

STATE OF NEW MEXICO  
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: )  
APPLICATION OF CHESAPEAKE OPERATING, )  
INC., FOR COMPULSORY POOLING AND AN )  
UNORTHODOX SUBSURFACE LOCATION, LEA )  
COUNTY, NEW MEXICO )

CASE NO. 12,325

ORIGINAL

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

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

August 23rd, 2000

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Wednesday, August 23rd, 2000, 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

August 23rd, 2000  
Commission Hearing  
CASE NO. 12,325

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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:

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   9:05 a.m.:

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4           CHAIRMAN WROTENBERY: And then the last item on  
5 the agenda is the Application of Chesapeake Operating,  
6 Inc., for compulsory pooling and an unorthodox subsurface  
7 location in Lea County, New Mexico. We do have a draft  
8 order to consider in this case.

9           Mr. Ross, would you walk us through this  
10 particular draft order?

11          MR. ROSS: I'd be happy to.

12          What has happened, Commissioners, is that  
13 subsequent to the entry of the Division order in this case,  
14 which was compulsory pool in favor of Chesapeake Operating,  
15 the interests in the relevant properties and also approving  
16 the unorthodox well location, subsequent to the entry of  
17 that order the parties have reached an agreement on the  
18 pooling issues.

19          Our orders, and this order is no exception,  
20 provide that should the parties reach voluntary agreement  
21 on the compulsory provisions, the orders become void.

22          However, because this order also approved the  
23 unorthodox location of the well in question, the parties  
24 desire to leave those portions of the Division order in  
25 place.

1           So they've asked us by stipulation and joint  
2 motion to do just that, to adopt only certain portions of  
3 the Division order as our Order. So I've drafted a  
4 proposed order accomplishing that, I hope.

5           CHAIRMAN WROTENBERY: Okay, and Commissioners, I  
6 think you've had at least a brief chance to review the  
7 language of the draft order. And we apologize for not  
8 getting that out to you sooner. That was just a  
9 misunderstanding here in our offices, and we'll do better  
10 in the future.

11           But fortunately it is a short one, so I hope you  
12 had a chance to take a look at it and -- Do you have any  
13 questions at this point?

14           COMMISSIONER BAILEY: No, I don't. I've had a  
15 chance to review it and the backup material, and I intend  
16 to sign this order.

17           CHAIRMAN WROTENBERY: Dr. Lee, does everything  
18 look okay to you?

19           COMMISSIONER LEE: I will sign it.

20           CHAIRMAN WROTENBERY: Okay. In that case, I will  
21 entertain a motion that we approve the proposed order of  
22 the Commission.

23           COMMISSIONER BAILEY: I so move.

24           COMMISSIONER LEE: Second.

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

1 COMMISSIONER BAILEY: Aye.

2 COMMISSIONER LEE: Aye.

3 CHAIRMAN WROTENBERY: Aye.

4 And we've got a place on the order for all three  
5 Commissioners to sign. Commissioner Bailey and I will go  
6 ahead and sign it today, and then we'll forward the order  
7 to you, Dr. Lee, for your signature.

8 COMMISSIONER LEE: Thank you.

9 CHAIRMAN WROTENBERY: And that was really our  
10 last item of business on this agenda.

11 I would like to say two things.

12 First of all, Mr. Ross got married last week. I  
13 don't know if the Commissioners knew about that  
14 development, but we all wish him the best. They've had a  
15 very, I think, enjoyable experience up in Colorado --

16 MR. ROSS: Right.

17 CHAIRMAN WROTENBERY: -- for the full week last  
18 week.

19 MR. ROSS: Appreciate that.

20 CHAIRMAN WROTENBERY: And then secondly, I'd like  
21 to talk just briefly about the Commission meeting in  
22 September.

23 This will be our Industry Speaks - Commission  
24 Listens meeting for the year 2000. We are at this point  
25 tentatively scheduled to go to Hobbs, if that will work out

1 for everybody. That will be on September 29th, which is a  
2 Friday.

3 COMMISSIONER LEE: September 29th.

4 CHAIRMAN WROTENBERY: Yes. We --

5 COMMISSIONER LEE: Could we change to Ruidoso?

6 (Laughter)

7 CHAIRMAN WROTENBERY: We've been there. Not as a  
8 Commission, but the IPANM had their meeting there a couple  
9 weeks ago.

10 COMMISSIONER BAILEY: I saw a copy of your  
11 remarks.

12 CHAIRMAN WROTENBERY: Oh, you did?

13 COMMISSIONER BAILEY: It was a very nice  
14 presentation.

15 CHAIRMAN WROTENBERY: Oh, good. Where did you  
16 see that?

17 COMMISSIONER BAILEY: Larry.

18 CHAIRMAN WROTENBERY: Oh, okay. Okay. On the  
19 incentives?

20 COMMISSIONER BAILEY: Right.

21 CHAIRMAN WROTENBERY: Jennifer, yeah, handed that  
22 out. We had put that together and -- Yeah, yeah.

23 COMMISSIONER BAILEY: It was very nice.

24 CHAIRMAN WROTENBERY: We don't have the room  
25 reserved yet. Florene will be working on that.

1           We do have a plane reserved that will be heading  
2 out of Santa Fe, probably stopping in Albuquerque to pick  
3 you up, Dr. Lee, if you wish to fly with us.

4           COMMISSIONER LEE: No, I don't.

5           CHAIRMAN WROTENBERY: Okay.

6           COMMISSIONER LEE: That airplane is too small.

7           CHAIRMAN WROTENBERY: Too small, okay.

8           COMMISSIONER LEE: No, I can go over to Hobbs to  
9 meet some people, so that's no problem.

10          CHAIRMAN WROTENBERY: Okay, you can work that  
11 into your other travel plans, then?

12          COMMISSIONER LEE: Yeah.

13          CHAIRMAN WROTENBERY: Okay.

14          COMMISSIONER LEE: September 29th, right?

15          CHAIRMAN WROTENBERY: September 29th.

16          COMMISSIONER LEE: Okay.

17          CHAIRMAN WROTENBERY: And once we get the travel  
18 arrangements finalized and the meeting room scheduled,  
19 we'll let you know what time we'll be starting the meeting  
20 and what time we'll be leaving out of Santa Fe that  
21 morning.

22                 Any other questions that we need to go over at  
23 this point?

24                 Okay, then I'll entertain a motion to adjourn.

25                 COMMISSIONER BAILEY: I move we adjourn.

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COMMISSIONER LEE: Second.

CHAIRMAN WROTENBERY: All in favor say "Aye".

COMMISSIONER BAILEY: Aye.

COMMISSIONER LEE: Aye.

CHAIRMAN WROTENBERY: Aye. Thank you very much.

(Thereupon, these proceedings were concluded at  
9:15 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 August 24th, 2000.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002