

## NEW MEXICO OIL CONSERVATION DIVISION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date AUGUST 23, 2001 Time 8:15 A.M.

| NAME              | REPRESENTING   | LOCATION |
|-------------------|----------------|----------|
| ENICK Diffee      | Arrington      | Midland  |
| John mCrae        | ✓              | ✓        |
| James Bruce       | —              | Santa Fe |
| William L. Hart   | Holland + Hart | Santa Fe |
| Michael H. Felder | " "            | " "      |
| Mona Binion       | McElucan O&G   | Denver   |

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 DAVID H. ARRINGTON OIL )  
AND GAS, INC., FOR COMPULSORY POOLING, )  
LEA COUNTY, NEW MEXICO )

CASE NO. 12,711

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID BROOKS, Hearing Examiner

August 23rd, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID BROOKS, Hearing Examiner, on Thursday, August 23rd, 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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OIL CONSERVATION DIV  
01 SEP -6 11:11:09

## I N D E X

August 23rd, 2001  
 Examiner Hearing  
 CASE NO. 12,711

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\* \* \*

## A P P E A R A N C E S

## FOR THE APPLICANT:

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

FOR YATES PETROLEUM CORPORATION  
 and DAVID PETROLEUM CORPORATION:

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

## ALSO PRESENT:

MICHAEL E. STOGNER  
 Hearing Examiner  
 New Mexico Oil Conservation Division  
 1220 South Saint Francis Drive  
 Santa Fe, NM 87501

\* \* \*

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

3 EXAMINER BROOKS: Okay, very good, we'll go on  
4 the record, then, and first call Case Number 12,711,  
5 Application of David H. Arrington Oil and Gas, Inc., for  
6 compulsory pooling, Lea County, New Mexico.

7 MR. BRUCE: Mr. Examiner, my name is James Bruce  
8 from Santa Fe. I represent the Applicant in this matter.

9 MR. CARR: May it please the Examiner, my name is  
10 William F. Carr with the Santa Fe office of Holland and  
11 Hart, L.L.P. We represent Yates Petroleum Corporation and  
12 David Petroleum Corporation.

13 MR. BRUCE: And I just have a brief statement,  
14 Mr. Examiner.

15 EXAMINER STOGNER: Okay, you may proceed.

16 MR. BRUCE: Mr. Examiner, this letter which I  
17 will submit to you briefly is in response to Mr. Carr's  
18 letter of August 22nd, requesting that the Division  
19 continue Arrington's case to the September 20th hearing.

20 EXAMINER BROOKS: Actually, it's dated August  
21 23rd.

22 MR. BRUCE: That's right, it is, excuse me.

23 EXAMINER BROOKS: Okay, go ahead.

24 MR. BRUCE: Arrington consents to a continuance  
25 of its case, but requests that the matter be continued only

1 for two weeks to the September 6th hearing. The reasons  
2 for this request are as follows:

3 First, Arrington first proposed a well in the  
4 northeast quarter of subject Section 19 in December, 2000,  
5 and since that time, through correspondence and personal  
6 meetings, has tried to obtain voluntary agreement among the  
7 parties.

8 The parties Arrington is seeking to pool have  
9 recently completed a direct offset to the proposed well,  
10 and Arrington needs to protect its correlative rights by  
11 proceeding promptly with the drilling of a well in the  
12 northeast quarter of Section 19.

13 And third, the only party who David Petroleum  
14 Corporation and Yates Petroleum Corporation, et al., must  
15 notify of their pooling Application is David H. Arrington  
16 Oil and Gas, Inc.

17 Arrington expressly waives the 20-day notice  
18 period set forth in the Division's rules, and since all  
19 other parties have received notice of the Arrington  
20 Application three weeks ago, we believe this matter need  
21 not wait until September 20th to be heard. We believe  
22 there is no need for further delay. However, to avoid  
23 duplicate hearings Arrington will continue its case, but  
24 again Arrington requests that both cases be set for the  
25 September 6th hearing, and that statement is contained in a

1 letter which I hand to you.

2 EXAMINER BROOKS: Very good, thank you.

3 Mr. Carr?

4 MR. CARR: May it please the Examiner, I haven't  
5 read the letter; I assume it says just what Mr. Bruce  
6 indicated. The position of Yates Petroleum Corporation and  
7 David Petroleum Corporation is set out in the letter that  
8 we prepared yesterday afternoon.

9 I think it's important to emphasize that the  
10 reason our letter came yesterday afternoon was, it was  
11 because yesterday afternoon was when we realized we were  
12 actually looking at a hearing. We had been in negotiations  
13 almost daily for some period of time.

14 Yesterday we had even, early in the day, reached  
15 what we thought was agreement with Mr. Arrington on the  
16 well location, on operations, and while negotiations were  
17 going on in Artesia with Yates, Mr. Arrington was preparing  
18 for hearing on a different location in Santa Fe, and so we  
19 could not have people here today, and that is why we had,  
20 at the very last minute, to file the letter.

21 We also might have been better informed that we  
22 were, in fact, looking at a hearing, had a prehearing  
23 statement been filed in this matter before yesterday  
24 afternoon and served on us to put us on notice.

25 We appreciate this morning Mr. Arrington's

1 willingness to continue the case. We do have our own  
2 Application that we intend to pursue, and I haven't had a  
3 chance since I wasn't again told anything until it was just  
4 presented to the Commission -- I'm assuming that the  
5 hearing two weeks from now will be an acceptable date, and  
6 I will promptly check with Yates and David and advise the  
7 Division should there be any problem. I want you to know  
8 I'm not aware of one, but this is news to me as of this  
9 morning. I guess I learned even after you did.

10 EXAMINER BROOKS: Okay. Well, if there's nothing  
11 further, then the Case Number 12,711, the Application of  
12 David H. Arrington Oil and Gas, Inc., for compulsory  
13 pooling, Lea County, New Mexico, will be continued until  
14 the September the 6th docket.

15 MR. BRUCE: Thank you, Mr. Examiner.

16 MR. CARR: Thank you, sir.

17 (Thereupon, these proceedings were concluded at  
18 8:27 a.m.)

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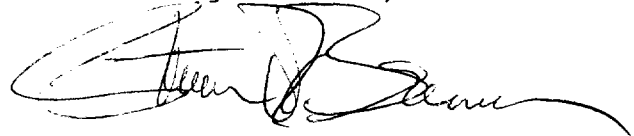
CERTIFICATE OF REPORTER

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 August 23rd, 2001.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002

I do hereby certify that the foregoing is  
a true and accurate transcript of the  
proceedings before me on August 23, 2001.  
Aug 23, 2001  
David K. Brooks, Examiner