

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. 11,815  
)  
APPLICATION OF CONOCO, INC., FOR THE )  
ESTABLISHMENT OF A DOWNHOLE COMMINGLING ) ORIGINAL  
REFERENCE CASE PURSUANT TO RULE 303.E )  
AND AN EXCEPTION TO RULE 303.C.(1)(b) )  
(ii), RIO ARRIBA COUNTY, NEW MEXICO )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

RECEIVED

BEFORE: MICHAEL E. STOGNER, Hearing Examiner SEP 11 1997

Oil Conservation Division

August 21st, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 21st, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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## I N D E X

August 21st, 1997  
Examiner Hearing  
CASE NO. 11,815

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  
2040 South Pacheco  
Santa Fe, New Mexico 87505

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   8:44 a.m.:

3           EXAMINER STOGNER: At this time I'll call Case  
4   Number 11,815.

5           MR. CARROLL: Application of Conoco, Inc., for  
6   the establishment of a downhole commingling reference case  
7   pursuant to Rule 303.E and an exception to Rule 303.C.(1)  
8   (b)(ii), Rio Arriba County, New Mexico

9           EXAMINER STOGNER: At this time I'll call for  
10   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 the Applicant.

14          EXAMINER STOGNER: Any other appearances?

15          Let's see, Mr. Kellahin, I believe this case was  
16   heard the first part of July but we continued it. Could  
17   you give me a brief summary and bring me up to date at this  
18   time?

19          MR. KELLAHIN: Yes, Mr. Examiner.

20          On July 24th we presented a technical case to you  
21   and submitted evidence on a request by Conoco to create a  
22   downhole commingling reference case in their San Juan 28  
23   and 7 Unit in San Juan County, New Mexico.

24          At the conclusion of that case, you requested  
25   that I prepare and circulate a draft order to the Aztec

1 Office of the Division, to Mr. Ben Stone, to Mr. David  
2 Catanach, and obtain their comments.

3 On August 11th I did that. Mr. Busch talked to  
4 me on Tuesday of this week, and I have his comments. He  
5 also has talked to Mr. Catanach, and I understand Mr.  
6 Catanach's comments and I'm prepared to communicate those  
7 to you.

8 I have prepared, both on computer disk and in  
9 hard copy the proposed order that was circulated among the  
10 regulators.

11 EXAMINER STOGNER: Now, does this include Mr.  
12 Busch's comments, or did you incorporate them in this  
13 proposed rough draft?

14 MR. KELLAHIN: No, sir, I did not. I will tell  
15 you what his comments were. There were no comments with  
16 regards to how the order was crafted and constructed.

17 This order is consistent with the commingle  
18 reference cases that Mr. Catanach has heard and approved,  
19 with the following exceptions.

20 This case is the first formal request by an  
21 operator to have the District Office process downhole  
22 commingling cases within one of these units. And if it's  
23 approved by the Division, then it would bypass the Santa Fe  
24 Office's review and approval of the C-107 forms.

25 Mr. Busch's comments were as follows: He had

1 concluded that there was insufficient Fruitland Coal Gas  
2 wells within the unit upon which to base a reference case.  
3 And so his recommendation to you was to delete the  
4 Fruitland Coal Gas Pool as one of the pools for which the  
5 Applicant would be entitled to a reference that that is a  
6 marginal pool.

7 Conoco's evidence, we believe, is contrary to  
8 that conclusion, but that is an issue for you to resolve.

9 With regards to the administrative processing by  
10 the Aztec Office, Mr. Busch communicates that both he and  
11 Mr. Chavez are prepared, willing and able to administer  
12 this reference case, should the Division decide that it's  
13 not necessary to process it here in Santa Fe.

14 He was suggesting for your consideration that it  
15 could be processed, if you desired, in the District by  
16 using a sundry notice procedure. If you did so, that would  
17 be unique, and it would establish the first occurrence  
18 where these cases would be processed in the District using  
19 a sundry notice.

20 I understand from Mr. Busch that he's talked to  
21 Mr. Catanach and that Mr. Catanach prefers to continue the  
22 practice and procedure of having reference cases -- or  
23 downhole commingling applications filed pursuant to a  
24 reference case processed by Mr. Catanach and Mr. Stone.

25 Other than those comments, those are all I have.

1           EXAMINER STOGNER: I was reviewing the -- in  
2 light of this, your comments, I was reviewing the  
3 advertisement and call of the case. Was that included as  
4 being one of the stipulations in the reference case, to  
5 have the District approve this?

6           MR. KELLAHIN: I'm not sure it's precisely set  
7 forth in the advertisement. However, the application that  
8 was filed and the application that was served on all  
9 parties, including all interest owners within the unit,  
10 included that specific request.

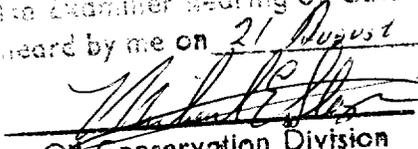
11           EXAMINER STOGNER: Okay. Does anybody else have  
12 anything further at this time?

13           Okay, at this time I will take Case Number 11,815  
14 under advisement.

15           And thank you, Mr. Kellahin, for the rough and  
16 the diskette.

17           (Thereupon, these proceedings were concluded at  
18 8:49 a.m.)

19                           \* \* \*

20  
21  
22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the Examiner hearing of Case no. 11815  
25 heard by me on 21 August 1997.  
  
Examiner  
Of 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 August 22nd, 1997.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998