

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. 13,219
APPLICATION OF ELK OIL COMPANY FOR)
APPROVAL OF A UNIT AGREEMENT, CHAVES)
COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 19th, 2004

Santa Fe, New Mexico

RECEIVED

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Oil Conservation Division
1220 S. St. Francis Drive,
Santa Fe, New Mexico
NM 87505

This matter came on for hearing before

Mexico Oil Conservation Division, DAVID R. CATANACH,
Hearing Examiner, on Thursday, February 19th, 2004, 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

February 19th, 2004
Examiner Hearing
CASE NO. 13,219

PAGE

REPORTER'S CERTIFICATE

6

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	5
Tab A	4	5
Tab B	4	5
Tab C	4	5
Tab D	4	5
Tab E	4	5

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:47 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case
4 13,219, the Application of Elk Oil Company for approval of
5 a unit agreement, Chaves County, New Mexico.

6 Call for appearances.

7 MR. CARR: May it please the Examiner, my name is
8 William F. Carr with the Santa Fe office of Holland and
9 Hart, L.L.P. We represent Elk Oil Company in this matter,
10 and I will present the case pursuant to affidavit.

11 EXAMINER CATANACH: Okay. Any additional
12 appearances?

13 Okay, Mr. Carr, you may proceed.

14 MR. CARR: May it please the Examiner, Elk Oil
15 Company seeks approval of the Z-28 State Exploratory Unit.
16 This is a voluntary exploratory unit comprised of 2240
17 acres of State of New Mexico lands. It's located
18 approximately 25 miles northeast of Roswell. 100 percent
19 of the working interest in these lands is owned by Elk Oil
20 Company or its affiliated companies, and Elk proposes to
21 test all formations from the surface to the base of the
22 Silurian-Ordovician formation.

23 Elk is requesting that this Application be
24 approved pursuant to affidavit under recently adopted
25 division policy.

1 If you'll look at our Exhibit Number 1, the first
2 thing in the exhibit is an affidavit of Tom -- or Ray T.
3 King, Tom King, Jr. Mr. King identifies the unit area and
4 attaches to this affidavit a copy of the unit agreement.
5 The unit agreement conforms to the State Land Office form.

6 Tab B is a plat. It's the plat that's attached
7 to the unit agreement. It identifies the unit boundary.
8 The initial test well is the Z-28 Well Number 1. It's
9 going to be drilled at a standard gas well location 660
10 feet from the north and east lines of Section 11 in
11 Township 10 South, Range 26 East. The depth of the well
12 will be approximately 6800 feet.

13 Tab C is a copy again of Schedule D to the unit
14 agreement. It has the ownership breakdown. Again, I want
15 to emphasize that a hundred percent of the working interest
16 is voluntarily committed to the well.

17 Tab D is a letter giving preliminary approval to
18 the unit agreement from the Commissioner of Public Lands.

19 And Tab E to the affidavit is an east-west
20 structural cross-section. It shows the Silurian-Ordovician
21 dolomites cross the area, which is the main productive
22 interval. I should note that the Pennsylvanian and
23 Wolfcamp may also be productive.

24 Mr. King testifies in his affidavit that approval
25 of the Application will be in the best interest of

1 conservation, the prevention of waste and the protection of
2 correlative rights.

3 Elk Oil Company requests that Exhibit 1 be
4 admitted into evidence and advises the Division that it is
5 prepared drilling of the initial test well as soon as
6 Division approval is obtained. We do not have an immediate
7 lease problem that will be impacted by the entry date of
8 the order.

9 So I move the admission of Exhibit 1.

10 EXAMINER CATANACH: Exhibit 1 will be admitted.
11 Anything further?

12 MR. CARR: Nothing further.

13 EXAMINER CATANACH: Okay, there being nothing
14 further, then Case Number 13,219 will be taken under
15 advisement.

16 (Thereupon, these proceedings were concluded at
17 8:50 a.m.)

18 * * *

19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
the Examiner hearing of Case No. 13219,
heard by me on February 19, 2004.

21 David M. Catnach, Examiner
22 Oil Conservation Division
23
24
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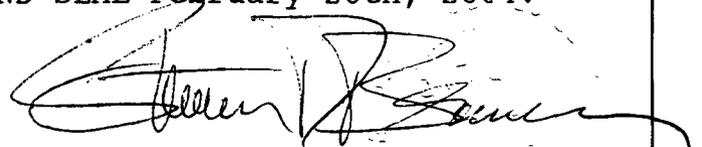
CERTIFICATE OF REPORTER

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 February 20th, 2004.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006