

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

CASE NOS. 13,274 *de novo*; and 13,817 *de novo*  
AWAITING FINAL COMMISSION ACTION  
NO EVIDENCE OR TESTIMONY TAKEN

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
COMMISSION HEARING

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

May 17th, 2007

Santa Fe, New Mexico

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Final action on these matters was taken by the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, May 17th, 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.

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## I N D E X

May 17th, 2007  
 Commission Hearing  
 CASE NOS. 13,274 *de novo*; and 13,817 *de novo* (Awaiting  
 final Commission Action - No evidence or testimony  
 taken)

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## 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  
4           CHAIRMAN FESMIRE: At this time we'll call the  
5 Thursday, May 17th, 2007, meeting of the New Mexico Oil  
6 Conservation Commission to order.

7           Let the record reflect that present are  
8 Commissioners Bailey, Olson and Fesmire. All Commissioners  
9 are present, we therefore have a quorum.

10           Also present are Commission secretary Florene  
11 Davidson, Commission counsel Cheryl Bada, and of course the  
12 court reporter.

13   \* \* \*

14  
15           CHAIRMAN FESMIRE: The first order of business  
16 before the Commission is the adoption of the minutes of the  
17 April 19th, 2007, Commission meeting. I'm going to ask the  
18 Commissioners if they have had a chance to review the  
19 minutes as presented by the Secretary.

20           COMMISSIONER BAILEY: Yes, I have, and I move we  
21 adopt them.

22           CHAIRMAN FESMIRE: Commissioner Olson?

23           COMMISSIONER OLSON: I've also reviewed them, and  
24 I'll second that.

25           CHAIRMAN FESMIRE: And I too have reviewed them.

1 Therefore the Chair will call for a vote on the motion to  
2 adopt the minutes as presented by the secretary. All those  
3 in favor signify by saying "Aye".

4 COMMISSIONER BAILEY: Aye.

5 COMMISSIONER OLSON: Aye.

6 CHAIRMAN FESMIRE: Aye.

7 Let the record reflect that the minutes were  
8 unanimously adopted by the members of the Commission, and  
9 they will be signed and transmitted to the secretary at  
10 this time.

11 Also let the record reflect that I didn't forget  
12 the minutes this time.

13 \* \* \*

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15 CHAIRMAN FESMIRE: Also before the Commission  
16 today is final action on Case Number 13,274, the *de novo*  
17 Application of Pogo Producing Company as successor to Arch  
18 Petroleum, Inc., for approval of two nonstandard gas  
19 spacing and proration units in the Jalmat Gas Pool in Lea  
20 County, New Mexico.

21 I ask the Commissioners at this time if they've  
22 had a chance to review the order as presented by Counsel  
23 Bada.

24 COMMISSIONER BAILEY: Yes, I have, and I expect  
25 to sign it.

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

3 COMMISSIONER OLSON: Yes, I have, and I agree  
4 with the language as presented in the order.

5 CHAIRMAN FESMIRE: Okay. I too have had a chance  
6 to review it. I too agree that the order fairly and  
7 accurately represents the decision of the Commission.

8 At this time I want to ask Counsel Bada to, for  
9 the record, state the gist of the order and what it  
10 represents.

11 Counsel?

12 MS. BADA: The Application was for approval of  
13 two 160 nonstandard gas spacing units, and the Commission  
14 determined after the hearing that there was insufficient  
15 geologic and engineering evidence to grant that  
16 Application, and so it was denied.

17 CHAIRMAN FESMIRE: Okay. Commissioner Bailey, is  
18 that your understanding, and the contents of the order  
19 before us?

20 COMMISSIONER BAILEY: Yes, it is.

21 CHAIRMAN FESMIRE: Commissioner Olson, do you  
22 agree?

23 COMMISSIONER OLSON: Yes, I do.

24 CHAIRMAN FESMIRE: The Chair would now entertain  
25 a motion to adopt the order and sign the order as

1 presented.

2 COMMISSIONER BAILEY: I so move.

3 COMMISSIONER OLSON: Second.

4 CHAIRMAN FESMIRE: All those in favor?

5 COMMISSIONER BAILEY: Aye.

6 COMMISSIONER OLSON: Aye.

7 CHAIRMAN FESMIRE: Aye. Let the record reflect  
8 that the order was unanimously adopted by the Commission  
9 and at this time will be signed by all three Commissioners  
10 and transmitted to the secretary.

11 \* \* \*

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13 CHAIRMAN FESMIRE: The next matter of business  
14 before the Commission is Case Number 13,817. It's the *de*  
15 *novo* Application of Harvey E. Yates Company for an  
16 exception from Oil Conservation Commission Rule  
17 19.15.2.50.(A) NMAC.

18 At this time I'm going to ask Counsel Bada to  
19 explain the contents of the proposed order she's presented  
20 to the Commission.

21 MS. BADA: This was an Application by Harvey E.  
22 Yates Company for an exemption from Rule 50 in order to  
23 have a reserve pit that's prohibited by Rule 21, in Otero  
24 County.

25 The Commission denied that -- granted the Oil

1 Conservation Division's motion to dismiss that Application  
2 on the basis that Rule 50 does not allow an exemption for  
3 Rule 21; it would have to be a separate waiver provision  
4 that was not contained in Rule 50 in order to grant that.

5 CHAIRMAN FESMIRE: Commissioner Bailey, do you  
6 have anything to add to Counsel Bada's analysis?

7 COMMISSIONER BAILEY: I think we all know my  
8 position on Rule 21, but I have to agree with the analysis  
9 of this particular case, and so I will sign this order.

10 CHAIRMAN FESMIRE: Commissioner Olson, do you  
11 have anything to put on the record?

12 COMMISSIONER OLSON: Just that I had a couple of  
13 minor edits, and all are reflected in the final version,  
14 and I believe it reflects the deliberations of the  
15 Commission and the decision of the Commission.

16 CHAIRMAN FESMIRE: Seeing that the order  
17 presented by counsel fairly and accurately represents the  
18 decision of the Commission, the Chair would entertain a  
19 motion to adopt and sign said order. Is such a motion  
20 pending?

21 COMMISSIONER BAILEY: I so move.

22 COMMISSIONER OLSON: Second.

23 CHAIRMAN FESMIRE: All those in favor?

24 COMMISSIONER BAILEY: Aye.

25 COMMISSIONER OLSON: Aye.

1 CHAIRMAN FESMIRE: Aye.

2 Let the record reflect that the order was adopted  
3 by the Commission. It will be signed by the Commissioners,  
4 all three Commissioners, and transmitted to the Secretary  
5 for filing.

6 (Thereupon, these proceedings were concluded at  
7 9:08 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 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 May 18th, 2007.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2010