

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 XERIC OIL AND GAS)
CORPORATION FOR COMPULSORY POOLING,)
LEA COUNTY, NEW MEXICO)

CASE NO. 13,084

RECEIVED

JUL 3 2003

Oil Conservation Division

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

June 19th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, June 19th, 2003, 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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 Examiner Hearing
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E X H I B I T S

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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
 Attorney at Law
 Energy, Minerals and Natural Resources Department
 Assistant General Counsel
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
 117 N. Guadalupe
 P.O. Box 2265
 Santa Fe, New Mexico 87504-2265
 By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:23 a.m.:

3 EXAMINER JONES: We'll start out with our first
4 case this morning, we'll call Case 13,084, Application of
5 Xeric Oil and Gas Corporation for compulsory pooling, Lea
6 County, New Mexico. This case is styled in the absence of
7 objection.

8 Call for appearances.

9 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
10 the Santa Fe law firm of Kellahin and Kellahin. I'm
11 appearing today on behalf of the Applicant.

12 EXAMINER JONES: Any other appearances? There
13 being none, Mr. Kellahin, do you have something to present
14 in this case?

15 MR. KELLAHIN: Yes, Mr. Examiner. We filed this
16 pursuant to the Division Rules. There's a 1207 Rule that
17 allows you to submit a pooling case by affidavit, and
18 that's the process that we're using for this case.

19 If you'll give me a second, let me find copies of
20 the affidavit.

21 EXAMINER JONES: Okay.

22 MR. KELLAHIN: If I may, Mr. Examiner, I can
23 summarize this for you.

24 EXAMINER JONES: Okay, go ahead.

25 MR. KELLAHIN: This Application has some

1 additional pools that are identified as potential 40-acre
2 oil pools, not all of which are applicable. The easiest
3 way to solve this is to look at another force pooling order
4 that Examiner Stogner issued for Xeric, and this is Order
5 Number R-10,830.

6 EXAMINER JONES: Okay.

7 MR. KELLAHIN: That was entered back in July of
8 1992. In that pooling case, Xeric was pooling a 40-acre
9 tract in the southwest of the southwest of 19. This
10 location is in the northeast northeast of 19. When you
11 look at the affidavit you'll see the geologic exhibits and
12 the summary by the geologist demonstrate the components
13 that he associates with the risk factor penalty. The
14 parties are substantially the same.

15 The point of reference to the prior order is that
16 it correctly identifies the three potential pools that are
17 also the subject of the Application before you this
18 morning. They are an Undesignated Terry-Blinebry Pool, and
19 then there's DK-Drinkard Pool, and then finally the DK-Abo
20 Pool.

21 EXAMINER JONES: Can you repeat that first one?

22 MR. KELLAHIN: Yes, sir, the first one is
23 Undesignated Terry-Blinebry Pool.

24 EXAMINER JONES: Okay, thank you.

25 MR. KELLAHIN: And so if you look at the

1 provisions of this other R order, you'll see that the same
2 pools in that case are now in this case.

3 In addition, the affidavit lists the specific
4 parties that we were unable to locate in the prior case,
5 and we're still not able to locate those people.

6 In addition, the affidavit of service will show
7 that we have served a company called Concord. Their
8 business address is in San Antonio, Texas. The affidavit,
9 again, summarizes all the attempts and efforts to reach a
10 solution with Concord. They have chosen not to respond to
11 either our notice of hearing or to otherwise communicate
12 with Xeric.

13 I have failed to stamp as Exhibit Number 1 the
14 affidavit, so that would be my intent, is to offer that as
15 Exhibit A in this Case.

16 And Exhibit B would be my affidavit of mailing,
17 to which we've attached a copy of the Application and the
18 notice of this hearing.

19 And with your permission, we would ask that you
20 admit Exhibits A and B.

21 EXAMINER JONES: Exhibits A and B will be
22 admitted.

23 This Concord has a real small interest, it looks
24 like.

25 MR. KELLAHIN: Right.

1 EXAMINER JONES: 1/92nd interest?

2 MR. KELLAHIN: It's hardly worth the effort. But
3 as long as we had to pool these other interests we decided
4 -- based upon a title examination by Mr. McDonald in
5 Midland, we picked up this additional interest and thought
6 it best to include it along with these other people.

7 EXAMINER JONES: Okay. Okay, Mr. Brooks, do you
8 have any questions?

9 MR. BROOKS: No questions.

10 EXAMINER JONES: Okay.

11 MR. KELLAHIN: Thank you, Mr. Examiner.

12 EXAMINER JONES: Thank you very much, Mr.
13 Kellahin.

14 Case 13,084 will be taken under advisement.

15 (Thereupon, these proceedings were concluded at
16 8:29 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13-84
heard by me on 5/17 1963.
[Signature], Examiner
Oil Conservation Division

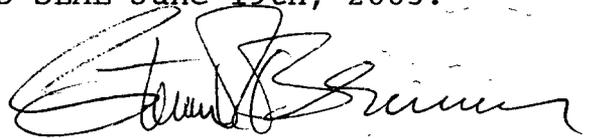
CERTIFICATE OF REPORTER

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 June 19th, 2003.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006