

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 POGO PRODUCING COMPANY)
FOR COMPULSORY POOLING, LEA COUNTY,)
NEW MEXICO)

CASE NO. 13,319

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

September 16th, 2004

Santa Fe, New Mexico

2004 OCT 1 PM 2 00

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, September 16th, 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 DIVISION:

GAIL MacQUESTEN
 Deputy General Counsel
 Energy, Minerals and Natural Resources Department
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

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 9:12 a.m.:

3 EXAMINER EZEANYIM: At this time I will call Case
4 Number 13,319. As you know, that case is styled, "in the
5 absence of objection this matter will be taken under
6 advisement."

7 And at this time are there any objections to this
8 Application?

9 MR. BRUCE: Mr. Examiner, I am Jim Bruce
10 representing the Applicant. I just have a short statement.

11 EXAMINER EZEANYIM: Okay. Since we don't have
12 any objection you can go ahead and make your statement.

13 MR. BRUCE: Mr. Examiner, this case was first
14 heard, I believe, on the August -- well, the first August
15 docket --

16 EXAMINER EZEANYIM: 5, August 5th.

17 MR. BRUCE: -- and a witness was presented and
18 testimony was taken and an order was issued, and
19 subsequently the well location changed. The original well
20 location was in the northeast quarter, southeast quarter,
21 of the section. The well was moved to the southeast
22 quarter, northeast quarter, of the section.

23 As a result, the Applicant re-proposed the well
24 to the only interest owner -- to the only nonconsenting
25 interest owner, which is ConocoPhillips Company, and in

1 accordance with Rule 1207.A.(1).(b), the verified statement
2 is submitted by a landman for Pogo Producing Company --
3 that's submitted as Exhibit 1 -- just reiterating the same
4 data that was presented previously to the Division. The
5 only change is the well location. I would note that the
6 parties are still negotiating, but nothing has been signed
7 yet.

8 So if before a new order is issued the parties do
9 come to agreement, I will let the Division know.

10 The second matter is that notice of the re-opened
11 Application was given to ConocoPhillips Company, and that
12 is shown by the notice affidavit marked Exhibit 2.

13 And I would move the admission of Exhibits 1 and
14 2 and ask that the case be taken under advisement.

15 EXAMINER EZEANYIM: Exhibits 1 and 2 will be
16 taken under -- I mean, will be admitted to evidence.

17 What you're telling me is that the location of
18 the well changed, right?

19 MR. BRUCE: Yes.

20 EXAMINER EZEANYIM: And you notified the person
21 in that unit that is affected --

22 MR. BRUCE: Yeah --

23 EXAMINER EZEANYIM: -- is that correct?

24 MR. BRUCE: -- the interest -- the only party
25 being pooled in the first -- in the original case, was

1 ConocoPhillips --

2 EXAMINER EZEANYIM: Uh-huh.

3 MR. BRUCE: -- and that's still the same party
4 being pooled, and their interests do not change in the well
5 units at all from the move in location. It was simply
6 changed for geologic reasons.

7 EXAMINER EZEANYIM: Okay, and I know this case
8 has been heard, but I have a couple of questions I may have
9 to ask you.

10 MR. BRUCE: Yes, sir.

11 EXAMINER EZEANYIM: First of all, if you go to
12 overhead rates, what are the overhead rates?

13 MR. BRUCE: They are \$6000 per month for a
14 drilling well and \$600 for a producing well. Those were
15 testified to in the first case.

16 EXAMINER EZEANYIM: In the first case. And the
17 first time it was heard, we also have a transcript?

18 MR. BRUCE: Yes, sir.

19 EXAMINER EZEANYIM: And the well has not been
20 drilled, right?

21 MR. BRUCE: It has not been drilled.

22 EXAMINER EZEANYIM: And no APD yet. Have they
23 gotten an APD?

24 MR. BRUCE: I think one has been filed. It is on
25 federal land. One has been filed, but I checked the OCD's

1 website Tuesday night, and I could not locate an APD -- or
2 last night, and I could not locate an APD number for it.
3 An APD has been filed, but I think just recently, and it
4 has not been approved by the BLM. That's generally a --
5 it's over a 30-day process to get them approved.

6 EXAMINER EZEANYIM: Okay. What is the primary
7 objective of this well?

8 MR. BRUCE: Morrow.

9 EXAMINER EZEANYIM: And to your knowledge, do you
10 have -- I always ask this question -- do you have any lease
11 issues that you might discuss, like it's expiring tomorrow
12 or something?

13 MR. BRUCE: No, there is no lease-expiration
14 issue or anything of that matter. The parties have been in
15 negotiations, I think, since last October so, you know,
16 there have been extensive discussions and those are on the
17 record from the first hearing, and there is no lease-
18 expiration issue, so there is no --

19 EXAMINER EZEANYIM: Okay.

20 MR. BRUCE: -- for a change, I'm not going to ask
21 for an expedited order.

22 EXAMINER EZEANYIM: But the -- but even if you --
23 regarding this Application, this AFE here, can you provide
24 that amendment that you told me you had one of the --

25 MR. BRUCE: Well, the -- a revised Application

1 was filed with the Division, and obviously new notice, and
 2 then Pogo Producing Company sent -- re-proposed the well at
 3 the new location, and that is marked -- that is Exhibit B
 4 to Exhibit 1 --

5 EXAMINER EZEANYIM: Okay.

6 MR. BRUCE: -- together with a new AFE, which is
 7 Exhibit C to Exhibit 1.

8 EXAMINER EZEANYIM: Okay, yeah, I see.

9 MR. BRUCE: And the parties have continued to
 10 negotiate.

11 EXAMINER EZEANYIM: And you're saying that the
 12 initial agreement, you might, you know, let us know so we
 13 can...

14 Do you have any more?

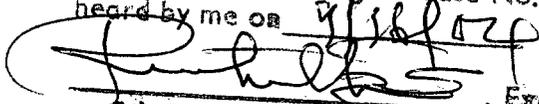
15 MS. MacQUESTEN: No, thank you.

16 EXAMINER EZEANYIM: Case Number 13,319 will be
 17 taken under advisement at this time.

18 Let's have about 15 minutes' break and come back.

19 Let's start at 9:30.

20 (Thereupon, these proceedings were concluded at
 21 9:19 a.m.)

22 * * * I do hereby certify that the foregoing is
 23 a complete record of the proceedings in
 24 the Examiner hearing of Case No. 13319
 25 heard by me on 9/18/04

 Examiner
 Oil Conservation Division

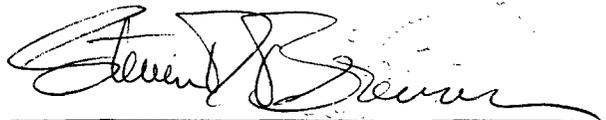
CERTIFICATE OF REPORTER

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 September 18th, 2004.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006