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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. 10,882

APPLICATION OF JAMES C. BROWN,
TRUSTEE, AND BAYSHORE PRODUCTION
CO., LIMITED PARTNERSHIP

JAN 14 1994

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

December 16, 1993

Santa Fe, New Mexico

ORIGINAL

This matter came on for hearing before the Oil
Conservation Division on Thursday, December 16, 1993, at
Morgan Hall, State Land Office Building, 310 Old Santa Fe
Trail, Santa Fe, New Mexico, before Steven T. Brenner,
Certified Court Reporter No. 7 for the State of New Mexico.

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A P P E A R A N C E S

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FOR THE DIVISION:

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FOR DOYLE HARTMAN:

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* * *

1 WHEREUPON, the following proceedings were had at
2 10:53 a.m.:

3 EXAMINER MORROW: All right, we'll call Case
4 10,882.

5 MR. STOVALL: The Application of James C. Brown,
6 Trustee, and Bayshore Production Company, Limited
7 Partnership, to vacate and void Division Administrative
8 Orders NSP-1632(L) (SD) and NSP-1633(L), Lea County, New
9 Mexico.

10 EXAMINER MORROW: Call for appearances.

11 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
12 the Santa Fe law firm of Kellahin and Kellahin, appearing
13 on behalf of one of the Applicants, James C. Brown,
14 Trustee.

15 MR. BRUCE: Mr. Examiner, Jim Bruce appearing on
16 behalf of Bayshore Production Company, Limited Partnership.

17 MR. CARR: May it please the Examiner, I'm
18 William F. Carr with the Santa Fe law firm Campbell, Carr,
19 Berge and Sheridan. I'd like to enter my appearance for
20 Amerada Hess Corporation.

21 MR. STOVALL: And for the record, state that Mr.
22 J.E. Gallegos of the Gallegos law firm has entered an
23 appearance on behalf of Doyle Hartman, who is the operator
24 under the administrative orders in question.

25 It is my understanding that this matter is also

1 subject to some litigation in Lea County, New Mexico, and
2 that the District Judge in Lea County has entered an order
3 which affects the proceeding in this matter; is that
4 correct?

5 MR. KELLAHIN: Well, it affects this proceeding
6 insofar, Mr. Examiner, as the District Court yesterday
7 entered a preliminary injunction precluding Bayshore and
8 Brown from proceeding with this case.

9 The Division was not and is not a party to that
10 case. There is some complexity and some unresolved issues
11 as to what this means. I do not know whether it means that
12 the case must be dismissed in deference to the Court's
13 decision. I do not know how to resolve that with the
14 primary jurisdiction of the Oil Conservation Division to do
15 on its own motion or on any other motion action with
16 regards to this issue that is of importance to them.

17 And so I think we'll just balk and ask you to
18 continue it for two weeks until the lawyers can examine the
19 District Court's order and determine what options there are
20 for the parties.

21 I think a continuance prejudices no one's
22 position, and it abides with requirements that we are now
23 under as litigants in that District Court action.

24 So I would recommend that the case be continued
25 to the next hearing at this point.

1 MR. STOVALL: Mr. Bruce?

2 MR. BRUCE: I would concur with Mr. Kellahin, and
3 I would second his comment about the scope of the Order is
4 unclear since the Commission was not a party before the
5 District Court. I think there are issues concerning the
6 authority of the Court to stay the Commission, in effect
7 one court telling another what to do.

8 MR. STOVALL: Mr. Carr?

9 MR. CARR: We're not an applicant in the case
10 before the Division, but Amerada Hess would support the
11 statements made by both Mr. Kellahin and Mr. Bruce.

12 MR. STOVALL: I suppose the inference is that we
13 could enter an order without testimony in this case, but
14 that probably wouldn't do much good.

15 MR. KELLAHIN: It would be interesting.

16 MR. BRUCE: And it would raise somebody's blood
17 pressure.

18 (Off the record)

19 EXAMINER MORROW: Case 10,882 will be continued
20 until January 6th, 1994.

21 (Thereupon, these proceedings were concluded at
22 10:58 a.m.)

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