

STATE OF NEW MEXICO

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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. 12,231
)
 APPLICATION OF NEARBURG EXPLORATION)
 COMPANY, L.L.C., FOR COMPULSORY POOLING)
 AND AN UNORTHODOX GAS WELL LOCATION,)
 EDDY COUNTY, NEW MEXICO) ORIGINAL
)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 19th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 19th, 1999, 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 19th, 1999
Examiner Hearing
CASE NO. 12,231

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:

JAMES G. BRUCE, Attorney at Law
3304 Camino Lisa
Santa Fe, New Mexico 87501
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 8:38 a.m.:

3 EXAMINER STOGNER: Okay, I believe there's one
4 other case to call, and that is 12,231.

5 MR. CARROLL: Application of Nearburg Exploration
6 Company, L.L.C., for compulsory pooling and an unorthodox
7 gas well location, Eddy County, New Mexico.

8 EXAMINER STOGNER: Call for appearances.

9 MR. BRUCE: Mr. Examiner, Jim Bruce representing
10 the Applicant. I just have a brief statement.

11 EXAMINER STOGNER: Okay.

12 MR. BRUCE: Mr. Examiner, this was filed for a
13 compulsory pooling and an unorthodox gas well location.

14 Nearburg has come to terms with the interest
15 owners and therefore does not need to pool this well unit.
16 And I will leave it up to you how to handle the unorthodox
17 location. The well will be deepened. It is an existing --
18 The Osage Boyd "15" Fed Com Well Number 2 is a well which
19 was drilled to and completed in the Dagger Draw Pool.

20 It has now depleted in the Dagger Draw. They are
21 going to deepen the well to the Morrow formation. The well
22 is orthodox as to the Morrow formation. It is 1650 from
23 the south line and 1980 from the west line.

24 Uphole, the shallower Undesignated Penasco Draw-
25 San Andres-Yeso Associated Pool is spaced on 320 acres for

1 gas wells. The pool rules for that pool require wells to
2 be within 150 feet of the center of a quarter-quarter
3 section, and therefore this location is unorthodox. It's a
4 couple hundred feet away from being unorthodox, although it
5 is not encroaching on an offsetting well unit.

6 I understand from Nearburg's geologist that the
7 Yeso is potential in this well, and they would like an
8 unorthodox location for that formation. I don't know how
9 you want to handle it, whether through the hearing or
10 subsequent administrative application.

11 EXAMINER STOGNER: Mr. Bruce, to make the record
12 probably the least complicated I suggest we do it
13 administratively, but let's keep this case open just in
14 case.

15 MR. BRUCE: Okay.

16 EXAMINER STOGNER: I always feel comfortable, and
17 I think you might too, to continue this case until an
18 administrative order is issued, with what you're requesting
19 can be done --

20 MR. BRUCE: In that case, Mr. Examiner, let's
21 continue it to six weeks, just to make sure.

22 EXAMINER STOGNER: What is the six --

23 MR. BRUCE: September 30, I believe?

24 EXAMINER STOGNER: Okay.

25 MR. CARROLL: Yeah.

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EXAMINER STOGNER: In the meantime, I will expect you to probably give me something here real quick.

With that, then, Case Number 12,231 will be continued to the Examiner's Hearing scheduled for September 30th, at which time I assume it will probably dismiss. I'll be awaiting your administrative order. If you'll refer back, in whatever you issue to me, to this case number --

MR. BRUCE: I will, Mr. Examiner.

EXAMINER STOGNER: -- and that way I can make sure that a copy of that order gets in there.

With that, then this hearing for today's cases.

Thank you, Mr. Bruce.

(Thereupon, these proceedings were concluded at 8:42 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 12231, heard by me on 9 August 1999.
[Signature], Examiner
GA Conservation Division

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 September 1st, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002