

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:)
APPLICATION OF PRESTON EXPLORATION,)
L.L.C., FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

CASE NO. 13,487

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

May 19th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, May 19th, 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.

* * *

2005 JUN 2 PM 5:11

5/2/05 WJM

I N D E X

May 19th, 2005
Examiner Hearing
CASE NO. 13,487

	PAGE
REPORTER'S CERTIFICATE	6

* * *

A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

MILLER, STRATVERT P.A.
150 Washington
Suite 300
Santa Fe, New Mexico 87501
By: J. SCOTT HALL

* * *

1 WHEREUPON, the following proceedings were had at
2 8:19 a.m.:

3 EXAMINER JONES: At this time let's call Case
4 13,487, which was continued from May the 5th hearing.
5 Application of Preston Exploration for compulsory pooling,
6 Eddy County, New Mexico.

7 Call for appearances.

8 MR. HALL: Mr. Examiner, Scott Hall, Miller
9 Stratvert law firm, Santa Fe, on behalf of the Applicant
10 Preston Exploration Company. We have no witnesses this
11 morning.

12 EXAMINER JONES: Okay

13 MR. HALL: Mr. Examiner, this is a compulsory
14 pooling case which is brought in order to pool the interest
15 of a mineral interest owner who could not be located.
16 Santa Fe Exploration Company was the party.

17 At the last Examiner Hearing, before Examiner
18 Catanach, we presented all the basic information for the
19 case, including the notification information, evidence of
20 Preston's efforts to locate Santa Fe Exploration.

21 As it turned out, the day before that hearing I
22 had received a call from Richard Gilliland with Cimarron
23 Exploration Company, and he indicated to me that Cimarron
24 had acquired the assets of Santa Fe out of the bankruptcy
25 proceeding. We asked Cimarron to provide us with a copy of

1 the bankruptcy trustee's deed showing that they had some
2 evidence of title to the pooled tract.

3 There were some problems with that deed in that
4 it didn't specifically describe the pooled tract, so we
5 asked Cimarron to provide us with some further evidence by
6 way of the bankruptcy court's order divesting all of the
7 Santa Fe Exploration assets to Cimarron, and we're
8 satisfied that with that we have the title issue cleared up
9 now, we think.

10 Cimarron has since indicated that it will
11 participate in the well, but Preston has not yet received
12 any signed JOA or other agreement binding them, so I had
13 indicated to Cimarron yesterday by voice mail message that
14 we would go ahead and ask the Division to enter a pooling
15 order, and then in the event that they are able to
16 negotiate an operating agreement, then the case would be
17 dismissed.

18 EXAMINER JONES: Okay, so this well -- has it
19 been drilled yet, do you know?

20 MR. HALL: Not yet. It's scheduled to be drilled
21 this summer, I believe.

22 EXAMINER JONES: This summer, okay.

23 MS. MacQUESTEN: Mr. Hall, are you asking us to
24 substitute Cimarron as the party to be pooled?

25 MR. HALL: Yes.

1 MS. MacQUESTEN: Do we have anything in the
2 record showing that that's -- any documentation showing --

3 MR. HALL: I'll provide that to you. I can give
4 you the trustee's deed and then the bankruptcy court's
5 order, so that's part of the record. I'll be glad to do
6 that.

7 MS. MacQUESTEN: Great, thank you.

8 MR. HALL: So I'll get that to you. That's all I
9 have.

10 EXAMINER JONES: Okay, thank you, Mr. Hall.

11 With that, we'll take Case 13,487 under
12 advisement.

13 (Thereupon, these proceedings were concluded at
14 8:22 a.m.)

15 * * *

16 I do hereby certify that the foregoing is
17 a complete record of the proceedings at
18 the Examiner hearing of Case No. _____
heard by me on _____

19 _____, Examiner
20 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 May 19th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006