

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

CASE NOS. 12,008, 12,325 (Continued)

CASE NO. 12,289 (Dismissed)

00 JUL 34 PM 12:36

OIL CONSERVATION DIV.

CONTINUED CASES
TRANSCRIPT OF PROCEEDINGS

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

July 21st, 2000
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Friday, July 21st, 2000, at the New Mexico Energy, Minerals and Natural Resources Department, Conference Room of the Office of the Secretary, 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

July 21st, 2000
Commission Hearing
CASE NOS. 12,008, 12,325 (Continued)
12,289 (Dismissed)

PAGE

REPORTER'S CERTIFICATE

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A P P E A R A N C E S

FOR THE COMMISSION:

STEPHEN ROSS
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: This is the Commission
4 hearing on Friday, July 21st, 2000. We're here in the OCD
5 hearing room in Santa Fe, New Mexico. It's about 9:00 a.m.

6 We have Commissioner Lee participating by
7 telephone this morning, because we've got a very short
8 agenda and didn't see a need for him to make the trip all
9 the way to Santa Fe for just the two items that -- or three
10 items, I guess, that we've got on the agenda today. We
11 also have in person Commissioner Bailey, representing Land
12 Commissioner Ray Powell. And I'm Lori Wrotenbery, Chairman
13 of the Oil Conservation Commission.

14 We've got just a few items that I think we'll
15 just go ahead and get through quickly here.

16 One is the minutes of the hearing of the Oil
17 Conservation Commission held on June 23rd, 2000.
18 Commissioners, I believe you've had a chance to review a
19 draft of these minutes?

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

22 COMMISSIONER LEE: Second.

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

24 COMMISSIONER BAILEY: Aye.

25 COMMISSIONER LEE: Aye.

1 CHAIRMAN WROTENBERY: Aye. And I'll sign on
2 behalf of the Commission.

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5 CHAIRMAN WROTENBERY: And then we had a few other
6 cases that were advertised on the docket, but these have
7 either been continued or dismissed. Let me just go through
8 those quickly.

9 We had Case 12,008. This is the Application of
10 Robert E. Landreth for a determination of reasonable well
11 costs in Lea County, New Mexico. This case has been
12 continued to the Commission's hearing on August 23rd, 2000,
13 at the request of the Applicant.

14 We also had Case 12,325, the Application of
15 Chesapeake Operating, Inc., for compulsory pooling and an
16 unorthodox subsurface location in Lea County, New Mexico.
17 This particular case will be continued to the Commission
18 hearing on August 23rd, 2000.

19 We have, Commissioners, received a letter from
20 the parties with a proposed settlement agreement, and in
21 the time intervening between this meeting and the next,
22 Steve Ross will incorporate the provisions of this
23 agreement into a draft order and circulate it to your for
24 your consideration, and then we can take action on that
25 order at the August meeting.

1 We had also Case 12,289, the Application of
2 Gillespie Oil, Inc., and Energen Resources Corporation to
3 amend Division Order Number R-10,864-A for unit expansion,
4 statutory unitization and qualification of the expanded
5 unit area for the recovered oil tax rate and certification
6 of a positive production response pursuant to the "New
7 Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.
8 And this case has been dismissed at the request of the *de*
9 *novo* Applicants, Snyder Ranches, Inc., and Larry Squires,
10 Inc. I have sent the parties a letter concerning the
11 dismissal.

12 * * *

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14 CHAIRMAN WROTENBERY: I believe that was
15 everything except for the one case we do want to finish up
16 today. This is the Application of Redwolf Production,
17 Inc., for compulsory pooling in San Juan County, New
18 Mexico.

19 The Commission took evidence in this case at the
20 Commission hearing last month. We also deliberated on the
21 case at that time. Since then, Mr. Ross has circulated a
22 draft order in the case. Commissioners, have you had a
23 chance to review the language of the draft order?

24 COMMISSIONER BAILEY: Yes, I have, and the
25 correction that was made to it yesterday.

1 CHAIRMAN WROTENBERY: Okay, great. Commissioner
2 Lee?

3 COMMISSIONER LEE: Yes, I have read it. I have
4 no problem with it.

5 CHAIRMAN WROTENBERY: Okay. I'm not sure, Mr.
6 Ross, did Commissioner Lee have a chance to look at the one
7 change that was made in the order?

8 MR. ROSS: No, that was just made a few minutes
9 ago.

10 CHAIRMAN WROTENBERY: Okay, would you please
11 describe that particular change for Commissioner Lee? Do
12 you need this?

13 MR. ROSS: Commissioner Lee, in paragraph 6 of
14 the order --

15 COMMISSIONER LEE: Just a second, let me double-
16 check.

17 MR. ROSS: -- and that would be on page 2.

18 COMMISSIONER LEE: Let me pull it up. Okay.

19 MR. ROSS: We just added the words, "and a lessee
20 of record" in that paragraph. So it now reads, "The
21 Applicant is a working interest owner and a lessee of
22 record within the subject proration unit."

23 COMMISSIONER LEE: I have no problem with that.

24 CHAIRMAN WROTENBERY: Do we need to discuss this
25 particular order any further?

1 COMMISSIONER BAILEY: No, I move that we sign it.

2 COMMISSIONER LEE: I second.

3 CHAIRMAN WROTENBERY: Okay. And let me just
4 clarify. The motion is to sign the order with the change
5 in Finding Paragraph Number 6 that Mr. Ross just read into
6 the record?

7 COMMISSIONER BAILEY: Yes, that's right.

8 CHAIRMAN WROTENBERY: Well, then, all in favor
9 say "aye".

10 COMMISSIONER BAILEY: Aye.

11 COMMISSIONER LEE: Aye.

12 CHAIRMAN WROTENBERY: Aye. Great, let's sign the
13 order.

14 Commissioner Lee, we'll send the order to you for
15 your signature by mail. You've got your pen with you down
16 there?

17 COMMISSIONER LEE: I've a pen with -- for real.

18 CHAIRMAN WROTENBERY: Oh, well we may have send
19 the order with your pen.

20 Okay. And then Mr. Ross has some pending and
21 prospective litigation that he needs to brief the
22 Commission on, so I will entertain a motion that we go into
23 closed session for a few minutes to discuss those matters.

24 COMMISSIONER BAILEY: I so move.

25 COMMISSIONER LEE: Second.

1 CHAIRMAN WROTENBERY: All in favor say "Aye"

2 COMMISSIONER BAILEY: Aye.

3 COMMISSIONER LEE: Aye.

4 CHAIRMAN WROTENBERY: Thank you. We'll close the
5 meeting here for a few minutes.

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

7 (The following proceedings had at 9:35 a.m.)

8 CHAIRMAN WROTENBERY: Okay, I'll entertain a
9 motion that we go back into open session.

10 COMMISSIONER BAILEY: I so move.

11 COMMISSIONER LEE: Second.

12 CHAIRMAN WROTENBERY: All in favor say "Aye"

13 COMMISSIONER BAILEY: Aye.

14 COMMISSIONER LEE: Aye.

15 CHAIRMAN WROTENBERY: Aye. Okay. We have
16 finished our deliberations on pending and prospective
17 litigation. I just note for the record that that is all
18 that we discussed while we were in closed session.

19 And at this point I don't believe we have any
20 other items on our agenda. Do we have any other business?

21 COMMISSIONER BAILEY: No.

22 CHAIRMAN WROTENBERY: No? Okay, then shall we
23 adjourn?

24 COMMISSIONER BAILEY: I move we adjourn.

25 COMMISSIONER LEE: Second.

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

2 COMMISSIONER BAILEY: Aye.

3 COMMISSIONER LEE: Aye.

4 CHAIRMAN WROTENBERY: Thank you.

5 (Thereupon, these proceedings were concluded at
6 9:36 a.m.)

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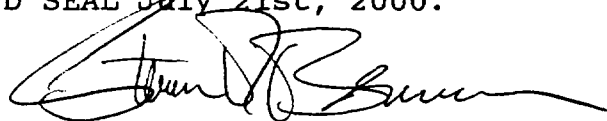
CERTIFICATE OF REPORTER

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 July 21st, 2000.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002