

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

19 February 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for	CASE
compulsory pooling, , Lea County,	8689
New Mexico.	

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Jeff Taylor
Division:	Legal Counsel to the Division
	Oil Conservation Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

For the Applicant:	William F. Carr
	Attorney at Law
	CAMPBELL & BLACK P. A.
	P. O. Box 2208
	Santa Fe, New Mexico 87501

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I N D E X

STATEMENT BY MR. CARR	3
RUTH SUTTON	
Direct Examination by Mr. Carr	4
Cross Examination by Mr. Stogner	11

E X H I B I T S

Hartman Exhibit One, Plat	6
Hartman Exhibit Two, Letter	7
Hartman Exhibit Three, Completion Report	7
Hartman Exhibit Four, Title Opinion	7
Hartman Exhibit Five, Letters	8
Hartman Exhibit Six, List	9
Hartman Exhibit Seven, Notice	9

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MR. STOGNER: Call next Case
Number 8689.

MR. TAYLOR: The application of
Doyle Hartman for compulsory pooling, Lea County, New Mexi-
co.

MR. STOGNER: Call--

MR. CARR: May it please --

MR. STOGNER: I'll call for ap-
pearances now.

MR. CARR: May it please the
Examiner, my name is William F. Carr with the law firm Camp-
bell & Black, P. A., of Santa Fe. We represent Mr. Hartman
and I have one witness.

MR. STOGNER: Are there any
other appearances?

Will the witnesses please stand
and be sworn?

(Witness sworn.)

MR. CARR: Mr. Examiner, by way
of an opening statement, Mr. Hartman acquired certain inter-
est in the subject spacing or proration unit in December of
1981. He had normal title work done and drilled the Justis

1 Christmas Well No. 1 in February of 1982.

2 While preparing Division Order
3 title opinion, it was discovered that there were several old
4 leases concerning some town lots within the general area of
5 the City of Jal and that these old leases did not contain
6 pooling provisions.

7 The well was drilled,
8 completed, it paid out in September of 1983.

9 Since it was discovered that
10 there were these royalty interest owners who had not been
11 brought into the unit initially, efforts have been made to
12 obtain their joinder and of the 76, or so, royalty interest
13 owners involved, 40 of them have voluntarily joined in the
14 well.

15 We now need to come -- we now
16 are here before you seeking a pooling order.

17 Since all we are looking at
18 here are some very small royalty interests, we're not
19 seeking a risk penalty, we're not seeking an order that
20 provides for administrative or overhead charges.

21 And we have one witness, who is
22 a land witness and if you're ready, Mr. Examiner, I will
23 call Miss Sutton at this time.

24 MR. STOGNER: Oh, I'm ready.

25 MR. CARR: All right.

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RUTH SUTTON,

being called as a witness and being duly sworn upon her
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name, please?

A Now, Miss Sutton, where do you reside?

A Midland, Texas.

Q By whom are you employed?

A Doyle Hartman.

Q And in what capacity?

A A landman.

Q Have you previously testified before this
Division and had your credentials as a landman accepted and
made a matter of record?

A Yes, I have.

Q Are you familiar with the subject well
and the area which is the subject of today's pooling appli-
cation?

A Yes, I am.

Q Are you familiar with the application
filed in this case on behalf of Mr. Hartman?

A Yes.

1 MR. CARR: Are the witness'
2 qualifications acceptable?

3 MR. STOGNER: Miss Sutton is so
4 qualified.

5 Q Miss Sutton, what does Mr. Hartman seek
6 with the application today?

7 A We would like to pool those interests of
8 royalty owners that are covered by leases which do not have
9 provision for pooling.

10 Q Would you refer to what has been marked
11 as Exhibit Number One, identify this, and review it for Mr.
12 Stogner?

13 A This is a plat showing the proration unit
14 for the Justis Christmas No. 1 and the Justis Christmas No.
15 1 Well, which is 2225 from the north and 790 from the west.

16 Q When was this acreage acquired by Mr.
17 Hartman?

18 A In December, 1981.

19 Q And when was the subject well drilled?

20 A It was drilled February, 1982.

21 Q Is this well at a standard location?

22 A No.

23 Q Was Division approval obtained for the
24 nonstandard well location, the nonstandard proration unit, I
25 mean?

1 A Yes. Exhibit Number Two, that's the let-
2 ter dated January 6th, 1982.

3 Q And this is Administrative Order NSP
4 1275?

5 A Yes.

6 Q Would you identify what has been marked
7 as Hartman Exhibit Number Three?

8 A Exhibit Number Three is a copy of a com-
9 pletion report showing that this Justis Christmas Well was
10 completed as a Jalmat gas well on February 15, 1982.

11 Q Would you now go to what is marked as
12 Hartman Exhibit Number Four and identify this?

13 A This is a Division Order Title Opinion
14 dated September 16, 1983, by Atwood, Malone Firm. Bob
15 Strand is here. He did the title opinion if anyone has any
16 questions.

17 Q And what does this title opinion indi-
18 cate?

19 A It indicates that there were some royalty
20 interests that were covered by leases that did not have
21 pooling provisions, and therefore they would have to ratify
22 the proration unit.

23 Q And is that contained on page 24 of this
24 title opinion?

25 A Yes.

1 Q What efforts have you made since discov-
2 ering these royalty interest owners to obtain their joinder
3 in the well?

4 A Exhibit Number Five is some examples of
5 letters that we wrote. The first letter was sent to all the
6 royalty owners for which we had addresses on January 10,
7 1984.

8 Then we made a continuous effort, really,
9 since that time. We wrote follow-up letters to some, made
10 several phone calls.

11 Q Have you -- did you find -- acquire some
12 additional addresses in the course of your work?

13 A Yes, we did.

14 Q And were those individuals also written
15 along with all those who had not joined in 1985?

16 A That's right.

17 Q How many of the interest owners have you
18 been able to obtain voluntary joinder from?

19 A Approximately 36.

20 Q When was the most recent ratification
21 received?

22 A On January 16, 1986.

23 Q Are there also some interest owners whose
24 location and identity you've been unable to ascertain?

25 A Yes, quite a few.

1 Q What efforts have you made to locate
2 these individuals?

3 A We've tried to contact relatives; there
4 are several generations involved here from the period or
5 from the person who gave the first lease, since they were so
6 old, and we've checked the county records; we've tried to
7 contact relatives; we've done everything that we know.

8 Q In your opinion has Mr. Hartman made a
9 good faith effort to locate all interest owners and obtain
10 their voluntary joinder in the well?

11 A Yes.

12 Q What royalty interest owners will be the
13 subject of today's pooling hearing if, in fact, the order is
14 entered?

15 A They are listed on Exhibit Six. I be-
16 lieve there are 40, 1, 40 or 41 still left.

17 Q And the percentage of their royalty
18 interest is set forth opposite their names.

19 A Yes.

20 Q Has notice been given to each of these
21 interest owners as required by the new Oil Conservation
22 Division rules?

23 A Yes, that is Exhibit Number Seven.

24 Q And does Exhibit Number Seven contain all
25 the return receipts which have been received to date from

1 the letter giving notice?

2 A All that have been received, yes. We
3 will forward the rest when they are received.

4 Q Was notice previously given to these in-
5 terest owners in October of 1985 concerning the case when it
6 was originally docketed?

7 A Yes.

8 Q And were return receipts received from
9 each of the interest owners at that time?

10 A I believe so.

11 Q Does Mr. Hartman seek to be designated
12 operator of the subject well?

13 A Yes.

14 Q In your opinion will granting this
15 application be in the best interest of conservation, the
16 prevention of waste, and the protection of correlative
17 rights?

18 A Yes.

19 Q Were Exhibits One through Seven either
20 prepared by you or compiled under your direction and
21 supervision from Mr. Hartman's files?

22 A Yes, they were.

23 MR. CARR: Mr. Stogner, at this
24 time we would offer into evidence Hartman Exhibits One
25 through Seven.

1 MR. STOGNER: Exhibits One
2 through Seven will be admitted into evidence.

3 MR. CARR: And that concludes
4 my direct examination of Miss Sutton.

5

6 CROSS EXAMINATION

7 BY MR. STOGNER:

8 Q Miss Sutton, please bear with me here.

9 Let's go to Exhibit Number Six. As I un-
10 derstand it, these are the royalty owners that are being
11 pooled, is that correct?

12 A Yes.

13 Q Okay. How many of these on this list in
14 Exhibit Six that you had addresses on have you got a return
15 receipt from?

16 MR. CARR: Mr. Stogner, the Ex-
17 hibit Number Seven shows how many we have received as of to-
18 day.

19 We did send notice of this
20 hearing back in October when the case was originally doc-
21 keted. It has been continued several times and so because
22 of your new rules, we sent a new letter that complied with
23 those rules.

24 I can tell you, and I do have
25 return receipts from all of these interest owners based on

1 the October mailing. They were slow coming in; some of them
2 were hard to find and it just took time to get them back,
3 but we did give notice to everyone in October and we will
4 submit the rest of the receipts as we receive them.

5 MR. STOGNER: Okay, I have no
6 further questions of Miss Sutton.

7 Are there any other questions
8 of this witness?

9 MR. CARR: No further ques-
10 tions.

11 MR. STOGNER: If not, you may
12 be excused.

13 Mr. Carr?

14 MR. CARR: Nothing further in
15 this case.

16 MR. STOGNER: Does anyone --
17 does anybody else have anything further in Case Number 8689?

18 If not, this case will be taken
19 under advisement.

20

21 (Hearing concluded.)

22

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY the foregoing Transcript of Hearing before
the Oil Conservation Division (Commission) 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 is
a complete record of the proceedings in
the Examiner hearing of Case No. 8689,
heard by me on 19 February 1986.

Michael E. Loggins, Examiner
Oil Conservation Division