

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. 13,556

APPLICATION OF TREK RESOURCES, INC.,)
FOR COMPULSORY POOLING, LEA COUNTY,)
NEW MEXICO)

2005 SEP 27 PM 12 47

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

September 22nd, 2005

Santa Fe, New Mexico

ORIGINAL

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, September 22nd, 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.

* * *

505/989-9317

I N D E X

September 22nd, 2005
Examiner Hearing
CASE NO. 13,556

PAGE

REPORTER'S CERTIFICATE

6

* * *

E X H I B I T S

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

* * *

A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

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

1 WHEREUPON, the following proceedings were had at
2 8:21 a.m.:

3 EXAMINER JONES: Okay, at this time let's call
4 Case 13,556, Application of Trek Resources, Incorporated,
5 for compulsory pooling, Lea County, New Mexico.

6 Call for appearances.

7 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
8 the Santa Fe law firm of Kellahin and Kellahin, appearing
9 on behalf of the Applicant, Trek Resources, this morning,
10 Mr. Jones. We're presenting this case by affidavit.

11 EXAMINER JONES: No other appearances in this
12 case?

13 MR. KELLAHIN: No, sir.

14 Briefly, Mr. Examiner, Trek proposes to drill a
15 Drinkard well in a 40-acre spacing unit. Despite its best
16 efforts, it's not been able to receive a reply from Mr.
17 Kenneth Cone. They've contacted him three times, and I
18 have contacted him, and we simply can't get a response.
19 Perhaps it's due to the fact that he only has a 2.8-percent
20 interest in the spacing unit and just doesn't want to be
21 bothered with it. I know the Cone interests. They're
22 sophisticated oil and gas investors. Apparently he just
23 doesn't care to pay attention to this one.

24 So we have proposed to have the Division enter a
25 compulsory pooling order. We've attached all the

1 appropriate attachments to an affidavit that has been
2 prepared and submitted to you by Mr. Frank McColloch. Mr.
3 McColloch is a petroleum landman certified in Texas, and he
4 is the contract landman for Trek that has consolidated all
5 of the interests.

6 They're doing this pursuant to an operating
7 agreement, and he requests that the overhead rates be
8 consistent with their joint operating agreement. You'll
9 see in the affidavit that he is requesting a rate of \$600
10 per month producing, and a \$5000-a-month drilling well
11 rate.

12 The AFE is attached, a copy of the C-102 and the
13 C-103 are also incorporated into the affidavit.

14 And with your permission, we would ask that you
15 submit the affidavit into the record, along with our
16 certificate of notification. These are all compiled under
17 Exhibits 1 and 2 for this hearing.

18 EXAMINER JONES: Okay, Exhibits 1 and 2 will be
19 admitted.

20 I could only find one pool that was even close to
21 here. It's the East Garrett-Glorieta. Everything else
22 would be wildcat, I guess.

23 MR. KELLAHIN: The reason I selected in the
24 advertisement the Lower Clear Fork Drinkard is that when
25 you turn to the AFE -- or the APD page, the APD page, if I

1 can find -- it's attached to the Application, it's D-1.
2 The Division has assigned an API number, and then they have
3 changed it to wildcat, Lower Clear Fork Drinkard, so that's
4 the District's best effort to find the closest available
5 pool.

6 EXAMINER JONES: Okay.

7 MR. KELLAHIN: There's a locator map attached as
8 Exhibit B to the Application, and when you look at that,
9 there do not appear to be any wells in the nearby vicinity.

10 EXAMINER JONES: Okay. Thank you, Mr. Kellahin.

11 MR. KELLAHIN: Thank you.

12 EXAMINER JONES: With that, we'll take Case
13 13,556 under advisement.

14 (Thereupon, these proceedings were concluded at
15 8:25 a.m.)

16 * * *

17
18
19 I do hereby certify that the foregoing is
20 a complete record of the proceedings at
the Examiner hearing of Case No. _____
21 heard by me on _____

22 _____, Examiner
Oil Conservation Division
23
24
25

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 September 22nd, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006