

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

13 February 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Explor-  
ation and Production Company for CASE  
compulsory pooling, Eddy County, 8482  
New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin  
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P. O. Box 2265  
Santa Fe, New Mexico 87501

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I N D E X

KELLY LANCASTER

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3 MR. STOGNER: We will now call  
4 Case Number 8482, which is out of order.

5 MR. TAYLOR: The application of  
6 Tenneco Oil Exploration and Production Company for compul-  
7 sory pooling, Eddy County, New Mexico.

8 MR. KELLAHIN: If the Examiner  
9 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing  
10 on behalf of the applicant, and I have one witness to be  
11 sworn.

12 MR. STOGNER: Are there any  
13 other appearances in this matter?

14 Will the witness please stand  
15 and be sworn?

16 (Witness sworn.)

17 MR. KELLAHIN: Mr. Examiner,  
18 we've given you a package of exhibits, the top page of which  
19 is, for your convenience, our amended application.

20 We're seeking in this case to  
21 force pool royalty interests only.

22 The well has been commenced but  
23 in order to proportion or apportion the interest of these  
24 royalty owners to the 320-acre proration unit, we need a  
25 forced pooling order under the statute.

I have one witness, Miss Kelly

1 Lancaster, a petroleum landman from Tenneco.

2  
3 KELLY LANCASTER,  
4 being called as a witness and being duly sworn upon her  
5 oath, testified as follows, to-wit:

6  
7 DIRECT EXAMINATION

8 BY MR. KELLAHIN:

9 Q Miss Lancaster, for the record would you  
10 please state your name and occupation?

11 A Kelly Lancaster. I'm a landman with Ten-  
12 neco Oil Company.

13 Q You'll have to speak up. You're soft  
14 spoken. You'll have to speak up.

15 A Okay.

16 Q Would you describe for the Examiner what  
17 has been your educational background and work experience as  
18 a petroleum landman?

19 A I have a degree from the University of  
20 Texas in petroleum land management.

21 Upon graduation I worked for Sun Explora-  
22 tion and Production Company as a landman for three years.

23 I am now a landman with Tenneco Oil Com-  
24 pany.

25 Q Pursuant to your employment by Tenneco  
Oil Company with regards to land matters, have you made a  
study of the ownership with regards to the east half of Sec-

1 tion 12, Township 24 South, Range 28 East, Eddy County, New  
2 Mexico?

3 A Yes, I have.

4 MR. KELLAHIN: We submit Miss  
5 Lancaster as an expert petroleum landman.

6 MR. STOGNER: She is so quali-  
7 fied.

8 Q Miss Lancaster, let me direct your atten-  
9 tion to what we've marked as Exhibit Number One and have you  
10 identify for the Examiner the spacing and proration unit  
11 that's the subject of this hearing.

12 A It is the east half of Section 13, Town-  
13 ship 24 South, Range 28 East, in a 320-acre gas unit.

14 Q Is Tenneco the operator of the well that  
15 is being drilled to test certain deep gas formations in this  
16 unit?

17 A Yes, they are.

18 Q And have 100 percent of the working in-  
19 terest owners been committed to the unit?

20 A Yes.

21 Q Let me show you what is entered in the  
22 record as the amended application and on the second page of  
23 that application let me direct you to the list of names, ad-  
24 dresses, and interest owners.

25 For the Examiner would you identify  
generally what is signified by that list of names?

A This is the list of royalty owners which

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in their oil and gas leases did not have a pooling provision.

Q Let me direct your attention now to Exhibit Number Two, which is the Hanna Lease.

A Okay.

Q Would you identify Exhibit Number Two for us and show us which of the royalty owners are affected by that lease?

A The lease from L. C. Hanna and Alice E. Hanna to ANS is the oil and gas lease which affects Annie Loren Robinson Hunt interest in the northeast quarter of the southeast quarter of Section 13.

Q Is that one of the leases that does not have a pooling provision in it?

A Yes, it is.

Q Would you identify for us Exhibit Number Three, that lease, and tell us which of the royalty owners listed on the application for pooling are affected by that lease?

A This is an oil and gas lease from Guillermo Ruiz and Flora Ruiz to ANS and R. A. T. Wright.

It affects the remainder of the royalty owners there on the list.

Q Once you became aware that you had two oil and gas leases without pooling provisions, did you make any effort to contact these individuals?

A Yes, I did. I wrote them a letter Novem-

1  
2 ber 15th, 1984, explaining Tenneco's plans to drill an Atoka  
3 Morrow well in the east half of Section 13.

4 I also explained to them that their oil  
5 and gas leases did not provide for pooling to form a 320-  
6 acre unit.

7 I sent them an amendment to their oil and  
8 gas lease, which would amend their oil and gas lease to pro-  
9 vide for a 320-acre lease.

10 Q Is that marked as Exhibit Number Four in  
11 this hearing?

12 A Yes.

13 Q What, if any, response did you receive  
14 from any of the individuals to whom you sent that letter?

15 A I have received a response from one of  
16 the royalty owners, being Juan G. Ruiz. On November 23rd,  
17 1984, I received a letter from him.

18 Q All right, that's Exhibit Number Five.  
19 What, if any, response did you make to Mr. Ruiz, to his let-  
20 ter?

21 A On December 3rd I wrote a response to Mr.  
22 Ruiz explaining to him that we were -- exactly what we were  
23 trying to do. He had some questions about some shallow pro-  
24 duction he was not receiving payment for, which I notified  
25 him that Tenneco was not the operator of the shallow produc-  
tion and who was, and that he needed to contact them concer-  
ning that matter, and reiterated to him what we were trying  
to do and what we needed from him.

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Q All right, and what is the next correspondence to transpire between you and Mr. Ruiz?

A I telephoned Mr. Ruiz, I don't know the date, in Reedley, California, and did not have any luck in communicating whatsoever with him on what we were trying to do.

Q Let me direct your attention to Exhibit Number Seven, which is a handwritten note on the --

A HNG Oil Company run statement.

Q All right, that's Exhibit Number Seven. Would you identify that?

A This was a letter that I received from Mr. Ruiz, I guess concerning this matter; I don't know for sure.

Q All right. Let me direct your attention to Exhibit Number Eight, which is a letter of December 17th, '84.

A Okay. At the time I spoke with Mr. Ruiz he indicated that his brother Bill also lived with him there and had not received the amendment to the oil and gas lease. One had been sent to him but he claimed that he had not received it; therefore I sent another amendment to Bill C. Ruiz. I also sent another one to Juan Ruiz and asked them to please sign it and send it back.

Q As of the current date for the individuals listed on the application, Miss Lancaster, which of those individuals have executed the necessary documents to



1 commit their royalty interest to the well?

2 A Esmera R. Carrasco has executed an amend-  
3 ment.

4 Q None of the others have?

5 A No.

6 Q Let me direct your attention now to Exhi-  
7 bit Number Nine.

8 MR. KELLAHIN: Mr. Examiner,  
9 Exhibit Number Nine is the return receipt cards showing that  
10 all the individuals received a copy of the original applica-  
11 tion in this case and the amended application.

12 Those were sent out by my of-  
13 fice.

14 MR. STOGNER: On what date?

15 MR. KELLAHIN: They were sent  
16 out on the 23rd of January. There were two mailings as of  
17 that date, so you'll see two cards for each person.

18 One letter was the original ap-  
19 plication. The second one was the amended application. The  
20 amendment simply better describes the deep gas formations to  
21 be tested, and that was the only change.

22 MR. STOGNER: Thank you.

23 Q Miss Lancaster, in your opinion will ap-  
24 proval of this application prevent waste, protect correla-  
25 tive rights, and promote conservation?

A Yes.

MR KELLAHIN: We move the in-



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Case Number 8482 this morning?

If not, this case will be taken  
under advisement.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division was reported by me; that the said  
transcript is a full, true, and correct record of the  
hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing transcript is  
a complete and correct record of the hearing  
the Examiner heard by me on 13 February 1985.  
Michael E. Stogner, Examiner  
Oil Conservation Division