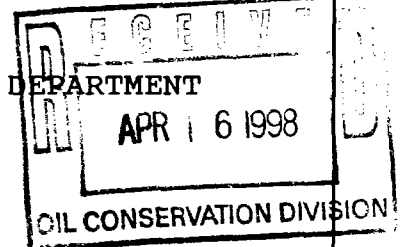


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



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

CASE NO. 11,960

APPLICATION OF REDSTONE OIL AND GAS)
COMPANY FOR COMPULSORY POOLING AND AN)
UNORTHODOX GAS WELL LOCATION, EDDY)
COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 2nd, 1998

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, April 2nd, 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.

* * *

I N D E X

April 2nd, 1998
Examiner Hearing
CASE NO. 11,960

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit A	5	6
Exhibit B	5	6

* * *

A P P E A R A N C E S

FOR THE DIVISION:

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Legal Counsel to the Division
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FOR THE APPLICANT:

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Santa Fe, New Mexico 87504

FOR FASKEN LAND AND MINERALS, LIMITED:

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 10:26 a.m.:

3 EXAMINER CATANACH: At this time I'm going to
4 call Case 11,960.

5 MR. CARROLL: Application of Redstone Oil and Gas
6 Company for compulsory pooling and an unorthodox gas well
7 location, Eddy County, New Mexico.

8 EXAMINER CATANACH: I'll call for appearances at
9 this time.

10 MR. BRUCE: Mr. Examiner, Jim Bruce from Santa
11 Fe, New Mexico, representing the Applicant. I just have a
12 brief statement.

13 EXAMINER CATANACH: Additional appearances?

14 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
15 the Santa Fe law firm of Kellahin and Kellahin, appearing
16 on behalf of Fasken Land and Minerals, Limited.

17 MR. BRUCE: Mr. Examiner, as you now, Fasken
18 filed a pooling application regarding the subject property,
19 Case 11,877.

20 Redstone had filed a counter-application, Case
21 Number 11,927.

22 Testimony in both those cases was taken in the
23 first February hearing.

24 Subsequently, Fasken filed a motion to dismiss
25 Case 11,927, which was granted by the Division, and Fasken

1 then filed this case, 11,960. I would ask that --

2 EXAMINER CATANACH: Redstone.

3 MR. BRUCE: Redstone, excuse me.

4 -- that the record from the Examiner hearing
5 eight weeks ago be incorporated in the record in Case
6 11,960.

7 What I've submitted to you today is simply -- as
8 Exhibit A, is my affidavit of notice, with the notice
9 letter to Fasken Land and Minerals, Limited, and then
10 Exhibit B, which was -- I don't know that I need Exhibit B.
11 It is an affidavit from Joe Small, the landman at Redstone,
12 simply stating that he did send out a proposal letter. I
13 can't remember if I did that in the prior hearing.

14 I would ask that the prior record be
15 incorporated, that Exhibits A and B be admitted into the
16 record and, subject to the various motions pending in this
17 case, this matter be taken under advisement.

18 EXAMINER CATANACH: Mr. Kellahin, any --

19 MR. KELLAHIN: Sir?

20 EXAMINER CATANACH: Any objections to what Mr.
21 Bruce has proposed here?

22 MR. KELLAHIN: Well, probably.

23 EXAMINER CATANACH: I shouldn't have given you
24 the chance.

25 MR. KELLAHIN: I have no objection to the

1 submittal of the two affidavits in today's case, 11,960.

2 We have already supplied you with a proposed
3 order and Fasken's suggested resolution of all these
4 matters, and we will defer to your judgment on these
5 issues.

6 EXAMINER CATANACH: Okay, Exhibits A and B will
7 be admitted in this case, 11,960, and the record and
8 evidence presented in Case 11,927 will be incorporated into
9 the record of this case.

10 Now, there are still some outstanding motions in,
11 I guess, both of these cases, the Fasken case and the
12 Redstone case, which in my opinion I'm not sure are of any
13 concern at this point.

14 I believe there was a motion filed by Mr. Bruce
15 to stay a decision in the Fasken case until the Redstone
16 case was called and taken under advisement. That order, in
17 fact, has not been written or issued on the Fasken case, so
18 I'm not sure that that motion needs to be ruled on at this
19 point.

20 Is that the only motion that's of concern?

21 MR. BRUCE: Well, I think Mr. Kellahin, on
22 Fasken's behalf, filed a motion to dismiss, and I of course
23 filed a responding motion to dismiss.

24 I don't really have anything to add, and I would
25 merely let you and Mr. Carroll review those motions and

1 make your own decisions, unless Mr. Kellahin had something
2 to add.

3 MR. KELLAHIN: The only filing Mr. Bruce has made
4 that I have not filed a written response to is one he filed
5 yesterday afternoon.

6 He's asked that the response to my motion to
7 dismiss Case 11,960, that the Fasken case be dismissed. He
8 claims that Fasken did not register properly with the
9 Secretary of State.

10 If you give me until Monday, I can give you a
11 two- or three-page response in which we would oppose this
12 motion. Once that's done, it's ready for you to decide
13 this matter.

14 EXAMINER CATANACH: Okay. We'll give you till
15 Monday or Tuesday to file a response to that, Mr. Kellahin,
16 and --

17 MR. BRUCE: Could I have until Monday or Tuesday
18 to file the draft order? I have not had the opportunity --
19 the time to get to one.

20 MR. KELLAHIN: I would certainly welcome you
21 adopting mine and that would perhaps serve all our
22 purposes.

23 (Laughter)

24 MR. BRUCE: Thank you, Mr. Kellahin.

25 EXAMINER CATANACH: Okay, I guess once we get all

1 the responses we will either verbally or in written --
2 respond to the motions. Let's get the motions out of the
3 way and then we'll get on with the issuing orders in these
4 cases.

5 So with that, we'll go ahead and take Case 11,960
6 under advisement.

7 (Thereupon, these proceedings were concluded at
8 10:30 a.m.)

9 * * *

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11
12
13
14 I do hereby certify that the foregoing is
15 a complete record of the proceedings in
16 the Examiner hearing of Case No. 11960,
17 heard by me on April 2 19 98.
18 David R. Coland, Examiner
19 Oil Conservation Division
20
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23
24
25


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 April 6th, 1998.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998