

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 OGX RESOURCES, LLC,)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

CASE NO. 13,450

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 17th, 2005

Santa Fe, New Mexico

2005 MAR 31 PM 1 28

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 17th, 2005, 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

March 17th, 2005
Examiner Hearing
CASE NO. 13,450

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	4
Exhibit 2	4	4

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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 9:02 a.m.:

3 EXAMINER STOGNER: And at this time I will call
4 Case Number 13,450, which is the Application of OGX
5 Resources, LLC, for compulsory pooling, Eddy County, New
6 Mexico. I'll make a notation that this case is advertised
7 in the absence of objection.

8 At this time I'll call for appearances.

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

11 EXAMINER STOGNER: The record will so show that
12 there are no other appearances in this matter.

13 Mr. Bruce?

14 MR. BRUCE: Mr. Examiner, this case involves some
15 force pooling of some unlocatable interest owners under the
16 Division Rule that allows you to present a case in the
17 absence of objection.

18 This -- If you go to the third page from the
19 back, Mr. Examiner, of the Exhibit 1 that I've submitted to
20 you, this is a re-entry of a well drilled, I think, back in
21 the 1980s, and OGX Resources re-entered the well and did
22 obtain production.

23 And everybody joined in the well except for two
24 interest owners who collectively own a five-acre tract of
25 land, both surface and minerals, described in paragraph

1 2.(a) of the affidavit I've submitted as Exhibit 1.

2 Attached as Exhibit A to Exhibit 1 is a summary
3 of the efforts made to locate these two people. You can
4 see that they mailed materials to their last known
5 addresses, they made phone searches, they made Internet
6 searches, they checked the death records in California, and
7 besides checking the records of Eddy County, they have just
8 been unable to locate the people, the two interest owners.

9 Attached as part of Exhibit 1 is the
10 correspondence that they sent, together with responses from
11 the Texas -- excuse me, the California state government
12 regarding any death certificates on these people.
13 California was their last known address.

14 The parties collectively own 1.5625-percent
15 working interest in the well.

16 Also attached is the AFE for the re-entry of this
17 well, and we simply submit Exhibit 1 to support the force
18 pooling of these two interest owners in the wells.

19 Submitted as Exhibit 2 is the affidavit of
20 publication in the Carlsbad paper. Since these people were
21 unlocatable, we gave notice by publication.

22 And we'd ask that Exhibits 1 and 2 be admitted
23 and this matter be taken under advisement.

24 EXAMINER STOGNER: Exhibits 1 and 2 will be
25 admitted into evidence at this time.

1 I'll also take administrative notice of the well
2 file, public record in this matter. But it's my -- Do you
3 know if it was plugged and abandoned?

4 MR. BRUCE: Yes, it was.

5 EXAMINER STOGNER: I mean, the record is going to
6 show that, but just --

7 MR. BRUCE: Mr. Examiner, if I -- Yes, it was.
8 It was drilled -- if I can dig up the one -- The well was
9 drilled in 1981, and it was re-entered in 2004, I believe.

10 Here is the old -- the original acreage
11 dedication for the plat, and the tract we are talking about
12 is the five-acre tract that on this one is shown as being
13 owned by R.F. Fort, the 5-acre tract noted in the southeast
14 quarter of the northeast quarter, I believe.

15 EXAMINER STOGNER: That wasn't the same Mr. Forth
16 that was in the previous case, was it?

17 MR. BRUCE: It was probably his father. I think
18 it might have been leased at that point. Yeah.

19 EXAMINER STOGNER: Okay, so the five acres that
20 we're talking about is five acres that's in Unit H, that
21 is, the southeast quarter of the northeast quarter, and
22 it's up toward the northern one-quarter of that quarter-
23 quarter section, and --

24 MR. BRUCE: But yes, the well was drilled, I
25 think, to test the Morrow. It was unsuccessful. It was

1 P-and-A'd at some point -- I did look at the well file --
2 and then they re-entered it recently.

3 EXAMINER STOGNER: And have made a well in -- the
4 record will so show -- in the Morrow?

5 MR. BRUCE: Yes.

6 EXAMINER STOGNER: Okay. And let's see, on your
7 statement from Mr. Coats, overhead charges \$6500 and \$650?

8 MR. BRUCE: Yes.

9 EXAMINER STOGNER: And the parties that -- being
10 pooled is Jessie Pearl Butz and Lyle R. Butz; is that
11 correct?

12 MR. BRUCE: That is correct.

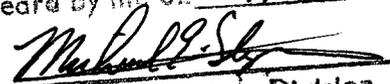
13 EXAMINER STOGNER: Okay. So we're ready to take
14 this matter under advisement. The well is down, and the
15 only thing that needs to be concerned with is OGX's lost
16 Butzes; is that correct?

17 MR. BRUCE: That's correct, Mr. Examiner.

18 EXAMINER STOGNER: Okay, Case Number 13,450 will
19 be taken under advisement at this time. Thank you, Mr.
20 Bruce.

21 (Thereupon, these proceedings were concluded at
22 9:08 a.m.)

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No. 13450
heard by me on 17 March 2005.


Oil Conservation Division, Examiner

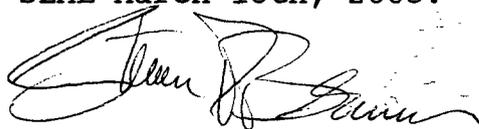
CERTIFICATE OF REPORTER

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 March 18th, 2005.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006