

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. 13,424

APPLICATION OF POGO PRODUCING COMPANY)
FOR COMPULSORY POOLING, LEA COUNTY,)
NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 17th, 2005

Santa Fe, New Mexico

2005 MAR 3 AM 8 09

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, February 17th, 2005, 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.

* * *

I N D E X

February 17th, 2005
Examiner Hearing
CASE NO. 13,424

	PAGE
REPORTER'S CERTIFICATE	7

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	5
Exhibit 2	4	5

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 10:20 a.m.:

3 EXAMINER CATANACH: All right, at this time I'll
4 call Case Number 13,424, the Application of Pogo Producing
5 Company for compulsory pooling, Lea County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
8 representing the Applicant. I have no witnesses.

9 EXAMINER CATANACH: Any additional appearances?
10 There being none, you may proceed, Mr. Bruce.

11 MR. BRUCE: Mr. Examiner, this case seeks to
12 reinstate Pooling Order R-12,195-A. In this case Pogo
13 seeks to force pool the east half of Section 30, Township
14 23 South, Range 33 East, from the base of the Cherry Canyon
15 formation to the base of the Morrow formation.

16 The order was entered, I believe, by you
17 originally and then amended once, but the order expired at
18 some point in mid-January, I forget exactly when. And as a
19 result, without drilling the well -- Pogo was drilling a
20 couple of offset wells and is now prepared to move on to
21 this well. So we are merely seeking to reinstate the
22 order.

23 The only interest owner involved is
24 ConocoPhillips Company, who owns an approximate 50-percent
25 working interest in the shallower formations and 43.75-

1 percent interest as to the deep gas rights.

2 Submitted as Exhibit 1 is a statement of Scott
3 McDaniel, a landman for Pogo. There are no attachments to
4 this. If you'd go back to the original case file you would
5 find the correspondence and the various other matters, the
6 AFEs involved with this well, and nothing much has changed
7 since the first order was entered.

8 The parties have been negotiating now for, oh,
9 months and months and months. They're still hopeful
10 they'll come to terms, but ConocoPhillips has just never
11 finalized a farmout. They've been discussing terms for
12 months, and they still might come to terms. But at this
13 point Pogo is in the middle of drilling its second well in
14 this area and will probably be commencing this next well
15 sometime in March and so would like to reinstate the order,
16 just in case ConocoPhillips does not farm out its interest.

17 Submitted as Exhibit 2 is the affidavit of
18 notice. This notice was sent out on January 27th. And in
19 preparing for this hearing yesterday I could not find a
20 green card. And I went to the post office, and they could
21 not find a green card. So -- Well, actually it wasn't
22 yesterday, it was last week, late last week. And so as a
23 result, I have again notified ConocoPhillips of the
24 hearing. I would request that it be continued to March 3rd
25 for the simple purpose of submitting an actual green card

1 to the Division showing that ConocoPhillips has received
2 notice of the Application.

3 But with that I would move the admission of
4 Exhibits 1 and 2 and ask that after the March 3rd hearing
5 the matter be taken under advisement.

6 EXAMINER CATANACH: Exhibits 1 and 2 will be
7 admitted.

8 Mr. Bruce, was the A order in this case, was that
9 a similar type of situation?

10 MR. BRUCE: No, it wasn't, Mr. Examiner. What
11 happened was that the original well location was in the --
12 I've got to get this correct -- was in the northeast
13 quarter, southeast quarter, and that's what the original
14 order was for, and then it was amended because they moved
15 the location one quarter-quarter section to the north, into
16 the southeast quarter, northeast quarter.

17 The interest ownership was not affected at all,
18 just the well location was changed. A geologist decided to
19 do something different.

20 EXAMINER CATANACH: Okay. The A order, then,
21 expired because the Applicant didn't start drilling in a
22 timely manner?

23 MR. BRUCE: That is correct, and forgot to
24 contact me to seek an extension --

25 EXAMINER CATANACH: Okay.

1 MR. BRUCE: -- of the well-commencement deadline.

2 EXAMINER CATANACH: So we're just basically
3 starting the clock over on the drilling deadline?

4 MR. BRUCE: That is correct.

5 EXAMINER CATANACH: Okay.

6 MR. BRUCE: And of course any notice that needs
7 to be given to ConocoPhillips to join in the well.

8 EXAMINER CATANACH: Okay. Anything further?

9 MR. BRUCE: Nothing further.

10 EXAMINER CATANACH: There being nothing further,
11 Case 13,424 will be taken under advisement -- I'm sorry, it
12 will be continued to March 3rd.

13 (Thereupon, these proceedings were concluded at
14 10:25 a.m.)

15 * * *

16

17

18

19

20

21

22

23

24

25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13424,
heard by me on February 17, 2005.

David R. Catanach, Examiner
Oil Conservation Division

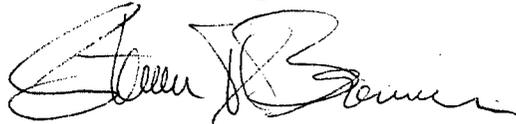
CERTIFICATE OF REPORTER

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 February 20th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006