

OIL CONSERVATION DIV.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

JAN 20 AM 7:37

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
APPLICATION OF POGO PRODUCING COMPANY)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

CASE NO. 12,308

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 6th, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 6th, 2000, 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

January 6th, 2000
Examiner Hearing
CASE NO. 12,308

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E X H I B I T

Applicant's	Identified	Admitted
Exhibit 10	5	-

* * *

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

FOR NEARBURG EXPLORATION COMPANY:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 10:19 a.m.:

3 EXAMINER STOGNER: At this time I'll call Case
4 Number 12,308.

5 MR. CARROLL: Application of Pogo Producing
6 Company for compulsory pooling, Eddy 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 in association with James Bruce. We represent Pogo
11 Producing Company in this matter.

12 MR. OWEN: May it please the Examiner, Paul Owen
13 with the Santa Fe law firm of Campbell, Carr, Berge and
14 Sheridan, appearing on behalf of Nearburg Exploration
15 Company.

16 EXAMINER STOGNER: Are there any statements to be
17 made at this time, or is there witnesses to be sworn?

18 MR. KELLAHIN: A statement, Mr. Stogner.

19 EXAMINER STOGNER: Okay.

20 MR. KELLAHIN: I have the case file here.

21 Mr. Stogner, Mr. Bruce presented Pogo's case to
22 Examiner Catanach back on December 16th. At the conclusion
23 of that proceeding, Examiner Catanach continued the case to
24 today's docket, requested that Mr. Bruce provide a status
25 report of any contacts and activities with any of the

1 interest owners subsequent to the hearing.

2 I am submitting to you what I have been provided.
3 It's marked as Exhibit 10, which I think is the next Pogo
4 exhibit in sequence, based upon my review of the case file.

5 And what Mr. Catanach was attempting to know is
6 that on December 6th, 1999, on the second page of the
7 status report there were additional notifications sent to
8 interest owners advising them of the reorientation of the
9 spacing unit from an east-half orientation to the south
10 half. And then after that, there was to be continuing
11 negotiations by Pogo among the interest owners, and that's
12 what you see on this page.

13 Mr. Catanach asked that this report be made
14 available to him. With your permission, I believe it is
15 his desire to have you continue this case to the next
16 hearing docket, which will be January 20th, and to refer
17 this matter to him, and he'll make a decision concerning
18 what he's required Pogo and Mr. Bruce to provide him.

19 I know that's not his docket for an examination,
20 but he was asking me this morning to advise you this
21 morning that's his preference, is to put it on Mr. Ashley's
22 docket. In the interim, he will examine this report and he
23 will make some decision about what to do in this compulsory
24 pooling case.

25 EXAMINER STOGNER: Okay. Mr. Owen, do you have

**Seven Rivers Prospect, Eddy County, New Mexico
Compulsory Pooling
S/2 Section 18, T-20-S, R-25-E, N.M.P.M.**

**Status Report
as of 1-5-00**

9-22-99- Certified letters were sent by Scott McDaniel to:

Loneta S. Curtis Trust	9.375%
Devon Energy Corporation	6.25%
M/M James T. Jennings	9.375%
Ralph Nix Partnership	9.375%

All being unleased mineral owners in the E/2 SW/4 and W/2 SE/4 of Section 18 asking them to either join in a well embracing the E/2 Section 18 (W/2 SE/4 comprising ¼ of unit) or lease their mineral interest for \$175 per acre; 3 year term; 1/5th royalty. Along with letter was an AFE and re-entry procedure for the Osage #1.

9-27-99- Certified letters were sent by Scott McDaniel to:

Roberts & Koch	11.14583%
Jack C. Cartwright	4.6441%
Wayman W. Buchanan	21.36285%

All being leasehold owners in the E/2 SW/4 and W/2 SE/4 of Section 18, asking them to either join in a well embracing the E/2 Section 18 (W/2 SE/4 comprising ¼ of unit) or farmout or sell their leasehold interest to Pogo. Along with letter was an AFF and re-entry procedure for the Osage #1.

10-1-99 Certified letter by Scott McDaniel sent to:

Kirby Minerals LLC	5.9375%
Gene F. Lang & Co.	.32986%
David T. Holt	.32986%

All being leasehold owners in the E/2 SW/4 and W/2 SE/4 of Section 18, asking them to either join in a well embracing the E/2 Section 18 (W/2 SE/4 comprising ¼ of unit) or farmout or sell their leasehold interest to Pogo. Along with letter was an AFE and re-entry procedure for the Osage #1.

11-23-99- Certified letter sent to Ncarburt Exploration Co. LLC 10.9375% leasehold owner in the E/2 SW/4 and W/2 SE/4 of Section 18, asking them to either join in a well embracing the S/2 Section 18 (W/2 SE/4 & E/2 SW/4 comprising 1/2 of unit) or farmout or sell their leasehold interest to Pogo. Along with letter was an AFE and re-entry procedure for the Osage #1.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12308 Exhibit No. 10
Submitted By:
Pogo Producing Company
Hearing Date: January 6, 2000

- 11-23-99 Pogo through Jim Bruce filed an amended application for compulsory pooling which changed the proposed unit from the E/2 to the S/2 of Section 18. Notices were sent to all parties. Received by NMOCD 11-23-99.
- 12-6-99 Certified letters were sent by Garland H. Lang III to all parties informing them of the re-orientation of the unit to the S/2 of Section 18 instead of the E/2 as stated in the original letters sent by Scott McDaniel. Again, we ask them to either participate, lease or farmout their interest.

Since 12-6-99 Garland Lang has personally telephoned and or written each owner and has made the following trades:

Ralph Nix Partnership has leased to Pogo

Gene F. Lang as executed AFE and wants to participate

David F. Holt wants to participate but has not signed AFE

Roberts & Koch, W.W. Buchanan, and Jack Cartwright have executed AFE's and want to participate

M/M James T. Jennings want to participate but have not executed AFE's

Nearburg and Pogo are still in negotiations concerning their leasehold position and no agreement has been reached between the two parties.

Loneta Curtis Trust wants to lease to Pogo but negotiations are still being conducted as to their lease provisions. Last contact, 12-16-99.

Kirby Minerals has not responded to telephone messages or letters. Last contact 12-15-99.

Devon Energy is still considering proposal of 12-6-99. Last contact 1-5-00.