

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

CASE NO. 13,069

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

REPORTER'S TRANSCRIPT OF PROCEEDINGS

RECEIVED

COMMISSION HEARING

JUL 24 2003

Oil Conservation Division

BEFORE: LORI WROTENBERY, CHAIRMAN
JAMI BAILEY, COMMISSIONER
ROBERT LEE, COMMISSIONER

ORIGINAL

July 17th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, July 17th, 2003, 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.

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

I N D E X

July 17th, 2003
Commission Hearing
CASE NO. 13,069
(Awaiting final Commission Action -
No evidence or testimony taken)

	PAGE
REPORTER'S CERTIFICATE	7

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A P P E A R A N C E S

FOR THE COMMISSION:

CAROL LEACH
General Counsel
Energy, Minerals and Natural Resources Department
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Santa Fe, New Mexico 87505

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
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1220 South St. Francis Drive
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* * *

1 WHEREUPON, the following proceedings were had at
2 9:17 a.m.:

3 CHAIRMAN WROTENBERY: Okay, then I think we're at
4 this point ready to discuss Case 13,069. This is the
5 Application of the New Mexico Oil Conservation Division
6 through the Engineering Bureau Chief for adoption of a new
7 rule relating to compulsory pooling and prescribing risk
8 charges.

9 As you remember, Commissioners, we held
10 evidentiary hearings on this Application on May 15th and
11 June 12th, 2003, and we do have a draft order before us at
12 this point. Ms. Leach, would you like to --

13 MS. LEACH: At the June 12th meeting you asked
14 Mr. Brooks as sort of the representative of the committee
15 that had been looking at the Rules to propose a draft
16 order. He did that and provided it to me, and it's been
17 out to the Commissioners.

18 Yesterday afternoon I met with the Chairman of
19 the Commission to go through the proposed order, and we
20 made some changes. The changes do not change the outcome
21 or the intent of anything that the Commission had talked
22 about previously. There are some language changes that we
23 thought were made to clarify, or simplify, perhaps, and
24 that draft is in front of all the Commissioners now for any
25 additional discussion or changes or that kind of thing.

1 So if you approve the order that is in front of
2 you, then you will be adopting the rule that is shown as
3 Exhibit A to the order, and it has basically, for the risk
4 share, the 200 percent of well cost all the way through it.

5 The Commission had some discussion about other
6 possibilities. We did not prepare an order with an
7 alternative amount of even the 200 percent, in large part
8 because a review of the record really indicated there was
9 probably not sufficient testimony to support that order, so
10 I didn't want to put in front of you something and then
11 tell you not to sign it.

12 So if you want to go to something other than the
13 200 percent, we probably need to reopen the record and take
14 additional testimony to justify that if that's the
15 direction -- if the Commission feels they really want to
16 explore that direction more.

17 CHAIRMAN WROTENBERY: Any questions,
18 Commissioners?

19 COMMISSIONER BAILEY: (Shakes head)

20 COMMISSIONER LEE: (Shakes head)

21 CHAIRMAN WROTENBERY: I guess I'll just note that
22 the rule does contain the procedure that would allow
23 somebody who opposed the 200-percent risk penalty to --

24 MS. LEACH: Right, there's an exception process
25 that they can petition for something else --

1 CHAIRMAN WROTENBERY: -- petition --

2 MS. LEACH: -- and bring forward the facts that
3 would justify a different risk share allocation.

4 CHAIRMAN WROTENBERY: Okay. I know you just got
5 this latest draft this morning. Have you had a chance to
6 look through it?

7 COMMISSIONER BAILEY: Yes, I have, and I move
8 that we adopt it.

9 COMMISSIONER LEE: Second.

10 CHAIRMAN WROTENBERY: All in favor say aye.

11 COMMISSIONER BAILEY: Aye.

12 COMMISSIONER LEE: Aye.

13 CHAIRMAN WROTENBERY: Aye. Okay, I think we've
14 got that ready to go as well.

15 MS. LEACH: That is ready. And when this order
16 is signed, I will be leaving the Commission for today.

17 CHAIRMAN WROTENBERY: Okay.

18 MS. LEACH: I apologize for this kind of
19 confusion. This is -- as we try and work through replacing
20 Steve Ross and having David Brooks become the Commission
21 counsel, we have a few conflicts that we're trying to
22 avoid. So you'll be seeing at least for this meeting and
23 the next couple of meetings probably a couple of attorneys
24 working with you at different times so that we try not to
25 do anything terribly unethical. So thank you.

1 CHAIRMAN WROTENBERY: Thank you.

2 COMMISSIONER LEE: Do we have the authority to
3 keep her here?

4 CHAIRMAN WROTENBERY: I don't know.

5 MS. LEACH: The next case, it sort of relates to
6 one that's pending in front of the Secretary.

7 CHAIRMAN WROTENBERY: I just note that I really
8 appreciate Mr. Brooks for raising this compulsory pooling
9 issue after handling a number of the compulsory pooling
10 cases over the last few years. He noted that the Division,
11 the Commission and the various parties could probably save
12 a lot of time and effort if we put some of this information
13 down in the Rules and didn't require a formal presentation
14 on the risk charge at every hearing.

15 MS. LEACH: Yeah, you'll have a presumptive 200
16 percent unless people --

17 CHAIRMAN WROTENBERY: Right.

18 MS. LEACH: -- petition, so --

19 CHAIRMAN WROTENBERY: So he set up the work group
20 and brought the proposal forward, and thank you very much,
21 Mr. Brooks.

22 MR. BROOKS: Thank you.

23 (Thereupon, these proceedings were concluded at
24 9:21 a.m.)

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