

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. 12,320
)
APPLICATION OF CHEVRON USA PRODUCTION)
COMPANY FOR APPROVAL TO CONVERT THE EMSU)
WELLS NO. 210, 212, 222, 252 AND 258 TO)
INJECTION IN THE EUNICE MONUMENT SOUTH)
UNIT, LEA COUNTY, NEW MEXICO)
)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 18th, 2002

Santa Fe, New Mexico

02 APR 26 AM 8:34
OIL CONSERVATION DIV

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, April 18th, 2002, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

April 18th, 2002
Examiner Hearing
CASE NO. 12,320

	PAGE
REPORTER'S CERTIFICATE	8

* * *

Document submitted by Chevron, not offered or admitted:

Identified

Letter dated 4-9-02 from J.E. Gallegos to William F. Carr	6
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* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

ALSO PRESENT:

WILL JONES
Engineer
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87501

* * *

1 WHEREUPON, the following proceedings were had at
2 9:11 a.m.:

3 EXAMINER CATANACH: Let's go ahead and --
4 speaking of carrying the case month to month, year to year,
5 whatever the case may be, I will at this time call Case
6 12,320, which is the Application of Chevron USA Production
7 Company for approval to convert the EMSU Wells Number 210,
8 212, 222, 252 and 258 to injection in the Eunice Monument
9 South Unit, Lea County, New Mexico.

10 Call for appearances in this case.

11 MR. CARR: May it please the Examiner, my name is
12 William F. Carr with the Santa Fe office of Holland and
13 Hart, L.L.P. We represent Chevron USA Production Company
14 in this matter. I have no witness.

15 EXAMINER CATANACH: Any additional appearances?

16 There being none, Mr. Carr, you may proceed.

17 MR. CARR: Mr. Examiner, as you're aware, in
18 November of 1999 Chevron filed an Application seeking
19 authorization to convert five wells in the Eunice Monument
20 South Unit to injection.

21 This case came for hearing before a Division
22 Examiner in March of 2000, at which time the attorneys for
23 Doyle Hartman appeared and examined the Chevron witnesses.
24 Mr. Hartman presented no testimony. An order in this case
25 was entered in March of the year 2000, and Mr. Hartman

1 timely filed an application for hearing *de novo*.

2 Initially, Mr. Hartman had written the Oil
3 Conservation Division, and he had expressed concern about
4 the application. He said he didn't object if Chevron would
5 agree to certain industry-accepted standards, and there
6 were questions about whether or not those were standards
7 that were accepted by the industry, and so there was
8 testimony on that point.

9 When Mr. Hartman went *de novo* he indicated that
10 he didn't have objection to converting these wells to
11 injection, but he did take exception to certain findings in
12 the order. And the order contains some findings that, if I
13 were Mr. Hartman, I would not want sitting in a public
14 record. At one level -- said he testified to certain
15 things, and he did not.

16 There were statements made by a Chevron witness,
17 who had never testified before and became angry, that were
18 elevated into findings. It was never characterized as
19 determinations, but it was carried in the findings as
20 statements by Chevron.

21 And then there were findings that said Mr.
22 Hartman did not respond to those, and Mr. Hartman tried to
23 respond and asked that the record be left open so he could
24 respond. The record was closed, the case taken under
25 advisement, and although affidavits were filed the findings

1 said that there was no response.

2 In the meantime -- And his *de novo* application
3 said he didn't object to the conversion of the Chevron
4 wells to injection, and in the meantime Chevron has
5 determined that it doesn't intend to convert these wells to
6 injection. And so we've had this problem sitting before
7 the Division, as you've noted, for some time.

8 Chevron has withdrawn its application, and we're
9 here today to request that the case be dismissed and that
10 the order be withdrawn. Withdrawing the order will
11 accommodate the concerns of Mr. Hartman, and if these
12 matters ever become issues they can be brought in the
13 context of another case where the issue is fully presented,
14 the evidence is presented.

15 And so we have submitted to you a letter
16 requesting dismissal. We have withdrawn our application
17 requesting dismissal of the order -- or dismissal of the
18 case and rescission of the order.

19 I have reviewed this with Mr. Gallegos, attorney
20 for Mr. Hartman. He has written, he concurs not only in
21 this recommendation but in the proposed order and documents
22 that we've filed with the Division.

23 I have reviewed this not only with the attorneys
24 for Hartman but with the attorneys for the Division, the
25 Commission and the Department, and I believe what we

1 propose is acceptable to all involved.

2 We therefore request that the case be dismissed
3 and the prior order rescinded.

4 MR. BROOKS: Sounds good to me.

5 EXAMINER CATANACH: Thank you, Mr. Carr.

6 MR. CARR: Thank you, Mr. Catanach.

7 EXAMINER CATANACH: There being nothing further,
8 Case 12,320 will be taken under advisement.

9 MR. CARR: Would you like a copy of Mr. Gallegos'
10 letter --

11 EXAMINER CATANACH: Yes --

12 MR. CARR: -- for the record?

13 EXAMINER CATANACH: -- I would. Thank you.

14 (Thereupon, these proceedings were concluded at
15 9:20 a.m.)

16 * * *

17
18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. 12320,
heard by me on April 18, 192002.

21 David R. Catanach, Examiner
22 Oil Conservation Division
23
24
25

GALLEGOS LAW FIRM

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CONFIRMATION COPY
OF FACSIMILE

April 9, 2002
(Our File No. 00-1.85)

J.E. GALLEGOS **

VIA TELECOPY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

RECEIVED

APR 10 2002

HOLLAND & HART LLP

Re: New Mexico Oil Conservation Division Case No. 12320; Application of Chevron for EMSU Wells – For Approval to Convert EMSU Wells to Injection in the Eunice Monument South Unit

Dear Bill:

Time finally permitted my reviewing the draft letter to the Division and draft dismissal Order in this matter.

These items represent a good solution to close this case. I suggest no changes and have my fingers crossed that the Division will embrace this resolution. By copy of this fax, I am sending Doyle Hartman a copy of your draft letter and order for his information. I doubt that he will have any problem, but if he does surely he will let me know.

Sincerely,

GALLEGOS LAW FIRM, P.C.

BY:


J.E. GALLEGOS

JEG:sg
fxc: Doyle Hartman