

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 RICHARDSON OPERATING)
 COMPANY FOR COMPULSORY POOLING AND)
 UNORTHODOX WELL LOCATION, SAN JUAN)
 COUNTY, NEW MEXICO)
)

CASE NOS. 11,680

APPLICATION OF RICHARDSON OPERATING)
 COMPANY FOR COMPULSORY POOLING, DOWNHOLE)
 COMMINGLING AND AN UNORTHODOX GAS WELL)
 LOCATION, SAN JUAN COUNTY, NEW MEXICO)
)

and 11,681

(Consolidated)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

December 19th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, December 19th, 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

December 19th, 1996
Examiner Hearing
CASE NOS. 11,680 and 11,681 (Consolidated)

PAGE

REPORTER'S CERTIFICATE

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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 THE APPLICANT:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 1:50 p.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 11,680.

5 MR. CARROLL: Application of Richardson Operating
6 Company for compulsory pooling and unorthodox well
7 location, San Juan County, New Mexico.

8 EXAMINER CATANACH: Are there appearances in this
9 case?

10 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
11 the Santa Fe law firm of Kellahin and Kellahin, appearing
12 on behalf of the Applicant.

13 In addition, we would request that you call the
14 subsequent case, which is 11,681, and that they be
15 consolidated for purposes of this presentation.

16 EXAMINER CATANACH: Okay, we'll call at this time
17 Case 11,681.

18 MR. CARROLL: Application of Richardson Operating
19 Company for compulsory pooling, downhole commingling and an
20 unorthodox gas well location, San Juan County, New Mexico.

21 EXAMINER CATANACH: Are there any additional
22 appearances in either of these cases?

23 You may proceed, Mr. Kellahin.

24 MR. KELLAHIN: Mr. Examiner, with your
25 permission, we would like to have you incorporate the

1 record of the two companion cases for the cases that were
2 just called.

3 Case 11,680 was originally presented to the
4 Examiner on July 11th. That case was then numbered 11,569,
5 for which an order was issued on July 22nd, 1996. The
6 order is 10,624. That order approved Richardson's
7 application for compulsory pooling and an unorthodox well
8 location.

9 In addition, the companion case for Case 11,681
10 is under Division Case Number 11,570, also heard on July
11 11th, and it was approved by order R-10,656, issued on
12 August 20th, 1996.

13 Order 10,656 approved Richardson's application
14 for compulsory pooling, downhole commingling and an
15 unorthodox well location. Richardson was authorized that
16 if they drilled this well and if it was successful, then
17 they could commingle Pictured Cliff and Fruitland gas.

18 Unfortunately, after the issuance of the order,
19 Richardson neither commenced either well within the time
20 period provided in those orders, nor did they seek to have
21 the Division Director extend those orders before they
22 expired.

23 Both these wells are being drilled within the
24 City of Farmington and were the subject of public hearings
25 before their Planning Commission. All those hearings have

1 been resolved to the point where Richardson was issued the
2 various planning approvals, and I believe Richardson has
3 commenced drilling the ROPCO Number 1 well, which is the
4 one that was the subject of Order Number 10,656.

5 However, having let those orders lapse,
6 Richardson seeks the Division's approval to have them
7 reinstated. And to accomplish that, we have refiled these
8 as new cases with new case numbers.

9 To avoid the presentation of the same technical
10 case again, we ask your permission to incorporate the
11 transcript and the exhibits and the records of the two
12 prior Division cases. For your convenience, I have taken
13 copies of all those exhibits, and I have copies of them
14 here for you, which I will present to you.

15 The only modification that I'm aware of with
16 regards to any of these orders is that I need to reconfirm
17 the well locations. The well locations as advertised in
18 the cases before you today are the correct ones, and we
19 need to double-check and make sure that the prior orders
20 reflect the current state drill well locations.

21 In addition, there was an error made in Division
22 Order R-10,624. There's a transposition of the overhead
23 rates. The testimony at the hearing and the Applicant
24 requested a \$3500-a-month drilling well rate and \$450-a-
25 month producing well rate. The numbers were transposed,

1 and so what the order approved was \$350 a month producing
2 and \$4500 a month drilling --

3 MR. CARROLL: Mr. Kellahin I reviewed --

4 MR. KELLAHIN: -- so they're reversed.

5 MR. CARROLL: -- that transcript --

6 MR. KELLAHIN: Yes?

7 MR. CARROLL: -- a couple weeks ago, and the
8 order was correct. The witness for Richardson had the
9 overhead rates that were in the order.

10 MR. KELLAHIN: There should be a subsequent
11 affidavit that Kathy Colby filed in that case --

12 MR. CARROLL: Okay.

13 MR. KELLAHIN: -- and I have -- I don't know if
14 I've brought it with me today, but I will provide that to
15 you. There was a --

16 MR. CARROLL: -- error made by the witness, then?

17 MR. KELLAHIN: I think she misspoke.

18 MR. CARROLL: Okay.

19 MR. KELLAHIN: The application in that case
20 requested the correct number, and that number is also
21 reflected in the operating agreement. And she misspoke and
22 filed a subsequent affidavit attesting to the fact that she
23 misspoke.

24 EXAMINER CATANACH: Do you know what the correct
25 numbers are?

1 MR. KELLAHIN: Yes, sir, it's \$450 a month
2 producing and \$3500 a month drilling.

3 MR. CARROLL: And Mr. Kellahin, you renotified
4 all the appropriate parties?

5 MR. KELLAHIN: I appreciate you bringing that to
6 my attention. Ms. Colby sent those notices out of her
7 office. There were several hundred of them, and she
8 Federal-Expressed to me the original certificate and copies
9 of the green cards.

10 Unfortunately, as of this morning the Federal
11 Express had not yet been delivered, and with your
12 permission, I'd like the record to stay open so that I
13 might submit those affidavits to you after the hearing.

14 To the best of my knowledge, there have been no
15 objections or complaints raised by any of the parties that
16 were sent notice.

17 We renotified all the offset operators, we
18 notified all parties that would participate under the
19 commingling rule, and then we notified all those people on
20 the list that would be subject to force-pooling, and the
21 affidavit will separate out each category for you so that
22 you'll see what person was entitled to what notice.

23 MR. CARROLL: Yeah, it's our understanding that
24 in the case that was heard in July, there's a mobile park
25 owner that objected or protested?

1 MR. KELLAHIN: Yes, sir.

2 MR. CARROLL: He didn't file any objection this
3 time?

4 MR. KELLAHIN: He did not. I'm trying to
5 remember the name. Kemper? I forget the gentleman's --

6 MR. CARROLL: I missed that hearing, and it was
7 Mike's case.

8 MR. KELLAHIN: The transcript reflects his name.
9 It escapes me at the moment. But he was one of
10 Richardson's lessees, yet he complained about having the
11 well drilled. And so his complaint was addressed before
12 the City Planning Commission.

13 The parties in the trailer park for which he is
14 the owner of the park appeared before the City Planning
15 people and voiced their objections.

16 The City of Farmington, through their various
17 departments, have issued all the necessary approvals and
18 applied the conditions that they felt were necessary, and
19 so I believe the well is being drilled.

20 One of the reasons it was delayed is that it's in
21 close proximity to a Conoco well, and there was work being
22 conducted on the Conoco well, and so Richardson had to
23 delay and unfortunately didn't ask for an extension, which
24 would have been easily obtained.

25 MR. CARROLL: Mr. Kellahin, what was the

1 approximate number of parties that had to be notified in
2 this case?

3 MR. KELLAHIN: I think it was approaching 200.

4 MR. CARROLL: Okay. There they are. We have
5 cited this case in referring to other operators desiring to
6 force-pool. We don't want to go through the necessity of
7 notifying dozens or hundreds of interest owners.

8 MR. KELLAHIN: I'm trying to remember the case.
9 We did one down in Carlsbad for Naumann, and I think it had
10 350.

11 EXAMINER CATANACH: What else, Mr. Kellahin?

12 MR. KELLAHIN: That's all in this one, Mr.
13 Examiner.

14 EXAMINER CATANACH: Okay. At the Applicant's
15 request, we will incorporate the record, evidence and
16 transcript in Case Numbers 11,569 and 11,570 into Case
17 11,680 and 11,681.

18 And if you would check on the well locations, Mr.
19 Kellahin, and advise us as to --

20 MR. KELLAHIN: Let me reverify --

21 EXAMINER CATANACH: -- their status --

22 MR. KELLAHIN: -- and make sure we have those
23 exactly right.

24 EXAMINER CATANACH: And we'll leave the record
25 open for the submittal of the receipt, mailing receipts.

1 MR. KELLAHIN: Yes, sir.

2 EXAMINER CATANACH: And with that we will -- With
3 the exception of that, we'll go ahead and take the cases
4 under advisement.

5 Case 11,680 and 11,681 will be taken under
6 advisement.

7 (Thereupon, these proceedings were concluded at
8 2:00 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 December 27th, 1996.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11680 11681 heard by me on December 19, 1996.


 David R. Catant, Examiner
 Oil Conservation Division

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