

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

Case Nos. 13,695 *de novo* and 13,927 *de novo*  
(Awaiting Final Commission Action  
No Evidence or Testimony Taken)

Continuation of  
Case Nos. 13,870, 13,962 *de novo*, and 13,812 *de novo*

TRANSCRIPT OF PROCEEDINGS

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

December 6th, 2007  
Santa Fe, New Mexico

2008 FEB 14 PM 2 17

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These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, December 6th, 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  
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December 6th, 2007  
Commission Hearing

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

FOR THE COMMISSION:

CHERYL BADA  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

\* \* \*

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1               WHEREUPON, the following proceedings were had at  
2               9:00 a.m.:

3               CHAIRMAN FESMIRE: Okay, at this time we'll go on  
4               record for the regularly scheduled November 6th, 2007 --

5               COMMISSIONER BAILEY: December.

6               CHAIRMAN FESMIRE: -- December 6th, 2007 -- where  
7               did November go? -- 2007 meeting of the New Mexico Oil  
8               Conservation Commission. This is the regularly scheduled.

9               Let the record reflect that Commissioners Bailey,  
10              Olson and Fesmire are all present, we therefore have a  
11              quorum.

12   \* \* \*

13  
14              CHAIRMAN FESMIRE: The first order of business  
15              before the Commission is the approval of the minutes of the  
16              November 8th and October 14th meetings. And the first  
17              thing I notice is, the minutes presented by the secretary  
18              are dated October 22nd, so that is the proper date, not the  
19              14th, right? Okay.

20              So we'll start with the minutes of the October  
21              22nd, 2007, meeting. Commissioners Bailey and Fesmire were  
22              present. Commissioner Bailey, have you had a chance to  
23              review the minutes as presented by the secretary?

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

1 CHAIRMAN FESMIRE: And I will second that motion.  
2 All those in favor, signify by saying aye.

3 COMMISSIONER BAILEY: Aye.

4 CHAIRMAN FESMIRE: Aye.

5 COMMISSIONER OLSON: Aye -- I'll abstain since I  
6 wasn't here.

7 CHAIRMAN FESMIRE: Let the record reflect that  
8 Commissioner Olson abstained due to his absence from the  
9 meeting.

10 And at this time the minutes of the October 22nd  
11 meeting will be signed and forwarded to the secretary for  
12 recording.

13 \* \* \*

14

15 CHAIRMAN FESMIRE: The next order of business  
16 before the Commission is the minutes of the regularly  
17 scheduled Oil Conservation Commission meeting held on  
18 November 8th, 2007. All three Commissioners were present.

19 Commissioner Bailey, have you had a chance to  
20 review the minutes?

21 COMMISSIONER BAILEY: Yes, I have, and I move we  
22 adopt them.

23 CHAIRMAN FESMIRE: Commissioner Olson, have you  
24 reviewed the minutes?

25 COMMISSIONER OLSON: Yes, I have, and I believe

1 they reflect the -- accurately reflect the actions of the  
2 Commission.

3 CHAIRMAN FESMIRE: Okay, all those in favor of  
4 adopting the minutes as presented by the secretary for the  
5 November 8th, 2007, meeting, signify by saying aye.

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER OLSON: Aye.

8 CHAIRMAN FESMIRE: And let the record reflect  
9 that the Commission has adopted the minutes. They will be  
10 signed and transmitted to the secretary for recording.

11 \* \* \*

12

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

17 The secretary has presented an order that was  
18 drafted by counsel.

19 Counsel Bada, would you care to make a statement  
20 about this case?

21 MS. BADA: Which case is that?

22 CHAIRMAN FESMIRE: The Application of Chaparral  
23 Energy.

24 Been so long -- ?

25 MS. BADA: Been too long.

1 I believe the Commission secretary drafted this  
2 order, and -- [inaudible].

3 CHAIRMAN FESMIRE: Okay, Commissioner Bailey,  
4 have you had a chance to review the order as drafted?

5 COMMISSIONER BAILEY: Yes, I have, and I move we  
6 adopt it.

7 CHAIRMAN FESMIRE: Commissioner Olson?

8 COMMISSIONER OLSON: Yes, I'll second that.

9 CHAIRMAN FESMIRE: I too have had a chance.  
10 All those in favor of adopting the order as  
11 drafted, signify by saying aye.

12 COMMISSIONER BAILEY: Aye.

13 COMMISSIONER OLSON: Aye.

14 CHAIRMAN FESMIRE: Let the record reflect that  
15 the order has been adopted as the actions of the  
16 Commission, will be signed by the Commission members and  
17 transmitted to the secretary for recording, which she'll  
18 have to do without a pen.

19 \* \* \*

20  
21 CHAIRMAN FESMIRE: The next order before the --  
22 the next cause before the Commission is Case Number 13,927.  
23 It's the *de novo* Application of Yates Petroleum Company for  
24 a nonstandard gas spacing unit in Eddy County, New Mexico.  
25 This order has also been drafted.

1           Counsel Bada, do you have anything to say about  
2 this order?

3           MS. BADA: No.

4           CHAIRMAN FESMIRE: Commissioner Bailey, does the  
5 order accurately represent the decision of the Commission  
6 in this case?

7           (Off the record)

8           COMMISSIONER BAILEY: I have reviewed this order,  
9 and I move that we adopt it.

10          CHAIRMAN FESMIRE: Commissioner Olson?

11          COMMISSIONER OLSON: I'll second that.

12          CHAIRMAN FESMIRE: All those in favor of adopting  
13 the order as drafted, signify by saying aye.

14          COMMISSIONER BAILEY: Aye.

15          COMMISSIONER OLSON: Aye.

16          CHAIRMAN FESMIRE: Let the record reflect that  
17 the order was adopted by the Commission -- the order as  
18 drafted was adopted as the decision of the Commission. It  
19 will be signed by the Commissioners and transmitted to the  
20 secretary for recording.

21   \* \* \*

22

23          CHAIRMAN FESMIRE: The next case before the  
24 Commission is Case Number 13,870. It's the Application of  
25 Quest Cherokee, LLC, for approval of an application for a



1 permit to drill in Lea County, New Mexico.

2 At the request of counsel in this case, this case  
3 will be continued to the January 22nd, 2008, Commission  
4 meeting.

5 \* \* \*

6

7 CHAIRMAN FESMIRE: The next case before the  
8 Commission is Case Number 13,962, the Application of Gandy  
9 Corporation for authorization to inject.

10 Also at the request of counsel, this case will be  
11 continued to January 22nd, 2008, Commission meeting.

12 \* \* \*

13

14 CHAIRMAN FESMIRE: The next case before the  
15 Commission is Case Number 13,812, the Application of  
16 Coleman Oil and Gas for amendment of Administrative Order  
17 SWD-806-B in San Juan County, New Mexico.

18 This case will also be continued to the January  
19 22nd, 2008, Commission meeting.

20 \* \* \*

21

22 CHAIRMAN FESMIRE: Is there any other business  
23 before the Commission today on these matters?

24 COMMISSIONER BAILEY: No.

25 CHAIRMAN FESMIRE: The Chair would entertain a

1 motion for adjournment of the regularly scheduled November  
2 [sic] 6th, 2007, Commission meeting then.

3 COMMISSIONER BAILEY: I so move.

4 COMMISSIONER OLSON: Second.

5 CHAIRMAN FESMIRE: All those in favor?

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER OLSON: Aye.

8 CHAIRMAN FESMIRE: Let the record reflect that  
9 the Commission meeting was adjourned at 9:10 a.m., and all  
10 regularly scheduled business of the Commission has been  
11 completed at that time.

12 (Thereupon, these proceedings were concluded at  
13 9:08 a.m.)

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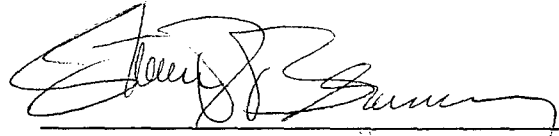
## CERTIFICATE OF REPORTER

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 5th, 2008.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2010