

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. 11,726
)
 APPLICATION OF ARCO PERMIAN, A UNIT)
 OF ATLANTIC RICHFIELD, FOR COMPULSORY)
 POOLING, DIRECTIONAL DRILLING AND)
 UNORTHODOX WELL LOCATIONS, EDDY COUNTY,)
 NEW MEXICO)

1807

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 3rd, 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, April 3rd, 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

April 3rd, 1997
Examiner Hearing
CASE NO. 11,726

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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: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:27 a.m.:

3 EXAMINER STOGNER: I'll now call Case Number
4 11,626.

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: Call for appearances.

10 MR. CARR: May it please the Examiner, my name is
11 William F. Carr with the Santa Fe law firm Campbell, Carr,
12 Berge and Sheridan. We represent ARCO Permian in this
13 matter.

14 Mr. Examiner, this was a problem four weeks ago
15 similar to the one in the case we just discussed. As you
16 will recall, in that case there was an application
17 initially filed by Amoco.

18 Negotiations between Amoco and Phillips took
19 place, but partway through the negotiations Amoco and ARCO
20 agreed that ARCO would go forward, operate the well,
21 proceed with the compulsory pooling case.

22 Again, when we looked at the written evidence
23 there was no documentation in the file that indicated that
24 negotiations have been conducted between ARCO and Amoco.

25 ARCO was directed to contact Phillips again,

1 which they have done, and have received no response from
2 Phillips. So when they did not, I asked that they send me
3 a letter, a copy of a letter, and write Phillips
4 referencing their recent conversations concerning a
5 farmout, advising that they still have the opportunity to
6 go forward.

7 There's no question that Phillips had a date of
8 -- a notice of the hearing; it was just that the record was
9 inadequate. We had only verbal representations concerning
10 contacts with Phillips.

11 We've recontacted, we have no response. I asked
12 that a letter be submitted showing that, in fact, they have
13 talked about farmout, and that's what I have, and I'd like
14 to ask that that be included in the record in this case.

15 EXAMINER STOGNER: Is it my understanding that
16 since the matter of March -- what was that? -- 6th?

17 MR. CARR: Yes, sir.

18 EXAMINER STOGNER: -- until yesterday, this was
19 the only written correspondence?

20 MR. CARR: That's the only -- They have been
21 talking with them and have met with them. And when they
22 had still no response, they were hoping to have a written
23 response from Phillips yesterday. I suggested, write a
24 letter confirming, in fact, that they had talked and that
25 they still are willing under the original terms to

1 participate.

2 EXAMINER STOGNER: Mr. Carr --

3 MR. CARR: Mr. Stogner?

4 EXAMINER STOGNER: -- in hearing the case on
5 March 6th, I'm very surprised that the only written
6 correspondence has been dated yesterday --

7 MR. CARR: I understand.

8 EXAMINER STOGNER: -- and with that problem,
9 since I really have no evidence that Phillips was contacted
10 by Arco subsequent to then, I'm going to continue this
11 matter again until the May 1st hearing.

12 MR. CARR: That's fine. And on receipt of this
13 letter, I advised ARCO that was probable.

14 EXAMINER STOGNER: Anything else in Case Number
15 11,726? This matter will be continued once again to the
16 Examiner hearing scheduled for May 1st, 1997.

17 Mr. Carr?

18 MR. CARR: Yes, sir.

19 EXAMINER STOGNER: One other thing on that issue
20 of 11,726. I'm going to request that ARCO submit to
21 Phillips notice -- additional notice --

22 MR. CARR: -- of the May 1 --

23 EXAMINER STOGNER: -- of the May 1st hearing --

24 MR. CARR: Will do.

25 EXAMINER STOGNER: -- and I expect that to be in

1 a timely manner, pursuant to --

2 MR. CARR: We'll comply with the notice
3 requirements, because we still have time --

4 EXAMINER STOGNER: Yes.

5 MR. CARR: Okay.

6 EXAMINER STOGNER: Thank you.

7 MR. CARR: We'll do that.

8 (Thereupon, these proceedings were concluded at
9 8:32 a.m.)

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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.

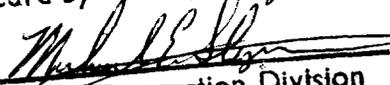
WITNESS MY HAND AND SEAL April 7th, 1997.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11726, heard by me on 3 April 1997.



Examiner
Oil Conservation Division

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