

OIL CONSERVATION DIV.

STATE OF NEW MEXICO

99 MAY -5 MAY 5 1999 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY )  
 THE OIL CONSERVATION COMMISSION FOR THE )  
 PURPOSE OF CONSIDERING: )

CASE NO. 12,086

APPLICATION OF YATES PETROLEUM )  
 CORPORATION AND HANLEY PETROLEUM, INC., )  
 FOR ALLOWABLE REDUCTION AND THE ESCROW )  
 OF PRODUCTION PROCEEDS, LEA COUNTY, )  
 NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSCOMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN  
 JAMI BAILEY, COMMISSIONER  
 ROBERT LEE, COMMISSIONER

April 22nd, 1999

Santa Fe, New Mexico

This matter came on for hearing before the Oil  
 Conservation Commission, LORI WROTENBERY, Chairman, on  
 Thursday, April 22nd, 1999, at the New Mexico Energy,  
 Minerals and Natural Resources Department, Porter Hall,  
 2040 South Pacheco, 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

## I N D E X

April 22nd, 1999  
Commission Hearing  
CASE NO. 12,086

PAGE

REPORTER'S CERTIFICATE

6

\* \* \*

## A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
2040 South Pacheco  
Santa Fe, New Mexico 87505

\* \* \*

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

3           CHAIRMAN WROTENBERY: Okay, we'll get started  
4   here with this meeting of the Oil Conservation Commission.  
5   It's April 22nd, 1999, at nine o'clock. We're here in the  
6   Division's conference room, the Oil Conservation Division's  
7   conference room, in Santa Fe, New Mexico.

8           I'm Lori Wrotenbery. I'm Chairman of the  
9   Commission. To my left is Jami Bailey, Commissioner  
10   representing Land Commissioner Ray Powell on the Oil  
11   Conservation Commission. And to my right is our newest  
12   member of the Commission, Dr. Robert Lee. He actually had  
13   his first meeting last month, but none of you attended at  
14   that meeting, so it's my pleasure to formally introduce him  
15   at this meeting today. We're very pleased to have Dr. Lee  
16   join us on the Commission. As many of you know, he's  
17   heading up the Petroleum Recovery Research Center at New  
18   Mexico Tech, and it's going to be very helpful to us to  
19   have somebody with his experience and his credentials on  
20   the Commission. Welcome, Dr. Lee.

21           COMMISSIONER LEE: Thank you.

22           CHAIRMAN WROTENBERY: To Dr. Lee's right is  
23   Florene Davidson, the Commission Secretary. To  
24   Commissioner Bailey's left is Lyn Hebert, the Commission's  
25   legal counsel. And then, of course, Steve Brenner is going

1 to be reporting this meeting.

2 We would like to conduct this meeting in a very  
3 informal way, because we've got a number of draft rule-  
4 making proposals, really, to consider today, and I think it  
5 will be most helpful for us if we conduct it more as a  
6 working session and freely and openly discuss the current  
7 drafts that are before us. I believe Mr. Brenner has a  
8 list of everybody's name who's here, but Steve, if we get  
9 too disorderly and it causes you trouble in reporting the  
10 proceedings, let us know, and we'll try to make sure that  
11 we discuss these rules in the way you can get it all down.

12 We do have a couple of items of business that we  
13 need to take care of, quickly, before we go on to the draft  
14 rules. One of them is the minutes of the last meeting of  
15 the Oil Conservation Commission. This was the meeting held  
16 on March 25th, 1999.

17 Commissioners, I believe you've had an  
18 opportunity to review a copy of the draft minutes?

19 COMMISSIONER BAILEY: Yes, I have, and I move  
20 that we accept the minutes of the last meeting.

21 CHAIRMAN WROTENBERY: Do I hear a second?

22 COMMISSIONER LEE: Second.

23 CHAIRMAN WROTENBERY: All in favor, say "aye".

24 COMMISSIONER BAILEY: Aye.

25 COMMISSIONER LEE: Aye.

1 CHAIRMAN WROTENBERY: Aye.

2 And then we did have one case that was on the  
3 docket for this hearing. This was the Application of Yates  
4 Petroleum Corporation and Hanley Petroleum, Inc., for  
5 allowable reduction and the escrow of production proceeds,  
6 Lea County, New Mexico.

7 This particular case has been consolidated with  
8 another case. That was the -- the other case was Energen  
9 Resources Corporation Application for allowable reduction,  
10 West Lovington Strawn Unit, Lea County, New Mexico. The  
11 two cases have been consolidated, and the Applications have  
12 been referred back to the Division's Hearing Examiners for  
13 consideration.

14 There have been some developments in that  
15 particular matter that we think require the attention of  
16 the Division's Hearing Examiners before they come back to  
17 the Commission, so that's where that particular matter  
18 stands. And there's a copy of the letter to the parties in  
19 your notebooks, Commissioners.

20 Florene, I believe that's all of the other  
21 business that we need to address this morning before we go  
22 on to talk about the rule-making proceedings.

23 (Thereupon, these proceedings were concluded at  
24 9:04 a.m.)

25 \* \* \*

## 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 April 22nd, 1999.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002