

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARING

ILLEGIBLE

SANTA FE, NEW MEXICO

Hearing Date AUGUST 15, 1996 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Frank Gray	Texaco E & P INC	Midland, TX
James L. Linn	NM OSD	Albuquerque, NM
William J. Linn	Campbell, Linn, Linn & Linn	Santa Fe
Bill Duncan	Exxon	Midland
James L. Linn	Hindco Linn, Perm	SF
Michael Taylor	Gates Petroleum	Albuquerque
Quand Dupre	Ray W. Wall	Albuquerque
Rhonda L. Linn	Marble Energy	Albuquerque
Jim L. Linn	Gates Petroleum	Albuquerque
Ben L. Linn	Plains Pipeline	Albuquerque
Maurice Linn	NM State Land Office	Santa Fe
Norman Linn	NM State	SFE
Jim Linn	"	"

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

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

CASE NO. 11,594

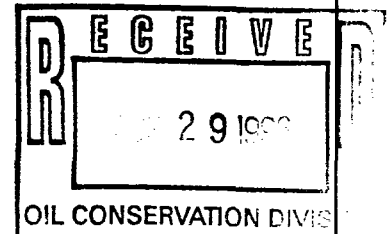
HEARING CALLED BY THE OIL CONSERVATION)
DIVISION ON ITS OWN MOTION TO CONSIDER)
PROPOSED OCTOBER, 1996 - MARCH, 1997,)
GAS ALLOWABLES FOR THE PRORATED GAS)
POOLS IN NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
WILLIAM WEISS, COMMISSIONER
JAMI BAILEY, COMMISSIONER



August 15th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission on Thursday, August 15th, 1996, 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.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

August 16th, 1996
 Commission Hearing
 CASE NO. 11,594

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* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
Deputy General Counsel
Energy, Minerals and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE OIL CONSERVATION DIVISION:

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

FOR CHEVRON USA PRODUCTION COMPANY:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
Suite 1 - 110 N. Guadalupe
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

FOR EXXON CORPORATION:

HINKLE, COX, EATON, COFFIELD & HENSLEY
218 Montezuma
P.O. Box 2068
Santa Fe, New Mexico 87504-2068
By: JAMES G. BRUCE

* * *

1 WHEREUPON, the following proceedings were had at
2 9:07 a.m.:

3 CHAIRMAN LEMAY: Good morning, this is the Oil
4 Conservation Commission meeting. The Commissioners are as
5 follows: to my left Commissioner Bill Weiss, to my right,
6 Commissioner Jami Bailey representing the Commissioner of
7 Public Lands, State of New Mexico. My name is Bill LeMay,
8 Chairman of the Commission, and welcome.

9 We shall begin by calling Case 11,594, which is
10 by motion of the Oil Conservation Division to establish gas
11 allowables for the period October, 1996, to March, 1997, in
12 prorated pools in New Mexico.

13 As you will remember, the previous allowable
14 hearing resulted in the fall allowables being presented to
15 you, and without objection, or without additional
16 testimony, I should say, those allowables would prevail in
17 all prorated pools.

18 I think we did make a mistake on the exhibit you
19 used, and that will be corrected by testimony this morning.

20 So I shall now call for appearances in Case
21 11,594.

22 MR. CARROLL: May it please the Commission, my
23 name is Rand Carroll, appearing on behalf of the Oil
24 Conservation Division. I have no witnesses.

25 CHAIRMAN LEMAY: Thank you. Additional witnesses

1 in the case?

2 Mr. Carr?

3 MR. CARR: May it please the Commission, my name
4 is William F. Carr with the Santa Fe law firm Campbell,
5 Carr, Berge and Sheridan. I would like to enter my
6 appearance in this case on behalf of Chevron USA Production
7 Company.

8 I have statements from Chevron concerning
9 allowables for the Indian Basin-Upper Penn Gas Pool and the
10 Eumont-Yates-Seven Rivers Pool.

11 CHAIRMAN LEMAY: No witnesses, just statements,
12 Mr. Carr?

13 MR. CARR: No, witnesses.

14 CHAIRMAN LEMAY: Thank you.

15 Yes, sir?

16 MR. BRUCE: Mr. Examiner, I'm Jim Bruce from the
17 Hinkle law firm in Santa Fe, representing Exxon
18 Corporation. We don't have any witnesses.

19 We're here in support of the Blinebry and Tubb
20 Pools.

21 CHAIRMAN LEMAY: Thank you, Mr. Bruce.

22 Additional appearances in the case?

23 Mr. Carroll?

24 MR. CARROLL: May it please the Commission, the
25 Division recommends that the allowables set at the February

1 15th, 1996, hearing and contained as Exhibit A to the order
2 issued on April 11th, 1996 -- that order number is R-10,580
3 -- be adopted for the following proration period.

4 And I will point out to the Commission that an
5 error was -- well, two errors were made on the notice for
6 this hearing.

7 The allowables for the Blinebry and Tubb pools
8 did not reflect the adjustments made at the February, 1996,
9 hearing. The order resulting from that hearing contained
10 the language that the allowable allocation factor shown in
11 Exhibit A shall be used as Division-recommended allowables
12 for future allocation periods, until such time as it is
13 determined that changes are needed.

14 I have marked as OCD Exhibit Number 1 in this
15 case the Exhibit A that was attached to that order, and I
16 would ask that those allowables be adopted for the next
17 proration period.

18 If you'll note, the changes are that the
19 Blinebry-Tubb Pool was adjusted from 44,550 up to 46,800 at
20 the February hearing and that the Tubb Pool was adjusted
21 from 16,750 up to 18,425. So we ask that those adjustments
22 be incorporated in this order.

23 CHAIRMAN LEMAY: Thank you, Mr. Carroll.

24 MR. CARROLL: That's all I have.

25 CHAIRMAN LEMAY: Questions of Mr. -- Those were

1 statements, I take it? Okay. Okay, thank you.

2 MR. CARROLL: And I move that what has been
3 marked OCD Exhibit Number 1 be entered into the record.

4 CHAIRMAN LEMAY: Without objection, Exhibit 1
5 will be -- Exhibit A -- will be admitted into the record.

6 Questions of the witness?

7 Commissioner Weiss?

8 COMMISSIONER WEISS: I have no questions.

9 CHAIRMAN LEMAY: Commissioner Bailey?

10 COMMISSIONER BAILEY: I have no questions.

11 CHAIRMAN LEMAY: Thank you, Mr. Carroll. Nor do
12 I.

13 Mr. Carr?

14 I assume we have no testimony, just statements.
15 If anyone wishes to make a statement at the end, we'll
16 certainly have time for you to state your statement.

17 Mr. Carr?

18 MR. CARR: May it please the Commission, Chevron
19 USA Production Company has asked that I read a statement
20 concerning Indian Basin allowables and also a statement
21 concerning Eumont allowables.

22 As to the Indian Basin, Chevron USA Production
23 Company operates 16 producing gas wells in this field and
24 has a working interest in three nonoperated properties in
25 the pool.

1 Chevron USA Production Company supports the Oil
2 Conservation Division's proposed allowable assignment
3 factors that resulted in a monthly acreage allocation
4 factor of 200,000 MCF. Seven of Chevron's ten operated
5 proration units are currently capable of producing at or
6 above the proposed allowable. Chevron's current efforts in
7 additional compressor installations and infill drilling is
8 expected to maintain and improve the current production
9 capability of Chevron-operated properties in this pool. An
10 allowable of 200,000 MCF per month will protect the
11 interests of a majority of the operators in the pool.

12 It's signed by Michel LeVan for Chevron USA
13 Production Company.

14 And as to the Eumont Gas Pool, Chevron is a
15 principal operator in this pool and fully supports the Oil
16 Conservation Division's proposed allowable adjustments
17 which result in a monthly acreage allocation factor, the F1
18 factor, of 38,000 MCF for the Eumont-Yates-Seven Rivers-
19 Queen Pool.

20 This year Chevron has completed two new wells and
21 four recompletions and restimulations and plans to pursue
22 approximately eight more recompletions and restimulations
23 during the remainder of 1996 to augment current pool daily
24 production with an estimated incremental increase of 3.1
25 MCF of gas per day.

1 Chevron also currently is planning and has
2 budgeted a program for 1997. In order to economically
3 pursue these already-budgeted programs in 1996 and 1997,
4 Chevron requests that the proposed monthly acreage
5 allocation factor of 38,000 MCF be adopted for the period
6 of October, 1996, through March, 1997. Any lower allowable
7 would have a negative economic impact on Chevron's
8 activities and jeopardize continuation of their programs
9 within the Eumont Gas Pool.

10 And that is signed by Alan W. Bohling, petroleum
11 engineer for Chevron USA Production Company.

12 CHAIRMAN LEMAY: Thank you, Mr. Carr.

13 Mr. Bruce?

14 MR. BRUCE: Mr. Chairman, I'm just here to
15 support the corrected allowables for the Blinebry Pool and
16 the Tubb Pool, which Mr. Carroll made at the last hearing.
17 Those allowables were adjusted up to the levels reflected
18 on the OCD's exhibit at the request of Exxon, and we do
19 support those levels.

20 Thank you.

21 CHAIRMAN LEMAY: Thank you, Mr. Bruce.

22 Are there additional statements in the proration
23 case before us?

24 If not, the Commission...

25 Anything, Commissioner Weiss? Commissioner

1 Bailey?

2 The Commission will take that case under
3 advisement.

4 (Thereupon, these proceedings were concluded at
5 9:15 a.m.)

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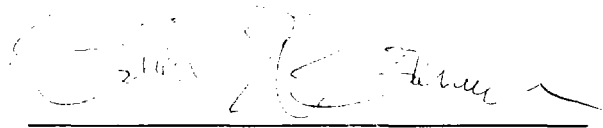
CERTIFICATE OF REPORTER

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 Commission 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 August 16th, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

