

**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. 10882

APPLICATION OF JAMES C. BROWN, TRUSTEE,
AND BAYSHORE PRODUCTION CO.,
LIMITED PARTNERSHIP, TO VACATE
AND VOID DIVISION ADMINISTRATIVE
ORDERS NSP-1632(L)(SD) AND NSP-1633(L),
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

James C. Brown, Trustee, _____

name, address, phone and
contact person

Bayshore Production Co., Ltd. Partnership

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq. _____
Kellahin & Kellahin _____
Post Office Box 2265 _____
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James G. Bruce, Esq. _____
Hinkle, Cox, Eaton, Coffield & Hensley _____
Post Office Box 2068 _____
Santa Fe, NM 87504-2068 _____
(505) 982-4554 _____

Doyle Hartman _____

Doyle Hartman _____

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

Amerada Hess Corporation _____
c/o David Castro _____
218 West 6th Street _____
Tulsa, Oklahoma 74119 _____
(918) 599-4577 _____

name, address, phone and
contact person

J.E. Gallegos, Esq. _____
Gallegos Law Firm _____
141 E. Palace Avenue _____
Santa Fe, New Mexico 87501 _____
(505) 983-6686 _____

W. Thomas Kellahin, Esq. _____
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(505) 982-4285 _____

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A. _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Amerada Hess does not intend to present testimony at this hearing.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

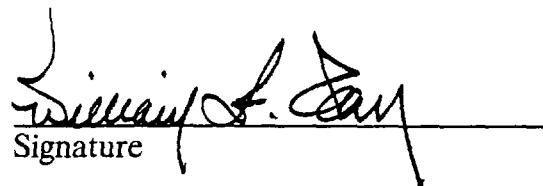
EST. TIME

EXHIBITS

Amerada Hess does not intend to present testimony at this hearing.

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

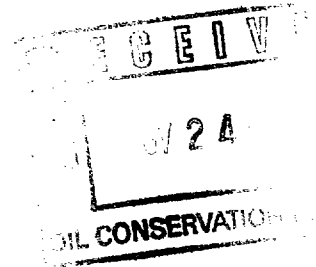

Signature

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
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APPLICATION OF JAMES C. BROWN, TRUSTEE,
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LIMITED PARTNERSHIP, TO VACATE
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ORDERS NSP-1632(L)(SD) AND NSP-1633(L),
LEA COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

James C. Brown, Trustee, _____

name, address, phone and
contact person

Bayshore Production Co., Ltd. Partnership

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq. _____
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(505) 982-4554 _____

Doyle Hartman _____

Doyle Hartman _____

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

Amerada Hess Corporation _____
c/o David Castro _____
218 West 6th Street _____
Tulsa, Oklahoma 74119 _____
(918) 599-4577 _____

name, address, phone and
contact person

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ATTORNEY

William F. Carr, Esq. _____
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Santa Fe, New Mexico 87504 _____
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STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Amerada Hess does not intend to present testimony at this hearing.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

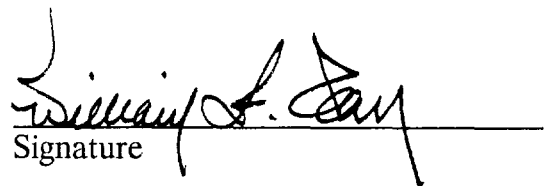
EST. TIME

EXHIBITS

Amerada Hess does not intend to present testimony at this hearing.

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

DEC --

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO.: 10882

APPLICATION OF JAMES C. BROWN, TRUSTEE,
AND BAYSHORE PRODUCTION CO.,
LIMITED PARTNERSHIP, TO VACATE
AND VOID DIVISION ADMINISTRATIVE
ORDERS NSP-1632(L)(SD) AND NSP-1663(L),
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing statement is submitted by Gallegos Law Firm, P.C., appearing specially, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

James C. Brown, Trustee

Bayshore Production Co., Ltd. Partnership

ATTORNEY

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OPPOSITION OR OTHER PARTY

Doyle and Margaret Hartman, dba
Doyle Hartman, Oil Operator,
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Amerada Hess Corporation
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ATTORNEY

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Mary E. Walta, Esq.
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STATEMENT OF CASE**APPLICANT****OPPOSITION OR OTHER PARTY**

Hartman has filed a Motion to Dismiss the Application, or alternatively, to Stay the Proceeding pending conclusion of litigation in Hartman v. Amerada Hess, et al., Civil Action No. 93-483J, Lea County, New Mexico.

PROPOSED EVIDENCE**APPLICANT**

WITNESSES

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

Hartman does not intend to present testimony at this hearing.

PROCEDURAL MATTERS

Hartman's Motion to Dismiss should be considered prior to a hearing on the merits of the Application.



MARY E. WALTA

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:

DEC 12

CASE NO. 10882

APPLICATION OF JAMES C. BROWN, TRUSTEE, AND
BAYSHORE PRODUCTION CO., LIMITED PARTNERSHIP
TO VACATE AND VOID DIVISION ADMINISTRATIVE
ORDERS NSP-1632(L)(SD) AND NSP-1633(L),
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by JAMES C.
BROWN, TRUSTEE, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

James C. Brown, Trustee
The Summit, Suite 700
300 North Marienfeld
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Attn: Mr. James C. Brown
(915) 683-3351

ATTORNEY

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(505) 982-4285

Pre-Hearing Statement
Case No. 10882
Page 2

OPPOSITION OR OTHER PARTY	ATTORNEY
Bayshore Production Co. Lt	James Bruce, Esq.
Doyle & Margaret Hartman dba Doyle Hartman Oil Operator	J. E. Gallegos, Esq. Mary E. Walta, Esq.
Amerada Hess Corporation	William F. Carr, Esq.

STATEMENT OF CASE

APPLICANT

Applicants, James C. Brown, Trustee and Bayshore Production Co., Limited Partnership, have oil and gas ownership interests underlying the N/2N/2 of Section 7, T23S, R37E, N.M.P.M, Lea County, New Mexico.

Relief Requested:

I. Applicants contend that Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L) are void because:

(1) under the New Mexico "Oil & Gas Act" Section 70-2-12(10) the Oil Conservation Division has exclusive jurisdiction to regulate the spacing of wells;

(2) there is no provision under Division Order R-8170, as amended, for the granting of these two administrative orders or for issuing these two administrative orders; and

(3) there is no provision under the Division's general statewide rules for the granting of these two administrative application or for issuing these two administrative orders

James C. Brown and Bayshore
Production Co., Limited Partnership
NMOCD Application
Page 3

II. Applicants contend that Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L) are voidable because each was issued in violation of procedural due process and without prior notification to the interest owners, including the applicants, who had shared in Jalmat Pool production from the 160-acre spacing and proration unit consisting of the NW/4 of said Section 7 and who were now being excluded from sharing in future production from that pool

The uncontested facts are:

On December 27, 1948, Conoco (formerly Continental Oil Company) drilled and on January 19, 1949 completed its Stevens B-7 Com No 1 Well in Unit D of Section 7 as a producing gas well in the Yates and Seven Rivers formations of the Langmat Pool.

On December 17, 1953, Conoco filed an acreage dedication plat for its Stevens Unit B-7 No 1 Well dedicating a 160-acre tract consisting of the NW/4 of said Section 7 to production from the Yates and Seven Rivers formations of the Langmat Pool.

The Jalmat Gas Pool was created by the Oil Conservation Division effective September 1, 1954 from a consolidated of the Jalco and the Langmat Pools and 640-acre gas spacing and proration units were established.

As of September 1, 1989, the Stevens B-7 Com No. 1 Well located in Unit D was still dedicated to a 160-acre spacing and proration unit consisting of the NW/4 of said Section 7 for production from the Jalmat Gas Pool.

James C. Brown and Bayshore
Production Co., Limited Partnership
NMOCD Application
Page 4

On September 1, 1989, Doyle Hartman acquired Conoco's interest in the N/2 of Section 7 and became operator of the four existing wells:

- (a) Stevens B-7 Com No 1 Well (Unit D)
- (b) Stevens B-7 Com No 13 Well (Unit E)
- (c) Stevens B-7 Com No 2 Well (Unit G)
- (d) Stevens B-7 Com No 21 Well (Unit H)

On March 7, 1991, Hartman recompleted the Steven B-7 Com No 13 Well (Unit E) of said Section 7 into the Jalmat Gas Pool and established production in paying quantities.

On May 29, 1991, Hartman filed an administrative application with the New Mexico Oil Conservation Division seeking to terminate the existing 160 acre Jalmat Gas spacing unit consisting of the NW/4 of Section 7 and to substitute two new non-standard proration and spacing units as follows:

- (a) S/2N/2 of Section 7 for the Stevens B-7 Nos 13 and 2 Wells, and
- (b) N/2N/2 of Section 7 for the Stevens B-7 No 1 Well.

At the request of Hartman and without prior notice to James C. Brown, Trustee, or to Bayshore Production Co., Limited Partnership, who were working interest owners in the NW/4 of said Section 7, the Division granted Hartman's administrative applications and issued orders as follows:

- (a) Administrative Order NSP-1632(L)(SD) for the S/2N/2 of said Section 7, and
- (b) Administrative Order NSP-1633(L) for the N/2N/2 of said Section 7,

James C. Brown and Bayshore
Production Co., Limited Partnership
NMOCD Application
Page 5

There is no provision under Division Order R-8170, as amended, for the granting of these two administrative applications or for issuing these two administrative orders.

There is no provision under the Division's general statewide rules for the granting of these two administrative applications or for granting these two administrative orders.

These two orders were issued without prior notice to James C. Brown, Trustee and Bayshore Production Co., Limited Partnership, and thereby deny to those parties procedural due process as required by Uhden v. New Mexico Oil Conservation Commission et al, 112 N.M. 528 (1991), and other cases.

James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, have been denied their share of Jalmat Gas Pool production from the Stevens B-7 Com No. 13 Well as a result of state action taken at the request of Doyle Hartman.

For some 44 years, the oil and gas interest owners in the N/2NW/4 of said Section 7 shared production from the Stevens B-7 Com No 1 Well with the oil and gas interest owners in the S/2NW/4 of that section.

The N/2NW/4 of said Section 7 is being drained by the Hartman operated Stevens B-7 Com No 13 Well, yet those parties are being denied the right to share in that production.

That unless these two orders are vacated, the correlative rights of James C. Brown, Trustee and Bayshore Production Co., Limited Partnership, will have been violated.

James C. Brown and
Bayshore Production Company
NMOCD Application
Page 6

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Richard L. Stamets (geologist-OCD regulatory expert)	30 minutes	locator map OCD rules & orders NSP-documents
Joe Neal (petroleum engineer)	30 minutes	index map production data pressure data reserve analysis economic analysis

PROCEDURAL MATTERS

James C. Brown, Trustee requests the Division deny Hartman's Motion to Dismiss or Stay Proceedings.

The Oil Conservation Division has primary jurisdiction over the well spacing issue raised in this case regardless of whether the parties are involved in District Court litigation over contractual matters by which the various interests have been consolidated for participating in that production.

KELLAHIN & KELLAHIN

By: 

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