

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

6 APPLICATION OF NEARBURG EXPLORATION
7 COMPANY, L.L.P. FOR A NONSTANDARD
8 OIL SPACING AND PRORATION UNIT,
9 UNORTHODOX OIL WELL LOCATION, AND
10 COMPULSORY POOLING, LEA COUNTY,
11 NEW MEXICO.

CASE NO. 14996

ORIGINAL

12 REPORTER'S TRANSCRIPT OF PROCEEDINGS

13 EXAMINER HEARING

14 August 8, 2013

15 Santa Fe, New Mexico

16 BEFORE: DAVID K. BROOKS, CHIEF EXAMINER
17 PHILLIP GOETZE, TECHNICAL EXAMINER

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18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, David K. Brooks,
20 Chief Examiner, and Phillip Goetze, Technical Examiner,
21 on Thursday, August 8, 2013, at the New Mexico Energy,
22 Minerals and Natural Resources Department, 1220 South
23 St. Francis Drive, Porter Hall, Room 102, Santa Fe,
24 New Mexico.

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

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APPEARANCES

FOR APPLICANT NEARBURG EXPLORATION COMPANY, L.L.C.:

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

(No exhibits offered or admitted.)

1 (8:38 a.m.)

2 EXAMINER BROOKS: Call Case Number 14996,
3 application of Nearburg Exploration Company for a
4 nonstandard oil spacing and proration unit, unorthodox
5 oil well location, and compulsory pooling, Lea County,
6 New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of
9 Santa Fe representing the Applicant. I have no
10 witnesses today.

11 MR. BROOKS: Okay.

12 MR. BRUCE: I would also note that
13 previous -- well, to give you a little background,
14 Germaine Chappelle also entered an appearance and
15 presented evidencé in this case on behalf of OXY. There
16 have been witnesses presented at two prior hearings in
17 this case. Nearburg seeks a nonstandard 80-acre unit,
18 unorthodox oil well location, and it sought compulsory
19 pooling. The only party being pooled was OXY.

20 Yesterday, OXY did sign a JOA and signed
21 the AFE, so compulsory pooling is no longer sought.

22 Ms. Chappelle informed me last week -- and
23 I don't know if she e-mailed the Division or not. I'll
24 bug her about it if she hasn't. But she informed me
25 that obviously by signing the JOA OXY no longer objects

1 to the nonstandard unit, which it did in the first
2 hearing. And I don't think it ever objected to the
3 unorthodox location.

4 So at this point, all working interest
5 owners in the proposed well unit have voluntarily agreed
6 to participate in the well and to form a nonstandard
7 well unit in the Strawn Formation.

8 EXAMINER BROOKS: I don't remember the
9 details of the case, but could -- is a nonstandard unit
10 necessary given -- if it's not to be compulsory pooled
11 or could it be -- project area?

12 MR. BRUCE: We still have a nonstandard
13 unit at that unorthodox location. There are two 40-acre
14 tracts. The well is located almost in the center of
15 that.

16 EXAMINER BROOKS: Okay. This is a vertical
17 well, then, not horizontal?

18 MR. BRUCE: It's a vertical Strawn well,
19 and the well is located almost in the center of those
20 two quarter-quarter sections. And the engineers at --
21 Nearburg's engineering testimony last go-around did
22 present evidence of the drainage, and Mr. Ezeanyim took
23 that testimony.

24 One thing -- and I will send an e-mail, of
25 course, but Mr. Ezeanyim did ask about the BOI for the

1 volumetric calculation on one of the wells that the
2 engineer testified about. That number is 1.519, and I
3 will let Mr. Ezeanyim know, since he was interested in
4 that.

5 EXAMINER BROOKS: If there is a calculation
6 that can be made, he always wants to see it made.

7 MR. BRUCE: I'll make sure he gets it
8 directly.

9 So we would dismiss the compulsory pooling
10 portion of the application, but a nonstandard unit and
11 unorthodox oil well location is still needed.

12 EXAMINER BROOKS: So your request is that
13 this case be taken under advisement?

14 MR. BRUCE: That's correct.

15 EXAMINER BROOKS: And this was heard on
16 July the 25th?

17 MR. BRUCE: It was heard -- it was heard --

18 EXAMINER BROOKS: Or was it heard July the
19 11th?

20 MR. BRUCE: It was first heard at the
21 second hearing in June.

22 EXAMINER BROOKS: That would have been the
23 27th.

24 MR. HALL: And then an additional witness
25 was presented by Nearburg on July 11th [sic], an

1 engineering witness, and then it was continued to this
2 date.

3 EXAMINER BROOKS: Okay. Very good. Case
4 Number 14996 will be taken under advisement.

5 Okay. This docket is adjourned.

6 (Case Number 14996 concludes, 8:42 a.m.)

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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. 14996
heard by me on 8-8-2017.
David K. Bond, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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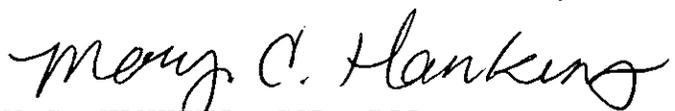
4 CERTIFICATE OF COURT REPORTER

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

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

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

19



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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2013

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