

NEW MEXICO OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
STATE OF NEW MEXICO
CASE NO. 10430

IN THE MATTER OF:

The Application of Harvey E.
Yates Company for compulsory
pooling, Lea County, New Mexico.

BEFORE:

MICHAEL E. STOGNER
Hearing Examiner
State Land Office Building
December 19, 1991

REPORTED BY:

DEBBIE VESTAL
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

Post Office Box 2208
Santa Fe, New Mexico 87504-2208

BY: WILLIAM F. CARR, ESQ.

I N D E X

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Appearances

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Statement by Mr. Carr

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Certificate of Reporter

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1 EXAMINER STOGNER: We'll call the next
2 case, 10430.

3 MR. STOVALL: Application of Harvey E.
4 Yates Company for compulsory pooling, Lea County,
5 New Mexico.

6 EXAMINER STOGNER: Call for
7 appearances.

8 MR. CARR: May it please the Examiner,
9 my name is William F. Carr with the law firm,
10 Campbell, Carr, Berge & Sheridan of Santa Fe. I
11 represent Harvey E. Yates Company, and I have a
12 statement to make.

13 EXAMINER STOGNER: Okay, Mr. Carr.

14 Any other appearances in this matter?

15 There being none, please continue, Mr.
16 Carr.

17 MR. CARR: Mr. Stogner, by Oil
18 Conservation Division Order No. R-9579, entered
19 in Case 10365, the Division entered an order
20 compulsory pooling of the northwest quarter of
21 the northeast quarter of Section 32, Township 18
22 South, Range 33 East.

23 This is the very same acreage which is
24 the subject of this application. That case was
25 an application filed on behalf of Harvey E. Yates

1 seeking authority to pool this land for the
2 purpose of drilling their Atlantic 34 State No. 4
3 well at a standard location.

4 Subsequent to the entry of that order,
5 HEYCO obtained administrative approval to move
6 the Atlantic State No. 4 well to the southeast of
7 the northwest of this section and drilled the
8 well at a standard location.

9 In this application we're again seeking
10 an order pooling the same lands. The only change
11 in fact has been, one, the well number, and two,
12 that when they spudded the well, they had to skid
13 the rig 11 feet because they had some problems in
14 drilling.

15 They were required under the prior
16 order to drill a well by December 15, and they
17 did. They drilled it at a standard location and
18 lost the drill column. They redesignated the
19 well the 6-Y. It is now at a location 341 feet
20 from the north line and 2310 from the east line.

21 This is one of a series of cases that
22 involves the forced pooling of the interest of
23 one Edgar Braun, who owns a 1.0012658 working
24 interest in the tract.

25 As you may recall, we've been before

1 you pooling Mr. Braun's interest on a number of
2 occasions. He has advised us repeatedly that we
3 are not to write to him by certified mail. He
4 has advised us repeatedly that we are not to
5 address him -- send the letters to his home. And
6 when we send them to his office, we have received
7 letters directing us not to communicate with him
8 at his office.

9 And so because of the problems we've
10 had with him, we went forward with the case.
11 I've reviewed this earlier in the week with Mr.
12 Stovall. Because of the circumstances --

13 MR. STOVALL: What?

14 MR. CARR: Because of the circumstances
15 surrounding this matter, HEYCO at this time would
16 request that, one, either the existing well be
17 considered to have been drilled under the prior
18 order that the prior well was effective, although
19 they changed the name of the well and moved it to
20 another standard location eleven feet away, or in
21 the alternative, that a new order be entered and
22 that we be permitted to incorporate the record
23 from the previous case, being Case 10365.

24 I have by certified mail written Mr.
25 Braun at both his home and his office.

1 EXAMINER STOGNER: At which you were
2 instructed not to do.

3 MR. CARR: Not to do. And I do have an
4 affidavit if you determine that the second
5 alternative is appropriate and we should enter a
6 new order.

7 That's basically where we stand on this
8 matter.

9 EXAMINER STOGNER: Do you have both
10 addresses that you can leave with us so that we
11 can submit him an order when it comes out?

12 MR. CARR: I have both addresses. As
13 you may recall, he's an attorney with the San
14 Francisco firm of Goldstein & Goldstein and has
15 advised us that he's tired of dealing with the
16 cowboys in New Mexico.

17 MR. STOVALL: Is that in writing, Mr.
18 Carr?

19 MR. CARR: It will be soon.

20 MR. STOVALL: I remember Mr. Bill
21 testifying he's a whole lot smarter -- Mr. Braun
22 is a whole lot smarter than the cowboys in New
23 Mexico too.

24 MR. CARR: That's right.

25 MR. STOVALL: All the comments about

1 Mr. Braun aside, I think my discussion with Mr.
2 Carr -- I will admit that I did talk to Mr. Carr
3 before today -- is that that order pooled those
4 interests for a well at a standard location in
5 these pools. And I don't think that the name of
6 the well or an 11-foot skid has anything
7 substantial to do with the property rights
8 affected.

9 I think that I would recommend that we
10 can interpret that that well was properly drilled
11 under the prior order and that those interests
12 are pooled. You did say that the well was
13 commenced before the expiration date.

14 MR. CARR: Yes, it was. It was
15 commenced. And he was sent an AFE, and the order
16 was complied with.

17 EXAMINER STOGNER: Excuse me. I do
18 have a point of issue, though. The original
19 well, the No. 6 --

20 MR. CARR: Yes, sir.

21 EXAMINER STOGNER: -- how deep was it
22 before it had to be spudded over?

23 MR. CARR: Mr. Stogner, I don't know.
24 They had to skid the rig when they lost a drill
25 column, and that's all the information I have on

1 it. We can certainly advise you.

2 EXAMINER STOGNER: Obviously, there was
3 some cost incurred in the spudding of the
4 original well and then plugging it off and
5 skidding over. How will those costs --

6 MR. CARR: They were reasonable costs
7 incurred in drilling the well. That's part of
8 the risk involved. And he would be asked to pay
9 his 1.0012658 share of it.

10 EXAMINER STOGNER: Mr. Stovall --

11 MR. STOVALL: Yes. I think that would
12 be fine. Had they not redesignated the well
13 name, we wouldn't even be talking about this.
14 The only thing that even caused the well to come
15 up here is that they changed the well number on
16 it. And that is certainly insignificant.

17 Had they kept calling it the No. 4,
18 he'd have to pay all those costs, presuming -- he
19 has the right to challenge them if he doesn't
20 think they're reasonable.

21 So I don't have a problem with that.

22 EXAMINER STOGNER: I do agree with
23 losing on a collar hole and having to skid back
24 is part of the risk, but should that be clarified
25 in this particular instance, considering we do

1 write an order or I issue an order or make a
2 recommendation to Mr. LeMay to accept the
3 original compulsory pooling order but making
4 clear that all costs are incurred?

5 MR. STOVALL: What the recommendation
6 should be is that we dismiss this case and that
7 we understand that that well was drilled under
8 the prior order and the only order that will be
9 entered in this case would be an order of
10 dismissal.

11 And then, again, the ball is in Mr.
12 Braun's court to challenge those costs.

13 MR. CARR: If he thinks they're
14 inappropriate, he has the right to do it. My
15 real feeling is is that the case should be
16 dismissed. The only concern I have was not even
17 the change in well number but the fact that they
18 had to skid the rig. It's still the standard
19 location.

20 MR. STOVALL: They started the well
21 at the original location. Again, it was only
22 Yates -- or excuse me, HEYCO's question of "Gee,
23 is this the same well, or isn't it?" And that
24 was caused by the well number; right?

25 MR. CARR: Uh-huh.

1 EXAMINER STOGNER: I don't have a copy
2 of that order in front of me, but I'm assuming
3 that the well number was discussed in the order.

4 MR. CARR: To drill the No. 4 Atlantic
5 or whatever it was was there.

6 EXAMINER STOGNER: No. 4.

7 MR. STOVALL: That was the original
8 number of the well.

9 MR. CARR: Atlantic 34 State No. 4
10 well. They then using the same number got
11 administrative approval to drill it on another
12 40-acre tract. They then came back and under the
13 previous order timely spudded.

14 MR. STOVALL: The forced pooling order
15 pools mineral interests in a specific parcel of
16 land, and the well name is insignificant to
17 that.

18 MR. CARR: They originally filed the
19 well, the new application for the No. 6, it would
20 be the Atlantic 34 State No. 6. When they
21 skidded it, they changed the designation to the
22 No. 6-Y.

23 EXAMINER STOGNER: In dismissing this
24 case, my understanding is that the original order
25 will go through, making the costs incurred in

1 both wells, the original well, whatever that
2 number is, and this new 6-Y well, which I assume
3 has probably been completed by now, if not
4 nearing Td.

5 MR. CARR: I think it's nearing Td. I
6 think they spudded perhaps on the 14th.

7 EXAMINER STOGNER: Hopefully we won't
8 have a No. 6-Y-Y.

9 MR. CARR: Hopefully.

10 EXAMINER STOGNER: With that I guess we
11 can take this case under advisement, since my
12 recommendation is to Mr. LeMay, and I can't rule
13 really from the bench in these particular
14 matters.

15 MR. STOVALL: To dismiss it, yes, that
16 is correct.

17 EXAMINER STOGNER: So Case No. 10430
18 will be taken under advisement at this time.

19 (The proceedings were concluded.)
20
21

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 10430,
25 heard by me on 12 December 19 91.

 , Examiner
Oil Conservation Division

1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4 COUNTY OF SANTA FE) ss.

5
6 I, Debbie Vestal, Certified Shorthand
7 Reporter and Notary Public, HEREBY CERTIFY that
8 the foregoing transcript of proceedings before
9 the Oil Conservation Division was reported by me;
10 that I caused my notes to be transcribed under my
11 personal supervision; and that the foregoing is a
12 true and accurate record of the proceedings.

13 I FURTHER CERTIFY that I am not a
14 relative or employee of any of the parties or
15 attorneys involved in this matter and that I have
16 no personal interest in the final disposition of
17 this matter.

18 WITNESS MY HAND AND SEAL DECEMBER 27,
19 1991.

20
21
22 
23 _____
24 DEBBIE VESTAL, RPR
25 NEW MEXICO CSR NO. 3