

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. 12,715
)
 APPLICATION OF PERMIAN RESOURCES, INC.,)
 FOR COMPULSORY POOLING, LEA COUNTY,)
 NEW MEXICO)
 _____)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Hearing Examiner

October 18th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Hearing Examiner, on Thursday, October 18th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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OIL CONSERVATION DIV.
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I N D E X

October 18th, 2001
 Examiner Hearing
 CASE NO. 12,715

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 13	4	8
Exhibit 14	6	8

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

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

ALSO PRESENT:

MICHAEL E. STOGNER
 Hearing Examiner
 New Mexico Oil Conservation Division
 1220 South Saint Francis Drive
 Santa Fe, NM 87501

* * *

1 WHEREUPON, the following proceedings were had at
2 9:30 a.m.:

3 EXAMINER BROOKS: The hearing will come to order
4 again. Call Case Number 12,715, Application of Permian
5 Resources, Inc., for compulsory pooling, Lea County, New
6 Mexico.

7 Call for appearances.

8 MR. HALL: Mr. Examiner, Scott Hall, Miller
9 Stratvert Torgerson law firm, Santa Fe, appearing on behalf
10 of the Applicant, Permian Resource, Inc. I have no
11 witnesses this morning.

12 EXAMINER BROOKS: Other appearances?

13 Very good, you may proceed.

14 MR. HALL: Mr. Examiner, on our request this case
15 was reopened. The case was originally heard at the
16 September 6th Division Examiner docket.

17 At the time the case was presented to you, the
18 Applicant thought it had in hand a lease from one of the
19 unleased mineral interest owners that was the subject of
20 the force pooling action. It turned out not to be the
21 case. We requested that the case be reopened to pool that
22 additional interest.

23 You may wish to refer to the case file and take
24 before you Exhibit 3. That exhibit is a breakout of all of
25 the mineral ownership in the south half of the southeast

1 quarter of Section 7, Township 16 South, Range 36 East.
2 You'll recall that Permian seeks to pool only the Wolfcamp
3 formation in those lands. The pooling Application was
4 limited to unleased mineral interest only.

5 The second page of Exhibit 3 will show an
6 interest for Gus Delonas with an address in Spring, Texas.
7 I am advised by my client that the Gus Delonas interest is
8 the current record title interest for that small fractional
9 interest, .3125 percent. We are advised that Gus Delonas
10 is deceased, he died intestate, Texas resident. There has
11 been no probate proceeding in either Texas or New Mexico.
12 He left a widow and two sons. However, because of the lack
13 of probate, record title, as I say, remains in the name of
14 Gus Delonas.

15 The Applicant, as I said, thought it had received
16 a lease from Dorothy Delonas, Gus Delonas' widow. It
17 turned out not to be the case, so we're here to pool that
18 interest again.

19 If you would refer to what's been marked as
20 Exhibit 13, Mr. Examiner, Exhibit 13 is a compilation of
21 letters and lease offers that were sent to Dorothy Delonas
22 on July 17th whereby Permian sought a mineral deed and also
23 the execution of an affidavit of death and heirship,
24 followed up by a letter, August 14th, to Dorothy Delonas,
25 which was a lease offer, followed as well by letters, both

1 dated August 14th, 2001, to James Delonas and to Terry
2 Delonas, the two Delonas sons, also offering to lease their
3 interest and have them execute the affidavit of heirship.

4 EXAMINER BROOKS: Okay, if I may interrupt, I
5 don't believe this copy -- this is what appears to be what
6 you're referring to. It has a date of July 17th, 2001,
7 directed to Dorothy Delonas and has a line of signature for
8 William L. Porter, CPL. However, the copy I have is not
9 exhibit-stamped.

10 MR. HALL: I'll switch with you.

11 EXAMINER BROOKS: Okay.

12 MR. HALL: We'll have a full record.

13 EXAMINER BROOKS: Is the court reporter's copy
14 exhibit-stamped?

15 MR. HALL: Yes, that's right here.

16 EXAMINER BROOKS: Oh, okay, I see. I'm sorry, I
17 didn't see it. Thank you.

18 Okay, you may continue.

19 MR. HALL: The upstart of all of that, Mr.
20 Examiner, is that as of today Permian still does not have
21 that lease interest in hand for that small interest. The
22 breakout for the decimal interest attributable to Gus
23 Delonas is quite small for the entire 160 acres -- Well, I
24 should back up.

25 For the south half of the southeast quarter the

1 decimal interest is .003125, for the 160-acre well
2 interest, grossed up royalty interest would be .0015625.
3 Under the pooling statute there would be an assumed 1/8 -
4 7/8 breakout. The working interest assumed post-pooling
5 would be .0013671, and the royalty interest that would
6 result .0001953.

7 In view of the very small interests, you can why
8 we didn't elect to fly a witness up from Midland to present
9 this case.

10 Exhibit 14, Mr. Examiner, is my notice affidavit
11 and the notice letter that went out subsequent to the
12 September 6th hearing. It got no response, there's been no
13 entry of appearance for the Delonas interest to my
14 knowledge.

15 We would consequently move the admission of
16 Exhibits 13 and 14.

17 I would also advise the Examiner that earlier we
18 had sought the pooling of the interests of two individuals.
19 Subsequent to the September 6th hearing, we received leases
20 from those particular individuals, and they may be
21 dismissed from any order that results. They are reflected
22 on page 3 of Exhibit 3, and they are Kostas Rallis, from
23 Greece --

24 EXAMINER BROOKS: Okay.

25 MR. HALL: -- and Erikles Papadopoulos, also from

1 Greece.

2 EXAMINER BROOKS: Okay, at this time is Mr.
3 Delonas the only interest that you don't have committed?

4 MR. HALL: No, sir, the other interest owners we
5 sought to pool at the September 6th hearing still stand.
6 They are shown on Exhibit 3: James Holden, Jr., Mary Van
7 Wyk, Nancy Fox, David Marshall, Miriam Christopher,
8 Sotirios Rallis and Andrei Rallis. I believe that's it.

9 EXAMINER BROOKS: Okay. Our normal procedure in
10 compulsory pooling cases is to pool all uncommitted
11 interests, whatever they may be, and now did you -- You
12 said that you were asking only for pooling of unleased
13 mineral interests. Is the working interest all covered
14 by -- working interest under the existing leases all
15 covered by an operating agreement?

16 MR. HALL: Yes, sir.

17 EXAMINER BROOKS: Okay. So if we pool all the
18 uncommitted interests, whatever they may be, we'll cover
19 all the people you --

20 MR. HALL: Yes, and as I said, they are simply
21 unleased mineral interest --

22 EXAMINER BROOKS: Yeah, there's not anybody
23 you're excluding that's not a committed -- that would not
24 be described as a committed interest?

25 MR. HALL: That's correct.

1 EXAMINER BROOKS: Okay, very good. Anything
2 further?

3 MR. HALL: No, sir. Move the admissions of 13
4 and 14, and that's it.

5 EXAMINER BROOKS: Okay, very good. Applicant's
6 Exhibits 13 and 14 will be admitted.

7 And if there is nothing further, Case Number
8 12,715 will be taken under advisement.

9 (Thereupon, these proceedings were concluded at
10 9:40 a.m.)

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Received by the Clerk of the Court
for the District of Columbia
Case No. 12715
Oct 18, 2001
David K. Brooks
Clerk of the Court

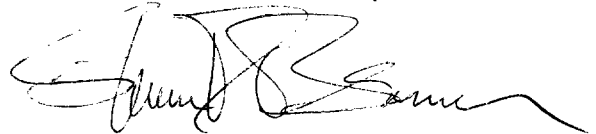
CERTIFICATE OF REPORTER

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 October 21st, 2001.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002