

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:)
APPLICATION OF ARCO PERMIAN, A UNIT OF)
ATLANTIC RICHFIELD, FOR COMPULSORY)
POOLING, DIRECTIONAL DRILLING AND)
UNORTHODOX WELL LOCATIONS, EDDY COUNTY,)
NEW MEXICO)

CASE NO. 11,726

RECEIVED

AUG 11 1997

Oil Conservation Division

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 21st, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 21st, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

August 21st, 1997
 Examiner Hearing
 CASE NO. 11,726

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E X H I B I T

Applicant's	Identified	Admitted
Exhibit 10	5	5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN P.A.
 Suite 1 - 110 N. Guadalupe
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: PAUL R. OWEN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:39 a.m.:

3 EXAMINER STOGNER: At this time I'll call Case
4 Number 11,726.

5 MR. CARROLL: Application of ARCO Permian, a unit
6 of Atlantic Richfield, for compulsory pooling, directional
7 drilling and unorthodox well locations, Eddy County, New
8 Mexico.

9 EXAMINER STOGNER: At this time I'll call for
10 appearances.

11 MR. OWEN: Paul Owen of the Santa Fe law firm of
12 Campbell, Carr, Berge and Sheridan, for the Applicant, ARCO
13 Permian.

14 I have no witnesses in this matter. I wish to
15 present an affidavit.

16 EXAMINER STOGNER: Okay, any other appearances?

17 I believe, Mr. Owen, this case was heard
18 previous. Could you kind of give us a little summary
19 before you make your statement at this time?

20 MR. OWEN: Sure. This case was first heard on
21 March the 6th, 1997, before you, Examiner Stogner. At that
22 time Mr. Lee Scarborough testified for ARCO that the
23 Application for compulsory pooling was filed before ARCO
24 had contacted Phillips.

25 The first notice that Phillips had of this

1 Application was the notice from my law firm of this matter
2 being set for hearing by the Division.

3 At the time that this matter came for hearing in
4 March, you continued this case to allow additional time for
5 voluntary joinder.

6 Since that time, in addition to the October 25th,
7 1996, letter from ARCO seeking -- proposing the development
8 of the acreage, and the January 30th, 1997, notice letter
9 from my law firm of the March 6th hearing, ARCO has had a
10 number of communications with Phillips.

11 The first was a February 4th, 1997 letter,
12 several days after the hearing, from ARCO to Phillips
13 proposing the well, seeking voluntary participation.

14 Following that, there was an April 2nd, 1997,
15 letter from ARCO to Phillips seeking Phillips'
16 participation, proposing a farmout and sending an operating
17 agreement.

18 On April the 9th, 1997, there was an additional
19 notice letter from my law firm, advising Phillips of the
20 continuance of this case.

21 On July 17th, 1997, there was an additional
22 letter from ARCO to Phillips seeking participation in the
23 well or a farmout, and giving Phillips additional notice of
24 this case.

25 And finally, on August the 5th, 1997, there was a

1 final letter from ARCO to Phillips seeking voluntary
2 joinder.

3 These letters and the additional efforts made by
4 ARCO to seek Phillips' voluntary joinder in this well are
5 summarized in an affidavit of Lee Scarborough, which
6 affidavit is dated August 19th, 1997.

7 Each letter is attached -- Each letter which I
8 mentioned, including the notice, the initial notice
9 letters, are attached as Exhibits A through F to that
10 affidavit.

11 I tender this affidavit as Exhibit Number 10 to
12 the initial case.

13 The exhibit sticker is on the back, very back
14 page.

15 And I request that -- Mr. Scarborough has come to
16 the conclusion that Phillips' participation, voluntary
17 participation, will not be forthcoming, and ARCO requests
18 that this matter be taken under advisement and an order
19 entered for compulsory pooling, directional drilling and
20 unorthodox well locations.

21 EXAMINER STOGNER: Thank you, Mr. Owen.

22 It will be noted that Mr. Scarborough was the
23 landman and sworn in as an expert witness as such at the
24 March hearing.

25 And Exhibit Number 10 will be admitted into

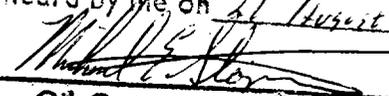
1 evidence at this time.

2 And if there's nothing further in Case 11,726,
3 then this matter will be taken under advisement.

4 Thank you, Mr. Owen.

5 (Thereupon, these proceedings were concluded at
6 8:42 a.m.)

7 * * *

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14 I do hereby certify that the foregoing is
15 a correct and true copy of the proceedings in
16 the Examiner hearing of Case no. 11726,
17 heard by me on 21 August 1997.
18 
19 _____, Examiner
20 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 August 22nd, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998