

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 U.S. ENERCORP, LTD., )  
FOR TWO NONSTANDARD OIL SPACING AND )  
PRORATION UNITS, RIO ARRIBA COUNTY, )  
NEW MEXICO )

CASE NO. 13,966

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Hearing Examiner

August 23rd, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Jr., Hearing Examiner, on Thursday, August 23rd, 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

August 23rd, 2007  
 Examiner Hearing  
 CASE NO. 13,966

PAGE

REPORTER'S CERTIFICATE

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## E X H I B I T S

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

\* \* \*

## A P P E A R A N C E S

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 11:29 a.m.:

3           EXAMINER BROOKS: Call Case Number 13,966, the  
4 Application of U.S. Enercorp, Ltd., for two nonstandard oil  
5 spacing and proration units, Rio Arriba County, New Mexico.

6           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
7 representing the Applicant. I have no witnesses.

8           EXAMINER BROOKS: Okay, you may proceed, Mr.  
9 Bruce.

10          MR. BRUCE: Mr. Examiner, this is kind of a  
11 companion case to Case Number 13,951, which was heard four  
12 weeks ago. If you'll look at Exhibit 1, which is a land  
13 plat -- BLM plat of the area -- in that prior case U.S.  
14 Enercorp sought the approval of a nonstandard unit  
15 comprised of the west half of Section 2 and the east half  
16 of Section 3. You were present at that case, along with  
17 Examiner Ezeanyim.

18          EXAMINER BROOKS: Okay, yeah, I remember.

19          MR. BRUCE: And --

20          EXAMINER BROOKS: That was --

21          EXAMINER JONES: -- six weeks ago.

22          EXAMINER BROOKS: That was six weeks ago.

23          MR. BRUCE: Six weeks ago.

24          EXAMINER BROOKS: Because four weeks ago I was on  
25 vacation.

1 MR. BRUCE: A couple of things, and I would ask  
2 that the record be incorporated because it addressed these  
3 issues, so I'm not just blankly testifying here.

4 As part of that case, the Bureau of Land  
5 Management, which submitted a letter in support of the  
6 original nonstandard unit case, along with the Division's  
7 Aztec office, requested that U.S. Enercorp apply for  
8 nonstandard units comprised of the east half of two and the  
9 west half of 3, which are outlined on Exhibit 1.

10 Submitted as Exhibit 2 are the BLM serial  
11 register pages, just to show two things. First of all, the  
12 first page is of the lease which covers all of Section 3, a  
13 federal lease owned by McElvain Oil and Gas Limited  
14 Partnership. U.S. Enercorp has testified in the last  
15 hearing there's a farmout on the east half of 3 from  
16 McElvain, and McElvain obviously does not disagree to the  
17 formation of the nonstandard units.

18 Page 2 of Exhibit 2 is the serial register page  
19 for the northeast quarter of Section 2. That's a lease,  
20 federal lease, owned by U.S. Enercorp, Limited.

21 And then the third and fourth pages are regarding  
22 the southeast quarter of Section 3, which is federal land,  
23 but it is unleased. This is the serial page for the prior  
24 lease. If you'll look down -- the way the BLM does these,  
25 even though they terminate a lease they put in the

1 effective termination date. If you go down to the first  
2 page, 1998, March 1, the lease was terminated, although  
3 they did not actually officially terminate it until two  
4 months ago, which you will notice on page 2 of this serial  
5 register page, they terminated after they closed the case  
6 on July 25th -- I mean June 25th.

7 The long and the short of it is, notice was then  
8 given as reflected in Exhibit 3 to McElvain and to the BLM,  
9 the only interest owners in these two well units other than  
10 U.S. Enercorp, and they do not object to the nonstandard  
11 units.

12 EXAMINER BROOKS: Very good. Do you have the  
13 case number there on the previous case?

14 MR. BRUCE: 13,951.

15 Move the admission of Exhibits 1 through 3.

16 EXAMINER BROOKS: Okay, Exhibits 1 through 3 will  
17 be admitted. The record in Case Number 13,951 will be  
18 incorporated as requested.

19 And if there's nothing further, then Case Number  
20 13,966 will be taken under advisement.

21 We will stand in recess till 1:15.

22 (Thereupon, these proceedings were concluded at  
23 11:34 a.m.)

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

STEVEN T. BRENNER, CCB, Examiner  
Conservation Division  
(505) 989-9317

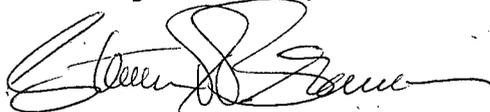
## CERTIFICATE OF REPORTER

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 August 28th, 2007.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2010