

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 13 February 1985

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Tenneco Oil Explor- CASE
10 ation and Production Company for 8482
11 compulsory pooling, Eddy County,
12 New Mexico.

13 BEFORE: Michael E. Stogner, Examiner

14 TRANSCRIPT OF HEARING

15 A P P E A R A N C E S

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18 For the Oil Conservation Division: Jeff Taylor
19 Attorney at Law
20 Legal Counsel to the Commission
State land Office Bldg.
Santa Fe, New Mexico 87501

21 For the Applicant: W. Thomas Kellahin
22 Attorney at Law
23 KELLAHIN & KELLAHIN
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24 Santa Fe, New Mexico 87501
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I N D E X

KELLY LANCASTER

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3 MR. STOGNER: We will now call
4 Case Number 8482, which is out of order.

5 MR. TAYLOR: The application of
6 Tenneco Oil Exploration and Production Company for compul-
7 sory pooling, Eddy County, New Mexico.

8 MR. KELLAHIN: If the Examiner
9 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
10 on behalf of the applicant, and I have one witness to be
11 sworn.

12 MR. STOGNER: Are there any
13 other appearances in this matter?

14 Will the witness please stand
15 and be sworn?

16 (Witness sworn.)

17 MR. KELLAHIN: Mr. Examiner,
18 we've given you a package of exhibits, the top page of which
19 is, for your convenience, our amended application.

20 We're seeking in this case to
21 force pool royalty interests only.

22 The well has been commenced but
23 in order to proportion or apportion the interest of these
24 royalty owners to the 320-acre proration unit, we need a
25 forced pooling order under the statute.

I have one witness, Miss Kelly

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2 Lancaster, a petroleum landman from Tenneco.

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4 KELLY LANCASTER,

5 being called as a witness and being duly sworn upon her
6 oath, testified as follows, to-wit:

7 DIRECT EXAMINATION

8 BY MR. KELLAHIN:

9 Q Miss Lancaster, for the record would you
10 please state your name and occupation?

11 A Kelly Lancaster. I'm a landman with Ten-
12 neco Oil Company.

13 Q You'll have to speak up. You're soft
14 spoken. You'll have to speak up.

15 A Okay.

16 Q Would you describe for the Examiner what
17 has been your educational background and work experience as
18 a petroleum landman?

19 A I have a degree from the University of
20 Texas in petroleum land management.

21 Upon graduation I worked for Sun Explora-
22 tion and Production Company as a landman for three years.

23 I am now a landman with Tenneco Oil Com-
24 pany.

25 Q Pursuant to your employment by Tenneco
Oil Company with regards to land matters, have you made a
study of the ownership with regards to the east half of Sec-

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2 tion 12, Township 24 South, Range 28 East, Eddy County, New
3 Mexico?

4 A Yes, I have.

5 MR. KELLAHIN: We submit Miss
6 Lancaster as an expert petroleum landman.

7 MR. STOGNER: She is so quali-
8 fied.

9 Q Miss Lancaster, let me direct your atten-
10 tion to what we've marked as Exhibit Number One and have you
11 identify for the Examiner the spacing and proration unit
12 that's the subject of this hearing.

13 A It is the east half of Section 13, Town-
14 ship 24 South, Range 28 East, in a 320-acre gas unit.

15 Q Is Tenneco the operator of the well that
16 is being drilled to test certain deep gas formations in this
17 unit?

18 A Yes, they are.

19 Q And have 100 percent of the working in-
20 terest owners been committed to the unit?

21 A Yes.

22 Q Let me show you what is entered in the
23 record as the amended application and on the second page of
24 that application let me direct you to the list of names, ad-
25 dresses, and interest owners.

For the Examiner would you identify
generally what is signified by that list of names?

A This is the list of royalty owners which

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in their oil and gas leases did not have a pooling provision.

Q Let me direct your attention now to Exhibit Number Two, which is the Hanna Lease.

A Okay.

Q Would you identify Exhibit Number Two for us and show us which of the royalty owners are affected by that lease?

A The lease from L. C. Hanna and Alice E. Hanna to ANS is the oil and gas lease which affects Annie Loren Robinson Hunt interest in the northeast quarter of the southeast quarter of Section 13.

Q Is that one of the leases that does not have a pooling provision in it?

A Yes, it is.

Q Would you identify for us Exhibit Number Three, that lease, and tell us which of the royalty owners listed on the application for pooling are affected by that lease?

A This is an oil and gas lease from Guillermo Ruiz and Flora Ruiz to ANS and R. A. T. Wright.

It affects the remainder of the royalty owners there on the list.

Q Once you became aware that you had two oil and gas leases without pooling provisions, did you make any effort to contact these individuals?

A Yes, I did. I wrote them a letter Novem-

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2 ber 15th, 1984, explaining Tenneco's plans to drill an Atoka
3 Morrow well in the east half of Section 13.

4 I also explained to them that their oil
5 and gas leases did not provide for pooling to form a 320-
6 acre unit.

7 I sent them an amendment to their oil and
8 gas lease, which would amend their oil and gas lease to pro-
9 vide for a 320-acre lease.

10 Q Is that marked as Exhibit Number Four in
11 this hearing?

12 A Yes.

13 Q What, if any, response did you receive
14 from any of the individuals to whom you sent that letter?

15 A I have received a response from one of
16 the royalty owners, being Juan G. Ruiz. On November 23rd,
17 1984, I received a letter from him.

18 Q All right, that's Exhibit Number Five.
19 What, if any, response did you make to Mr. Ruiz, to his let-
20 ter?

21 A On December 3rd I wrote a response to Mr.
22 Ruiz explaining to him that we were -- exactly what we were
23 trying to do. He had some questions about some shallow pro-
24 duction he was not receiving payment for, which I notified
25 him that Tenneco was not the operator of the shallow produc-
tion and who was, and that he needed to contact them concer-
ning that matter, and reiterated to him what we were trying
to do and what we needed from him.

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Q All right, and what is the next correspondence to transpire between you and Mr. Ruiz?

A I telephoned Mr. Ruiz, I don't know the date, in Reedley, California, and did not have any luck in communicating whatsoever with him on what we were trying to do.

Q Let me direct your attention to Exhibit Number Seven, which is a handwritten note on the --

A HNG Oil Company run statement.

Q All right, that's Exhibit Number Seven. Would you identify that?

A This was a letter that I received from Mr. Ruiz, I guess concerning this matter; I don't know for sure.

Q All right. Let me direct your attention to Exhibit Number Eight, which is a letter of December 17th, '84.

A Okay. At the time I spoke with Mr. Ruiz he indicated that his brother Bill also lived with him there and had not received the amendment to the oil and gas lease. One had been sent to him but he claimed that he had not received it; therefore I sent another amendment to Bill C. Ruiz. I also sent another one to Juan Ruiz and asked them to please sign it and send it back.

Q As of the current date for the individuals listed on the application, Miss Lancaster, which of those individuals have executed the necessary documents to

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commit their royalty interest to the well?

A Esmera R. Carrasco has executed an amendment.

Q None of the others have?

A No.

Q Let me direct your attention now to Exhibit Number Nine.

MR. KELLAHIN: Mr. Examiner, Exhibit Number Nine is the return receipt cards showing that all the individuals received a copy of the original application in this case and the amended application.

Those were sent out by my office.

MR. STOGNER: On what date?

MR. KELLAHIN: They were sent out on the 23rd of January. There were two mailings as of that date, so you'll see two cards for each person.

One letter was the original application. The second one was the amended application. The amendment simply better describes the deep gas formations to be tested, and that was the only change.

MR. STOGNER: Thank you.

Q Miss Lancaster, in your opinion will approval of this application prevent waste, protect correlative rights, and promote conservation?

A Yes.

MR. KELLAHIN: We move the in-

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2 troduction of Exhibits One through Nine, Mr. Examiner.

3 MR. STOGNER: Exhibits One
4 through Nine will be admitted into evidence.

5 MR. KELLAHIN: That concludes
6 our examination of Miss Lancaster.

7 CROSS EXAMINATION

8 BY MR. STOGNER:

9 Q Miss Lancaster, you alluded to a tele-
10 phone conversation with Mr. Ruiz and you said you had no
11 luck in communicating with him. Did you not get ahold of
12 him or did you talk to him but wasn't able to explain the
13 situation?

14 A Right. I talked with him. He did not
15 make a lot of sense, as you probably can detect from his
16 letter, and I questioned him on the addresses and locations
17 of his brothers and sisters and why I had not received any
18 communication from them, and he informed me that they were
19 playing dumb.

20 MR. STOGNER: I have no further
21 questions of Miss Lancaster.

22 Any other questions of Miss
23 Lancaster?

24 MR. KELLAHIN: No, sir.

25 MR. STOGNER: If not, she may
be excused.

Is there anything further in

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Case Number 8482 this morning?

If not, this case will be taken
under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the transcript is a complete and correct copy of the transcript of the hearing heard by me on 13 February 1985.
Michael C. Steiner, Examiner
Oil Conservation Division