

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

10 October 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Pennzoil Company CASE
for compulsory pooling, Lea County, 8728
New Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Maryann Lunderman
 Attorney at Law
 Legal Counsel to the Division
 Energy and Minerals Dept.
 Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

GREG DAVIS

Direct Examination by Mr. Kellahin

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MR. QUINTANA: We'll call next

Case 8728.

MS. LUNDERMAN: Application of
Pennzoil Company for compulsory pooling, Lea County, New
Mexico.

MR. QUINTANA: Call for appear-
ances in this case.

MR. KELLAHIN: Mr. Examiner,
I'm Tom Kellahin of Santa Fe, New Mexico, appearing on be-
half of Pennzoil Company.

Inasmuch as Case 8728 is con-
cerned with the same area as the previous two cases, and in
the interest of saving time, we would move that the testi-
mony and exhibits presented and admitted in Case 8727 be in-
corporated in Case 8728.

I think I'll just call Mr. Greg
Davis to clarify a couple of points.

MR. QUINTANA: Let the record
show that Case 8728 is a matter of the same area as Case
8727 and 8719 in the previous hearing, and the exhibits pre-
sented in these two cases are applicable to Case 8728, also,
and let the record show that Mr. Greg Davis was sworn in at
that time and he was also determined to be an expert petro-
leum landman.

You may proceed, Mr. Kellahin.

MR. KELLAHIN: Thank you, Mr. Quintana. Of those portions of the transcript that we have just concluded in Case 8727 and 8719, particularly with reference to Mr. Hair's testimony about the risk factor to be applied to the northeast quarter, in addition I'll ask Mr. Davis a few brief questions about his work in the west half of the northeast quarter.

GREG DAVIS,
being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Davis, I'd like to direct your attention to what was used as Exhibit Number One and ask you as of today whether or not Pennzoil (not understood) Shipp No. 1 Well in the west half of the northeast quarter are correctly reflected on that exhibit?

A Yes, sir, they're correct.

Q And, sir, have you made a diligent effort to obtain voluntary joinder by the working interest owners with regards to the west half of the northeast quarter?

A Yes.

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2 Q And do you propose to use as an operating
3 agreement the operating agreement that was introduced in the
4 record earlier today?

5 A Yes.

6 Q As well as the overhead charges shown on
7 the COPAS attachment to that operating agreement?

8 A Correct.

9 MR. KELLAHIN: I believe that
10 concludes my evidence from Mr. Davis.

11 MR. QUINTANA: Does Pennzoil
12 agree with the risk factor that was presented in the pre-
vious case to be applied to Case 8728?

13 A Yes.

14 MR. QUINTANA: The risk factor
15 of 200 percent?

16 A 200 percent.

17 MR. QUINTANA: If there is no-
18 thing further, Case Number 8728 will be taken under advise-
ment and this hearing is adjourned.

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20 (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 (Commission) 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 foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8728
heard by me on October 9 1985.

David Katanok, Examiner
Oil Conservation Division