

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

20 May 1986

COMMISSIONER HEARING

IN THE MATTER OF:

Application of TXO Production Corp.      CASE  
for compulsory pooling, Lea County,      8783  
New Mexico.

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

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 TXO:      Chad Dickerson  
Attorney at Law  
DICKERSON, FISK, & VANDIVER  
Seventh & Mahone/Suite E  
Artesia, New Mexico 88210

For Santa Fe Energy:      James G. Bruce  
Attorney at Law  
HINKLE LAW FIRM  
P. O. Box 2068  
Santa Fe, New Mexico 87501

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. STAMETS: I believe we can also take care of Case 8783, and that will take just a few minutes and let these folks go home.

So with that let me call Case 8783.

MR. TAYLOR: The application of TXO Production Corporation for compulsory pooling, Lea County, New Mexico.

MR. DICKERSON: Mr. Examiner, I'm Chad Dickerson of Artesia, New Mexico, appearing on behalf of TXO, and we have, we think, resolved this case, Mr. Examiner.

MR. BRUCE: Mr. Examiner, my name is Jim Bruce from the Hinkle Law Firm in Santa Fe, representing Santa Fe Energy Company, which is the successor in interest to Joseph Sprinkle in this matter, and if I may just make a brief statement, TXO, of course, pooled Joseph Sprinkle in Case Number 8783.

Pursuant to the order issued in that case TXO sent a schedule of well costs to Mr. Sprinkle with 30 days to elect.

The election date was stayed by the OCD pending this de novo hearing but the election date ends today, May 20th.

1                   In the early part of May, 1986,  
2 Santa Fe Energy Company acquired the interests of Mr. Sprin-  
3 kle, which are the subject of Case Number 8783, De Novo.  
4 Santa Fe Energy Company acquired its interests subject to  
5 the order issued in Case Number 8783.

6                   Santa Fe Energy Company does  
7 not oppose the forced pooling sought by TXO and Santa Fe  
8 Energy Company and TXO have agreed that Santa Fe shall have  
9 until June 4th, 1986, to elect whether to pay its share of  
10 well costs for Sprinkle -- for the Sprinkle No. 4 Well,  
11 which is the subject of this case, and asks that the  
12 Commission recognize this date in its order.

13                   MR. STAMETS: And, Mr.  
14 Dickerson, I presume TXO would also ask for a new date on  
15 which to begin the well, so something on the order of ninety  
16 days from the date of today's hearing.

17                   MR. DICKERSON: We have, they  
18 did have a drilling deadline, Mr. Examiner, let me check and  
19 see what they want to do.

20                   MR. STAMETS: But in any event  
21 if -- if we give you ninety days from today and their date  
22 is somewhat shorter, that's not going to be somewhat  
23 shorter, that's not going to be any problem.

24                   MR. DICKERSON: No.

25                   MR. STAMETS: So all we're

1 going to do then as a result of today's hearing is reinstate  
2 the original order with a new date for the election, a new  
3 date for the (not clearly understood).

4 MR. DICKERSON: Correct.

5 MR. BRUCE: That's correct.

6 MR. STAMETS: Anyone else have  
7 anything they wish to add in Case 8783?

8 In that case, an order will be  
9 issued which incorporated those changes as soon as it is  
10 prepared.

11

12 (Hearing concluded)

13

14

15

16

17

18

19

20

21

22

23

24

25

## 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 Con-  
servation Division was reported by me; that the said tran-  
script is a full, true, and correct record of the hearing,  
prepared by me to the best of my ability.

Sally W. Boyd CSR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 8783  
Order No. R-8136-A

APPLICATION OF TXO PRODUCTION  
CORPORATION FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION  
STAYING ORDER NO. R-8136

BY THE DIVISION:

This matter having come before the Division upon the request of Joseph S. Sprinkle for a Stay of Division Order No. R-8136 and the Division Director having considered the request and being fully advised in the premises,

NOW, on this 26th day of February, 1986, the  
Division Director:

FINDS THAT:

(1) Division Order No. R-8136 was entered on January 22, 1986, upon the application of TXO Production Corporation for a compulsory pooling order of the Joseph S. Sprinkle interests.

(2) On February 19, 1986, Joseph S. Sprinkle filed with the Division a request for a De Novo Hearing in this case which is now set for hearing by the Commission on April 9, 1986.

(3) Pursuant to the terms of Division Order No. R-8136 TXO Production Corporation has sent to Joseph S. Sprinkle a notice by which he must make an election to participate in the subject well before the date of the De Novo Hearing.

(4) Division Order No. R-8136 should be stayed in order to assure Mr. Sprinkle will be afforded a reasonable opportunity to make an election following the entry of an order by the Commission.

Case No. 8783  
Order No. R-8136-A

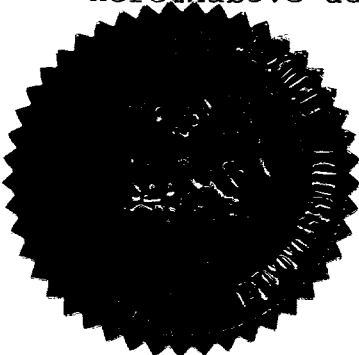
(5) Sprinkle has complied with the provision of Division Memorandum 3-85 and has filed his request for a stay on February 19, 1986.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8136 is hereby stayed in its entirety.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

R. L. STAMETS  
Director

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 8783 DE NOVO  
Order No. R-8136-B

APPLICATION OF TXO PRODUCTION  
CORPORATION FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 20, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of August, 1986, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, TXO Production Corporation, seeks an order pooling all mineral interests in all formations from 4,825 feet beneath the surface to the base of the Bone Spring formation underlying the SE/4 NW/4 (Unit F) of Section 26, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) The matter came on for hearing at 8:15 a.m. on January 22, 1986, at Santa Fe, New Mexico, before Oil Conservation Division Examiner Michael E. Stogner and, pursuant to his hearing, Order No. R-8136 was issued on January 22, 1986, which granted the application.

(4) On February 19, 1986, application for Hearing De Novo was made by Joseph Sprinkle and the matter was set for hearing before the Commission.

(5) On February 26, 1986, Order No. R-8136-A was entered staying said Order No. R-8136.

Case No. 8783 De Novo  
Order No. R-8136-B

(6) The matter came on for hearing de novo on May 20, 1986.

(7) At the time of the hearing, Sprinkle's interest in the unit had been sold to another owner.

(8) Such new owner and TXO have agreed to reinstatement of Order No. R-8136 with provisions for a new participation election date of June 4, 1986 and a new date by which to begin the drilling of the well on the pooled unit of October 7, 1986.

(9) An order consistent with the above findings should be entered.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8136-A staying Order No. R-8136 is hereby rescinded.

(2) All parties subject to the pooling provisions of Division Order No. R-8136 shall have until June 4, 1986, to make their election as to whether or not to participate in the drilling of the well.

(3) The operator of the well, subject to Division Order No. R-8136, is hereby granted an extension of time until October 7, 1986, in which to begin the drilling of such well.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JIM BACA, Member

*Ed Kelley*  
ED KELLEY, Member

*R. L. Stamets*  
R. L. STAMETS,  
Chairman and Secretary



S E A L