

NEW MEXICO OIL CONSERVATION DIVISION

Examiner Hearing
Santa Fe, New Mexico
April 29, 1999 -- 8:15 A.M.

Name	Representing	Location
JOE COMPTON	SAGA FET, LLC	MIDLAND, TX
SCOTT HALL	MILLER LAW	SF
LARRY VAN RYAN	McELVAIN	DENVER, CO
Dean Price	Burlington Resources	Farmington, NM
Chip Lane	-	-
Alan Alexander	-	-
JOHN TECOR	BLM - DURANGO	DURANGO
G. D. Simon	Ute mt Ute Tribe	Towaoc, Col.
Allye Auringer	Bd M. - Durango	Durango Colo
Gordon Hammond	Ute mtn Ute Tribe	Towaoc, CO
James Bruce	-	SF
William L. Jay	Stimpert, Jay, & Elmer	Santa Fe
7 Kelbakin	Kelbakin & Kelbakin	Santa Fe
Dave Cromwell	Emergen Resources	Birmingham Ala
Steve Jordan	McElvain	Santa Fe, NM
SPENCER CROSS	Dennis HOPPER	Taos, NM

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. 99-2,162

APPLICATION OF MARATHON OIL COMPANY TO)
AMEND ORDER NO. R-11,112 TO ADOPT AN)
ADMINISTRATIVE PROCEDURE FOR ADDING AND)
SUBTRACTING EXISTING AND FUTURE WELLS TO)
THE PREVIOUSLY APPROVED BUCHANAN TANK)
BATTERY WITHIN THE BUCHANAN CENTRALIZED)
FACILITY, EDDY COUNTY, NEW MEXICO)

ORIGINAL

99 MAY 13 AM 6:30
OIL CONSERVATION DIV.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

April 29th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, April 29th, 1999, 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

April 29th, 1999
 Examiner Hearing
 CASE NO. 12,162

PAGE

REPORTER'S CERTIFICATE

9

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E X H I B I T S

Applicant's	Identified	Admitted
Color-coded plat	4	-
Exhibit 1	5	5

* * *

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 8:20 a.m.:

3 EXAMINER ASHLEY: This hearing will now come to
4 order for Docket Number 12-99. Please note today's date,
5 April 29, 1999. I'm Mark Ashley, appointed Hearing
6 Examiner for today's cases.

7 Before we call the first case, I'd like to review
8 the docket and mention any continuance or dismissals.

9 (Off the record)

10 EXAMINER ASHLEY: Okay, at this time the Division
11 calls Case 12,162.

12 MR. CARROLL: Application of Marathon Oil Company
13 to amend Order Number R-11,112 to adopt an administrative
14 procedure for adding and subtracting existing and future
15 wells to the previously approved Buchanan Tank Battery
16 within the Buchanan Centralized Facility, Eddy County, New
17 Mexico.

18 EXAMINER ASHLEY: Call for appearances.

19 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
20 the Santa Fe law firm of Kellahin and Kellahin, appearing
21 on behalf of the Applicant.

22 EXAMINER ASHLEY: Any additional appearances?
23 Mr. Kellahin?

24 MR. KELLAHIN: Mr. Examiner, on behalf of
25 Marathon Oil Company we are revisiting their Buchanan

1 facility. It's a project that was presented to you on
2 November 19th, 1998. You were the Examiner in Case 12,068,
3 resulting in the issuance of Order Number R-11,112.

4 The reason that matter came to hearing is, as you
5 can see from the color-coded plat before you, there were
6 multiple wells, the production of which was being gathered
7 and processed through the Buchanan facility. And as a
8 consequence, there is different ownership among the various
9 leases. After notice and hearing, you approved the surface
10 commingling of the offlease measurement and the operation
11 of the common facility.

12 We're back before you today to request two
13 things. You can see on the plat that there's -- The west
14 half of 33, I believe, is the section number, and it shows
15 the Walker well. The Walker well was recently completed,
16 it will be added to the facility, and we're asking your
17 permission, then, to expand the facility to include the
18 Walker well.

19 At the prior hearing Mr. Bryan Williams testified
20 before you. Mr. Williams is a petroleum engineer with
21 Marathon. He's responsible for this project area, and he
22 went through details with you about the specifics of the
23 project.

24 He has submitted to you as Exhibit 1 his
25 affidavit, asking for the inclusion of the Walker lease and

1 the well into the common battery. You will note that he's
2 also attested to the fact that all the interest owners in
3 all leases that are currently approved for commingling,
4 plus the owners of the Walker lease, have been notified of
5 this request. To the best of our knowledge, there is no
6 objection to your approving this Application.

7 Mr. Williams has detailed for you the list of the
8 owners for each of the leases, and then appended to that is
9 the notice of hearing letter, a copy of the plat that was
10 sent to all those parties and then copies of the green
11 return receipt cards, showing service on all those interest
12 owners.

13 In addition, so that we do not have to come back
14 to hearing each time a well is added or subtracted from the
15 common battery, we have notified all interest owners and
16 have applied to you for an administrative procedure within
17 the context of this case that will allow us to do future
18 expansions or contractions administratively.

19 That is the substance and the content of our
20 presentation this morning, Mr. Examiner, and with your
21 permission, we would submit Exhibit Number 1.

22 EXAMINER ASHLEY: Okay, Exhibit Number 1 will be
23 admitted into evidence.

24 Mr. Kellahin, so the two things that you're
25 requesting is to expand to include the west half of Section

1 33 and an administrative procedure for future expansions?

2 MR. KELLAHIN: Yes, sir, and we would suggest
3 that the administrative procedure might be one that
4 included notice only to tracts that were being added for
5 which notice had not been provided in case there should be
6 some objection from a new well on a different lease being
7 consolidated into the facility.

8 All the current owners have been notified
9 repeatedly. They were notified of the hearing back in
10 November, there was no objection. They were notified
11 today, there's still no objection. And we see that there
12 is no opposition to the consolidation of the facilities and
13 the use of a common battery.

14 EXAMINER ASHLEY: Is there any indication in here
15 as to what their future plans are for any kind of
16 expansion?

17 MR. KELLAHIN: I can't detail specifically what
18 they are. But in a general way, they are looking for
19 Morrow gas production, and when they have some success --
20 That volume of production has not been very prolific, and
21 so they are adding these to the common facility as a cost-
22 saving, economic procedure. And so I would expect that any
23 expansion would be those sections or parts of sections that
24 are in immediate proximity to the facility. I can't tell
25 you which ones they are at this point.

1 EXAMINER ASHLEY: Okay. It seems like if I
2 remember right, there are multiple pools involved in this
3 battery too; is that correct?

4 MR. KELLAHIN: Your recollection is correct,
5 there --

6 EXAMINER ASHLEY: Is there -- Excuse me.

7 MR. KELLAHIN: Yes, sir, go ahead.

8 EXAMINER ASHLEY: What will be the pool be that
9 this Walker well will be completed in? Is that in this
10 Exhibit 1?

11 MR. KELLAHIN: That well has just recently been
12 completed and is still going through testing. I believe it
13 will be in the Travis-Upper Pennsylvanian Pool.

14 EXAMINER ASHLEY: Okay.

15 MR. KELLAHIN: But that's not a final decision.
16 You'll note in the prior order you issued that most of the
17 gas production is associated with the Upper Pennsylvanian
18 formations, and they're either in the Travis-Upper Penn or
19 in the North Turkey Track-Morrow Gas Pool, so those are the
20 two logical ones to pick from.

21 You may remember, the gas production is not
22 commingled. It is metered and sold separately on each
23 lease. It is the liquids in association with the gas that
24 are gathered and then metered at the common battery and
25 then allocated back to individual leases on a testing

1 method that you previously approved.

2 EXAMINER ASHLEY: Do you have any questions?

3 MR. CARROLL: No.

4 EXAMINER ASHLEY: Anything further?

5 MR. KELLAHIN: No, sir.

6 EXAMINER ASHLEY: There being nothing further in
7 this case, Case 12,162 will be taken under advisement.

8 MR. KELLAHIN: Thank you.

9 EXAMINER ASHLEY: Thank you.

10 (Thereupon, these proceedings were concluded at
11 8:30 a.m.)

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I ~~do~~ hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 12162,
heard by me on 4-29- 1999.


Mark Bahler, Examiner
Of Conservation Division

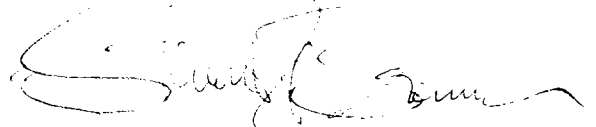
CERTIFICATE OF REPORTER

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 April 29th, 1999.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002