

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

Adoption of Open Meetings Resolution

Case No. 13,686
(Awaiting Final Commission Action
No Evidence or Testimony Taken)

Case Nos. 13,492 *de novo*, and 13,493 *de novo*;
13,274 *de novo*; 13,531; 13,695, *de novo*;
13,817, *de novo*; and 13,711, *de novo* (Continued)

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: MARK E. FESMIRE, CHAIRMAN
JAMI BAILEY, COMMISSIONER
WILLIAM C. OLSON, COMMISSIONER

2007 FEB 15 AM 8 42

February 8th, 2007
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, February 8th, 2007, 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.

* * *

I N D E X

February 8th, 2007
Commission Hearing

	PAGE
APPEARANCES	3
Adoption of minutes of the Commission Meeting held on January 11th, 2007	4
Adoption of the Open Meetings Resolution	5
Case No. 13,492, <i>de novo</i> and Case No. 13,493, <i>de novo</i> (CONTINUED TO MARCH 16th, 2007)	7
Case No. 13,686, <i>de novo</i> (AWAITING FINAL COMMISSION ACTION, NO EVIDENCE OR TESTIMONY TAKEN)	8
Case No. 13,274, <i>de novo</i> (CONTINUED TO MARCH 16th, 2007)	10
Case No. 13,531 (CONTINUED TO MARCH 16th, 2007)	11
Case No. 13,695, <i>de novo</i> (CONTINUED TO MARCH 16th, 2007)	12
Case No. 13,817, <i>de novo</i> (CONTINUED TO MARCH 16th, 2007)	12

(Continued...)

Case No. 13,711, *de novo*
(CONTINUED TO MARCH 16th, 2007)

13

REPORTER'S CERTIFICATE

15

* * *

A P P E A R A N C E S

FOR THE COMMISSION:

CHERYL BADA
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 9:00 a.m.:

3 CHAIRMAN FESMIRE: At this time we'll call to
4 order the Thursday, February 8th, 2007, meeting of the New
5 Mexico Oil Conservation Commission. Let the record reflect
6 that present are Commissioner Bailey, representing the Land
7 Commissioner Patrick Lyons; Commissioner Olson; and
8 Commissioner Fesmire. Since all three Commissioners are
9 present, we do have a quorum.

10 Also present are the Commission Secretary,
11 Florene Davidson, and Commission counsel Cheryl Bada.

12 * * *

13
14 CHAIRMAN FESMIRE: The first item on the docket
15 is the -- are Causes Number 13,492, the *de novo* Application
16 of Samson Resources -- Well, as you were, let's go back.

17 First item on the docket is the minutes of the
18 previous meeting; is that correct?

19 MS. DAVIDSON: Right.

20 CHAIRMAN FESMIRE: I'm sorry.

21 Before the Commission are the minutes of the
22 meeting held on January 11th, 2007, at which meeting all
23 three Commissioners were present.

24 Commissioner Bailey, have you had a chance to
25 review the minutes of the previous meeting?

1 COMMISSIONER BAILEY: Yes, I have, and I move
2 that we adopt them.

3 CHAIRMAN FESMIRE: Commissioner Olson, have you
4 had a chance to review?

5 COMMISSIONER OLSON: Yes, I have.

6 CHAIRMAN FESMIRE: And would you second the
7 motion?

8 COMMISSIONER OLSON: Yes, I second.

9 CHAIRMAN FESMIRE: At this time there's a motion
10 before the Commission to adopt the minutes as presented of
11 the January 11th, 2007, meeting.

12 All those in favor signify by saying "aye".

13 COMMISSIONER BAILEY: Aye.

14 COMMISSIONER OLSON: Aye.

15 CHAIRMAN FESMIRE: Aye.

16 Let the record reflect that the minutes of the
17 January 11th, 2007, meeting were adopted unanimously by the
18 Commission. At this time they will be signed and
19 transmitted to the secretary.

20 * * *

21

22 CHAIRMAN FESMIRE: The next item before the
23 Commission is the adoption of the open meetings resolution.

24 Counsel Bada, do we need to read the resolution
25 into the minutes, or just adopt it and sign it?

1 MS. BADA: You can -- If you just refer to it,
2 you don't have to read it in, but you can if you would
3 like.

4 CHAIRMAN FESMIRE: Let the record reflect that a
5 resolution is before the Commission establishing the
6 procedures for giving notice of meetings of the New Mexico
7 Oil Conservation Commission.

8 Commissioner Bailey, have you had a chance to
9 review this resolution?

10 COMMISSIONER BAILEY: Yes, I have, and I think we
11 should adopt it.

12 CHAIRMAN FESMIRE: Commissioner Olson, have you?

13 COMMISSIONER OLSON: Yes, I reviewed it, and I
14 second the motion.

15 CHAIRMAN FESMIRE: Okay, there's a motion before
16 the Commission to adopt the resolution as presented. The
17 resolution is titled, A resolution establishing procedures
18 for giving notice of meetings of the New Mexico Oil
19 Conservation Commission.

20 All those in favor of adopting the resolution,
21 signify by saying "aye".

22 COMMISSIONER BAILEY: Aye.

23 COMMISSIONER OLSON: Aye.

24 CHAIRMAN FESMIRE: Aye.

25 Let the record reflect that the resolution was

1 unanimously adopted by the Commission and will now be
2 signed by each one of the Commissioners and transmitted to
3 the secretary.

4 COMMISSIONER OLSON: Mr. Chair, I did note,
5 though, I guess on our website that -- I don't know if the
6 date has changed for the June meeting. I think it was
7 still listed as the 14th.

8 MS. DAVIDSON: Right, I was waiting till this was
9 adopted, and we'll change it.

10 COMMISSIONER OLSON: Okay, I just noticed that
11 this morning.

12 CHAIRMAN FESMIRE: At this time, the signed
13 resolution will be transmitted to the secretary, over
14 Commissioner Bailey's head.

15 * * *

16
17 CHAIRMAN FESMIRE: The next item before the
18 Commission is Case Number 13,492, Case Number 13,493 and
19 Case Number 13,686.

20 Case Number 13,492 is the *de novo* Application of
21 Samson Resources Company, Kaiser-Francis Oil Company, and
22 Mewbourne Oil Company for cancellation of two drilling
23 permits and approval of a drilling permit in Lea County,
24 New Mexico.

25 Case Number 13,493 is the *de novo* Application of

1 Chesapeake Permian, Ltd., for compulsory pooling, Lea
2 County, New Mexico.

3 And Case Number 13,686 -- I'm sorry, those are
4 the two cases that are before the Commission now, the
5 consolidated Cases Number 13,492 and 13,493.

6 At this time, counsel has moved -- counsel for
7 the Applicants, I believe, have moved that these cases be
8 continued to allow further negotiations. The Chair is
9 inclined to continue the case for that reason. Is there
10 any comment from the other Commissioners?

11 COMMISSIONER BAILEY: No comment.

12 COMMISSIONER OLSON: No comment.

13 CHAIRMAN FESMIRE: Okay, at this time Cases
14 Number 13,492 and 13,493 will be continued to the next
15 meeting of the New Mexico Oil Conservation Commission,
16 which is to be held --

17 MS. DAVIDSON: -- March 16th.

18 CHAIRMAN FESMIRE: -- March 16th, 2007, in this
19 room.

20 * * *

21
22 CHAIRMAN FESMIRE: The next case before the
23 Commission is Case Number 13,686, the *de novo* Application
24 of DKD, LLC, for an order directing Gandy Corporation to
25 show cause, Lea County, New Mexico.

1 This case was heard at the prior meeting of the
2 Commission. Counsel has drafted an order. Chair has
3 reviewed the order. In the Chairman's opinion, this order
4 fairly and accurately represents the decision of the
5 Commission.

6 Commissioner Bailey, have you had a chance to
7 review this order?

8 COMMISSIONER BAILEY: Yes, I have, and I expect
9 to sign it.

10 CHAIRMAN FESMIRE: Okay. Commissioner Olson,
11 have you had a chance to review the order?

12 COMMISSIONER OLSON: Yes, I did, and I had a
13 couple edits, that I see that they've been incorporated
14 into the final draft, so I second the motion.

15 CHAIRMAN FESMIRE: Okay. Secretary Davidson,
16 this is the final corrected version of the order from
17 yesterday afternoon?

18 MS. DAVIDSON: Yes, it is.

19 CHAIRMAN FESMIRE: Okay, at this time there is --
20 I believe there is a motion before the Commission to adopt
21 and sign the order as drafted. All those in favor?

22 COMMISSIONER BAILEY: Aye.

23 COMMISSIONER OLSON: Aye.

24 CHAIRMAN FESMIRE: Aye. Let the record reflect
25 that the Commission unanimously adopted the order as

1 drafted, will sign it, and transmit it to the secretary.

2 Let the record reflect that the order has been
3 signed and transmitted to the secretary.

4 * * *

5
6 CHAIRMAN FESMIRE: Also before the Commission
7 today is Case Number 13,274, the Application of Pogo
8 Producing Company as successor to Arch Petroleum, Inc., for
9 approval of two nonstandard gas spacing and proration units
10 in the Jalmat Gas Pool in Lea County, New Mexico.

11 This is a *de novo* case, it was continued from the
12 January 11th, 2007, Commission meeting.

13 This case will be continued to the March 16th,
14 2007, Commission meeting.

15 COMMISSIONER BAILEY: When do we tell them it's
16 time to cut bait? This has been continued since July,
17 2005, over a year and a half.

18 CHAIRMAN FESMIRE: Well, I guess we could tell
19 them that at the next meeting it's due, or we will dismiss
20 the case.

21 COMMISSIONER BAILEY: I think that's reasonable
22 after a year and a half of having it on the docket.

23 CHAIRMAN FESMIRE: Commissioner Olson, do you
24 agree?

25 COMMISSIONER OLSON: I think I agree. Seems kind

1 of silly to keep it going just month to month.

2 CHAIRMAN FESMIRE: Well, secretary Davidson, at
3 the conclusion of the meeting today could we draft a letter
4 -- or would you be so kind as to draft a letter for my
5 signature, informing the parties in Case Number 13,274 that
6 the case will be heard on March 16th, and it will not be
7 further continued?

8 * * *

9
10 CHAIRMAN FESMIRE: Next before the Commission is
11 Case Number 13,531. It's the Application of Yates
12 Petroleum Corporation for an order directing Pride Energy
13 Company to reimburse Yates for the well costs incurred by
14 Yates in its attempt to re-enter the State "X" Well Number
15 1, API Number 30-025-01838, located in Section 12, Township
16 12 South, Range 34 East, NMPM, prior to the time Pride
17 Energy assumed operations of the well, directing Pride
18 Energy Company to account for and pay all sums it is now
19 improperly holding pursuant to expired orders of the
20 Division and Commission, and requiring Pride Energy Company
21 to plug and abandon the State "X" Well Number 1, Lea
22 County, New Mexico.

23 This case was continued from the January 11th,
24 2007, Commission meeting.

25 The case will be continued to the March 16th,

1 2007, Commission meeting.

2 Is there any objection from the Commissioners?

3 COMMISSIONER BAILEY: No.

4 COMMISSIONER OLSON: No objection.

5 CHAIRMAN FESMIRE: That case will be so
6 continued.

7 * * *

8
9 CHAIRMAN FESMIRE: The next case before the
10 Commission is Case Number 13,695, the *de novo* Application
11 of Chaparral Energy, LLC, for approval of a saltwater
12 disposal well, Lea County, New Mexico.

13 This case has been continued from the January
14 11th, 2007, Commission meeting, and will be continued to
15 the March 16th, 2007, Commission meeting.

16 Is there any objection from the Commissioners?

17 COMMISSIONER BAILEY: No.

18 COMMISSIONER OLSON: None.

19 CHAIRMAN FESMIRE: The case will be so continued.

20 * * *

21
22 CHAIRMAN FESMIRE: The next case before the
23 Commission is Case Number ~~13,695~~. It's the *de novo*
24 Application of Harvey E. Yates Company for an exemption
25 from the Oil Conservation Commission Rule 19.15.2.50.(A) --

1 it's the Application of the Harvey E. Yates Company for an
2 exemption from the Oil Conservation Commission Rule
3 19.15.2.50.(A), NMAC.

4 This case was continued from the January 11th,
5 2007, Commission meeting and will be continued to the March
6 16th, 2007, Commission meeting.

7 Is there any objection from the Commissioners to
8 that continuance?

9 COMMISSIONER BAILEY: No.

10 COMMISSIONER OLSON: No.

11 CHAIRMAN FESMIRE: Let the record reflect that
12 Case Number 13,817 will be continued to the March 16th
13 meeting.

14 * * *

15
16 CHAIRMAN FESMIRE: The next item before the
17 Commission is Case Number 13,711, the *de novo* Application
18 of the New Mexico Oil Conservation Division for an order
19 requiring Tempo Energy, Peterson Petroleum Company and/or
20 Joe D. Peterson to plug one well and ordering forfeiture of
21 the applicable financial assurance in the event of the
22 operator's noncompliance. The well is located in Lea
23 County, New Mexico.

24 The case will be continued to the March 16th,
25 2007, Commission meeting.

1 Is there any objection from the Commissioners to
2 that continuance?

3 COMMISSIONER BAILEY: No.

4 COMMISSIONER OLSON: No.

5 CHAIRMAN FESMIRE: Let the record reflect that
6 Case Number 13,711 will be so continued to the March 16th,
7 2007, Commission meeting.

8 * * *

9
10 CHAIRMAN FESMIRE: Is there any other business
11 before the Commission this morning?

12 There being none, the Chair would entertain a
13 motion to adjourn.

14 COMMISSIONER BAILEY: I move we adjourn.

15 CHAIRMAN FESMIRE: All those in favor?

16 COMMISSIONER BAILEY: Aye.

17 COMMISSIONER OLSON: Aye.

18 CHAIRMAN FESMIRE: Let the record reflect that
19 that motion too was passed unanimously.

20 (Thereupon, these proceedings were concluded at
21 9:13 a.m.)

22 * * *

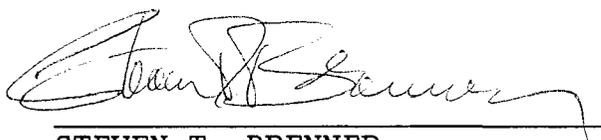
CERTIFICATE OF REPORTER

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 Commission 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 February 8th, 2007.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010