

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 BP AMERICAN PRODUCTION)
COMPANY FOR SURFACE COMMINGLING,)
EDDY COUNTY, NEW MEXICO)

CASE NOS. 12,967

APPLICATION OF BP AMERICAN PRODUCTION)
COMPANY FOR SURFACE COMMINGLING,)
EDDY COUNTY, NEW MEXICO)

and 12,968

(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 13th, 2003

Santa Fe, New Mexico

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Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, 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.

* * *

I N D E X

March 13th, 2003
 Examiner Hearing
 CASE NO. 12,967 and 12,968 (Consolidated)

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

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110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: MICHAEL H. FELDEWERT

FOR TRILOGY OPERATING, INC.; JERRY A. WEANT; BOB STEVENS;
C.C. TULL, JR.; DOUG TULL; GEORGE KNOX; S FAMILY PARTNERS,
LTD.; WESLEY K. NOE; CALMETTO II, LTD.; SCOTT MUEHLBRAD;
SUTHERLAND FAMILY, L.L.C.; AVALON OIL COMPANY; MICHAEL G.
MOONEY; POGAR PETROLEUM; AND STEVENS AND TULL DEVELOPMENT,
L.P. (CASE NUMBER 12,967) and WESLEY NOE; BOB STEVENS; DOUG
TULL; GEORGE KNOX; POGAR PETROLEUM; SUTHERLAND FAMILY,
L.L.C.; JERRY WEANT; C.C. TULL, JR.; S FAMILY PARTNERS,
LTD.; SCOTT E. MUEHLBRAD; JPAK, L.P.; AND WESTWOOD LAKE
VILLAGE, INC. (CASE NUMBER 12,968):

MONTGOMERY & ANDREWS, P.A.
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P.O. Box 2307
Santa Fe, New Mexico 87504-2307
By: PAUL R. OWEN

* * *

1 WHEREUPON, the following proceedings were had at
2 10:20 a.m.:

3 EXAMINER STOGNER: Okay, let's go back on the
4 record. At this time I'm going to call Cases 12,967 and
5 12,967. Both Applications are of BP American Production
6 Company for surface commingling, Eddy County, New Mexico.

7 At this time I'll call for appearances.

8 MR. FELDEWERT: May it please the Examiner,
9 Michael Feldewert with the Santa Fe office of Holland and
10 Hart, appearing on behalf of the Applicant, BP American
11 Production Company, in these consolidated cases.

12 MR. OWEN: May it please the Examiner, this is
13 going to take just a minute.

14 Paul Owen of the Santa Fe law firm of Montgomery
15 and Andrews, appearing in Case Number 12,967 on behalf of
16 Trilogy Operating, Inc.; Jerry A. Weant; Bob Stevens; C.C.
17 Tull, Jr.; Doug Tull; George Knox; S Family Partners, Ltd.;
18 Wesley K. Noe; Calmetto II, Ltd.; Scott Muehlbrad;
19 Sutherland Family, L.L.C.; Avalon Oil Company; Michael G.
20 Mooney; Pogar Petroleum; and Stevens and Tull Development,
21 L.P.; and in Case Number 12,968 appearing on behalf of
22 Wesley Noe; Bob Stevens; Doug Tull; George Knox; Pogar
23 Petroleum; Sutherland Family, L.L.C.; Jerry Weant; C.C.
24 Tull, Jr.; S Family Partners, Ltd.; Scott E. Muehlbrad;
25 JPAK, L.P.; and Westwood Lake Village, Inc.

1 The reporter can find all of those names listed
2 in my entry of appearances and joinder prehearing
3 statement, which was filed on January 7th, 2003.

4 EXAMINER STOGNER: Okay, I believe this case was
5 heard?

6 MR. FELDEWERT: Yes, Mr. Examiner, these
7 consolidated cases were heard by Division Examiner David
8 Catanach on January 9th, 2003. At that time, in those
9 consolidated cases, BP presented testimony from Robert
10 Manthei and admitted into evidence BP Exhibits 1 through 9.

11 Trilogy appeared at that hearing in opposition to
12 these Applications, and during the course of that hearing a
13 notice defect was discovered that has been now cured by BP.

14 And I have provided to the Examiner and for the
15 record what has been marked as BP Exhibit Number 10, which
16 is an affidavit from Amy Spang along with the referenced
17 attachments indicating that all of the interest owners,
18 including the royalty owners, in the production that is to
19 be commingled have been notified of the hearing and
20 notified of the Applications. So we believe that notice
21 defect has now been cured. We would ask at this time that
22 BP Exhibit Number 10 be admitted into evidence.

23 Secondly, Trilogy and BP have now had an
24 opportunity to meet and address some of the concerns raised
25 by Trilogy at that hearing. It's our understanding that

1 they have now withdrawn their objection, so we think these
 2 matters are ripe to be taken under advisement by the
 3 Division, and we ask that the Division enter an order
 4 approving these Applications in these two consolidated
 5 cases.

6 EXAMINER STOGNER: Any objection to Exhibit
 7 Number 10?

8 MR. OWEN: No objection.

9 EXAMINER STOGNER: Exhibit Number 10 will be
 10 admitted into evidence and placed in the record at this
 11 time.

12 Anything, Mr. Owen?

13 MR. OWEN: I join in what Mr. Feldewert stated.
 14 The parties did have a chance to meet, and BP did address
 15 the concerns raised by all of the parties, which I will
 16 refer to as the Trilogy Group, and the Trilogy Group at
 17 this time withdraws its objection to these two cases.

18 EXAMINER STOGNER: If there's nothing further in
 19 either of these two cases, Cases 12,967 and 12,968 will be
 20 taken under advisement at this time.

21 MR. FELDEWERT: Thank you, Mr. Examiner.

22 MR. OWEN: Thank you, Mr. Examiner.

23 (Thereupon, these proceedings were concluded at
 24 10:24 a.m.)

25 * * *

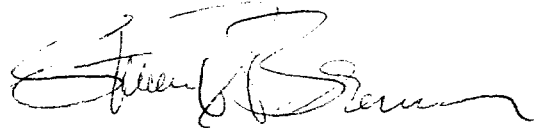
CERTIFICATE OF REPORTER

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