

## 1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE OF NEW MEXICO

3 CASE NOS. 10471 &amp; 10560

4 CONSOLIDATED

5  
6 IN THE MATTER OF CASE NO. 10471:7  
8 The Application of Southwest  
9 Royalties, Inc., for compulsory  
pooling, Eddy County, New Mexico.

10 IN THE MATTER OF CASE NO. 10560:

11 Application of Conoco, Inc., for  
12 compulsory pooling, Eddy County,  
13 New Mexico.14  
15 BEFORE:16  
17 DAVID R. CATANACH

18 Hearing Examiner

19 September 18, 1992

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22 REPORTED BY:23 DEBBIE VESTAL  
24 Certified Shorthand Reporter  
for the State of New Mexico25  
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## A P P E A R A N C E S

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FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

**ROBERT G. STOVALL, ESQ.**

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BY: **PAUL A. COOTER, ESQ.**

FOR CONOCO, INC.:

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BY: **W. THOMAS KELLAHIN, ESQ.**

1 EXAMINER CATANACH: Let's call Case  
2 10471.

3 MR. STOVALL: Application of Southwest  
4 Royalties, Inc., for compulsory pooling, Eddy  
5 County, New Mexico.

6 Mr. Examiner, I believe this has a  
7 companion case and probably both should be  
8 disposed of simultaneously.

9 EXAMINER CATANACH: All right. Let's  
10 go ahead and call Case 10560 as well.

11 MR. STOVALL: Application of Conoco,  
12 Inc., for compulsory pooling, Eddy County, New  
13 Mexico.

14 MR. COOTER: Once again, Paul Cooter  
15 with the Rodey law firm representing Southwest  
16 Royalties. Mr. Kellahin represents Conoco, Inc.,  
17 the applicant in the latter case.

18 It's my understanding that these cases  
19 are now continued until next Thursday, which  
20 would be the 24th.

21 MR. STOVALL: It is the 24th, yes.

22 MR. COOTER: We would move that they be  
23 continued to that date.

24 MR. STOVALL: My understanding, Mr.  
25 Cooter and Mr. Kellahin, is you want to enter

1 your appearances officially.

2 MR. KELLAHIN: Mr. Examiner, I'm Tom  
3 Kellahin, of the Santa Fe law firm of Kellahin &  
4 Kellahin, appearing on behalf of Conoco, Inc.

5 MR. STOVALL: Just for procedural  
6 purposes and understanding, as the cases stood  
7 prior to reopening this docket this afternoon,  
8 there was a subpoena filed by Conoco and a motion  
9 to quash by Southwest Royalties. These cases are  
10 for compulsory pooling of the same well, which is  
11 already drilled but is not completed; is that  
12 correct?

13 MR. KELLAHIN: That is correct, Mr.  
14 Stovall.

15 MR. STOVALL: There has been the  
16 subpoena request and motion to quash. That was  
17 to be heard this afternoon. We are not going to  
18 hear that. We are going to defer any questions  
19 on the subpoena and not set that.

20 The parties have reached a tentative  
21 settlement, which is to be documented, and  
22 anticipate that the cases will probably be  
23 dismissed or at least the parties dispute will be  
24 resolved and whichever case is appropriate will  
25 be set to pool the parties who are not involved

1 in this agreement and negotiations; is that  
2 correct?

3 MR. KELLAHIN: That's correct, Mr.  
4 Stovall.

5 MR. COOTER: That's correct.

6 MR. STOVALL: At this time, Mr.  
7 Examiner, I guess, based on the parties'  
8 agreement and motion, I would recommend we  
9 continue these cases until 10:00 o'clock,  
10 September 24, and request the parties to advise  
11 the Division as to the progress of their  
12 settlement negotiation.

13 And then at such time as they need to  
14 pool another party who has not appeared in this  
15 case, you will advise us of the time for setting  
16 it and which case should be set for that purpose  
17 and other cases will be dismissed.

18 EXAMINER CATANACH: Mr. Kellahin, if  
19 settlement is reached on these two cases, do you  
20 anticipate that we could still use the Conoco  
21 case for the additional pooling, the one that's  
22 docketed?

23 MR. STOVALL: I think the understanding  
24 is we don't care which case it is at this point;  
25 would that not be the correct way to approach it?

1           MR. KELLAHIN: Mr. Cooter and I have  
2 not resolved that issue, and so it would be our  
3 preference to have both cases remain on the  
4 docket pending our ability to settle our  
5 differences.

6           MR. STOVALL: And then whichever in  
7 fact becomes the operator, their case will go  
8 forward, is that correct, to pool the other party  
9 presumably? Or however you work it out. I mean,  
10 it doesn't matter. I'm not trying to bind you on  
11 that if it's not resolved.

12           MR. KELLAHIN: I can't guess, but there  
13 needs to be some resolution of a working  
14 interest, a small fractional working interest in  
15 the spacing unit that is not a party to the  
16 settlement and whose interests must be subject to  
17 a pooling order issued to an appropriate  
18 operator.

19           MR. STOVALL: I guess the point is,  
20 assuming the settlement you have discussed goes  
21 through, only one of the cases will need to go  
22 forward. I think that's the real point to pool  
23 this interest.

24           MR. KELLAHIN: I think, as a practical  
25 solution, that's right.

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EXAMINER CATANACH: I'll tell you what, when you advise us next week if a settlement has been reached, you can also advise us on what you think the best way to proceed with it is after that.

MR. KELLAHIN: Be happy to do so.

EXAMINER CATANACH: We'll go ahead and continue these to the 24th of September, 10:00 o'clock in the morning. This hearing is adjourned.

[And the proceedings were concluded.]

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10471, 10560 heard by me on September 17, 1992.  
David R. Catanch, Examiner  
Oil Conservation Division

## 1 CERTIFICATE OF REPORTER

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3 STATE OF NEW MEXICO )  
4 COUNTY OF SANTA FE ) ss.

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6 I, Debbie Vestal, Certified Shorthand  
7 Reporter and Notary Public, HEREBY CERTIFY that  
8 the foregoing transcript of proceedings before  
9 the Oil Conservation Division was reported by me;  
10 that I caused my notes to be transcribed under my  
11 personal supervision; and that the foregoing is a  
12 true and accurate record of the proceedings.13 I FURTHER CERTIFY that I am not a  
14 relative or employee of any of the parties or  
15 attorneys involved in this matter and that I have  
16 no personal interest in the final disposition of  
17 this matter.18 WITNESS MY HAND AND SEAL OCTOBER 7,  
19 1992.

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DEBBIE VESTAL, RPR  
NEW MEXICO CSR NO. 3