

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. 11,821

APPLICATION OF PALOMA RESOURCES, INC.,)
FOR COMPULSORY POOLING, LEA COUNTY,)
NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

August 7th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, August 7th, 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

August 7th, 1997
Examiner Hearing
CASE NO. 11,821

PAGE

REPORTER'S CERTIFICATE

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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:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
Suite 1 - 110 N. Guadalupe
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:43 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case
4 11,821.

5 MR. CARROLL: Application of Paloma Resources,
6 Inc., for compulsory pooling, Lea County, New Mexico.

7 EXAMINER CATANACH: Call for appearances in this
8 case.

9 MR. CARR: May it please the Examiner, my name is
10 William F. Carr with the Santa Fe law firm Campbell, Carr,
11 Berge and Sheridan. We represent Paloma Resources, Inc.,
12 in this matter.

13 As you know, Mr. Examiner, this morning we
14 received a copy of a letter from Condor Exploration, Inc.,
15 signed by James C. Dewey -- Mr. Dewey is the president of
16 Condor -- stating that he had received no notice of this
17 matter prior to August the 2nd, 1997.

18 When you see the case, you will see that there
19 are a substantial number of individuals who own interest in
20 the subject spacing units, with whom Paloma has been trying
21 to negotiate voluntary participation.

22 We believe the statements in Mr. Dewey's letter
23 are incorrect. We have substantial correspondence files,
24 and we believe that once we provide him with copies of the
25 prior correspondence -- and also we have some certified

1 letters and we'll be able to produce return receipts -- we
2 believe this matter can be resolved with him and with
3 Condor.

4 We have attempted since I visited with you early
5 this morning, when I received this letter, we have
6 attempted to talk to Mr. Dewey. He is in a meeting an
7 unable to talk to us right now. And we believe at this
8 point in time we have no other choice but to request that
9 this case be continued to the September the 4th hearing.

10 Between now and then we will talk to Mr. Dewey
11 and ask him to advise the Division that we've reached an
12 agreement with him, because we believe that, in fact, when
13 we provide him with copies of the earlier correspondence,
14 this matter can be resolved.

15 MR. CARROLL: Is Mr. Dewey the only interest to
16 be pooled or --

17 MR. CARR: No, there are a number of unknown
18 heirs and there's several other people. But to sort this
19 out quickly enough with him to resolve it today, we think,
20 is going to be extremely difficult. And I've been advised
21 by Jim Pierce, the landman for Paloma, that the continuance
22 to September the 4th will not jeopardize their plans to go
23 forward with the re-entry of this well.

24 EXAMINER CATANACH: Okay, you're not going to put
25 on anything today then?

1 MR. CARR: I think with this standing out, and
2 then if we can't resolve it before the end of today's
3 hearing, the unavoidable continuance, that it would be
4 smart to sort this out and then just present the case in
5 one presentation and get it done on September the 4th,
6 instead of doing half of it today and then reopening it and
7 doing another part of it a month from now.

8 EXAMINER CATANACH: Okay, Mr. Carr, at your
9 request this Case, 11,821, will be continued to September
10 4th.

11 (Thereupon, these proceedings were concluded at
12 8:46 a.m.)

13 * * *

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18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
the Examiner hearing of Case No. 11821,
heard by me on Aug 17 1987.

20 [Signature], Examiner
21 Oil Conservation Division
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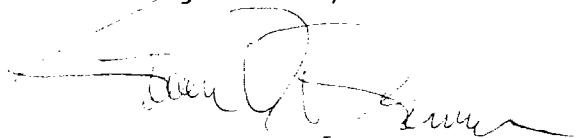
CERTIFICATE OF REPORTER

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 August 7th, 1997.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998