

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:)
APPLICATION OF McELVAIN OIL AND GAS)
PROPERTIES, INC., FOR A NONSTANDARD GAS)
SPACING AND PRORATION UNIT, RIO ARRIBA)
COUNTY, NEW MEXICO)

CASE NO. 12,688

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

October 18th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, October 18th, 2001, 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.

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I N D E X

October 18th, 2001
 Examiner Hearing
 CASE NO. 12,688

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T

Applicant's	Identified	Admitted
Exhibit 4	4	5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS
 Attorney at Law
 Energy, Minerals and Natural Resources Department
 Assistant General Counsel
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
 110 N. Guadalupe, Suite 1
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: MICHAEL H. FELDEWERT

FOR APACHE CORPORATION:

JAMES G. BRUCE, Attorney at Law
 3304 Camino Lisa
 Santa Fe, New Mexico 87501
 P.O. Box 1056
 Santa Fe, New Mexico 87504

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1 WHEREUPON, the following proceedings were had at
2 11:36 a.m.:

3 EXAMINER STOGNER: Okay, at this time I'll call
4 Case Number 12,688, which is the Application of McElvain
5 Oil and Gas Properties, Inc., for a nonstandard gas spacing
6 and proration unit in Rio Arriba County, New Mexico.

7 Call for appearances.

8 MR. FELDEWERT: May it please the Examiner,
9 Michael Feldewert with the law firm of Holland and Hart and
10 Campbell and Carr, on behalf of the Applicant, McElvain Oil
11 and Gas Properties, Inc.

12 EXAMINER STOGNER: Any other appearances?

13 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
14 representing Apache Corporation, who is an interest owner
15 in the well unit.

16 EXAMINER STOGNER: Any other appearances?

17 Do you have any witnesses?

18 MR. BRUCE: I have no witnesses.

19 MR. FELDEWERT: No, Mr. Examiner.

20 EXAMINER STOGNER: Okay. As I understand it,
21 this case was heard by David Catanach a couple of months
22 ago?

23 MR. FELDEWERT: Yeah, it was heard -- it was
24 originally presented to David Catanach on July the 12th,
25 2001. At that time, Mr. Examiner, we had provided notice

1 to the interest owners that were excluded from the
2 nonstandard unit in the east half of what is Section 5
3 pursuant to Division Rule 1207.A.(3). No one appeared in
4 opposition at that hearing. Three exhibits were accepted
5 by the Division at that time. The matter was taken under
6 advisement.

7 And then subsequent to that hearing, Examiner
8 Catanach expressed concerns, and because of the unique
9 nature of this unit it may be prudent to notify not just
10 the working interest owners who were excluded from the
11 nonstandard unit, but those who were to be included within
12 the nonstandard unit. And so out of an abundance of
13 caution we asked that the case be continued.

14 McElvain has since provided notice to those that
15 are included within its nonstandard spacing unit, and at
16 this time, then, I would introduce McElvain's Exhibit
17 Number 4, which is the notice affidavit for that subsequent
18 notice effort.

19 Apache was one of the parties notified. They
20 asked for a continuance so that they could study the
21 matter. I understand that they now do not have any
22 objection to McElvain's Application.

23 So at this time we think notice has been provided
24 to all parties, both included and excluded from the
25 nonstandard unit. To our knowledge, no one opposes this

1 Application, and we request the admission of Exhibit 4 and
2 that the matter be taken under advisement.

3 EXAMINER STOGNER: Any objections?

4 MR. BRUCE: I have no objection to the exhibit.

5 EXAMINER STOGNER: All right, let me introduce
6 Exhibit Number 4 into evidence at this time.

7 And Mr. Bruce, what do you have to add at this
8 time?

9 MR. BRUCE: I would just state that Mr. Feldewert
10 is correct, we have no objection to the nonstandard unit
11 Application. Apache, by a large percentage, is the
12 majority working interest owner in this proposed unit, and
13 I think the parties are in discussion regarding the
14 drilling of a well in this unit at this time. I don't know
15 that they've agreed on the drilling of the well or the
16 operatorship at this time, but certainly they agree that
17 when the well is drilled it should be a nonstandard unit.

18 EXAMINER STOGNER: And the consolidation of
19 acreage?

20 MR. BRUCE: Yes.

21 EXAMINER STOGNER: So the only qualms now is
22 internal?

23 MR. BRUCE: Yes.

24 EXAMINER STOGNER: Okay. Is there anything
25 further at this time from either party?

1 MR. FELDEWERT: No, Mr. Examiner.

2 EXAMINER STOGNER: Then Reopened Case Number
3 12,688 will be taken under advisement.

4 Thank you, gentlemen.

5 MR. FELDEWERT: Thank you.

6 (Thereupon, these proceedings were concluded at
7 11:40 a.m.)

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12688
18 October 2001
[Signature]

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 October 22nd, 2001.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002