

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. 13,835
APPLICATION OF CORKRAN ENERGY, L.P.,)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

January 4th, 2007

Santa Fe, New Mexico

2007 JAN 18 AM 9 10

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, January 4th, 2007, 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.

* * *

I N D E X

January 4th, 2007
 Examiner Hearing
 CASE NO. 13,835

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| APPEARANCES | 3 |
| REPORTER'S CERTIFICATE | 8 |

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E X H I B I T S

| Applicant's | Identified | Admitted |
|-------------|------------|----------|
| Exhibit 1 | 4 | 6 |
| Exhibit A | 4 | 6 |
| Exhibit B | 5 | 6 |
| Exhibit C | 5 | 6 |
| Exhibit 2 | 4, 5 | 6 |
| Exhibit A | - | - |

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

1 WHEREUPON, the following proceedings were had at
2 9:01 a.m.:

3 EXAMINER CATANACH: All right, at this time I'll
4 call Case 13,835, the Application of Corkran Energy, L.P.,
5 for compulsory pooling, Eddy County, New Mexico.

6 Call for appearances.

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

10 EXAMINER CATANACH: Any additional appearances?
11 Okay, you may proceed, Mr. Bruce.

12 MR. BRUCE: Mr. Examiner, submitted as Exhibit 1
13 is an affidavit of the landman under Rule 1207.A.(1), and
14 submitted as Exhibit 2 is the affidavit of notice in this
15 case.

16 Corkran Energy, L.P., seeks to pool the east half
17 of Section 25, 18 South, 26 East, for 320-acre units. The
18 unit is to be dedicated to the Orleans 25 Well Number 1,
19 located at an orthodox location in the northwest quarter,
20 northeast quarter, of Section 25.

21 Attached to Exhibit 1 as attachment A is a
22 listing of working interest owners in the well.
23 Highlighted in green are the six parties who are being
24 force pooled, Pathfinder Exploration, Cannon Exploration,
25 the Elliott Family Limited Partnership, ConocoPhillips, Roy

1 Crow and James Brown.

2 Attached as Exhibit B is the correspondence to
3 those parties. I would note that one of the working -- the
4 company that was doing the land work is Capstone Oil and
5 Gas Company, and that's why the letter went out on
6 Capstone's letterhead.

7 I would also note that this acreage was
8 previously pooled by Order Number R-12,578, under which
9 WJP Exploration, L.L.C., was the operator. But due to the
10 change of operator and due to an extension of the time
11 planned for drilling the well, this case was filed to get
12 the order in Corkran Energy's name.

13 And if you look at that case file, you'll see
14 that there was correspondence in that case file going back
15 about, oh, well over a year of efforts to obtain the
16 voluntary joinder of the parties in that well, and I'd ask
17 you to take administrative notice of that case file.

18 And then attached as Exhibit C is the AFE for the
19 well, and it's about \$2.3 million for a Morrow test.

20 The affidavit also contains proposed overhead
21 rates which they request be adjusted under the COPAS
22 accounting procedure.

23 Exhibit 2 is the affidavit of notice to the half-
24 dozen parties being pooled. There was one party that --
25 All of these addresses are valid. The Elliott Family

1 Partnership, the item was delivered but it has not been
2 picked up yet, but that is a valid address.

3 MR. BROOKS: Which one was that?

4 MR. BRUCE: The Elliott Family Limited
5 Partnership.

6 MR. BROOKS: Okay, thank you.

7 MR. BRUCE: I have previously mailed items to
8 that address and they've been picked up. It has not been
9 refused, it just has not been picked up yet.

10 And I would move the admission of Exhibits 1 and
11 2 and ask that the matter be taken under advisement.

12 EXAMINER CATANACH: Exhibits 1 and 2 will be
13 admitted.

14 I guess I'm a little unclear about the previous
15 order. There was a different company that pooled?

16 MR. BRUCE: A different operator, yes, WJP
17 Exploration, L.L.C., and they sold their interest to
18 Corkran Energy.

19 EXAMINER CATANACH: Okay, was the well drilled
20 under that order?

21 MR. BRUCE: No, it was not.

22 EXAMINER CATANACH: So did the order expire?

23 MR. BRUCE: The order expired.

24 EXAMINER CATANACH: Okay.

25 MR. BROOKS: Okay, it looks like you have green

1 cards from everybody, then, except Elliott Family Limited
2 Partnership?

3 MR. BRUCE: And they were notified of the
4 original hearing in this matter, and the case file will
5 reflect that that address was valid and notice was received
6 in that case, so I do know that's a valid address.

7 MR. BROOKS: Very good.

8 (Off the record)

9 EXAMINER CATANACH: All right, there being
10 nothing further, Case 13,835 will be taken under
11 advisement.

12 (Thereupon, these proceedings were concluded at
13 9:06 a.m.)

14 * * *

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17
18 I do hereby certify that the foregoing is
19 a correct record of the proceedings in
the Examiner hearing of Case No. 13835,
heard by me on January 4, 2007.

20 David R. Catnach Examiner
21 Oil Conservation Division

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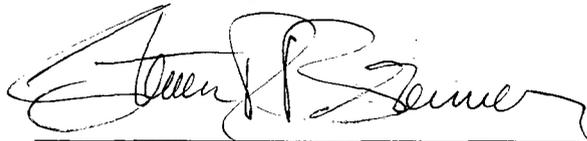
CERTIFICATE OF REPORTER

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 January 8th, 2007.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010