

OIL CONSERVATION DIVISION
 SEP 27 - 4 AM 7:43

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. 12,270
)
 APPLICATION OF BTA OIL PRODUCERS FOR)
 RESCISSION OF DIVISION ORDER NOS. R-9009)
 AND R-9009-A, LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

October 21st, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, October 21st, 1999, 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

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 Examiner Hearing
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E X H I B I T S

Applicant's	Identified	Admitted
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Exhibit 2	5	5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

CHRIS SCHATZMAN
 Assistant General Counsel
 Energy, Minerals and Natural Resources Department
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, 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 11:15 a.m.:

3 EXAMINER ASHLEY: The Division calls Case 12,270,
4 Application of BTA Oil Producers for rescission of Division
5 Order Numbers R-9009 and R-9009-A, Lea County, New Mexico.

6 Call for appearances.

7 MR. CARR: May it please the Examiner, my name is
8 William F. Carr with the Santa Fe law firm Campbell, Carr,
9 Berge and Sheridan. We represent BTA Oil Producers in this
10 matter, and I have a statement.

11 EXAMINER ASHLEY: Mr. Carr?

12 MR. CARR: May it please the Examiner, like the
13 preceding case, this case is styled that in the absence of
14 objection it can be taken under advisement.

15 This case involves the development of Section 34,
16 Township 22 South, Range 334 East. On this Section BTA
17 operates three wells that have been completed in the
18 Antelope Ridge-Atoka Gas Pool. They are the Maxus "B" 8026
19 JV-P Well Numbers 1, 2 and 3.

20 These wells in this section have been the subject
21 of a couple of prior hearings before the Oil Conservation
22 Division. R-9009 involved the drilling of the Number 3
23 well, and the order basically provided that on completion
24 of the Number 3, the Number 2 well would be plugged and
25 abandoned.

1 Shortly after the order was entered, by letter
2 and then later by a paragraph in a subsequent order,
3 R-9009-A, that provision requiring the plugging of the
4 Number 2 well was placed in abeyance.

5 Several years later BTA came before the Division
6 and they sought authorization to continuously and
7 concurrently produce the 1 and 2 wells, located in the
8 south half of the unit, in essence having two producing
9 deep gas wells on a 320-acre unit. That Application was
10 denied, and BTA was authorized to produce in an alternate
11 fashion those two wells.

12 As you are aware, Rule 104 has recently been
13 amended. This rule, as amended, sets new well-location and
14 spacing requirements for deep gas wells, and it now permits
15 two wells to produce on a 320-acre unit.

16 BTA, because of the old orders, and because the
17 change in rules wouldn't supersede in our order, is in the
18 position of being really the only operator in the pool who
19 is not now authorized to operate two deep gas wells on the
20 320-acre unit. For that reason, they need to rescind the
21 prior orders that no longer are applicable but stand as an
22 obstacle to BTA being able to produce under statewide
23 rules.

24 I have presented and offer into evidence two
25 evidence, and Mr. Stogner requested that we do this.

1 The first affidavit is from Tom Williams. Tom
2 Williams is production engineer for BTA. And it basically
3 outlines the history of the development of Section 34.

4 Affidavit two is my affidavit confirming that all
5 offsets to Section 34 have been notified of the
6 Application.

7 We therefore move the admission of the two
8 affidavits, Exhibits 1 and 2, and request that Order
9 Numbers 9009 and R-9009-A be rescinded.

10 EXAMINER ASHLEY: Exhibits 1 and 2 will be
11 admitted as evidence.

12 I do have a few questions about it.

13 Are all these wells -- Well, let's see, let me
14 back up here.

15 The Number 1 well is currently dedicated to the
16 east half?

17 MR. CARR: Correct.

18 EXAMINER ASHLEY: The Number 2 well is currently
19 dedicated to the west half?

20 MR. CARR: The 1 and the 3 are dedicated to the
21 east half, and the Number 2 is dedicated to the west half.

22 EXAMINER ASHLEY: And the Number 3 is shut in; is
23 that correct?

24 MR. CARR: The Number 3 is shut in at this time.

25 EXAMINER ASHLEY: And so are the 1 and the 2

1 producing from the Atoka?

2 MR. CARR: Yes.

3 EXAMINER ASHLEY: Now, the 1 was originally
4 completed as a dual producer; is that correct?

5 MR. CARR: I don't know that.

6 EXAMINER ASHLEY: Okay.

7 MR. CARR: I know it was in the Atoka when we
8 were dealing with it --

9 EXAMINER ASHLEY: Okay.

10 MR. CARR: -- in the context of the simultaneous
11 dedication hearing.

12 EXAMINER ASHLEY: Okay, if these two orders are
13 rescinded, then the 1 and the 2 will be dedicated to the
14 south-half 320-acre...

15 MR. CARR: Mr. Ashley, there was an intervening
16 letter, and it's attached as Exhibit C to the Affidavit of
17 Tom Williams, and it was a letter signed by Mr. LeMay, and
18 it was called administrative amendments to Division Orders
19 9009 and 9009-A, and I don't know if it's appropriate to
20 have amended an R order with just an administrative letter,
21 but it reoriented the spacing units, and so that was one of
22 the reasons we put this all in an affidavit and attached
23 the documents, because if you look at just the orders
24 there's a break in the history and you can't explain what
25 it is.

1 So what we have now are two standup units, and if
2 these orders are rescinded, the Number 1 and the Number 3
3 would be dedicated to the east half and the west half to
4 the Number 2, because that's the current spacing unit.

5 EXAMINER ASHLEY: Okay.

6 There being nothing further in Case 12,270, Case
7 12,270 will be taken under advisement.

8 MR. CARR: Thank you.

9 (Thereupon, these proceedings were concluded at
10 11:23 a.m.)

11 * * *

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16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing of Case No. 12270
20 heard by me on 10-21-99
21 Mark Ashby, Examiner
22 Off Conservation Division
23
24
25

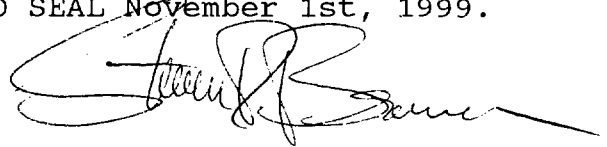
CERTIFICATE OF REPORTER

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 November 1st, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002