STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
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SANTA FE, NEW MEXICO 87505
(505) 827-7131

M E M O R A N D U M

TO: William J. LeMay, Director

FROM: David Catanach, Examiner

DATE: April 5, 1995

RE: Competing Forced Pooling Applications

It has come to our attention that during the next few months the Division will receive numerous competing forced-pooling applications. In an effort to reduce the presentation of unnecessary evidence and testimony, and to clarify the types of criteria that the decisions in these cases should be based upon, I am presenting to you some suggested guidelines to be utilized by Division Examiners in deciding these issues. In addition, I am presenting some criteria that should not be utilized in deciding these issues. It should be noted that these criteria are in no particular order of importance and may be used singly or in any combination thereof.

RELEVANT AND PERTINENT EVIDENCE

a) Any information related to pre-hearing negotiations conducted between the parties;
b) Willingness of operator(s) to negotiate a voluntary agreement;
c) Interest ownership within the particular spacing unit being sought;
d) Geologic evidence and testimony as it relates to proposed well location(s), especially if proposed well locations are different;
e) Information regarding dates prospect was developed, proposed, etc.;
f) Overhead rates for supervision;
g) Proposed risk penalties;
h) Significant differences in AFE's (Well costs);
i) Other information deemed pertinent by Division Examiner.

IRRELEVANT AND UNNECESSARY EVIDENCE

a) Insignificant differences in AFE's (Well costs), overhead rates and risk penalties;
b) Subjective judgement calls on an operator's ability to drill a well;
c) Subjective judgement calls on an operator's ability to produce and/or operate a well;

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12943 Exhibit No. 9
Submitted by: Great Western Drilling Company
Hearing Date: October 10, 2002

d) Subjective judgement calls on an operator's ability to market oil and gas from the subject well, or dispose of waste products;
e) Incidence and description of previous disagreements between the parties;

In those cases where the differences in relevant evidence are not sufficient to make a clear and fair determination of operatorship, the Division should institute a policy and/or procedure whereby operatorship is awarded on an alternate basis.