

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CASE 10,770

EXAMINER HEARING

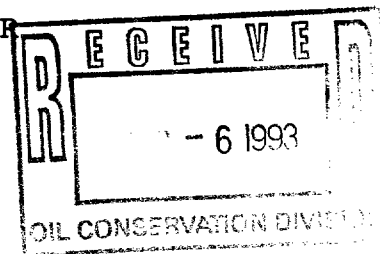
IN THE MATTER OF:

Application of Bahlburg Exploration, Inc., to
amend Division Order No. R-8989, Lea County, New
Mexico

TRANSCRIPT OF PROCEEDINGS

ORIGINAL

BEFORE: DAVID R. CATANACH, EXAMINER



STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

July 15, 1993

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
Attorneys at Law
By: W. THOMAS KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

* * *

1 WHEREUPON, the following proceedings were had
2 at 2:06 p.m.:

3 EXAMINER CATANACH: At this time we'll call
4 Case 10,770, which is the Application of Bahlburg
5 Exploration, Inc., to amend Division Order No. R-8989,
6 Lea County, New Mexico.

7 Are there appearances in this case?

8 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin
9 of the Santa Fe law firm of Kellahin and Kellahin,
10 appearing on behalf of Bahlburg Exploration, Inc.

11 EXAMINER CATANACH: Any additional
12 appearances?

13 Okay, Mr. Kellahin?

14 MR. KELLAHIN: Mr. Examiner, I have prepared
15 for submittal to the Division information with regards
16 to Mr. Bahlburg's Application.

17 For the record, back in August of 1989 the
18 Division issued Order R-8989 and granted his
19 Application to drill the number 1 Lowe 25 well at an
20 unorthodox location, being an undesignated King
21 Devonian Pool well, 40-acre oil spacing, in the
22 southwest quarter, southwest quarter, Section 25, 13
23 South, 37 East, Lea County.

24 That was drilled, but despite Mr. Bahlburg's
25 efforts he was unable to obtain production in the

1 Devonian.

2 He now seeks to come uphole in that well and
3 test for shallower production. The next target is
4 Wolfcamp oil.

5 Mr. Bahlburg's well is only 50 feet off the
6 common boundary line with the adjoining spacing unit.
7 And because of the proximity of that well to the
8 boundary, he has entered into settlement negotiations
9 with --

10 (Off the record)

11 MR. KELLAHIN: We have entered into a
12 stipulated solution with BTA Oil Producers, such that
13 they will share in an arrangement for production from
14 the offending well and, as such, have executed written
15 consents and waivers with regards to the location.

16 I propose to submit to you -- and I need to
17 have them copied and marked, but there is a Division
18 Order Title Opinion issued by Kemp Smith in Midland,
19 Texas, which will authenticate the ownership affected,
20 and then I will submit to you executed true copies of
21 the waivers and the settlements which show that all
22 those affected parties now have consented to the
23 encroachment of the well towards spacing units in which
24 they have an interest.

25 Having done that, we believe that we have

1 fulfilled the requirements to have the Division approve
2 the recompletion of the well into the Wolfcamp and give
3 us an opportunity to test for production in that zone,
4 as well as other shallow zones as he moves out of the
5 wellbore.

6 Subject to having these marked and stamped,
7 we would move the introduction of what will be Exhibit
8 1, the Division Order Title Opinion; Exhibit 2 is the
9 compilation of waivers; Exhibit 3 is the summary and
10 stipulation of consent to the encroachment.

11 And that would complete our presentation.

12 EXAMINER CATANACH: Okay, Exhibits 1, 2 and 3
13 will be admitted as evidence in this case.

14 And there being nothing further, this case,
15 Case 10,770, will be taken under advisement.

16 (Thereupon, these proceedings were concluded
17 at 2:10 p.m.)

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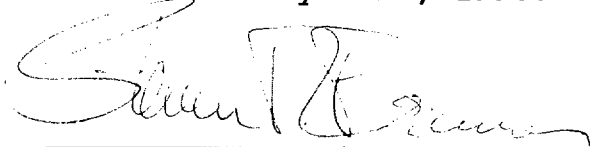
CERTIFICATE OF REPORTER

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 July 22nd, 1993.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10770, heard by me on July 15, 1993.

, Examiner
Oil Conservation Division