

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 NM&O OPERATING COMPANY)
FOR COMPULSORY POOLING, RIO ARRIBA)
COUNTY, NEW MEXICO)

CASE NO. 13,307

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 19th, 2004

Santa Fe, New Mexico

2004 SEP 2 AM 9 58

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 19th, 2004, 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.

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I N D E X

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E X H I B I T S

Applicant's	Identified	Admitted
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A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE
 Attorney at Law
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 8:42 a.m.:

3 EXAMINER STOGNER: At this time I'll call Case
4 Number 13,307, which is the Application of NM&O Operating
5 Company for compulsory pooling, Rio Arriba County, New
6 Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
9 representing the Applicant. I just have a short statement.

10 EXAMINER STOGNER: Any other appearances? Okay,
11 Mr. Bruce?

12 MR. BRUCE: Mr. Examiner, this Application has
13 been filed under Rule 1207.A such that in the absence of
14 objection it would be taken advisement.

15 This case involves the Invader Federal Well
16 Number 1 in the west half of Section 1, 24 North, 2 West.
17 This well, I believe, was originally drilled to the Gavilan
18 Greenhorn-Graneros-Dakota. It produced from that, it
19 subsequently produced from the Fruitland Coal and has now
20 been recompleted in the Blanco Mesaverde Gas Pool.

21 Submitted as Exhibit 1 is the statement of a
22 representative of NM&O Operating Company providing all of
23 the data required by Rule 1207.A, including the name of the
24 interest owner, the type of the pool, copies of the
25 correspondence mailed to the interest owner, both to

1 attempt to get her to execute a lease and also proposing
2 the re-entry to her as an unleased working interest owner.
3 She has simply refused to respond.

4 Also attached are overhead rates, and submitted
5 as Exhibit 2 is my affidavit of notice. The interest owner
6 being pooled lives in Santa Fe. She refused to claim the
7 certified mail. I have spoken with her before about this
8 matter, actually several times, and she just simply refuses
9 to execute a lease or do anything with respect to this
10 matter, and therefore we would ask that her interest be
11 pooled.

12 EXAMINER STOGNER: Just for clarification, I'll
13 take administrative notice of the Invader well, Federal
14 Well Number 1, the records here at the OCD. And let's see,
15 this is a west-half standup dedication; is that correct?

16 MR. BRUCE: That's correct, it's an irregular
17 section.

18 EXAMINER STOGNER: And I'll take administrative
19 notice on any other pertinent information in that spacing
20 unit for the Blanco-Mesaverde Pool. The person in which
21 you're referring to, who is the outstanding interest owner?

22 MR. BRUCE: Monica Britt.

23 EXAMINER STOGNER: Monica Britt.

24 MR. BRUCE: I think this well unit is comprised
25 of federal land except for the --

1 EXAMINER STOGNER: -- south half, southwest
2 quarter?

3 MR. BRUCE: -- south half, southwest quarter,
4 which is fee land. There are numerous fee owners, all of
5 whom have been leased, except for Ms. Britt.

6 EXAMINER STOGNER: Now that you're on that, if
7 you go back to the C-102, I see that you have fee minerals
8 south half, southwest quarter, and then I have a federal
9 minerals that shows the middle 160, being the south half,
10 northwest and the --

11 MR. BRUCE: Actually, that should be the entire
12 -- Just a minute, Mr. Examiner, I can tell you for sure.
13 Lots 3, 4, the south half, northwest, and the north half,
14 southwest, are covered by lease, Federal Lease NM-43746.
15 So that was incorrectly drawn on the C-102.

16 EXAMINER STOGNER: So it should be the remainder
17 of the west half?

18 MR. BRUCE: That's correct.

19 EXAMINER STOGNER: Okay. So we're essentially
20 talking about a one federal lease and one fee lease?

21 MR. BRUCE: That's correct.

22 EXAMINER STOGNER: And Ms. Britt is here in Santa
23 Fe?

24 MR. BRUCE: Yes.

25 EXAMINER STOGNER: Her box number seems to be

1 between yours and Kellahin's and Mr. Carr's. Did you go
2 visit her?

3 MR. BRUCE: I did meet with her once and talked
4 to her several times on the phone.

5 EXAMINER STOGNER: Okay, that's P.O. Box 2204
6 here in Santa Fe?

7 MR. BRUCE: That's correct.

8 EXAMINER STOGNER: And again, what are the
9 overhead rates?

10 MR. BRUCE: \$4508 for a drilling well and \$550
11 per month for a producing well. And those are the rates
12 set forth in the Ernst and Young survey for San Juan Basin.

13 EXAMINER STOGNER: And I'm also referring to
14 those two figures that you just gave me on page 2 of the
15 statement from Mr. Larry Sweet --

16 MR. BRUCE: That's correct.

17 EXAMINER STOGNER: -- who's shown there.

18 Anybody have anything further in Case 13,307?
19 Then at this time, with the information available, again,
20 I'll take administrative notice on any pertinent data here
21 at the OCD, either in the Santa Fe and/or the Aztec Office,
22 and this matter will be taken under advisement.

23 (Thereupon, these proceedings were concluded at
24 8:48 a.m.)

25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13307.
* * * heard by me on 19 August 1984

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

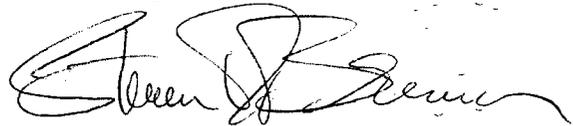
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL August 20th, 2004.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006