

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  
7 19 February 1986

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 Application of Doyle Hartman for  
11 compulsory pooling, , Lea County,  
12 New Mexico.

CASE  
8689

13 BEFORE: Michael E. Stogner, Examiner

14  
15  
16 TRANSCRIPT OF HEARING

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

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19  
20 For the Oil Conservation  
21 Division:

Jeff Taylor  
Legal Counsel to the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

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24 For the Applicant:

William F. Carr  
Attorney at Law  
CAMPBELL & BLACK P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

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MR. STOGNER: Call next Case Number 8689.

MR. TAYLOR: The application of Doyle Hartman for compulsory pooling, Lea County, New Mexico.

MR. STOGNER: Call--

MR. CARR: May it please --

MR. STOGNER: I'll call for appearances now.

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell & Black, P. A., of Santa Fe. We represent Mr. Hartman and I have one witness.

MR. STOGNER: Are there any other appearances?

Will the witnesses please stand and be sworn?

(Witness sworn.)

MR. CARR: Mr. Examiner, by way of an opening statement, Mr. Hartman acquired certain interest in the subject spacing or proration unit in December of 1981. He had normal title work done and drilled the Justis

1 Christmas Well No. 1 in February of 1982.

2                   While preparing Division Order  
3 title opinion, it was discovered that there were several old  
4 leases concerning some town lots within the general area of  
5 the City of Jal and that these old leases did not contain  
6 pooling provisions.

7                   The well was drilled,  
8 completed, it paid out in September of 1983.

9                   Since it was discovered that  
10 there were these royalty interest owners who had not been  
11 brought into the unit initially, efforts have been made to  
12 obtain their joinder and of the 76, or so, royalty interest  
13 owners involved, 40 of them have voluntarily joined in the  
14 well.

15                   We now need to come -- we now  
16 are here before you seeking a pooling order.

17                   Since all we are looking at  
18 here are some very small royalty interests, we're not  
19 seeking a risk penalty, we're not seeking an order that  
20 provides for administrative or overhead charges.

21                   And we have one witness, who is  
22 a land witness and if you're ready, Mr. Examiner, I will  
23 call Miss Sutton at this time.

24                   MR. STOGNER: Oh, I'm ready.

25                   MR. CARR: All right.

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RUTH SUTTON,

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name, please?

A Now, Miss Sutton, where do you reside?

A Midland, Texas.

Q By whom are you employed?

A Doyle Hartman.

Q And in what capacity?

A A landman.

Q Have you previously testified before this Division and had your credentials as a landman accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with the subject well and the area which is the subject of today's pooling application?

A Yes, I am.

Q Are you familiar with the application filed in this case on behalf of Mr. Hartman?

A Yes.

1 MR. CARR: Are the witness'  
2 qualifications acceptable?

3 MR. STOGNER: Miss Sutton is so  
4 qualified.

5 Q Miss Sutton, what does Mr. Hartman seek  
6 with the application today?

7 A We would like to pool those interests of  
8 royalty owners that are covered by leases which do not have  
9 provision for pooling.

10 Q Would you refer to what has been marked  
11 as Exhibit Number One, identify this, and review it for Mr.  
12 Stogner?

13 A This is a plat showing the proration unit  
14 for the Justis Christmas No. 1 and the Justis Christmas No.  
15 1 Well, which is 2225 from the north and 790 from the west.

16 Q When was this acreage acquired by Mr.  
17 Hartman?

18 A In December, 1981.

19 Q And when was the subject well drilled?

20 A It was drilled February, 1982.

21 Q Is this well at a standard location?

22 A No.

23 Q Was Division approval obtained for the  
24 nonstandard well location, the nonstandard proration unit, I  
25 mean?

1           A           Yes. Exhibit Number Two, that's the let-  
2 ter dated January 6th, 1982.

3           Q           And this is Administrative Order NSP  
4 1275?

5           A           Yes.

6           Q           Would you identify what has been marked  
7 as Hartman Exhibit Number Three?

8           A           Exhibit Number Three is a copy of a com-  
9 pletion report showing that this Justis Christmas Well was  
10 completed as a Jalmat gas well on February 15, 1982.

11          Q           Would you now go to what is marked as  
12 Hartman Exhibit Number Four and identify this?

13          A           This is a Division Order Title Opinion  
14 dated September 16, 1983, by Atwood, Malone Firm. Bob  
15 Strand is here. He did the title opinion if anyone has any  
16 questions.

17          Q           And what does this title opinion indi-  
18 cate?

19          A           It indicates that there were some royalty  
20 interests that were covered by leases that did not have  
21 pooling provisions, and therefore they would have to ratify  
22 the proration unit.

23          Q           And is that contained on page 24 of this  
24 title opinion?

25          A           Yes.

1           Q           What efforts have you made since discov-  
2 ering these royalty interest owners to obtain their joinder  
3 in the well?

4           A           Exhibit Number Five is some examples of  
5 letters that we wrote. The first letter was sent to all the  
6 royalty owners for which we had addresses on January 10,  
7 1984.

8                       Then we made a continuous effort, really,  
9 since that time. We wrote follow-up letters to some, made  
10 several phone calls.

11          Q           Have you -- did you find -- acquire some  
12 additional addresses in the course of your work?

13          A           Yes, we did.

14          Q           And were those individuals also written  
15 along with all those who had not joined in 1985?

16          A           That's right.

17          Q           How many of the interest owners have you  
18 been able to obtain voluntary joinder from?

19          A           Approximately 36.

20          Q           When was the most recent ratification  
21 received?

22          A           On January 16, 1986.

23          Q           Are there also some interest owners whose  
24 location and identity you've been unable to ascertain?

25          A           Yes, quite a few.

1 Q What efforts have you made to locate  
2 these individuals?

3 A We've tried to contact relatives; there  
4 are several generations involved here from the period or  
5 from the person who gave the first lease, since they were so  
6 old, and we've checked the county records; we've tried to  
7 contact relatives; we've done everything that we know.

8 Q In your opinion has Mr. Hartman made a  
9 good faith effort to locate all interest owners and obtain  
10 their voluntary joinder in the well?

11 A Yes.

12 Q What royalty interest owners will be the  
13 subject of today's pooling hearing if, in fact, the order is  
14 entered?

15 A They are listed on Exhibit Six. I be-  
16 lieve there are 40, 1, 40 or 41 still left.

17 Q And the percentage of their royalty  
18 interest is set forth opposite their names.

19 A Yes.

20 Q Has notice been given to each of these  
21 interest owners as required by the new Oil Conservation  
22 Division rules?

23 A Yes, that is Exhibit Number Seven.

24 Q And does Exhibit Number Seven contain all  
25 the return receipts which have been received to date from

1 the letter giving notice?

2 A All that have been received, yes. We  
3 will forward the rest when they are received.

4 Q Was notice previously given to these in-  
5 terest owners in October of 1985 concerning the case when it  
6 was originally docketed?

7 A Yes.

8 Q And were return receipts received from  
9 each of the interest owners at that time?

10 A I believe so.

11 Q Does Mr. Hartman seek to be designated  
12 operator of the subject well?

13 A Yes.

14 Q In your opinion will granting this  
15 application be in the best interest of conservation, the  
16 prevention of waste, and the protection of correlative  
17 rights?

18 A Yes.

19 Q Were Exhibits One through Seven either  
20 prepared by you or compiled under your direction and  
21 supervision from Mr. Hartman's files?

22 A Yes, they were.

23 MR. CARR: Mr. Stogner, at this  
24 time we would offer into evidence Hartman Exhibits One  
25 through Seven.

1 MR. STOGNER: Exhibits One  
2 through Seven will be admitted into evidence.

3 MR. CARR: And that concludes  
4 my direct examination of Miss Sutton.

5

6 CROSS EXAMINATION

7 BY MR. STOGNER:

8 Q Miss Sutton, please bear with me here.

9 Let's go to Exhibit Number Six. As I un-  
10 derstand it, these are the royalty owners that are being  
11 pooled, is that correct?

12 A Yes.

13 Q Okay. How many of these on this list in  
14 Exhibit Six that you had addresses on have you got a return  
15 receipt from?

16 MR. CARR: Mr. Stogner, the Ex-  
17 hibit Number Seven shows how many we have received as of to-  
18 day.

19 We did send notice of this  
20 hearing back in October when the case was originally doc-  
21 keted. It has been continued several times and so because  
22 of your new rules, we sent a new letter that complied with  
23 those rules.

24 I can tell you, and I do have  
25 return receipts from all of these interest owners based on

1 the October mailing. They were slow coming in; some of them  
2 were hard to find and it just took time to get them back,  
3 but we did give notice to everyone in October and we will  
4 submit the rest of the receipts as we receive them.

5 MR. STOGNER: Okay, I have no  
6 further questions of Miss Sutton.

7 Are there any other questions  
8 of this witness?

9 MR. CARR: No further ques-  
10 tions.

11 MR. STOGNER: If not, you may  
12 be excused.

13 Mr. Carr?

14 MR. CARR: Nothing further in  
15 this case.

16 MR. STOGNER: Does anyone --  
17 does anybody else have anything further in Case Number 8689?

18 If not, this case will be taken  
19 under advisement.

20

21 (Hearing concluded.)

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## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO  
HEREBY CERTIFY the foregoing Transcript of Hearing before  
the Oil Conservation Division (Commission) was reported by  
me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 8689,  
heard by me on 19 February 1986.

Michael E. Lopez, Examiner  
Oil Conservation Division