

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

JUN 13 2003

Oil Conservation Division

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

June 5th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, June 5th, 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

June 5th, 2003
Continued and Dismissed Cases

PAGE

REPORTER'S CERTIFICATE

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1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order. I'm Michael Stogner, appointed Hearing Examiner
5 for today's docket, which is 17-03. Please note today's
6 date, June 5th, 2003.

7 I'll refer to an earlier memorandum and Internet
8 message that I had sent to everybody. I thought we were
9 going to be pre-empted today by the Commission docket, and
10 what we -- we'll call this hearing today but recess until
11 Tuesday, June the 10th, to hear any cases that are on the
12 docket.

13 At this time I will go through the continuances
14 and dismissals.

15 On page 2, Case Number 13,082, this is the
16 Application of Concho Oil and Gas Corp. for compulsory
17 pooling, Lea County, New Mexico. This case will be
18 continued to July 10th.

19 Next case, 13,075, this is the Application of
20 Ricks Exploration, Inc., for compulsory pooling, Lea
21 County, New Mexico. This case will be dismissed.

22 Next case, 13,076, this is the Application of
23 Ricks Exploration, Inc., for compulsory pooling, Lea
24 County, New Mexico. This case will be continued to July
25 the 10th.

1 MR. BRUCE: Mr. Examiner --

2 EXAMINER STOGNER: Yes, Mr. Bruce?

3 MR. BRUCE: Oh, yeah, that is correct. I thought
4 I had flipped them around, but no --

5 EXAMINER STOGNER: Oh, good.

6 MR. BRUCE: -- the two Ricks cases.

7 EXAMINER STOGNER: I'm going to go now and call
8 Case Number 13,081. This is the Application of David H.
9 Arrington Oil and Gas, Inc., for compulsory pooling. Any
10 appearances? This case has been called but will be called
11 again on Tuesday, June 10th.

12 13,047, this is Chesapeake Operating, Inc., for
13 compulsory pooling. Any appearances at this time? I'll
14 call this case again on Tuesday.

15 Case Number 12,815, this is a reopened case to
16 consider special pool rules in the North Osudo-Devonian
17 Pool in Lea County, New Mexico. Any appearances?

18 MR. BRUCE: Mr. Examiner, Jim Bruce on behalf of
19 Read and Stevens, Inc. My client does plan -- was the
20 original applicant in this case and does plan on making a
21 presentation. I do not know, however, if that will be June
22 10th or July 10th.

23 EXAMINER STOGNER: Would you like me to call this
24 again on --

25 MR. BRUCE: Yes, sir.

1 EXAMINER STOGNER: -- Tuesday?

2 MR. BRUCE: Yes, sir.

3 EXAMINER STOGNER: Okay. And who is your client
4 again, I'm sorry?

5 MR. BRUCE: Read and Stevens, Inc.

6 EXAMINER STOGNER: Read and Stevens. I'll call
7 this case again on Tuesday, and either at that time or
8 before then you can let me know.

9 Okay, skipping over to page 2, down at the bottom
10 of the page, Case 13,083, this is the Application of Roca
11 Production, Inc., for compulsory pooling, Lea County, New
12 Mexico. Any appearances in this matter at this time?

13 MR. BRUCE: Mr. Examiner, Jim Bruce again,
14 representing the Applicant. We do -- Please call that
15 again on Tuesday, we do plan on proceeding with that.

16 EXAMINER STOGNER: And again, I appreciate your
17 patience, and apologies that -- not getting it off sooner.
18 But under the circumstances, you understand. We didn't
19 know what the Commission -- if it was going to leak over
20 into today.

21 Okay, I'm going to call now Case Number 13,050.
22 This is the Application of Doyle Hartman, Oil Operator, for
23 simultaneous dedication and exception to Rule 3 (D) of the
24 special rules for the Eumont Gas Pool and for various other
25 exceptions in Lea County, New Mexico. At this time I'll

1 call for appearances.

2 MR. CONDON: Mr. Stogner, I'm Michael Condon with
3 the Gallegos law firm here in Santa Fe on behalf of the
4 Applicant, Doyle Hartman, Oil Operator.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
6 on behalf of Kerr-McGee Oil and Gas Onshore, LLC, oil
7 operator.

8 MR. CONDON: Is that it?

9 EXAMINER STOGNER: Okay.

10 MR. CONDON: Could I have that read back?

11 EXAMINER STOGNER: Okay, what's your pleasure,
12 Mr. Condon?

13 MR. CONDON: Mr. Stogner, as we've previously
14 written to you in anticipation of the continuance to June
15 10th, we have requested that the matter be continued to the
16 Examiner's docket for June 19th. We understand that that
17 docket is relatively full and that it may go over to the
18 July 10 docket, which we understand is the next available
19 docket after June 10 -- or June 19, I'm sorry.

20 And as we discussed earlier this morning, I will
21 contact Hartman representatives when I get back this
22 morning and see what their preference is, whether we
23 monitor the docket for June 19 or whether we simply ask for
24 a continuance to the July 10 docket.

25 EXAMINER STOGNER: Anything, Mr. Bruce, to add?

1 MR. BRUCE: No, I don't.

2 EXAMINER STOGNER: Okay. With that, this case,
3 13,050, will be continued to the June 19th docket. And
4 also I'll go on record as saying that Doyle Hartman and
5 anybody else who wishes to appear in this matter is --
6 waive the Division's policy for three continuances under
7 the circumstances around this case and around the hearing
8 date. So don't sweat that.

9 MR. CONDON: Okay, thank you.

10 EXAMINER STOGNER: Okay, with that I'm going to
11 call Case Number 12,919. This is the Application of the
12 OCD for a public hearing pursuant to Rule 19.G.(3) to
13 consider the adequacy of a revised Stage 2 abatement plan,
14 Lea County, New Mexico. Call for appearances.

15 MR. BROOKS: Mr. Examiner, I'm David Brooks,
16 assistant general counsel, Energy, Minerals and Natural
17 Resources Department, appearing for the New Mexico Oil
18 Conservation Division. Frankly, I'd forgotten this case
19 was scheduled on this docket, and I haven't conferred with
20 other counsel, so I'll request that you call this again on
21 June the 10th.

22 EXAMINER STOGNER: This case will be called once
23 again on June 10th.

24 MR. BROOKS: I suspect that other counsel may
25 have forgotten it's on this docket also.

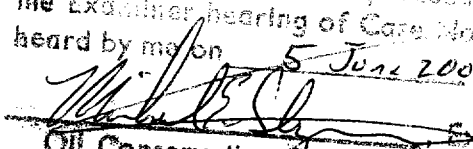
1 EXAMINER STOGNER: Is there anybody else in here
2 that wishes to comment?

3 (Off the record)

4 EXAMINER STOGNER: With that, the docket for
5 today will stand in recess, and we will reconvene at 8:15
6 on Tuesday, June the 10th. Thank you very much.

7 (Thereupon, these proceedings were concluded at
8 8:29 a.m.)

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16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
18 the Examiner hearing of Case No. 12815 (Reopened)
19 heard by me on 5 June 2008
20  Examiner
21 Oil Conservation Division
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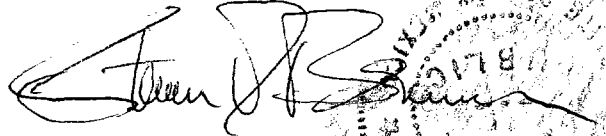
CERTIFICATE OF REPORTER

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 June 5th, 2003



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 5, 2003

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 19-03 and 20-03 are tentatively set for June 19, 2003 and July 10, 2003. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 13081: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 15 South, Range 36 East in the following manner: Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.56-acre stand-up gas spacing and proration unit for all formations or pools spaced on 320 acres within that vertical extent; the SW/4 to form a standard 160.14-acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40.17-acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the Caudill Permo - Upper Pennsylvanian Pool and the Undesignated Townsend Permo - Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31, will be drilled vertically to a depth sufficient to test the Wolfcamp formation, and then directionally drilled in a southeasterly direction to a standard bottomhole location 1900 feet from the South line and 1300 feet from the West Line (Unit L) of said Section 31 to a depth sufficient to test the Mississippian formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one mile north of Lovington, New Mexico. This matter was previously the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001. Said pooling Order expired by its own terms on February 28, 2002, necessitating this new application. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13047: Continued from May 22, 2003, Examiner Hearing.

Application of Chesapeake Operating, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Tubb formation underlying the NE/4 of Section 7, Township 20 South, Range 37E, forming a standard 160-acre gas spacing and proration unit for the Tubb formation, including but not limited to the West Monument-Tubb Gas Pool. This unit is to be dedicated to its Bertha J. Barber Well No. 12 that has been drilled and completed at an approved unorthodox well location (Order R-11652-B) in Unit A of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 3 miles south-southwest of Monument, New Mexico.

CASE 12815: Reopened – Continued from May 8, 2003, Examiner Hearing.

In the matter of Case 12815 being reopened pursuant to the provisions of Division Order No. R-11771, which order promulgated temporary special pool rules for the North Osudo-Devonian Pool in Lea County, New Mexico, including provisions for 160-acre spacing units and designated well locations. Operators in the North Osudo-Devonian Pool should appear and show cause why the temporary special pool rules established for this pool should not be rescinded and the pool not be developed on statewide 40-acre spacing.

CASE 13082: Application of Concho Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 28, Township 19 South, Range 34 East, in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Quail Ridge-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Quail Ridge-Yates Gas Pool and Undesignated San Miguel-Seven Rivers Gas Pool; and the NW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the South Quail Ridge-Yates Pool, Undesignated West Pearl-Seven Rivers Pool, Undesignated Quail Ridge-Bone Springs Pool, and Undesignated South Quail Ridge-Bone Spring Pool. The units are to be dedicated to applicant's Codorniz Fed. "28" Well No. 1, to be located at an orthodox location (unorthodox in the Morrow formation) in the NW/4 NW/4 of Section 28. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 17½ miles west of Monument, New Mexico.

CASE 13075: Continued from May 22, 2003, Examiner Hearing.

Application of Ricks Exploration Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the NW/4 SW/4 of Section 23, Township 12 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Trinity-Wolfcamp Pool. The unit is to be dedicated to the Burrus 23 Well No. 1, to be drilled at an orthodox oil well location in the NW/4 SW/4 of Section 23. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 14 miles east of Tatum, New Mexico.

CASE 13076: Continued from May 22, 2003, Examiner Hearing.

Application of Ricks Exploration Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the NE/4 SE/4 of Section 35, Township 12 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Bronco-Wolfcamp Pool. The unit is to be dedicated to the Harris 35 Well No. 1, to be drilled at an orthodox oil well location in the NE/4 SE/4 of Section 35. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 15 miles east of Tatum, New Mexico.

CASE 13083: Application of Roca Production, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NE/4 of Section 33, Township 22 South, Range 36 East, to form a non-standard 160-acre gas spacing and proration unit. The unit is to be dedicated to applicant's existing Esmond A Well No. 2, located 1980 feet from the North line and 990 feet from the East line of Section 33. Also to be considered will be the cost of re-completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in re-completing the well. The unit is located approximately 6½ miles southwest of Eunice, New Mexico.