

1                               STATE OF NEW MEXICO  
2                   ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3                               OIL CONSERVATION DIVISION

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

7   APPLICATION OF NM&O OPERATING                               CASE NO. 15658  
8   COMPANY FOR COMPULSORY POOLING,  
9   RIO ARriba COUNTY, NEW MEXICO.

10                               REPORTER'S TRANSCRIPT OF PROCEEDINGS

11                               EXAMINER HEARING

12                               April 27, 2017

13                               Santa Fe, New Mexico

14   BEFORE:   WILLIAM V. JONES, CHIEF EXAMINER  
15               DAVID K. BROOKS, LEGAL EXAMINER

16  
17               This matter came on for hearing before the  
18   New Mexico Oil Conservation Division, William V. Jones,  
19   Chief Examiner, and David K. Brooks, Legal Examiner, on  
20   Thursday, April 27, 2017, at the New Mexico Energy,  
21   Minerals and Natural Resources Department, Wendell Chino  
22   Building, 1220 South St. Francis Drive, Porter Hall,  
23   Room 102, Santa Fe, New Mexico.

24   REPORTED BY:   Mary C. Hankins, CCR, RPR  
25                   New Mexico CCR #20  
                  Paul Baca Professional Court Reporters  
                  500 4th Street, Northwest, Suite 105  
                  Albuquerque, New Mexico 87102  
                  (505) 843-9241

1 APPEARANCES

2 FOR APPLICANT NM&O OPERATING COMPANY:

3 JAMES G. BRUCE, ESQ.  
 4 Post Office Box 1056  
 5 Santa Fe, New Mexico 87504  
 (505) 982-2043  
 jamesbruc@aol.com

6

7 INDEX

8		PAGE
9	Case Number 15658 Called	3
10	Exhibits Submitted	3
11	Proceedings Conclude	7
12	Certificate of Court Reporter	9

13

14

15 EXHIBITS OFFERED AND ADMITTED

16	NM&O Operating Company Exhibit Numbers 1 through 4	6
----	--	---

17

18

19

20

21

22

23

24

25

1 (10:03 a.m.)

2 EXAMINER JONES: We'll call Case Number  
3 15658, application of NM&O Operating Company for  
4 compulsory pooling, Rio Arriba County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of  
7 Santa Fe representing the Applicant. I'm submitting  
8 this by affidavit -- my own affidavit.

9 EXAMINER JONES: You've got your affidavit,  
10 Exhibit Number 1?

11 MR. BRUCE: There are four exhibits there.

12 EXAMINER JONES: Oh, four.

13 MR. BRUCE: Mr. Examiner, in this case NM&O  
14 Operating Company seeks to force pool the Mesaverde  
15 Formation underlying the south half of Section 35, in  
16 Township 25 North, Range 2 West in Rio Arriba County.

17 For reference, this is right in the center  
18 of the area when the Division and the Commission in the  
19 '80s and probably into the '90s did a pool rule on the  
20 Mancos Formation. I just want to point out that when  
21 all was said and done, I was on the right side of those  
22 cases, and Mr. Carr was on the wrong side of those  
23 cases.

24 (Laughter; off-the-record comments.)

25 MR. BRUCE: Anyway, the reason for this

1 pooling is because the BLM is demanding that a com  
2 agreement be filed and approved by them, and we have  
3 been unable to obtain the signatures on the com  
4 agreement of several record title and/or working  
5 interest owners.

6 If you look to Attachment A to Exhibit 1,  
7 this is the land plat. It shows the tracts involved.  
8 There are four federal tracts and one fee tract.

9 Attachment B describes all the leases and  
10 all of the interest owners in the well unit. The  
11 parties being pooled -- if you go to the last page of  
12 Attachment B, it lists the parties being pooled. There  
13 are other interest owners who have signed the com  
14 agreement. All of these parties are being pooled except  
15 Southland Royalty Company. We received their signature  
16 on a com agreement yesterday.

17 Obviously, since this is purely for  
18 purposes of a com agreement, there is no -- you know,  
19 we're not seeking a risk charge, operating costs or  
20 anything like that. We do request that NM&O be  
21 designated operator of the well.

22 The well was proposed, per the Exhibit --  
23 Attachment C. There were two proposal letters, one  
24 letter to those who simply owned record title and others  
25 who owned record title and/or a working interest. I

1 think that most of the parties have signed off, but  
2 there are still a number of them who have not. And we  
3 would -- we do believe a good-faith effort was made to  
4 obtain the signature of the people.

5           If you go to Exhibit 4 -- and I took this  
6 from the Division's well file, a copy of the letter from  
7 BLM to NM&O. They have approved the com agreement, but  
8 we have 120 days to secure voluntary or involuntarily  
9 signatures, hence, the pooling. I have drafted a  
10 proposed pooling order because within the next month or  
11 so, I have to submit a complete copy to the BLM, or  
12 there will be monetary penalties involved.

13           EXAMINER JONES: Would you please send that  
14 to Mr. Brooks --

15           MR. BRUCE: Sure.

16           EXAMINER JONES: -- that one?

17           MR. BRUCE: And Exhibit 2 is my Affidavit  
18 of Notice. All the parties -- I congregated -- if you  
19 look at the Affidavit of Notice, there are two Arriba  
20 companies that are related or at the same address. I  
21 sent one certified mail to those. And if you look at  
22 these Warren Clark, the Clark and Oatman interests, they  
23 are all the same interests -- I mean the same address.  
24 So I've spoken with them. I've spoken with everybody on  
25 this list, except for Arriba Company, who has been

1    incomunicado. And some of them said they would get the  
2    stuff to me and some of -- they just refused to sign.

3                   Everyone -- I don't have one green card  
4    back. Hooper, Kimball & Williams, although the postal  
5    service records show it was delivered and I did speak  
6    with a Mr. Allen at Hooper, Kimball & Williams who  
7    acknowledged receipt. But just in case, I did publish  
8    notice in the "Rio Grande Sun," and that's marked  
9    Exhibit 3. So everyone has received notice of this  
10   application.

11                   So with that, I would move the admission of  
12   Exhibits 1, 2, 3 and 4 and ask that this matter be taken  
13   under advisement.

14                   EXAMINER JONES: Exhibits 1, 2, 3 and 4 are  
15   accepted into the record.

16                   (NM&O Operating Company Exhibit Numbers 1  
17   through 4 are offered and admitted into  
18   evidence.)

19                   EXAMINER JONES: So they will rename this  
20   well? Right now it's proposed as Hawk #3, but it's  
21   going to be the Hawk maybe -- because it's on a fee  
22   tract with some federal acreage in the spacing unit, so  
23   it'll be just a Hawk Com #3 probably?

24                   MR. BRUCE: Yeah. I would guess. BLM  
25   hasn't made that demand, but if the Division wants a new

1 well name, that can be easily taken care of.

2 EXAMINER JONES: Now, our records show  
3 there is a Hawk Federal #3 in Unit Letter J, and it's  
4 also in the Mesaverde, dedicated to the south half, and  
5 it's produced since 2003. Would that be subject to this  
6 pooling --

7 MR. BRUCE: That is this well.

8 EXAMINER JONES: That is this well? But  
9 this well says "Unit Letter K."

10 MR. BRUCE: Oh, Unit Letter J [sic]. Yeah.  
11 This well is in the northwest -- or northeast of the  
12 southwest. I don't know about that one, if that  
13 one's -- might be inactive. I mean, I think all the  
14 wells out here, except for maybe the Mancos wells, were  
15 originally drilled through the Gavel and Green Horse,  
16 Graneros, Dakota and then completed uphole in various  
17 zones. I will check on that other Hawk 3.

18 EXAMINER JONES: If there is nothing else,  
19 we will take this under advisement, Case Number 15658  
20 under advisement.

21 Thanks, Mr. Bruce.

22 (Case Number 15658 concludes, 10:11 a.m.)  
23  
24  
25

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

20

21

22 MARY C. HANKINS, CCR, RPR  
23 Certified Court Reporter  
24 New Mexico CCR No. 20  
25 Date of CCR Expiration: 12/31/2017  
Paul Baca Professional Court Reporters