

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 McELVAIN OIL AND GAS)
 PROPERTIES, INC., FOR COMPULSORY)
 POOLING, RIO ARRIBA COUNTY, NEW MEXICO)
)

CASE NO. 12,472

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

August 10th, 2000

Santa Fe, New Mexico

OIL CONSERVATION DIV.
 AUG 16 AM 11:59

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner on Thursday, August 10th, 2000, 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 10th, 2000
 Examiner Hearing
 CASE NO. 12,472

	PAGE
REPORTER'S CERTIFICATE	6

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

LYN S. HEBERT
 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 10:43.m.:

3 EXAMINER ASHLEY: The Division calls Case 12,472,
4 Application of McElvain Oil and Gas Properties, Inc., for
5 compulsory pooling, Rio Arriba 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 law firm Campbell, Carr,
9 Berge and Sheridan. We represent McElvain Oil and Gas
10 Properties in this matter.

11 Mr. Examiner, by Order Number R-11,247, which was
12 entered in Case 12,224 on September 9, 1999, the Division
13 granted the Application of McElvain Oil and Gas Properties
14 and pooled the north half of Section 10 for its proposed
15 Elk Com Well Number 1.

16 At that time we pooled working interest owners
17 and royalty interest owners, because McElvain has been
18 unable to determine whether or not the base lease covering
19 a fee tract in the north half of this section contained a
20 clause that would permit them as the owner of the lease to
21 pool those lands.

22 We're here today requesting an order pooling for
23 the infill well, the Elk 10 1-A, which we will drill in the
24 northwest quarter of Section 10. All working interest
25 owners are in the well, NM&O and McElvain have reached an

1 agreement this week, so there's no working-interest issue.
2 Accordingly, there's no risk penalty, there are no overhead
3 and administrative costs. We simply need an order for the
4 infill well, again pooling these royalty interests.

5 The testimony as to that point would be identical
6 to the testimony presented in 1999 in Case 12,224, and we
7 request that you take administrative notice of the record
8 in that case and enter an order based thereon, pooling
9 these remaining royalty interest owners for the infill
10 well.

11 EXAMINER ASHLEY: The Division will take
12 administrative notice of Case Number -- What was the case
13 number, Mr. Carr?

14 MR. CARR: Case Number 12,224.

15 EXAMINER ASHLEY: Case 12,224. And I just have a
16 couple questions.

17 You said all working interests have already
18 joined in the well --

19 MR. CARR: Yes.

20 EXAMINER ASHLEY: -- and therefore you're not
21 seeking any risk penalty?

22 MR. CARR: There's no issue as to risk penalty.
23 All the working interest is committed. There are no
24 overhead charges because, of course, the royalty interests
25 are free of those.

1 EXAMINER ASHLEY: Is there anything further in
2 this case?

3 MR. CARR: I have nothing further in this matter.

4 EXAMINER ASHLEY: Okay, there being nothing
5 further in this case, Case 12,472 will be taken under
6 advisement.

7 MR. CARR: Mr. Examiner, having said that, I'm
8 wrong. There is one thing I would like to offer, and that
9 is a notice affidavit confirming that all the royalty
10 interest owners were notified of today's hearing. We have
11 marked it as Exhibit 1 in this case, and I would like to
12 have that included in the record.

13 EXAMINER ASHLEY: Do you have that with you?

14 MR. CARR: Yes, I do, and each of the interest
15 owners affected has been notified of the hearing.

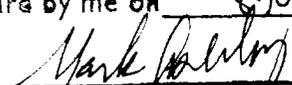
16 EXAMINER ASHLEY: Okay. Exhibit 1 will be
17 admitted as evidence at this time.

18 MR. CARR: And that's all I have in this matter.

19 EXAMINER ASHLEY: And then now this case will be
20 taken under advisement.

21 (Thereupon, these proceedings were concluded at
22 10:48 a.m.)

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
the Examiner hearing of Case No. 12472,
heard by me on 6-10-00 19

25  , Examiner
Of Conservation Division

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 12th, 2000.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002