

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. 12,744
)
APPLICATION OF TMBR/SHARP DRILLING,)
INC., APPEALING TO THE DIRECTOR OF THE)
NEW MEXICO OIL CONSERVATION DIVISION THE)
HOBBS DISTRICT SUPERVISOR'S DECISION)
DENYING APPROVAL OF TWO APPLICATIONS FOR)
PERMIT TO DRILL ("APDS") FILED BY)
TMBR/SHARP, INC., LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Hearing Examiner

October 18th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Hearing Examiner, on Thursday, October 18th, 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.

OIL CONSERVATION DIV.
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I N D E X

October 18th, 2001
Examiner Hearing
CASE NO. 12,744

PAGE

REPORTER'S CERTIFICATE

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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

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

FOR DAVID ARRINGTON COMPANY:

LOSEE, CARSON, HAAS & CARROLL, P.A.
311 West Quay Avenue
Post Office Box 1720
Artesia, New Mexico 88211-1720
By: ERNEST L. CARROLL

ALSO PRESENT:

MICHAEL E. STOGNER
Hearing Examiner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87501

* * *

1 WHEREUPON, the following proceedings were had at
2 10:36 a.m.:

3 EXAMINER BROOKS: Okay, we'll call Case Number
4 12,744, Application of TMBR/Sharp Drilling, Inc., appealing
5 to the Director of the New Mexico Oil Conservation Division
6 the Hobbs District Supervisor's decision denying approval
7 of two Applications for permits to drill filed by
8 TMBR/Sharp, Lea County, New Mexico.

9 Call for appearances.

10 MR. CARROLL: Mr. Examiner, my name is Ernest
11 Carroll of the Artesia law firm of Losee, Carson, Haas and
12 Carroll, and I'm here today on behalf of David Arrington
13 Company.

14 Mr. Kellahin is here on behalf of TMBR/Sharp, I
15 guess he's out in the hall.

16 EXAMINER BROOKS: Yeah, Mr. Kellahin doesn't
17 appear to be in the room at the moment.

18 MR. CARROLL: Mr. Kellahin and I have reached --
19 The Examiner will recall, a few weeks ago we had extensive
20 argument with respect to the -- I believe it was --

21 EXAMINER BROOKS: Here is Mr. Kellahin.

22 MR. CARROLL: Ah, there he is.

23 EXAMINER BROOKS: Mr. Kellahin, we've called Case
24 Number 12,744. Do you wish to enter your appearance?

25 MR. KELLAHIN: Yes, Mr. Examiner, I'm appearing

1 in that case on behalf of the Applicant, TMBR/Sharp.

2 EXAMINER BROOKS: Okay, you may proceed, Mr.
3 Carroll.

4 MR. CARROLL: As I was going to -- just going
5 back historically, I think it's Case Number 12,731,
6 concerned the exact same issues. We presented a number of
7 exhibits, there was no testimony. I think Mr. Kellahin and
8 I had stipulated to facts in the testimony --

9 MR. KELLAHIN: Correct.

10 MR. CARROLL: -- and then we made extensive legal
11 arguments, and I think we have an agreement that those same
12 exhibits -- that this case be consolidated -- the -44 be
13 consolidated with the -31, and that it be taken under
14 advisement, based on the arguments and the evidence which
15 we presented at that time.

16 Is that correct, Mr. Kellahin?

17 MR. KELLAHIN: Mr. Brooks, on September 6th you
18 heard the Application filed by TMBR/Sharp to ask the
19 Division to stay two applications for a permit to drill
20 issued to Arrington.

21 The case on the docket today is a companion case
22 where TMBR/Sharp is asking the Division to approve the two
23 TMBR/Sharp APDs.

24 So the substance of the cases are the same,
25 there's no point in re-arguing it for you today. We are in

1 agreement with Mr. Carroll that the case today ought to be
2 consolidated in the case you've already heard and a
3 decision entered in both cases.

4 EXAMINER BROOKS: Very good. Case Number 12,744
5 will be consolidated with Case Number 12,731 and taken
6 under advisement.

7 MR. KELLAHIN: Thank you, sir.

8 EXAMINER BROOKS: Thank you.

9 (Thereupon, these proceedings were concluded at
10 10:40 a.m.)

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Ed. 18 12744
2001
David K. Brooks

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 22nd, 2001.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002