

## 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. 10,882

APPLICATION OF JAMES C. BROWN,  
TRUSTEE, AND BAYSHORE PRODUCTION  
CO., LIMITED PARTNERSHIP

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JAN 14 1994REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

December 16, 1993

Santa Fe, New Mexico

**ORIGINAL**

This matter came on for hearing before the Oil  
Conservation Division on Thursday, December 16, 1993, at  
Morgan Hall, State Land Office Building, 310 Old Santa Fe  
Trail, Santa Fe, New Mexico, before Steven T. Brenner,  
Certified Court Reporter No. 7 for the State of New Mexico.

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

FOR THE DIVISION:

ROBERT G. STOVALL  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Building  
Santa Fe, New Mexico 87504

FOR APPLICANT JAMES C. BROWN, TRUSTEE:

KELLAHIN & KELLAHIN  
Attorneys at Law  
By: W. THOMAS KELLAHIN  
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P.O. Box 2265  
Santa Fe, New Mexico 87504-2265

FOR APPLICANT BAYSHORE PRODUCTION CO., LIMITED PARTNERSHIP:

HINKLE, COX, EATON, COFFIELD & HENSLEY  
Attorneys at Law  
By: JAMES G. BRUCE  
218 Montezuma  
P.O. Box 2068  
Santa Fe, New Mexico 87504-2068

FOR AMERADA HESS CORPORATION:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.  
Attorneys at Law  
By: WILLIAM F. CARR  
Suite 1 - 110 N. Guadalupe  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

FOR DOYLE HARTMAN:

GALLEGOS LAW FIRM  
Attorneys at Law  
By: J.E. GALLEGOS  
141 East Palace Avenue  
Santa Fe, New Mexico 87501

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1 WHEREUPON, the following proceedings were had at  
2 10:53 a.m.:

3 EXAMINER MORROW: All right, we'll call Case  
4 10,882.

5 MR. STOVALL: The Application of James C. Brown,  
6 Trustee, and Bayshore Production Company, Limited  
7 Partnership, to vacate and void Division Administrative  
8 Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New  
9 Mexico.

10 EXAMINER MORROW: Call for 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 one of the Applicants, James C. Brown,  
14 Trustee.

15 MR. BRUCE: Mr. Examiner, Jim Bruce appearing on  
16 behalf of Bayshore Production Company, Limited Partnership.

17 MR. CARR: May it please the Examiner, I'm  
18 William F. Carr with the Santa Fe law firm Campbell, Carr,  
19 Berge and Sheridan. I'd like to enter my appearance for  
20 Amerada Hess Corporation.

21 MR. STOVALL: And for the record, state that Mr.  
22 J.E. Gallegos of the Gallegos law firm has entered an  
23 appearance on behalf of Doyle Hartman, who is the operator  
24 under the administrative orders in question.

25 It is my understanding that this matter is also

1 subject to some litigation in Lea County, New Mexico, and  
2 that the District Judge in Lea County has entered an order  
3 which affects the proceeding in this matter; is that  
4 correct?

5 MR. KELLAHIN: Well, it affects this proceeding  
6 insofar, Mr. Examiner, as the District Court yesterday  
7 entered a preliminary injunction precluding Bayshore and  
8 Brown from proceeding with this case.

9 The Division was not and is not a party to that  
10 case. There is some complexity and some unresolved issues  
11 as to what this means. I do not know whether it means that  
12 the case must be dismissed in deference to the Court's  
13 decision. I do not know how to resolve that with the  
14 primary jurisdiction of the Oil Conservation Division to do  
15 on its own motion or on any other motion action with  
16 regards to this issue that is of importance to them.

17 And so I think we'll just balk and ask you to  
18 continue it for two weeks until the lawyers can examine the  
19 District Court's order and determine what options there are  
20 for the parties.

21 I think a continuance prejudices no one's  
22 position, and it abides with requirements that we are now  
23 under as litigants in that District Court action.

24 So I would recommend that the case be continued  
25 to the next hearing at this point.

1 MR. STOVALL: Mr. Bruce?

2 MR. BRUCE: I would concur with Mr. Kellahin, and  
3 I would second his comment about the scope of the Order is  
4 unclear since the Commission was not a party before the  
5 District Court. I think there are issues concerning the  
6 authority of the Court to stay the Commission, in effect  
7 one court telling another what to do.

8 MR. STOVALL: Mr. Carr?

9 MR. CARR: We're not an applicant in the case  
10 before the Division, but Amerada Hess would support the  
11 statements made by both Mr. Kellahin and Mr. Bruce.

12 MR. STOVALL: I suppose the inference is that we  
13 could enter an order without testimony in this case, but  
14 that probably wouldn't do much good.

15 MR. KELLAHIN: It would be interesting.

16 MR. BRUCE: And it would raise somebody's blood  
17 pressure.

18 (Off the record)

19 EXAMINER MORROW: Case 10,882 will be continued  
20 until January 6th, 1994.

21 (Thereupon, these proceedings were concluded at  
22 10:58 a.m.)

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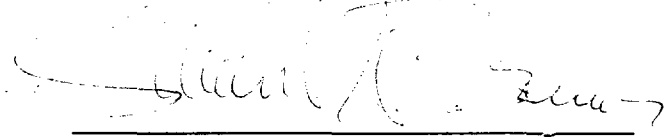
## CERTIFICATE OF REPORTER

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 December 18, 1993.

  
STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 10882,  
heard by me on Dec 16 1993.

  
Jim Morrow, Examiner  
Oil Conservation Division