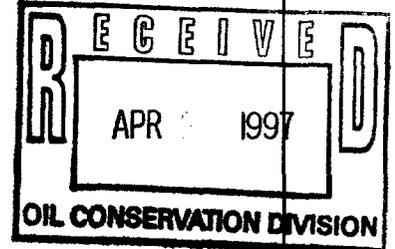


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION



CASE NOS. 11,510, 11,721, 10,994  
AWAITING FINAL COMMISSION ACTION  
NO EVIDENCE OR TESTIMONY TAKEN  
CASE NO. 11,515 (DISMISSED CASE)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

ORIGINAL

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

March 19th, 1997

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission on Wednesday, March 19th, 1997, 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.

\* \* \*

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

## I N D E X

March 19th, 1997  
Commission Hearing  
CASE NOS. 11,510, 11,721, 10,994

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\* \* \*

## A P P E A R A N C E S

## FOR THE COMMISSION:

LYN S. HEBERT  
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   9:04 a.m.:

3           CHAIRMAN LEMAY: Good morning, this is the Oil  
4   Conservation Commission. My name is Bill LeMay, Chairman  
5   of the Commission. To my left, Commissioner Bill Weiss.  
6   To my right, Commissioner Jami Bailey representing the  
7   Commissioner of Public Lands, State of New Mexico. Also  
8   our secretary Florene Davidson, and our attorney Lyn  
9   Hebert. Welcome.

10           We shall start with a little business.

11           I'll entertain a motion to okay the minutes of  
12   the previous meeting.

13           COMMISSIONER BAILEY: I move acceptance of the  
14   minutes.

15           COMMISSIONER WEISS: Second.

16           CHAIRMAN LEMAY: Thank you. It's been moved and  
17   seconded. The minutes of the previous meeting are approved  
18   and accepted.

19   \* \* \*

20           CHAIRMAN LEMAY: We'll also take some final  
21   action on Case Number 11,510, which was the Application of  
22   Branko, Inc., to reopen Case Number 10,656. That was the  
23   Application of Mitchell Energy for compulsory pooling and  
24   unorthodox well location in Lea County, New Mexico.

25           Is it your intention to sign the Order and take

1 final action on it, Commissioner Weiss?

2 COMMISSIONER WEISS: Yes.

3 CHAIRMAN LEMAY: Any comments on the case or --

4 COMMISSIONER WEISS: No.

5 CHAIRMAN LEMAY: Commissioner Bailey?

6 COMMISSIONER BAILEY: I intend to sign.

7 CHAIRMAN LEMAY: Thank you. And it is also my  
8 intention to sign that Order.

9 \* \* \*

10 CHAIRMAN LEMAY: Also awaiting final action by  
11 the Commission is Case Number 11,721, which was the  
12 September, 1997, gas allowables, or allowables covering the  
13 period April to September.

14 And is it your intention, Commissioner Weiss, to  
15 sign the Order?

16 COMMISSIONER WEISS: Yes, it is.

17 CHAIRMAN LEMAY: Commissioner Bailey?

18 COMMISSIONER BAILEY: Yes, it is.

19 CHAIRMAN LEMAY: It's also my intention to sign  
20 that one for final action.

21 \* \* \*

22 CHAIRMAN LEMAY: Case Number 10,994, which is the  
23 Application of Phillips Petroleum Company to reopen *de novo*  
24 Case Number 10,994, final action on that case was  
25 withdrawn, so that final action constitutes a dismissal of

1 that case.

2 And is it your intention to sign that,  
3 Commissioner Weiss?

4 COMMISSIONER WEISS: Yes.

5 CHAIRMAN LEMAY: Commissioner Bailey?

6 COMMISSIONER BAILEY: Yes.

7 CHAIRMAN LEMAY: It's also my intention to.

8 So let the record show that final action has been  
9 taken on Cases 11,510, 11,721 and 10,994, which brings us  
10 to our current docket.

11 (Off the record)

12 \* \* \*

13 CHAIRMAN LEMAY: Before we break, the unfinished  
14 business, we'll call Case Number 11,515, which is the  
15 Application by the Oil Conservation Division on its own  
16 motion to permit the operator, Woosley Oil Company, and  
17 American Employers' Insurance Company and all interested  
18 parties to show cause why a well should not be plugged.

19 This case has been dismissed, so let the record  
20 show 11,515 has been dismissed.

21 (Thereupon, a recess was taken at 9:21 a.m.)

22 (The following proceedings had at 9:55 a.m.)

23 CHAIRMAN LEMAY: Before we continue, just some  
24 additional business for the record.

25 We were talking about having our outreach

1 program, taking the Commission hearing to Roswell. We've  
2 talked about April and May. April, the chambers were not  
3 available; they were in May.

4 So we will hold our May 22nd Oil Conservation  
5 Commission hearing at City Hall, in the chambers there, on  
6 the 22nd of May, Roswell.

7 The other dates, we have some changes.

8 The June Commission hearing will be changed to  
9 June 5th, because one of the Commissioners cannot make the  
10 19th, so we'll have June 5th.

11 And then these are some tentative dates for the  
12 remainder of the year. Commission hearings will be held on  
13 July 17th, August 14th, September 25th, October 16th,  
14 November 13th and December 11th.

15 So those are tentative dates. All those except  
16 for the May hearing are scheduled to be held right here in  
17 Santa Fe. We may take one of those out in the field, we'll  
18 see, see how the Roswell hearing goes.

19 Okay, that business taken care of, I guess we're  
20 ready to continue.

21 (Thereupon, these proceedings were concluded at  
22 9:57 a.m.)

23 \* \* \*

24

25

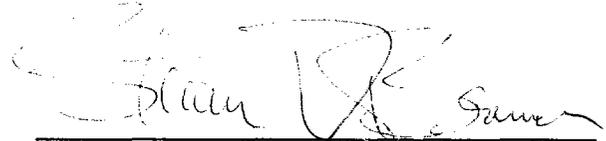
## CERTIFICATE OF REPORTER

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.

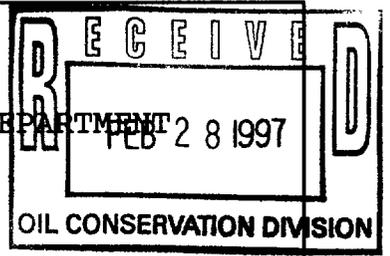
WITNESS MY HAND AND SEAL March 19th, 1997.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998

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



CASE NOS. 11,352, 11,635, 10,994, 11,515

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

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

February 13th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Thursday, February 13th, 1997, 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.

\* \* \*

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

## I N D E X

February 13th, 1997  
Commission Hearing

CASE NOS. 11,352, 11,635, 10,994, 11,515  
Awaiting final Commission action, no evidence or  
testimony taken, continued and dismissed cases

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\* \* \*

## A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT  
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   9:10 a.m.:

3           CHAIRMAN LEMAY: Well, good morning, and glad to  
4   see such a good turnout, considering the weather out there.

5           This is the Oil Conservation Commission monthly  
6   meeting. My name is Bill LeMay, Chairman of the  
7   Commission. To my left, Commissioner Bill Weiss. To my  
8   right, Commissioner Jami Bailey representing the  
9   Commissioner of Public Lands, State of New Mexico.

10          And we've got a pretty interesting program, I  
11   think, because this is the Commission Listens yearly event  
12   where you all produce some suggestions to us on what you'd  
13   like to see us do.

14          In the back there, I've got a sheet there, if you  
15   haven't seen any. It's a handout concerning last year's  
16   results, basically, of what you recommended that we  
17   undertake. And I'll go over this when we get to that  
18   portion of the meeting, to kind of show you that we're  
19   adopting most of what you come up with. So, you know, from  
20   that point of view I think it's important that you all  
21   continue this dialogue with us, because your ideas are  
22   good. And as shown by our action, we're adopting almost  
23   everything that makes sense.

24          Let's begin by conducting some business here.  
25   First, I have the minutes of the previous meeting. Is

1 there a motion to accept the minutes?

2 COMMISSIONER BAILEY: I move we accept.

3 COMMISSIONER WEISS: I second.

4 CHAIRMAN LEMAY: Second. It's moved and  
5 seconded. All in favor say "aye".

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER WEISS: Aye.

8 CHAIRMAN LEMAY: Opposed? Fortunately, all three  
9 of us agree.

10 \* \* \*

11 Also of note here is -- Today I signed the Open  
12 Meetings Resolution, which conforms with the State Open  
13 Meetings Act, whereby we give notices to all our meetings  
14 and conduct all our meetings according to the sunshine  
15 laws. We do that every year, and every year we adopt the  
16 Open Meeting Resolution to conform with the Open Meetings  
17 Act. So let the record show that's been done.

18 \* \* \*

19 The other item of business was taking final  
20 action on Case Number 11,352, Order Number 10,766, which is  
21 an Application by the Oil Conservation Division to amend  
22 Rule 116 of its General Rules and Regulations, pertaining  
23 to leaks, spills, blowouts.

24 And as a companion case, separate, but testimony  
25 was consolidated for the purpose of testimony was Case

1 Number 11,352, Order Number 10,766, again the Application  
2 of the Oil Conservation Division to amend leaks and spills,  
3 but also to adopt a separate rule which, in turn, brought  
4 over the -- the rules and regulations at the Water Quality  
5 Control Commission over here -- I gave the wrong case.  
6 That case is 11,635, and Order Number 10,767. What that  
7 did is just establish methods and standards for prevention  
8 and abatement of water pollution that's associated with  
9 oilfield operations.

10 In essence, that particular order amended Rule 7  
11 of our Rules and Regulations and also adopted a new Rule  
12 19, which was the standards, the Water Quality Control  
13 Commission -- that has brought those standards over here to  
14 the Oil Conservation Division and Commission so we have  
15 jurisdiction over that particular rule.

16 And I'd like to first turn it over to  
17 Commissioner Weiss, anything he'd have to say about the --  
18 both orders.

19 COMMISSIONER WEISS: I have one comment. I was  
20 pleased to see that we recognize risk now, rather than --  
21 In my mind, that says that there's a difference between  
22 spilling the tank water, a tank load of produced water at  
23 Taos along the river, and in Jal. So I think that's in the  
24 order.

25 CHAIRMAN LEMAY: Fine. Commissioner Bailey, you

1 had some comments or statements that you'd like to make?

2 COMMISSIONER BAILEY: I'm particularly pleased  
3 that there is one reporting form the industry can use for  
4 reporting to the OCD, to the State Land Office and to the  
5 BLM. I believe that consolidation and lack of duplicative  
6 paperwork will be helpful.

7 CHAIRMAN LEMAY: Good. And you were favorably  
8 impressed with the order and your intention to sign it?

9 COMMISSIONER BAILEY: I intend to sign the order.

10 CHAIRMAN LEMAY: Commissioner Weiss, is that also  
11 your intent?

12 COMMISSIONER WEISS: Yes, sign the order.

13 CHAIRMAN LEMAY: As it is mine. And there again,  
14 I think because there was such a good cooperative effort  
15 that industry provided, and the public and the  
16 environmental community, I think it's another example of  
17 how we like to engage in our rule-making where there is  
18 input.

19 Now, everyone isn't going to get what they want,  
20 that's not the case. But what happened is, there's enough  
21 input and there's enough information there, there's enough  
22 consensus that we think we've arrived at a -- you know,  
23 pretty good rules. We took about 7, Rule 119 and 116. So  
24 there again, the congratulations go out to you all who  
25 participated in that effort, along with the staff of the

1 OCD.

2 And it also is my intent to sign the order too.  
3 So let the record show that final action has been taken at  
4 this meeting on those two cases.

5 Okay, is there any other business that you can  
6 think of that needs to be performed?

7 Okay, we'll get into the docket per se.

8 \* \* \*

9 CHAIRMAN LEMAY: First, I think we can take some  
10 of the dismissals and extensions.

11 Call Case Number 10,994, which is the Application  
12 of Phillips Petroleum to reopen *de novo* Case Number 10,994.

13 It's been indicated to us by counsel for the case  
14 that this case, without prejudice, should be dismissed. Is  
15 there any objection to dismissal of this case?

16 If not, let the record show 10,994 has been  
17 dismissed.

18 \* \* \*

19 CHAIRMAN LEMAY: And we can call Case Number  
20 11,515, which is the matter called by the Oil Conservation  
21 Division on its own to permit the operator, Woosley Oil  
22 Company, and American Employees Insurance Company and other  
23 interested parties to show cause why wells should not be  
24 plugged.

25 There's been a motion to extend that case to our

1 March 19th hearing. Is there any objection to that  
2 extension?

3 If not, Case 11,515 will be extended or postponed  
4 to the March 19th hearing.

5 \* \* \*

6 (Thereupon, these proceedings were concluded at  
7 9:15 a.m.)

8 \* \* \*

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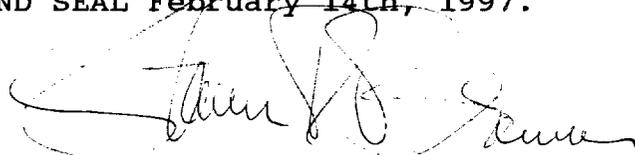
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                                   )    ss.  
 COUNTY OF SANTA FE    )

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WITNESS MY HAND AND SEAL February 14th, 1997.



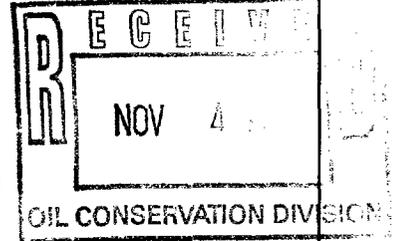
STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998

## STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION COMMISSION



CASE NOS. 11,579 and 11,515

CONTINUED CASES

REPORTER'S TRANSCRIPT OF PROCEEDINGSCOMMISSION HEARING

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

October 29th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Tuesday, October 29th, 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.

\* \* \*

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

## I N D E X

October 29th, 1996  
Commission Hearing  
CASE NOS. 11,579 and 11,515 (Continued cases)

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\* \* \*

## A P P E A R A N C E S

## FOR THE COMMISSION:

LYN S. HEBERT  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
2040 South Pacheco  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT (Case No. 11,579):

HINKLE, COX, EATON, COFFIELD & HENSLEY  
218 Montezuma  
P.O. Box 2068  
Santa Fe, New Mexico 87504-2068  
By: JAMES G. BRUCE

## FOR WOOSLEY OIL COMPANY (Case No. 11,515):

MONTGOMERY & ANDREWS, P.A.  
325 Paseo de Peralta  
P.O. Box 2307  
Santa Fe, New Mexico 87504-2307  
By: EDMUND H. KENDRICK

\* \* \*





## 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 November 1st, 1996.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998