

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:

ORIGINAL

APPLICATION OF MACK ENERGY FOR APPROVAL
of NON-STANDARD WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

Case No. 14591

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: WILLIAM V. JONES, Technical Examiner
DAVID K. BROOKS, Legal Examiner

January 20, 2011

Santa Fe, New Mexico

2011 FEB - 8 P 2:44
RECEIVED OOD

This matter came on for hearing before the New
Mexico Oil Conservation Division, WILLIAM V. JONES, Technical
Examiner, and DAVID K. BROOKS, Legal Examiner, on January 20,
2011, at the New Mexico Energy, Minerals and Natural
Resources Department, 1220 South St. Francis, Drive, Room
102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253.
Paul Baca Professional 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:

WILLIAM F. CARR

HOLLAND & HART

P.O. Box 2208

Santa Fe, New Mexico 87504-2208

I N D E X

EXHIBITS

(None)

1 HEARING EXAMINER JONES: Let's call the next case on
2 the docket, Case Number 14591, application of Mack Energy for
3 approval of a non-standard well location, Chaves County, New
4 Mexico.

5 MR. CARR: May it please the Examiners, my name is
6 William F. Carr with the Santa Fe office Holland & Hart. We
7 represent Mack Energy corporation in this matter, and I have
8 no witnesses.

9 HEARING EXAMINER BROOKS: In the old days this kind
10 of case would have been -- in the absence of objection, we
11 would take it under advisement.

12 MR. CARR: I would like to make a brief statement
13 just to explain to you how we happen to be here today. In
14 September 2010 Mack Energy drilled the subject well to the
15 Wolfcamp formation. The surface location for the well was
16 unorthodox because the BLM required it be moved for surface
17 consideration, and it was in an unorthodox surface location
18 180 feet from the north line and 330 feet from the east line
19 of Section 36, Township 9 South, Range 29 East. But the
20 bottom hole location in the Wolfcamp was at the standard
21 location, 330 from the north and east lines. It was a
22 40-acre well.

23 The well was unsuccessful in the Wolfcamp. It was
24 plugged back and has been recompleted uphole in the San
25 Andres. But the well drifted during drilling 23 feet to the

1 east, so it isn't 330 back, it's actually 7 percent closer
2 than what they allowed. It's 23 feet too close. And it
3 drifted toward the property owned by a company called WesPac
4 Energy LLC. An administrative application was filed. Notice
5 was provided to WesPac. And on November 19, WesPac filed a
6 letter of objection with the Oil Conservation Division. The
7 case was set for hearing.

8 Mack attempted to communicate with WesPac, but they
9 have been unable to get any response. They -- we have
10 notified WesPac of the hearing, provided them with copies of
11 our entry of appearance and our prehearing statement.

12 We have received no prehearing statement, no entry
13 of appearance, no response on the records of the OCD from
14 WesPac. And, under the rules of the Division, having failed
15 to do that, they are not even in a position to come into here
16 today and attempt to present testimony because they didn't
17 file a prehearing statement.

18 We therefore would request that, in this
19 circumstance where we are brought to hearing because someone
20 else has an objection that they do not pursue, we ask that
21 the case be taken under advisement and that an order be
22 entered noting the administrative application and the
23 objection, noting that the case was set for hearing on
24 WesPac's application, noting that the purpose of the hearing
25 was to determine what action, if any, should be taken by the

1 Division to protect the interest of WesPac because this well
2 drifted 23 feet toward them. And we would ask that it note
3 that they did not appear at the hearing, and that the case
4 was taken under advisement on the request of Mack and has
5 been referred back to the Division for processing and
6 administrative application. That concludes my statement.

7 HEARING EXAMINER BROOKS: Well, I don't have any
8 questions. That seems like an appropriate position to take.

9 HEARING EXAMINER JONES: I didn't call for any other
10 appearances. Were there any other appearances in this case?

11 (No response.)

12 HEARING EXAMINER BROOKS: I would assume that Carol
13 would have opposed if she had been appearing for WesPac.

14 HEARING EXAMINER JONES: Thank you, Mr. Carr.

15 MR. CARR: Thank you very much.

16 HEARING EXAMINER JONES: We will take Case 14591
17 under advisement, and this hearing is adjourned.

18 HEARING EXAMINER BROOKS: Adjourned.

19 (Case 14591 concluded.)

20

21

22

23

24

25

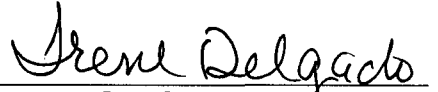
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14591
heard by me on Jan 20 2011
David K. Bitt Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico CCR 253, DO HEREBY
CERTIFY THAT ON January 20, 2011, proceedings in the
above-captioned case were taken before me and that I did
report in stenographic shorthand the proceedings set forth
herein, and the foregoing pages are a true and correct
transcription to the best of my ability.

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

WITNESS MY HAND this _____ day of February
2011.


Irene Delgado, CCR 253
Expires: 12-31-2011