

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. 13,457

APPLICATION OF BP AMERICA PRODUCTION)
COMPANY FOR COMPULSORY POOLING,)
LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

April 7th, 2005

Santa Fe, New Mexico

2005 APR 21 AM 10 09

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, April 7th, 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

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Examiner Hearing
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E X H I B I T

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* * *

A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
 110 N. Guadalupe, Suite 1
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: OCEAN MUNDS-DRY
 and
 WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:27 a.m.:

3 EXAMINER JONES: Okay, at this time let's call
4 Case 13,457, Application of BP America Production Company
5 for compulsory pooling, Lea County, New Mexico.

6 Call for appearances.

7 MS. MUNDS-DRY: Good morning, Mr. Hearing
8 Examiner, my name is Ocean Munds-Dry. I'm appearing this
9 morning with William F. Carr. We're with the law firm of
10 Holland and Hart, and we are representing BP America
11 Production Company this morning.

12 EXAMINER JONES: Any other appearances in this
13 case?

14 MS. MUNDS-DRY: Mr. Hearing Examiner, BP is
15 requesting an order pooling the record title owner of Lease
16 B-1431-4. It's in the southeast quarter of the southwest
17 quarter of Section 28, Township 17 South, Range 34 East, in
18 Lea County, New Mexico.

19 We request this order under Rule 1207.A.(1).(b),
20 which is the alternate procedure.

21 Mr. Hearing Examiner, this is a somewhat unique
22 situation, we believe. BP sought approval of a
23 communitization agreement with the State Land Office, and
24 all the mineral owners had voluntarily agreed to pool their
25 interests in the various leases, and I'll turn and show you

1 the lessees of record here in a moment, but I just want to
2 give you a sort of an overview first.

3 However, the record title owner of Lease B-1431-4
4 had assigned his interest, all his mineral interest, in
5 1954. He remains only the named record title owner. So
6 the State Land Office wouldn't approve the agreement unless
7 they either got the signature of the record title owner or
8 they suggested that we come to the OCD and seek a pooling
9 order.

10 So today, although we're operating under the
11 alternate procedure -- which we believe applies here
12 because we've been unable to locate the interest owner and
13 the other owners of interest and voluntary agreement --
14 today we do not seek any costs or charges. We only are
15 here for the sole purpose to seek the pooling of the record
16 title owner.

17 So with those sort of unique circumstances I can
18 turn to the exhibits before you today, Mr. Hearing
19 Examiner.

20 Exhibit 1 is the affidavit of Mr. Tom
21 Furtwangler. He's the landman for BP, and he outlines the
22 diligent search that BP conducted to try to find the record
23 title owner, who is Mr. Lamar Fleming, Jr. He conducted,
24 you will note, an Internet search.

25 He contacted Amerada Hess Corporation, who Mr.

1 Fleming had assigned all of his interests to in 1954.
2 Amerada Hess had an old address that doesn't seem to be
3 operative anymore, so they had no further information.

4 Mr. Furtwangler also contacted the Apache
5 Corporation because they're the operator for that lease,
6 and they also did not have any further information.

7 Also, the State Land Office had the same address
8 that Amerada Hess had. So Mr. Fleming is nowhere to be
9 found at this point.

10 If you'll note Attachment A to Mr. Furtwangler's
11 affidavit, it's a plat of the subject lands, and it shows
12 the proposed spacing unit and well location. BP wishes to
13 dedicate its existing Sunflower 28 State Well Number 1 to
14 the proposed spacing unit, which is located at a standard
15 location 1460 from the south line and 660 from the east
16 line. And they wish to pool to a depth sufficient to
17 produce from the Morrow formation, and they hope that will
18 extend from the base of the Abo to the base of the Morrow.

19 Attachment B lists the nature and percentage of
20 the ownership interests in the proposed spacing unit. And
21 as I previously noted, all lessees of record have already
22 voluntarily agreed to the agreement.

23 And then Attachment C is a copy of the letter
24 giving the proper notice to Mr. Fleming of this hearing at
25 the last known address. And that green card did come back

1 to us.

2 As I noted as well, BP does not seek to recover
3 any charges or costs because of the nature of Mr. Fleming's
4 interest and the fact that all mineral owners have
5 voluntarily agreed to pool their interests.

6 This Application has been instituted for the sole
7 purpose of pooling the interests of the record title owner
8 of Lease B-1431-4, and he is not obligated to pay any costs
9 or entitled to any production, so we are before just to
10 hopefully clear an administrative hurdle for the State Land
11 Office.

12 And as you will note also, Mr. Furtwangler
13 testifies in his affidavit that approval of this
14 Application will avoid drilling of unnecessary wells, will
15 prevent waste, will protect correlative rights, and allow
16 BP and the other interest owners in the south half of
17 Section 28 an opportunity to obtain their just and fair
18 share underlying the subject lands.

19 We would ask that Exhibit 1 and all of its
20 attachments be admitted into evidence.

21 EXAMINER JONES: Exhibit 1 will be admitted to
22 evidence.

23 So the well is already drilled and producing?

24 MS. MUNDS-DRY: It's an existing well. I can't
25 tell you if its producing, actually.

1 EXAMINER JONES: Okay, I can check that. But it
2 doesn't matter anyway, now, so...

3 Okay, that's all I needed on this one. If
4 there's anything else...

5 MS. MUNDS-DRY: We would just ask, Mr. Jones,
6 that under the alternate procedure that this be treated as
7 the record in this case and it be taken under advisement.

8 EXAMINER JONES: Okay, Case 13,457 will be taken
9 under advisement. Thank you very much.

10 MS. MUNDS-DRY: Thank you.

11 (Thereupon, these proceedings were concluded at
12 8:33 a.m.)

13 * * *

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18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. _____
21 _____, Examiner
22 Oil Conservation Division
23
24
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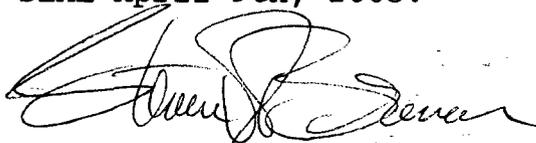
CERTIFICATE OF REPORTER

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 April 9th, 2005.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006