STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: RICHARD EZEANYIM, Hearing Examiner

March 3rd, 2005

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, March 3rd, 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.

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I N D E X

March 3rd, 2005
Continued and Dismissed Cases

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WHEREUPON, the following proceedings were had at 8:22 a.m.:

EXAMINER EZEANYIM: Now if there are no questions, then we can go on the record.

Today is March 3, 2005, approximately 8:20, because of my announcements.

My name is Richard Ezeanyim.

We're in Porter Hall, Oil Conservation Hearing Room, and today we're going to consider Docket Number 07-05.

Currently I don't have a lot of dismissals. I have some continuances, and I'm going to first of all read out the continuances.

Page 3, Case Number 13,433, this is the Application of Myco Industries, Inc., for an exception to Division Rule 104.C.(2).(c), Eddy County. Continued to March 17.

Case Number 13,437, this is the Application of Lance Oil and Gas Company, Inc., for compulsory pooling, San Juan County, New Mexico. This is continued to the April 7th docket.

Case Number 13,413. This case has already been heard, and I think it's taken under advisement and the order is being worked on that, so we leave that case for the docket.

At this point does anybody have any continuances or dismissals?

MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe. On page 1, the bottom case, 13,423, Application of Mewbourne Oil Company, I'd request that that case be dismissed.

On page 2, the middle case, 13,408, Application of Latigo Petroleum, Inc., I ask that that case be continued for -- is it four or five weeks? I'm not -- Is it March 31 or April 7th, is the --

EXAMINER EZEANYIM: April 7th.

MR. BRUCE: April 7th, continue it to April 7th.

The bottom case, 13,389, Application of Nadel and Gussman Permian, L.L.C., request that that case be dismissed.

And then on page 3 at the top, 13,411, the Application of Primero Operating, Inc., this advertisement is incorrect, so it has been corrected. And we ask that it be continued to March 17th. And I have spoken with Ms. Davidson about correcting it, so...

EXAMINER EZEANYIM: Okay, before I make some statements, let me read...

So Case Number 13,423 is dismissed.

Case Number 13,408 is continued to April 7th on page 2.

On the same page 2, Case Number 13,389 is dismissed.

Case Number 13,411 is continued to March 7th.

Any other dismissals or continuances?

And Mr. Bruce, I want to make a comment on that, on this 13,411. You've done that, what you meant on them. You want to continue those; is that what you said?

MR. BRUCE: Well, Mr. Examiner, this case was -- has already been heard by Examiner Jones --

EXAMINER EZEANYIM: Uh-huh.

MR. BRUCE: -- and at the hearing I noticed that the ad was incorrect, and I e-mailed a correct ad to the Division, but the Division lost it. So I e-mailed the ad again, so -- which is why it had to be continued to the 17th.

EXAMINER EZEANYIM: Okay, that's good.

But what troubles me with some -- this case, 13,411 and -- let me see, one other in here -- and 13,408, if you are correcting the mistakes there, you are going to correct that thing, is to correct that you are asking for exception to Division Rule 104.D.(3).

104.D.(3) is an exception to -- Are you asking for an exception to an exception? Are you asking for an exception to 104.C.(3)? I mean, D.(3) -- maybe 104.C.(3) pursuant to 104.D.(3) --

MR. BRUCE: No, no, no, no, no, no. I mean, what -- if you're talking about the Latigo Petroleum case --

EXAMINER EZEANYIM: Yeah.

MR. BRUCE: -- that's 104.D.(3), and the problem there is, there are about 200 people to notify, and we've gotten some additional names, so we had to renotify people of the hearing date.

EXAMINER EZEANYIM: I understand, Mr. Bruce. What I'm saying is that -- What are we asking for, what are we saying 104.D.(3)?

MR. BRUCE: Two wells -- two gas wells on 160 gas -- an exception -- 104.D.(3) requires only -- or allows only one well on a 160-acre gas-well unit, and we're asking for two wells on a 160-acre gas-well unit.

EXAMINER EZEANYIM: Is it not 104.C.(3)? 104.D.(3) -- You ask an exception for 104.C.(3) pursuant to 104.D.(3). 104.D.(3) is an exception --

MR. BRUCE: Well, I --

EXAMINER EZEANYIM: -- to those rules.

MR. BRUCE: -- I -- if there's a -- if there's a typo in there, there's a typo in there.

EXAMINER EZEANYIM: There's a typo in there, and I want it corrected because we're not asking for an exception to 104.D.(3). 104.D.(3) is an exception to either 104.C.(1), 104.C.(2) --

MR. BRUCE: No, no --

EXAMINER EZEANYIM: -- 104.C.(3) --

MR. BRUCE: Well, 104- -- I believe 104.C, which is, if you'd go down to the Myco case, 104.C.(2), and for that matter, one of the Pecos Production cases today are allowing two gas wells on the same quarter section within a 160-acre -- within a 320-acre gas-well unit, and I believe 104.D.(3) is proper, because you're asking for simultaneous dedication.

I will double-check that, but I believe that 104.D.(3) is correct.

EXAMINER EZEANYIM: Yeah, please do that. And in one of your statements you've corrected it, some of them might say 104.C.(3). Which is the correct statement? Because you are asking an exception to 104.C.(3), pursuant to 104.D.(3).

104.D.(3) --

MR. BRUCE: Well --

EXAMINER EZEANYIM: -- 104.C.(1), 104.C.(2), 104.C.(3).

MR. BRUCE: Well, that's fine, and if I have to correct it, that's fine.

I'm just using past Division advertisements, promulgated by the Division itself with respect to the relief sought herein, so --

EXAMINER EZEANYIM: Yeah, and you have been advised in 1999, and then we have to -- like some of the Rules -- some of the cases say 104.C.(2), which I understand, but not 104.D.(3).

MR. BRUCE: Well --

EXAMINER EZEANYIM: So why I mention this is that when you correct the advertisement --

MR. BRUCE: Well --

EXAMINER EZEANYIM: -- I want you to look at it and correct those two --

MR. BRUCE: Well, that's fine, Mr. Examiner, but what I'm telling you is, I'm using the -- Primero Operating was actually a case set by the Division, and so I'm just simply using their terminology.

EXAMINER EZEANYIM: Okay, that's fine.

Well, at this point there are other cases, I don't know -- yeah, I think some of them have been dismissed or continued -- there are other cases that have been heard and we are not taking under advisement.

If there is no objection, I would like to collect information on those. I think those cases -- ask me to take just a moment so we can proceed with the rest of the cases.

If you don't have any objection, I can call those cases and get the information, and then we'll take them

into advisement before we go ahead with our business today.

Any objection to me doing that?

(Thereupon, these proceedings were concluded at 8:25 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on 3/31/05.

_____, 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 March 3rd, 2005.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006