

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION

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## EXAMINER HEARING

7

8 IN THE MATTER OF:

9

## 10 Continued and Dismissed Cases

11	Case No. 9961,	Case No. 10029,	Case No. 10030,	Case No. 10039
	Case No. 10031,	Case No. 10036,	Case No. 10037,	Case No. 10040
12	Case No. 10038,	Case No. 10017,	Case No. 10019,	Case No. 8350
	Case No. 10020,	Case No. 10021,	Case No. 10022,	Case No. 10024
13	Case No. 10025,	Case No. 10008,	Case No. 10043,	Case No. 10044
	Case No. 9997,	Case No. 9995	Case No. 10045,	Case No. 10046
14		TRANSCRIPT OF PROCEEDINGS		Case No. 10047

15

16 BEFORE: MICHAEL E. STOGNER, EXAMINER

17

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19 STATE LAND OFFICE BUILDING

20 SANTA FE, NEW MEXICO

21 August 8, 1990

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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 87501

FOR THE APPLICANT:           W. THOMAS KELLAHIN  
Cases 10038, 9997,           Kellahin, Kellahin & Aubrey  
10021                         Post Office Box 2265  
                                  Santa Fe, New Mexico 87504

## 1 P R O C E E D I N G S

2 HEARING EXAMINER: This hearing will come to order  
3 for Docket No. 2290. Today's date August 8, 1990. I am  
4 Michael E. Stogner, appointed hearing officer for today's  
5 cases. Before we get started today I'll go through the  
6 continued and dismissed cases.

7 Call first Case No. 9961.

8 MR. STOVALL: Application of Mewbourne Oil Company  
9 for compulsory pooling, Eddy County, New Mexico. Applicant  
10 requests this case be dismissed.

11 HEARING EXAMINER: Case No. 9961 will be dismissed.

12 \* \* \* \* \*

13 HEARING EXAMINER: Call next case, No. 10029.

14 MR. STOVALL: Application of Giant Exploration and  
15 Production Company for compulsory pooling, San Juan County, New  
16 Mexico. Applicant requests this case be dismissed.

17 HEARING EXAMINER: Case No. 10029 will be dismissed.

18 \* \* \* \* \*

19 HEARING EXAMINER: Call next case, No. 10030.

20 MR. STOVALL: Application Nearburg Producing Company  
21 for an unorthodox gas well location, Eddy County, New Mexico.  
22 Applicant requests this case be dismissed.

23 HEARING EXAMINER: Call next case -- I am sorry,  
24 case No. 10030 will be dismissed.

25 \* \* \* \* \*

1 HEARING EXAMINER: Call next case, No. 10031.

2 MR. STOVALL: Application of Nearburg Producing  
3 Company for a non-standard oil proration unit, Eddy County, New  
4 Mexico. Applicant requests this case be continued to August  
5 22nd, 1990.

6 HEARING EXAMINER: Case No. 10031 will be continued  
7 to the examiner's hearing scheduled for August 22nd, 1990.

8 \* \* \* \* \*

9 HEARING EXAMINER: Next page, call next case,  
10 No. 10036.

11 MR. STOVALL: Application of Texaco, Inc. for  
12 amendment of Division Order No. R-8170 to establish a minimum  
13 gas allowable for the Eumont Gas Pool, Lea County, New Mexico.  
14 Applicant requests this case be continued to September 5th,  
15 1990.

16 HEARING EXAMINER: Case No. 10036 will be continued  
17 to examiner's hearing scheduled for September 5, 1990.

18 \* \* \* \* \*

19 HEARING EXAMINER: Call next case, No. 10037.

20 MR. STOVALL: Application of BTA Oil Producers for  
21 salt water disposal Lea County, New Mexico. Applicant requests  
22 this case be dismissed.

23 HEARING EXAMINER: Case No. 10037 will be dismissed.

24 \* \* \* \* \*

25 HEARING EXAMINER: Call next case, No. 10038.

1           MR. STOVALL: Application of Nassau Resources, Inc.  
2 for infill drilling in the Basin-Fruitland Coal Gas Pool on its  
3 Carracas Canyon Unit, Rio Arriba County, New Mexico. I believe  
4 Mr. Kellahin would like to enter an appearance.

5           HEARING EXAMINER: Mr. Kellahin.

6           MR. KELLAHIN: Mr. Examiner, I represent the  
7 applicant in this case. And on behalf of the applicant we'd  
8 request this case be continued to the hearing on August 22nd.

9           HEARING EXAMINER: Thank you, Mr. Kellahin. Case  
10 No. 10038 will be so continued to examiner's hearing scheduled  
11 for August 22nd, 1990.

12                           \* \* \* \* \*

13           HEARING EXAMINER: Call next case, No. 10017.

14           MR. STOVALL: Application of Meridian Oil, Inc. for  
15 unorthodox coal gas well location, San Juan County, New Mexico.  
16 Applicant requests this case be dismissed.

17           HEARING EXAMINER: Case No. 10017 will be dismissed.

18                           \* \* \* \* \*

19           HEARING EXAMINER: Call next case, No. 10019.

20           MR. STOVALL: Application of Meridian Oil, Inc. for  
21 an unorthodox coal gas well location, San Juan County, New  
22 Mexico. Applicants request this case be dismissed.

23           HEARING EXAMINER: Case number 10019 will be  
24 dismissed.

25                           \* \* \* \* \*

1 HEARING EXAMINER: Call next case, No. 10020.

2 MR. STOVALL: Application of Meridian Oil, Inc. for  
3 unorthodox coal gas well location, San Juan County, New Mexico.  
4 Applicants request this case be dismissed.

5 HEARING EXAMINER: Case No. 10020 will be dismissed.

6 \* \* \* \* \*

7 HEARING EXAMINER: Call next case, No. 10021.

8 MR. STOVALL: Application of Meridian Oil, Inc. for  
9 unorthodox coal gas well location, San Juan County, New Mexico.  
10 This case is required to be readvertised and continued to  
11 August 22nd, 1990.

12 HEARING EXAMINER: Case No. 10021 will be continued  
13 and readvertised for the examiner's hearing scheduled for  
14 August 22nd, 1990.

15 \* \* \* \* \*

16 HEARING EXAMINER: Call next case, No. 10022.

17 MR. STOVALL: Application of Meridian Oil, Inc. for  
18 an unorthodox coal gas well location, San Juan County, New  
19 Mexico. Applicant requests this case be dismissed.

20 HEARING EXAMINER: Case No. 10022 will be dismissed.

21 \* \* \* \* \*

22 HEARING EXAMINER: I'll call next case, No. 10039.

23 MR. STOVALL: Application of Meridian Oil, Inc. for  
24 an unorthodox coal gas well location, Rio Arriba County, New  
25 Mexico. Applicant requests this case be continued to September

1 5, 1990.

2 HEARING EXAMINER: Case No. 10039 will be continued  
3 to the examiner's hearing scheduled for September 5th, 1990.

4 \* \* \* \* \*

5 HEARING EXAMINER: Call next case, No. 10040.

6 MR. STOVALL: Application of Meridian Oil, Inc. for  
7 an unorthodox coal gas well location, Rio Arriba County, New  
8 Mexico. Applicants request this case be continued to September  
9 5th, 1990.

10 HEARING EXAMINER: Case No. 10040 will be so  
11 continued.

12 \* \* \* \* \*

13 HEARING EXAMINER: Call next case, which is reopen  
14 Case No. 8350.

15 MR. STOVALL: In the matter of Case 8350 being  
16 reopened pursuant to the provisions of Commission Order No.  
17 R-7745, which order promulgated temporary special rules and  
18 regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool  
19 in Rio Arriba County, including a provision for 320-acre  
20 spacing units. This case is requested to be continued to  
21 August 22nd, 1990.

22 HEARING EXAMINER: Said Case No. 8350, which is  
23 reopened, will be continued to examiner's hearing scheduled for  
24 August 22nd, 1990.

25 \* \* \* \* \*

1 HEARING EXAMINER: I'll call next cases, 10043  
2 through 10047.

3 MR. STOVALL: 10043 -- each of these cases is an  
4 application of D. J. Simmons Company for compulsory pooling in  
5 San Juan County, New Mexico. And the applicant has requested  
6 that each of these cases be continued to August 22nd, 1990.

7 HEARING EXAMINER: Each of these cases will be  
8 continued to the examiner's hearing scheduled for August 22nd,  
9 1990.

10 \* \* \* \* \*

11 HEARING EXAMINER: On the fifth page, I'll call next  
12 case, No. 10024.

13 MR. STOVALL: Application of Meridian Oil, Inc. for  
14 unorthodox coal gas well location San Juan County, New Mexico.  
15 Applicant requests this case be dismissed.

16 HEARING EXAMINER: Case No. 10024 will be dismissed.

17 \* \* \* \* \*

18 HEARING EXAMINER: Call next case, No. 10025.

19 MR. STOVALL: Application of McKenzie Methane  
20 Corporation for an unorthodox coal gas well location, San Juan  
21 County, New Mexico. Applicant requests this case be dismissed.

22 HEARING EXAMINER: Case No. 10025 will be dismissed.

23 \* \* \* \* \*

24 HEARING EXAMINER: Call next case, No. 10008.

25 MR. STOVALL: Application of Doyle Hartman for a



1 non-standard gas proration unit, compulsory pooling, and an  
2 unorthodox gas well location, Lea County, New Mexico.  
3 Applicant requests this case be continued to September 5, 1990.

4 HEARING EXAMINER: Case No. 10008 will be so  
5 continued. The next thing we will --

6 MR. KELLAHIN: Mr. Examiner, I have one further case  
7 to continue.

8 HEARING EXAMINER: Yes, Mr. Kellahin.

9 MR. KELLAHIN: Turn back to page number two, it's  
10 the TXO case, 9997.

11 HEARING EXAMINER: Case No. 9997. Yes, sir.

12 MR. KELLAHIN: I represent the Applicant in that  
13 case. And on behalf of the Applicant we request it be  
14 continued to August 22nd.

15 HEARING EXAMINER: Thank you, Mr. Kellahin. Said  
16 Case No. 9997 be continued to the examiner's hearing scheduled  
17 for August 22nd, 1990.

18 \* \* \* \* \*

19 MR. KELLAHIN: May I ask a point of clarification on  
20 one of the Meridian cases, the one that had to be readvertised?

21 HEARING EXAMINER: Yes, sir. What's that case  
22 number?

23 MR. KELLAHIN: Case 10021.

24 HEARING EXAMINER: 10021. Okay.

25 MR. KELLAHIN: I represent the Applicant in that

1 case. Mr. Bruce represented the opponent and has withdrawn his  
2 opposition. And we were proposing to have the case dismissed  
3 and returned to the examiner for administrative processing.

4 HEARING EXAMINER: Yes, Mr. Kellahin.

5 MR. KELLAHIN: Is that something we can accomplish  
6 without readvertising it for a hearing?

7 HEARING EXAMINER: Mr. Kellahin, I was in receipt,  
8 and you'll be getting a correspondence from me concerning that.  
9 I do not have it with me. Evidently it has not been typed  
10 today. I am referring back to a correspondence to you from me  
11 on July 20, 1990 in response to your letter of July 19, 1990,  
12 wishing it to be readvertised from the south half east half  
13 dedication. That was done pursuant to our correspondence  
14 yesterday. And in light of that you will be getting a  
15 correspondence from me requesting some additional information  
16 for the administrative application which it can still be done  
17 administratively. But because the administrative application  
18 was for the lay down south half south half and you wish to  
19 reorient the east half there was some additional notification  
20 that needed to be done for the administrative application.

21 MR. KELLAHIN: Is the intent then to readvertise it  
22 on this docket to satisfy the change for the proration unit in  
23 order to return it for administrative processing?

24 HEARING EXAMINER: No, sir, Mr. Kellahin. The  
25 process has already been done. Advertisements have been sent

1 out for the 22nd. It's already on the docket. But it's our  
2 intention to dismiss it at that time.

3 MR. KELLAHIN: Thank you.

4 HEARING EXAMINER: If there is no additional  
5 problems with the admitted administrative application which I  
6 requested from Meridian. You should be getting that letter  
7 today. In fact after -- at some recess we'll get with my  
8 secretary.

9 MR. KELLAHIN: That clarifies what was happening. I  
10 appreciate it. Thank you.

11 HEARING EXAMINER: I apologize for yesterday. By  
12 the time we got around to that it was a little late.

13 MR. KELLAHIN: That's all right.

14 \* \* \* \* \*

15 HEARING EXAMINER: Okay. Call next case, No. 9995.

16 MR. STOVALL: Application of Sendero Petroleum, Inc.  
17 for compulsory pooling, Eddy County, New Mexico.

18 HEARING EXAMINER: At the Applicant's request,  
19 Mr. Stovall, this case is going to be continued to the  
20 examiner's hearing scheduled for August 22nd, 1990.

21 \* \* \* \* \*

22 I do hereby certify that the foregoing is  
23 a complete report of the proceedings in  
24 the examiner hearing of Case No. 10031,  
heard by me on 8 August 1990:

25 Michael E. Stogrow, Examiner  
Oil Conservation Division

1 CERTIFICATE OF REPORTER

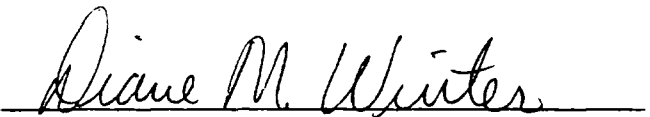
2

3 STATE OF NEW MEXICO )  
 4 ) ss.  
 5 COUNTY OF SANTA FE )

6 I, Diane M. Winter, Certified Shorthand Reporter and  
 7 Notary Public, HEREBY CERTIFY that the foregoing transcript of  
 8 proceedings before the Oil Conservation Division was reported  
 9 by me; that I caused my notes to be transcribed under my  
 10 personal supervision; and that the foregoing is a true and  
 11 accurate record of the proceedings.

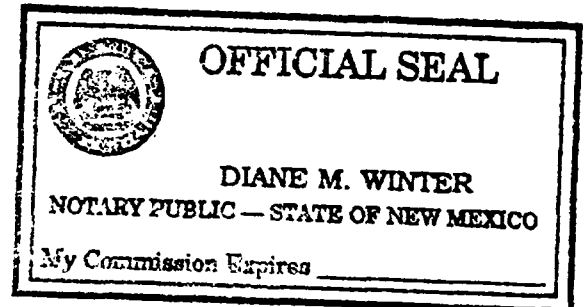
12 I FURTHER CERTIFY that I am not a relative or  
 13 employee of any of the parties or attorneys involved in this  
 14 matter and that I have no personal interest in the final  
 15 disposition of this matter.

16 WITNESS MY HAND AND SEAL August 20, 1990.

17 

18 DIANE M. WINTER  
 19 CSR No. 414

20  
 21 My commission expires: December 21, 1993



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
CASE 10043, CASE 10044, CASE 10045, CASE 10046,  
CASE 10047, CASE 10031, CASE 10050, CASE 10054,  
CASE 9995, CASE 9997, CASE 10038, CASE 10021,  
CASE 10057, CASE 10058, CASE 10062, CASE 10063,  
CASE 10064

EXAMINER HEARING

IN THE MATTER OF:

CONTINUED and DISMISSED CASES

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

August 22, 1990

CUMBRE COURT REPORTING  
(505) 984-2244

## 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

1           EXAMINER CATANACH: Call the hearing to  
2 order this morning for Docket Number 23-90. We'll  
3 call the continuances and dismissals first.

4           Call Cases 10043, 10044, 10045, 10046 and  
5 10047.

6           MR. STOVALL: These are the applications of  
7 D. J. Simmons Company for compulsory pooling in San  
8 Juan County, New Mexico.

9           The applicant has requested that each of  
10 these cases be continued to the Examiner Hearing set  
11 for September 5, 1990.

12           EXAMINER CATANACH: Each of these cases is  
13 so continued to the September 5th docket.

14                   \*   \*   \*   \*   \*

15           EXAMINER CATANACH: Call Case 10031.

16           MR. STOVALL: Application of Nearburg  
17 Producing Company for a nonstandard oil proration  
18 unit, Eddy County, New Mexico.

19           Applicant requests this case be continued  
20 to the Examiner Hearing set for September 19, 1990.

21           EXAMINER CATANACH: Case 10031 is hereby  
22 continued to the September 19th hearing.

23                   \*   \*   \*   \*   \*

24           EXAMINER CATANACH: Call Case 10050.

25           MR. STOVALL: Application of Blackwood &

1 Nichols Co. Ltd., for directional drilling and a  
2 nonstandard gas proration unit, San Juan County, New  
3 Mexico.

4 Applicant requests this case be continued  
5 to September 5, 1990.

6 EXAMINER CATANACH: Case 10050 is hereby  
7 continued to the September 5th hearing.

8 \* \* \* \* \*

9 EXAMINER CATANACH: Call Case 10054.

10 MR. STOVALL: Application of Pacific  
11 Enterprises Oil Company (USA) for compulsory pooling,  
12 Eddy County, New Mexico.

13 Applicant requests this case be dismissed.

14 EXAMINER CATANACH: Case 10054 is hereby  
15 dismissed.

16 \* \* \* \* \*

17 EXAMINER CATANACH: Call Case 9995.

18 MR. STOVALL: Application of Sendero  
19 Petroleum, Inc., for compulsory pooling, Eddy County,  
20 New Mexico.

21 Applicant has requested this case be  
22 dismissed.

23 EXAMINER CATANACH: Case 9995 is hereby  
24 dismissed.

25 \* \* \* \* \*



1 EXAMINER CATANACH: Call case 9997.

2 MR. STOVALL: Application of TXO Production  
3 for compulsory pooling, Eddy County, New Mexico.

4 Applicant has requested that this case be  
5 dismissed.

6 EXAMINER CATANACH: Case 9997 is hereby  
7 dismissed.

8 \* \* \* \* \*

9 EXAMINER CATANACH: Call Case 10038.

10 MR. STOVALL: Application of Nassau  
11 Resources, Inc., for infill drilling in the  
12 Basin-Fruitland Coal Gas Pool on its Carracas Canyon  
13 Unit, Rio Arriba County, New Mexico.

14 Applicant has requested this case be  
15 continued to the Examiner Hearing set for September 5,  
16 1990.

17 EXAMINER CATANACH: Case 10038 is hereby  
18 continued to the September 5th hearing.

19 \* \* \* \* \*

20 EXAMINER CATANACH: Call Case 10021.

21 MR. STOVALL: Application of Meridian Oil,  
22 Inc., for an unorthodox coal gas well location, San  
23 Juan County, New Mexico.

24 Applicant requests this case be dismissed.

25 EXAMINER CATANACH: Case 10021 is hereby

1 dismissed.

2 \* \* \* \* \*

3 EXAMINER CATANACH: Call Case 10057.

4 MR. STOVALL: Application of Meridian Oil,  
5 Inc., for pool creation, special pool rules and  
6 discovery allowable, Lea County, New Mexico.

7 Applicant requests that this case be  
8 dismissed.

9 EXAMINER CATANACH: Case 10057 is hereby  
10 dismissed.

11 \* \* \* \* \*

12 EXAMINER CATANACH: Call Case 10058.

13 MR. STOVALL: Application of Phillips  
14 Petroleum Company for eight nonstandard gas proration  
15 units and seven unorthodox coal gas well locations,  
16 San Juan County, New Mexico.

17 Applicant has requested that this case be  
18 continued to September 5, 1990.

19 EXAMINER CATANACH: Case 10058 is hereby  
20 continued to the September 5th hearing.

21 \* \* \* \* \*

22 EXAMINER CATANACH: Call Case 10062.

23 MR. STOVALL: Application of OXY USA, Inc.,  
24 for statutory unitization, Lea County, New Mexico.

25 Applicant has requested that this case be

1 continued to September 5, 1990.

2 EXAMINER CATANACH: Case 10062 is hereby  
3 continued to the September 5th hearing.

4 \* \* \* \* \*

5 EXAMINER CATANACH: Call Case 10063.

6 MR. STOVALL: Application of OXY USA, Inc.,  
7 for a waterflood project, Lea County, New Mexico.

8 Applicant has requested this case be  
9 continued to September 5, 1990.

10 EXAMINER CATANACH: Case 10063 is hereby  
11 continued to September 5th.

12 \* \* \* \* \*

13 EXAMINER CATANACH: Call Case 10064.

14 MR. STOVALL: Application of OXY USA, Inc.,  
15 for pool contraction and extension, Lea County, New  
16 Mexico.

17 Applicant has requested this case be  
18 continued to September 5, 1990.

19 EXAMINER CATANACH: Case 10064 is hereby  
20 continued to the September 5th hearing.

21 \* \* \* \* \*

22 MR. STOVALL: In keeping with our usual  
23 practice and since there's so many people here, we'll  
24 try to clarify approximately when you'll be on.

25 We'll put all contested cases at the end of

1 the docket, to be heard after uncontested cases. I'm  
2 showing the three Chevron applications in the  
3 contested pool. Those will be the last cases heard,  
4 10059, 60 and 61, the three Chevron cases in  
5 connection with the waterflood.

6 Case 10048 will be moved to be the first  
7 case heard after the uncontested cases. Case 10049  
8 will be moved to after the uncontested cases.

9 Does anybody know of any other opposed  
10 cases on the docket?

11 Case 10052 is no longer opposed, is that  
12 right, Mr. Padilla?

13 MR. PADILLA: That's correct.

14 MR. STOVALL: Are there any other parties  
15 here who have any intent of opposing any of the cases  
16 that are on the docket for today?

17 Okay. Those two cases are the two that  
18 will be affected. Time estimate? Difficult to say,  
19 as you all know.

20 There are seven uncontested cases. You're  
21 looking at an average of 30 minutes apiece on those.  
22 That will give you some idea of how long it will  
23 take. If that gives you some idea, those of you on  
24 those two cases that are getting moved back, it will  
25 probably be at least two to three hours before they're

1 actually called. Whether they're called before or  
2 after lunch is difficult to predict at this point.

3 If you'll check back about 10:30 to 11:00  
4 to see where we are on the docket at that time, it  
5 will free you up for a couple of hours anyway.

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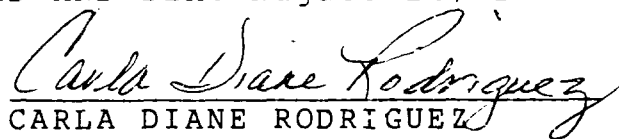
## 1 CERTIFICATE OF REPORTER

2  
3 STATE OF NEW MEXICO )  
4 ) ss.  
COUNTY OF SANTA FE )

5  
6 I, Carla Diane Rodriguez, Certified  
7 Shorthand Reporter and Notary Public, HEREBY CERTIFY  
8 that the foregoing transcript of proceedings before  
9 the Oil Conservation Division was reported by me; that  
10 I caused my notes to be transcribed under my personal  
11 supervision; and that the foregoing is a true and  
12 accurate record of the proceedings.


13 I FURTHER CERTIFY that I am not a relative  
14 or employee of any of the parties or attorneys  
15 involved in this matter and that I have no personal  
16 interest in the final disposition of this matter.

17 WITNESS MY HAND AND SEAL August 24, 1990.

18   
19 CARLA DIANE RODRIGUEZ  
20 CSR No. 91

21 My commission expires: May 25, 1991

22  
23 I do hereby certify that the foregoing is a  
24 a correct and true transcript of the proceedings  
25 the Oil Conservation Division of Santa Fe, New Mexico,  
heard by me on August 23, 1990.

, Examiner  
Oil Conservation Division