

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:)
)
 APPLICATION OF SOUTHWEST ROYALTIES,)
 INC., FOR A PRESSURE MAINTENANCE)
 PROJECT, LEA COUNTY, NEW MEXICO)
)

CASE NO. 11,881

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

December 18th, 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, December 11th, 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.

* * *

I N D E X

December 11th, 1997
Examiner Hearing
CASE NO. 11,881

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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:

KEMP, SMITH, DUNCAN & HAMMOND, P.C.
 500 Marquette, NW, Suite 1200
 P.O. Box 1276
 Albuquerque, New Mexico 87103-1276
 By: PAUL A. COOTER

* * *

1 WHEREUPON, the following proceedings were had at
2 8:29 a.m.:

3 EXAMINER STOGNER: I'll call Case Number 11,881.

4 MR. CARROLL: Application of Southwest Royalties,
5 Inc., for a pressure maintenance project, Lea County, New
6 Mexico.

7 EXAMINER STOGNER: This case was heard by me on
8 November the 20th, 1997. Due to an advertisement error,
9 this matter was continued and readvertised for this time.

10 At this time I'll call for appearances.

11 MR. COOTER: Paul Cooter with the Kemp Smith firm
12 in Albuquerque, appearing on behalf of the Applicant,
13 Southwest Royalties.

14 EXAMINER STOGNER: Mr. Cooter, do you have
15 anything further at this time?

16 MR. COOTER: You had requested that we notify
17 both the BLM and the State Land Office. That was done.

18 And I have an affidavit also from Jon Tate
19 relating to a title search. They had the federal, state
20 records and county records examined.

21 There was an 80-acre tract that -- if you'll
22 recall on the map, that ownership may have been questioned.
23 But we just went ahead and had the whole area of interest
24 examined. I think this south half of the northeast quarter
25 was a question.

1 A. Yes, sir, I was.

2 Q. Do you know that you still remain under oath for
3 this testimony this morning?

4 A. Yes, sir.

5 Q. Subsequent to that hearing, explain what you did
6 or had done to determine the ownership of the leasehold
7 estates in the area of interest.

8 A. Well, basically what we did is, I took the area,
9 I took all of the lands within a half-mile radius of the
10 subject well, and I engaged Doug Schutz, Schutz Abstract
11 Company here in Santa Fe, to do a title search of the state
12 and federal lands within that radius. And I also engaged
13 the firm of Perry and Perry, an independent land company
14 there in Midland, to check the county records on the same
15 lands, whether it be fee, state or federal, just to see
16 what might be of record in the county records.

17 Q. You prepared an executed -- an affidavit of
18 mailing. I'll give you a copy of that. Was that compiled
19 based on the information furnished you by -- from your
20 title search?

21 A. Yes, sir, it was.

22 Q. And were notices of your -- or copies of the
23 Application mailed to all owners of interest as so set
24 forth in that affidavit?

25 A. Yes, sir, they were.

1 Q. We have filed a -- tendered the original of that
2 application (*sic*) of mailing together with the return
3 receipts. Some interest owners were not served -- The
4 Applications that you forwarded to them were returned to
5 you. Explain.

6 A. Okay, the three -- the interests that are owned
7 by the Paine Webber/Geodyne Production Partnerships --
8 There's three different partnerships there. When we sent
9 our mailings out, we received the mailings we sent to them
10 Monday of this week as unable to deliver.

11 And upon further investigation, we came to
12 believe that those partnerships are now managed or under
13 the direction of Sampson Resources, at which time we took
14 the Application and the rest of the material, and we sent
15 that by Federal Express to Sampson Resources.

16 And then the interest owned by Nord Petroleum
17 Corp. and -- I can't pronounce it -- Union Rheinische
18 Petroleum, Inc., apparently neither one of those companies
19 are still in business. We contacted the Corporation
20 Commission and found out that one had lost their charter
21 and the other was no longer active, and I don't know what
22 the disposition of the interest they owned is now. That's
23 how it appears of record, and that's all we can find.

24 MR. COOTER: Mr. Stogner, pursuant to your
25 suggestion, as you will note, copies of the Application

1 were mailed both to the BLM and to the State Land Office,
2 and I've filed that affidavit and -- with the return
3 receipts. That's all I -- We would tender both affidavits.

4 EXAMINER STOGNER: The affidavits of mailing, two
5 of them, that were submitted today will be made part of the
6 record in Case 11,881.

7 EXAMINATION

8 BY EXAMINER STOGNER:

9 Q. Mr. Tate, when were these notifications sent out?

10 A. They were kind of -- To the best of my knowledge,
11 they were sent out as we would get the take-offs in from
12 either Mr. Schutz or Perry and Perry. If there's a
13 specific one you're asking about, I don't know that I can
14 tell you the specific date it was sent out without looking
15 at the letter itself, the mailing.

16 Q. Okay, in your affidavit that you submitted
17 today -- this is the one that didn't go to the BLM, the
18 State Land Office -- it states on there that they were --
19 you have a December 4th date.

20 A. Yes, sir.

21 Q. Were they sent out by that date or...

22 A. Mr. Stogner, I don't know if that is the date
23 they were sent out on, or they had all gone out, or if that
24 was the date of the letter. I didn't draft this affidavit,
25 so I'm not sure. I wish I could give you a more specific

1 answer.

2 It appears from looking at these certified
3 receipts that most of them went out on December the 4th,
4 with the exception of Chevron, and it went out on December
5 the 2nd.

6 Yes, sir, these were all submitted to the Post
7 Office on December the 4th.

8 Q. December the 4th, okay.

9 And the affidavit to the BLM in Roswell and the
10 Land Office here in Santa Fe, now, that was sent out
11 earlier, it appears; is that correct?

12 A. I believe that's correct, by Mr. Cooter.

13 EXAMINER STOGNER: Mr. Cooter, for hearing
14 purposes there's a 20-day notification pursuant to Rule
15 1207, I believe. With that, I don't feel I have a choice
16 but to continue this matter one more time to the January
17 8th hearing, at which time I can take it under advisement.

18 It appears that all notification has been
19 submitted, and I'm satisfied with that; it's just the
20 timing now is kind of an issue.

21 Do you have anything further?

22 MR. COOTER: No, sir.

23 EXAMINER STOGNER: Do you have any other
24 witnesses?

25 MR. COOTER: No, sir.

1 EXAMINER STOGNER: Do you have anything?

2 MR. CARROLL: No.

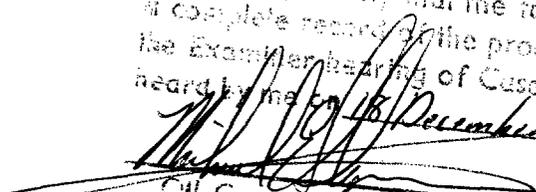
3 EXAMINER STOGNER: Does anybody else have
4 anything further in Case Number 11,881?

5 With that, this matter will be continued one more
6 time to the January 8th, 1998, hearing, at which time it
7 will be recalled and more than likely taken under
8 advisement.

9 (Thereupon, these proceedings were concluded at
10 8:39 a.m.)

11 * * *

12
13
14
15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
17 the Examiner hearing of Case No. 11881,
18 heard by me on 15 December 1997.

19
20
21
22
23
24
25

Oil Conservation Division, 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 December 18th, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

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:

APPLICATION OF Southwest Royalties, Inc.
for a Pressure Maintenance Project
Lea County, New Mexico.

CASE NO. 11881

AFFIDAVIT OF MAILING

COMES NOW Jon P. Tate, being duly sworn, states that he caused a review of the appropriate records to be made to determine the leasehold ownership covering the following described lands within the area of review in this case, which disclosed that ownership to be:

Section 15-268-33E

W/2 W/2, SE/4 NW/4, E/2 SW/4 & S/2 SE/4

Southwest Royalties, Inc.

NE/4 NW/4 & NW/4 NE/4

Ralph E. Williamson

NE/4 NE/4 & S/2 NE/4

Conoco, Inc.

N/2 SE/4

Ralph E. Williamson

Section 16-268-33E

ALL

Broughton Petroleum, Inc.

MW Petroleum Corp.

Payne Webber/Geodyne Production Partnership-I-E

Payne Webber/Geodyne Production Partnership-I-F

Payne Webber/Geodyne Production Partnership-II-A

Georgetown Exploration, Inc.

TDT Diverse, L.P.

Nord Petroleum Corp.

Union Rheinische Petroleum, Inc.
Lynx Petroleum Consultants
Dean Boedeker

Section 21-268-33E

N/2

Chevron U.S.A., Inc.

Section 22-268-33E

NW/4

Pioneer Natural Resources
Enserch Exploration

NE/4

Conoco, Inc.

Further, that he caused a copy of the Application filed by Southwest Royalties, Inc. in this case to be mailed to the following named parties, at the addresses set forth after their names on December 4, 1997, by certified mail, return receipt requested, to wit:

Broughton Petroleum, Inc.
#13 Townhouse Court
Bellaire, TX 77401-3315

Chevron U.S.A., Inc.
PO Box 1150
Midland, TX 79702

Paine Webber/Geodyne I-E
320 S. Boston/The Mezzanine
Tulsa, OK 74103

MW Petroleum Corp.
200 E. Randolph Dr.
Chicago, IL 60601

Georgetown Exploration, Inc.
707 Travis, Suite 1700
Houston, TX 77002

Paine Webber/Geodyne II-A
320- S. Boston/The Mezzanine
Tulsa, OK 74103

Paine Webber/Geodyne I-F
320 S. Boston, The Mezzanine
Tulsa, OK 74103

Union Rheinische Petrol, Inc.
445 Union Blvd., Suite 230
Denver, CO 80228

Nord Petroleum Corp.
Two Greenwood Plaza, Suite 500
Houston, Tx 77339

TDT Diverse, L.P.
16414 San Pedro, Suite 340
San Antonio, TX 78232

Lynx Petroleum Consultants
PO Box 1979
Hobbs, NM 88241

Dean Boedeker
80 N. Hoyt Street
Denver, CO 80226

Production Dept.
Pioneer Natural Resources
PO Box 3178
Midland, TX 79702

Enserch Exploration, Inc.
10 Desta Drive, Suite 325-B
Midland, TX 79705

Further, Affiant says not.

Jon P. Tate

State of Texas
County of Midland

Subscribed and sworn to by Jon P. Tate this _____ day of
November, 1997.

Notary Public

(Seal, if any)

My commission expires _____

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. 11881

APPLICATION OF Southwest Royalties, Inc.
for a Pressure Maintenance Project
Lea County, New Mexico.

AFFIDAVIT OF MAILING

COMES NOW the undersigned Paul A. Cooter, who being duly sworn, states that he mailed a copy of the Application in this case to the following named parties at the addresses set forth after their names on the 25th day of November, 1997 by certified mail, return receipt requested, to wit:

Amando Lopez
Bureau of Land Management
2902 West Second Street
Rosewell, NM 88201

Larry Kehoe
Director Oil, Gas and Mineral Division
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

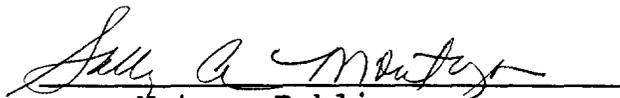
Further, Affiant says not.



Paul A. Cooter

State of New Mexico)
)ss.
County of Bernalillo)

Subscribed and sworn to by Paul A. Cooter this 25th day of November, 1997.


Notary Public

(Seal, if any)

My commission expires 8-31-98

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

*Amando Lopez
Bureau of Land
Management
2909 West Second St.
Roswell, NM 88201*

4a. Article Number

P 293-900-090

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

11-28-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

*Larry Kehoe
Director Oil, Gas &
Mineral Division
PO Box 1148
Santa Fe, NM 87504-
1148*

4a. Article Number

P 293-900-091

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

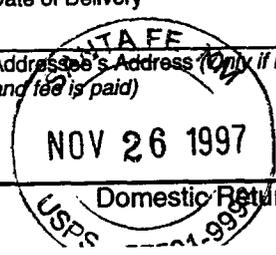
5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt



Thank you for using Return Receipt Service.