

OIL CONSERVATION DIV.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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OIL CONSERVATION COMMISSION

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

CASE NO. 12,248

APPLICATION OF OIL CONSERVATION DIVISION)
 TO AMEND DIVISION RULE 34 REGARDING THE)
 NEW WELL TAX INCENTIVE)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSCOMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN
 JAMI BAILEY, COMMISSIONER
 ROBERT LEE, COMMISSIONER (Present by Telephone)

October 14th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the Oil
 Conservation Commission, LORI WROTENBERY, Chairman, on
 Thursday, October 14th, 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.

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I N D E X

October 14th, 1999
Commission Hearing
CASE NO. 12,248

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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:

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

FOR THE OIL CONSERVATION DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

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1 WHEREUPON, the following proceedings were had at
2 9:05 a.m.:

3 CHAIRMAN WROTENBERY: And then the last item of
4 business today is Case 12,248. This is a case that was
5 continued from the Commission's September 23rd, 1999,
6 meeting. It's the Application of the Oil Conservation
7 Division to amend Division Rule 34 regarding the new well
8 tax incentive.

9 And Mr. Carroll, if you could bring us up to date
10 on this particular proposal.

11 MR. CARROLL: May it please the Commission, my
12 name is Rand Carroll, appearing on behalf of the New Mexico
13 Oil Conservation Division.

14 The Division --

15 CHAIRMAN WROTENBERY: Commissioner Lee, can you
16 hear okay?

17 COMMISSIONER LEE: Yes.

18 CHAIRMAN WROTENBERY: Okay, thank you.

19 MR. CARROLL: The Division has met with
20 representatives of industry, and we believe we've arrived
21 at a solution to the problem.

22 The Division hereby withdraws its request to
23 amend 34.C(3)(a) of its Rules. That would have changed the
24 filing deadline from within 60 days of completion of the
25 well as a producer to within 120 days of spudding the well.

1 We're going to stick with the original within 60
2 days of completion and continue with our request, and again
3 make that request, that 34.D(2) be amended to strike the
4 sentence, "Any application not acted upon by the Division
5 within 30 days from the date it is filed is deemed denied."
6 And the reason for that is that producers have within 60
7 days of completion to file an application.

8 In some cases, particularly at the end of the
9 certification of the first 600 wells, with the 60-day
10 deadline we're going to have to hold some of the
11 applications up to 60 days, so we don't want the 30-day
12 deemed denial still in the rule.

13 And it's a little convoluted, if -- I'll take
14 questions of the Commission.

15 CHAIRMAN WROTENBERY: I might just ask you, for
16 the record, how will the Division determine which 600 wells
17 qualify for the incentive?

18 MR. CARROLL: It will be the first 600 wells that
19 are drilled and completed for which applications have been
20 filed with 60 days. So it's a race to drill and complete
21 the wells, it's not a race to file the application.

22 COMMISSIONER BAILEY: Will an application not be
23 considered complete until the C-105 is submitted to the
24 OCD?

25 MR. CARROLL: Yeah, that's correct, it will not

1 be complete till we receive the C-105.

2 COMMISSIONER BAILEY: Okay, that's all I have.

3 CHAIRMAN WROTENBERY: Commissioner Lee, do you
4 have any questions?

5 COMMISSIONER LEE: No.

6 CHAIRMAN WROTENBERY: Okay. I believe,
7 Commissioners, you've had an opportunity to review the
8 proposed order?

9 COMMISSIONER BAILEY: Yes, I have.

10 CHAIRMAN WROTENBERY: I will entertain a motion
11 that the Commission adopt the order as proposed.

12 COMMISSIONER BAILEY: I so move.

13 CHAIRMAN WROTENBERY: Do I hear a second?

14 COMMISSIONER LEE: Second.

15 CHAIRMAN WROTENBERY: All in favor say "aye".

16 COMMISSIONER BAILEY: Aye.

17 COMMISSIONER LEE: Aye.

18 CHAIRMAN WROTENBERY: Aye. And Commissioner Lee,
19 Commissioner Bailey and I will go ahead and sign this
20 order, and then we will forward it to you for signature
21 just so we have a record of all three Commissioners' --

22 COMMISSIONER LEE: Thank you.

23 CHAIRMAN WROTENBERY: -- endorsement of the
24 order. If you'll just sign it and then return it to us,
25 we'd appreciate it.

1 COMMISSIONER LEE: Okay.

2 CHAIRMAN WROTENBERY: Mr. Carroll, do you know
3 when this particular amendment will go into effect?

4 MR. CARROLL: No, I don't.

5 CHAIRMAN WROTENBERY: It will be on file or --

6 MR. CARROLL: It's the 14th. Probably the end of
7 the month, I would think.

8 MS. DAVIDSON: I think Sally said October 29th.

9 CHAIRMAN WROTENBERY: Okay. On or around October
10 29th, then. Okay.

11 Florene, if you would mail that to Commissioner
12 Lee, we'll get that taken care of.

13 And that brings us to the end of the notebook for
14 today. Are there any other items of business for the
15 Commission?

16 I don't hear any.

17 Thank you very much.

18 This meeting is adjourned.

19 (Thereupon, these proceedings were concluded at
20 9:10 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 October 29th, 1999.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002