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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

**ORIGINAL**

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

CASE NO. 2009 305

APPLICATION OF DEVON ENERGY  
PRODUCTION COMPANY, L.P., FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

**RECEIVED**  
2009 MAY 1 PM 1 05

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 16, 2009  
Santa Fe, New Mexico

BEFORE: DAVID BROOKS: Hearing Examiner  
TERRY WARNELL: Technical Advisor  
RICHARD EZEANYIM: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, David Brooks Hearing Examiner,  
on April 16, 2009 at the New Mexico Energy, Minerals and  
Natural Resources Department, 1220 South St. Francis  
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Peggy A. Sedillo, NM CCR NO. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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APPLICANT'S EXHIBITS

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Exhibit 4	6

COURT REPORTER'S CERTIFICATE	7
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A P P E A R A N C E S

FOR THE APPLICANT:	JAMES BRUCE, ESQ.
	Attorney at Law
	P. O. Box 1056
	Santa Fe, NM 87504

1 HEARING EXAMINER: We'll call Case No. 14305,  
2 the application of Devon Energy Production Company, L.P.  
3 for compulsory pooling, Eddy County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
6 representing the applicant. I'm submitting this case by  
7 affidavit.

8 HEARING EXAMINER: Okay.

9 MR. BRUCE: Mr. Examiner, in this case, Devon  
10 seeks an application for force pooling all mineral  
11 interests from the surface to the base of the Upper  
12 Pennsylvanian formation underlying the west half of  
13 Section 13, Township 24 South, Range 28 East to form 320  
14 acre spacing units.

15 I think the application asks for 160 acre and  
16 320 acre units. At this point, we're just asking for a  
17 320 acre unit.

18 Submitted as Exhibit 1 is the affidavit of Ken  
19 Gray, a landman for Devon Energy showing the parties being  
20 pooled, their percentage interests.

21 This case involves -- if you'll flip back four  
22 pages to Attachment A to this exhibit, this well was  
23 drilled sometime ago, 26, 27 years ago. It produced for  
24 quite some time, and then ceased producing.

25 You can see, it's numerous fee tracts of land.

1 When it ceased producing, a number of the leases expired,  
2 and as a result, when Devon Energy decided to reenter the  
3 well, they had to spend a lot of time and effort trying to  
4 lease these small tracts.

5 There were certain unleased mineral interest  
6 owners, all who are being forced pooled, their unleased  
7 mineral interest owners who had to be force pooled. The  
8 well has been recompleted.

9 If you turn to the next Attachment B, you'll see  
10 that the well is completed in the Upper Penn. And I  
11 believe this is the Division's handwriting up at the top.  
12 It says "South draw Upper Penn" and gives a pool code.

13 I was not able to find that in the Division  
14 records, but nonetheless, that's what the Division in  
15 Artesia designated the pool as. It is a gas well spaced  
16 on 320 acres.

17 There are some completion documents in there  
18 along with the rest of Attachment B.

19 Attachment C is simply all of the correspondence  
20 to the unleased mineral interest owners. There are a  
21 number of them and there's correspondence going back, oh,  
22 over a year and a half to all of the parties being pooled,  
23 all of whom are locatable, Mr. Brooks.

24 HEARING EXAMINER: They've all been located?

25 MR. BRUCE: They've all been located. There are

1 some affidavits of publication only because I never got a  
2 green card back from one interest owner, Cline Oil and Gas  
3 Company.

4           However, if you turn to the very back of  
5 Attachment C to this exhibit, you will see that a well  
6 proposal to Cline Oil and Gas Company by Devon did have a  
7 signed green card and it was returned. It's quite a ways  
8 back there.

9           HEARING EXAMINER: Yeah. Okay.

10           MR. BRUCE: And then finally, Attachment D are  
11 actual well costs. Like I said, the well has been  
12 recompleted. These are the actual well costs,  
13 \$1,239,030.70.

14           Applicant seeks the force pooling of all of  
15 these parties. The overhead rates, \$6,000 and \$600, are  
16 set forth in Exhibit 1.

17           Exhibit 2 is my affidavit of notice. Again,  
18 everyone did receive notice. The very last one, the last  
19 page of that exhibit, shows that a notice letter to Cline  
20 Oil and Gas Company had not yet been picked up by that  
21 entity.

22           As a result, I did publish notice against Cline  
23 Oil and Gas Company. The affidavit of publication is  
24 submitted as Exhibit 3.

25           Also set forth in Mr. Gray's affidavit is --

1 there is one interest owner, Harry Richardson, who may or  
2 may not be deceased. There's no probate of him in New  
3 Mexico records. And notice of this hearing was published  
4 against any potential heirs or devisees of Harry  
5 Richardson. And that affidavit of publication is  
6 submitted as Exhibit 4.

7 And so with that, I would ask that Exhibits 1  
8 through 4 be admitted and that this matter be taken under  
9 advisement.

10 HEARING EXAMINER: Okay, Exhibits 1 through 4  
11 are admitted. And Case No. 14305 is taken under  
12 advisement.

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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. 14305  
heard by me on 4-16 2009  
David K. Bessie Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO )  
 ) ss.  
2 COUNTY OF BERNALILLO )

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 25th day of April, 2009.

  
PEGGY A. SEDILLO, CCR NO. 88  
License Expires 12/31/09