

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. 13,023

APPLICATION OF POGO PRODUCING COMPANY)
FOR AN EXCEPTION TO DIVISION RULES TO)
ALLOW TWO OPERATORS IN A SINGLE WELL)
UNIT OR, IN THE ALTERNATIVE, FOR TWO)
NONSTANDARD GAS SPACING AND PRORATION)
UNITS, EDDY COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 10th, 2003

Santa Fe, New Mexico

RECEIVED
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Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, April 10th, 2003, 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

April 10th, 2003
 Examiner Hearing
 CASE NO. 13,023

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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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FOR THE APPLICANT:

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FOR ATASCA RESOURCES, INC., and TRIBO PRODUCTION COMPANY:

MONTGOMERY & ANDREWS, P.A.
 Attorneys at Law
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 P.O. Box 2307
 Santa Fe, New Mexico 87504-2307
 By: PAUL R. OWEN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:47 a.m.:

3
4 EXAMINER STOGNER: We're going to go out of order
5 and at this time -- again, Michael Stogner -- Case Number
6 13,023. This is the Application of Pogo Producing Company
7 for an exception to Division Rules to allow two operators
8 in a single well unit or, in the alternative, for two
9 nonstandard gas spacing and proration units, Eddy County,
10 New Mexico.

11 This case was called and commenced for hearing, I
12 believe, on March 13th and was continued to today's docket.

13 At this time I'll call for appearances.

14 MR. BRUCE: Mr. Examiner, Jim Bruce representing
15 Pogo Producing Company. I just have a brief statement.

16 MR. OWEN: Mr. Examiner, Paul R. Owen of the
17 Santa Fe law firm of Montgomery and Andrews, appearing on
18 behalf of Atasca Resources, Inc., and Tribo Production
19 Company. I have a brief statement as well.

20 EXAMINER STOGNER: Any other appearances?

21 Are there any witnesses?

22 MR. BRUCE: I don't think we need any witnesses,
23 Mr. Examiner.

24 EXAMINER STOGNER: Okay, who would like to go
25 first?

1 MR. BRUCE: Why don't I, Mr. Examiner?

2 If you will recall, this is a dispute over the
3 operatorship, essentially, of one well in the south half of
4 this section. Since this matter was heard four weeks ago,
5 it was continued.

6 Since then, the parties have been in discussion,
7 and they have reached a tentative settlement of their
8 differences at this time. It involves -- I'm not sure
9 exactly if Pogo will become operator of both wells on the
10 section or if Atasca will retain operatorship of one well
11 and Pogo will be operator of the other.

12 I would simply ask that this matter be taken
13 under advisement at this time and held open. It may be
14 possible to dismiss this case if the parties reach
15 agreement on the operatorship.

16 In the alternative, if Atasca desires to remain
17 operator of the existing Number 1 well in the north half of
18 the Section, Pogo may request approval of the two
19 nonstandard spacing and proration units.

20 But I believe that they are days away from
21 reaching a settlement in this matter.

22 MR. OWEN: Mr. Examiner, it is also my
23 understanding that an agreement has been reached between
24 the parties. I don't know exactly the parameters of that
25 agreement, but we will take no position as to Pogo's

1 Application in this case today and have no objection to the
2 matter being taken under advisement.

3 I would note that it's my understanding that even
4 if the matter is resolved, the nonstandard gas spacing and
5 proration unit will still be required, regardless of who's
6 operating the well, because this pool is governed by
7 special pool rules which only authorizes one well per 640.
8 We don't have any position on that case today, and we have
9 no objection to your taking that matter under advisement
10 today.

11 EXAMINER STOGNER: Anything further?

12 MR. BRUCE: The only thing I would say, Mr.
13 Examiner, is, at this point Mr. Owen and I will notify you
14 of what happens. And like I said, if the case is dismissed
15 we will notify you, and if there needs to be two
16 nonstandard units we will so notify you and ask that those
17 be issued.

18 EXAMINER STOGNER: Let me get this straight.
19 What -- I'm talking it under advisement. Do you want me to
20 issue an order or --

21 MR. BRUCE: I would ask that you hold off on
22 doing anything.

23 EXAMINER STOGNER: Okay, for what period --
24 length of time?

25 MR. BRUCE: Why don't you hold off for two weeks?

1 EXAMINER STOGNER: Two weeks.

2 MR. OWEN: I think that's advisable.

3 EXAMINER STOGNER: At the end of the two weeks am
4 I going to hear something --

5 MR. BRUCE: Yes.

6 EXAMINER STOGNER: -- either way from the both of
7 you?

8 MR. BRUCE: Yes, sir.

9 MR. OWEN: Yes.

10 EXAMINER STOGNER: Okay, and this will be in the
11 form of writing with each other, of course, for the record.

12 MR. OWEN: Yes.

13 EXAMINER STOGNER: Okay. With that, then Case
14 Number 13,023 at this time will be taken under advisement.
15 If necessary, we might need to reopen it.

16 MR. BRUCE: Okay.

17 EXAMINER STOGNER: I'll hold the record open for
18 two weeks, pending some additional information from the
19 both of you.

20 MR. BRUCE: Thank you.

21 EXAMINER STOGNER: Thank you.

22 MR. OWEN: Thank you, Mr. Examiner.

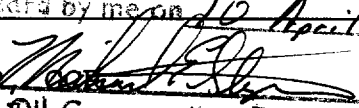
23 (Thereupon, these proceedings were concluded at

24 8:54 a.m.)

25

* * *

to be the duty that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13023,
heard by me on 10 April 2003

STEVEN T. BRENNER, , Examiner
(505) 989-9312 Oil Conservation Division

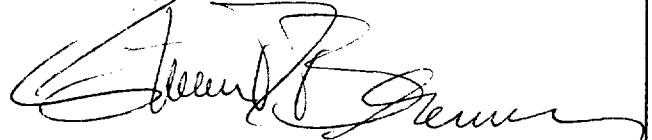
CERTIFICATE OF REPORTER

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 April 11th, 2003.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006