

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:)
) CASE NO. 13,840
APPLICATION OF DEVON ENERGY PRODUCTION)
COMPANY, LP, FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

December 13th, 2006

Santa Fe, New Mexico

2006 DEC 27 PM 2:55

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Wednesday, December 13th, 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

December 13th, 2006
Examiner Hearing
CASE NO. 13,840

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* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	-
Attachment A	-	-
Attachment B	3	-
Attachment C	3	-
Attachment D	3	-
Exhibit 2	4	-

* * *

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 9:55 a.m.:

3 EXAMINER JONES: And at this time let's call Case
4 13,83- -- -8- -- I'm sorry, let's start over -- 13,840,
5 Application of Devon Energy Production Company, LP, for
6 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'm also submitting this case
10 by affidavit.

11 Mr. Examiner, Exhibit 1 is an affidavit by Meg
12 Muhlinghouse, landman for Devon Energy. Devon seeks to
13 force pool the south half of Section 10, 19 South, 31 East.
14 This is a Morrow test well.

15 Information on the parties being pooled and their
16 interests in the well unit are attached as Exhibit B to
17 Exhibit 1.

18 Exhibit C contains correspondence to the parties.
19 The original letter went out on September 14th, 2006.

20 And then submitted as Exhibit D is an AFE for the
21 well. This well is a mere \$2.6 million. Just like in the
22 other cases, this affidavit does contain information on the
23 requested overhead rates which are \$6000 and \$600 a month,
24 and they request that they be adjusted under the COPAS
25 accounting procedure, as is common in all the other cases.

1 Submitted as Exhibit 2 is my affidavit of notice.
2 I notice mine wasn't numbered. Is yours numbered, on the
3 front page?

4 EXAMINER JONES: Yes.

5 MR. BRUCE: Okay --

6 EXAMINER JONES: Oh, no, no, it's not. Exhibit
7 Number 2?

8 MR. BRUCE: Should be Exhibit 2.

9 Notice was sent by certified mail to all parties.
10 Amity Oil, Inc., which is an existing company, I never did
11 get the green card back from them. I would ask as a
12 result, I think the matter should be continued to January
13 4th, just so I can verify that notice has been received by
14 Amity Oil Company. But all of the other parties being
15 pooled did receive notice.

16 The parties are in ongoing discussions, and
17 chances are that a number of these parties will join in the
18 well, at which time I will notify the Division that they
19 wouldn't be subject to a pooling order.

20 EXAMINER JONES: Okay, now say that again. You
21 want to continue to --

22 MR. BRUCE: January 4th, because for some reason
23 I never got the green card back from Amity Oil Company, and
24 that's the very last page of Exhibit 2.

25 EXAMINER JONES: Okay, okay.

1 MR. BROOKS: Is this also a Morrow test?

2 MR. BRUCE: It is also a Morrow test.

3 MR. BROOKS: What depth?

4 MR. BRUCE: I think it is -- I think it's
5 shallower than the others. It is -- No, it's deeper.
6 12,725 feet.

7 MR. BROOKS: Wonder why the AFE is so much less
8 than some of the others?

9 MR. BRUCE: That I do not know. I think in some
10 of these areas, for whatever reason, the drilling in the
11 Morrow goes a little easier than in other areas, for
12 reasons that the Hearing Examiner might know better than
13 me.

14 MR. BROOKS: Very likely.

15 EXAMINER JONES: Yeah, it looks like -- You're
16 going for 320, 160 and 40-acre tracts?

17 MR. BRUCE: Correct. Yeah, the 160, this is in
18 the old Lusk-Strawn Pool. I don't know if the Lusk-Strawn
19 is paid out or is even existent in this particular section,
20 but it is in that pool.

21 EXAMINER JONES: Okay. Yeah, I found a Morrow
22 pool, a Strawn pool, and basically four 40-acre pools in
23 this area.

24 Okay, we'll -- with that, we'll continue Case
25 13,840 to January the 4th, and at that time we'll get a

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green card and wrap the case up.

That being the last case on the docket, this docket is closed.

(Thereupon, these proceedings were concluded at 10:00 a.m.)

* * *

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 _____.

_____, Examiner
Oil Conservation Division

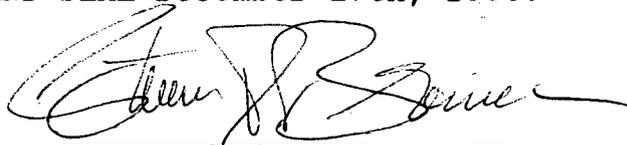
CERTIFICATE OF REPORTER

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 December 17th, 2006.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010