

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)
 TO REINSTATE ORDER NUMBER R-12,713)
 FOR COMPULSORY POOLING, LEA COUNTY,)
 NEW MEXICO)

CASE NO. 13,824
 (Reopened)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

September 6th, 2007

Santa Fe, New Mexico

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

* * *

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

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I N D E X

September 6th, 2007
Examiner Hearing
CASE NO. 13,824

PAGE

REPORTER'S CERTIFICATE

11

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	7	-
Exhibit 2	-	-
Exhibit 3	7	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

MICHAEL THOMAS
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 10:57 a.m.:

3 EXAMINER EZEANYIM: We're going to go to page 2
4 now and call Case Number 13,825. This is the Application
5 of Pride Energy Company to reinstate Order Number R-12,713
6 for compulsory pooling, Lea 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 brief
10 presentation, no witnesses.

11 EXAMINER EZEANYIM: Any other appearances? Okay,
12 go ahead.

13 Before I continue, Mr. Bruce just left and we
14 have Assistant General Counsel Michael Thomas as the legal
15 assistant, so we can proceed now, for the record.

16 MR. BRUCE: Mr. Examiner, this case is a reopened
17 or -- yeah, a reopened case. First of all, before I
18 forget, I had several cases for Pride Energy with similar
19 property descriptions, and I filed this case as Case 13,825
20 Reopened and Order Number R-12,713 regarding the pooling of
21 the south half, northeast quarter of Section 9, 11 South,
22 33 East. Actually, it's Case 13,824, and Order 12,712.

23 I have corrected that with the Division
24 secretary, and the case is being readvertised for the 20th.
25 But -- Those numbers were wrong, but all the property

1 descriptions and the notices that went out to the people
2 were correct.

3 Anyway what happened was, this well unit was
4 pooled --

5 EXAMINER EZEANYIM: Let me come back, because I
6 wanted to ask you that question. When you mentioned R
7 Number 12,713, that was for the northeast quarter. But now
8 you are looking at the south half of --

9 MR. BRUCE: Yeah.

10 EXAMINER EZEANYIM: -- northeast quarter. So I
11 don't see how they relate to -- I mean, that order -- it's
12 not going to be an amendment, it has to be a new order
13 number, because you are looking at north half --

14 MR. BRUCE: Well --

15 EXAMINER EZEANYIM: -- and now you are talking
16 about I south half.

17 MR. BRUCE: Well --

18 EXAMINER EZEANYIM: I remember that case. You
19 wanted to drill either Well Number 3 or re-enter a well --

20 MR. BRUCE: That was the north --

21 EXAMINER EZEANYIM: Yeah, north half of the --

22 MR. BRUCE: That was the north half.

23 EXAMINER EZEANYIM: -- of the northeast quarter.

24 MR. BRUCE: Yeah. And Mr. Examiner, if you would
25 look at my Application, original Application filed in this

1 matter, even though I had the wrong case number reopened I
2 had the proper -- rather than saying -- it shouldn't have
3 been -825, it should have been -824 --

4 EXAMINER EZEANYIM: Oh, is that what --

5 MR. BRUCE: -- the property description, the
6 south half, northeast quarter, is correct.

7 EXAMINER EZEANYIM: Okay, so the -824 will be
8 north half of northeast quarter?

9 MR. BRUCE: No, no, no, no. -825 pertained to
10 the north half --

11 EXAMINER EZEANYIM: Yeah.

12 MR. BRUCE: -- northeast quarter.

13 EXAMINER EZEANYIM: Yeah.

14 MR. BRUCE: But what I was actually here for was
15 the -- am here for today is the south half --

16 EXAMINER EZEANYIM: -- of the --

17 MR. BRUCE: -- of the northeast quarter --

18 EXAMINER EZEANYIM: Yes.

19 MR. BRUCE: -- and -824 pertains to the south
20 half of the northeast quarter.

21 EXAMINER EZEANYIM: Okay, so it's not really an
22 amendment of that order that you cited in this --

23 MR. BRUCE: In the original Application, but I
24 have corrected that and filed that with the Division, so on
25 September 20th it's being readvertised for -824.

1 EXAMINER EZEANYIM: -824, this case?

2 MR. BRUCE: Yes.

3 EXAMINER EZEANYIM: So do we go ahead today? If
4 it's going to be heard on September 20th, is that --

5 MR. BRUCE: We can do it either way.

6 EXAMINER EZEANYIM: Okay. Well, we can do it
7 today, I mean --

8 MR. BRUCE: Yeah, the notices I sent out to
9 everyone were correct, pertaining to the south half --

10 EXAMINER EZEANYIM: Yeah.

11 MR. BRUCE: -- northeast quarter.

12 EXAMINER EZEANYIM: Yeah.

13 MR. BRUCE: I erroneously put the wrong case
14 number on it.

15 EXAMINER EZEANYIM: Okay, yeah, because I don't
16 want to have a duplicate case number.

17 MR. BRUCE: Yeah, no.

18 Mr. Examiner, this case -- if I can go forward, I
19 did -- as I said, I did correct that with the Division
20 Secretary. And so I've handed you three exhibits, which is
21 the affidavit of the -- of a person from Pride Energy, and
22 it does have the correct case number on it --

23 EXAMINER EZEANYIM: Oh, okay.

24 MR. BRUCE: -- -824.

25 EXAMINER EZEANYIM: Yeah, okay.

1 MR. BRUCE: And they are seeking to force pool
2 the south half, northeast quarter of Section 9. Page 2 of
3 Exhibit 1 shows the persons who are being force pooled.
4 There are some very small interests. And the other
5 information regarding overhead rates and the AFE are in
6 this exhibit.

7 This well is a Permo-Penn test --

8 EXAMINER EZEANYIM: Uh-huh.

9 MR. BRUCE: -- and it was -- it is at an
10 unorthodox location. That was previously approved, so I
11 don't need an unorthodox location.

12 EXAMINER EZEANYIM: It's already approved, okay.

13 MR. BRUCE: And notice was given to the pertinent
14 interest owners. There were four locatable interest
15 owners, Pure Energy, Virginia Glenn, Edge Petroleum and
16 Chisos, who were notified. And if you'll look at the prior
17 case record of 13,824 there were two parties who were
18 unlocatable, Judith A. Bench and Judith A. Moseley [sic],
19 Deborah Bench, a/k/a Deborah Smith, who were unlocatable.

20 And Exhibit 3 is an affidavit of publication in
21 the Hobbs newspaper regarding these people. No protests
22 have been received. These people all own, as you can see,
23 fairly small interests. We are force pooling about -- oh,
24 about five or six percent of the well unit.

25 And I would ask that this case be continued so

1 that the proper advertisement is on September 20th, and on
2 September 20th, I'd merely ask that this case be taken
3 under advisement.

4 Thank you.

5 EXAMINER EZEANYIM: But I have a couple of
6 questions for you.

7 MR. BRUCE: Yes, sir.

8 EXAMINER EZEANYIM: Do you have that NSL order
9 that approved the unorthodox location?

10 MR. BRUCE: Actually, it would be the original
11 Order 12,712 that did approve the unorthodox location.
12 Notice was given to the pertinent offset of that well. And
13 I don't think an unorthodox location expires with the
14 pooling order.

15 EXAMINER EZEANYIM: Okay, now -- no unorthodox
16 location doesn't expire. But now so it will be an
17 amendment of Order Number R-12,712?

18 MR. BRUCE: Correct.

19 EXAMINER EZEANYIM: You see that 12,713?

20 MR. BRUCE: Yeah, correct.

21 EXAMINER EZEANYIM: Yeah, you sent me on a
22 different point, so --

23 MR. BRUCE: And I will send you a follow-up
24 letter just to clarify that, Mr. Examiner.

25 EXAMINER EZEANYIM: Oh, okay, that will be --

1 Okay, let me see.

2 And you said your overhead rates somewhere here.
3 Do you have overhead rates?

4 MR. BRUCE: Yes, overhead rates are on the second
5 page of Exhibit -- third page of Exhibit 1, \$7330 and \$767
6 per month.

7 EXAMINER EZEANYIM: Just like the original order.

8 MR. BRUCE: That's correct, nothing changes.
9 They missed the commencement -- well-commencement deadline
10 by one day, and so --

11 EXAMINER EZEANYIM: And one other question is,
12 why did they miss that? What happens?

13 MR. BRUCE: In this area they are very active,
14 and they just failed to get the rig. I mean, they've been
15 moving rigs around from location to location. They have
16 several ongoing wells in this area and other locations, and
17 they just -- by the time they got the request in to me, I
18 couldn't get a letter over to the Division Director to
19 request an extension.

20 EXAMINER EZEANYIM: Okay. So the Order Number
21 12,713, there is no -- with that? That's --

22 MR. BRUCE: That's wrong.

23 EXAMINER EZEANYIM: Okay.

24 MR. BRUCE: -712.

25 EXAMINER EZEANYIM: Yeah, okay.

1 MR. BRUCE: But the notices that went out to the
2 people were correct --

3 EXAMINER EZEANYIM: Okay. Okay, the --

4 MR. BRUCE: -- including the publication notice
5 pertaining to the south half, northeast quarter.

6 EXAMINER EZEANYIM: Okay, that's -- answers that
7 question.

8 And this is Bagley Well Number 2?

9 MR. BRUCE: Correct.

10 EXAMINER EZEANYIM: And it's all mentioned in the
11 Order Number 12,712?

12 MR. BRUCE: Correct.

13 EXAMINER EZEANYIM: So I think this case, Case
14 Number 13- -- let me see -- 13,82- -- -24, we're going to
15 -- 12- -- 1,283,824 [sic] now?

16 MR. BRUCE: Yeah, it's --

17 EXAMINER EZEANYIM: Okay, that has to be
18 continued to September 20th to, you know, to --

19 MR. BRUCE: So that the advertisement is correct.

20 EXAMINER EZEANYIM: Okay.

21 MR. BRUCE: That's all I have, Mr. Examiner.

22 EXAMINER EZEANYIM: Okay, thank you, Mr. Bruce.

23 (Thereupon, these proceedings were concluded at
24 11:08 a.m.)

25 I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13824
heard by me on 9/18/97

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

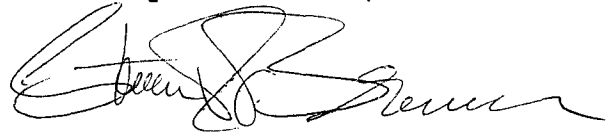
CERTIFICATE OF REPORTER

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 September 8th, 2007.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2010