

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

ORIGINAL

May 17th, 2007

Santa Fe, New Mexico

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

2007 MAY 31 PM 3 00

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)

PAGE

ADOPTION OF MINUTES OF THE COMMISSION MEETING
 HELD ON APRIL 19th, 2007

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CASE NO. 13,274 *de novo*
 PRESENTATION OF DRAFT ORDER BY MS. BADA

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CASE NO. 13,817 *de novo*
 PRESENTATION OF DRAFT ORDER BY MS. BADA

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REPORTER'S CERTIFICATE

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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

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

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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