

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

6 22 November 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Standard Oil Product- CASE
10 ion Company for compulsory pooling, 9534
11 Lea County, New Mexico.

12
13
14 BEFORE: Michael E. Stogner, Examiner

15
16
17 TRANSCRIPT OF HEARING

18
19 A P P E A R A N C E S

20 For the Division: Robert G. Stovall
21 Attorney at Law
22 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

23 For Standard Oil Production Company: Scott Hall
24 Attorney at Law
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I N D E X

JAMES D. SIKES

Direct Examination by Mr. Hall	3
Cross Examination by Mr.	12

E X H I B I T S

Standard Exhibit One, Plat	4
Standard Exhibit Two, C-102 Form	4
Standard Exhibit Three, List	5
Standard Exhibit Four, AFE	7
Standard Exhibit Five, Correspondence	8
Standard Exhibit Six, Affidavit	11

1 MR. STOGNER; We'll call next
2 Case Number 9534, which is the application of Standard Oil
3 Production Company for compulsory pooling, Lea County, New
4 Mexico.

5 At this time I'll call for
6 appearances.

7 MR.HALL: Mr. Examiner, Scott
8 Hall from the Campbell & Black law firm on behalf of the
9 applicant, with one witness this morning.

10 MR. STOGNER: Are there any
11 other appearances?

12 Will the witness please stand
13 and be sworn?

14
15 (Witness sworn.)

16
17 Mr. Hall.

18
19 JAMES D. SIKES,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. HALL:

25 Q For the record please state your name

1 A I'm James D. Sikes and I live in
2 Houston, Texas.

3 Q Mr. Sikes, who do you work for and in
4 what capacity?

5 A Standard Oil Production Company as a
6 landman.

7 Q And you previously testified before the
8 Examiner and your credentials accepted?

9 A I have.

10 Q And are you familiar with the subject
11 application and the proposed well?

12 A I am.

13 MR. HALL: Mr. Examiner, are
14 the witness' credentials acceptable today?

15 MR. STOGNER: Mr. Sikes is so
16 qualified.

17 Q Briefly, would you please summarize what
18 it is Standard Oil seeks by this application?

19 A We are asking to pool the interests in a
20 spacing, standard spacing unit under statewide rules, which
21 would be an exploratory test for a Strawn well in Section 8
22 of 17, 38. There are just a few small interests that are
23 outstanding that have not been accounted for that we would
24 like to pool at this time.

25 Q All right. Let's look at Exhibits One

1 and Two. I would note for the record Exhibit One is marked
2 on the back. What do Exhibits One and Two reflect?

3 A Exhibit One is a photocopy of a map
4 prepared by Midland Map Company showing the Section 8 and,
5 more specifically, a proration unit in -- outlined in red
6 there in the northeast quarter, northwest of the northeast,
7 specifically.

8 Q All right, let's look at Exhibit Two.
9 What does it show?

10 A It shows -- now this is a C-102 form
11 prepared by John West Surveyors, which shows the location
12 of the well but you will note that we have noted a revision
13 there that we are having the surface location resurveyed
14 due to a technical change of location.

15 Q All right, and what would your bottom
16 hole location for the well be?

17 A Our bottom hole location for the well
18 will -- is -- we're trying to get 660 from the north line
19 and 1980 from the east line, and by moving the well south
20 200 feet our drilling department feels it can take advan-
21 tage of the north directional drift that occurs in this
22 area.

23 Q All right, and your objective is the
24 Strawn formation, is that correct?

25 A It is.

1 Q Let's look at Exhibit Three, please,
2 sir. Would you identify that for the examiner?

3 A This is a list of the outstanding
4 interests that we are attempting to pool here. You can see
5 that there are a total of five interests, three which we
6 have had contact with and two which are interests that are
7 lost to the title.

8 Q Explain what you mean "lost to title".

9 A Well, the interests appear in the re-
10 cords, the county of Lea County, but the last time of any
11 evidence of they're being in the records is 1933. There
12 were no addresses, no forwarding addresses. We have been
13 unable to locate these interests whatsoever.

14 Q All right, and attached to Exhibit Three
15 is a further breakout of interest. Would you briefly sum-
16 marize for the examiner which interests are committed to
17 the well and which are to be pooled?

18 A The first page is the interests that are
19 to be pooled and then the second two pages are interests
20 which have been leased by Standard Oil Production Company
21 and also by Anadarko Petroleum Corporation, which both have
22 joined in the drilling of this well.

23 Q All right. Subsequent to the creation
24 of the first page of Exhibit Three, has the ownership of
25 any of those interests changed at all?

1 A It has. At the time we sent out
2 notices, which was at least 20 days prior to this date, the
3 list shown on -- as page one of Exhibit Three was as we
4 believed it was.

5 Since then, most recently within the
6 last week, we've discovered that the interest owned by Nell
7 Beal Kimball has been leased to TXO Production Corporation.
8 That lease did go of record the day before we sent out
9 notice but at that time we did not know that they had exe-
10 cuted a lease.

11 The Nell Beal Kimball interest had been
12 negotiating with Standard Oil Production Company and had
13 given a verbal agreement to giving us a lease; therefor,
14 because we had not received the lease we decided it would
15 be best to pool them in this interest, pool them in this
16 hearing, but now that we have discovered they have leased
17 with another party, we would like to omit them, omit that
18 interest from this pooling.

19 Q And if I understand you correctly, TXO
20 has not been afforded notice of this pooling proceeding,
21 have they?

22 A No, they haven't. It's Standard Oil
23 Production Company's wishes to, because this interest is
24 such a small interest and because of the time involved in
25 us getting this well drilled as quickly as possible, to

1 just carry that interest.

2 Q Have you spoken with anyone at TXO?

3 A No, we haven't.

4 Q All right, do you expect to in the
5 future?

6 A Yes, we do.

7 MR. HALL: And at this point,
8 Mr. Examiner, I would point out that we will undertake to
9 provide notice of this proceeding to TXO and would antici-
10 pate that would require keeping the hearing open in this
11 matter until they've been afforded an opportunity to come
12 in and either join the well or oppose the application.

13 MR. STOGNER: Thank you, Mr.
14 Hall. Please continue.

15 Q Let's look at Exhibit Four briefly, if
16 you'd identify that and explain what that's intended to
17 reflect.

18 A This is Standard Oil Production Com-
19 pany's schedule of estimated and actual well cost, our AFE.

20 Q All right, why don't you review the
21 totals on there?

22 A You can see on the back side, completed
23 well costs of \$714,700; dry hole cost, \$445,800.

24 Q Do you believe these costs to be in line
25 with what's being charged for like wells in the area?

1 A Yes, we do.

2 Q Let's look at Exhibit Five, if you
3 would, and please summarize for the examiner what efforts
4 you've made to seek the voluntary joinder of the pooled
5 parties.

6 A These are -- this is correspondence and
7 copies of a lease that we sent to Ray F. Tissue, Jr., and
8 Miss Dorothy Jane Tissue. If you go as far as reading the
9 first paragraph, you can see that we had also verbal agree-
10 ment from them that they would give Standard Oil Production
11 Company a lease based on the terms indicated there.

12 We have since not been able to locate
13 either of the Tissue parties. They've both relocated. The
14 addresses that we sent notice to are last known addresses
15 and they have never since deposited the drafts or forwarded
16 us executed lease as we anticipated.

17 Therefor, we needed to pool their inter-
18 ests also.

19 Q All right, if you'll look at the last
20 attachment to Exhibit Five, there's an affidavit addressing
21 the Renoncourt and Balbaud interests. What -- summarize
22 what happened with respect to those interests.

23 A This is an affidavit signed by Michael
24 J. Bennett. who is a contract lease broker that Standard
25 Oil employs. He basically states his qualifications as a

1 lease broker and then explains what process he went through
2 to locate these interests and the circumstances of how
3 these interests came up in title, and it addresses each
4 interest one by one and you can see that -- the recording
5 information, where they appear is there and that is the
6 last evidence of these interests being of record.

7 Q All right. So in your opinion has
8 Standard made a good faith effort to secure voluntary
9 joinder of all the pooled parties?

10 A Yes, we have.

11 Q Has Standard drilled other Strawn wells
12 in the immediate area?

13 A Yes, we have.

14 Q Are you prepared to make a recommenda-
15 tion to the Examiner as to the risk penalty that should be
16 imposed against the nonconsenting interest owners?

17 A Yes. We believe that the risk should be
18 assessed at 200 percent maximum penalty.

19 Q And what do you base that on?

20 A Due to the depth of the well and the
21 cost of this test and the fact that this is a wildcat well
22 with Strawn production being greater than 2-1/2 miles from
23 this location, we believe that the risk of this well, and
24 have summarized within our company, to be 30 percent for a
25 break even probability of success.

1 Because of that we think the highest
2 allowable penalty would applicable.

3 Q All right, and has Standard made an
4 estimate of the overhead and administrative costs while
5 drilling and producing the well?

6 A Yes, we have.

7 Q And what are those?

8 A For drilling we used 6520 a month and
9 for producing, \$652 a month.

10 Q And have you -- are these charges also
11 in line with what's being charged in the area?

12 A Yes, they are.

13 Q And does Standard seek to be designated
14 operator of the well?

15 A Yes, we do.

16 Q Is Standard requesting an expedited or-
17 der for this well?

18 A We are.

19 Q And for what reason?

20 A Our joinder by TXO -- or not by TXO, by
21 Anadarko Production Company, who owns approximately 23 per-
22 cent of the leasehold in this tract, is contingent on us
23 drilling the well this year. Likewise, Standard Oil Pro-
24 duction Company for budgetary reasons needs to drill this
25 well this year in order to see that a well does, in fact,

1 get drilled.

2 Without the 23 percent joinder of
3 Anadarko, and without our current 1988 budget fund, it's
4 likely that we would be hard pressed to drill this well.

5 Q All right. Mr. Sikes, in your opinion
6 will the granting of this application be in the best in-
7 terests of conservation, the prevention of waste, and
8 protection of correlative rights?

9 A Yes, it will.

10 Q Let me show you what's been marked as
11 Exhibit Six. Is Exhibit Six a copy of the affidavit you've
12 directed your counsel to send out to the affected interest
13 owners?

14 A It is.

15 Q Were Exhibits One through Six prepared
16 by you or at your direction?

17 A Yes, they were.

18 MR. HALL: We'd move the ad-
19 mission of Exhibits One through Six.

20 Q Do you have anything further you wish to
21 add?

22 A Not at this time.

23 MR. HALL: That concludes our
24 direct.

25 MR. STOGNER: Exhibits One

1 through Six will be admitted into evidence at this time.

2

3

CROSS EXAMINATION

4

BY MR. STOGNER:

5

Q Mr. Sikes, what was that overhead
6 charges again?

7

A For a drilling rate it's \$6520 and \$652
8 for a producing rate.

9

The way our company --

10

Q Okay, hold it, 620 -- I'm sorry, that's
11 6520?

12

A Yes.

13

Q And 652?

14

A Yes.

15

Q Okay, please continue.

16

A Our company uses figures that are in
17 line with major oil company overhead rates for this depth
18 and this particular part of the country.

19

Q And what depth are we talking about?

20

A 11,550.

21

Q For an oil well or a gas well, or both?

22

A It would designated as an oil well but
23 all of the oil wells that we have drilled out there are --
24 have gas production.

25

Q Have all the parties that have agreed to

1 join you, what kind of figures are they being charged?

2 A They are charged the same rate. Basi-
3 cally, Anadarko Production Company and Standard Oil Prod-
4 uction own approximately 98-1/2 percent of the leasehold
5 and Anadarko Production Company has agreed to our overhead
6 rates and they are fairly in line with other operating
7 agreements that we've signed with other operators in the
8 area.

9 Q And how about some of the interest
10 owners in this particular area, the smaller interest
11 owners?

12 A Well, there are no unleased interest
13 owners other than those that we're naming in the pooling.

14 Q Are you familiar with the Ernst and
15 Whinney surveys?

16 A Vaguely.

17 Q Okay. You'll become more familiar with
18 them.

19 Okay. Let's take a look at 200 percent
20 risk. Now you were saying that a 200 percent risk you
21 based on the depth and the cost of a test down to the
22 Strawn and you suggested that the nearest Strawn production
23 was what?

24 A Okay, Standard Oil is not drilling this
25 well for any other objective other than the Strawn at this

1 time.

2 Q So at this time can we narrow it from
3 the surface to the base of the Strawn to just the Strawn
4 formation? That's what you're telling me, right?

5 A That's -- that's true, however --

6 Q Okay, then we'll limit it to the Strawn
7 at this time.

8 A -- when -- every well that we have
9 drilled in this area so far we penetrate the Atoka as a
10 marker bed.

11 Q But you don't wish those to be in the
12 pooling provision, is that correct?

13 A We have no plans to complete in the
14 Atoka, so our application is to the base of the Strawn;
15 however, we will probably penetrate the Atoka as a marker
16 bed.

17 Q Okay, well, let's talk about -- we've
18 got a whole slew of formations up above the Strawn here.

19 A Okay.

20 Q And how about those?

21 A At this time we don't see any need to
22 pool those.

23 Q Okay, so we can just limit to the Strawn
24 only, 40 acres.

25 Now, is the Atoka -- where is the Atoka

1 in response to -- in respect to the Strawn?

2 MR. HALL: Excuse me just a
3 minute.

4 A Mr. Examiner, it is our wish to pool all
5 the formations from the surface to the base of the Strawn.

6 Q Okay. Let's talk -- so this is not a
7 wildcat in that respect for some of your formations up
8 above, is that correct?

9 A Well, there is, to the best of my know-
10 ledge, Abo production within a mile of -- well, not within
11 a mile, within two miles of the location, but that is the
12 closest production.

13 Q For argument's sake, within a mile of
14 two pool boundaries, so that is not a wildcat for the West
15 Garrett Devonian and the Knowles Abo Pools.

16 So let's talk about your 200 percent
17 risk penalty for these formations. Do you still wish that
18 or how should we handle these?

19 A Well, we feel for the Strawn formation
20 the 200 percent penalty is what should be granted.

21 As for the other formations, because
22 it's not actually a standard oil objective to produce in
23 those formations, we're not asking for any special penalty
24 for those formations at this time.

25 If we would fall in pool rules under one

1 of those other formations, then, you know, this wouldn't
2 technically be an exploratory wildcat for those formations.

3 Q Are you familiar with what a wildcat is
4 pursuant to general rules in the State of New Mexico?

5 A I believe it's greater than one mile
6 distance from the nearest producing well of that formation.

7 Q That's correct, and you're within a mile
8 of two pools. Do you still want 200 percent for those?

9 Now, I'm looking at your map. Is there
10 any -- let me rephrase that.

11 A I don't --

12 MR. HALL: Mr. Examiner, if I
13 understood the witness' testimony correctly, I believe he
14 stated they were not seeking a position of penalty against
15 the interest above the Strawn.

16 MR. STOGNER: And so can we
17 limit this pooling order to just the Strawn?

18 A Yes.

19 Q Okay. Okay, when I look at your page 1
20 of Exhibit Three, this is the listing of, as I understand
21 it, the interest owners which you wish to pool at this time
22 with the exception of the Kimbell --

23 A Yes.

24 Q -- is now being leased to TXO.

25 A Yes.

1 Q Okay, now let's -- we'll talk about that
2 separately but these others, the Tissue, the Fernando
3 Renoncourt, R-E-N-O-N-C-O-U-R-T, and Paul -- how do you
4 pronounce that last name?

5 A Balbaud.

6 Q Balbaud, these are the interests which
7 you're force pooling, is that correct?

8 A Yes.

9 Q Okay, when was -- when were your first
10 contacts with these parties?

11 A The Tissues we contacted initially by
12 phone on August of this year and followed up with written
13 correspondence September 5th, 1988.

14 Q Now, is that September 5th, are those --
15 is that correspondence in here?

16 A Yes, it is.

17 Q It is, okay.

18 A That is Exhibit Five.

19 Q Five, okay. Now how about the other two
20 parties?

21 A The other two parties are the ones that
22 we have been completely unsuccessful in locating.

23 Q And your first, initial search for these
24 people, when did that occur?

25 A That also occurred this year in the

1 summer of 1988.

2 MR. STOGNER: Now then, I'm --
3 I'm not sure about the TXO here, are you going to carry
4 those interests, is that right, Mr. Scott, you wish to
5 continue this case? I guess I'm not following this.

6 MR. HALL: If it's permis-
7 sible, Standard would prefer to carry their interest and
8 receive the order as soon as possible so it can commence
9 the well.

10 MR. STOGNER: Well, I'm not
11 sure what you mean by carry their interest.

12 A What we would propose on that interest
13 is just to pay their cost. You can see, it's .1667 percent
14 of the total cost and without getting into great details on
15 what it would be like to make a deal with them, you know,
16 because of the small size of the interest, we would just
17 rather pay their cost and let them come in --

18 Q Okay.

19 A -- at payout.

20 Q Okay, so you're wishing to exclude them
21 from the compulsory pooling order but you will then --
22 okay.

23 A And we will pay their --

24 Q I understand that. Okay.

25 MR. HALL: But for the record,

1 so that everyone is clear on it, they have not been pro-
2 vided with notice of this proceeding. We just recently
3 became aware of their acquisition of the Kimball interest.

4 MR. STOGNER: Are you going to
5 be getting a notice out to them in the next --

6 MR. HALL: Yes, sir.

7 MR. STOGNER: -- day or two?

8 MR. HALL: Yes, sir.

9 MR. STOGNER: So you wish to
10 keep the record open until what time?

11 MR. HALL: It will have to be
12 22 days from today.

13 MR. STOGNER: Okay. So we're
14 going to continue this case to the December 21st --

15 MR. HALL: Yes. I'd like to
16 point out we are not seeking the imposition of a penalty
17 against the TXO interest. We simply haven't had an oppor-
18 tunity to contact them to seek their joinder yet and Stand-
19 ard has stated their wish to carry the interest but in the
20 event a deal is not worked out with them, it may be neces-
21 sary to keep the record open. I think that's the advise-
22 able thing to do in the meantime.

23 If, however, we are able to
24 secure their joinder, or if it's agreeable with the Exam-
25 iner for us to carry their interest without keeping the

1 record open, we will do so.

2 MR. STOVALL: So you would
3 seek to pool their interest without penalty in effect is
4 what you're saying, is that right?

5 MR. HALL: That's correct.

6 MR. STOVALL: And, I'm sorry,
7 I missed part of this proceeding, which other parties are
8 being pooled with the subject pooling application?

9 MR. HALL: They're shown on
10 Exhibit Three.

11 MR. STOVALL: Okay, so --

12 MR. HALL: Our problem is that
13 we only recently became aware of the acquisition of the
14 Kimball interest by TXO. They've not been given notice of
15 this hearing.

16 A I would question whether or not, you
17 know, if Standard wants to pay their cost whether or not
18 they really need to be noticed.

19 MR. STOVALL: Well, if they --
20 if they agree to join the well with Standard paying their
21 cost, then they would not be force pooling them or maybe
22 not subject to the notice requirements.

23 I'm going to suggest that what
24 we do is keep the record open, not issue an order, to give
25 you an opportunity to discuss that with them, and maybe you

1 can get them to join, or whatever, we don't care what terms
2 you give them. If they join, then they would not be sub-
3 ject to the order.

4 I'm concerned that if you give
5 them notice and they elect not join for any reason, you
6 could be forced to come back in and allow them to appear in
7 this case.

8 If you can get them to join,
9 we could then close the record. That would also resolve
10 another problem which concerns me in that I have a little
11 bit of a problem, and if you wish -- if that's what we end
12 up doing, Mr. Hall, I'd ask that you give us some authority
13 as to how we can force pool a number of parties and apply
14 different penalty provisions to different parties in that
15 pooling situation.

16 That bothers me a little bit.
17 I haven't come across it and have never researched it, so
18 that's my recommendation to the examiner, is that this case
19 be left open to the December 21st -- the second hearing in
20 December, if that's the 21st, and if in the meantime you
21 are able to get the joinder of TXO, on whatever terms, we
22 don't care what the terms are, then there is no problem
23 issuing an order.

24 If it turns out that you're
25 going to force pool TXO, then submit some sort of legal

1 authority for the proposal that you're making.

2 MR. HALL: And another alter-
3 native, if they are not able to work out a deal with TXO we
4 could come back in, seek imposition of a penalty against
5 their interest, as well, is another scenario.

6 MR. STOVALL: Correct, yes.
7 If we continue it to the 21st, then you get your notice
8 taken care of and we have the opportunity to come back and
9 (not clearly understood.)

10 Well, let me ask you a ques-
11 tion, Mr. Hall, the examiner has raised a question, Mr.
12 Hall, and I would ask you, and put it on the record, as to
13 whether we need to continue the case, in which case it's
14 got a firm setting till the 21st, or merely hold the record
15 open, and again, when I say the 21st, bear in mind I'm not
16 looking at a calendar, I'm assuming that is the date of the
17 second December hearing, or if we leave the record open in
18 order for you to contact TXO, and if you are successful in
19 getting them to join, close the record and take the case
20 under advisement prior to that December 21st date. Do you
21 have a feeling about the legality of that under -- I apolo-
22 gize for not being able to answer that myself, but I've
23 never had any problem before.

24 MR. HALL: Yeah, it's unusual.
25 I think there may be a way for the examiner to take this

1 under advisement and I think that authority might spring
2 from 72-18-B which seems to provide for a party seeking a
3 pooling or dedicating acreage to a proration unit to either
4 obtain voluntary pooling agreements or in the event he does
5 not do that or fails to apply for an order directed against
6 those interests, to carry that interest at that full per-
7 centage interest without any restriction against it.

8 That may be the authority.

9 MR. STOVALL: You're setting
10 out 72 --

11 MR. HALL: 18-B.

12 MR. STOVALL: Let me recommend
13 that what we do is keep the record open up to 22 days prior
14 to the second December hearing, which I believe, if it's
15 the 21st, that would be about the 30th of November.

16 MR. HALL: Okay.

17 MR. STOVALL: If at that time,
18 but if by that time you're able to get TXO's interest, ad-
19 vise the examiner and we can -- we will then close the re-
20 cord.

21 If, in fact, you have not been
22 able to get their interest joined, then we will continue
23 the case and that will give us adequate time to notice the
24 case for the 21st hearing.

25 Does that sound acceptable?

1 Is that an acceptable procedure?

2 MR. HALL: I believe so. The
3 purpose is to keep the --

4 MR. STOVALL: I'm kind of
5 shooting off the cuff, I will admit --

6 MR. HALL: -- hearing --

7 MR. STOVALL: -- in this, in
8 this case, but --

9 MR. HALL: Well, it's unusual.
10 Our preference is for the record to be kept open on the
11 basis of notice given for this case as opposed to contin-
12 uing it and starting the notice anew. We think the author-
13 ity for that is probably 72-18-B.

14 That would -- that --

15 MR. STOVALL: The examiner has
16 got a suggestion, if I may, and I think it makes sense to
17 me, is that we continue the case to the 7th and then at
18 that time you will probably have made some determination of
19 what's going to happen with TXO, and if notice will be
20 required, you'll then have to give notice and then we'll
21 have to continue it again to the 21st. Bear in mind that
22 when we do that, you're still going to have to watch your
23 notice time periods for that 21st hearing.

24 Does that sound acceptable?

25 MR. HALL: We'll do that.

1 I think in the meantime that will afford the Division an
2 opportunity to decide whether or not notice is at all
3 necessary for an interest owner whose interest is being
4 carried pursuant to 72-18-B.

5 MR. STOGNER: Or if you could
6 get something from TXO in writing submit to the record on
7 the 7th.

8 MR. HALL: Exactly.

9 MR. STOGNER: Okay. We'll
10 continue this case to the 7th of December for the Exam-
11 iner's hearing at that time.

12

13 (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. 9534
heard by me on 22 November 1988.

Michael E. Harrison, Examiner
Oil Conservation Division

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

6 21 December 1988

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16
17 TRANSCRIPT OF HEARING

18
19 A P P E A R A N C E S

20 For the Division: Robert G. Stovall
21 Attorney at Law
22 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

23 For Standard Oil Product- William F. Carr
24 ion Company: Attorney at Law
CAMPBELL and BLACK, P. A.
25 P. O. Box 2208
Santa Fe, New Mexico 87501

1 MR. STOGNER: Now we'll go
2 back to the first page and call Case Number 9534.

3 MR. STOVALL: Application of
4 Standard Oil Production Company for compulsory pooling, Lea
5 County, New Mexico.

6 MR. STOGNER: Call for appear-
7 ances.

8 MR. CARR: May it please the
9 Examiner, my name is William F. Carr with the law firm
10 Campbell & Black, of Santa Fe. We represent Standard Oil
11 Production Company.

12 This case was heard on Novem-
13 ber 22nd, 1988. At that time it was discovered that notice
14 had not been provided to TXO and the case was continued for
15 the purpose of providing that notice.

16 Notice has been provided. I
17 can advise you that the parties have met. We believe a
18 farmout agreement is going to be reached today, although we
19 do not have anything signed at this time.

20 I therefore would like to
21 offer Applicant's Exhibit Number Seven, which is my affida-
22 vit, copies of all of our notice letters and return re-
23 cepts to show that notice has been given, that the 20 days
24 has run, and I would move the admission of this exhibit and
25 request that the case be taken under advisement.

1 MR. STOGNER: Any questions?

2 Any comments?

3 Exhibit Number Seven will be
4 admitted into evidence.

5 Is there anything further in
6 this case, Mr. Carr?

7 MR. CARR: Nothing further.

8 MR. STOGNER: Does anybody
9 else have anything further in Case Number 9534?

10 This case will be taken under
11 advisement.

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13 (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. 9584
heard by me on 24 Dec 1988.

Michael J. [Signature] Examiner
Oil Conservation Division