

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. 12,873
)
 APPLICATION OF GRUY PETROLEUM MANAGEMENT)
 COMPANY AND WADI PETROLEUM, INC., TO)
 AMEND THE SPECIAL RULES AND REGULATIONS)
 FOR THE WHITE CITY-PENNSYLVANIAN GAS)
 POOL OR, IN THE ALTERNATIVE, FOR)
 APPROVAL OF FOUR UNORTHODOX INFILL GAS)
 WELL LOCATIONS, TWO UNORTHODOX GAS WELL)
 LOCATIONS AND ONE INFILL GAS WELL)
 LOCATION, EDDY COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

August 1st, 2002

Santa Fe, New Mexico

RECEIVED

AUG 15 2002

Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, August 1st, 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.

* * *

I N D E X

August 1st, 2002
 Examiner Hearing
 CASE NO. 12,873

PAGE

REPORTER'S CERTIFICATE

5

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit A	4	4
Exhibit B	4	4

* * *

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:

JAMES G. BRUCE, Attorney at Law
 324 McKenzie
 Santa Fe, New Mexico 87501
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 9:46 a.m.:

3 EXAMINER CATANACH: Okay, at this time we'll call
4 Case 12,873, the Application of Gruy Petroleum Management
5 Company and Wadi Petroleum, Incorporated, to amend the
6 special rules and regulations for the White City-
7 Pennsylvanian Gas Pool or, in the alternative, for approval
8 of four unorthodox infill gas well locations, two
9 unorthodox gas well locations and one infill gas well
10 location, Eddy County, New Mexico.

11 Call for appearances.

12 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
13 representing the Applicant. I have no witnesses, I just
14 have a short statement.

15 EXAMINER CATANACH: Okay. Any additional
16 appearances?

17 There being none, Mr. Bruce, you may proceed.

18 MR. BRUCE: Mr. Examiner, this case was heard in
19 June and testimony was presented at that time. At the
20 hearing you requested certain information on the zones to
21 be tested by the proposed wells identified in the
22 Application. That has been provided to you.

23 There was also a question regarding compliance
24 with Division notice requirements. After the hearing I
25 went back and checked Division records, and notice was

1 proper except for one party. There is one well that
 2 produces and is listed in the Division's records as a White
 3 City-Penn well but is not inside the pool, so -- That well
 4 is operated by Unit Petroleum Company of Tulsa.

5 Therefore, after the hearing I did give notice to
 6 Unit Petroleum Company, and my affidavit of notice is
 7 marked as Exhibit A. Exhibit B is a waiver signed by Unit
 8 Petroleum, who have informed us that they do not object to
 9 the Application.

10 I would move the admission of Applicant's
 11 Exhibits A and B and ask that the matter be taken under
 12 advisement.

13 EXAMINER CATANACH: Very well, Mr. Bruce,
 14 Exhibits A and B will be admitted as evidence in this case.

15 And with nothing further, Case 12,873 will be
 16 taken under advisement.

17 (Thereupon, these proceedings were concluded at
 18 9:49 a.m.)

19 * * *

20 I do hereby certify that the foregoing is
 21 a complete record of the proceedings in
 22 the Examiners' hearing on Case 12873
 23 heard by me on August 1, 2002.
 24 *David R. Catanach*
 25 Oil Conservation Division

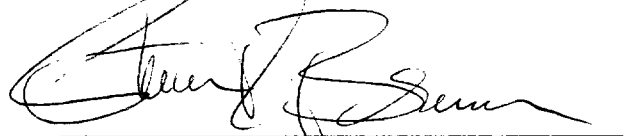
CERTIFICATE OF REPORTER

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 August 2nd, 2002.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF GRUY PETROLEUM
MANAGEMENT CO. AND WADI PETROLEUM,
INC. TO AMEND THE SPECIAL RULES
AND REGULATIONS FOR THE WHITE
CITY-PENNSYLVANIAN GAS POOL, OR
IN THE ALTERNATIVE FOR APPROVAL
OF FOUR UNORTHODOX INFILL GAS WELL
LOCATIONS, TWO UNORTHODOX GAS WELL
LOCATIONS, AND ONE INFILL GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

No. 12873

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.


3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.


James Bruce

SUBSCRIBED AND SWORN TO before me this 30th day of July, 2002, by James Bruce.


Notary Public

My Commission Expires:
3/14/05

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT A

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 11, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bobbie Thompson
Unit Petroleum Company
P.O. Box 702500
Tulsa, Oklahoma 74170

Dear Bobbie:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by Gruy Petroleum Management Co. and Wadi Petroleum, Inc., requesting the Division to amend the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico. In the alternative, applicants seek approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location for wells to be located in Sections 9, 15, 16, and 22, Township 24 South, Range 26 East, N.M.P.M. This application is scheduled to be heard at 8:15 a.m. on Thursday, August 1, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an operator in the pool, you have the right to appear at the hearing and present evidence.

I understand that Unit Petroleum Company does not object to the application. If that is the case, please sign and date this letter below and return it to me. Thank you.

Very truly yours,


James Bruce

Attorney for Applicants

Unit Petroleum Company does not object to the application.

Name: _____

Date: _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bobbie Thompson
Unit Petroleum Company
P.O. Box 702500
Tulsa, Oklahoma 74170

2. Article Number

(Transfer from service label)

7001 2510 0006 5967 5916

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

COMPLETE THIS SECTION ON DELIVERY

A. Signature B. Sundberg ☐ Agent
 B. Received by (Print Name) B. Sundberg ☐ Addressee
 C. Date of Delivery 7-15
 D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

JUL 15 2002

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage)

TULSA, OK 74170

Postage	\$ 0-00
Certified Fee	2-30
Return Receipt Fee (Endorsement Required)	1-75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4-65



Sent To

Bobbie Thompson
Unit Petroleum Company
P.O. Box 702500
Tulsa, Oklahoma 74170

PS Form 3800, January 2001

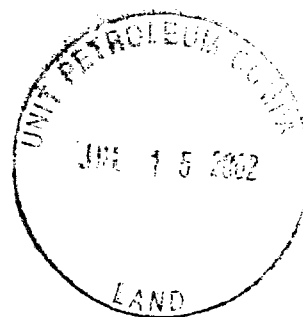
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JAMES BRUCE
ATTORNEY AT LAW

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I understand that Unit Petroleum Company does not object to the application. If that is the case, please sign and date this letter below and return it to me. Thank you.

Very truly yours,


James Bruce

Attorney for Applicants

Unit Petroleum Company does not object to the application.

Name: DM Faulkner OIL CONSERVATION DIVISION
Date: 7/15/02 CASE NUMBER 12873
EXHIBIT B