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

**COPY**

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

APPLICATION OF MACK ENERGY                      Consolidated Cases  
CORPORATION FOR COMPULSORY                      14871, 14872, 14873  
POOLING, LEA COUNTY,  
NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE:    RICHARD EZEANYIM, Technical Examiner  
              DAVID K. BROOKS, Legal Examiner

June 25, 2012

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Technical Examiner, and DAVID K. BROOKS, Legal Examiner, on Monday, June 25, 2012, at the New Mexico Energy, Minerals, and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

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REPORTED BY:    PAUL BACA, CCR #112  
                         PAUL BACA COURT REPORTERS  
                         500 4th Street, NW, Suite 105

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A P P E A R A N C E S

For Applicant:

James Garrett Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
505-982-2043

I N D E X

CERTIFICATE OF COURT REPORTER 8

EXHIBIT: DESCRIPTION

1-2 Mr. Bruce's Exhibits 7

1           CHAIRMAN BROOKS: At this time we'll call  
2 Case Number 14871, application of Mack Energy  
3 Corporation for compulsory pooling, Lea County,  
4 New Mexico.

5           Call for appearances.

6           MR. BRUCE: Mr. Examiner, Jim Bruce, of  
7 Santa Fe, representing the applicant. I am  
8 submitting this case by affidavit, and I would  
9 request that it be consolidated for hearing with the  
10 next two cases, 14872 and 14873.

11           CHAIRMAN BROOKS: Okay. Are there any  
12 other appearances?

13           Very good. I will call Case Number 14872,  
14 application of Mack Energy Corporation for  
15 compulsory pooling, Lea County, New Mexico.

16           I call for appearances.

17           MR. BRUCE: Mr. Examiner, Jim Bruce, of  
18 Santa Fe, representing the applicant.

19           CHAIRMAN BROOKS: Case Number 14873,  
20 application of Mack Energy Corporation for  
21 compulsory pooling, Lea County, New Mexico.

22           Call for appearances.

23           MR. BRUCE: Jim Bruce, of Santa Fe,  
24 representing the applicant.

25           CHAIRMAN BROOKS: Okay. Case Numbers

1 14871, 14872, and 14873 are hereby consolidated for  
2 purposes of the hearing.

3 MR. BRUCE: Mr. Examiner, I've handed you  
4 two exhibits. The first one is a verified statement  
5 of Stacy Sanders, who is a landman for Mack Energy  
6 Corporation. If you would turn to Attachment A, you  
7 can see that I have outlined in yellow the  
8 120 acres, which are all part of a single Federal  
9 lease. And Mack Energy seeks to force pool three  
10 40-acre well units from the surface of the base of  
11 the San Andres formation, the southeast/southwest of  
12 Section 8 of 17/32 east will be dedicated to the  
13 Pintail Federal Well Number 2.

14 CHAIRMAN BROOKS: Section 8, 17/32?

15 MR. BRUCE: Correct.

16 And that is case 14871.

17 And Case 14872, the southwest  
18 quarter/southwest quarter of Section 8 will be  
19 dedicated to the Pintail Federal Well Number 3.

20 And in Case 14873, the northwest  
21 quarter/southwest quarter of Section 8 will be  
22 dedicated to the Pintail Federal Well Number 4.

23 All of them will test the San Andres  
24 formation, and they're all vertical wells.

25 The only people being -- the only person

1 being forced pooled is ConocoPhillips Company, which  
2 is actually the majority interest owner. They have  
3 been -- Attachment B to the affidavit of the landman  
4 shows that a well proposal was made five months ago  
5 to ConocoPhillips, followed up with telephone  
6 conferences and e-mails. And ConocoPhillips just  
7 has not decided what to do. And so my client would  
8 desire to move forward with the drilling of these  
9 three wells.

10 CHAIRMAN BROOKS: What formation did you  
11 say this was?

12 MR. BRUCE: San Andres.

13 CHAIRMAN BROOKS: San Andres. Okay.  
14 You're asking surface to base of?

15 MR. BRUCE: Yes. And interest ownership  
16 is uniform through those depths in each of the three  
17 well units.

18 CHAIRMAN BROOKS: And is there an existing  
19 San Andres pool?

20 MR. BRUCE: Boy, I looked that up and I --  
21 I will get that to you, Mr. Examiner.

22 CHAIRMAN BROOKS: Thank you.

23 MR. BRUCE: I know I found it somewhere.

24 CHAIRMAN BROOKS: I know it's unorthodox  
25 for me to ask my questions as I go along. But when

1 there's no opposing counsel it actually improves  
2 efficiency.

3 MR. BRUCE: I will get that for you. I  
4 know there is a pool out there, because there is an  
5 existing San Andres well in the northeast of the  
6 southwest of Section 8, that little black dot to the  
7 right of the lease number -- of the Federal lease  
8 number. And I believe that is the Pintail Federal  
9 Well Number 1.

10 CHAIRMAN BROOKS: Okay.

11 MR. BRUCE: So I will get that for you.

12 CHAIRMAN BROOKS: Okay.

13 They request \$6,500 per month per drilling  
14 well and \$650 per month for a producing well.

15 They ask for a 200 percent risk charge.  
16 And an AFE is attached, showing the completed well  
17 costs of approximately \$1.65 million for each of the  
18 three wells. The costs are identical for each of  
19 the three wells.

20 And Exhibit 2 is simply my affidavit of  
21 notice showing that notice of the applications were  
22 mailed to ConocoPhillips Company. And they did  
23 receive actual notice.

24 And so with that, I would move the  
25 admission of Exhibits 1 and 2 and ask that this

1 matter be taken under advisement.

2 CHAIRMAN BROOKS: Okay. Exhibits 1 and 2  
3 are admitted.

4 I have no further questions.

5 Mr. Ezeanyim?

6 CHIEF ENGINEER EZEANYIM: No further  
7 questions.

8 CHAIRMAN BROOKS: Very good. Case Numbers  
9 14871, 14872, and 14873 will be taken under  
10 advisement.

11 Okay. We have several more cases. We're  
12 kind of on a roll, and I don't know how fast we can  
13 roll, so I think we'll take another 10-minute  
14 recess.

15 And hopefully we can roll through these  
16 remaining six cases in the next hour after we get  
17 back.

18 (Proceedings concluded.)

19

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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. 14871-2273  
heard by me on 6-25-12  
*David K. Booth*, Examiner  
Oil Conservation Division

CERTIFICATE

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I, Paul Baca, RPR, CCR in and for the State of New Mexico, do hereby certify that the above and foregoing contains a true and correct record, produced to the best of my ability via machine shorthand and computer-aided transcription, of the proceedings had in this matter.



PAUL BACA, RPR, CCR  
Certified Court Reporter #112  
License Expires: 12-31-12