

NEW MEXICO OIL CONSERVATION DIVISION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date JANUARY 22, 1998 Time 8:15 A.M.

NAME	REPRESENTING	LOCATION
Wm. P. Smith	MAZARCO OIL CO.	MIDLAND, TX
Tom Roberts	Marathon Oil	MIDLAND, TX
Ray Brown	Marathon Oil Co.	MIDLAND, TX
Charles Bruce	—	Santa Fe
Frank Chavez	OCC	Aztec
William J. Smith	Empire, Inc., Energy Services	Santa Fe
Jim Smith	Marathon Oil	MIDLAND, TX
Michael Shena	Shen Oil	Santa Fe
Kidder & Co.	Marathon Oil	MIDLAND, TX
Shane Lough	Marathon, Inc.	MIDLAND, TX

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:)

CASE NO. 11,908

APPLICATION OF MARATHON OIL COMPANY)
 FOR COMPULSORY POOLING, EDDY COUNTY,)
 NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 22nd, 1998

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 22nd, 1998, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

January 22nd, 1998
Examiner Hearing
CASE NO. 11,908

PAGE

REPORTER'S CERTIFICATE

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A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order for the Docket Number 2-98. Please note today's
5 date, Thursday, January 22nd, 1998. I'm Michael Stogner,
6 appointed Hearing Examiner for today's cases.

7 At this time I will call Case Number 11,908.

8 MR. CARROLL: Application of Marathon Oil Company
9 for compulsory pooling, Eddy County, New Mexico.

10 EXAMINER STOGNER: At this time I will call for
11 appearances.

12 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
13 the Santa Fe law firm of Kellahin and Kellahin, appearing
14 on behalf of the Applicant.

15 Mr. Examiner, we would request that you continue
16 this case for two weeks. There are ten working interest
17 owners involved in this spacing unit, and as of last week
18 we were down to three parties who had not signed written
19 agreements. They were Louis Dreyfus, Enron and KCS
20 Medallion.

21 As of the 15th of January, we've received verbal
22 commitments from those companies, and my expectation is
23 that if it's continued for two weeks, then we'll have time
24 to execute the written documents that will confirm the
25 verbal agreements, and then we can save all of ourselves

1 some time and just dismiss this case in two weeks.

2 EXAMINER STOGNER: Mr. Kellahin, it's usually my
3 policy to continue for four weeks. What -- If it looks
4 like there's going to be a dismissal on it, what's the big
5 hurry on --

6 MR. KELLAHIN: This is part of a Morrow drilling
7 program, and we've got a rig scheduled for this well in
8 April. I'm concerned if we move it back to late February,
9 waiting for the order and then the additional 30 days
10 notice, is going to put us right up against the spud date
11 for the well.

12 EXAMINER STOGNER: What additional 30 days?
13 February 19th is still pretty far from April, isn't it?

14 MR. KELLAHIN: The Division policy, as I
15 understand it, is 30 days to issue the order after the
16 hearing. If it comes sooner than that, fine. If not, then
17 it will be March, mid-March, and then we have to give
18 notice to these parties of the pooling order, and that puts
19 us in mid-April.

20 I truly believe the case will go away.

21 EXAMINER STOGNER: Mr. Kellahin, if it looks like
22 the case will go away, I will continue this for two weeks.
23 If it looks like it's going to go away, then so be it. But
24 if not, then we'll continue it for another two weeks at
25 that time --

1 MR. KELLAHIN: All right, sir.

2 EXAMINER STOGNER: -- and hear it on February
3 19th.

4 So that case, Case Number 11,908, will be
5 continued to the Examiner's hearing scheduled for February
6 5th. Please keep us apprised, Mr. Kellahin.

7 MR. KELLAHIN: All right, sir.

8 (Thereupon, these proceedings were concluded at
9 8:23 a.m.)

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I do hereby certify that the foregoing is a
a complete and correct transcript of the
the Examiner's hearing on Case
heard by me on 22 January 1998
Michael E. Stogner
Oil Conservation Division

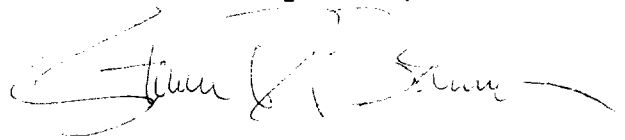
CERTIFICATE OF REPORTER

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 January 22nd, 1998.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998