

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF SYNERGY OPERATING, LCC CASE NO. 14175
FOR COMPULSORY POOLING AND A
NON-STANDARD GAS SPACING AND PRORATION
UNIT, SAN JUAN COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARINGRECEIVED
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BEFORE: DAVID K. BROOKS, Legal Examiner
 TERRY G. WARNELL, Technical Examiner

August 21, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
TERRY G. WARNELL, Technical Examiner, on Thursday, August 21,
2008, at the New Mexico Energy, Minerals and Natural Resources
Department, 1220 South Saint Francis Drive, Room 102, Santa Fe,
New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
 Paul Baca Court Reporters
 500 Fourth Street, NW, Suite 105
 Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.
ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, New Mexico 87504

1 MR. BROOKS: Let's call Case No. 14175, Application
2 of Synergy Operating, LLC, for Compulsory Pooling and a
3 Non-standard Spacing and Proration Unit, San Juan County, New
4 Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
7 representing the applicant. I'm also submitting this case by
8 affidavit.

9 Mr. Examiner, I've handed you a package of three
10 exhibits. In this case, Synergy seeks the force-pooling of the
11 W/2 of Section 29 North, 13 West. The remaining half section
12 from the prior case -- if you would page through to
13 Attachment A to Exhibit 1, you will see that this is a
14 non-standard unit. Lots 1 through 4 and the E/2, W/2 of
15 Section 7 is non-standard due to a variation in the government
16 survey.

17 This is a substantially undersized unit. And so in
18 this matter, we also ask for a non-standard unit approval
19 because it is smaller than can be approved by the district
20 office. I think it has to be 220-some acres to be approved by
21 the district.

22 MR. BROOKS: Yeah, 70 percent, whatever that is.

23 MR. BRUCE: Somewhat over 220 acres to be approved by
24 the district office. Again, the target is the Basin Fruitland
25 gas pool. There are two parties being pooled. The state

1 highway department and the Dwight Arthur Revocable Trust, who
2 combined, own about 14 net mineral acres in this 1379-acre
3 unit. Both parties are locatable and were given notice.

4 The overhead rates are the same; \$5,000 per month and
5 \$500 per month for a producing well. Since it was
6 non-standard, the offset operators were notified. The
7 affidavit of -- Exhibit 1, the affidavit of Mr. Hegarty sets
8 forth the operators, the offset operators, in this matter.

9 Exhibit 2 is my Affidavit of Notice to the parties
10 being pooled, and they both received notice. Exhibit 3 is my
11 Affidavit of Notice to the offset operators, and they all
12 received notice. And I have not heard any objection from the
13 offset operators of the non-standard unit.

14 I would move the admission of Exhibits 1 through 3.

15 MR. BROOKS: Exhibits 1 through 3 are admitted.

16 [Applicant's Exhibits 1 through 3 admitted into
17 evidence.]

18 MR. BRUCE: And I have nothing further in this
19 matter.

20 MR. BROOKS: Okay. Again, you're requesting to pool
21 from the surface to the Basin Fruitland?

22 MR. BRUCE: Yes, sir.

23 MR. BROOKS: And are you again requesting 5,500
24 overhead?

25 MR. BRUCE: Yes.

1 MR. BROOKS: Okay. Case No. 14175 will be taken
2 under advisement.

3 * * *

11 I do hereby certify that the foregoing is
12 a complete record of the proceedings in
13 the Examiner hearing of Case No. 14175,
14 heard by me on 8-21-08.
15 David K. Brooks Examiner
16 Oil Conservation Division
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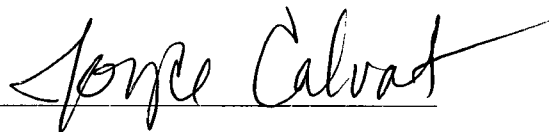
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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.

DATED this 21st of August, 2008.

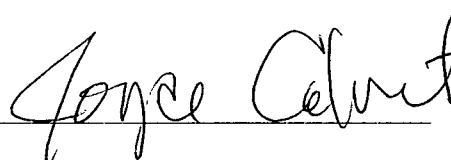


JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/09

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-5 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 21st day of
12 August, 2008.

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16 Joyce D. Calvert
17 Provisional License #P-03
18 License Expires: 7/31/09

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22 Paul Baca, RPR
23 Certified Court Reporter #112
24 License Expires: 12/31/08
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