

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:)
APPLICATION OF DEVON ENERGY PRODUCTION)
COMPANY, LP, FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

CASE NO. 13,958

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

July 26th, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, Jr., Hearing Examiner, on Thursday, July 26th, 2007, 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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July 26th, 2007
 Examiner Hearing
 CASE NO. 13,958

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	-
Exhibit A	4	-
Exhibit B	4	-
Exhibit C	4	-
Exhibit 2	4	-
Exhibit A	-	-
Exhibit 3	5	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

MICHAEL THOMAS
 Assistant General Counsel
 Energy, Minerals and Natural Resources Department
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 10:48 a.m.:

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5 EXAMINER JONES: And let's go ahead and call Case
6 Number 13,958, Application of Devon Energy Production
7 Company, LP, for compulsory pooling, Eddy County, New
8 Mexico.

9 Call for appearances.

10 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
11 representing the Applicant. I'm submitting this case by
12 affidavit.

13 EXAMINER JONES: Other appearances?

14 Okay, affidavit case.

15 EXAMINER JONES: Ken Gray didn't come up today,
16 huh?

17 MR. BRUCE: No, when you look at the interest
18 being pooled, you'll see why.

19 Mr. Examiner, I've handed you three exhibits.
20 Exhibit 1 is a verified statement of Ken Gray under
21 Division Rules to do this case by affidavit. Devon seeks
22 the pooling of the west-half equivalent of Section 2,
23 Township 22 South, Range 26 East, for all pools spaced on
24 320 acres.

25 The unit is to be dedicated -- There's an error

1 in paragraph 2.(b), the second portion of that paragraph,
2 line 1. It says Perfecto State Com Well Number 1. That
3 should be Well Number 2. But the location is correct.
4 It's a directional well being drilled from Section 3 into
5 Section 2. This is right adjoining the City of Carlsbad,
6 so some machinations had to be made to get a location to
7 drill the well.

8 The only party being pooled is a Mr. H.L. Boyd
9 who owns just over -- well, less than 1/100 of a percent of
10 an interest in this well. All of the other working
11 interest owners or mineral owners are tied up in the well.

12 Exhibit A of Exhibit 1 is a land plat showing
13 where this well is located.

14 Exhibit B is some information from the broker
15 discussing Mr. Boyd, who last appeared of record in 1966.
16 They've tried to track him down and couldn't track him
17 down.

18 And Exhibit C is the AFE for the well. And Devon
19 asserts that these are reasonable well costs. They seek a
20 200-percent risk charge against Mr. Boyd, and their
21 drilling costs set out in the affidavit are \$6000 and \$600
22 per month.

23 Exhibit 2 is an affidavit of notice. I did mail
24 notice to Mr. Boyd's last known address, and the letter
25 came back.

1 And as a result, we published notice of the
2 hearing in the Carlsbad newspaper, and that affidavit of
3 publication is submitted as Exhibit 3.

4 And with that we would ask that this matter be
5 taken under advisement.

6 EXAMINER JONES: Okay, this is just for 320-acre
7 gas.

8 MR. BRUCE: Yes.

9 EXAMINER JONES: And let's see here -- and it's
10 all going to -- even the penetration point is going to be
11 standard?

12 MR. BRUCE: That's what I was informed of.

13 EXAMINER JONES: Okay. What happens if -- oh,
14 wait, this is going to be a -- let's see, a completely
15 horizontal well, isn't it? Its -- surface hole 21 from the
16 north, 150 from the east.

17 MR. BRUCE: Of Section 3.

18 EXAMINER JONES: Oh, okay --

19 MR. BRUCE: Yeah.

20 EXAMINER JONES: -- of Section 3.

21 MR. BRUCE: I think the hole will be one of the
22 S-shaped --

23 EXAMINER JONES: S-shaped, okay.

24 Mike, do you have any questions?

25 MR. THOMAS: (Shakes head)

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EXAMINER JONES: Okay. Well thank you very much,
Mr. Bruce.

With that, we'll take Case 13,958 under
advisement.

(Thereupon, these proceedings were concluded at
10:53 a.m.)

* * *

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____.

_____, 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 July 29th, 2007.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010