

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

Case Nos. 13,695 *de novo* and 13,927 *de novo*
(Awaiting Final Commission Action
No Evidence or Testimony Taken)

Continuation of
Case Nos. 13,870, 13,962 *de novo*, and 13,812 *de novo*

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

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

December 6th, 2007
Santa Fe, New Mexico

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These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, December 6th, 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

December 6th, 2007
Commission Hearing

	PAGE
APPEARANCES	3
ADOPTION OF MINUTES OF THE COMMISSION MEETING HELD ON OCTOBER 22nd, 2007	4
ADOPTION OF MINUTES OF THE COMMISSION MEETING HELD ON NOVEMBER 8th, 2007	5
Case No. 13,695, <i>de novo</i> (AWAITING FINAL COMMISSION ACTION, NO EVIDENCE OR TESTIMONY TAKEN)	6
Case No. 13,927, <i>de novo</i> (AWAITING FINAL COMMISSION ACTION, NO EVIDENCE OR TESTIMONY TAKEN)	7
Case No. 13,870 (CONTINUED TO JANUARY 22nd, 2008)	8
Case No. 13,962 <i>de novo</i> (CONTINUED TO JANUARY 22nd, 2008)	9
Case No. 13,812 <i>de novo</i> (CONTINUED TO JANUARY 22nd, 2008)	9
REPORTER'S CERTIFICATE	11

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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
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Santa Fe, New Mexico 87505

* * *

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

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

3 CHAIRMAN FESMIRE: Okay, at this time we'll go on
4 record for the regularly scheduled November 6th, 2007 --

5 COMMISSIONER BAILEY: December.

6 CHAIRMAN FESMIRE: -- December 6th, 2007 -- where
7 did November go? -- 2007 meeting of the New Mexico Oil
8 Conservation Commission. This is the regularly scheduled.

9 Let the record reflect that Commissioners Bailey,
10 Olson and Fesmire are all present, we therefore have a
11 quorum.

12 * * *

13
14 CHAIRMAN FESMIRE: The first order of business
15 before the Commission is the approval of the minutes of the
16 November 8th and October 14th meetings. And the first
17 thing I notice is, the minutes presented by the secretary
18 are dated October 22nd, so that is the proper date, not the
19 14th, right? Okay.

20 So we'll start with the minutes of the October
21 22nd, 2007, meeting. Commissioners Bailey and Fesmire were
22 present. Commissioner Bailey, have you had a chance to
23 review the minutes as presented by the secretary?

24 COMMISSIONER BAILEY: Yes, I have, and I move
25 that we adopt them.

1 CHAIRMAN FESMIRE: And I will second that motion.
2 All those in favor, signify by saying aye.

3 COMMISSIONER BAILEY: Aye.

4 CHAIRMAN FESMIRE: Aye.

5 COMMISSIONER OLSON: Aye -- I'll abstain since I
6 wasn't here.

7 CHAIRMAN FESMIRE: Let the record reflect that
8 Commissioner Olson abstained due to his absence from the
9 meeting.

10 And at this time the minutes of the October 22nd
11 meeting will be signed and forwarded to the secretary for
12 recording.

13 * * *

14
15 CHAIRMAN FESMIRE: The next order of business
16 before the Commission is the minutes of the regularly
17 scheduled Oil Conservation Commission meeting held on
18 November 8th, 2007. All three Commissioners were present.

19 Commissioner Bailey, have you had a chance to
20 review the minutes?

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

23 CHAIRMAN FESMIRE: Commissioner Olson, have you
24 reviewed the minutes?

25 COMMISSIONER OLSON: Yes, I have, and I believe

1 they reflect the -- accurately reflect the actions of the
2 Commission.

3 CHAIRMAN FESMIRE: Okay, all those in favor of
4 adopting the minutes as presented by the secretary for the
5 November 8th, 2007, meeting, signify by saying aye.

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER OLSON: Aye.

8 CHAIRMAN FESMIRE: And let the record reflect
9 that the Commission has adopted the minutes. They will be
10 signed and transmitted to the secretary for recording.

11 * * *

12
13 CHAIRMAN FESMIRE: The next case before the
14 Commission is Case Number 13,695. It's the Application of
15 Chaparral Energy, LLC, for approval of a saltwater disposal
16 well in Lea County, New Mexico.

17 The secretary has presented an order that was
18 drafted by counsel.

19 Counsel Bada, would you care to make a statement
20 about this case?

21 MS. BADA: Which case is that?

22 CHAIRMAN FESMIRE: The Application of Chaparral
23 Energy.

24 Been so long -- ?

25 MS. BADA: Been too long.

1 I believe the Commission secretary drafted this
2 order, and -- [inaudible].

3 CHAIRMAN FESMIRE: Okay, Commissioner Bailey,
4 have you had a chance to review the order as drafted?

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

7 CHAIRMAN FESMIRE: Commissioner Olson?

8 COMMISSIONER OLSON: Yes, I'll second that.

9 CHAIRMAN FESMIRE: I too have had a chance.
10 All those in favor of adopting the order as
11 drafted, signify by saying aye.

12 COMMISSIONER BAILEY: Aye.

13 COMMISSIONER OLSON: Aye.

14 CHAIRMAN FESMIRE: Let the record reflect that
15 the order has been adopted as the actions of the
16 Commission, will be signed by the Commission members and
17 transmitted to the secretary for recording, which she'll
18 have to do without a pen.

19 * * *

20
21 CHAIRMAN FESMIRE: The next order before the --
22 the next cause before the Commission is Case Number 13,927.
23 It's the *de novo* Application of Yates Petroleum Company for
24 a nonstandard gas spacing unit in Eddy County, New Mexico.

25 This order has also been drafted.

1 Counsel Bada, do you have anything to say about
2 this order?

3 MS. BADA: No.

4 CHAIRMAN FESMIRE: Commissioner Bailey, does the
5 order accurately represent the decision of the Commission
6 in this case?

7 (Off the record)

8 COMMISSIONER BAILEY: I have reviewed this order,
9 and I move that we adopt it.

10 CHAIRMAN FESMIRE: Commissioner Olson?

11 COMMISSIONER OLSON: I'll second that.

12 CHAIRMAN FESMIRE: All those in favor of adopting
13 the order as drafted, signify by saying aye.

14 COMMISSIONER BAILEY: Aye.

15 COMMISSIONER OLSON: Aye.

16 CHAIRMAN FESMIRE: Let the record reflect that
17 the order was adopted by the Commission -- the order as
18 drafted was adopted as the decision of the Commission. It
19 will be signed by the Commissioners and transmitted to the
20 secretary for recording.

21 * * *

22

23 CHAIRMAN FESMIRE: The next case before the
24 Commission is Case Number 13,870. It's the Application of
25 Quest Cherokee, LLC, for approval of an application for a

1 permit to drill in Lea County, New Mexico.

2 At the request of counsel in this case, this case
3 will be continued to the January 22nd, 2008, Commission
4 meeting.

5 * * *

6

7 CHAIRMAN FESMIRE: The next case before the
8 Commission is Case Number 13,962, the Application of Gandy
9 Corporation for authorization to inject.

10 Also at the request of counsel, this case will be
11 continued to January 22nd, 2008, Commission meeting.

12 * * *

13

14 CHAIRMAN FESMIRE: The next case before the
15 Commission is Case Number 13,812, the Application of
16 Coleman Oil and Gas for amendment of Administrative Order
17 SWD-806-B in San Juan County, New Mexico.

18 This case will also be continued to the January
19 22nd, 2008, Commission meeting.

20 * * *

21

22 CHAIRMAN FESMIRE: Is there any other business
23 before the Commission today on these matters?

24 COMMISSIONER BAILEY: No.

25 CHAIRMAN FESMIRE: The Chair would entertain a

1 motion for adjournment of the regularly scheduled November
2 [sic] 6th, 2007, Commission meeting then.

3 COMMISSIONER BAILEY: I so move.

4 COMMISSIONER OLSON: Second.

5 CHAIRMAN FESMIRE: All those in favor?

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER OLSON: Aye.

8 CHAIRMAN FESMIRE: Let the record reflect that
9 the Commission meeting was adjourned at 9:10 a.m., and all
10 regularly scheduled business of the Commission has been
11 completed at that time.

12 (Thereupon, these proceedings were concluded at
13 9:08 a.m.)

14 * * *

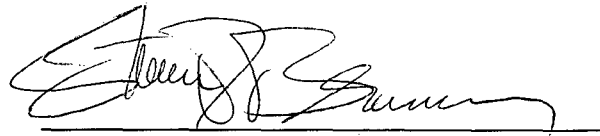
CERTIFICATE OF REPORTER

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 5th, 2008.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2010