

OIL CONSERVATION DIV.

99 NOV -2 PM 4: 01

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 NEARBURG EXPLORATION )  
 COMPANY, L.L.C., FOR COMPULSORY POOLING )  
 AND AN UNORTHODOX GAS WELL LOCATION, )  
 EDDY COUNTY, NEW MEXICO )

CASE NO. 12,231

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

October 7th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, October 7th, 1999, 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.

\* \* \*

## I N D E X

October 7th, 1999  
Examiner Hearing  
CASE NO. 12,231

	PAGE
REPORTER'S CERTIFICATE	6

\* \* \*

## 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:

JAMES G. BRUCE, Attorney at Law  
3304 Camino Lisa  
Santa Fe, New Mexico 87501  
P.O. Box 1056  
Santa Fe, New Mexico 87504

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 12:31 p.m.:

3           EXAMINER STOGNER: All right, at this time I'll  
4 call Case Number 12,231.

5           MR. CARROLL: Application of Nearburg Exploration  
6 Company, L.L.C., for compulsory pooling and an unorthodox  
7 gas well location, Eddy County, New Mexico.

8           EXAMINER STOGNER: Call for appearances.

9           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
10 representing the Applicant. I have no witnesses, just a  
11 brief statement.

12           EXAMINER STOGNER: Okay.

13           MR. BRUCE: Mr. Examiner, this Application was  
14 filed for compulsory pooling and an unorthodox gas well  
15 location when this first came up for hearing on August  
16 19th.

17           The compulsory pooling portion of the case was --  
18 I requested dismissal because the parties had come to terms  
19 regarding the unorthodox gas well location. That pertains  
20 to the Peñasco Draw-San Andres-Yeso Associated Pool. That  
21 pool is spaced on 320 acres with wells to be within, I  
22 believe, 150 feet of a quarter quarter section, of the  
23 center of a quarter quarter section. And this location is  
24 somewhat to the south of such a location, I believe, or  
25 maybe it's -- I don't remember exactly. Yeah, it's

1 somewhat to the south, an unorthodox location.

2 Today I did deliver to you a letter just  
3 requesting administrative approval for that Peñasco Draw  
4 location. The plans for this well, it was a well producing  
5 from the Dagger Draw Pool, I forget which. I believe it  
6 was the South Dagger Draw. It depleted in the Dagger Draw,  
7 and Nearburg and Yates, its working interest partners, are  
8 going to deepen it to the Morrow. That is their first  
9 preference.

10 If it is not successful in the Morrow, they will  
11 come back uphole to the Peñasco Draw. At this time that is  
12 their plan, to attempt a completion there, and they would  
13 request an unorthodox location. But since I have filed an  
14 administrative application, I don't know if you want to  
15 just dismiss this case but take notice of this case with  
16 respect to the administrative application.

17 EXAMINER STOGNER: That administrative  
18 application that you filed, was there notification  
19 requirements, the --

20 MR. BRUCE: No, because they did not move toward  
21 any offset operator.

22 EXAMINER STOGNER: I haven't seen this  
23 application. I'll tell you what, why don't we do this, if  
24 it's okay with you, is, let's continue this particular case  
25 until October the 21st, and if an order is issued before

1 then, which hopefully it will be, we can dismiss it at that  
2 time, or continue it again, and that way we have our  
3 options open.

4 MR. BRUCE: Okay, that would be fine.

5 EXAMINER STOGNER: But I will take note of the  
6 record in this case and make reference in that  
7 administrative application to this case.

8 So Case Number 12,231 will be continued to the  
9 Examiner Hearing scheduled for October the 21st.

10 And with that, let's take a lunch break until  
11 1:30.

12 (Thereupon, these proceedings were concluded at  
13 12:34 p.m.)

14 \* \* \*

15

16

17

18

19

20

21

22

23

24

25

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 October 28th, 1999.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002

I do hereby certify that the foregoing is a complete report of the proceedings of the Court last hearing of Case No. 12231 heard by me on 7 October 1999



Oil Conservation Director

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