

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

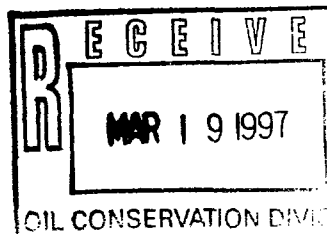
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION FOR THE)
 PURPOSE OF CONSIDERING:)

CASE NO. 11,470

APPLICATION OF PRIDE ENERGY COMPANY TO)
 REOPEN ENERGY DEVELOPMENT CORPORATION'S)
 CASE NUMBER 11,470 FOR SALT WATER)
 DISPOSAL AND DESIGNATION OF A PORTION OF)
 THE MENEFEE MEMBER OF THE MESAVERDE)
 FORMATION AS AN "EXEMPTED AQUIFER",)
 SANDOVAL COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 6th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 6th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

March 6th, 1997
 Examiner Hearing
 CASE NO. 11,470

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

| Applicant's | Identified | Admitted |
|-------------|------------|----------|
| Exhibit 1 | 5 | - |
| Exhibit 4 | 5 | - |
| Exhibit 11 | 4 | 6 |
| Exhibit 12 | 4 | 6 |

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR PRIDE ENERGY COMPANY:

JAMES G. BRUCE, Attorney at Law
 612 Old Santa Fe Trail, Suite B
 Santa Fe, New Mexico 87501
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 11:12 a.m.:

3 EXAMINER STOGNER: Call next case, Number 11,470.

4 MR. CARROLL: Application of Pride Energy Company
5 to reopen Energy Development Corporation's Case Number
6 11,470 for salt water disposal and designation of a portion
7 of the Menefee member of the Mesaverde formation as an
8 "Exempted Aquifer", Sandoval County, New Mexico.

9 EXAMINER STOGNER: I believe this case was heard
10 sometime ago, but I'm ready to call for appearances at this
11 time.

12 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe.
13 I'm representing Pride Energy Company. I don't have any
14 witnesses.

15 I'd like to make a brief presentation.

16 This case was originally heard in April and May,
17 1996. Energy Development Corporation sought approval to
18 inject water into a certain well and to have a portion of
19 the Menefee member of the Mesaverde formation designated as
20 an exempted aquifer.

21 After the hearing, which was heard by Examiner
22 Catanach, the material was submitted to the Environmental
23 Protection Agency. The EPA never approved or disapproved
24 the request but did request the submission of additional
25 information.

1 Recently, Pride Energy bought out the interest of
2 Energy Development Corporation in this well, and they have
3 prepared an additional report -- it's been prepared by
4 Turner Environmental Consultants of Albuquerque -- which
5 they have submitted to the EPA, and at this time we would
6 like to submit that report to the Division.

7 It's a rather lengthy report, and what I would
8 propose doing is that we submit that report, continue the
9 case for a period to allow Examiner Catanach to review it.
10 If he has any questions, we can always bring up a witness
11 later to respond to any of Examiner Catanach's questions.

12 In addition, I think we have to wait on further
13 action by the EPA.

14 Therefore at this time, I would submit -- There
15 were previously 10 exhibits submitted at the prior hearing.
16 I would submit this new report as Exhibit 11, together with
17 my affidavit of notice. The only interested party we knew
18 of was the Bureau of Land Management, who I have
19 renotified, and I would submit that as Exhibit 12.

20 There was one other matter, Mr. Examiner. I
21 believe you were contacted by Timothy Johnson of -- I don't
22 know if he was in Albuquerque or if he resided out near
23 Cuba where this well is -- who owns interests out there.
24 I've been attempting to get hold of Mr. Johnson. And what
25 I will do is, I will notify him of the continued case.

1 I did go through the old case file, which was
2 kind of tough since it was at my old firm, and I did locate
3 -- I didn't do it under cover of darkness -- I did locate
4 Exhibit 4 from the prior hearing.

5 I've got Exhibit 1 for you from the prior hearing
6 and Exhibit 4, which shows that the nearest water well,
7 which I believe is Mr. Johnson's water well, is more than a
8 mile away from the proposed well, and it also lists the
9 depth the well is completed in, et cetera, just for your
10 information.

11 But since the case is being continued, I would
12 notify Mr. Johnson of the continued hearing, and if it's
13 okay at this time I would submit the records and the
14 various other documents and ask that the case be continued
15 to May 1st.

16 I don't know if the EPA will act by that time,
17 but...

18 And Exhibit 12 is my affidavit of notice.

19 EXAMINER STOGNER: Just a comment on Mr. Johnson.
20 In reviewing the exhibit so far, he's further than a half-
21 mile radius -- I'm sorry, his wells are further than a
22 half-mile radius and his property is further than the half-
23 mile radius of the proposed injection well; is that
24 correct?

25 MR. BRUCE: It's -- I'm not sure exactly where it

1 is. Yes, his property is more than a half mile. His water
2 well is more than a mile.

3 EXAMINER STOGNER: But inasmuch as this
4 Application is styled that it specifically gives a
5 description of an area that the aquifer or the Menefee
6 interval underlying the proposed acreage -- and it looks to
7 be about -- Oh, what? 320 acres, something like that?

8 MR. BRUCE: Yes, sir.

9 EXAMINER STOGNER: And his property offsets that
10 description, if I remember.

11 MR. BRUCE: We will give him notice.

12 EXAMINER STOGNER: Okay, just to be on the safe
13 side.

14 Okay, at this time I will accept Exhibits 11 and
15 12, make them a part of this record.

16 And at this time this matter will be continued to
17 the May 1st hearing, at which time it may be reopened, and
18 you may need to have somebody here to address any issues
19 that Mr. Catanach might have.

20 And then we can take into account what needs to
21 be done with this case subsequent to then.

22 Does anybody else have anything further in this
23 matter?

24 Then this case will be continued to May 1st.

25 And by reference, Mr. Bruce, I believe all the

1 other documentation as far as exhibits and transcripts are
2 in our copy of this case file, should you need them in the
3 future.

4 MR. BRUCE: Okay.

5 (Thereupon, these proceedings were concluded at
6 11:19 a.m.)

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21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Examiner hearing of Case No. 11470,
24 heard by me on 6 March 1997.
25 Michael F. Storer, Examiner
Oil Conservation Division

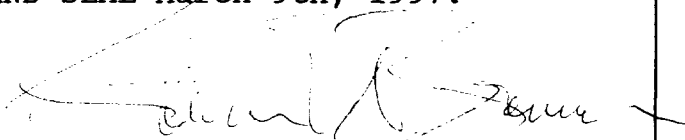
CERTIFICATE OF REPORTER

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 March 9th, 1997.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998