

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 PLATINUM EXPLORATION,)
 INC., TO ABOLISH THE SPECIAL RULES AND)
 REGULATIONS FOR THE SOUTH KNOWLES-)
 DEVONIAN POOL, LEA COUNTY, NEW MEXICO)

CASE NOS. 13,400

APPLICATION OF PLATINUM EXPLORATION,)
 INC., TO ABOLISH THE SPECIAL RULES AND)
 REGULATIONS FOR THE KNOWLES-DEVONIAN)
 POOL, LEA COUNTY, NEW MEXICO)

and 13,401

(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 17th, 2005

Santa Fe, New Mexico

2005 MAR 31 PM 1 29

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 NOS. 13,400 and 13,401 (Consolidated)

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's (13,400)	Identified	Admitted
Exhibit A	5	7
Exhibit B	5	7

Applicant's (13,401)	Identified	Admitted
Exhibit A	5	7

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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 9:10 a.m.:

3 EXAMINER STOGNER: At this time I'll call Cases
4 13,400 and 13,401. Case 13,400 is the Application of
5 Platinum Exploration, Inc., to abolish the special rules
6 and regulations of the South Knowles-Devonian Pool in Lea
7 County, New Mexico, and Case 13,401 is the Application of
8 Platinum Exploration, Inc., to abolish the special rules
9 and regulations for the Knowles-Devonian Pool, Lea County,
10 New Mexico.

11 At this time I'll call for appearances.

12 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
13 representing the Applicant in both cases.

14 EXAMINER STOGNER: If I understand, this case was
15 heard by Mr. Catanach some time ago?

16 MR. BRUCE: Correct.

17 EXAMINER STOGNER: Okay, and let the record show
18 that there's no other parties entered appearance today.

19 MR. BRUCE: And if I could make a brief
20 statement, I'll explain what's happening.

21 Mr. Examiner, if you'd look at the two land plats
22 I've handed you, what was submitted at the prior hearing,
23 Exhibit 1A concerns the South Knowles-Devonian Pool,
24 Exhibit 1B outlines the Knowles-Devonian Pool. Applicant
25 requested that the pool rules be abolished. The current

1 pool rules provide for 80-acre spacing and wells to be
2 located within 150 feet of the center of a quarter-quarter
3 section in both pools.

4 These are quite old pools. I think one was
5 created in 1950, the Knowles-Devonian, and one was created
6 in about 1955.

7 Recently, Platinum Exploration has drilled
8 several additional wells in the South Knowles-Devonian and
9 plans to drill some wells in the Knowles-Devonian Pool.

10 There was only -- Looking at Exhibit 1A, at the
11 time, there was only one other operator -- Take a step
12 back.

13 Mr. Examiner, the Applicant has drilled some
14 directional wells, primarily in Section 18, that were
15 spaced on the 80 acres, mainly, like I said, in the west
16 half of 18, there was one additional Devonian well in the
17 northeast quarter of Section 24 of 17-38. Notice was given
18 to the operator of that quarter section, or of that well,
19 and the operator did not object.

20 In the Knowles-Devonian Pool there is only
21 producing well, and that well is in the west half,
22 southwest quarter of Section 35. The operator of that well
23 was notified and did not object.

24 Apparently in most of these wells that were
25 drilled out here, they were drilled on a lease basis, and

1 if you look at Exhibit 1A, in the northeast quarter of
2 Section 24, that is one single tract with uniform mineral
3 ownership, and that's where the only other Devonian well
4 was located.

5 If you look at the Exhibit 1B, the only well in
6 the west half of the southwest quarter of Section 35 was
7 also drilled on a unitary tract in which interest ownership
8 was uniform.

9 At the time, I decided not to notify the royalty
10 owners of those two tracts. After the hearing, the
11 Division requested me to notify the interest owners, and
12 that's why I'm here today.

13 Submitted as Exhibit A in Case 13,400, which is
14 with respect to the South Knowles Devonian is an affidavit
15 of notice, giving notice to all mineral interest or royalty
16 owners in the northeast quarter of Section 24. There were
17 one or two unlocatable people.

18 And Exhibit B is an affidavit of publication
19 regarding this Application, which was published in the
20 Hobbs newspaper.

21 Submitted as Exhibit A in Case 13,401 is an
22 affidavit of notice to the two royalty owners in the west
23 half, southwest quarter of Section 35, being Apache
24 Corporation and Fortson Oil Company.

25 Just for your information, Mr. Examiner, with

1 respect to the Knowles-Devonian, Case 13,401, Fortson Oil
2 Company never responded to this Application. I did speak
3 with Apache Corporation, and they do not object to this
4 Application.

5 With respect to Case 13,400, the Division should
6 have in its file an entry of appearance. It's stated to be
7 from the Warren -- by the Warren K. Williams Foundation.
8 It's actually by the William K. Warren Foundation. They
9 are an interested party, and I have provided information on
10 this Application to them, and at this point they do want
11 their entry of appearance recognized in this matter as a
12 party of interest. But at this point, at least at this
13 point, they are not objecting to the Application.

14 And I have spoken both with personnel at the
15 Foundation and with the attorney from the Modrall law firm
16 regarding this matter.

17 So anyway, these matters were continued to
18 provide additional notice as required by the Division, and
19 I would request that Exhibits A and B in Case 13,400 and
20 Exhibit A in Case 13,401 be admitted into evidence.

21 EXAMINER STOGNER: Okay, I'm looking at Exhibit
22 B. Is this for both cases, or --

23 MR. BRUCE: That's just for the South Knowles-
24 Devonian, 13,400.

25 In the other case there were no unlocatable

1 interests.

2 EXAMINER STOGNER: Okay, Exhibits A and B in Case
3 13,400 are admitted into evidence, and Exhibit A in Case
4 13,401 is also admitted into evidence at this time.

5 I see in Case 13,400 that the R. Fort name comes
6 up again.

7 MR. BRUCE: He's been around Midland a long time.

8 EXAMINER STOGNER: Okay. No other questions,
9 13,400 and 13,401 both will be taken under advisement at
10 this time.

11 (Thereupon, these proceedings were concluded at
12 9:17 a.m.)

13 * * *

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16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing of Case No. 13401,
20 heard by me on 17 March 2005

21 Michael B. Stogner, Examiner
22 Oil Conservation Division
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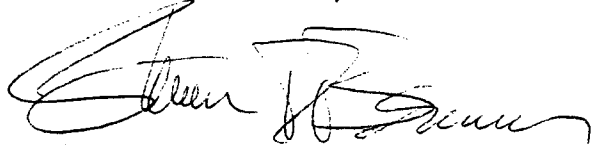
CERTIFICATE OF REPORTER

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