

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 BASS ENTERPRISES)
PRODUCTION COMPANY FOR COMPULSORY)
POOLING, EDDY COUNTY, NEW MEXICO)

CASE NO. 13,541

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

August 25th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, August 25th, 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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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
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Santa Fe, New Mexico 87505

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

* * *

1 WHEREUPON, the following proceedings were had at
2 8:29 a.m.:

3 EXAMINER EZEANYIM: Now, in continuing, for the
4 -- this is the way I wanted this case -- I mean, the docket
5 -- addressed today, and see anybody will have any objection
6 to that.

7 First of all, we're going to hear Case Number
8 13,541, followed by Case Number 13,519, and then Case
9 Number 13,547. I thought those were easily -- you know, we
10 can get through them easily.

11 Then we go through Case Number 13,544, 13,545,
12 13,546.

13 There is -- There will be a contested case,
14 combined Case Number 13,537 and 13,539. So we're going to
15 hear those at the last.

16 Any objection to this arrangement?

17 MR. BRUCE: No, sir.

18 EXAMINER EZEANYIM: Okay, at this point, I call
19 Case Number 13,541, and this is the Application of Bass
20 Enterprises Company for compulsory pooling, Eddy County,
21 New Mexico.

22 Call for appearances.

23 MS. MUNDS-DRY: Good morning, Mr. Hearing
24 Examiner, my name is Ocean Munds-Dry with the law firm of
25 Holland and Hart, representing Bass Enterprises Production

1 Company this morning.

2 EXAMINER EZEANYIM: Do you have any witnesses?

3 MS. MUNDS-DRY: No, no witnesses this morning.

4 EXAMINER EZEANYIM: Any other appearances?

5 Okay, with no other appearances, you can proceed
6 at this point.

7 MS. MUNDS-DRY: Thank you, Mr. Hearing Examiner.
8 Bass Enterprises Production Company this morning requests
9 an order pooling the mineral interest owner -- there's one
10 mineral interest owner in Section 32, Township 21 South,
11 Range 28 East, in Eddy County, New Mexico -- under the
12 Division's alternative procedure, Rule 1207.A.(1).(b).
13 This procedure is available where you're unable to locate
14 all owners of interest to be pooled and the application is
15 unopposed by those located.

16 Mr. Hearing Examiner, all leased mineral owners
17 in this proposed unit area have voluntarily agreed to pool
18 their interests. However, Bass has been unable to locate
19 one mineral interest owner. You'll note on the Application
20 -- on the exhibit, I believe, we listed two mineral
21 interest owners. Since that time we have, in fact, located
22 Mr. William Mann, and he has voluntarily agreed to commit
23 his interest to the unit. That, however, leaves us with
24 Mr. Dome, who has still -- Bass has been unable to locate
25 him.

1 With that, Mr. Examiner, we'd turn to Exhibit 1,
2 and that is the affidavit of Ryan Dobbs, who's the landman
3 for Bass discussing this project. He outlines the efforts
4 to find Mr. Dome and also goes through the other necessary
5 items under this alternative procedure, which we'll discuss
6 in turn.

7 Mr. Hearing Examiner, if you'll turn to
8 Attachment A, that is a plat of the subject lands showing
9 the proposed spacing unit and well location. Bass proposes
10 to dedicate its Big Eddy Unit Well Number 149 to the
11 proposed spacing unit, which will be located at a standard
12 location 1980 from the north line and 660 from the east
13 line. And they plan to drill to a depth sufficient to
14 produce from the Morrow formation.

15 Mr. Hearing Examiner, if you'll now turn to
16 Attachment B, it shows you a list of the percentage of
17 working interest owners in the proposed spacing unit. As I
18 mentioned earlier, all interest owners have committed their
19 interest to the unit. The only person that we've been
20 unable to locate is Mr. Dome.

21 If you'll turn to Attachment C, it is a letter
22 from Doug Ferguson, who is a landman who attempted to
23 locate Mr. Dome on behalf of Bass Enterprises. He lists
24 the efforts that he undertook to try to find Mr. Dome.

25 Similarly, Attachment D are previous attempts

1 also made by MYCO Industries, who, just to give you some
2 background, Mr. Hearing Examiner, had originally proposed
3 to be the operator of this well. Since that time Bass has
4 now taken over and has proposed to be the operator. But
5 this does give you the log of what MYCO also did to try to
6 find Mr. Dome.

7 If you'll turn to Attachment E, it's a copy of
8 the AFE which has also been sent to all of the working
9 interest owners.

10 And finally Attachment F is my affidavit stating
11 that proper notice was given to Mr. Dome, as well as an
12 affidavit of publication notifying him of this hearing.

13 With that, Mr. Hearing Examiner, Bass therefore
14 seeks an order pooling the interests of Mr. Dome. Bass
15 proposes overhead charges about \$7000 per month while
16 drilling and \$700 a month while producing.

17 Bass also requests that it be designated the
18 operator of the well and the spacing unit. And as Mr.
19 Dobbs testified to in this affidavit, approval of this
20 Application will avoid drilling of unnecessary wells, will
21 prevent waste, will protect correlative rights, and allow
22 Bass and the other interest owners in the north half of
23 Section 32 an opportunity to obtain their just and fair
24 share underlying the subject lands.

25 Unless you have any questions, Mr. Hearing

1 Examiner, we'd ask that the exhibit and all its attachments
2 be admitted into evidence.

3 EXAMINER EZEANYIM: There are no objections. All
4 the exhibits and attachments will be admitted into
5 evidence.

6 Gail, any questions?

7 MS. MacQUESTEN: No questions, thank you.

8 MS. MUNDS-DRY: With that, Mr. Hearing Examiner,
9 we'd ask that this be treated as the record in this case

10 EXAMINER EZEANYIM: Thank you, we'll take notice
11 of that.

12 It was only Mr. Dome that you couldn't find,
13 right?

14 MS. MUNDS-DRY: That's correct, Mr. Hearing
15 Examiner.

16 EXAMINER EZEANYIM: All the rest are committed to
17 the well, right?

18 MS. MUNDS-DRY: Yes.

19 EXAMINER EZEANYIM: The well is yet to be
20 drilled?

21 MS. MUNDS-DRY: That's correct.

22 EXAMINER EZEANYIM: And have you obtained any
23 APDs?

24 MS. MUNDS-DRY: Did they file an APD?

25 EXAMINER EZEANYIM: Yeah, have you obtained one?

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MS. MUNDS-DRY: They have filed an APD, Mr. Hearing Examiner. I do not have it with me. I can provide it to you after the hearing if you'd like to see it.

EXAMINER EZEANYIM: But it has been approved, right

MS. MUNDS-DRY: It has been approved, yes.

EXAMINER EZEANYIM: Any API number?

MS. MUNDS-DRY: The API number, yes, is 30-015-33972.

EXAMINER EZEANYIM: Thank you. I have no further questions.

MS. MUNDS-DRY: Thank you, Mr. Hearing Examiner.

EXAMINER EZEANYIM: At this point, Case Number 13,541 will be taken under advisement.

(Thereupon, these proceedings were concluded at 8:36 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 13541 heard by me on 12/25/05
[Signature]
Oil Conservation Supervisor

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 September 5th, 2005.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006