

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. 12,629

APPLICATION OF OXY USA WTP LIMITED)
 PARTNERSHIP FOR COMPULSORY POOLING,)
 EDDY COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 5th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, April 5th, 2001, 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.

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I N D E X

April 5th, 2001
Examiner Hearing
CASE NO. 12,629

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's

Identified

Admitted

Exhibit 1

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* * *

A P P E A R A N C E S

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

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

3 EXAMINER CATANACH: At this time we'll call Case
4 12,629, which is the Application of OXY USA WTP Limited
5 Partnership for compulsory pooling, Eddy County, New
6 Mexico.

7 This case is styled such that in the absence of
8 objection, this matter will be taken under advisement.

9 I will call for appearances in this case at this
10 time.

11 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
12 the Santa Fe law firm of Kellahin and Kellahin, appearing
13 on behalf of the Applicant.

14 EXAMINER CATANACH: Call for additional
15 appearances. No additional appearances.

16 Mr. Kellahin?

17 MR. KELLAHIN: Mr. Examiner, this case is being
18 presented to you pursuant to that portion of the Division
19 rules that provides an opportunity in certain types of
20 compulsory pooling applications to present the witness's
21 testimony by affidavit. This is one of these types of
22 cases.

23 We have it docketed for the spacing of the south
24 half of the section, the southeast quarter, and then a 40-
25 acre tract being the southeast of the southeast. The

1 primary objective, however, will be the deep gas 320
2 spacing in the section.

3 The affidavit is attested to by Mr. Hurlbut. Mr.
4 Hurlbut is a petroleum landman for OXY. Mr. Gary Womack is
5 a petroleum engineer with geologic experience that's
6 attested to the risk-factor penalty.

7 We've attached all the appropriate exhibits and
8 had the witnesses attest to two essential things. One is,
9 in the south half of the south half of the section there's
10 a lease in which two entities have not been able to be
11 found. One is Kemp Lumber Company. The affidavit and
12 exhibits will demonstrate to you that Kemp Lumber Company
13 is a defunct New Mexico corporation that was dissolved in
14 1965.

15 However, the State Corporation Commission Records
16 failed to reflect the filing of an appropriate articles of
17 dissolution. So we have no way, despite our efforts, to
18 find who the stockholders are of the corporation.

19 You can see by the documents in the land portion,
20 a search was made to try to find those shareholders,
21 despite the fact that Kemp Lumber Company did not file the
22 appropriate dissolution documents.

23 We've made reference to a New Mexico statutory
24 provision that allows us to pool Kemp Lumber Company for
25 purposes of litigation or matters concerning this type of

1 activity. They continue to exist for purposes of allowing
2 us to serve that corporation.

3 The other one is Billy James Van Winkle. Mr. Van
4 Winkle has a very small interest. Again, the documentation
5 will demonstrate that we're not able to find Mr. Van
6 Winkle.

7 There's an attestation as to a request for the
8 maximum risk factor penalty. It's subdivided into two
9 parts. There are documents, an isopach, showing you the
10 risk associated with the Morrow, and there is an exhibit
11 and a short summary attesting to the risk associated with
12 the Cisco.

13 I believe we've attached all the appropriate
14 exhibits in compliance with this provision of the rule.
15 We're asking for overhead rates of \$5500 a month drilling,
16 \$550 a month producing. They're consistent with the range
17 of averages in the current Ernst and Young tabulation of
18 overhead rates.

19 You'll find a copy of an AFE -- it's for
20 \$151,000-plus -- for a completed well.

21 We would ask that you issue an order pooling
22 these interests and allowing OXY to be declared as
23 operator.

24 And with that introduction, Mr. Examiner, we
25 would submit to you what is marked as Exhibit Number 1 in

1 this case.

2 EXAMINER CATANACH: Exhibit Number 1 will be
3 admitted as evidence.

4 Is there anything further, Mr. Kellahin?

5 MR. KELLAHIN: No, sir, not in this case.

6 EXAMINER CATANACH: Okay, there being nothing
7 further, Case 12,629 will be taken under advisement.

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

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13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
the Examiner hearing of Case No. 72629,
15 heard by me on April 5 192001.

16 Daniel R. Catanach, Examiner
17 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 April 8th, 2001.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002