

1 STATE OF NEW MEXICO

2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

3 OIL CONSERVATION DIVISION

4 ORIGINAL

5 IN THE MATTER OF THE HEARING CALLED
6 BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:7 APPLICATION OF BEPCO, LP FOR COMPULSORY CASE NO. 14172
8 POOLING, EDDY COUNTY, NEW MEXICO9
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13 REPORTER'S TRANSCRIPT OF PROCEEDINGS14 EXAMINER HEARING15
16 BEFORE: DAVID K. BROOKS, Legal Examiner
17 TERRY G. WARNELL, Technical Examiner

18 August 21, 2008

19 Santa Fe, New Mexico

20
21 This matter came on for hearing before the New Mexico
22 Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
23 TERRY G. WARNELL, Technical Examiner, on Thursday, August 21,
2008, at the New Mexico Energy, Minerals and Natural Resources
Department, 1220 South Saint Francis Drive, Room 102, Santa Fe,
New Mexico.24 REPORTED BY: JOYCE D. CALVERT, P-03
25 Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 871022008 SEP 4 AM 8 42
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A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.
ATTORNEY AT LAW
P.O. Box 1056
Santa Fe, New Mexico 87504

PAGE

EXHIBITS 1 AND 2 ADMITTED

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REPORTER'S CERTIFICATE

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1 MR. BROOKS: We will call Case No. 14172, Application
2 of BEPCO, LP for Compulsory Pooling, Eddy County, New Mexico.

3 Call for appearances.

4 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
5 representing the applicant. I meant to file an amended
6 pre-hearing statement, but I'm submitting this case by
7 affidavit.

8 MR. BROOKS: Okay. We received a letter from
9 Mr. Robert G. Shelton, and I believe that it shows that he sent
10 you a copy also.

11 MR. BRUCE: And I will address that briefly.

12 MR. BROOKS: Okay.

13 MR. BRUCE: Yes. Mr. Examiner, when this application
14 was filed, we were seeking to force-pool Mr. Shelton.
15 Mr. Shelton has joined in the well, and we are not seeking to
16 force-pool him.

17 MR. BROOKS: Okay. You may proceed.

18 MR. BRUCE: Submitted as Exhibit 1 is the verified
19 statement of Brad Glasscock, who is a landman at BEPCO. BEPCO
20 is seeking to force-pool the N/2 of Section 17, 22 South, 28
21 East. The original application said all 320-acre units, but at
22 this time, we would amend the application to seek to force-pool
23 only the Atoka and Morrow formations, and those are in the
24 Dublin Ranch-Atoka gas pool, and Dublin Ranch-Morrow gas pool.

25 The well being drilled is the Big Eddy unit well No.

1 218 to be drilled in the NW/4, NW/4 of Section 17.

2 MR. BROOKS: Big A?

3 MR. BRUCE: Big Eddy.

4 MR. BROOKS: Big Eddy. Unit number what?

5 MR. BRUCE: 218.

6 MR. BROOKS: Okay. Go ahead.

7 MR. BRUCE: The only party being force-pooled is
8 Nearburg Exploration Company, LLC, which has a working interest
9 ownership of approximately twelve and a half percent in the
10 well. Attachment A to Exhibit 1 are two land plats showing the
11 well locations. Attachment B is the proposal letter to
12 Nearburg which was mailed in May of 2008. I stated in the
13 affidavit that BEPCO has also had telephone conversations with
14 Nearburg. Nearburg has simply not yet decided what to do.

15 Attachment C is the AFE for the well. The dry hole
16 cost of this well is a little over \$2.7 million, and the
17 completed well cost is \$4.2 million. And BEPCO is seeking
18 overhead rates of 6,000 and 600 per month. Submitted as
19 Exhibit 2 is my Affidavit of Notice that showing that notice
20 was received by Nearburg of this application.

21 I move the admission of Exhibits 1 and 2 and ask that
22 the matter be taken under advisement.

23 MR. BROOKS: Exhibits 1 and 2 are admitted.

24 [Applicant's Exhibits 1 and 2 admitted into
25 evidence.]

1 MR. BROOKS: You said 6,600 overhead?

2 MR. BRUCE: 6,000 and 600.

3 MR. BROOKS: All right. 6,000 for drilling and 600
4 for producing?

5 MR. BRUCE: Right.

6 MR. BROOKS: And I notice on the document here the
7 location is given as 660 from the north and 660 from the west?

8 MR. BRUCE: Yes. And that's stated in the AFE.

9 MR. BROOKS: Yeah, okay. Very good. Case No. 14172
10 will be taken under advisement.

11 * * *

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15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
17 the Examiner hearing of Case No. 14172
18 heard by me on 8-21-08
19 *David K. Brock* Examiner
20 Oil Conservation Division
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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

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

DATED this 21st of August, 2008.

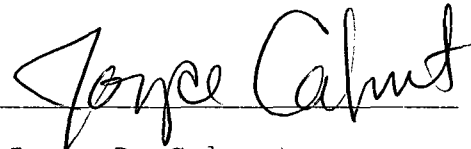


JOYCE D. CALVERT
New Mexico P-03
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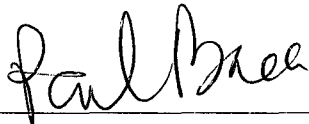
1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

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4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-5 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 21st day of
12 August, 2008.

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15 Joyce D. Calvert
16 Provisional License #P-03
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20 Paul Baca, RPR
21 Certified Court Reporter #112
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