

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. 11,802

APPLICATION OF XERIC OIL AND GAS )  
CORPORATION FOR COMPULSORY POOLING, )  
LEA COUNTY, NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

June 26th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, June 26th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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## I N D E X

June 26th, 1997  
Examiner Hearing  
CASE NO. 11,802

PAGE

REPORTER'S CERTIFICATE

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## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	7

\* \* \*

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

## FOR THE DIVISION:

RAND L. CARROLL  
Attorney at Law  
Legal Counsel to the Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

KELLAHIN & KELLAHIN  
117 N. Guadalupe  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
By: W. THOMAS KELLAHIN

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:20 a.m.:

3           EXAMINER STOGNER:   Okay, I'll call next case,  
4   11,802.

5           MR. CARROLL:   Application of Xeric Oil and Gas  
6   Corporation for compulsory pooling, Lea County, New Mexico.

7           EXAMINER STOGNER:   Call for appearances.

8           MR. KELLAHIN:   Mr. Examiner, I'm Tom Kellahin of  
9   the Santa Fe law firm of Kellahin and Kellahin, appearing  
10   on behalf of the Applicant.

11          EXAMINER STOGNER:   Okay.   Mr. Kellahin, you may  
12   proceed.

13          MR. KELLAHIN:   Mr. Examiner, I'm not aware of the  
14   appearance of any other party in this matter, and we are  
15   proposing to submit this to you pursuant to the Rule 1207  
16   Sub 2, which provides an alternative method or procedure  
17   for submitting an application for compulsory pooling where  
18   it is known that the application is unopposed.   We believe  
19   this to be such a case.

20          I have prepared and marked as Xeric Exhibit 1 the  
21   affidavit and supporting attachments to that affidavit, and  
22   I will hand you those copies now.

23          The format used for the affidavit, Mr. Examiner,  
24   tracks the language and the submittals required under 1207  
25   Sub 2 (a).   It's attested to by Lisa Snelson -- she's a

1     petroleum landman -- and by Randy Hall, a petroleum  
2     geologist.

3             The chronology is summarized, and basically there  
4     are four identities of interest in a 40-acre proposed  
5     spacing unit, consisting of the property described on the  
6     docket as the southwest quarter, southwest quarter of  
7     Section 19, 20 South, 39 East. It's a proposal to drill  
8     their Carter Well Number 1 at a standard location to test  
9     for production from the surface through the base of the Abo  
10    formation.

11            The four entities and individuals described here  
12    have not been locatable by the Applicant. That effort is  
13    summarized in one of the attachments, and if you'll turn  
14    with me to Exhibit A, you can see the proposed 40-acre  
15    tract down in the southwest quarter of Section 19.

16            Followed behind that is Exhibit B, which  
17    identifies the percentage interest in the spacing unit of  
18    these individuals and identifies an address.

19            Subsequent affidavits and exhibits demonstrate  
20    that these addresses are outdated and the parties cannot be  
21    located.

22            Starting with Exhibit C, there's a summary of the  
23    landman's efforts to locate Alice Bannatyne. The exhibit  
24    is organized in a manner to show you. The premise is that  
25    this interest is identified as a result of documents filed

1 in Lea County in November of 1960.

2 There is no address indicated for this  
3 individual.

4 The second part of the affidavit summarizes the  
5 series of five different attempts, including CD-ROM  
6 computer searches of telephone directories in the United  
7 States, and other efforts to locate an address for this  
8 individual.

9 It then goes on and summarizes the results. And  
10 the efforts, despite a good-faith attempt, have been  
11 unsuccessful.

12 The next attachment to Exhibit C identifies the  
13 heirs of Harald Muller and Helen Muller. The document  
14 demonstrating an interest to these individuals was recorded  
15 in Lea County in 1983.

16 While that appears to be a more recent filing,  
17 the attempts, again, have been unsuccessful, as documented  
18 in the affidavit. And as a result, the landman is unable  
19 to locate either one of these individuals, despite her best  
20 effort.

21 The next page, page 3 of Exhibit C, identifies an  
22 interest of William J. Foster. The record-check in Lea  
23 County demonstrates a document placed of record in 1950,  
24 summarizes the attempts and concludes with the result that  
25 they are unable, despite their efforts, to find William J.

1 Foster.

2 In addition, that same document recorded in 1950  
3 shows the interest of Mary C. Foster Geddes. They  
4 apparently were -- My recollection is, they were husband  
5 and wife, but they may have been related in some other  
6 immediate way.

7 The end result, however, is, the landman is not  
8 able to find Mary Geddes despite her good-faith efforts.

9 The affidavit request that the overhead rates be  
10 approved for pooling using \$4000 a month drilling and \$400  
11 a month producing, it follows the Ernst and Young average,  
12 which is attached as Exhibit F to the affidavit.

13 Exhibit H to the affidavit is a copy of the AFE  
14 showing that a completed well for this area and this  
15 particular AFE is for \$455,000.

16 The geologist, then, attaches to the exhibit a  
17 series of geologic displays to support his conclusion of a  
18 200-percent risk factor penalty. He starts with Exhibit D,  
19 which is a structure map on top of the Tubb.

20 It shows the presence in the immediate vicinity  
21 of a plugged and abandoned well and shows you that there  
22 are not producing Abo wells north, northwest, northeast of  
23 this location, and the production, if available, is to the  
24 south.

25 This appears to be on the fringe of this Abo

1 development and explains part of his conclusion with  
2 regards to risk.

3 He's attached a type log so that you can see the  
4 intervals that he is describing, and then he gives you a  
5 copy of the Exhibit F, which is the Ernst and Young  
6 tabulation.

7 Exhibit G is the spotted and approved location  
8 for the well, as demonstrated on a C-102.

9 And then finally Exhibit H is the AFE for the  
10 dryhole and completed well cost.

11 I believe the information is complete at this  
12 time, Mr. Examiner, and with your permission we would  
13 request the submittal and admission of Exhibit 1.

14 EXAMINER STOGNER: Exhibit 1, subparts A through  
15 H, I believe, will be admitted into evidence at this time.

16 Again, Mr. Kellahin, what is the requested risk  
17 penalty factor?

18 MR. KELLAHIN: The affidavit reflects an opinion  
19 and a request for 200 percent.

20 EXAMINER STOGNER: 200 percent.

21 Does anybody else have anything further in Case  
22 Number 11,802?

23 Again, thank you, Mr. Kellahin. I like this  
24 procedure in which you and Mr. Carr have established on  
25 this type of compulsory pooling on these type of cases. I

1 congratulate your efforts on that.

2 MR. KELLAHIN: Thank you.

3 EXAMINER STOGNER: Okay, I'll take 11,802 under  
4 advisement.

5 (Thereupon, these proceedings were concluded at  
6 8:30 a.m.)

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*[Handwritten signature]*  
Oil Conservation Division  
June 11 1982  
47  
Examiner



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 June 26th, 1997.

\_\_\_\_\_  
 STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998