

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. 12,563

APPLICATION OF THE NEW MEXICO OIL)
 CONSERVATION DIVISION FOR TERMINATION)
 OF GAS PRORATIONING IN THE JALMAT AND)
 EUMONT GAS POOLS AND TO AMEND THE)
 SPECIAL RULES GOVERNING BOTH POOLS,)
 LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

September 6th, 2001

Santa Fe, New Mexico

 01 SEP 20 10:11
 L.C. 12,563

This matter came on for hearing before the New
 Mexico Oil Conservation Division, DAVID R. CATANACH,
 Hearing Examiner, on Thursday, September 6th, 2001, 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.

* * *

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

I N D E X

September 6th, 2001
 Examiner Hearing
 CASE NO. 12,563

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APPLICANT'S WITNESS:	
<u>MICHAEL E. STOGNER</u> (Petroleum Engineer, NMOCD)	
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* * *

Additional submission by Raptor Resources:

	Identified
Statement read by Mr. Lawrence	10

* * *

A P P E A R A N C E S

FOR THE DIVISION:

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

FOR RAPTOR RESOURCES, INC., BP AMOCO PRODUCTION COMPANY
and CHEVRON USA PRODUCTION COMPANY:

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

* * *

ALSO PRESENT:

MICHAEL E. STOGNER
Hearing Examiner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87501

JOHN J. LAWRENCE
Engineer
Raptor Resources, Inc.

* * *

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

1 WHEREUPON, the following proceedings were had at
2 8:40 a.m.:

3 EXAMINER CATANACH: I think what we're going to
4 do now is, we have a case that wasn't on the docket, it was
5 listed as a supplemental case on the docket, and we're
6 going to go ahead and hear that case now. It was
7 originally heard, I believe, on July 12th, and it's the
8 concerns of gas proration in the Eumont and Jalmat Gas
9 Pools, and I think we'll go ahead and get that out of the
10 way this morning.

11 At this time I'll call Case 12,563, which is the
12 Application of the New Mexico Oil Conservation Division for
13 termination of gas prorationing in the Jalmat and Eumont
14 Gas Pools and to amend the special rules governing both
15 pools, Lea County, New Mexico.

16 I will call for appearances in this case.

17 MR. BROOKS: May it please the Examiner, I'm
18 David Brooks, assistant general counsel, Department of
19 Energy, Minerals and Natural Resources, appearing on behalf
20 of the New Mexico Oil Conservation Division.

21 I would add, I have one witness present. I do
22 not -- I believe he's present. I may have to -- No, I
23 think he went back upstairs.

24 EXAMINER CATANACH: Okay.

25 MR. BROOKS: If he is needed, I don't intend to

1 offer any testimony, but I will submit my witness for
2 examination by counsel or by the Examiner if desired, and
3 since he's -- Well, here he is. I thought I was going to
4 have to send upstairs for my witness, but he showed up.

5 EXAMINER CATANACH: Okay. Let me call for
6 additional appearances.

7 MR. FELDEWERT: May it please the Examiner,
8 Michael Feldewert with the law firm of Holland and Hart and
9 Campbell and Carr. I'm appearing today in favor of the
10 amendments to the rules on behalf of Raptor Resources,
11 Inc., BP Amoco Production Company and Chevron USA
12 Production Company.

13 With me today is Mr. John Lawrence with Raptor
14 Resources, Inc. He has a brief statement he would like to
15 make to the Division at the appropriate time and then also
16 has a handout that he'd also like to present.

17 EXAMINER CATANACH: Okay. Any additional
18 appearances?

19 Mr. Brooks, you may proceed.

20 MR. BROOKS: Okay. I will modify what I said
21 about not offering any testimony, because I do want to
22 offer testimony to the effect that notice was given as
23 directed by the Examiner.

24 EXAMINER CATANACH: Okay.

25 MR. BROOKS: Would the -- has the witness -- I

1 don't believe the witness has been sworn.

2 EXAMINER CATANACH: Please stand to be sworn in.

3 (Thereupon, the witness was sworn.)

4 MICHAEL E. STOGNER,

5 the witness herein, after having been first duly sworn upon
6 his oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. BROOKS:

9 Q. Thank you. Would you state your name for the
10 record, please?

11 A. Michael Stogner.

12 Q. And where do you reside?

13 A. I reside in Estancia, New Mexico.

14 Q. And by whom are you employed?

15 A. The New Mexico Oil Conservation Division here in
16 Santa Fe, New Mexico.

17 Q. In what capacity?

18 A. I'm a petroleum engineer.

19 Q. Mr. Stogner, in this Cause Number 12,563, did you
20 prepare -- propose field rules for the Jalmat and Eumont --

21 A. Yes, sir, I did.

22 Q. -- Pools?

23 Were you present at the hearing on this case that
24 had occurred on July the 12th, 2001?

25 A. Yes, sir, I was.

1 Q. And do you recall that the Examiner gave certain
2 directions with regard to notification of these proposed
3 field rules?

4 A. Yes, sir.

5 Q. And what was directed to be done?

6 A. Mr. Catanach at that time had directed, because
7 there was some presentations at that particular hearing
8 that started -- or that required some modification to the
9 rules that were presented at that time, and I was directed
10 to make some minor modifications and revised rules and send
11 them out return receipt to all the operators in the Jalmat
12 and Eumont Pool.

13 Q. And did you do so?

14 A. Yes, sir, I did.

15 Q. And would you identify what you have before you
16 as OCD Exhibit A?

17 A. Exhibit A is the first page -- and also I dated
18 that, because I don't remember how my other exhibits were
19 denoted, but this is September 6th, Exhibit A, is a letter
20 dated July the 18th. This was a cover letter signed by Mr.
21 Brooks. And attached to that are the revised special rules
22 and regulations for both the Jalmat and Gas Pools [sic].
23 The Jalmat Gas Pool consists of five pages, and then the
24 Eumont also -- I'm sorry, six pages. Also the Eumont Pool
25 rules consist of six pages also.

1 Q. And on or about July 18th, 2001, did you cause
2 Exhibit A to be sent by certified mail, return receipt
3 requested, to each operator shown by the records of the New
4 Mexico Oil Conservation Division to be an operator of a
5 unit within the Jalmat-Eumont Gas Pool?

6 A. Yes, sir, I did. I received a listing of the
7 operators from our computer division, and I've handed the
8 only copy I have, and I marked that Exhibit B, and Mr.
9 Catanach has that in front of him. And attached to the
10 list is also the green return receipt cards, and also there
11 are a couple of returned envelopes that were not delivered
12 for whatever reason.

13 MR. BROOKS: Very good. At this time the
14 Division will tender Exhibits A and B.

15 EXAMINER CATANACH: Exhibits A and B will be
16 admitted as evidence.

17 MR. BROOKS: Very good. With that I will pass
18 the witness. As I said, the Division will rest upon the
19 testimony offered at the hearing on July the 12th.
20 However, we will tender the witness for examination by the
21 Examiner or by counsel.

22 EXAMINER CATANACH: Mr. Feldewert, do you have
23 any questions?

24 MR. FELDEWERT: I have no questions, Mr.
25 Examiner.

EXAMINATION

BY EXAMINER CATANACH:

Q. Just one. Mr. Stogner, did you have any contact with any operators indicating their preference or anything to do with the rules?

A. Let's see, the most recent one was yesterday, a representative from Raptor came in and spoke briefly. And let's see, an attorney, I had a conversation with Mr. Feldewert concerning some wording. I want to say there was some comments -- I can't remember if it was just voice mail or I actually got to talk to somebody with Lewis Burleson. I think it was just to clarify a couple of things.

But other than that, there hasn't been hardly any comments or anything to me. Nothing in writing has been sent to me, or I've seen anything. It's only been verbal.

Q. Has anybody expressed any opposition to your proposed rules?

A. Opposition?

Q. No.

EXAMINER CATANACH: I have nothing further. The witness may be excused.

MR. BROOKS: Very good, the OCD will rest.

EXAMINER CATANACH: Mr. Feldewert?

MR. FELDEWERT: Yes, Mr. Examiner, if I may. John Lawrence, who's here with Raptor Resources, Inc.,

1 would just like to make a brief statement to the Division.
2 I think he also has a handout, which, if I may approach...

3 EXAMINER CATANACH: Thank you.

4 MR. LAWRENCE: Raptor would like to make a
5 statement in support of the proposed rule changes. The
6 Division's proposed amendments to the rules and the
7 termination of prorationing in this pool will encourage
8 further development of these resources under a regulatory
9 scheme that protects the rights of the owners therein.
10 Raptor also supports a setback of 660 feet for all proposed
11 wells. Raptor appreciates the work of the OCD in the
12 proposed rule changes and is in full support.

13 MR. FELDEWERT: Mr. Examiner, BP Amoco Production
14 Company and also Chevron USA Production Company also
15 support these changes, these proposed special rules and
16 regulations that have been promulgated by the Division.
17 They do also as well, like Raptor, support the 660 setback
18 alternative, which is on the second page of the proposed
19 rules under Rule 3.

20 Yesterday I also sent on behalf of Raptor
21 Resources and BP Amoco Production Company a letter to Ms.
22 Wrotenbery containing what primarily are just some
23 editorial comments on the rules. They have been discussed
24 with Mr. Stogner and Mr. Brooks.

25 And with that said, both Raptor Resources, BP

1 Amoco and Chevron USA want to thank the Division and their
2 staff for their extensive efforts in developing these
3 proposed rules and regulations and allowing the industry to
4 provide comment.

5 Thank you.

6 EXAMINER CATANACH: Thank you, Mr. Feldewert.

7 Is there anything further in this case?

8 MR. BROOKS: Nothing further, your Honor.

9 EXAMINER CATANACH: There being nothing further,
10 Case 12,563 will be taken under advisement.

11 (Thereupon, these proceedings were concluded at
12 8:50 a.m.)

13 * * *

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18 I do hereby certify that the foregoing is
19 a complete record of the proceedings of
20 the Examiner hearing of Case 12,563
21 heard by me on September 6, 1983
22 David J. Catanch Examiner
23 Oil Conservation Division
24
25

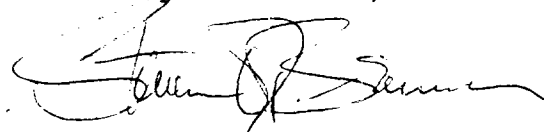
CERTIFICATE OF REPORTER

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 September 7th, 2001.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002