

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:

ORIGINAL

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY, LP, FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO

CASE NO. 14315

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Legal Examiner
DAVID K. BROOKS, Technical Examiner

May 14, 2009

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Legal Examiner, and DAVID K. BROOKS, Technical Examiner, on Thursday, May 14, 2009, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91
Paul Baca Professional Court Reporters
500 Fourth Street, N.W., Suite 105
Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

W. Thomas Kellahin, Esq.
Kellahin and Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

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EXHIBITS 1, 2 AND 3 WERE ADMITTED

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REPORTER'S CERTIFICATE

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1 MR. EZEANYIM: We go now to page 3 and
2 call Case Number 14315. This is the application of
3 Burlington Resources Oil & Gas Company for compulsory
4 pooling, San Juan County, New Mexico. Call for
5 appearances.

6 MR. KELLAHIN: Mr. Examiner, it's the same
7 appearances as the last case. It's Tom Kellahin on
8 behalf of the applicant.

9 MR. EZEANYIM: Any other appearances? You
10 may proceed.

11 MR. KELLAHIN: Mr. Examiner, this case is
12 similar to the last case, with the exception that the
13 only party uncommitted to this wellbore is Koch
14 Exploration. You'll note that Exhibit Number 1 is a
15 locator map. Again, there are two existing Mesaverde
16 wells. The subject well is intended to be a dual
17 completed Mesaverde and Dakota well.

18 The applicant has sent notification to the
19 parties to be pooled. The two uncommitted interests are
20 in the Dakota Formation. My understanding is that in
21 this instance, Four Star has voluntarily agreed and that
22 Koch continues to be uncommitted. The Koch interest is
23 11.9375. The spacing unit will be the west half of
24 Section 16. This will be a directional wellbore. The
25 applicant will file that administratively with the

1 district when they get around to doing that. It hasn't
2 received its APD, and I don't believe the application
3 for -- it has not received its API number, and the APD
4 has yet to be filed. This, again, is another well on
5 federal property.

6 The Affidavit for Mr. Simcoe indicates that he
7 sent the written well proposal on February 11th.
8 Attached to his Affidavit is a copy of the C-102 that
9 shows you the surface location and the bottom hole
10 location of the wellbore. Both those locations are
11 standard within Division rules.

12 By the time the notices were sent out, Four
13 Star had committed and Koch Exploration had not, so they
14 are the only two parties to whom notice was sent. This
15 wellbore is going to be a total depth of 7,131 feet. The
16 estimated costs are a little higher than the last well,
17 the directional well. The estimated cost is 1,600,061
18 plus. Those numbers are indicated on the well proposal
19 letter.

20 Attached to the Affidavit is the itemized
21 schedule of well costs. They're broken down by formation
22 so that you see the Dakota costs and the Mesaverde costs
23 and how those are divided. Attached to the affidavit on
24 Exhibit E is the agreed-upon cost allocations to show you
25 how they do this. Again, actual production, if it's

1 chosen to be commingled, after final production tests
2 will be pursuant to the Division rules, and they will
3 file the appropriate administrative applications to
4 accomplish that.

5 And the last exhibit is my certificate that I
6 have sent notice to Koch within the time required by the
7 Division rules for the hearing in this case.

8 MR. BROOKS: I believe this is the same
9 township and range as the other one, is it not?

10 MR. KELLAHIN: Yes, sir. Yeah, they're
11 pretty close.

12 MR. BROOKS: They're corner or adjoining
13 units.

14 MR. KELLAHIN: Yes.

15 MR. EZEANYIM: How many exhibits do you
16 have?

17 MR. KELLAHIN: Three.

18 MR. EZEANYIM: Okay. Exhibits 1, 2 and 3
19 will be admitted.

20 Is the well proposal letter part of these
21 exhibits?

22 (Exhibits 1, 2 and 3 were admitted.)

23 MR. KELLAHIN: Yes, sir.

24 MR. EZEANYIM: Is that where I see the
25 base of the Dakota is 7,000 feet? Is that in the well

1 proposal letter?

2 MR. KELLAHIN: Yes. That's what I have
3 here.

4 MR. EZEANYIM: What is the depth of the
5 well? You mentioned something. Is that 7,000 or --

6 MR. KELLAHIN: The TD for the well is
7 going to be 7,131 feet, approximately.

8 MR. EZEANYIM: Okay. And then what are
9 the overhead rates for this?

10 MR. KELLAHIN: The Affidavit indicates
11 that -- again, as in the first case, Mr. Simcoe indicates
12 in the affidavit \$7,000 a month drilling well rate and
13 \$700 a month producing well rate.

14 MR. EZEANYIM: Okay. I see. This is a
15 directional well?

16 MR. KELLAHIN: Yes, it is.

17 MR. EZEANYIM: 710 feet from the west line
18 and 1,126 from the south; is that correct? The location
19 of the well is very close. I want to make sure that it's
20 standard.

21 MR. KELLAHIN: The surface location is
22 going to be in Unit F. The surface location is standard.
23 The bottom hole location is standard, and it is in Unit
24 L. It will be 710 from the western boundary as opposed
25 to 660.

1 MR. EZEANYIM: At this point Case 14315
2 will be taken under advisement.

3 MR. KELLAHIN: Thank you, Mr. Examiner

4 MR. EZEANYIM: Thank you.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14315
heard by me on 5/14/09


_____, Examiner
Oil Conservation Division

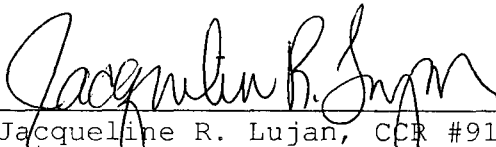
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on May 14, 2009, proceedings in the
above captioned case were taken before me and that I did
report in stenographic shorthand the proceedings set
forth herein, and the foregoing pages are a true and
correct transcription to the best of my ability.

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

WITNESS MY HAND this 22nd day of May, 2009.


Jacqueline R. Lujan, CCR #91
Expires 12/31/2009