

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

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

CASE NO. 13,274

APPLICATION OF ARCH PETROLEUM, INC., AND)
WESTBROOK OIL CORPORATION FOR APPROVAL)
OF TWO NONSTANDARD GAS SPACING AND)
PRORATION UNITS IN THE JALMAT GAS POOL,)
LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 7th, 2005

Santa Fe, New Mexico

2005 APR 21 AM 10 09

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, April 7th, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

April 7th, 2005
Examiner Hearing
CASE NO. 13,274

PAGE

REPORTER'S CERTIFICATE

7

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	-
Exhibit 2	4	-
Exhibit 3	4	-
Exhibit 4	4	-

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

1 WHEREUPON, the following proceedings were had at
2 8:19 a.m.:

3 EXAMINER STOGNER: On page 6, this is the
4 reopened case of Case 13,274, which is the Application of
5 Arch Petroleum, Inc., and Westbrook Oil Corporation for
6 approval of two nonstandard gas spacing and proration units
7 in the Jalmat Gas Pool of Lea County, New Mexico.

8 Now this case was heard some time ago, but after
9 it was taken under advisement I discovered that I felt
10 additional notification would be needed. At this time
11 we'll address that issue, and I'll call for appearances in
12 Case 13,274.

13 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
14 representing the Applicant. I just have some exhibits to
15 submit.

16 EXAMINER STOGNER: Any other appearances? Just
17 for the record, that case was a contested case, and I don't
18 see the other party, Mr. Gene Gallegos.

19 MR. BRUCE: Mr. Gallegos did contact me, Mr.
20 Examiner, and said he would not appear today, he would just
21 rest on what he presented at the prior hearing in this
22 matter.

23 Mr. Examiner, this case was heard before. It's
24 for two nonstandard gas spacing and proration units in the
25 Jalmat Gas Pool. Notice to all offsets was provided at the

1 prior hearing.

2 After the hearing you requested that notice of
3 the interest owners in the south half of Section 20, 23
4 South, 37 East, who are the parties who have interest in
5 the wells that are the subject of this case, be notified.
6 I did give notice.

7 Submitted to you as Exhibit 1 is an affidavit
8 stating who those interest owners are, some -- thirty-some
9 interest owners, and they own interest throughout the south
10 half, these parties.

11 As I mentioned before the hearing, I have an
12 affidavit of notice that I still have to copy, and I would
13 submit that after the hearing.

14 Exhibit 3 is a publication notice submitted under
15 Division Rules in case there were any unlocatable parties.
16 Actually, all of the green cards came back.

17 Finally, Mr. Examiner, submitted as Exhibit -- it
18 should be marked Exhibit 4 in your package, is some
19 information regarding the instruments under which Arch
20 Petroleum, Inc., acquired its interest, and I will get to
21 that in a minute.

22 Mr. Examiner, I believe a Bonnie Karlsrud has
23 entered an appearance in this case, filed a letter
24 statement on Friday. And I've been in touch with Mr.
25 Ezeanyim about this. I've also talked to her, and Mr.

1 Ezeanyim has been in touch with Ms. Karlsrud.

2 EXAMINER STOGNER: Interesting development, Mr.
3 Jim Bruce. Do you have any comment on her last statement?

4 MR. BRUCE: Yes, Mr. Examiner, two things.

5 The reason I submitted Exhibit 4 is, she states
6 she's the owner of the working interest. If you look at
7 Exhibit 4, she assigned her working interest in the
8 southeast quarter and the northeast quarter, southwest
9 quarter, of this section, which is now owned by Arch
10 Petroleum, which is why Arch Petroleum wants a southeast
11 quarter unit. They are 100-percent working interest owner
12 in the Jalmat Gas Pool. And those assignments do not
13 restrict splitting up the unit. As you know, there is a
14 well drilled but not completed on this unit.

15 I would also point that these are term
16 assignments, and if Arch Petroleum, Inc., can't form its
17 own unit, then a portion of the interest acquired under the
18 term assignment will expire this summer.

19 Secondly, Mr. Examiner, I have received calls
20 from a Marion DeFord; a Kathy Blotter, trustee; and Tom
21 Jennings representing First Roswell Company, and they told
22 me that -- they asked me to inform the Division that they
23 supported this Application.

24 EXAMINER STOGNER: Anything further?

25 MR. BRUCE: No, I would just ask the admission of

1 Exhibits 1 through 4.

2 EXAMINER STOGNER: Exhibits 1 through 4 for this
3 matter, or this case -- and I'll date them today so they
4 won't get confused with the previous exhibits. Is there
5 anything further in Case 13,274?

6 Then this matter -- I'm going to hold the record
7 open, pending your additional information.

8 MR. BRUCE: I will --

9 EXAMINER STOGNER: If you'll see that the
10 originals -- well, get with our court reporter and provide
11 me a copy of what you submit to Mr. Brenner.

12 MR. BRUCE: I will do that today.

13 EXAMINER STOGNER: One last matter, if I can, Mr.
14 Jones.

15 Today ends my official act as Hearing Officer. I
16 started in December of 1982, and here it is, April of 2005,
17 and at that time I am going to stand adjourned. Thank you.

18 (Applause)

19 (Thereupon, these proceedings were concluded at
20 8:27 a.m.)

21 * * *

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 13274
25 heard by me on 7 April 2005.


Examiner
Oil Conservation Division

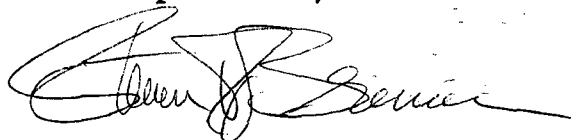
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 8th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006