

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. 12,957
)
APPLICATION OF NADEL AND GUSSMAN)
PERMIAN, L.L.C., FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

RECEIVED

March 13th, 2003

MAR 27 2003

Santa Fe, New Mexico

Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, JR., Hearing Examiner, on Thursday, March 13th, 2003, 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

March 13th, 2003
Examiner Hearing
CASE NO. 12,957

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit A	6	6
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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
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Santa Fe, New Mexico 87505

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504
369 Montezuma, No. 213
Santa Fe, New Mexico 87501

* * *

ALSO PRESENT:

MICHAEL E. STOGNER
Hearing Examiner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 10:25 a.m.:

3 EXAMINER BROOKS: At this time we'll call Case
4 Number 12,957, Application of Nadel and Gussman Permian,
5 L.L.C., for compulsory pooling, Eddy County, New Mexico.
6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
8 representing the Applicant. I just have a short
9 presentation to make by myself.

10 EXAMINER BROOKS: Any other appearances?

11 MR. OWEN: Not in this case.

12 EXAMINER BROOKS: Okay. Do you have a witness?

13 MR. BRUCE: I do not have a witness.

14 MS. WALLACE: I can step down --

15 EXAMINER BROOKS: Okay.

16 MS. WALLACE: -- if that will make it better.

17 MR. BRUCE: Next case.

18 Mr. Examiner, this case was -- Well, to set it
19 up, this case involves a half section of land, the east
20 half of Section 35, 23 South, 27 East. The northeast
21 quarter is a single undivided fee tract, the northeast
22 quarter is, and the southeast quarter, I believe, is a
23 state tract which is 100-percent owned by Yates Petroleum
24 Corporation. Nadel and Gussman and Yates Petroleum
25 Corporation have entered into an operating agreement, so

1 those matters are not at issue.

2 In the original Case 12,957, heard on the 3rd of
3 December, 2002, Nadel and Gussman sought to force pool a
4 number of unlocatable unleased mineral interest owners in
5 the northeast quarter. I think they comprised about 20
6 percent of the northeast quarter.

7 An order was issued in that case, which is
8 R-11,868. And by -- that had a drilling deadline, which
9 has since expired, except by letter of the Division
10 Director, dated February 14th, 2003, that drilling deadline
11 was extended to May 1st of this year.

12 At that hearing, the landman presented
13 substantial evidence regarding the difficulty in locating
14 the people involved in the northeast quarter of Section 35.
15 I believe the last person to own it died about 60 or 70
16 years ago, and there is very little in the county records
17 since then. They have managed to track down a number of
18 people.

19 As I said, the first order pooled the unlocatable
20 people. There were five or six interest owners who were
21 locatable, who Nadel and Gussman was hoping to obtain
22 leases from. They were not able to do so. Testimony was
23 given in the original hearing regarding those locatable
24 people and their efforts to lease those people.

25 After the hearing, the original hearing, Nadel

1 and Gussman did send out proposal letters with AFEs to the
2 locatable people. Those letters are submitted as Exhibit
3 A, attached to the affidavit of Nadel and Gussman's
4 landman.

5 Those people have still not leased their interest
6 or otherwise joined in the well, and so we filed this
7 Application. My affidavit of notice to those people is
8 marked as Exhibit B.

9 We would ask that the record in the original
10 hearing be incorporated in this matter, that Exhibits A and
11 B be included in the record and that a revised order be
12 issued pooling these locatable interests as well as the
13 unlocatable interests.

14 EXAMINER BROOKS: Okay, Exhibits A and B will be
15 admitted and made a part of the record, and the original
16 record will be considered in connection with those
17 exhibits.

18 I don't remember this specifically. I'm not
19 certain that a new order is actually going to be necessary,
20 depending on -- unless we departed from the usual
21 procedure. The orders that we normally issue pool all
22 interests, whatever they may be.

23 MR. BRUCE: Okay.

24 EXAMINER BROOKS: But if this Order is in any
25 different form it can, of course, be amended if necessary.

1 MR. BRUCE: Okay, if a new order is unnecessary,
2 at the least, for my file, could the Division furnish me a
3 record so stating that this order is still in effect?

4 EXAMINER BROOKS: We will do so.

5 MR. BRUCE: Thank you.

6 EXAMINER BROOKS: Thank you very much, Mr. Bruce.
7 Case Number 12,957, Reopened, will be taken under
8 advisement at this time.

9 (Thereupon, these proceedings were concluded at
10 10:29 a.m.)

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March 13 2003
12957
David K. Brooks
Prosecution 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 March 15th, 2003.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006