

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 NEARBURG EXPLORATION) CASE NOS. 12,319
COMPANY, L.L.C., FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)
)
APPLICATION OF DEVON ENERGY CORPORATION) and 12,342
(NEVADA) FOR COMPULSORY POOLING, EDDY)
COUNTY, NEW MEXICO)
)
) (Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

February 17th, 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, February 17th, 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.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

OIL CONSERVATION DIV.
001111R-2 PH 1:25

I N D E X

February 17th, 2000
Examiner Hearing
CASE NOS. 12,319 and 12,342 (Consolidated)

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E X H I B I T S

	Identified	Admitted
Nearburg (Case 12,319) Exhibit A	8	-
Devon (Case 12,342) Exhibit A	8	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

LYN S. HEBERT
Deputy General Counsel
Energy, Minerals and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR NEARBURG EXPLORATION COMPANY, L.L.C.

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

FOR DEVON ENERGY CORPORATION (NEVADA):

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 8:48 a.m.:

3 EXAMINER STOGNER: Okay, at this time I will call
4 Case Number 12,319.

5 MS. HEBERT: Application of Nearburg Exploration
6 Company, L.L.C., for compulsory pooling, Eddy County, New
7 Mexico.

8 EXAMINER STOGNER: Call for appearances.

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 Nearburg Exploration
12 Company in this matter.

13 Mr. Examiner, this case was heard two weeks ago.
14 All testimony in the case was presented at that time to
15 Examiner Catanach.

16 At the end of the hearing the case was continued
17 for two weeks to permit Devon, who is the applicant in the
18 following case -- the case will be consolidated -- the case
19 was continued to permit Devon to review some information
20 from an FMI interpretation that Nearburg had paid for. And
21 the data was shared and two weeks were allowed to Devon to
22 look at the information and see. The purpose of this was
23 to determine whether or not the parties could reach an
24 agreement as to the well location.

25 At the end of the two weeks, if we were unable to

1 reach an agreement, the parties were invited back to submit
2 only written statements, with no testimony to be taken, and
3 that's what we're here for today.

4 So at this time, I think it would be appropriate
5 to call the following case, the Application of Devon in
6 Case 12,342, and at that time I believe Mr. Bruce and I
7 will be presenting a statement.

8 EXAMINER STOGNER: Okay, at this time I'll call
9 Case Number 12,342.

10 MS. HEBERT: Application of Devon Energy
11 Corporation (Nevada) for compulsory pooling, Eddy County,
12 New Mexico.

13 EXAMINER STOGNER: Other than Mr. Carr
14 representing Nearburg, is there appearances in this matter?

15 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
16 representing Devon Energy Corporation of Nevada.

17 I concur with what Mr. Carr said. We each have a
18 statement to submit to the record, a geologic statement,
19 and we would ask that they be incorporated in the record.
20 As Mr. Carr said, there was hope that a consensus could be
21 reached on a well location. That hasn't occurred, which is
22 the reason for these statements.

23 The only other thing I'd like to be conveyed to
24 Mr. Catanach is that both Devon and Nearburg have rigs
25 available soon, and I believe they, because of certain well

1 -- or I should say lease expiration deadlines and other
2 matters, both parties are quite anxious to drill the well
3 and would urge the Division to reach as quick a decision as
4 possible.

5 EXAMINER STOGNER: Okay, before we get to those
6 statements, Mr. Carr, in your opening statement you
7 mentioned some sort of a survey. What kind of a survey?

8 MR. CARR: FMI, formation micro-imager. It's a
9 Schlumberger tool that was run in an offset well that was
10 able to -- and you'd have to have one of the geologists
11 explain, but it was able to show the direction in which a
12 channel may thicken, and things of that nature.

13 EXAMINER STOGNER: An FMJ?

14 MR. BRUCE: FMI.

15 EXAMINER STOGNER: FMI. And what does that stand
16 for?

17 MR. CARR: Formation micro-imager.

18 EXAMINER STOGNER: Well, I'm impressed, thank
19 you.

20 MR. CARR: If I'm wrong --

21 MR. BRUCE: If he's wrong, I'm not correcting
22 him.

23 MR. CARR: If I'm wrong, you'll have to confer
24 with a technical person.

25 EXAMINER STOGNER: Well, who would like to go

1 first?

2 MR. BRUCE: We really just have written
3 statements.

4 EXAMINER STOGNER: Well, who wants to read their
5 written statements first?

6 MR. CARR: If you'd like them read into the
7 record, I'll be glad to do that. I've got a statement for
8 Nearburg.

9 MR. BRUCE: Yeah, they're printed up.

10 EXAMINER STOGNER: Well, if they're printed,
11 then, and you don't wish to make any kind of a verbal
12 statement, that's okay.

13 MR. CARR: I believe it was the directive of Mr.
14 Catanach that we should submit written statements and that
15 there would be no additional testimony received at this
16 time, so that's why we have these statements.

17 EXAMINER STOGNER: Okay. Well, why don't you
18 present them at this time, both of you? Let the record
19 show that Mr. Carr did bring Mr. Jim Bruce's statement
20 forward.

21 MR. BRUCE: Are you sure of that?

22 EXAMINER STOGNER: Okay, now, I've got a Devon
23 Exhibit A.

24 MR. CARR: And I have just a statement. I'll be
25 glad to mark it if you'd like to mark that one.

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EXAMINER STOGNER: Yeah, let's do mark it. That way I can put the dates on it and...

Okay, let the record show that the written statements presented, one marked Nearburg Exhibit A in Case 12,319, and Devon's Exhibit A -- Don't have a case number. What do you want this attributed to? 12,342?

MR. BRUCE: Yes, sir.

EXAMINER STOGNER: Anything further in either Case 12,319 or 12,342?

Then these matters will be taken under advisement.

(Thereupon, these proceedings were concluded at 8:53 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case Nos. 12319 and 12342 heard by me on 17 February 2000.
Michael E. [Signature]
Off 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 February 18th, 2000.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002