

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 DEVON ENERGY PRODUCTION)
COMPANY, LP, FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

CASE NO. 13,738

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

July 6th, 2006

Santa Fe, New Mexico

2006 JUL 13 PM 4 09

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, July 6th, 2006, 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

July 6th, 2006
 Examiner Hearing
 CASE NO. 13,738

PAGE

REPORTER'S CERTIFICATE

8

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E X H I B I T S

Applicant's	Identified	Admitted
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Exhibit C	4	6

* * *

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 8:35 a.m.:

3 EXAMINER EZEANYIM: Now the other business on the
4 docket, at this point we call Case Number 13,738, and this
5 is the Application of Devon Energy Production Company, LP,
6 for compulsory pooling, Eddy County, New 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 EZEANYIM: Any other appearances?

11 You have no witness?

12 MR. BRUCE: I have no witness.

13 EXAMINER EZEANYIM: Okay, now you may proceed.

14 MR. BRUCE: Mr. Examiner, this is a compulsory
15 pooling case, and it's being presented under Rule
16 1207.A.(1). In this case Devon Energy seeks to force pool
17 lots 3, 4, the south half northwest quarter, and the
18 southwest quarter, being the west half of Section 2,
19 Township 22 South, Range 26 East.

20 There is only one interest owner who is listed at
21 the bottom of Exhibit -- I've submitted to you Exhibit 1 --
22 a person named H.L. Boyd, whose last known address was in
23 Carlsbad in 1966, and in the last 40 years he has
24 disappeared and they have not been able to find him. As
25 you can see, he owns an exceedingly small interest in the

1 well unit.

2 Applicant seeks to force pool the west half of
3 Section 2 for 320-acre units only.

4 Attached to Exhibit 1 as Exhibit A is a land
5 plat, and you can see the west half of Section 2 is pretty
6 much within the city limits of Carlsbad.

7 Attached as Exhibit B is correspondence from the
8 landman showing how he tried to locate H.L. Boyd. He did
9 send a well proposal to the last known address of H.L.
10 Boyd, and that was returned as undeliverable.

11 And also attached is some Internet telephone data
12 showing how he tried to locate H.L. Boyd and could not find
13 the man. So he checked the county records, Internet, et
14 cetera, and H.L. Boyd was just unlocatable.

15 Again, Mr. Boyd owns about -- well, just a little
16 more than a hundredth of one percent of the well unit.

17 The well is a Morrow test, and they request \$6000
18 per month for a drilling well and \$600 a month for a
19 producing well. The AFE is attached, and it has a
20 completed well cost of \$2.48 million, almost \$2.5 million,
21 which I guess these days is a reasonable well cost.

22 I did publish notice, or send a publication
23 notice request to the Carlsbad newspaper. I have -- as I
24 informed you before the hearing, I have not received the
25 affidavit of publication. I'm submitting to you, not as an

1 exhibit but just so you know, a copy of the notice that was
2 sent to the Carlsbad newspaper.

3 And I would ask that this matter be held open or
4 maybe continued to the July 20th docket to give me time. I
5 called the Carlsbad newspaper yesterday, to bug them about
6 getting me the newspaper -- affidavit of publication to me,
7 and I will submit that as soon as I get it, and I would ask
8 that the case be continued to the July 20th docket to
9 enable me to get that and submit it to you.

10 And then there's one final issue, just a minor
11 issue, just so you know. The well's location is 2070 feet
12 from the north line and 675 feet from the west line. That
13 is unorthodox as to deep gas zones. Applicant is filing an
14 administrative application for approval of that location.

15 EXAMINER EZEANYIM: 2070 feet from the north
16 line, 2075 from the south?

17 MR. BRUCE: No, 2070 from the north line and 675
18 from the west.

19 EXAMINER EZEANYIM: When did you file for NSL on
20 this particular --

21 MR. BRUCE: I didn't handle it. That was being
22 handled by the landman at Devon, and he told me he was
23 filing it before this hearing, but I do not have that data,
24 and he is out of the office today, so I will let you know
25 as soon as -- I will ask him for a copy of that unorthodox

1 location application and submit it to you, just so you have
2 it for the record.

3 And with that, I'd move the admission of Exhibit
4 1 and again ask that the hearing be continued so I can
5 submit the affidavit of publication.

6 EXAMINER EZEANYIM: Exhibit Number 1 and
7 attachments will be admitted into evidence.

8 I would like to ask you some questions before I
9 continue this case --

10 MR. BRUCE: Sure.

11 EXAMINER EZEANYIM: -- because I -- to be a
12 matter of submitting that newspaper advertisement, if this
13 is what you need. Now you are applying for an NSL for this
14 well location. Now in the newspaper advertisement you're
15 going to give to us you claim you notified everybody in the
16 unit?

17 MR. BRUCE: Mr. Examiner, we have -- actually, I
18 didn't submit it here. There were a couple -- The
19 northwest quarter of this unit is a state lease, and
20 everybody was locatable. The southwest quarter is fee
21 land, and it was pretty split up, as you can imagine, since
22 it's within the Carlsbad city limits.

23 And they did lease up everybody except three
24 people. One was the Carlsbad Municipal School District,
25 one was the Federal Deposit Insurance Corporation, and one

1 was Mr. Boyd. I did notify the school district and the
2 FDIC of this hearing, but since that time they have leased
3 their interests.

4 So at this point it's simply Mr. Boyd, the owner
5 of, you know, 1/100 of 1 percent of the well unit, who
6 simply could not be located. All the others were located
7 and leased up.

8 EXAMINER EZEANYIM: Okay. So the northwest
9 quarter is state --

10 MR. BRUCE: Yes.

11 EXAMINER EZEANYIM: -- and the southwest is fee,
12 right?

13 MR. BRUCE: That is correct.

14 EXAMINER EZEANYIM: Do you have anything?

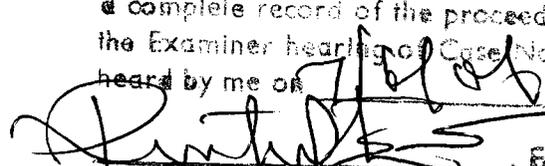
15 MS. MacQUESTEN: No questions, thank you.

16 EXAMINER EZEANYIM: At this point Case Number
17 13,738 will be continued till the next hearing, July 20th.
18 The Applicant produce the newspaper advertisement for this
19 case.

20 (Thereupon, these proceedings were concluded at
21 8:42 a.m.)

22 * * *

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No. 13738
heard by me on


Oil Conservation Division, Examiner

STEVEN T. BRENNER, CCR
(505) 989-9317

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 July 6th, 2006.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006