

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 PRIDE ENERGY COMPANY FOR)
 COMPULSORY POOLING AND AN UNORTHODOX)
 WELL LOCATION, LEA COUNTY, NEW MEXICO)
)

CASE NO. 13,830

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

January 4th, 2007

Santa Fe, New Mexico

2007 JAN 18 AM 9 10

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, January 4th, 2007, 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

January 4th, 2007
 Examiner Hearing
 CASE NO. 13,830

	PAGE
REPORTER'S CERTIFICATE	8

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	5
Exhibit A	4	5
Exhibit B	-	-
Exhibit 2	3	5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
 Assistant 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 9:08 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case
4 13,830, the Application of Pride Energy Company for
5 compulsory pooling and an unorthodox well location, Lea
6 County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
9 representing the Applicant. I'm submitting this case by
10 affidavit.

11 Any additional appearances?

12 You may proceed, Mr. Bruce.

13 MR. BRUCE: Mr. Examiner, again I'm submitting
14 the affidavit of the landman as Exhibit 1 and the notice
15 affidavit as Exhibit 2 in this case.

16 Pride Energy seeks to force pool the north half
17 of Section 24, 11 South, 33 East, as well as 40-, 80- and
18 160-acre units as set forth in the affidavit. There is a
19 pool, the Inbe Permo-Pennsylvanian Pool, in this area,
20 which is spaced on 80 acres.

21 On page 2 of Exhibit 1 is the list of the parties
22 being pooled. Originally Yates Petroleum, Yates Drilling,
23 Abo Petroleum and MYCO Industries were being pooled. They
24 have since reached agreement with Pride Energy, and they
25 are not being pooled by this case, leaving Mobil Producing

1 and two small interest owners to be pooled.

2 This well is at an unorthodox location 660 feet
3 from the north line and 2310 feet from the east line of the
4 section. An administrative application was filed a couple
5 weeks ago for that well location.

6 If you'll look at Exhibit A to Exhibit 1, you'll
7 see that this is all one fee tract, and the mineral
8 interest -- these are all unleased mineral interests that
9 are being force pooled, are undivided throughout that 320
10 acres and therefore the parties being pooled have uniform
11 interests throughout all depths and in all zones.

12 Letters were sent to the parties being pooled.
13 As you can see, the letters to Dorothy Mae Fann and Doris
14 Fleming were returned. They did not have a good address.
15 And as a result, publication -- or notice was published in
16 the Hobbs newspaper against those two interest owners.

17 I have not received the affidavit of publication
18 from the Hobbs newspaper yet. I thought I would -- I
19 called them, and I thought I would have it. But I would
20 ask that this matter be held open for two weeks to the next
21 hearing, so that I can submit it, make sure I can submit it
22 at that hearing.

23 The only other party being pooled is Mobil, which
24 of course did receive actual notice of this case.

25 There is an AFE attached to the well. The party

1 requests the 200-percent risk charge, and then the overhead
2 rates are set forth in the affidavit.

3 And I would move the admission of Exhibits 1 and
4 2.

5 EXAMINER CATANACH: Exhibits 1 and 2 will be
6 admitted.

7 Mr. Bruce, can I also get you in the next two
8 weeks to submit -- have Pride submit a statement as to
9 their efforts to find the good addresses for these people?

10 MR. BRUCE: Sure.

11 EXAMINER CATANACH: Anything further?

12 MR. BROOKS: You said that -- to the base of the
13 Mississippian. Is that the objective -- the Mississippian
14 the objective?

15 MR. BRUCE: The Mississippian is the objective
16 depth in this area, yes.

17 MR. BROOKS: Okay.

18 MR. BRUCE: And then the Permo-Penn is probably
19 another high-value target.

20 MR. BROOKS: But the Mississippian is the depth
21 that the order should recite that the well will be drilled
22 to --

23 MR. BRUCE: That is correct.

24 MR. BROOKS: -- to test?

25 Okay. You said Mobil had actual notice.

1 MR. BRUCE: Yes.

2 MR. BROOKS: In what manner was that notice -- I
3 don't see a green card in here. What manner was that
4 notice communicated to Mobil via the certified letter?

5 MR. BRUCE: No, they did -- If you look at
6 Exhibit 2, the third page.

7 MR. BROOKS: Yeah, okay, I see this, I was -- The
8 post office let them get by with not signing it, but --
9 They don't ever let me get by with that.

10 MR. BRUCE: Yeah, I notice it's just a name
11 stamp.

12 MR. BROOKS: Yeah, G.E.E. Not even a name, just
13 initials.

14 Okay, I believe that's all.

15 EXAMINER CATANACH: What is the unorthodox
16 location as to? Is that for the 160?

17 MR. BRUCE: It would be for -- Well, it's 2310
18 from the east line, so that would be for the north half,
19 320-acre, the Mississippian-Morrow. It would also be for
20 any 160-acre unit, if there's out there, and then it would
21 also be -- The Inbe Permo-Penn Pool requires wells to be
22 150 feet from the center of a quarter quarter section.

23 EXAMINER CATANACH: Okay, but you've not received
24 anything back from us on that?

25 MR. BRUCE: Not yet.

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EXAMINER CATANACH: All right, there being
nothing further, Case 13,830 will be taken under
advisement.

(Thereupon, these proceedings were concluded at
9:16 a.m.)

* * *

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiners hearing of Case No. 13830.
heard by me on January 4, 2007
David R. Catanch, 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 January 8th, 2007.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010