

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

CASE NOS. 12,905 and 12,828 (Continued)

RECEIVED

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CONTINUED CASES

Oil Conservation Division

TRANSCRIPT OF PROCEEDINGS

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

ORIGINAL

February 27th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, February 27th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, 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

February 27th, 2003
 Commission Hearing
 CASE NOS. 12,905 and 12,828 (Continued)

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A P P E A R A N C E S

FOR THE COMMISSION:

STEPHEN C. ROSS
 Assistant General Counsel
 Energy, Minerals and Natural Resources Department
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

* * *

ALSO PRESENT:

PATRICK LYONS
 Land Commissioner
 State of New Mexico

* * *

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

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

3 CHAIRMAN WROTENBERY: Okay, it looks like
4 everybody's here, so we will go ahead and get started.
5 It's just after nine o'clock on February 27th, 2003, and
6 this is the first meeting for the year of the Oil
7 Conservation Commission.

8 My name is Lori Wrotenbery. I'm Director of the
9 Oil Conservation Division.

10 To my right is Jami Bailey who represents the
11 Land Commissioner, Patrick Lyons, on the Commission.

12 And I should note that we're honored to have
13 Commissioner Lyons with us today. And please,
14 Commissioner, if you want to interject or ask questions or
15 comment at any time, feel free to do that.

16 COMMISSIONER LYONS: Thank you.

17 CHAIRMAN WROTENBERY: We're glad to have you
18 here.

19 Also to my far right is Florene Davidson, the
20 Commission secretary.

21 To my left is Robert Lee, director of the
22 Petroleum Recovery Research Center at New Mexico Tech, and
23 Governor Richardson and Secretary Prukop's appointee to the
24 Oil Conservation Commission.

25 Then we also have to Commissioner Lee's left

1 Steve Ross, the Commission's counsel, and Steve Brenner who
2 will be recording these proceedings for us here today.

3 We have, I think, a fairly short agenda today.
4 Should be done in an hour or maybe an hour and a half. I'm
5 not sure at this point, it depends on how some of the
6 evidentiary cases go here.

7 But I just wanted to welcome everybody. This is
8 the first meeting of the Commission this year. We've got a
9 new Governor, new administration, new Land Commissioner, so
10 it's an exciting time. It's kind of surprising, I look at
11 this table, though, and everybody's the same. We've got
12 the same group, but working with some new bosses, and very
13 pleased to be here in this environment.

14 We do have some organizational matters to take
15 care of at the outset, since it is the first meeting of the
16 year. And Steve, I think you were going to lay out for us
17 some of the issues that we need to address today. If you'd
18 like to go ahead with that.

19 MR. ROSS: Good morning, everybody, and
20 congratulations again on your reappointments.

21 We have two housekeeping matters to deal with
22 this morning, as we do -- well, one of the two we have to
23 do every year, which is enact an open meetings resolution.
24 And the second of which, we have an item on the agenda to
25 elect a Chair of the Commission.

1 The Oil and Gas Act provides for the election of
2 a Chair of the Commission, but it doesn't say when that
3 election should occur. I spoke with its present Chair
4 yesterday, and we came to the conclusion that since
5 everyone had just been reappointed that perhaps it was the
6 time to go through that process and elect a chair.

7 You have in your books the annual open meetings
8 resolution. There was something left out of it. My fault,
9 I did it rather hurriedly last week in the middle of a
10 bunch of legislative stuff, and I did leave out one
11 provision which is in the copy that Ms. Davidson has for
12 you to sign. There was a sentence left out. It just says
13 where a written request has been received, notice of these
14 meetings is also to be provided to broadcast stations and
15 newspapers. We don't normally do that, we have never had a
16 request for notice, but the Statute requires us to have
17 something like that in our resolution. So I've included
18 that in the document you have in your books.

19 The resolution is the same as last year, with the
20 exception of the dates of the meetings which, of course,
21 are different.

22 So with that, unless you have some questions
23 about the resolution -- I know we've been operating under
24 it for several years -- we can go ahead and deal with both
25 of these matters, election of a Chairman and adoption of

1 the resolution.

2 CHAIRMAN WROTENBERY: Any questions about the
3 resolution?

4 COMMISSIONER BAILEY: No.

5 COMMISSIONER LEE: (Shakes head)

6 CHAIRMAN WROTENBERY: I will entertain a motion,
7 then, for adoption of the resolution for 2003.

8 COMMISSIONER BAILEY: I move that we adopt this
9 resolution.

10 COMMISSIONER LEE: Second.

11 CHAIRMAN WROTENBERY: All in favor say aye.

12 COMMISSIONER BAILEY: Aye.

13 COMMISSIONER LEE: Aye.

14 MR. ROSS: So I guess at this point we need to
15 consider the matter of the election of a Chair so we can
16 move on to the housekeeping matters.

17 COMMISSIONER LEE: I make a motion to have Lori
18 as our Chair.

19 COMMISSIONER BAILEY: I second.

20 CHAIRMAN WROTENBERY: All in favor say aye.

21 COMMISSIONER BAILEY: Aye.

22 COMMISSIONER LEE: Aye.

23 CHAIRMAN WROTENBERY: Thank you very much. Thank
24 you.

25 Okay, and then we had one last bit of business

1 from last year, and that was the minutes of the December
2 19th, 2002, meeting of the Commission. And Commissioners,
3 have you had a chance to review those minutes?

4 COMMISSIONER BAILEY: Yes, I have, and I move we
5 adopt them.

6 COMMISSIONER LEE: Second.

7 CHAIRMAN WROTENBERY: All in favor say aye.

8 COMMISSIONER BAILEY: Aye.

9 COMMISSIONER LEE: Aye.

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

12 Okay, I think that takes care of the preliminary
13 matters.

14 (Off the record at 9:11 a.m.)

15 (The following proceedings held at 9:18 a.m.):

16 CHAIRMAN WROTENBERY: Then next case was 12,905.
17 This is the Application of Pronghorn Management Corporation
18 for approval of a saltwater disposal well in Lea County,
19 New Mexico.

20 And at the request of the parties, this
21 Application has been continued to March 20th, 2003.
22 Actually, this was kind of at the request of the parties.
23 The parties did not get their exhibits in a week before the
24 hearing as Mr. Ross had requested, and so we urged the
25 parties to continue the case and make sure that they do

1 submit their exhibits in advance of the next Commission
2 meeting.

3 And then I just wanted to touch, out of order, on
4 Case 12,828, the Application of David H. Arrington Oil and
5 Gas, Inc., for compulsory pooling in Lea County, New
6 Mexico.

7 And Mr. Carr, Mr. Bruce, I believe this case will
8 be continued or --

9 MR. BRUCE: Yes, madame Chair --

10 CHAIRMAN WROTENBERY: -- addressed in some other
11 way?

12 MR. BRUCE: -- and I'll let Mr. Carr make the
13 presentation.

14 MR. CARR: May it please the Commission, Mr.
15 Arrington and Yates Petroleum Corporation have reached an
16 agreement verbally on how to resolve this matter.
17 Documents have not been signed. They were trying to beat
18 today's hearing, but they didn't get there.

19 We would like to continue the case for one month.
20 We anticipate there will be no problem in getting this
21 matter resolved between the parties, but we would like to
22 leave the case on the docket, with your permission, until
23 everything is signed.

24 And so we'd request a one-month continuance.

25 CHAIRMAN WROTENBERY: Okay. Thank you, Mr. Carr,

1 Mr. Bruce. And we will continue that case to the
2 Commission's hearing on March 20th.

3 (Thereupon, these proceedings were concluded at
4 9:21 a.m.)

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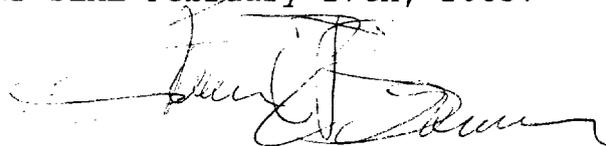
CERTIFICATE OF REPORTER

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 February 27th, 2003.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006