

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. 12,446

APPLICATION OF FUEL PRODUCTS, INC., )  
 FOR COMPULSORY POOLING, EDDY COUNTY, )  
 NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

July 27th, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner on Thursday, July 27th, 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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OIL CONSERVATION DIVISION  
 09 AUG 10 AM 6:57

## I N D E X

July 27th, 2000  
Examiner Hearing  
CASE NO. 12,446

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## A P P E A R A N C E S

## FOR THE DIVISION:

LYN S. HEBERT  
Attorney at Law  
Legal Counsel to the Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

MONTGOMERY & ANDREWS, P.A.  
Attorneys at Law  
325 Paseo de Peralta  
P.O. Box 2307  
Santa Fe, New Mexico 87504-2307  
By: PAUL R. OWEN

## FOR NEARBURG EXPLORATION:

MILLER, STRATVERT and TORGERSON, P.A.  
150 Washington  
Suite 300  
Santa Fe, New Mexico 87501  
By: J. SCOTT HALL

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   9:31 a.m.:

3           EXAMINER CATANACH: Okay, at this time we'll call  
4   Case 12,446, which is the Application of Fuel Products,  
5   Inc., for compulsory pooling, Eddy County, New Mexico.

6           It's my understanding this case has already been  
7   heard, but we have some additional statements to be made at  
8   this time, and I will turn it over to Mr. Hall.

9           MR. HALL: Mr. Examiner, Scott Hall of Miller,  
10   Stratvert Torgerson, Santa Fe, on behalf of Nearburg  
11   Exploration.

12          EXAMINER CATANACH: I'm sorry, Mr. Owen?

13          MR. OWEN: Mr. Examiner, Paul Owen of the Santa  
14   Fe law firm of Montgomery and Andrews. I'm appearing on  
15   behalf of the Applicant, Fuel Products, Inc.

16          In fact, we did present this case on its merits  
17   two weeks ago, on July 13th, 2000, before Examiner Mark  
18   Ashley.

19          Two days prior to that hearing, Phillips  
20   Petroleum Company filed a motion to dismiss the Application  
21   of Fuel Products in this case. The basis of Phillips'  
22   motion to dismiss was a claim that Fuel Products had not  
23   negotiated in good faith prior to filing its application  
24   for compulsory pooling in this case.

25          In response to the motion to dismiss and to

1 evidence presented at the hearing on July 13th, Fuel  
2 Products established that it had, in fact, negotiated with  
3 Phillips at least since September of 1999 regarding the  
4 specific proposal of the well since April of this year.

5 A proposed order has been submitted to Examiner  
6 Ashley, and at the conclusion of the hearing on July 13th,  
7 2000, Examiner Ashley denied Phillips' motion to dismiss,  
8 and the parties jointly requested a two-week continuance.

9 The sole reason for the continuance was to allow  
10 Phillips Petroleum additional time to consider Fuel  
11 Products' proposal in this case.

12 Mr. Examiner, as I have mentioned, Fuel Products  
13 has negotiated with Phillips for many months and has yet to  
14 reach an agreement. Phillips' attorney, despite requesting  
15 a two-week continuance, is not present at this hearing, and  
16 as a result, Mr. Examiner, I request that this case be  
17 taken under advisement, that Fuel Products' Application in  
18 this case be granted and that the order in this case be  
19 expedited and be issued as soon as possible.

20 MR. HALL: Mr. Examiner, at the hearing we  
21 presented testimony and expressed a concern with respect to  
22 the fact that Nearburg had certain farmout rights that were  
23 nearing termination, and we had requested an expedited  
24 order. There remains acreage at risk in Section 18, which  
25 is the Application, as well in the adjoining Section 19.

1           We've reviewed the form of order and concur with  
2           it, and again request expedited issuance of the order.

3           EXAMINER CATANACH: Okay. At the request of  
4           Applicant in this case, Case 12,446 will be taken under  
5           advisement.

6           MR. OWEN: Thank you, Mr. Examiner.

7           (Thereupon, these proceedings were concluded at  
8           9:35 a.m.)

9                           \* \* \*

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15  
16           I ~~do~~ hereby certify that the foregoing is  
17           a complete record of the proceedings in  
18           the Examiner hearing of Case No. BK,  
19           heard by me on Feb 27 1900.

20                           David R. Catnach, Examiner  
21                           Oil Conservation Division  
22  
23  
24  
25

## 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 July 28th, 2000.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002