

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 MARBOB ENERGY
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 14479

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

2010 JUN 23 P 4:00
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BEFORE: DAVID K. BROOKS, Presiding Examiner
TERRY G. WARNELL, Technical Examiner

June 10, 2010

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Presiding Examiner, and TERRY G. WARNELL, Technical Examiner, on Thursday, June 10, 2010, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91
Paul Baca Professional Court Reporters
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Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

OCEAN MUNDS-DRY, ESQ.
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421

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1 EXAMINER BROOKS: At this time we will
2 call Case Number 14479, application of Marbob Energy
3 Corporation for compulsory pooling, Eddy County, New
4 Mexico. Call for appearances.

5 MS. MUNDS-DRY: Good morning, Mr.
6 Examiner. Ocean Munds-Dry with the law firm of Holland &
7 Hart, here representing Marbob Energy Corporation this
8 morning, and I am presenting this case by affidavit.

9 EXAMINER BROOKS: Any other appearances?
10 Very good.

11 MS. MUNDS-DRY: Mr. Examiners, Marbob is
12 requesting an order pooling certain interest owners in
13 the east half of Section 34, Township 24 South, Range 25
14 East, Eddy County, New Mexico. All mineral owners in the
15 area have voluntarily agreed to pool their interests.
16 There are two lost mineral interest owners that we are
17 seeking to pool this morning.

18 Exhibit Number 1 is the affidavit of Ross
19 Duncan, who is a landman who is familiar with the status
20 of the lands in Section 34. In his affidavit he outlines
21 Marbob's efforts to find John D. Ogle and W. B. Grammer.

22 Marbob conducted a diligent search of county
23 records and located a 1915 patent on the land that was
24 issued to Mr. Ogle, and then a 1932 mineral deed was
25 conveyed to W. B. Grammer. However, there were no

1 addresses associated with these documents and no further
2 records in the county records. Marbob then conducted a
3 search over the Internet and various phone databases with
4 no success to locate these two interest owners.

5 Attachment A to the affidavit is the C-102
6 which shows the well location. Marbob plans to dedicate
7 its Bawh State Com Well Number 1 to the proposed 320-acre
8 spacing unit to be drilled 1,930 from the south line and
9 810 from the east line to an approximate depth of 11,900
10 feet in Section 34.

11 Attachment B lists the nature and percentage
12 of ownership interest in the proposed project area. As I
13 mentioned earlier, all interest owners have committed
14 their interests to the unit. It is simply again to pool
15 these lost interest owners.

16 Attachment C to the affidavit is the AFE
17 showing the proposed costs, estimated costs for the well.
18 Completed well costs are \$2,426,498. Marbob proposes
19 overhead charges of \$6,000 a month while drilling, and
20 \$600 a month while producing. And Attachment D to the
21 affidavit is the affidavit of publication.

22 Marbob requests that these interests be pooled
23 and that Marbob be the designated operator of the well.
24 As Mr. Duncan testifies in his affidavit, approval of
25 this application will avoid drilling of unnecessary

1 wells, will prevent waste, will protect correlative
2 rights, and allow Marbob and the other interest owners in
3 the east half of Section 34 an opportunity to obtain
4 their just and fair share of the oil and gas under the
5 subject lands.

6 With that, Mr. Examiners, we would move the
7 admission of Exhibit Number 1 and all of its attachments
8 into evidence.

9 EXAMINER BROOKS: Exhibit 1 is admitted.

10 This is a Morrow target formation?

11 (Exhibit 1 was admitted.)

12 MS. MUNDS-DRY: Yes, it is.

13 EXAMINER BROOKS: You're only asking
14 for -- well, you're asking for 320 from the surface to
15 the base of the Morrow, but no smaller units?

16 MS. MUNDS-DRY: That is correct.

17 EXAMINER BROOKS: Okay. Title is the same
18 as to all depths?

19 MS. MUNDS-DRY: I believe that is correct.

20 EXAMINER BROOKS: And we do have
21 unlocateable interests, as you had observed. Okay. I
22 guess that's all I need to know. Case Number 14479 will
23 be taken under advisement.

24 MS. MUNDS-DRY: Thank you, Mr. Brooks.

25 * * * I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14479
heard by me on June 10, 2010

REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on June 10, 2010, proceedings in the
above captioned case were taken before me and that I did
report in stenographic shorthand the proceedings set
forth herein, and the foregoing pages are a true and
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with any of the parties or
attorneys in this case and that I have no interest
whatsoever in the final disposition of this case in any
court.

WITNESS MY HAND this 23rd day of June, 2010.


Jacqueline R. Lujan, CCR #91
Expires: 12/31/2010