

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 PURVIS OPERATING COMPANY)
FOR APPROVAL OF A UNIT AGREEMENT,)
LEA COUNTY, NEW MEXICO)

CASE NO. 13,782

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

September 14th, 2006

Santa Fe, New Mexico

2006 SEP 28 PM 8 51

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, September 14th, 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

September 14th, 2006
Examiner Hearing
CASE NO. 13,782

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

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

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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 11:10 a.m.:

3 EXAMINER JONES: And we'll call Case 13,782,
4 Application of Purvis Operating Company for approval of a
5 unit agreement, Lea County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
8 representing the Applicant. I just have an affidavit to
9 submit.

10 Mr. Examiner, this is a voluntary -- proposed
11 voluntary state fee unit, and under the Division procedure
12 lately, they -- primarily Yates Petroleum has just been
13 submitting affidavits in support of the unit agreement.

14 Submitted as Exhibit 1 is the affidavit of the
15 geologist, attaching the unit agreement as Attachment 1.

16 Attachment 2 is the letter of preliminary
17 approval from the State Land Office. And before the State
18 Land Office will finally approve the unit, they require Oil
19 Conservation Division approval.

20 Attached as Attachment 3 is an AFE for the
21 initial well, a \$3-million well, drilled to test the
22 Mississippian as stated in the affidavit.

23 And finally Attachment 4 to the affidavit is a
24 geologic justification for the unit. This is the
25 justification that was submitted to the Land Office,

1 together with the plats, showing the reason for forming
2 this unit and in the shape it is being committed. It is a
3 voluntary unit. We'd ask for approval from the Division so
4 that final approval can proceed with the Land Office.

5 There is an expired -- One of the leases is owned
6 by Yates Petroleum Company. They are considering joining
7 in the unit. They have an upcoming lease expiration date,
8 so we would like to get an order out pretty quick. And
9 then materials would be submitted to the Land Office for
10 final approval, including ratifications, et cetera.

11 EXAMINER JONES: Okay. Can you point out where
12 the fee owners are on this?

13 MR. BRUCE: If you look at the unit agreement,
14 Exhibit A to the unit agreement is a land plat, and tracts
15 6 through 11 are fee tracts.

16 EXAMINER JONES: Okay.

17 MR. BRUCE: And of course it's a voluntary unit,
18 so nobody can be forced in, and voluntary ratifications are
19 being obtained. Generally the Land Office looks at
20 obtaining about 80- to 85-percent inclusion in a unit
21 before they will finally approve it.

22 EXAMINER JONES: Okay, thanks.

23 It's a reasonable development scenario that they
24 explained to the Land Office, and do we have a preliminary
25 letter from the Land Office in here?

1 MR. BRUCE: Yes, Attachment 2.

2 EXAMINER JONES: Okay, that's all I have.

3 Okay, thank you very much, Mr. Bruce.

4 With that, we'll take Case 13,782 under
5 advisement.

6 (Thereupon, these proceedings were concluded at
7 11:13 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. _____,
heard by me on _____.

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_____, Examiner
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 September 17th, 2006.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006