

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

CASE NOS. 12,299 and 12,008 (Continued)

CONTINUED CASES

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

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

OIL CONSERVATION DIV.
CO APR - 6 AM 8:21

March 24th, 2000

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Friday, March 24th, 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.

* * *

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

I N D E X

March 24th, 2000
Commission Hearing
CASE NOS. 12,299 and 12,008 (Continued)

PAGE

REPORTER'S CERTIFICATE

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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
2040 South Pacheco
Santa Fe, New Mexico 87505

* * *

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

3 CHAIRMAN WROTENBERY: Call this meeting of the
4 Oil Conservation Commission to order.

5 Looking around the room, I see a lot of people
6 that we all know, so I think I might forego the
7 introductions, except I might mention that Cheryl Bada is
8 here today to represent the Commission.

9 We're going to have a new attorney coming on
10 board beginning April 10th; his name is Steven Ross. He's
11 currently the Deputy County Attorney in San Juan County,
12 but he's going to be making a move here to Santa Fe and
13 will be joining the staff of the Energy, Minerals and
14 Natural Resources Department, and he will in the future be
15 representing the Oil Conservation Commission at these
16 meetings.

17 But we thank Cheryl Bada for sitting in in the
18 interim period here today.

19 All three Commissioners are present, so we can
20 get started here.

21 The first item, as usual, is the minutes of the
22 last meeting of the Oil Conservation Commission. It was
23 held on February 25th, 2000.

24 Commissioners, I believe you've had a chance to
25 review the draft minutes?

1 COMMISSIONER BAILEY: Yes, I have, and I move
2 that we accept the minutes.

3 COMMISSIONER LEE: I second.

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

5 COMMISSIONER BAILEY: Aye.

6 COMMISSIONER LEE: Aye.

7 CHAIRMAN WROTENBERY: Aye. I'll sign those on
8 behalf of the Commission.

9 * * *

10
11 CHAIRMAN WROTENBERY: Then we had a couple of
12 cases on the docket that will be continued to the next
13 Commission meeting.

14 Case 12,299, this was the Application of Redwolf
15 Production, Inc., for compulsory pooling in San Juan
16 County, New Mexico. This case will be continued to April
17 28th, 2000, at the request of the *de novo* Applicant.

18 And Case 12,008, the Application of Robert E.
19 Landreth for a determination of reasonable well costs in
20 Lea County, New Mexico. Again, this case will be continued
21 to April 28th, 2000, at the request of the *de novo*
22 Applicant.

23 (Thereupon, these proceedings were concluded at
24 9:03 a.m.)

25 * * *

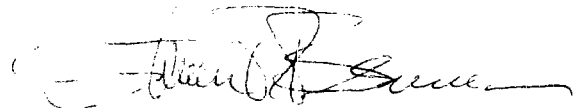
CERTIFICATE OF REPORTER

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 March 24th, 2000.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002

DOCKET: COMMISSION HEARING – FRIDAY – MARCH 24, 2000

9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the February 25, 2000, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

The Commission will close the meeting to discuss the following cases:

CASE 12347: The Oil Conservation Division is calling a hearing to consider proposed April, 2000 – September, 2000 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 4, 2000. If requests for changes are not received at the February 25, 2000 hearing, these factors will be used to assign allowables for the April - September period.

CASE 11996: Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico.

CASE 12033: Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico.

CASE 12346: Continued from February 25, 2000, Commission Hearing. This case will be readvertised and continued to the April 28, 2000 Commission Hearing in order to comply with New Mexico State Records Center rules regarding publishing in the New Mexico Register. Comments and statements will be take at the March 24th Commission Hearing. Written comments will be accepted until March 17, 2000.

Application of the Oil Conservation Division to Amend Rule 303.C through 303.H (19 NMAC 15.E.303) The Division's downhole commingling workgroup will report to the Commission its recommendations for amendments to the Division's rules governing downhole commingling. This matter will then be continued to a subsequent Commission hearing at which time the Commission will hear public comment and testimony. The workgroup's recommended draft rule may be accessed on the internet at the Division's website at: www.emnrd.state.nm.us/oed.

CASE 12299: Continued from February 25, 2000, Commission Hearing. De Novo

Application of Redwolf Production, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 36, Township 26 North, Range 13 West, in the following manner: (a) the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Basin-Fruitland Coal Gas Pool; (b) the NE/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent including the Undesignated WAW-Fruitland Sand-Pictured Cliffs Pool; and (c) the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Bear Well No. 1 to be drilled at a standard location in the NE/4 NE/4 (Unit A) of Section 36. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Redwolf Production, Inc. Company as operator of the well and a charge for risk involved in drilling and completing the well. The area is located approximately 16 miles southwest of Farmington, New Mexico. Upon application of Maralex Resources, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12008: De Novo Continued from January 21, 2000 Commission Hearing

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.