

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:

ORIGINAL

APPLICATION OF MACK ENERGY Consolidated Cases
CORPORATION FOR COMPULSORY 14871, 14872, 14873
POOLING, LEA COUNTY,
NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Technical Examiner
 DAVID K. BROOKS, Legal Examiner

June 25, 2012

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Technical Examiner, and DAVID K. BROOKS, Legal Examiner, on Monday, June 25, 2012, at the New Mexico Energy, Minerals, and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

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REPORTED BY: PAUL BACA, CCR #112
 PAUL BACA COURT REPORTERS
 500 4th Street, NW, Suite 105

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A P P E A R A N C E S

For Applicant:

James Garrett Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
505-982-2043

I N D E X

CERTIFICATE OF COURT REPORTER 8

EXHIBIT: DESCRIPTION

1-2 Mr. Bruce's Exhibits 7

1 CHAIRMAN BROOKS: At this time we'll call
2 Case Number 14871, application of Mack Energy
3 Corporation for compulsory pooling, Lea County,
4 New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce, of
7 Santa Fe, representing the applicant. I am
8 submitting this case by affidavit, and I would
9 request that it be consolidated for hearing with the
10 next two cases, 14872 and 14873.

11 CHAIRMAN BROOKS: Okay. Are there any
12 other appearances?

13 Very good. I will call Case Number 14872,
14 application of Mack Energy Corporation for
15 compulsory pooling, Lea County, New Mexico.

16 I call for appearances.

17 MR. BRUCE: Mr. Examiner, Jim Bruce, of
18 Santa Fe, representing the applicant.

19 CHAIRMAN BROOKS: Case Number 14873,
20 application of Mack Energy Corporation for
21 compulsory pooling, Lea County, New Mexico.

22 Call for appearances.

23 MR. BRUCE: Jim Bruce, of Santa Fe,
24 representing the applicant.

25 CHAIRMAN BROOKS: Okay. Case Numbers

1 14871, 14872, and 14873 are hereby consolidated for
2 purposes of the hearing.

3 MR. BRUCE: Mr. Examiner, I've handed you
4 two exhibits. The first one is a verified statement
5 of Stacy Sanders, who is a landman for Mack Energy
6 Corporation. If you would turn to Attachment A, you
7 can see that I have outlined in yellow the
8 120 acres, which are all part of a single Federal
9 lease. And Mack Energy seeks to force pool three
10 40-acre well units from the surface of the base of
11 the San Andres formation, the southeast/southwest of
12 Section 8 of 17/32 east will be dedicated to the
13 Pintail Federal Well Number 2.

14 CHAIRMAN BROOKS: Section 8, 17/32?

15 MR. BRUCE: Correct.

16 And that is case 14871.

17 And Case 14872, the southwest
18 quarter/southwest quarter of Section 8 will be
19 dedicated to the Pintail Federal Well Number 3.

20 And in Case 14873, the northwest
21 quarter/southwest quarter of Section 8 will be
22 dedicated to the Pintail Federal Well Number 4.

23 All of them will test the San Andres
24 formation, and they're all vertical wells.

25 The only people being -- the only person

1 being forced pooled is ConocoPhillips Company, which
2 is actually the majority interest owner. They have
3 been -- Attachment B to the affidavit of the landman
4 shows that a well proposal was made five months ago
5 to ConocoPhillips, followed up with telephone
6 conferences and e-mails. And ConocoPhillips just
7 has not decided what to do. And so my client would
8 desire to move forward with the drilling of these
9 three wells.

10 CHAIRMAN BROOKS: What formation did you
11 say this was?

12 MR. BRUCE: San Andres.

13 CHAIRMAN BROOKS: San Andres. Okay.
14 You're asking surface to base of?

15 MR. BRUCE: Yes. And interest ownership
16 is uniform through those depths in each of the three
17 well units.

18 CHAIRMAN BROOKS: And is there an existing
19 San Andres pool?

20 MR. BRUCE: Boy, I looked that up and I --
21 I will get that to you, Mr. Examiner.

22 CHAIRMAN BROOKS: Thank you.

23 MR. BRUCE: I know I found it somewhere.

24 CHAIRMAN BROOKS: I know it's unorthodox
25 for me to ask my questions as I go along. But when

1 there's no opposing counsel it actually improves
2 efficiency.

3 MR. BRUCE: I will get that for you. I
4 know there is a pool out there, because there is an
5 existing San Andres well in the northeast of the
6 southwest of Section 8, that little black dot to the
7 right of the lease number -- of the Federal lease
8 number. And I believe that is the Pintail Federal
9 Well Number 1.

10 CHAIRMAN BROOKS: Okay.

11 MR. BRUCE: So I will get that for you.

12 CHAIRMAN BROOKS: Okay.

13 They request \$6,500 per month per drilling
14 well and \$650 per month for a producing well.

15 They ask for a 200 percent risk charge.
16 And an AFE is attached, showing the completed well
17 costs of approximately \$1.65 million for each of the
18 three wells. The costs are identical for each of
19 the three wells.

20 And Exhibit 2 is simply my affidavit of
21 notice showing that notice of the applications were
22 mailed to ConocoPhillips Company. And they did
23 receive actual notice.

24 And so with that, I would move the
25 admission of Exhibits 1 and 2 and ask that this

1 matter be taken under advisement.

2 CHAIRMAN BROOKS: Okay. Exhibits 1 and 2
3 are admitted.

4 I have no further questions.

5 Mr. Ezeanyim?

6 CHIEF ENGINEER EZEANYIM: No further
7 questions.

8 CHAIRMAN BROOKS: Very good. Case Numbers
9 14871, 14872, and 14873 will be taken under
10 advisement.

11 Okay. We have several more cases. We're
12 kind of on a roll, and I don't know how fast we can
13 roll, so I think we'll take another 10-minute
14 recess.

15 And hopefully we can roll through these
16 remaining six cases in the next hour after we get
17 back.

18 (Proceedings concluded.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14871, 72 & 73
heard by me on 6-25-12
David K. Berry, Examiner
Oil Conservation Division

CERTIFICATE

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I, Paul Baca, RPR, CCR in and for the State of New Mexico, do hereby certify that the above and foregoing contains a true and correct record, produced to the best of my ability via machine shorthand and computer-aided transcription, of the proceedings had in this matter.



PAUL BACA, RPR, CCR
Certified Court Reporter #112
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