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 JOHN R. STEARNS, d/b/a STEARNS, FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

CASE NO. 13,203

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ORIGINAL

Oil Conservation Division 1220 St. Francis Drive

Santa Fe, NM 87505

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

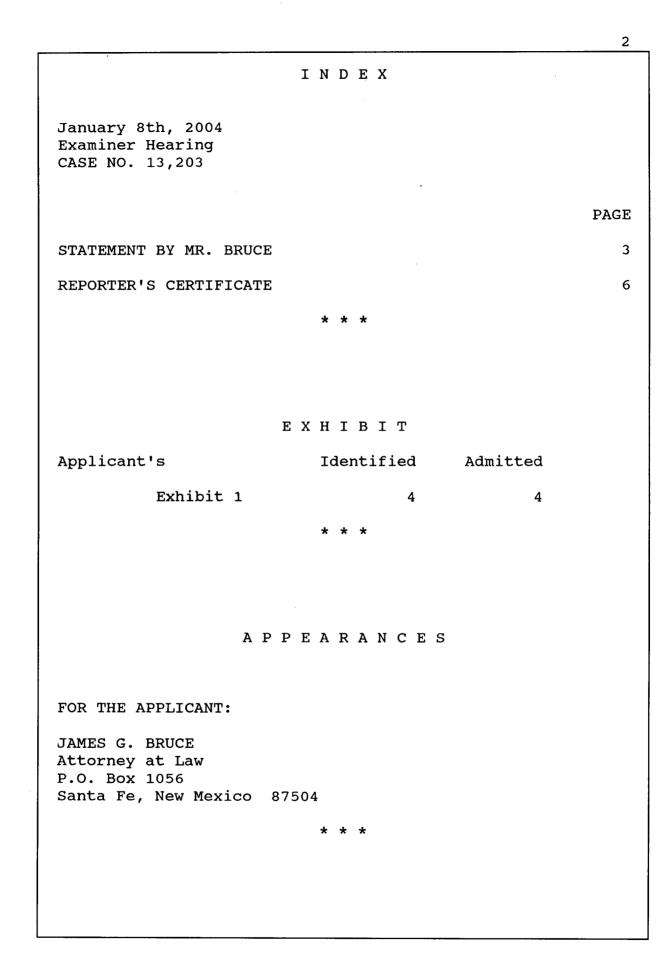
RECEIVEI BEFORE: DAVID R. CATANACH, Hearing Examiner

January 8th, 2004

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, January 8th, 2004, 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.

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



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

1	WHEREUPON, the following proceedings were had at					
2	9:59 a.m.:					
3	EXAMINER CATANACH: At this time I will call Case					
4	13,203, which is the Application of John R. Stearns, d/b/a					
5	Stearns, for an unorthodox gas well location, Lea County,					
6	New Mexico.					
7	Call for appearances in this case.					
8	MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,					
9	representing the Applicant. I just have a short statement.					
10	EXAMINER CATANACH: Okay, Mr. Bruce, you may					
11	proceed.					
12	MR. BRUCE: Mr. Examiner, this concerns an					
13	unorthodox gas well location. The well unit is the east					
14	half of Section 16, Township 9 South, Range 37 East, in Lea					
15	County. I believe the well, the State 16 Well Number 1 Y,					
16	was originally drilled down to the Devonian.					
17	Mr. Stearns proposes to recomplete the well in					
18	the Morrow formation. The east half would be dedicated to					
19	the well.					
20	It is at an unorthodox location, 330 feet from					
21	the south line and 940 feet from the east line. The					
22	Application was originally filed administratively, and					
23	notice was given to the affected offsets in the north half					
24	of Section 21, who are all unleased mineral owners.					
25	One of them objected, a Mr. Richard Donald Jones,					

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1	Jr. As a result, Mr. Stogner set this matter for hearing.					
2	Notice has been given again to all of the					
3	offsets, and that is reflected in Exhibit 1, the notice					
4	affidavit. I'd ask that that be accepted into evidence.					
5	No one has shown up at the hearing other than me,					
6	and I would request that since there is apparently no					
7	objection at this time, that this matter be referred back					
8	to the administrative docket and an unorthodox location					
9	order issued.					
10	EXAMINER CATANACH: Okay, Exhibit 1 will be					
11	admitted in this case.					
12	Mr. Bruce, shall we leave the case How should					
13	we dispense with the case?					
14	MR. BRUCE: I would request that the case not be					
15	finally dismissed until an administrative order is issued.					
16	EXAMINER CATANACH: So you would request,					
17	therefore, a continuance?					
18	MR. BRUCE: A continuance, why not for four					
19	weeks?					
20	EXAMINER CATANACH: Which would be to February					
21	MR. BRUCE: 5th, I believe.					
22	EXAMINER CATANACH: Okay, and is Mr. Stogner					
23	aware of this situation?					
24	MR. BRUCE: I will					
25	EXAMINER CATANACH: Okay, so you'll discuss that					

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1	with him and explain it to him?				
2	MR. BRUCE: Yes, sir.				
3	EXAMINER CATANACH: Okay. I don't think we need				
4	to do anything else.				
5	This case, Case 13,203, will be continued to				
6	February 5th, and the Application will be referred back to				
7	the Division for administrative approval.				
8	(Thereupon, these proceedings were concluded at				
9	10:02 a.m.)				
10	* * *				
11					
12					
13					
14					
15	I do hereby cartify that the foregoing is a complete record of the proceedings in				
16	the Examiner hearing of Case No. 13203. heard by me on 100 m 2003.				
17	Douid/Uchil, Examiner				
18	OII Conservation Division				
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24					
25					

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

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 January 9th, 2004.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2006

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF JOHN R. STEARNS FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

Case No. 13203

AFFIDAVIT REGARDING NOTICE

) ss.

STATE OF NEW MEXICO

COUNTY OF SANTA FE

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

Ames Bruce

SUBSCRIBED AND SWORN TO before me this _____ day of January, 2004, by James Bruce.

Notary Public

My Commission Expires: 3/14/05

OIL CONSERVATION DIVISION CASE NUMBER

EXHIBIT NUMBER 1

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE) (505) 982-2151 (FAX)

jamesbruc@aol.com

December 18, 2003

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Mineral Owners in the N½ of Section 21, Township 9 South, Range 37 East, N.M.P.M., Lea County, New Mexico

Ladies and gentlemen:

John R. Stearns has filed an application with the New Mexico Oil Conservation Division requesting administrative approval of an unorthodox gas well location in the E½ of Section 16, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico. The existing State 16 Well No. 1Y, to be re-completed in the Morrow formation, is located at an unorthodox location 330 feet from the south line and 940 feet from the east line of Section 16. This application is scheduled to be heard at 8:15 a.m. on Thursday, January 8, 2004 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You own a mineral interest in the offsetting acreage (the N½ of Section 21). As an offset owner, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are required to notify the Division, and the undersigned, by Friday, January 2, 2004, if you intend to enter an appearance and participate in the case.

Very truly yours,

Attorney for John R. Stearns





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary

December 15, 2003

Lori Wrotenbery Director Oil Conservation Division

John R. Stearns d/b/a Stearns c/o James Bruce P. O. Box 1056 Santa Fe, New Mexico 87504

Re: Administrative application (application reference Nos. pMES0-325255283 and pLR0-333627423) for an exception to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for John R. Stearns d/b/a Stearns existing State "16" Well No. 1-Y (API No. 30-025-34070) to be recompleted into the Undesignated West Sawyer-Morrow Gas Pool (97103) at an unorthodox deep gas well location 330 feet from the South line and 940 feet from the East line (Unit P) of Section 16, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico, within a standard 320-acre stand-up gas spacing unit comprising the E/2 of Section 16.

Dear Mr. Bruce:

The Division is in receipt of an objection filed in a timely manner by Richard Donald Jones, Jr. to the subject application; see copy of letter dated December 11, 2003 attached.

This application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for January 8, 2004. I have prepared the following advertisement in this matter:

"Application of John R. Stearns d/b/a Stearns for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an exception to Division Rule 104.C (2) (a) for the existing State "16" Well No. 1-Y (API No. 30-025-34070) to be recompleted into the Undesignated West Sawyer-Morrow Gas Pool (97103) at an unorthodox deep gas well location 330 feet from the South line and 940 feet from the East line (Unit P) of Section 16, Township 9 South, Range 37 East. The E/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit for the Morrow formation. This unit is located approximately 11 miles east by north of Crossroads, New Mexico".

Should you have any questions concerning this matter, please contact me in Santa Fe by phone at (505) 476-3465 or by e-mail at <u>mstogner@state.nm.us</u>.

Sincerely,

Michael E. Stogner Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs New Mexico State Land Office – Santa Fe Richard Donald Jones, Jr. – Cedar Creek, TX

OFFSET OWNERS

Marilyn B. Salter 20031 82nd Avenue Edmonds, Washington 98020

Beverly B. Strohl 4353 Brownfield Avenue San Diego, California 92122

Patricia Boyle Young P.O. Box 1639 Solana Beach, California 90806

J.L. Burke III 8428 Meadowknoll Dallas, Texas 75243

Bill C. Cotner P.O. Box 2236 Midland, Texas 79702

William J. Hill 1613 Winfield Midland, Texas 79705

College of the Southwest 6610 Lovington Highway Hobbs, New Mexico 88240

Texas Tech University P.O. Box 41081 Lubbock, Texas 79409

W.L. Pevey, Jr. P.O. Box 295 Hobbs, New Mexico 88241

Gary Don Reagan P.O. Box 780 Hobbs, New Mexico 88241

Richard L. Westlake P.O. Box 647 Salado, Texas 76571

Osler C. Hutson P.O. Box 550 Gladewater, Texas 75647

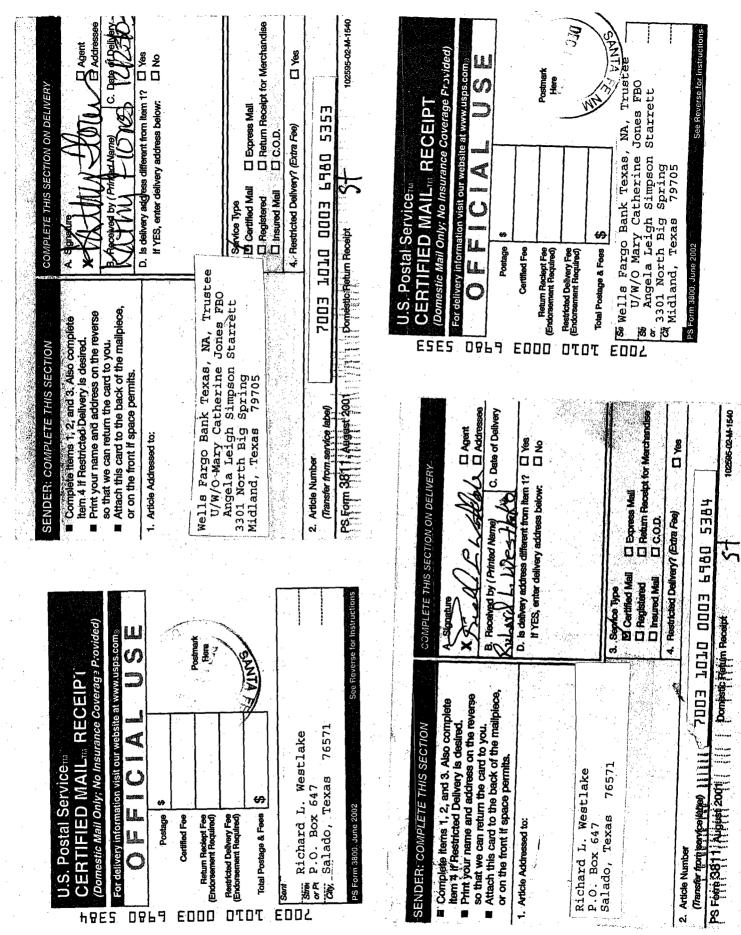
Richard D. Jones, Jr. 200 North Gaines Road Cedar Creek, Texas 78612

Wells Fargo Bank Texas, NA, Trustee U/W/O Mary Catherine Jones FBO Angela Leigh Simpson Starrett 3301 North Big Spring Midland, Texas 79705

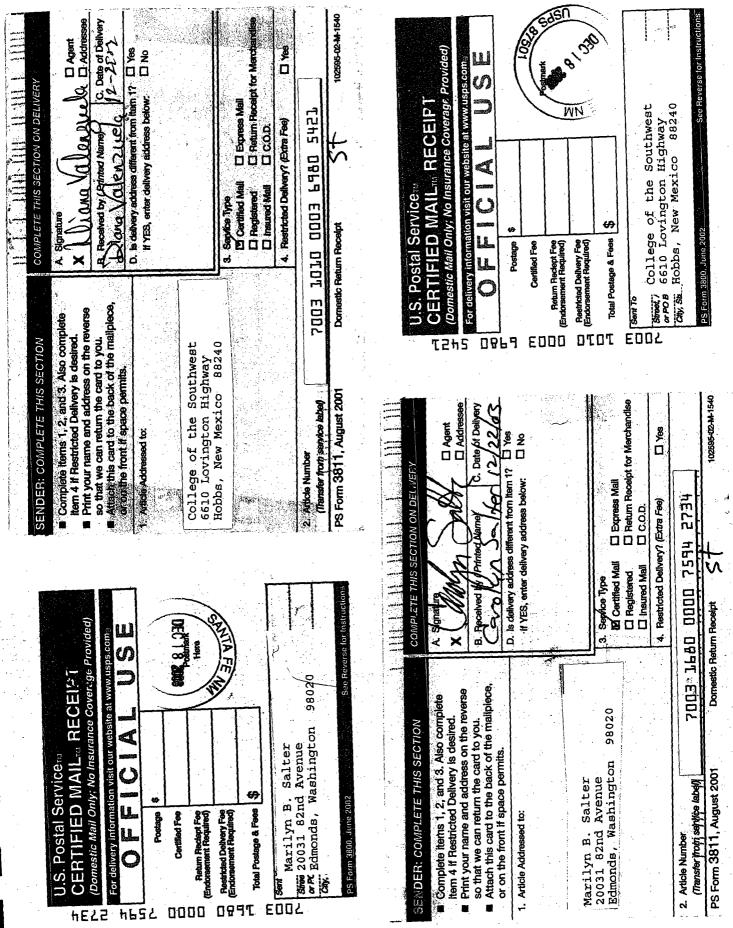
Kingdon R. Hughes P.O. Box 2424 Midland, Texas 79702

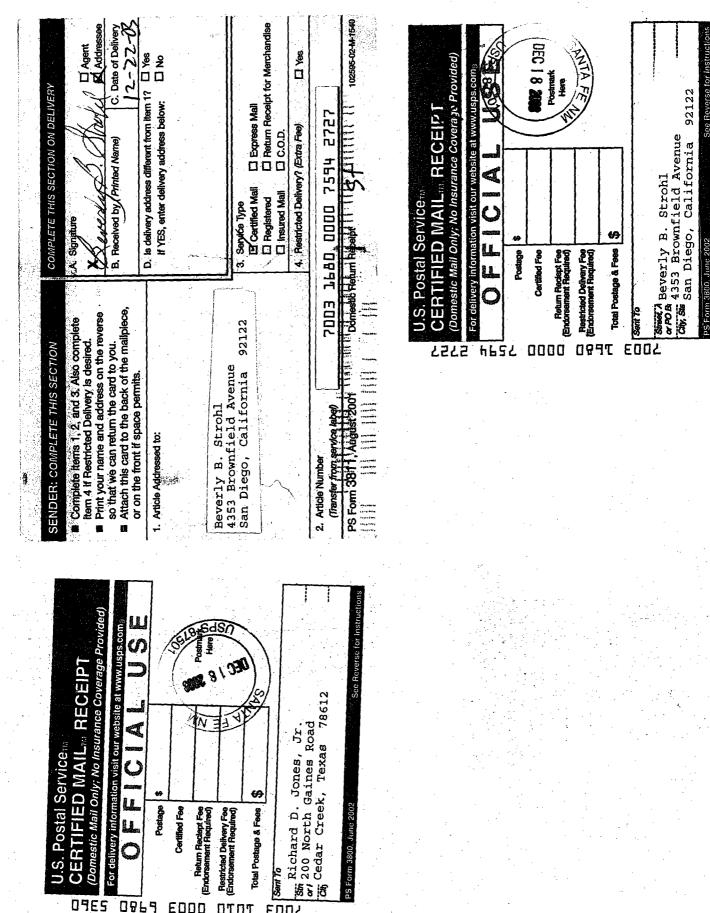
Roy G. Barton, Individually and as Trustee P.O. Box 978 Hobbs, New Mexico 88241

Nancy B. Farmer 5136 East 35th Street Tulsa, Oklahoma 74135



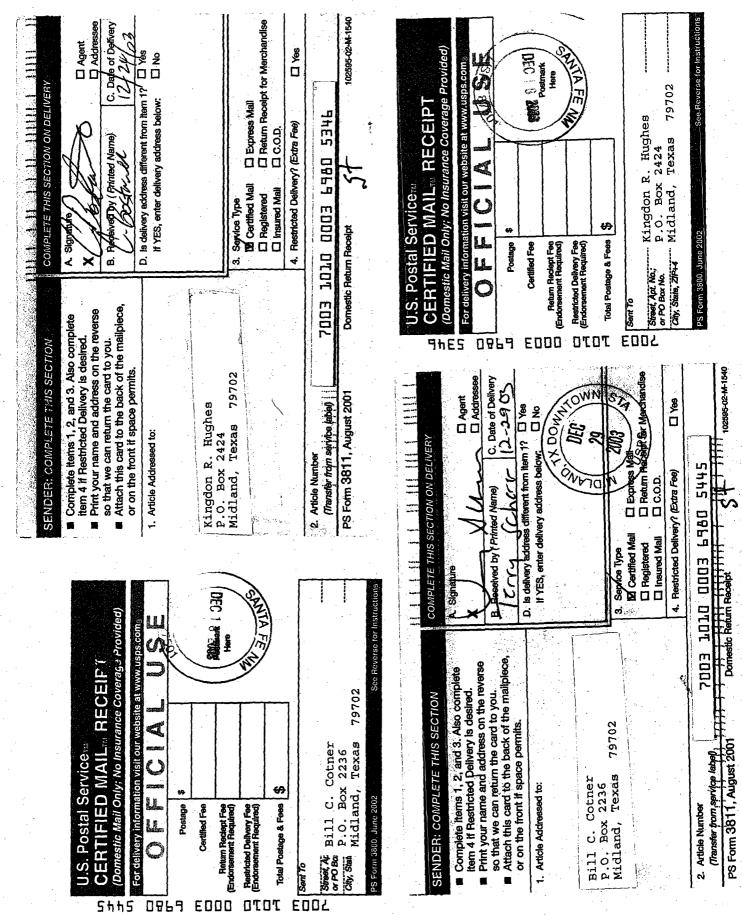
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	 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can returm the card to you. Attach this card to the back of the malipiece, or on the front if space permits. 1. Article Addressed to: NANC if AMM PARA 	7. 1/5. 101 1/4 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2	Trils SECTION ON DELIVERY	Type Type Type Depress Mail field Mail D Express Mail field Mail D Express Mail dated D Return Recellar for Marchandles ed Mail D Co.0.0. ed Mail C.C.0.0. b F (d) 5 3 4 1. 5 3 4 1. 1 ves
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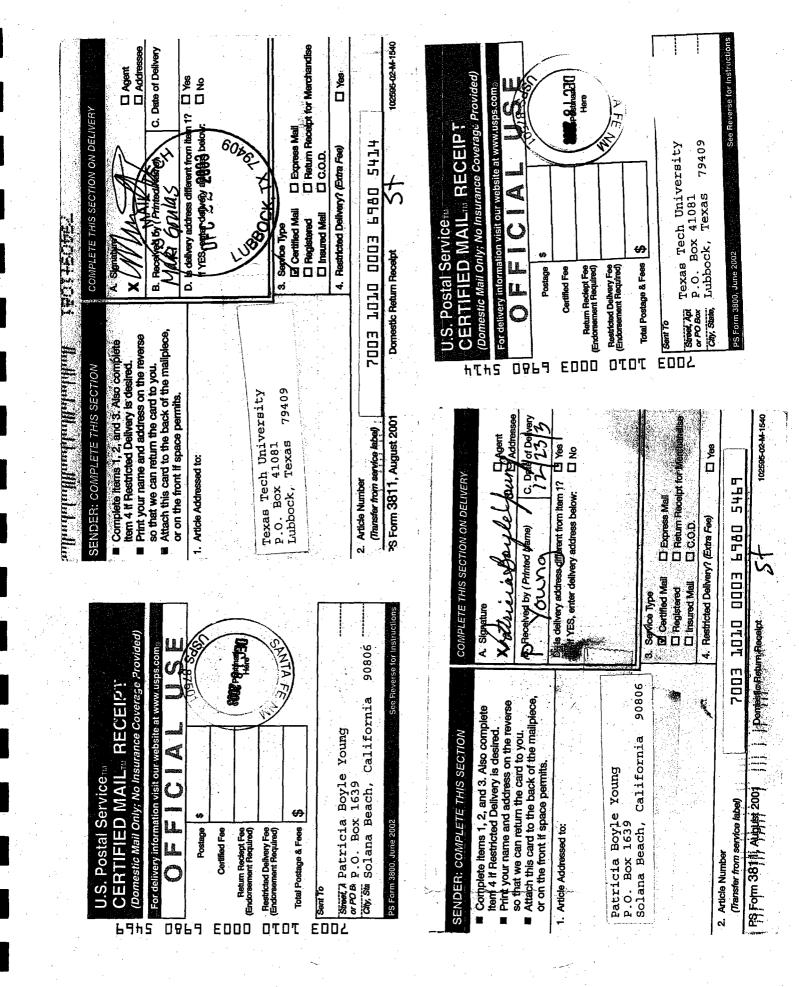


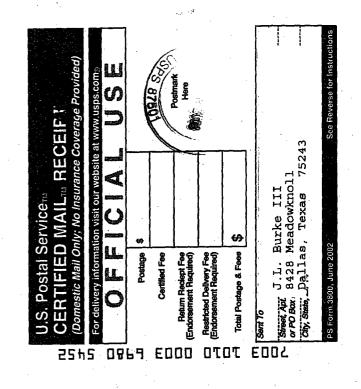


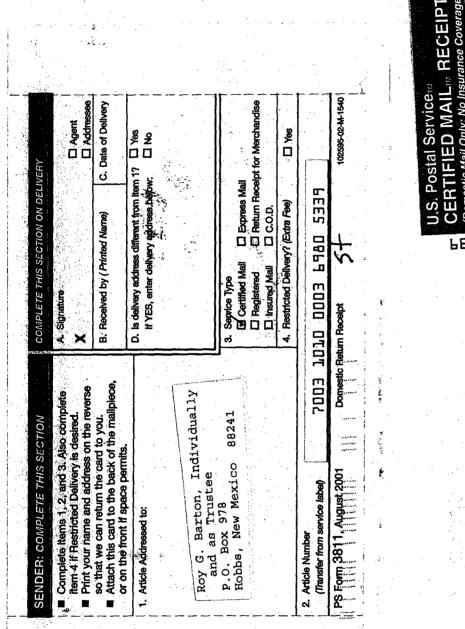
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COMPLETE THIS SECTION ON DELIVERY A Sometime B. Rooglyhd by (Phyped Neme) [] C. Date of Trainment	delivery address below	3. Sayles Type 12 Certified Mail 12 Certified Mail 10 Registered 11 Registered 12 Insured Mail 12 Insured Mail 13 Co.D. 4. Restricted Delivery/r (Extra Fee) 13 Fee	7003 1010 0003 6980 5407	U-S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com		W.L. Pevey, Jr. P.O. Box 295 Hobbs, New Mexico 88241 Sou June 2002 See Revoise for Instructions
SENDER: COMPLETE THIS SECTION Complete Items 1, 2, and 3. Also complete them 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailplexe, or on the front if space poemb.	Milde Addressed for W.L. Pevey, Jr. P.O. Box 295 Hobbs, New Mexico 88241		PS Form 3811, August 2001 Domestic R		(Endorsettim Restricted (Endorsetting Total Pos	Sent To Sent To Served P. O. Boy Cay, Sun. Hobbs, N PS Form 3800, June 2002









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