

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MARCH 16, 1995 Time: 8:15 A.M.

NAME

REPRESENTING

LOCATION

W. J. ...

W. J. ...

Santa Fe

William J. ...

Embrey, Inc., ...

Santa Fe

B. ...

Armstrong Energy

Roswell

[Signature]

[Signature]

[Signature]

Robert ...

Union Energy Corp

Roswell

ILLEGIBLE

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. 11,217
)
APPLICATION OF SOUTHLAND ROYALTY)
COMPANY)
_____)

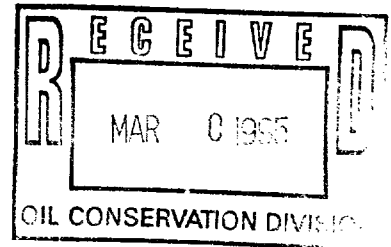
ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 16th, 1995
Santa Fe, New Mexico



This matter came on for hearing before the Oil Conservation Division on Thursday, March 16th, 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.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

March 16th, 1995
 Examiner Hearing
 CASE NO. 11,217

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* * *

E X H I B I T S

	Identified	Admitted
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Exhibit 2	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
 State Land Office Building
 Santa Fe, New Mexico 87504

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 8:23 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order for Docket Number 9-95. Please note today's date,
5 March 16th, 1995. I'm Michael E. Stogner, appointed
6 Hearing Examiner for today's cases.

7 At this time I'll call Case Number 11,217.

8 MR. CARROLL: Application of Southland Royalty
9 Company to reinstate Division Order No. R-10,054, Lea
10 County, New Mexico.

11 EXAMINER STOGNER: At this time I'll call for
12 appearances.

13 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
14 the Santa Fe law firm of Kellahin and Kellahin, appearing
15 on behalf of the Applicant.

16 EXAMINER STOGNER: Any other appearances?

17 Mr. Kellahin, do you have a statement in this
18 case --

19 MR. KELLAHIN: Yes, sir.

20 EXAMINER STOGNER: -- or anything to present?

21 MR. KELLAHIN: Yes, sir.

22 EXAMINER STOGNER: Okay, you've handed me three
23 items. One looks like Order Number R-10,054. That was the
24 Order issued in Case 10,891, but that's not marked.

25 MR. KELLAHIN: Yes, Mr. Examiner, the Order I've

1 handed you is a waterflood project approval for a leasehold
2 operation by Southland Royalty. It was heard by you back
3 in January of 1994 with the Order issued January 26th of
4 1994.

5 The terms and conditions of that Order provided
6 that Southland, prior to the one-year termination date of
7 the Order, could obtain an extension for commencement of
8 the injection operation if they filed a written request
9 with the Director.

10 Southland, for budgetary reasons, postponed this
11 project and, because of personnel changes, overlooked the
12 expiration date and failed to timely file a written
13 request.

14 The Order terminated, then, and we are seeking to
15 have that Order reinstated and to have a new one-year
16 period established for this project.

17 In order to satisfy you, Mr. Examiner, that all
18 the terms and conditions, the facts in evidence have not
19 changed, I have had Mr. Chet Babin, who has previously
20 testified before this Division and is a qualified petroleum
21 engineer, thoroughly examine the details of this project
22 and reduce his opinions and conclusions to an affidavit.

23 He has submitted to you his affidavit as Exhibit
24 1, in which he affirms that he has re-examined the surface,
25 he finds no change in the location of freshwater sources,

1 he has re-examined all the wells within the area of review,
2 he has contacted the OCD District Office as well as his
3 field personnel, and finds that there is no change in the
4 status of any of the wells within the area of review. He
5 has re-examined the C-108 that was presented to you back in
6 January of 1994 and reconfirms for you that there is no
7 change.

8 In addition, we have had Southland Royalty's land
9 personnel re-examine the notice requirements and the
10 parties to be notified. Appended to Mr. Babin's affidavit
11 is a compilation of the ownership for notification showing
12 that there's no change, we re-notified all those parties,
13 and I am aware of no objection to having you reinstate this
14 Order.

15 Exhibit 2 is my affidavit of mailing of
16 notification of hearing.

17 And with the submittal of those two exhibits, we
18 would request that you take this case under advisement and
19 that you reinstate this Order and provide us a new
20 compliance period of one year from the date of whatever
21 date you choose to initiate for this reinstatement.

22 EXAMINER STOGNER: Mr. Kellahin, do you see any
23 other modifications that might need to be addressed in this
24 Order, especially the portions dealing with the EOR tax
25 credit or anything?

1 MR. KELLAHIN: I am aware of no changes that are
2 required in the Order other than reinstatement and giving
3 us a new period to commence injection.

4 Mr. Babin advises me that they have not done the
5 work and they have not initiated water injection into the
6 injection well.

7 EXAMINER STOGNER: Do you have any idea what kind
8 of time constraints we're looking at of getting the project
9 on line in your conversations with Southland Royalty?

10 MR. KELLAHIN: They anticipate within the next
11 120 days, Mr. Examiner.

12 EXAMINER STOGNER: Okay. All right. Does
13 anybody else have anything further in this matter?

14 Then Case Number 11,217 to reinstate Division
15 Order Number R-10,054 will be taken under advisement at
16 this time.

17 (Thereupon, these proceedings were concluded at
18 8:28 a.m.)

19 * * *

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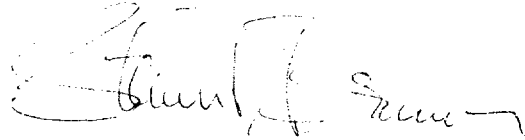
CERTIFICATE OF REPORTER

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 March 17th, 1995.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Case No. 11217, heard by me on 11th March 1995.


_____, Examiner
Oil Conservation Division