

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. 12,320  
)  
APPLICATION OF CHEVRON USA PRODUCTION )  
COMPANY FOR APPROVAL TO CONVERT THE EMSU )  
WELLS NO. 210, 212, 222, 252 AND 258 TO )  
INJECTION IN THE EUNICE MONUMENT SOUTH )  
UNIT, LEA COUNTY, NEW MEXICO )  
\_\_\_\_\_ )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 18th, 2002

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, April 18th, 2002, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

OIL CONSERVATION DIV.  
02 APR 26 AM 8:34

## I N D E X

April 18th, 2002  
Examiner Hearing  
CASE NO. 12,320

## PAGE

REPORTER'S CERTIFICATE

8

\* \* \*

Document submitted by Chevron, not offered or admitted:

Identified

Letter dated 4-9-02 from  
J.E. Gallegos to William F. Carr

6

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

DAVID K. BROOKS  
Attorney at Law  
Energy, Minerals and Natural Resources Department  
Assistant General Counsel  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

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

## ALSO PRESENT:

WILL JONES  
Engineer  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87501

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   9:11 a.m.:

3           EXAMINER CATANACH: Let's go ahead and --  
4   speaking of carrying the case month to month, year to year,  
5   whatever the case may be, I will at this time call Case  
6   12,320, which is the Application of Chevron USA Production  
7   Company for approval to convert the EMSU Wells Number 210,  
8   212, 222, 252 and 258 to injection in the Eunice Monument  
9   South Unit, Lea County, New Mexico.

10          Call for appearances in this case.

11          MR. CARR: May it please the Examiner, my name is  
12   William F. Carr with the Santa Fe office of Holland and  
13   Hart, L.L.P. We represent Chevron USA Production Company  
14   in this matter. I have no witness.

15          EXAMINER CATANACH: Any additional appearances?

16          There being none, Mr. Carr, you may proceed.

17          MR. CARR: Mr. Examiner, as you're aware, in  
18   November of 1999 Chevron filed an Application seeking  
19   authorization to convert five wells in the Eunice Monument  
20   South Unit to injection.

21          This case came for hearing before a Division  
22   Examiner in March of 2000, at which time the attorneys for  
23   Doyle Hartman appeared and examined the Chevron witnesses.  
24   Mr. Hartman presented no testimony. An order in this case  
25   was entered in March of the year 2000, and Mr. Hartman

1 timely filed an application for hearing *de novo*.

2 Initially, Mr. Hartman had written the Oil  
3 Conservation Division, and he had expressed concern about  
4 the application. He said he didn't object if Chevron would  
5 agree to certain industry-accepted standards, and there  
6 were questions about whether or not those were standards  
7 that were accepted by the industry, and so there was  
8 testimony on that point.

9 When Mr. Hartman went *de novo* he indicated that  
10 he didn't have objection to converting these wells to  
11 injection, but he did take exception to certain findings in  
12 the order. And the order contains some findings that, if I  
13 were Mr. Hartman, I would not want sitting in a public  
14 record. At one level -- said he testified to certain  
15 things, and he did not.

16 There were statements made by a Chevron witness,  
17 who had never testified before and became angry, that were  
18 elevated into findings. It was never characterized as  
19 determinations, but it was carried in the findings as  
20 statements by Chevron.

21 And then there were findings that said Mr.  
22 Hartman did not respond to those, and Mr. Hartman tried to  
23 respond and asked that the record be left open so he could  
24 respond. The record was closed, the case taken under  
25 advisement, and although affidavits were filed the findings

1 said that there was no response.

2 In the meantime -- And his *de novo* application  
3 said he didn't object to the conversion of the Chevron  
4 wells to injection, and in the meantime Chevron has  
5 determined that it doesn't intend to convert these wells to  
6 injection. And so we've had this problem sitting before  
7 the Division, as you've noted, for some time.

8 Chevron has withdrawn its application, and we're  
9 here today to request that the case be dismissed and that  
10 the order be withdrawn. Withdrawing the order will  
11 accommodate the concerns of Mr. Hartman, and if these  
12 matters ever become issues they can be brought in the  
13 context of another case where the issue is fully presented,  
14 the evidence is presented.

15 And so we have submitted to you a letter  
16 requesting dismissal. We have withdrawn our application  
17 requesting dismissal of the order -- or dismissal of the  
18 case and rescission of the order.

19 I have reviewed this with Mr. Gallegos, attorney  
20 for Mr. Hartman. He has written, he concurs not only in  
21 this recommendation but in the proposed order and documents  
22 that we've filed with the Division.

23 I have reviewed this not only with the attorneys  
24 for Hartman but with the attorneys for the Division, the  
25 Commission and the Department, and I believe what we

1 propose is acceptable to all involved.

2 We therefore request that the case be dismissed  
3 and the prior order rescinded.

4 MR. BROOKS: Sounds good to me.

5 EXAMINER CATANACH: Thank you, Mr. Carr.

6 MR. CARR: Thank you, Mr. Catanach.

7 EXAMINER CATANACH: There being nothing further,  
8 Case 12,320 will be taken under advisement.

9 MR. CARR: Would you like a copy of Mr. Gallegos'  
10 letter --

11 EXAMINER CATANACH: Yes --

12 MR. CARR: -- for the record?

13 EXAMINER CATANACH: -- I would. Thank you.

14 (Thereupon, these proceedings were concluded at  
15 9:20 a.m.)

16 \* \* \*

17  
18 I do hereby certify that the foregoing is  
19 a complete record of the proceedings in  
20 the Examiner hearing of Case No. 12320,  
heard by me on April 18, 192002.

21 David R. Catanach, Examiner  
22 Oil Conservation Division  
23  
24  
25

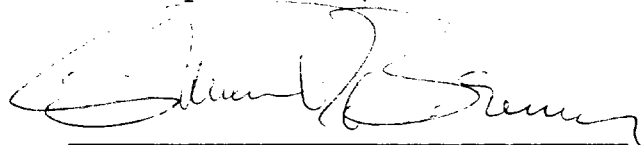
## CERTIFICATE OF REPORTER

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 April 19th, 2002.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002



# GALLEGOS LAW FIRM

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CONFIRMATION COPY  
OF FACSIMILE

April 9, 2002  
(Our File No. 00-1.85)

J.E. GALLEGOS \*\*

**RECEIVED**

APR 10 2002

**HOLLAND & HART LLP**

**VIA TELECOPY**

William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan, P.A.  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Re: New Mexico Oil Conservation Division Case No. 12320; Application of Chevron for EMSU Wells – For Approval to Convert EMSU Wells to Injection in the Eunice Monument South Unit

Dear Bill:

Time finally permitted my reviewing the draft letter to the Division and draft dismissal Order in this matter.

These items represent a good solution to close this case. I suggest no changes and have my fingers crossed that the Division will embrace this resolution. By copy of this fax, I am sending Doyle Hartman a copy of your draft letter and order for his information. I doubt that he will have any problem, but if he does surely he will let me know.

Sincerely,

GALLEGOS LAW FIRM, P.C.

BY:

  
J.E. GALLEGOS

JEG:sg  
fxc: Doyle Hartman