

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 6 June 1984

7 EXAMINER HEARING

8 IN THE MATTER OF

9 Application of Enstar Petroleum
10 Company for compulsory pooling,
11 Lea County, New Mexico.

CASE
8206

12
13 BEFORE: Richard L. Stamets, Examiner

14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

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20 For the Oil Conservation
21 Division:

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I N D E X

DANIE LEBOW

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Enstar Exhibit One, Land Plat 4

Enstar Exhibit Two, 5

Enstar Exhibit Three, Letters 6

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MR. STAMETS: We'll call next Case 8206.

MR. PEARCE: That case is on the application of Enstar Petroleum Company for compulsory pooling, Lea County, New Mexico.

MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin from Santa Fe, New Mexico, appearing on behalf of the applicant and I have one witness to be sworn.

(Witness sworn.)

DANIE LEBOW,
being called as a witness and being duly sworn upon her oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Ms. Lebow, for the record would you please state your name and occupation?

A Danie McCourtney Lebow. I'm Senior Landman for Enstar Petroleum.

Q Ms. Lebow, have you previously testified for Enstar Petroleum Company as a landman?

A Well, Enstar's predecessor in title.

Q You've appeared as --

A I have appeared, yes, sir.

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Q -- a landman before the Commission.

A Yes.

Q All right, and pursuant to your employment by Enstar as a landman, have you made a study of the land ownership with regards to the 40-acre spacing and proration unit that is the subject of this application?

A Yes.

MR. KELLAHIN: If the Examiner please, we tender Mrs. Lebow as an expert petroleum landman.

MR. STAMETS: She is considered qualified.

Q Mrs. Lebow, let me direct your attention to the package of exhibits and first of all ask you to turn to what we've marked as Exhibit Number One, which is the land plat, and to describe for us and locate the 40-acre tract that's the subject of this application.

A This land plat shows all of Section 14 and the southern Section 23, merely to show that this particular well that we're talking about today is a step out of this field.

The 40-acre proration unit is outlined in red.

Q The well for this 40-acre spacing and proration unit has already been drilled and completed, has it not?

A Yes, it has.

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Q And it produces from what formation?

A Wolfcamp.

Q In putting together the land ownership with regards to the royalty owners in the 40-acre tract, are there royalty owners that have not had their royalty interests committed to participation in this tract?

A Yes. One-half interest.

Q All right. Following the plat of the land ownership, would you describe the next documents that you've place in the exhibit package?

A A copy of this Form C-105, Potential Test, and the Form C-103.

Q All right.

A No. Yes, C-103.

Q Let's turn beyond the Commission reports and go to the lease, then, that is included after those Commission forms.

A The lease which covers the one-half royalty is this -- in this exhibit and it's the heirs or the successors in title to the people who signed this lease, part of them own under the west 20 acres of the 40-acre proration unit and part of them own under the east 20 acres of this particular proration unit.

The well is precisely on the center line.

Q You're operating the well pursuant to this lease agreement which does not have a pooling clause for the royalty owners.

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A That is correct.

Q All right. Let's turn to Exhibit Two, then, and look at the various royalty owners that participate in production for the well.

What is the first tabulation of ownership following the tab that says Exhibit Number Two?

A The first page under Tab Number Two is the 100 percent ownership of the half interest. It's divided to show you which people own under which 20-acre tract.

Q All right, and in discovering that this lease did not have a pooling provision to pool the royalty owners, have you made an effort to contact the various royalty owners and get them to voluntarily commit their interest to the well?

A Yes, I have.

Q All right.

A And all of them have responded except those indicated on page -- the second page under Exhibit Two, wherein I list the royalty that is to be pooled today.

Q All right. With regards to the royalty to be pooled today you've indicated a number of names.

Would you describe for us in a general way, Mrs. Lebow, what efforts you've made to contact these various individuals or entities?

A Yes. Under Exhibit Three, Tom, is copies of letters that I first mailed out to everyone, which was on March 27th, 1984.

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And then subsequent to that I mailed another letter on May 9th advising the people that we would be on the docket and would be heard here, which, and several more people then did sign, except a number of them, only one spouse would sign. The women who still have a living spouse that we're pooling today here, it's actually the separate property of the wife.

There is one lady on here, Louise S. Sump, her brother-in-law called me from California. He had executed these instruments. He advised me she was in China and would not be back until, oh, maybe the middle of June or maybe July.

Q Let's look at the tabulation of ownership attached to your May 9th, 1984 letter, in which has been written in hand -- in script the word "sign" following certain of the names. Is that your handwriting?

A It's my secretary's handwriting.

Q All right. Is this a current list as of today for those people that have satisfactorily completed the appropriate documents to commit their royalty interest to the well?

A No. Subsequent to this May 9th letter several more people executed these.

Q All right. Let's use this as a way to tabulate who are still the outstanding royalty owners and have you indicate for us which individuals as of today have not yet committed their interest.

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A Mr. Wayne Moore of Midland has not. He's never said he wouldn't but he simply hasn't done it.

Q And you have contacted him?

A Yes.

Q All right, and the Barton Brothers.

A Barton Brothers has executed and they removed their name. Well, they're not on this list to be pooled.

Q All right, and --

A Louise S. Sump is the lady who is still in China.

Q So there's no signature from her. Martha Craig?

A Martha Craig, the first time I got the instrument back from her, when I got a better address than this, her husband had signed, she had not signed.

We sent it back and I did receive the entirely executed agreement yesterday from her.

Q All right, so she's signed up.

A Mary Helen Mason still remains on the list to be pooled.

Q J. C. Barnes, Junior?

A J. C. Barnes, Junior, is still to be pooled. I just don't know why he doesn't. His sisters, both of them have executed. His office tells me he's going to and he has not.

Q All right.

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A Patricia Penrose Shepper --

Q I have Ramslin on the list.

A Jane Ramslin has executed.

Q Okay.

A All right.

Q And then we get down to the Shepper?

A Patricia Penrose Shepper, daughter of Neville Penrose, we have a lot of business with these people. J. Thomas Shepper is her husband's brother who is an attorney. He's her attorney in fact.

I just can't tell you why Tom doesn't execute it and send it back.

Q So they have not signed.

A And the Estate of J. M. Leonard, that trust is in a bank in Ft. Worth, and they have indicated that they will but they have not.

Q All right, and that brings us to --

A In other words, no one has said they wouldn't but they just simply don't do it and time is running on.

Q All right, following that letter is the May 14th, '84 letter indicating the certified mail return receipts to these various individuals noting the hearing today.

A Right.

Q And then after that you have attached the various additional correspondence that you've had, including

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2 the signature pages from those people that have in fact
3 signed the royalty agreement.

4 A Yes, voluntary pooling. This is the re-
5 sult of all this, and behind this voluntary pooling is
6 copies of letters which have been rather scant considering,
7 you know, the number of people involved.

8 Q In your opinion, Mrs. Lebow, is there any
9 adverse consequences to the royalty owners for committing
10 their interest to this spacing and proration unit?

11 A There is not. Their lease provides for
12 1/8th royalty and I suppose under pooling they'd get 1/8th
13 royalty.

14 The well is located precisely on the cen-
15 terline of this division.

16 Q And it allows them to share in production
17 that they would not otherwise share in.

18 A That's right.

19 Q Have you dispersed proceeds yet to any of
20 the royalty owners?

21 A We cannot disperse proceeds until this is
22 done and that is the reason we elected to proceed with this
23 hearing.

24 Q In your opinion, then, is a pooling order
25 for the royalty owners involved in this well, those who have
not yet committed themselves to participation, necessary in
order to effectively and efficiently produce this proration
unit?

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A It is.

Q And in your opinion is it in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A It is.

MR. KELLAHIN: That concludes our examination of Mrs. Lebow, Mr. Examiner.

We move the introduction of Enstar's exhibits.

MR. STAMETS: The exhibits will be admitted.

Are there questions of the witness? She may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

