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NEW MEXICO OIL CONSERVATION DIVISION
STATE OF NEW MEXICO
CASE NOS. 10471 & 10560
CONSOLIDATED

IN THE MATTER OF CASE NO. 10471:

The Application of Southwest
Royalties, Inc., for compulsory
pooling, Eddy County, New Mexico.

IN THE MATTER OF CASE NO. 10560:

Application of Conoco, Inc., for
compulsory pooling, Eddy County,
New Mexico.

BEFORE:

DAVID R. CATANACH
Hearing Examiner
September 18, 1992

REPORTED BY:

DEBBIE VESTAL
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

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

FOR CONOCO, INC.:

KELLAHIN & KELLAHIN

Post Office Box 2265
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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.

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

6 MR. KELLAHIN: Be happy to do so.

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

11 [And the proceedings were concluded.]

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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. Catanach, Examiner
Oil Conservation Division


1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4 COUNTY OF SANTA FE) ss.
5

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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23 _____
24 DEBBIE VESTAL, RPR
25 NEW MEXICO CSR NO. 3