

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION

4 IN THE MATTER OF THE HEARING CALLED
5 BY THE OIL CONSERVATION DIVISION FOR
6 THE PURPOSE OF CONSIDERING:

7 APPLICATION OF NM&O OPERATING CASE NO. 15658
8 COMPANY FOR COMPULSORY POOLING,
9 RIO ARRIBA COUNTY, NEW MEXICO.

10

11 REPORTER'S TRANSCRIPT OF PROCEEDINGS

12 EXAMINER HEARING

13 April 27, 2017

14 Santa Fe, New Mexico

15

16 BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
17 DAVID K. BROOKS, LEGAL EXAMINER

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21 This matter came on for hearing before the
22 New Mexico Oil Conservation Division, William V. Jones,
23 Chief Examiner, and David K. Brooks, Legal Examiner, on
24 Thursday, April 27, 2017, at the New Mexico Energy,
25 Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

26

27 REPORTED BY: Mary C. Hankins, CCR, RPR
28 New Mexico CCR #20
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32 (505) 843-9241

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APPEARANCES

FOR APPLICANT NM&O OPERATING COMPANY:

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

NM&O Operating Company Exhibit Numbers 1 through 4	6
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1 (10:03 a.m.)

2 EXAMINER JONES: We'll call Case Number
3 15658, application of NM&O Operating Company for
4 compulsory pooling, Rio Arriba County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant. I'm submitting
8 this by affidavit -- my own affidavit.

9 EXAMINER JONES: You've got your affidavit,
10 Exhibit Number 1?

11 MR. BRUCE: There are four exhibits there.

12 EXAMINER JONES: Oh, four.

13 MR. BRUCE: Mr. Examiner, in this case NM&O
14 Operating Company seeks to force pool the Mesaverde
15 Formation underlying the south half of Section 35, in
16 Township 25 North, Range 2 West in Rio Arriba County.

17 For reference, this is right in the center
18 of the area when the Division and the Commission in the
19 '80s and probably into the '90s did a pool rule on the
20 Mancos Formation. I just want to point out that when
21 all was said and done, I was on the right side of those
22 cases, and Mr. Carr was on the wrong side of those
23 cases.

24 (Laughter; off-the-record comments.)

25 MR. BRUCE: Anyway, the reason for this

1 pooling is because the BLM is demanding that a com
2 agreement be filed and approved by them, and we have
3 been unable to obtain the signatures on the com
4 agreement of several record title and/or working
5 interest owners.

6 If you look to Attachment A to Exhibit 1,
7 this is the land plat. It shows the tracts involved.
8 There are four federal tracts and one fee tract.

9 Attachment B describes all the leases and
10 all of the interest owners in the well unit. The
11 parties being pooled -- if you go to the last page of
12 Attachment B, it lists the parties being pooled. There
13 are other interest owners who have signed the com
14 agreement. All of these parties are being pooled except
15 Southland Royalty Company. We received their signature
16 on a com agreement yesterday.

17 Obviously, since this is purely for
18 purposes of a com agreement, there is no -- you know,
19 we're not seeking a risk charge, operating costs or
20 anything like that. We do request that NM&O be
21 designated operator of the well.

22 The well was proposed, per the Exhibit --
23 Attachment C. There were two proposal letters, one
24 letter to those who simply owned record title and others
25 who owned record title and/or a working interest. I

1 think that most of the parties have signed off, but
2 there are still a number of them who have not. And we
3 would -- we do believe a good-faith effort was made to
4 obtain the signature of the people.

5 If you go to Exhibit 4 -- and I took this
6 from the Division's well file, a copy of the letter from
7 BLM to NM&O. They have approved the com agreement, but
8 we have 120 days to secure voluntary or involuntarily
9 signatures, hence, the pooling. I have drafted a
10 proposed pooling order because within the next month or
11 so, I have to submit a complete copy to the BLM, or
12 there will be monetary penalties involved.

13 EXAMINER JONES: Would you please send that
14 to Mr. Brooks --

15 MR. BRUCE: Sure.

16 EXAMINER JONES: -- that one?

17 MR. BRUCE: And Exhibit 2 is my Affidavit
18 of Notice. All the parties -- I congregated -- if you
19 look at the Affidavit of Notice, there are two Arriba
20 companies that are related or at the same address. I
21 sent one certified mail to those. And if you look at
22 these Warren Clark, the Clark and Oatman interests, they
23 are all the same interests -- I mean the same address.
24 So I've spoken with them. I've spoken with everybody on
25 this list, except for Arriba Company, who has been

1 incommunicado. And some of them said they would get the
2 stuff to me and some of -- they just refused to sign.

3 Everyone -- I don't have one green card
4 back. Hooper, Kimball & Williams, although the postal
5 service records show it was delivered and I did speak
6 with a Mr. Allen at Hooper, Kimball & Williams who
7 acknowledged receipt. But just in case, I did publish
8 notice in the "Rio Grande Sun," and that's marked
9 Exhibit 3. So everyone has received notice of this
10 application.

11 So with that, I would move the admission of
12 Exhibits 1, 2, 3 and 4 and ask that this matter be taken
13 under advisement.

14 EXAMINER JONES: Exhibits 1, 2, 3 and 4 are
15 accepted into the record.

16 (NM&O Operating Company Exhibit Numbers 1
17 through 4 are offered and admitted into
18 evidence.)

19 EXAMINER JONES: So they will rename this
20 well? Right now it's proposed as Hawk #3, but it's
21 going to be the Hawk maybe -- because it's on a fee
22 tract with some federal acreage in the spacing unit, so
23 it'll be just a Hawk Com #3 probably?

24 MR. BRUCE: Yeah. I would guess. BLM
25 hasn't made that demand, but if the Division wants a new

1 well name, that can be easily taken care of.

2 EXAMINER JONES: Now, our records show
3 there is a Hawk Federal #3 in Unit Letter J, and it's
4 also in the Mesaverde, dedicated to the south half, and
5 it's produced since 2003. Would that be subject to this
6 pooling --

7 MR. BRUCE: That is this well.

8 EXAMINER JONES: That is this well? But
9 this well says "Unit Letter K."

10 MR. BRUCE: Oh, Unit Letter J [sic]. Yeah.
11 This well is in the northwest -- or northeast of the
12 southwest. I don't know about that one, if that
13 one's -- might be inactive. I mean, I think all the
14 wells out here, except for maybe the Mancos wells, were
15 originally drilled through the Gavel and Green Horse,
16 Graneros, Dakota and then completed uphole in various
17 zones. I will check on that other Hawk 3.

18 EXAMINER JONES: If there is nothing else,
19 we will take this under advisement, Case Number 15658
20 under advisement.

21 Thanks, Mr. Bruce.

22 (Case Number 15658 concludes, 10:11 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

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22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2017
Paul Baca Professional Court Reporters

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