

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

DEC

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

CASE NO. 10,907

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION TO AMEND)
 RULE 1111, 1112 AND 1115 OF ITS GENERAL)
 RULES AND REGULATIONS)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
 WILLIAM WEISS, COMMISSIONER
 JAMI BAILEY, COMMISSIONER

December 12th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Thursday, December 12th, 1996, 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

December 12th, 1996
Commission Hearing
CASE NO. 10,907

PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's

Identified

Admitted

Exhibit 1

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A P P E A R A N C E S

FOR THE OIL CONSERVATION DIVISION:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 9:08 a.m.:

3 CHAIRMAN LEMAY: We shall now call Case 10,907,
4 which is the matter called by the Oil Conservation Division
5 to amend Rules 1111, 1112 and 1115 of the General Rules and
6 Regulations.

7 Appearances in Case 10,907?

8 MR. CARROLL: May it please the Commission, my
9 name is Rand Carroll, appearing on behalf of the Oil
10 Conservation Division. I have no witnesses.

11 CHAIRMAN LEMAY: Thank you.

12 Mr. Carroll, would you want to explain to the
13 fellow Commissioners what 10,907 actually does? I know
14 there's a prepared order, I think, on this case?

15 MR. CARROLL: Yes, I have exhibits. Actually,
16 it's three documents, and I've just put them all in one
17 exhibit --

18 CHAIRMAN LEMAY: Okay.

19 MR. CARROLL: -- OCD Exhibit Number 1.

20 May it please the Commission, this case is the
21 result of an interim order that was issued on February
22 17th, 1994, at which time the Commission decided, due to
23 the ONGARD system implementation, that three reports should
24 be filed on a temporary basis on the second month following
25 production or transportation or storage, rather than the

1 15th of the succeeding month. So we gave industry an extra
2 month in order to file reports.

3 For instance, in February, if there's gas
4 produced, stored or transported, they wouldn't have to
5 report that gas until the 15th day of April. The prior
6 rule would have required it on the 15th day of March.

7 Since that order was issued -- and that order has
8 been extended a number of times, over two and a half years
9 at this point -- a case was docketed to amend Rule 1115,
10 which is the requirement of filing production reports by
11 operators. That case was heard in August of this year, and
12 an order was issued in October. That adopted on a
13 permanent basis that temporary rule where the filing date
14 was the 15th day of the second month following production.

15 Also in that order, electronic filing was
16 required for C-115s and penalties were allowed to be
17 imposed, also pursuant to that rule.

18 This is really a cleanup to make the temporary
19 rule regarding the later filing also applicable to Rules
20 1111, and 1112. 1111 is the gas transporter's report and
21 1112 is the transporter's and storer's report.

22 I've taken the liberty of drafting a draft order
23 for the Commission, and that is the first document
24 contained in your Exhibit Number 1, and what I just
25 outlined is contained on the first page here. The

1 paragraph under "By the Commission" refers to the interim
2 order, and then Finding 2 down here refers to the rule
3 amending -- or the order amending Rule 1115.

4 The third finding relates what we're asking for
5 today, is to make the filing dates for the C-111s and -112s
6 the same day as for C-115s.

7 And the last page of that first document is the
8 exhibit which would be the new rules for both 1111 and
9 1112. And if you would refer to the third document of your
10 exhibit, that document shows the changes that are made to
11 current Rules 1111 and 1112 to make the filing date the
12 second month rather than the first month.

13 And I've also included as the second exhibit the
14 order amending Rule 1115.

15 So it is really cleanup, and we've discussed it
16 in the Division, and the Division is not requesting that
17 electronic filing be required for Rules 1111 and 1112 at
18 this time. What was most important was Rule 1115, that the
19 production reports be filed electronically, and the
20 Division doesn't want to get into the fight at this time.
21 If it's required in the future, we'll revisit these rules.

22 And we're also not asking that any penalty
23 provisions be included in these rules. The amendments
24 strictly relate to delaying the filing one month from the
25 15th day of the succeeding month to the 15th day of the

1 second succeeding month.

2 We've heard of no objection to this amendment,
3 and as you can see, nobody showed up to object either.

4 So we would request that these rules be amended
5 as shown in Exhibit A to the first document in Exhibit 1.

6 That's all I have.

7 CHAIRMAN LEMAY: Any questions?

8 Commissioner Bailey, do you have any questions?

9 COMMISSIONER BAILEY: I have no questions.

10 CHAIRMAN LEMAY: Commissioner Weiss?

11 COMMISSIONER WEISS: I have just a general
12 question.

13 How is that electronic filing proceeding now? Do
14 you have any comments? I've not heard anything about it in
15 a while.

16 MR. CARROLL: No, I'm not the person that would
17 have knowledge of that. Ed Martin would be the person to
18 ask.

19 COMMISSIONER WEISS: Yeah, just thought you might
20 be. Thank you.

21 CHAIRMAN LEMAY: And I have none.

22 Thank you, Mr. Carroll.

23 Is there anything else in Case Number 10,907?

24 MR. CARROLL: That's all I have.

25 CHAIRMAN LEMAY: Before I close the case, you

1 have draft orders, you say, for us to sign?

2 MR. CARROLL: The draft order I've given to Sally
3 Martinez, and the draft order is the first document in your
4 Exhibit Number 1. So you can review it, and if it meets
5 with your approval Sally could finalize it and it could be
6 signed immediately.

7 CHAIRMAN LEMAY: Could we sign it today, I'm
8 wondering, because she advertised it here.

9 MR. CARROLL: Right.

10 CHAIRMAN LEMAY: Well, is it your intention to
11 take final action on this order today, Commissioner Weiss?

12 COMMISSIONER WEISS: Yes.

13 CHAIRMAN LEMAY: Commissioner Bailey?

14 COMMISSIONER BAILEY: Yes.

15 CHAIRMAN LEMAY: Thank you. And so I -- I
16 likewise.

17 So let the record show that final action will be
18 taken on Case Number 10,907 today. Therefore the case will
19 be closed.

20 Thank you.

21 (Thereupon, these proceedings were concluded at
22 9:12 a.m.)

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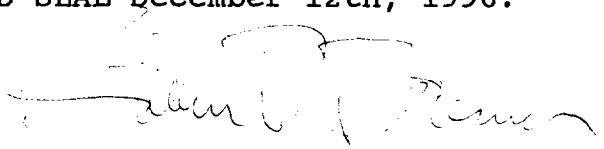
CERTIFICATE OF REPORTER

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 December 12th, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998