECOMMENDATION

The examiners recommend that the application of Chesapeake Operating, Inc., for a Statewide Rule 37 exception for the as-drilled location of the Welch Lease, Well No. 2H in the Newark, East (Barnett Shale) Field, Tarrant County, be granted as necessary to prevent confiscation and protect correlative rights.

Respectfully submitted,

Marshall Enquist
Hearings Examiner

Andres Trevino
Technical Examiner