

OIL CONSERVATION DIV.

OIL CONSERVATION DIV.

99 DEC -2 PM 3:16

99 NOV 32 PM 3:12

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION COMMISSION

CASE NOS. 12,148-50, 12,008 (Continued)

CASE NOS. 12,186, 12,207 (Dismissed)

CONTINUED AND DISMISSED CASES

TRANSCRIPT OF PROCEEDINGS

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

ORIGINAL

November 17th, 1999

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Wednesday, November 17th, 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

November 17th, 1999
Commission Hearing
CASE NOS. 12,148-50, 12,008 (Continued)
CASE NOS. 12,186, 12,207 (Dismissed)

PAGE

REPORTER'S CERTIFICATE

7

* * *

A P P E A R A N C E S

FOR THE COMMISSION:

CAROL LEACH
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 9:20 a.m.:

3 CHAIRMAN WROTENBERY: I apologize for the delay
4 in getting started this morning, but we'll go ahead and get
5 underway. It's about 9:20 on -- What is today? November
6 17th, 1999. We're here in the Oil Conservation Division
7 conference room in Santa Fe for a meeting of the Oil
8 Conservation Commission.

9 I'm Lori Wrotenbery, I'm Chairman of the
10 Commission.

11 To my right is Commissioner Jami Bailey. She
12 represents Land Commissioner Ray Powell on the Oil
13 Conservation Commission.

14 To my left is Dr. Robert Lee, Commissioner.

15 We also have a special guest this week. Lyn
16 Hebert, the Commission's legal counsel, is in Italy on
17 vacation, so Carol Leach, the Department's general counsel,
18 has kindly agreed to sit in with us today. Everybody has
19 to be on their best behavior.

20 We also, of course, have Florene Davidson the
21 Commission Secretary. And Steve Brenner will be recording
22 the meeting for us.

23 I believe -- Let's see, get a couple of
24 preliminary matters out of the way. We have a fairly long
25 docket, but most of the cases have been either dismissed or

1 continued, and I'll go through those in a minute.

2 First, let's take up the minutes of the last
3 Commission meeting. That was held on October 14th here in
4 this room. Commissioners, I believe you've had the chance
5 to review a draft of the minutes.

6 COMMISSIONER BAILEY: Yes, I have.

7 CHAIRMAN WROTENBERY: Any changes necessary?

8 COMMISSIONER BAILEY: No changes, I move that we
9 accept them.

10 CHAIRMAN WROTENBERY: Do I have a second to that
11 motion?

12 COMMISSIONER LEE: Second.

13 CHAIRMAN WROTENBERY: All in favor say "Aye".

14 COMMISSIONER BAILEY: Aye.

15 COMMISSIONER LEE: Aye.

16 CHAIRMAN WROTENBERY: Aye. And I'll sign those
17 on behalf of the Commission.

18 * * *

19
20 CHAIRMAN WROTENBERY: Okay. Then we had several
21 cases that I need to just mention for the record. Case
22 12,186, this was the Application of Chesapeake Operating,
23 Inc., for compulsory pooling in Lea County, New Mexico, to
24 be heard *de novo* on the Application of Ameristat Oil and
25 Gas, Inc.

1 This case has been dismissed at the request of
2 the *de novo* Applicant, and the Division Order Number
3 R-11,216 is continued in full force and effect.

4 * * *

5
6 CHAIRMAN WROTENBERY: Then we also had three
7 cases -- Case Number 12,148, 12,149 and 12,150 -- that were
8 Applications of the Wiser Oil Company to qualify enhanced
9 recovery projects for the recovery oil tax rate in Eddy
10 County, New Mexico. And these cases have been continued to
11 the Commission's hearing in January.

12 * * *

13
14 CHAIRMAN WROTENBERY: We also had Case Number
15 12,008, the Application of Robert E. Landreth for
16 determination of reasonable well costs in Lea County, New
17 Mexico. This case will be heard by the Commission upon the
18 Application of Robert E. Landreth for a *de novo* hearing,
19 but this case, as well, has been continued to the January
20 Commission meeting.

21 * * *

22
23 CHAIRMAN WROTENBERY: We do have two cases that
24 will go forward today. The first one is Case 12,223, the
25 Application of Pogo Producing Company for approval of a

1 pilot pressure maintenance project -- Oh, I missed one that
2 has been dismissed, thank you.

3 This is Case 12,207, the Application of St. Mary
4 Land and Exploration Company for statutory unitization,
5 Eddy and Lea Counties, New Mexico. This was an Application
6 of St. Mary Land and Exploration for a *de novo* review of
7 Order Number R-11,255.

8 The *de novo* case has been dismissed at the
9 request of the *de novo* Applicant, and Division Order Number
10 R-11,255 is continued in full force and effect.

11 Did that cover it, Florene? Thank you.

12 * * *

13
14 (Thereupon, these proceedings were concluded at
15 9:22 a.m.)

16 * * *

17

18

19

20

21

22

23

24

25

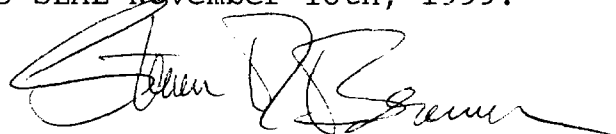
CERTIFICATE OF REPORTER

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 November 18th, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002

(All in Township 23 South, Range 31 East)

(2) The applicant shall take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production or plugged and abandoned wells.

(3) The injection of water into the Pure Gold "B" Federal Well No. 20 shall be accomplished through 2 7/8 inch internally plastic-lined tubing installed in a packer set at approximately 7,645 feet. The casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the Pure Gold "B" Federal Well No. 20, the applicant shall cement the production casing within the Kaiser-Francis Oil Company Pure Gold "A" Federal Well No. 1, located 800 feet from the South line and 1980 feet from the West line (Unit N) of Section 21, across and above the proposed injection interval in a manner satisfactory to the supervisor of the Division's Artesia District Office.

(5) Prior to commencing injection operations into the Pure Gold "B" Federal Well No. 20, the casing shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of the casing.

(6) The injection well or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 1,540 psi.

(7) The Division Director shall have the authority to administratively authorize an increase in injection pressure upon a showing by the operator that such higher pressure will not result in fracturing of the injection formation or confining strata.

(8) The operator shall give advance notice to the supervisor of the Division's Artesia District Office of the date and time i) remedial cement operations will be conducted on the Pure Gold "A" Federal Well No. 1, ii) injection equipment will be installed, and iii) the mechanical integrity pressure test will be conducted on the Pure Gold "B" Federal Federal Well No. 20, so these operations may be witnessed.