

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 ANSCHUTZ OIL
COMPANY, LLC FOR COMPULSORY
POOLING, RIO ARRIBA COUNTY,
NEW MEXICO.

CASE NO. 15246

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

December 18, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
Thursday, December 18, 2014, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT ANSCHUTZ OIL COMPANY:

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EXHIBITS OFFERED AND ADMITTED

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1 (9:29 a.m.)

2 EXAMINER GOETZE: Back on docket again,
3 we're going to have Case 15246, application of Anschutz
4 Oil Company, LLC for compulsory pooling, Rio Arriba
5 County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of
8 Santa Fe representing the Applicant. I'm submitting
9 this case by affidavit.

10 EXAMINER GOETZE: Okay. Mr. Bruce, I do
11 have one question before proceeding. We have Case
12 15234.

13 MR. BRUCE: I was just going to get to
14 that, Mr. Examiner.

15 EXAMINER GOETZE: Oh, very good. I'm
16 waiting with bated breath.

17 BY MR. BRUCE: And you were tangentially
18 involved in that, Mr. Examiner.

19 EXAMINER GOETZE: Only in the hallway.

20 BY MR. BRUCE: Only in the hallway, yes.

21 Mr. Examiner, I'll hand you two exhibits.
22 The first one is a verified statement of Deidre
23 O'Callaghan, landman for Anschutz Oil Company. In the
24 case you referenced, 15234, Anschutz sought approval --
25 let me take a step back.

1 The proposed well unit is the west half of
2 Section 14 and all of Section 15 in Township 25 North,
3 Range 2 West, forming a 960-acre nonstandard proration
4 unit. The pool is the Gallup-Mancos pool. It's an oil
5 pool spaced on 640 acres. A nonstandard proration unit
6 for this has been approved administratively, Order
7 NSP-1974.

8 In Case 15234, Anschutz sought to force
9 pool a number of interest owners into the nonstandard
10 unit and also sought approval of an unorthodox well
11 location, the producing interval of the well being 830
12 feet from the north line and 2,310 feet from the west
13 line of Section 14, the terminus 830 feet from the north
14 line and 330 feet from the west line of Section 15.

15 Notice was given to all parties in that
16 case for the pooling and the unorthodox location.
17 Unfortunately, two parties were omitted from the
18 pooling, and that's why we're here today.

19 And if you'll look at Exhibit 1, on page 2,
20 you can see the parties being force pooled are
21 Natural -- Mountain States Natural Gas Corporation and
22 Kimbrough Davis, trustee of the Margaret Hunt Hill and
23 Albert G. Hill III Trusts. The trusts were simply
24 omitted from the mailing lists given to me, so I
25 notified them again of this hearing.

1 As to Mountain States, as stated in the
2 affidavit, my client had a title opinion which proved to
3 be wrong, and subsequent title work showed that Mountain
4 States owns about 6 percent of the working interest in
5 the well unit.

6 So we are seeking to force pool those two
7 parties. They are continuing to work with each other,
8 and hopefully this will -- well, I think Mountain States
9 will come to terms. They have not received any response
10 from the Hill Trusts.

11 Attachment A to the affidavit shows the
12 well unit and the proposed well. The operator is
13 Anschutz Exploration Corporation, and the Applicant
14 requests that that company be named operator. I've
15 included the Division's well page regarding -- online
16 page just so you can see that it does have the API
17 number, and that's where you became involved in this
18 case. So it does have an approved API number and
19 approved APD from the BLM, which about a third of the
20 land in this well unit is federal land.

21 The proposal letters are attached,
22 attachments B, and then the APD is attached, and that's
23 Attachment C. It's approximately a \$10 million well.

24 The overhead charges requested are \$10,500
25 a month while drilling the well and \$1,500 a month for a

1 producing well. There was testimony in the prior case
2 regarding those amounts. I know the Division -- those
3 are high rates compared to what the Division normally
4 sees, so the operator will live with whatever the
5 Division decides, but there is testimony in the record;
6 live testimony was presented in the prior case.

7 Exhibit 2 is the Affidavit of Notice to the
8 Hill Trusts and to Mountain States, and they did receive
9 actual notice. Because the NSP had previously been
10 approved and because the unorthodox well location was
11 requested in Case 15234, no notice is included in this
12 case for those two items.

13 And with that, I'd move the admission of
14 Exhibits 1 and 2.

15 EXAMINER GOETZE: Exhibits 1 and 2 are so
16 entered.

17 (Anschutz Oil Company Exhibit Numbers 1 and
18 2 were offered and admitted into evidence.)

19 EXAMINER GOETZE: So basically at this
20 point what we're doing here is cleaning up unnotified
21 parties or mineral interests who have a valid claim that
22 weren't notified under the previous case?

23 MR. BRUCE: That is correct.

24 EXAMINER GOETZE: So you are negotiating
25 with these elements, as you state?

1 MR. BRUCE: Yes.

2 EXAMINER GOETZE: We don't have any other
3 mysteries out there? Hope not?

4 MR. BRUCE: Well, to the best of my
5 knowledge.

6 EXAMINER GOETZE: Very good. With that, we
7 will take Case --

8 Counsel, do you have any --

9 EXAMINER WADE: No.

10 EXAMINER GOETZE: Case 15246 is taken under
11 advisement.

12 (Case Number 15246 concludes, 9:35 a.m.)

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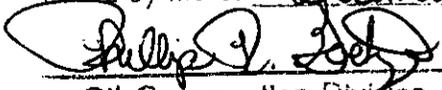
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I do hereby certify that the foregoing is
a correct record of the proceedings in
the Examiner hearing of Case No. 15246
heard by me on December 18, 2014


Phillip V. Goetz, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

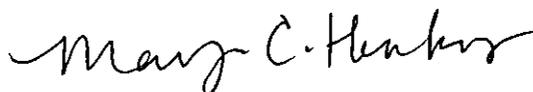
5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced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

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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2015

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