

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

ORIGINAL

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

CASE NO. 14157

APPLICATION OF FOREST OIL CORP. FOR
APPROVAL OF A SECONDARY RECOVERY
PROJECT, EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

2008 SEP 4 AM 8 46

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BEFORE: DAVID K. BROOKS, Legal Examiner
TERRY G. WARNELL, Technical Examiner

August 21, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Legal Examiner,
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.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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

EXHIBIT 11 ADMITTED 5

REPORTER'S CERTIFICATE 6

1 MR. BROOKS: At this time, we will call Case
2 No. 14157, Application of Forest Oil Corp. for Approval of a
3 Secondary Recovery Project, Eddy County, New Mexico.

4 And I gather this was continued from August the 7th
5 to supplement the record; is that correct?

6 MR. BRUCE: That's correct, Mr. Examiner. If I may,
7 Mr. Examiner, this case was -- I should say Jim Bruce,
8 representing the applicant.

9 This case was heard two weeks ago, and the testimony
10 was submitted. There was one question, I think it was,
11 Mr. Jones had regarding this case -- two questions similar.

12 This case involves the SE/4 of Section 16 which
13 Forest refers to as its State B lease, which is where the
14 secondary recovery project is requested. There was one
15 question which was what is the ownership of the State B lease.
16 Obviously it's a State lease, and Forest Oil owns 100 percent
17 of the working interest.

18 I've submitted this affidavit to you marked
19 Exhibit 11 from the landman at Forest Oil. In paragraph 4, he
20 states that working interest ownership in the State B lease
21 from the surface to the base of the San Andres formation which
22 includes the injection zone, the Grayburg Jackson pool, is
23 100 percent owned by Forest Oil Corporation.

24 The second question -- it also came up during the
25 examination that the offsetting Skelly unit has an ongoing

1 waterflood, and the two projects are kind of related. A
2 question was also raised as the ownership in the working
3 interest in the Skelly unit. And that's addressed in the
4 paragraph 5 of this affidavit. If you look at Attachment A to
5 Exhibit 11, there is a land plat of the Skelly unit. It's a
6 100 percent federal unit which offsets the SE/4 of Section 16,
7 as you can see. It's all federal leases. And all of the
8 acreage except 120 acres is in a participating area for the
9 Grayburg Jackson pool.

10 And in so as far as depths from surface to 5,000
11 feet, Forest Oil Corporation owns 100 percent of the working
12 interest. That addresses Mr. Jones second question.

13 And just for historical purposes, I think we had some
14 discussion about the Skelly unit. I've attached the -- the
15 first page didn't copy well, but the unit agreement for the
16 Skelly unit which was formed in 1937 -- probably one of the
17 first units formed in the State of New Mexico -- the earliest
18 units approval I could see from the Division was in 1950 for
19 unit agreements -- and this unit was formed in 1937.

20 As I noted on the record last time, it's a voluntary
21 unit. The unit was formed for exploration and it later --
22 later a waterflood was instituted in the unit. And I think the
23 waterflood expansion orders are referenced in the prior
24 testimony.

25 So with that, I submit Exhibit 11. The landman is

1 not here. He is available to testify by telephone, if
2 necessary.

3 MR. BROOKS: Very good. Well, I don't recall the
4 hearing well enough to remember exactly what Mr. Jones'
5 questions were, and he's not here today. So you have tendered
6 Exhibit No. 11?

7 MR. BRUCE: Yes, and I move the admission of
8 Exhibit 11.

9 MR. BROOKS: Exhibit 11 will be admitted.

10 [Applicant's Exhibit 11 admitted into evidence.]

11 MR. BROOKS: Case No. 14157 will be taken under
12 advisement.

13 * * *

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15
16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
18 the Examiner hearing at Case No. _____,
19 heard by me on _____.

20 _____, Examiner
21 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
License Expires: 7/31/09

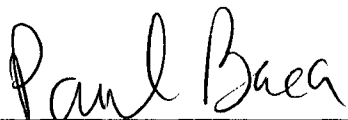
1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3
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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16 Joyce D. Calvert
17 Provisional License #P-03
18 License Expires: 7/31/09

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21 

22 Paul Baca, RPR
23 Certified Court Reporter #112
24 License Expires: 12/31/08
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