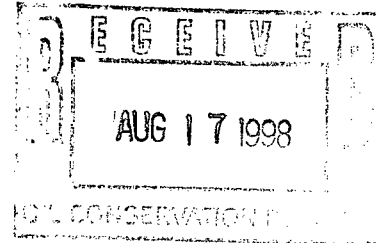




Richard L. Alvidrez
Attorney at Law
Direct Dial: 505-346-9150
E-mail: rla@keleher-law.com

August 14, 1998



Via Facsimile (505) 827-8177

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, NM 87505

**Re: Application of Public Service Company of New Mexico
for Review of Final Determination of the Oil
Conservation Division relating to the Hampton 4M
Well Site; Public Service Company of New Mexico,
Applicant; Case No. 12033**

Dear Mr. Wrotenbery:

I am enclosing a copy of the Prehearing Statement submitted on behalf of Public Service Company of New Mexico ("PNM") in the above matter. Also attached is PNM's Exhibit List.

This letter is also in response to the request for continuance submitted on behalf of Burlington Resources Oil and Gas Company ("Burlington"). PNM opposes the continuance of this matter and requests that the hearing proceed on August 20, 1998 as scheduled.

Burlington's counsel correctly points out that this matter was originally set for hearing on June 25, 1998. When it became necessary to continue that hearing, PNM conferred with counsel for Burlington and the OCD about the suitability of August 20, 1998 as a new hearing date. All parties agreed to that date. Moreover, PNM has retained a number of consultants, some of whom are traveling from out of state to appear at this hearing. A continuance of the hearing would result in disruption of schedules and will delay the ultimate hearing on this matter for at least two months. PNM's counsel would not be available for hearing again until the end of October, 1998.

W. A. Keleher (1886 -1972)
A.H. McLeod (1902 -1976)

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KELEHER & McLEOD, P.A.

August 14, 1998

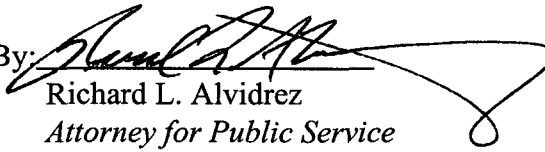
Page Two

During the pendency of PNM's Application, PNM has continued to recover free product from the Hampton 4M site. A determination in favor of PNM in this matter will relieve PNM of further responsibility for such recovery. Delay in the hearing and a determination on this appeal will only result in additional expense to PNM.

For the foregoing reasons, PNM requests that this matter be maintained on the August 20, 1998 docket. PNM further requests that a determination be made as soon as possible on the request for continuance so that PNM may notify its out-of-town consultants of any change in the hearing date in order to avoid charges for unnecessary travel and preparation time.

Very truly yours,

KELEHER & McLEOD, P.A.

By: 
Richard L. Alvidrez
Attorney for Public Service
Company of New Mexico

RLA:sp

cc: William F. Carr (via facsimile (505) 983-6043)
Rand Carroll (via facsimile (505) 983-6043)

**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:**

**APPLICATION OF PUBLIC SERVICE
COMPANY OF NEW MEXICO FOR
REVIEW OF FINAL DETERMINATION
OF THE OIL CONSERVATION DIVISION
RELATING TO THE HAMPTON 4M WELL
SITE,**

NO. 12033

**PUBLIC SERVICE COMPANY
OF NEW MEXICO,
Applicant**

PRE-HEARING STATEMENT

This prehearing statement is submitted by Applicant, Public Service Company of New Mexico ("PNM") as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Public Service Company of New Mexico

ATTORNEY

Richard L. Alvidrez, Esq.
KELEHER & McLEOD, P.A.
P.O. Drawer AA
Albuquerque, New Mexico 87103
(505) 346-9150

and

Colin L. Adams, Esq.
Corporate Counsel
Public Service Company
of New Mexico
Alvarado Square MS 806
Albuquerque, New Mexico 87158
(505) 241-4538

OPPOSITION OR OTHER PARTY

New Mexico Oil Conservation Division

Burlington Resources

ATTORNEY

Rand L. Carroll, Esq.
New Mexico Oil
Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87505-5472
(505) 827-8156

William F. Carr, Esq.
CAMPBELL, CARR BERGE &
SHERIDAN, PA.
P.O Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF THE CASE

APPLICANT

PNM seeks a review and reversal of the OCD's final determination in its letter of March 13, 1998 that "PNM take additional remedial actions with 30 days to remove the remaining source areas with free phase hydrocarbons in the vicinity of and immediately downgradient of the dehy pit." PNM seeks a reversal of this determination on the following grounds:

1. The hydrogeologic data establish that PNM's former pit location is not the source for the free phase hydrocarbons in the vicinity of the Hampton 4M well.
2. The data developed during the course of PNM's investigation suggest that there is a continuing source for dissolved phase hydrocarbons and a continuous or intermittent source of free phase product at the Hampton 4M well. Because of the existence of a continuing or intermittent source for contamination in the vicinity of the Hampton 4M well, efforts to conduct further remediation will be ineffective.
3. Operational practices and deficiencies relating to the production well and/or the separators, tanks and associated equipment owned and operated by Burlington Resources and its predecessors at the Hampton 4M well have resulted in releases of free phase product to the environment which has impacted the soils and groundwater in the vicinity of the Hampton 4M site.

4. The free phase product in the vicinity of the Hampton 4M well was neither owned, generated nor released by PNM. The product is and remains the property of the producers.
5. PNM is no longer the owner of the gathering system and dehydration equipment associated with the Hampton 4M well as the system and equipment was sold to Williams Gas Processing-Blanco, Inc. on June 30, 1995. To the extent that any contamination in the vicinity of the Hampton 4M well site occurred on or after June 30, 1995, such contamination is not the responsibility of PNM.

OPPOSITION OR OTHER PARTY

PROPOSED EVIDENCE

APPLICANT

WITNESS	EST. TIME	EXHIBITS
Toni K. Ristau PNM Director, Environmental Services	1.5 hours	See PNM Exhibit List
Maureen Gannon PNM Project Manager Environmental Engineering	1.0 hours	
Valda Terauds ESI Hydrologist	1.5 hours	
Mark Sikelianos PNM Field Environmental	1.0 hours	
Paul Fahrenthold Fahrenthold Consulting Fuels and Chemical Analysis	1.0 hours	
Rodney Heath PetroEnergy, Inc. Well Head and Gas Gathering Equipment	1.0 hours	

Grady Gist
PNM
Gas well completion

1.5 hours

OPPOSITION OR OTHER PARTY

WITNESS

EST. TIME

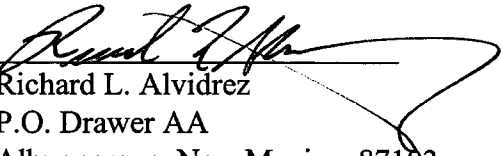
EXHIBITS

PROCEDURAL MATTERS

The present matter is set for hearing beginning August 20, 1998. Counsel for Burlington has requested that the hearing date be continued.

KELEHER & McLEOD, P.A.

BY


Richard L. Alvidrez

P.O. Drawer AA

Albuquerque, New Mexico 87103

(505) 346-4646

and

Colin L. Adams

Corporate Counsel

Public Service Company of New Mexico

Alvarado Square MS 0806

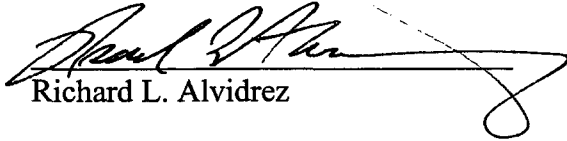
Albuquerque, New Mexico 87158

(505) 241-4538

Attorneys for Applicant Public Service Company
of New Mexico

64699

THIS WILL CERTIFY that a true and correct copy of the foregoing Pre-Hearing Statement was faxed and mailed to William Carr, counsel for Burlington Resources Oil & Gas and Rand Carroll, counsel for the New Mexico Oil Conservation Division this 14th day of August 1998.



Richard L. Alvidrez

64699

**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:**

**APPLICATION OF PUBLIC SERVICE
COMPANY OF NEW MEXICO FOR
REVIEW OF FINAL DETERMINATION
OF THE OIL CONSERVATION DIVISION
RELATING TO THE HAMPTON 4M WELL
SITE,**

NO. 12033

**PUBLIC SERVICE COMPANY
OF NEW MEXICO,
Applicant**

PNM HEARING EXHIBIT LIST

Applicant, Public Service Company of New Mexico ("PNM") hereby submits it
list of proposed exhibits in the above matter.

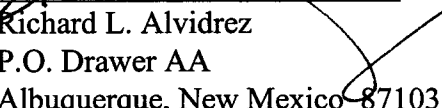
<u>EXHIBIT</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>ADMITTED</u>	<u>REFUSED</u>
1	Hampton 4M contract	_____	_____	_____
2.	PNM Reports to OCD	_____	_____	_____
3.	Aerial Photograph of Hampton 4M site	_____	_____	_____
4.	Diagram of Hampton 4M Well site (present day)	_____	_____	_____
5.	Diagram of Hampton 4M Well site (ca 1997)	_____	_____	_____
6.	Gradient flow map for Hampton 4M site	_____	_____	_____

<u>EXHIBIT</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>ADMITTED</u>	<u>REFUSED</u>
7.	Plume map showing free phase and dissolved phase hydrocarbon contamination	_____	_____	_____
8.	Cross-section diagram showing free phase and dissolved phase hydrocarbon thickness	_____	_____	_____
9.	Graph showing free product recovery compared to thickness of free phase product	_____	_____	_____
10.	Schematic of separator process flow	_____	_____	_____
11.	Schematic of dehydrator process flow	_____	_____	_____
12.	Diagram of well completion for Hampton 4M well	_____	_____	_____
13.	Hampton 4M Well Production History	_____	_____	_____
14.	Hampton 4M Well Oil Gas/Production Ratio Comparison	_____	_____	_____
15.	Hydrocarbon fate and transport model	_____	_____	_____
16.	Piping and Instrumentation Diagram	_____	_____	_____
17.	Photograph of Produced Water Tank/Dehydrator and Meter	_____	_____	_____

<u>EXHIBIT</u>	<u>DESCRIPTION</u>	<u>OFFERED</u>	<u>ADMITTED</u>	<u>REFUSED</u>
18.	Photograph of Water Accumulated in Excavation	_____	_____	_____
19.	Photograph of Present Separator and Footprint of Former Separator	_____	_____	_____
20.	Photograph of Separator and Burlington Excavation	_____	_____	_____
21.	Photograph of PNM Product Recovery From MW-6	_____	_____	_____
22.	Photograph of Seep and Stained Soils	_____	_____	_____
23.	Photograph of Free Product in MW-10	_____	_____	_____
24.	Videotape of Hampton 4-M Site and Surface Equipment.	_____	_____	_____

KELEHER & McLEOD, P.A.

BY


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