

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

Case No. 13,920 *de novo*
(Adoption of order)

Continuation of
Case Nos. 13,927 *de novo* and 13,870 *de novo*

Dismissal of
Case No. 13,695 *de novo*

TRANSCRIPT OF PROCEEDINGS

BEFORE: MARK E. FESMIRE, CHAIRMAN
JAMI BAILEY, COMMISSIONER
WILLIAM C. OLSON, COMMISSIONER

November 8th, 2007
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, November 8th, 2007, 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

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I N D E X

November 8th, 2007
Commission Hearing

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| ADOPTION OF MINUTES OF THE COMMISSION MEETING HELD ON OCTOBER 11th, 2007 | 3 |
| Case No. 13,920 <i>de novo</i> (ADOPTION OF ORDER) | 4 |
| Case No. 13,927 <i>de novo</i> (CONTINUED TO DECEMBER 6th, 2007) | 5 |
| Case No. 13,695 <i>de novo</i> (DISMISSED) | 6 |
| Case No. 13,870 <i>de novo</i> (CONTINUED TO DECEMBER 6th, 2007) | 7 |
| REPORTER'S CERTIFICATE | 10 |

* * *

1 WHEREUPON, the following proceedings were had at
2 9:07 a.m.:

3 CHAIRMAN FESMIRE: At this point we will convene
4 the regular monthly meeting of the New Mexico Oil
5 Conservation Commission.

6 Let the record reflect this is Thursday, November
7 8th, 2007, at approximately 9:00 a.m. The meeting is being
8 held in Morgan Hall.

9 The address?

10 COMMISSIONER BAILEY: 310 Old Santa Fe Trail.

11 CHAIRMAN FESMIRE: 310 Old Santa Fe Trail. The
12 meeting has been changed from Porter Hall, and the notice
13 of the change was posted on the OCD website, the door of
14 Porter Hall, the door of the Wendell Chino Building and the
15 back door of Porter Hall more than 24 hours prior to the
16 convening of the meeting.

17 The first order of business before the Commission
18 this morning is approval of the minutes of the meeting held
19 October 11th, 2007. At that meeting Commissioners Bailey
20 and Fesmire were present.

21 Commissioner Bailey, have you had a chance to
22 look over the minutes of the meeting?

23 COMMISSIONER BAILEY: Yes, I have, and I move
24 that we adopt them.

25 CHAIRMAN FESMIRE: I second that motion.

1 All those in favor, signify by saying aye.

2 COMMISSIONER BAILEY: Aye.

3 CHAIRMAN FESMIRE: Aye.

4 Let the record reflect that Commissioner Olson
5 was not present and did not vote, but the quorum of the
6 Commission has approved the minutes of the prior meeting.
7 They will be signed and conveyed to the secretary for
8 recording.

9 * * *

10

11 CHAIRMAN FESMIRE: The next cause before the
12 Commission is Case Number 13,920, the Application of the
13 New Mexico Oil Conservation Division for a compliance order
14 against Northstar Oil and Gas.

15 Again, this hearing was held at the October
16 meeting. Commissioner Olson was not present.

17 Commissioner Bailey, have you had a chance to
18 review the order presented by counsel?

19 COMMISSIONER BAILEY: Yes, I have, and I intend
20 to sign it.

21 CHAIRMAN FESMIRE: Okay, and does it fairly and
22 accurately represent the decision of the quorum of the
23 counsel on that date?

24 COMMISSIONER BAILEY: Yes, it does.

25 CHAIRMAN FESMIRE: Okay, the Chair would accept a

1 motion to adopt the order as drafted and presented by
2 counsel.

3 COMMISSIONER BAILEY: I move that we sign the
4 order.

5 CHAIRMAN FESMIRE: That's seconded by the -- I
6 second it.

7 All those in favor?

8 COMMISSIONER BAILEY: Aye.

9 CHAIRMAN FESMIRE: Aye.

10 Let the record reflect that Commissioner Bailey
11 and Commissioner Fesmire voted to approve the order.
12 Commissioner Olson did not vote.

13 COMMISSIONER OLSON: I'll abstain, I guess, for
14 the record, since I wasn't here.

15 CHAIRMAN FESMIRE: At this time I will sign the
16 order, convey it to Commissioner Bailey for her signature.

17 And it will be conveyed to the secretary for
18 recording.

19 * * *

20
21 CHAIRMAN FESMIRE: The next case before the
22 Commission is Case Number 13,927; the Application of Yates
23 Petroleum Corporation for a nonstandard gas spacing unit in
24 Eddy County, New Mexico.

25 Let the record reflect that Mr. Carr, the

1 attorney for Yates in the case, is present.

2 Mr. Carr, do you have an announcement for the
3 Commission?

4 MR. CARR: May it please the Commission, this
5 case is before you on *de novo* appeal by the Ard Energy
6 Group. They're represented by Ernest Padilla.

7 Mr. Padilla and I are attempting to settle the
8 case, and he contacted me and requested that we continue to
9 the December Commission meeting.

10 CHAIRMAN FESMIRE: Upon the recommendation of
11 counsel, and the assertion that he is joined by opposing
12 counsel, this case will be continued until the December 6th
13 regular monthly meeting of the Oil Conservation Commission.

14 * * *

15

16 CHAIRMAN FESMIRE: The next case before the
17 Commission is Case Number 13,695, the Application of
18 Chaparral Energy, LLC, for approval of a saltwater disposal
19 well in Lea County, New Mexico.

20 The Commission is in receipt of a letter from
21 Gary W. Larson, who is the Applicant -- or is the attorney
22 for the Applicant -- requesting that the Commission dismiss
23 the case.

24 Does the Commission see any reason why this case
25 should not be dismissed?

1 COMMISSIONER BAILEY: No.

2 COMMISSIONER OLSON: No.

3 CHAIRMAN FESMIRE: The Chair seeing no objection
4 from the Commission thereby orders an order to be drafted,
5 and the case shall be dismissed.

6 * * *

7

8 CHAIRMAN FESMIRE: The next case before the
9 Commission is Case Number 13,870, the application of Quest
10 Cherokee, LLC, for approval of an Application for a permit
11 to drill in Lea County, New Mexico.

12 The Commission is in receipt of a letter from Mr.
13 James Bruce. The letter states, The above matter is
14 scheduled for the Commission today. The parties are to
15 meet with Division personnel to discuss surface equipment,
16 therefore a meeting is tentatively scheduled in Hobbs for
17 Monday, November 12th. As a result, Applicant requests
18 that this matter be continued to the next Commission
19 meeting.

20 Is there any objection to that continuance?

21 COMMISSIONER BAILEY: No.

22 COMMISSIONER OLSON: No.

23 CHAIRMAN FESMIRE: And the Commission agrees with
24 the continuance?

25 COMMISSIONER OLSON: Yes.

1 CHAIRMAN FESMIRE: Commission members agree?

2 COMMISSIONER BAILEY: Yes.

3 CHAIRMAN FESMIRE: Therefore Case Number 13,870
4 will be continued to the -- December 8th?

5 COMMISSIONER BAILEY: 6th.

6 CHAIRMAN FESMIRE: -- 6th regularly scheduled
7 meeting of the New Mexico Oil Conservation Commission.

8 * * *

9

10 CHAIRMAN FESMIRE: Is there any other matter
11 before the Commission -- before the regularly scheduled
12 Commission meeting today?

13 COMMISSIONER BAILEY: No.

14 COMMISSIONER OLSON: No.

15 CHAIRMAN FESMIRE: The Chair would entertain a
16 motion for adjournment.

17 COMMISSIONER BAILEY: I move we adjourn.

18 COMMISSIONER OLSON: Second.

19 CHAIRMAN FESMIRE: All those in favor?

20 COMMISSIONER BAILEY: Aye.

21 COMMISSIONER OLSON: Aye.

22 CHAIRMAN FESMIRE: Let the record reflect that
23 the Commission -- regularly scheduled November meeting of
24 the New Mexico Oil Conservation Commission was adjourned at
25 9:12 a.m.

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Thank you all.

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

* * *

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 2nd, 2007.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2010