

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

Case Number 13,817  
(Closing of the Record for Deliberation)

Dismissal of  
Case Nos. 13,492 and 13,493 (Consolidated)  
and Case No. 13,893

Continuation of  
Case No. 13,927 *de novo*

TRANSCRIPT OF PROCEEDINGS

BEFORE: MARK E. FESMIRE, CHAIRMAN  
JAMI BAILEY, COMMISSIONER

October 11th, 2007  
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, October 11th, 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.

\* \* \*

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

RECEIVED  
2007 OCT 18 PM 2 07

## I N D E X

October 11th, 2007  
Commission Hearing

## PAGE

## APPEARANCES

ADOPTION OF MINUTES OF THE COMMISSION MEETING  
HELD ON SEPTEMBER 13th, 2007

3

CASE NO. 13,817  
(CLOSING OF THE RECORD FOR DELIBERATION)

4

CASE NOS. 13,492 and 13,493 (Consolidated)  
and  
CASE NO. 13,893  
(DISMISSED)

5

CASE NO. 13,927 *de novo*  
(CONTINUED TO NOVEMBER 8th, 2007)

7

REPORTER'S CERTIFICATE

9

\* \* \*

## 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 9:02 a.m.:

3 CHAIRMAN FESMIRE: At this time we'll call to  
4 order the Thursday, October 11th, 2007, meeting of the New  
5 Mexico Oil Conservation Commission. Let the record reflect  
6 that present are Commissioner Bailey and Commissioner  
7 Fesmire. Commissioner Olson is not present, however two  
8 members of the Commission does make up a quorum.

9 The first issue before the Commission this  
10 morning is the adoption of the minutes from the September  
11 13th, 2007, meeting. At this time I'll ask Commissioner  
12 Bailey if she's had a chance to review the minutes.

13 COMMISSIONER BAILEY: Yes, I have, and I move we  
14 adopt them.

15 CHAIRMAN FESMIRE: I'll second that motion. All  
16 in favor signify --

17 COMMISSIONER BAILEY: Aye.

18 CHAIRMAN FESMIRE: Aye.

19 Let the record reflect that the quorum of the  
20 Commission present adopted the minutes from the September  
21 13th meeting, that the minutes were signed and conveyed to  
22 the secretary for recording.

23 \* \* \*

24  
25 CHAIRMAN FESMIRE: During this meeting, the

1 Commission may conduct a closed-door executive session,  
2 during which it will deliberate in conjunction with  
3 administrative adjudicatory proceedings pending before the  
4 Commission or consult with the Commission counsel under the  
5 attorney-client privilege concerning threatened or pending  
6 litigation in which the Commission is or may become a  
7 participant.

8 In that vein, Case Number 13,817, the Application  
9 of Harvey E. Yates Company for an exemption from Oil  
10 Conservation Commission Rule 1915.2.50.A NMAC has been  
11 heard by the Commission. An order was issued and the order  
12 was appealed.

13 Harvey E. Yates Company has approached the  
14 Division concerning the appeal --

15 Should we go into executive session for the --  
16 just for the deliberations, or for the presentation of the  
17 offer?

18 MS. BADA: For both.

19 CHAIRMAN FESMIRE: Okay. So at this time the  
20 Commission will go into executive session for the sole  
21 purpose of hearing a matter concerning Case Number 13,817,  
22 the Application of Harvey E. Yates Company.

23 (Off the record at 9:04 a.m.)

24 (The following proceedings had at 9:16 a.m.)

25 CHAIRMAN FESMIRE: Let's go back on the record.

1           Let the record reflect that during the last ten  
2 minutes the Commission met in executive session to discuss  
3 an offer of the settlement of the appeal in Case Number  
4 13,817, the Application of Harvey E. Yates Company for an  
5 exception from Oil Conservation Commission Rule 1915.2.50.A  
6 NMAC.

7           The decision of the Commission was to take no  
8 action on the offer of settlement.

9                               \* \* \*

10  
11           CHAIRMAN FESMIRE: The next issue before the  
12 Commission is Cases Number 13,492 and Case -- consolidated  
13 with Case Number 13,493.

14           13,492 is the Application of Samson Resources  
15 Company, Kaiser-Francis Oil Company and Mewbourne Oil  
16 Company for cancellation of two drilling permits and  
17 approval of a drilling permit in Lea County, New Mexico.

18           Case Number 13,493 is the Application of  
19 Chesapeake Permian, LP, for compulsory pooling in Lea  
20 County, New Mexico.

21           Counsel Bada, would you bring the Commission up  
22 to speed on these cases?

23           MS. BADA: The parties have asked for a  
24 continuance of their request for rehearing because they're  
25 in settlement negotiations, and they have submitted a

1 proposed order that would settle the case and that would  
2 dismiss the rehearing.

3 CHAIRMAN FESMIRE: Commissioner Bailey, we have  
4 before us an order drafted by Counsel Bada to that effect.  
5 Have you had a chance to review that order?

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

8 CHAIRMAN FESMIRE: I second that motion.  
9 All those in favor signify by saying aye.

10 COMMISSIONER BAILEY: Aye.

11 CHAIRMAN FESMIRE: Aye.

12 Let the record reflect that the motion to sign  
13 the order commemorating the agreement between the parties  
14 in this case be signed, that it will be signed by the two  
15 present members of the Commission and transmitted to the  
16 secretary for recording.

17 \* \* \*

18  
19 CHAIRMAN FESMIRE: The next case before the  
20 Commission is Case Number 13,893, the Application of Yates  
21 Petroleum Corporation for approval of a pilot project in  
22 the North Dagger Draw-Upper Pennsylvanian Unit for purposes  
23 of establishing proper waterflood injection patterns and  
24 for a temporary exemption from the provisions of Division  
25 Rule 203 concerning approved temporary abandonment of wells

1 in Eddy County, New Mexico.

2 It's my understanding, Counsel Bada, that the  
3 counsel in this case has asked that the Commission dismiss  
4 that case, and that you have drafted an order to that  
5 effect?

6 MS. BADA: Yes, an order has been drafted to that  
7 effect.

8 CHAIRMAN FESMIRE: Commissioner Bailey, have you  
9 had a chance to review that order?

10 COMMISSIONER BAILEY: Yes, I have, and I move  
11 that we adopt it.

12 CHAIRMAN FESMIRE: All those in favor -- I second  
13 that motion.

14 All those in favor signify by saying aye.

15 COMMISSIONER BAILEY: Aye.

16 CHAIRMAN FESMIRE: Aye.

17 Let the record reflect that the two members of  
18 the counsel present voted to accept the dismissal and sign  
19 the order so dismissing, that the order was signed and  
20 transmitted to the secretary for recording.

21 \* \* \*

22

23 CHAIRMAN FESMIRE: The next case is Case Number  
24 13,927, the Application of Yates Petroleum Corporation for  
25 a nonstandard gas spacing unit in Eddy County, New Mexico.

1           This case at the request of counsel has been  
2 continued to the November 8th hearing.

3           (Thereupon, these proceedings were concluded at  
4 9:20 a.m.)

5                           \* \* \*



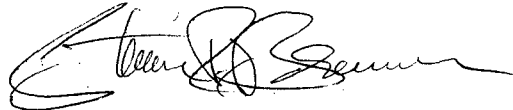
## CERTIFICATE OF REPORTER

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 October 11th, 2007.



---

STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2010