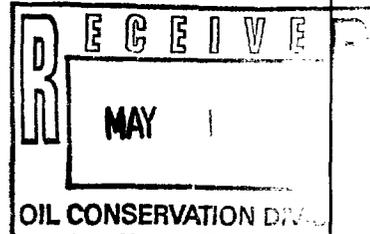


STATE OF NEW MEXICO

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 CHEVRON U.S.A.,)
INC.)

CASE NO. 11,259

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 20th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, April 20th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

April 20th, 1995
Examiner Hearing
CASE NO. 11,259

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
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3 EXAMINER STOGNER: The hearing will come to order
4 for Docket 11-95.

5 I'm Michael Stogner, appointed hearing officer
6 for today's cases. Please note today's date, Thursday,
7 April 20th, 1995.

8 I'll call first Case Number 11,259.

9 MR. CARROLL: Application of Chevron U.S.A.,
10 Inc., for an unorthodox gas well location, Lea County, New
11 Mexico.

12 EXAMINER STOGNER: Call for appearances, if there
13 are any.

14 MR. CARR: May it please the Examiner, my name is
15 William F. Carr with the Santa Fe law firm Campbell, Carr
16 and Berge.

17 We represent Chevron, U.S.A., and I have a brief
18 statement.

19 EXAMINER STOGNER: Any other appearances in this
20 matter?

21 Mr. Carr?

22 MR. CARR: May it please the Examiner, as you are
23 aware, this case was originally filed by Chevron, seeking
24 administrative approval of an unorthodox gas well location
25 for its W.T. McCormack Well Number 18 to be drilled 210

1 feet from the north line and 2390 feet from the east line
2 of Section 32, Township 21 South, Range 37 East, in Lea
3 County, New Mexico.

4 The Division reviewed the Application and became
5 concerned that proper notice had not been given. Chevron
6 was directed to obtain an original copy of a waiver from
7 Amoco Production Company and provide notice to affected
8 operators in accordance with OCD rules.

9 At this time, Mr. Stogner, I have an original
10 waiver from Amoco. I also have an affidavit confirming
11 that notice of this Application in the hearing today has
12 been provided in accordance with OCD rules.

13 Attached to the Affidavit are copies of the
14 notice letters and return receipts showing that all
15 offsetting and affected operators have received notice of
16 this Application.

17 I would offer both of these at this time and
18 request that the case be taken at this time under
19 advisement, pursuant to the advertisement for the case.

20 EXAMINER STOGNER: Case 11,259 -- And contained
21 in that file is a copy of the well record on file with the
22 Oil Conservation Division, the Application submitted by
23 Chevron in December of 1994 for this Application,
24 correspondence from this office to Chevron concerning the
25 notification question, and then other correspondence

1 subsequent to that.

2 And you have handed me an affidavit or a waiver
3 of objection by Amoco.

4 And Zia Energy was notified? That's --

5 MR. CARR: Yes, sir, they were.

6 EXAMINER STOGNER: -- your understanding?

7 MR. CARR: As was Texaco.

8 EXAMINER STOGNER: Anything else in this case?

9 If not, Case Number 11,259 will be taken under
10 advisement.

11 Thank you, Mr. Carr.

12 (Thereupon, these proceedings were concluded at
13 8:18 a.m.)

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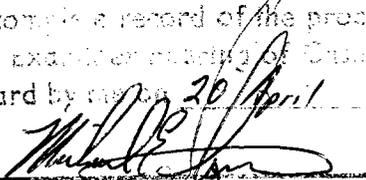
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the examination of Case No. 11259,
heard by me on 20 April, 1995.


_____, Examiner
Oil 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 28th, 1995.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998