

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. 12,842
)
 APPLICATION OF HUNTINGTON ENERGY,)
 L.L.C., FOR COMPULSORY POOLING,)
 SAN JUAN COUNTY, NEW MEXICO)
 _____)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 21st, 2002

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 21st, 2002, 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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March 21st, 2002
 Examiner Hearing
 CASE NO. 12,842

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<u>STEVEN J. GOETZINGER</u> (Landman)	
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A P P E A R A N C E S

FOR THE DIVISION:

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Energy, Minerals and Natural Resources Department
Assistant General Counsel
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Santa Fe, New Mexico 87505

FOR THE APPLICANT:

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P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 11:54 a.m.:

3 EXAMINER STOGNER: At this time I call Case
4 Number 12,842, which is the Application of Huntington
5 Energy, L.L.C., for compulsory pooling, San Juan County,
6 New Mexico.

7 Call for appearances.

8 MR. CARR: Mr. Examiner, my name is William F.
9 Carr with the Santa Fe office of Holland and Hart, L.L.P.
10 We represent Hunting Energy, L.L.C., and I have one
11 witness.

12 EXAMINER STOGNER: Any other appearances in this
13 matter?

14 Okay, please swear the witness.

15 (Thereupon, the witnesses were sworn.)

16 MR. CARR: May it please the Examiner, we're here
17 today seeking an order only pooling certain royalty
18 interests under a lease which does not contain a pooling
19 clause. In this matter there is no issue as to risk
20 penalty and no question of overhead or administrative costs
21 because, as the testimony will show, 100 percent of the
22 working interest is committed to the well.

23 When Huntington moved toward the point where they
24 were ready to go forward with the well it was to be under
25 one lease in the spacing unit, did not have a pooling

1 clause, and two of those interests owners to date had not
2 voluntarily committed, so that's why we're here.

3 My witness is Steve Goetzinger.

4 STEVEN J. GOETZINGER,

5 the witness herein, after having been first duly sworn upon
6 his oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. CARR:

9 Q. Would you state your full name for the record,
10 please?

11 A. Steven Goetzinger.

12 Q. Would you spell your last name?

13 A. G-o-e-t-z-i-n-g-e-r.

14 Q. Mr. Goetzinger, where do you reside?

15 A. Oklahoma City.

16 Q. By whom are you employed?

17 A. Huntington Energy, L.L.C.

18 Q. What is your position with Huntington?

19 A. I am the land manager and general counsel.

20 Q. Have you previously testified before the New
21 Mexico Oil Conservation Division?

22 A. No, I have not.

23 Q. Could you briefly summarize for the Examiner your
24 educational background?

25 A. Yes, sir, I have a bachelor's of business

1 administration from the University of Oklahoma and a juris
2 doctorate from Oklahoma City University.

3 Q. Since graduation, for whom have you worked?

4 A. Between 1983 and 1995 I practiced with several
5 firms. The last firm I was with, Pray, Walker, Jackman,
6 Williamson and Marler, which an Oklahoma City/Tulsa law
7 firm, and then since 1995 I have been with Huntington
8 Energy and of counsel with Klein and Klein, which is a law
9 firm in Oklahoma City.

10 Q. Are you familiar with the Application filed in
11 this case on behalf of Huntington?

12 A. Yes, sir.

13 Q. And are you familiar with the status of the lands
14 and the interests which are the subject of this pooling
15 Application?

16 A. I am.

17 MR. CARR: We tender Mr. Goetzinger as an expert
18 in petroleum land matters.

19 EXAMINER STOGNER: So qualified.

20 Q. (By Mr. Carr) Mr. Goetzinger, would you briefly
21 state what it is that Huntington seeks with this
22 Application?

23 A. What we're requesting is that the Commission
24 order a pooling of all the mineral interests in all
25 formations from the base of the Dakota formation to the

1 base of the Pennsylvanian formations in Section 15,
2 Township 31 North, Range 11 West, in San Juan County.

3 Q. And to what well do you propose to dedicate the
4 pooled acreage?

5 A. We propose dedicating the Bandy Well Number 1.
6 This well is to be located 1750 feet from the south line
7 and 1685 feet from the west line of Section 15.

8 Q. What are the primary objectives in this well?

9 A. The Paradox member of the Pennsylvanian
10 formation.

11 Q. Are there secondary objectives?

12 A. Yes, sir, the Morrison and the Honaker Trail.

13 Q. What rules govern the development of this
14 acreage?

15 A. Deep gas wells such as this in San Juan County
16 are governed by the General Rules of the Division, which I
17 understand provide for 640-acre spacing, with wells to be
18 located no closer than 1200 feet to the outer boundary of
19 the spacing unit and 130 feet to any quarter-section line
20 and 10 feet to any quarter-quarter-section line.

21 Q. And this well is proposed at a standard location?

22 A. Yes, sir.

23 Q. Would you refer to Huntington Exhibit Number 1,
24 identify that and review it for Mr. Stogner and Mr. Brooks?

25 A. Yes, sir, this is a land map which we have

1 prepared showing the subject spacing unit, and we have
2 identified the proposed location of the Bandy Well Number
3 1. Also we have identified on this the other wells.
4 There are 11 of them in this section. And then attached to
5 the map is a description of these wells, their locations
6 and the various formations from which the well is produced.

7 Q. What interest does Huntington own or represent in
8 this pooling hearing?

9 A. With Conoco, 100 percent.

10 Q. And all working interest is committed to the
11 well?

12 A. Yes, sir.

13 Q. What interests are you seeking to pool?

14 A. Royalty interests in the east half, southwest
15 quarter of the section?

16 Q. And why is that?

17 A. That is because this lease, which covers the east
18 half, southwest quarter, does not have a pooling clause.

19 Q. Let's go to Huntington Exhibit Number 2. Would
20 you identify that for the Examiner?

21 A. Yes, sir, this is a sheet showing the current
22 ownership of the east half, southwest quarter.

23 Q. And the first page is the working interest?

24 A. Yes.

25 Q. And then attached to that is another page. What

1 is this?

2 A. This is a page breaking down the ownership of the
3 royalty interests under that tract.

4 Q. And the royalty interests under that tract are
5 the individuals set forth on the bottom of this second
6 page --

7 A. Yes, sir.

8 Q. -- is that correct?

9 Would you refer to Exhibit Number 3 and just
10 briefly summarize your contacts with these individuals in
11 the effort to get them to ratify?

12 A. Yes, sir, on February 19th of this year, we sent
13 out pooling proposals by a landman by the name of Walter
14 Parks, and this exhibit represents our efforts, showing and
15 identifying the dates on which our pooling proposals were
16 sent to the various royalty owners under this tract.

17 Q. Let's go to Exhibit Number 4. Would you identify
18 this?

19 A. Yes, sir, this is an exhibit which is identifying
20 the commitment status of the interest in -- for the royalty
21 in this tract.

22 Q. Since this exhibit was prepared, have additional
23 interest owners committed to the development of this
24 acreage?

25 A. Yes, sir, they have.

1 Q. And who are they?

2 A. Mrs. Zweiback as Trustee of the G.D. Zweiback
3 Revocable Trust, the Mizel Resources Trust and the Sam
4 Mizel Trust have all committed, leaving Robert Witten and
5 Frederick S. Nathan Trustees under the Barbara Witten
6 Trust, and then the Daniel Henry Raffkind and Myrna Gimp
7 Raffkind Trust being the only remaining uncommitted --

8 Q. And you --

9 A. -- property owners.

10 Q. -- were successful in -- you received return
11 receipts from your requests to each of those individuals?

12 A. Yes, sir.

13 Q. And they have been notified of this hearing?

14 A. They have.

15 Q. And you've talked -- Mr. Witten has -- even
16 though you've discussed this matter with him, he is at this
17 point not willing to ratify --

18 A. Yes.

19 Q. -- is that correct?

20 A. That is correct.

21 Q. And you've had no response from the Raffkin
22 interests?

23 A. No, sir.

24 Q. None of these interest owners will bear any of
25 the cost of development of the acreage --

1 A. No.

2 Q. -- is that correct?

3 A. No, they won't.

4 Q. And no charges will be assessed against their
5 interests --

6 A. No.

7 Q. -- overhead charges, any of that --

8 A. Right.

9 Q. Is Exhibit Number 5 an affidavit confirming that
10 notice of this hearing has been provided to all of the
11 subject interest owners in accordance with the Rules of the
12 Division?

13 A. Yes, sir.

14 Q. Does Huntington Energy, L.L. C. seek to be
15 designated operator of the proposed well?

16 A. Yes, it does.

17 Q. In your opinion, will approval of this
18 Application and the drilling of this well be in the best
19 interest of conservation, the prevention of waste and the
20 protection of correlative rights?

21 A. It will.

22 Q. Were Exhibits 1 through 5 either prepared by you,
23 or have you reviewed them and can you testify as to their
24 accuracy?

25 A. Yes.

1 MR. CARR: At this time we would move the
2 admission into evidence of Huntington Energy L.L.C.
3 Exhibits 1 through 5.

4 EXAMINER BROOKS: Exhibits 1 through 5 will be
5 admitted.

6 MR. CARR: That concludes my direct examination
7 of Mr. Goetzinger.

8 EXAMINATION

9 BY EXAMINER BROOKS:

10 Q. I guess the only question I have, and then I'll
11 turn it over to Mr. Stogner, this Exhibit 5, does that
12 reflect notice to all of the royalty interest owners under
13 this lease?

14 A. Yes.

15 Q. It doesn't have a pooling clause?

16 A. Yes, sir, it doesn't.

17 EXAMINER BROOKS: Yeah, it seemed to me there's
18 some slippage in our rules can be read as not necessarily
19 requiring that, but since you've taken care of it, we don't
20 have to worry about that.

21 Mr. Stogner?

22 EXAMINATION

23 BY EXAMINER STOGNER:

24 Q. I had a question as -- The notice today talks
25 about 320-acre and 160-acre spacing. Is that feasible or

1 possible in this instance, or was this something extra and
2 does that need to be ignored or deleted?

3 MR. CARR: We put that in on the off chance that
4 we found something that was spaced on less than the 640.
5 The 640-acre spacing, as provided in Rule 104.C.(1) is
6 actually the spacing that governs the deep horizons which
7 are the subject of the well.

8 EXAMINER STOGNER: So there is no 160 or 320 that
9 I know of. Is that your understanding?

10 MR. CARR: That's my understanding.

11 THE WITNESS: That is our understanding.

12 EXAMINER STOGNER: I'll tell you, I will check
13 with the District Office in Aztec to verify that. This
14 particular rules is not used that much, the 640-acre
15 spacing, so I get confused over it every once in a while,
16 but I will verify it.

17 Q. (By Examiner Stogner) But it's included if need
18 be, and the whole section is under common ownership; is
19 that correct?

20 A. Yes.

21 Q. With relationship of what we're doing here today
22 with the royalty interest?

23 A. Yes.

24 EXAMINER STOGNER: I have no other questions.

25 Mr. Brooks?

1 EXAMINER BROOKS: Nor do I.

2 MR. CARR: That concludes our presentation.

3 Thank you.

4 THE WITNESS: Thank you.

5 EXAMINER STOGNER: 12,842 will be taken under
6 advisement, and we stand adjourned for lunch until 1:30.

7 (Thereupon, these proceedings were concluded at
8 12:05 p.m.)

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12842
March 21, 2002
David K. Brooks
Oil Counselor

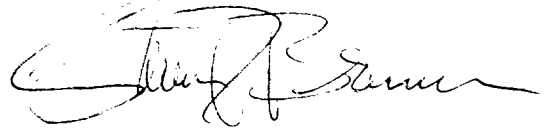
CERTIFICATE OF REPORTER

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 March 29th, 2002.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002