

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: )

CASE NO. 13,219

APPLICATION OF ELK OIL COMPANY FOR )  
APPROVAL OF A UNIT AGREEMENT, CHAVES )  
COUNTY, NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 19th, 2004

Santa Fe, New Mexico

This matter came on for hearing before me

Mexico Oil Conservation Division, DAVID R. CATANACH,  
Hearing Examiner, on Thursday, February 19th, 2004, 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.

\* \* \*

## I N D E X

February 19th, 2004  
 Examiner Hearing  
 CASE NO. 13,219

## PAGE

REPORTER'S CERTIFICATE

6

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	5
Tab A	4	5
Tab B	4	5
Tab C	4	5
Tab D	4	5
Tab E	4	5

\* \* \*

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

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
 110 N. Guadalupe, Suite 1  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: WILLIAM F. CARR

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 8:47 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case  
4 13,219, the Application of Elk Oil Company for approval of  
5 a unit agreement, Chaves County, New Mexico.

6 Call for appearances.

7 MR. CARR: May it please the Examiner, my name is  
8 William F. Carr with the Santa Fe office of Holland and  
9 Hart, L.L.P. We represent Elk Oil Company in this matter,  
10 and I will present the case pursuant to affidavit.

11 EXAMINER CATANACH: Okay. Any additional  
12 appearances?

13 Okay, Mr. Carr, you may proceed.

14 MR. CARR: May it please the Examiner, Elk Oil  
15 Company seeks approval of the Z-28 State Exploratory Unit.  
16 This is a voluntary exploratory unit comprised of 2240  
17 acres of State of New Mexico lands. It's located  
18 approximately 25 miles northeast of Roswell. 100 percent  
19 of the working interest in these lands is owned by Elk Oil  
20 Company or its affiliated companies, and Elk proposes to  
21 test all formations from the surface to the base of the  
22 Silurian-Ordovician formation.

23 Elk is requesting that this Application be  
24 approved pursuant to affidavit under recently adopted  
25 division policy.

1           If you'll look at our Exhibit Number 1, the first  
2    thing in the exhibit is an affidavit of Tom -- or Ray T.  
3    King, Tom King, Jr. Mr. King identifies the unit area and  
4    attaches to this affidavit a copy of the unit agreement.  
5    The unit agreement conforms to the State Land Office form.

6           Tab B is a plat. It's the plat that's attached  
7    to the unit agreement. It identifies the unit boundary.  
8    The initial test well is the Z-28 Well Number 1. It's  
9    going to be drilled at a standard gas well location 660  
10   feet from the north and east lines of Section 11 in  
11   Township 10 South, Range 26 East. The depth of the well  
12   will be approximately 6800 feet.

13           Tab C is a copy again of Schedule D to the unit  
14   agreement. It has the ownership breakdown. Again, I want  
15   to emphasize that a hundred percent of the working interest  
16   is voluntarily committed to the well.

17           Tab D is a letter giving preliminary approval to  
18   the unit agreement from the Commissioner of Public Lands.

19           And Tab E to the affidavit is an east-west  
20   structural cross-section. It shows the Silurian-Ordovician  
21   dolomites cross the area, which is the main productive  
22   interval. I should note that the Pennsylvanian and  
23   Wolfcamp may also be productive.

24           Mr. King testifies in his affidavit that approval  
25   of the Application will be in the best interest of

1 conservation, the prevention of waste and the protection of  
2 correlative rights.

3 Elk Oil Company requests that Exhibit 1 be  
4 admitted into evidence and advises the Division that it is  
5 prepared drilling of the initial test well as soon as  
6 Division approval is obtained. We do not have an immediate  
7 lease problem that will be impacted by the entry date of  
8 the order.

9 So I move the admission of Exhibit 1.

10 EXAMINER CATANACH: Exhibit 1 will be admitted.  
11 Anything further?

12 MR. CARR: Nothing further.

13 EXAMINER CATANACH: Okay, there being nothing  
14 further, then Case Number 13,219 will be taken under  
15 advisement.

16 (Thereupon, these proceedings were concluded at  
17 8:50 a.m.)

18 \* \* \*

19 I do hereby certify that the foregoing is  
20 a complete record of the proceedings in  
the Examiner hearing of Case No. 13219.  
21 heard by me on February 19, 2004.

22 David M. Catnach, Examiner  
Oil Conservation Division  
23  
24  
25

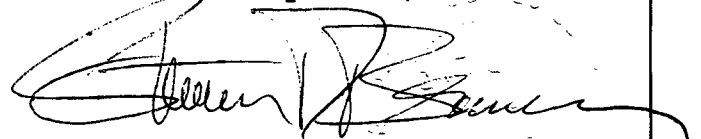
## CERTIFICATE OF REPORTER

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 February 20th, 2004.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006