

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

APPLICATION OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING, RIO ARRIBA  
COUNTY, NEW MEXICO CASE NO. 14424

TRANSCRIPT OF PROCEEDINGS  
Examiner Hearing  
February 4, 2010  
10:20 a.m.

1220 South St. Francis Drive, Room 102  
Santa Fe, New Mexico 87504

RECEIVED OCD  
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BEFORE: RICHARD EZEANYIM, HEARING EXAMINER  
DAVID K. BROOKS, LEGAL ADVISOR

REPORTED BY: CONNIE JURADO, RPR, NM CCR #254  
Paul Baca Professional Court Reporters  
500 Fourth Street NW, Suite 105  
Albuquerque, New Mexico 87102

For the Applicant:

MONTGOMERY & ANDREWS LAW FIRM  
Attorneys at Law  
325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
BY: J. SCOTT HALL

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1 MR. EZEANYIM: We go into today's  
2 docket. Today, we have a docket. The docket number  
3 is 4-10, and before we continue, we will have to read  
4 all the continuances and all the dismissals. On page  
5 1, Case 14387 is continued to March 4. On page 2,  
6 Case 14417 is dismissed. Case Number 14421 is  
7 continued to March 4. On page 3, Case Number 14425  
8 is continued to March 4. Case Number 14426 is  
9 continued to March 4. Case Number 14427 is continued  
10 to March 4. On page 4, Case Number 14428 is  
11 continued to March 4. Case Number 14429 is continued  
12 to March 4. Case Number 14412 is continued to March  
13 4. Case Number 14411 is continued to March 4.

14 You can see that everything is continued to  
15 March 4 because it is a regular docket. We couldn't  
16 continue any of the docket applications here to the  
17 next docket, which is provide it because it's a  
18 constant docket, so I wanted to say that. We are  
19 trying to make this experiment and see how it works.  
20 Everything here is continued to March 4, a month from  
21 today, because we can't continue it to February 18  
22 because this is a constant docket, as you all know.  
23 We have to work with the whole issue. At this point,  
24 are there any continuances and dismissals?

25 MS. MUNDS-DRY: Mr. Examiner, on page

1 2, Case 14422, the Application of Marbob for  
2 compulsory pooling, we would ask that that case be  
3 dismissed.

4 MR. EZEANYIM: Okay. Let the record  
5 reflect that the Case Number 14422, Application of  
6 Marbob Energy Corporation for compulsory pooling, Lea  
7 County, New Mexico is dismissed.

8 MR. HALL: Mr. Examiner, also, on page  
9 2 on behalf of the applicant in Case 14423, we ask  
10 that that case be continued to March 4.

11 MR. EZEANYIM: Okay. The record,  
12 again, will reflect that Case Number 14423 will be  
13 continued to March 4.

14 MR. BRUCE: Mr. Examiner, on the last  
15 page, Case 14353, I would ask that that case be  
16 continued to March 4. If you recall, we talked about  
17 that. There was some compliance issues regarding the  
18 operator of the waterflood, which have been resolved,  
19 but they are not yet showing up on the OCD's website.  
20 So Ms. MacQuesten requested that the case be  
21 continued, and I consented.

22 MR. EZEANYIM: Okay. The record,  
23 again, will reflect that Case Number 14353 will be  
24 continued to March 4. Any other continuances or  
25 dismissals? That cuts our docket a little bit. I

1 have arranged how we are going to proceed today given  
2 that we have a short length of time, but at least two  
3 cases dropped out, so we have about five more left.  
4 So I have -- wanted to go this way.

5 Take up some of these simple compulsory  
6 pooling cases and get them out of the way and then  
7 come back to the more sensitive issues. So we are  
8 going with 14413. When I look here, I didn't see  
9 Gail MacQuesten. She might be a little late, you  
10 know, because of the inclement weather, so I wanted  
11 to go with that first. And then Case 14423 dropped  
12 out.

13 Now, on the next one we're going to go with  
14 is Case 14424. Then we continue with 14419, 14420,  
15 and then Case Number 14423 is going to be continued  
16 to March 4, so we go then to case 14418. Does this  
17 cause any consternation for anybody? On this -- the  
18 way we're going to handle it? Actually going in  
19 accordance with the docket?

20 Okay. Then let's go to page 3 and call  
21 Case Number 14424, and this is the Application of  
22 Energen Resources Corporation for Compulsory Pooling,  
23 Rio Arriba County, New Mexico. Call for appearances.

24 MR. HALL: Mr. Examiner, Scott Hall,  
25 Montgomery & Andrews Law Firm, Santa Fe, on behalf of

1 Energen Resources Corporation. No witnesses this  
2 morning. I will be presenting this case by  
3 affidavit.

4 MR. EZEANYIM: Any other appearances?  
5 Mr. Hall, you may proceed.

6 MR. HALL: Mr. Examiner, I have  
7 provided you with the affidavit of Dave Poage  
8 explaining that the applicant is seeking the  
9 compulsory pooling of unleased mineral interests in  
10 irregular Section 9 of Township 32 North, Range 4  
11 West. It's an irregular section with a spacing unit  
12 comprised of 273.12 acres. We do not expect  
13 opposition to the application at all.

14 If you will look at page 2 of the  
15 affidavit, it outlines the ownership by tract in the  
16 spacing unit, and if you will see the references to  
17 Tracts 2 and 3, one-third of the mineral interests in  
18 Tract 2 and 50 percent of the mineral interests in  
19 Tract 3 are unleased. They rec and titled ownership  
20 to that interest. It is in the name of Wanda S.  
21 Blasingame, who was also known as Wanda S. Troxell  
22 and Wanda S. Roberts. She is deceased, and there is  
23 no evidence of the probate of her estate in New  
24 Mexico or any other states that Energen's landman,  
25 David Poage, has searched.

1                   However, I would point out to you the -- on  
2 Exhibit A, some efforts have been made to lease these  
3 interests from the apparent heirs of Ms. Blasingame,  
4 and they are referenced in the red face type on  
5 Exhibit A. Quality of leased title for those  
6 interests is a question mark absent probate of the  
7 interests, so in terms of compulsory pooling with the  
8 pooling, we only pooled the interests of Wanda S.  
9 Blasingame, deceased.

10                   If you will turn to Exhibit B, that depicts  
11 the plat for the spacing unit. The depth of the well  
12 is shown on Exhibit C, which is the C-101, and there  
13 is a drilling plan that accompanies Exhibit C as  
14 well. It is a horizontal well in the Fruitland Coal  
15 formation. The location for the well, it's the  
16 Carracas 9B Well, Number 16 H, it's unorthodox, but  
17 these locations are preapproved by virtue of Order  
18 Number R-13119, which provides blanket approval for  
19 nonstandard locations within the Carracas Canyon  
20 producing area, so no further examiner approval of  
21 the locations is required in this case.

22                   Exhibit D is the AFE for the well. Dry  
23 hole costs are \$956,745. Completed well costs,  
24 \$1,644,973. The overhead rates Energen is requesting  
25 in the pooling order are \$5,500 per month while

1 drilling, \$550 per month while producing, and the  
2 affidavit includes testimony that these talks are in  
3 line with similar wells drilled in the area.

4 In terms of notice to the interest owners  
5 pooled, we have notified the apparent heirs, care of  
6 their grandmother, some of them are minors. Efforts  
7 have been made to lease from these apparent heirs  
8 without success.

9 We have also provided you in Exhibit 3 an  
10 affidavit of publication in the Rio Grande Sun.  
11 These interests are located in Rio Arriba County.  
12 That completes our presentation of the case. We  
13 would move the admission of Exhibit 1, the affidavit  
14 of David Poage; Exhibit 2 is our notice affidavit and  
15 the attached notice letters; and then Exhibit 3 is  
16 the affidavit of publication in the newspaper. That  
17 concludes our case.

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

20 (Exhibits 1, 2, and 3 admitted.)

21 MR. BROOKS: Of course you're going to  
22 be escrowing these interests for the Troxell heirs  
23 since you don't know precisely who they are, correct?

24 MR. HALL: We know who they are. The  
25 interests simply remain unprobated, so it may be

1 necessary to escrow proceeds --

2 MR. BROOKS: Okay.

3 MR. HALL: -- for the unprobated --

4 MR. BROOKS: Okay. And you have  
5 advised your client that contrary to the practice of  
6 OCD in the past, we intend to follow up and make sure  
7 that an escrow actually is established because it has  
8 not been done in a number of cases that have come to  
9 our attention.

10 MR. EZEANYIM: Good point. Do you  
11 have an APE number for the well yet?

12 MR. HALL: It is shown on Exhibit 2 --  
13 I'm sorry, Exhibit B.

14 MR. EZEANYIM: Okay. But the well is  
15 not drilled yet?

16 MR. HALL: It's not drilled. It's on  
17 schedule for this spring.

18 MR. EZEANYIM: Okay. But have you got  
19 your APD yet? Have you got your APD approved?

20 MR. HALL: I don't know the answer to  
21 that.

22 MR. EZEANYIM: Because there's a  
23 blanket approval for the nonstandard location, which  
24 is approved by Order Number R-13119.

25 MR. HALL: It looks like it is

1 approved on Exhibit C.

2 MR. EZEANYIM: Oh, okay. Yeah, okay.  
3 So in case you're having a problem getting it  
4 approved, because you know, if you don't know that  
5 that is a blanket approval under this production  
6 area, you know, one might say, "Okay, you've got to  
7 get an NSL." You don't need an NSL. Even though  
8 your application require that the division approve  
9 NSL, we don't have to approve any other NSL. Order  
10 Number 13119 already approved that. As long as  
11 you're within 650 feet from the unit boundaries, you  
12 can, you know, drill a well. I know when you came in  
13 to get the application, so we don't need to approve  
14 the NSL anymore. Since they are approving, the  
15 district is approving your APD, let us know.

16 MR. HALL: It appears to be approved.  
17 I have a copy of the order if you want it for your  
18 file.

19 MR. EZEANYIM: A what?

20 MR. HALL: The order.

21 MR. EZEANYIM: I have the order.

22 R-13119?

23 MR. HALL: Yes.

24 MR. EZEANYIM: Yeah, I have it  
25 somewhere over there.

1 MR. HALL: Okay.

2 MR. EZEANYIM: No further questions.

3 At this time, Case Number 14424 will be taken under  
4 advisement.

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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. 14424  
heard by me on 2/4/10

 Examiner  
Oil Conservation Division

## 1 REPORTER'S CERTIFICATE

2

3 I, CONNIE JURADO, do hereby certify that I  
4 reported the foregoing case in stenographic shorthand  
5 and  
6 transcribed, or had the same transcribed under my  
7 supervision and direction, the foregoing matter and  
8 that the same is a true and correct record of the  
9 proceedings had at the time and place.

10 I FURTHER CERTIFY that I am neither  
11 employed by nor related to any of the parties or  
12 attorneys in this case, and that I have no interest  
13 whatsoever in the final disposition of this case in  
14 any court.

15 WITNESS MY HAND this 4th day of February,  
16 2010.

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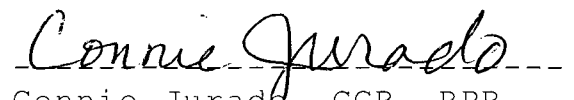
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Connie Jurado, CCR, RPR  
New Mexico CCR No. 254  
Expires: December 31, 2010