

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4

5 Case No. 10269

6 IN THE MATTER OF CASE NUMBER 10269)
7 APPLICATION OF MARATHON OIL)
8 COMPANY FOR A WATERFLOOD PROJECT)
AND 12 UNORTHODOX INJECTION)
WELL LOCATIONS, LEA COUNTY, N.M.)

9 REPORTER'S TRANSCRIPT OF PROCEEDINGS
10 EXAMINER HEARING
11 BEFORE: JIM MORROW, HEARING EXAMINER

12 Thursday April 18, 1991
13 9:50 a.m.
14 Santa Fe, New Mexico

15 This matter came on for hearing before
16 the Oil Conservation Division on Thursday,
17 April 18, 1991, at 9:50 a.m., at Morgan Hall, State
18 Land Office Building, 310 Old Santa Fe Trail,
19 Santa Fe, New Mexico, before: Gail D. Vinson, CCR,
20 Certified Court Reporter Number 297, for the State
21 of New Mexico.

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23 FOR: OIL CONSERVATION BY: GAIL D. VINSON, CCR
DIVISION Certified Court Reporter
24 CCR No. 297
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I N D E X

April 18, 1991
Examiner Hearing
Case No. 10269

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APPEARANCES

3

REPORTER'S CERTIFICATE

9

E X H I B I T S

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Hartman Exhibit Number 2

8

A P P E A R A N C E S

FOR THE DIVISION: ROBERT G. STOVALL, ESQ.
General Counsel
Oil Conservation Commission
State Land Office Bldg.
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

FOR MARATHON OIL: KELLAHIN, KELLAHIN &
AUBREY
Attorneys at Law
BY: W. THOMAS KELLAHIN, ESQ.
117 N. Guadalupe
Santa Fe, New Mexico 87501

FOR DOYLE HARTMAN: GALLEGOS LAW FIRM, P.C.
Attorneys at Law
BY: JOANNE REUTER, ESQ.
141 East Palace Ave.
Santa Fe, New Mexico

1 EXAMINER MORROW: Case Number 10269.

2 MR. STOVALL: Application of Marathon
3 Oil Company, Lea County, New Mexico.

4 EXAMINER MORROW: This case was
5 previously heard, I believe, on --

6 MR. KELLAHIN: March 21st --

7 MR. STOVALL: They just called for an
8 additional hearing.

9 MR. KELLAHIN: I'm Tom Kellahin,
10 appearing today on behalf of Marathon Oil Company.

11 MS. REUTER: Joanne Reuter from the law
12 firm of Gallegos Law Firm, and I'm appearing for
13 Doyle Hartman.

14 EXAMINER MORROW: Okay. Will any
15 witnesses be presented.

16 MS. REUTER: I have no witnesses; I have
17 one exhibit.

18 MR. KELLAHIN: Mr. Examiner, we
19 presented this waterflood application to Mr. Stogner
20 on March 21st. This is a waterflood project within
21 a single state lease. It is in the South Eunice
22 Seven Rivers-Queen Pool. The primary portion of
23 that pool to be targeted for waterflood is the
24 Queen.

25 Full nomenclature in this portion of Lea

1 County, New Mexico, provides that the top of the
2 South Eunice Seven Rivers Queen pool is a bench mark
3 100 feet above the top of the Queen.

4 EXAMINER MORROW: Excuse me just a
5 minute. I believe we'll take just another 30 second
6 break and I'll go get Mr. Stogner and see if he
7 would like to come listen.

8 Come in, Mike. There's going to be some
9 more said on Case Number 10269, and we thought you'd
10 like to hear it.

11 Please continue, Tom.

12 MR. KELLAHIN: Mr. Examiner, this case
13 for Marathon was presented before Examiner Stogner
14 on March 21st. It involved a waterflood application
15 by Marathon for secondary recovery operation on a
16 State of New Mexico lease.

17 The primary zone of interest was the
18 Queen formation in the pool. Pool nomenclature in
19 this portion of New Mexico has the Jalmat Gas Pool,
20 the base of that pool, corresponding to the top of
21 the South Eunice Seven Quarters Queen Pool. That
22 common boundary, if you will, is a point 100 feet
23 above the top of the Queen. That distance then has
24 some Seven Rivers in it.

25 In addition the Jalmat Gas pool has

1 some Seven Rivers in it, so there's a potential
2 overlap. At the time of the prior hearing, ARCO,
3 who has two Jalmat gas wells in the eastern side of
4 the waterflood operation above the Queen, expressed
5 concern to Marathon about a procedure to satisfy
6 themselves that watered injected into the Queen
7 would remain confined to the South Eunice Seven
8 Rivers Queen Pool.

9 We entered into a stipulation with
10 ARCO. Subsequent to that hearing we presented a
11 draft order to the division by letter dated April
12 1st. It was apparent at that hearing that while
13 there was no need to identify additional parties and
14 notify them, there was an error in the acreage
15 described. And so the case was readvertised
16 continued for today's docket.

17 During that interim period, Mr. Hartman,
18 who also has three Jalmat gas wells now on the
19 southwest site of their waterflood operation just
20 adjacent to the state lease, expressed concerns
21 similar to ARCO's.

22 So in the interim, Marathon and
23 Mr. Hartman, with the assistance of their attorneys,
24 have entered into a stipulation that satisfies
25 Mr. Hartman about his Jalmat gas wells so that he

1 has some confidence that the waterflood again in the
2 Queen will remain confined to their pool and not
3 pose a risk to his Jalmat gas wells.

4 Ms. Reuter and I have framed a
5 stipulation between the parties, and would like to
6 have that put into the record. She has a proposed
7 findings and conclusions she wants to submit. I
8 have not yet had a chance to review those with my
9 client.

10 And what I propose to do for the Division
11 is edit and revise my earlier proposed order that
12 addresses the case, including ARCO's position, and
13 address also Mr. Hartman's concerns, so that I can
14 provide you an Order that deals with all these
15 topics.

16 So that's what we propose to do this
17 morning, is simply to introduce the additional
18 exhibits for Mr. Hartman's benefit and then to seek
19 your permission to have a few more days to revise
20 our proposed order and submit it to you and
21 Mr. Stogner for your ultimate decision in that
22 matter.

23 EXAMINER MORROW: Thank you.

24 MS. REUTER: Mr. Kellahin has stated
25 exactly the case for you. At this point I would

1 like to offer into evidence the stipulated exhibit
2 marked as Hartman Exhibit Number 1, and offer to you
3 my proposed findings and order in paragraphs.

4 I perfectly agree with Mr. Kellahin's
5 suggestion that we try and come up with a complete
6 order for your benefit. And Hartman Exhibit
7 Number 1 is the letter agreement entered by Marathon
8 and Mr. Hartman.

9 MR. KELLAHIN: And this is another copy
10 of my April 1st letter with the original draft order
11 that does not yet contain Mr. Hartman's stipulations
12 concerning his gas wells.

13 EXAMINER MORROW: Mr. Stogner, do you
14 have any questions?

15 MR. STOGNER: No, Mr. Morrow, I don't at
16 this time.

17 EXAMINER MORROW: All right. We'll
18 accept Hartman's Exhibit Number 1 into evidence here
19 in the record.

20 (Hartman Exhibit Number 1 was
21 admitted into evidence.)

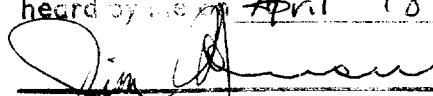
22 EXAMINER MORROW: Anything further?

23 MR. KELLAHIN: No, sir.

24 EXAMINER MORROW: Case 10269 will be
25 taken under advisement.

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I do hereby certify that the foregoing is
a correct and true copy of the record as in
the Examination of Title No. 10269,
heard by me on April 18, 1991.


_____, Examiner
Oil Conservation Division

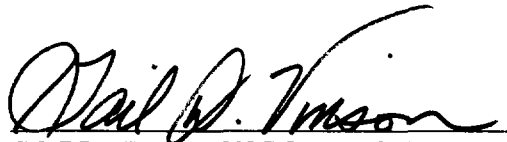
1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF SANTA FE)

4 REPORTER'S CERTIFICATE

5 I, GAIL D. VINSON, CCR, a Certified Court
6 Reporter and Notary Public, DO HEREBY CERTIFY that I
7 stenographically reported these proceedings before
8 the Oil Conservation Division; that the foregoing is
9 a true, complete and accurate transcript of the
10 proceedings of said hearing so taken and transcribed
11 under my personal supervision.

12 I FURTHER CERTIFY that I am not related to
13 nor employed by any of the parties hereto, and have
14 no interest in the outcome hereof.

15 DATED at Santa Fe this 20th day of May, 1991.

16
17
18 
19 GAIL D. VINSON, CCR
20 Certified Court Reporter
21 CCR 297, Notary Public

