

STATE OF NEW MEXICO

Case 12811

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION COMMISSION

CASE NOS. 13,048 and 13,049 (Continued)

CASE NOS. 13,036 and 13,039 (Dismissed)

**RECEIVED**

CONTINUED AND DISMISSED CASES JUL 24 2003

TRANSCRIPT OF PROCEEDINGS Oil Conservation Division

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

**ORIGINAL**

July 17th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, July 17th, 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

July 17th, 2003  
 Commission Hearing  
 CASE NOS. 13,048 and 13,049 (Continued)  
 CASE NOS. 13,036 and 13,039 (Dismissed)

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

## FOR THE COMMISSION:

CAROL LEACH  
 General Counsel  
 Energy, Minerals and Natural Resources Department  
 1220 South Saint Francis Drive  
 Santa Fe, New Mexico 87505

## FOR THE DIVISION:

DAVID K. BROOKS, JR.  
 Assistant General Counsel  
 Energy, Minerals and Natural Resources Department  
 1220 South St. Francis Drive  
 Santa Fe, New Mexico 87505

\* \* \*

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

3           CHAIRMAN WROTENBERY: Okay, I guess we'll start  
4   this meeting now. This is a meeting of the Oil  
5   Conservation Commission. It's a little after 9:00 a.m. on  
6   July 17th, 2003. We're in Porter Hall in Santa Fe, New  
7   Mexico.

8           Since Mr. Kendrick is the only person in the  
9   audience, I think we'll forego all of the introductions  
10   today, just note for the record that all three  
11   Commissioners are in attendance at this meeting.

12           We have a couple of items of business to address  
13   today, but just a little housekeeping first.

14           First of all, there were a number of cases on the  
15   docket that will either be continued or dismissed. And  
16   Florene, if you will help me work through this, just to  
17   make sure I get it right, we had Case 13,048, the  
18   Application of Devon Energy Production Company, L.P., for  
19   compulsory pooling in Lea County, New Mexico, and Case  
20   13,049, the Application of EGL Resources, Inc., for  
21   compulsory pooling in Lea County, New Mexico, and those two  
22   cases will be continued until the Commission's meeting  
23   when?

24           MS. DAVIDSON: I don't know if you want to go to  
25   August or -- August 17th? That's the pit Rule.

1 CHAIRMAN WROTENBERY: That's right. We may want  
2 to talk about scheduling a special hearing --

3 MR. BROOKS: I believe that's --

4 CHAIRMAN WROTENBERY: -- on those particular  
5 cases.

6 MR. BROOKS: -- August 14th.

7 MS. DAVIDSON: Is it August 14th?

8 MR. BROOKS: I think so.

9 CHAIRMAN WROTENBERY: Is the next regularly  
10 scheduled --

11 MS. DAVIDSON: Right --

12 CHAIRMAN WROTENBERY: -- Commission meeting --

13 MS. DAVIDSON: -- right.

14 CHAIRMAN WROTENBERY: -- and we do expect to hear  
15 testimony on the pit Rules at that particular hearing,  
16 which will take probably the better part of the day, if not  
17 longer.

18 MS. LEACH: And the parties to the Devon Energy  
19 cases have indicated that their cases will take about a  
20 day.

21 CHAIRMAN WROTENBERY: Okay. So we can look, I  
22 guess, at the possibility of carrying over to the 15th of  
23 August, or if that won't work with the Commissioners'  
24 schedules we can look for another hearing date. Florene,  
25 would you get with everybody and try to work out that

1 scheduling?

2 MS. DAVIDSON: Yes.

3 MR. BROOKS: Respectfully --

4 CHAIRMAN WROTENBERY: Yes --

5 MR. BROOKS: -- madame Chairman --

6 CHAIRMAN WROTENBERY: -- Mr. Brooks?

7 MR. BROOKS: -- and honorable Commissioners, I  
8 would suggest that if the Commission chooses at this time  
9 to continue the case to the next docket, that would avoid  
10 the necessity of republishing the notice for that  
11 particular case if it was heard on that date or at some  
12 date afterwards because you could continue it on the record  
13 to a specific date at that time.

14 CHAIRMAN WROTENBERY: That's a good point. So  
15 for our purposes today we'll continue those two cases,  
16 13,048 and 13,049, to the Commission's hearing on August  
17 14th. Thank you for that suggestion, Mr. Brooks.

18 And then we also had two cases, 13,036, the  
19 Application of Ocean Energy, Inc., for compulsory pooling  
20 in Lea County, New Mexico, and 13,039, the Application of  
21 David H. Arrington Oil and Gas, Inc., for compulsory  
22 pooling in Lea County, New Mexico. These cases have been  
23 dismissed at the request of the parties to those two cases,  
24 and I have sent out a letter documenting those dismissals.

25 We also had on the docket Case 12,811, the

1 Application of the New Mexico Oil Conservation Division for  
2 an order requiring operators to bring 388 wells into  
3 compliance with Rule 201.B and assessing appropriate civil  
4 penalties in Eddy, Chaves and Otero Counties, New Mexico.  
5 This case was being heard *de novo* by the Commission at the  
6 request of two operators, J. Cleo Thompson and Kersey and  
7 Company.

8 Since that case was set for *de novo* hearing, J.  
9 Cleo Thompson had submitted some additional information.  
10 And Mr. Brooks, would you summarize what happened there?

11 MR. BROOKS: Mr. Thompson submitted information  
12 with regard to two wells which he was directed to bring  
13 into compliance and as to which penalties were asserted.  
14 The information he submitted has been reviewed by the OCD,  
15 and it was determined that one of those wells was actually  
16 on production prior to the Division Hearing and should not  
17 have been the subject of the order. The reason that it was  
18 -- that we went to hearing on that was the C-115, showing  
19 that production simply had not come in at that time. It  
20 was not late, it just was for the preceding month before  
21 the hearing and had not come in.

22 The other one was an injector, and it was also on  
23 injection. There was an error in the manner in which Mr.  
24 Thompson's staff was entering things onto the computer,  
25 which caused them to show zeros when in fact they were

1 reporting injections. Jane's people and Mr. Thompson's  
2 people have straightened that out, so we believe that in  
3 fact neither of those wells was inactive, and at this time  
4 we would request that the Division Order, insofar as it  
5 relates to J. Cleo Thompson only, be vacated and the case  
6 be dismissed as to that operator.

7 CHAIRMAN WROTENBERY: Okay. And in fact, Mr.  
8 Brooks, you had already submitted a letter requesting  
9 dismissal --

10 MR. BROOKS: That is correct.

11 CHAIRMAN WROTENBERY: -- of the case with respect  
12 to J. Cleo Thompson --

13 MR. BROOKS: That is correct.

14 CHAIRMAN WROTENBERY: -- and I have issued an  
15 order granting that request.

16 We still, though, have the portion of the case  
17 related to Kersey and Company. Mr. Brooks, could you  
18 report on the status of that case?

19 MR. BROOKS: Yes, madame Chairman, honorable  
20 Commissioners. We have investigated what Mr. Kersey has  
21 offered, and he said he wasn't going to be here, but in his  
22 letter that was erroneously addressed to Patrick Lyons,  
23 Land Commissioner, rather than to the Commission, he has  
24 brought some factual matters up.

25 We believe at this point that the status is that

1 several of those wells have been plugged, but the  
2 appropriate paperwork has not been filed and the site  
3 cleanup has not been completed. We believe that's the case  
4 with all of those wells except the -- I believe it's the  
5 ASA State Number 1, which apparently back on production.

6 However, all of this compliance work was done  
7 subsequent to the Division Hearing, and we don't believe  
8 it's complete. Therefore we believe that the Order should  
9 nevertheless remain in effect and that the penalty  
10 provisions should remain in effect. We are not in a  
11 position to present admissible evidence to that this  
12 morning because of difficulties in both my schedule and the  
13 Artesia Office schedule, and we accordingly request that  
14 that hearing be continued till the next docket.

15 CHAIRMAN WROTENBERY: Were there any other  
16 appearances in that particular case?

17 Hearing none, Commissioners, do you have any  
18 objection to continuing this case to the August 14th  
19 docket?

20 COMMISSIONER BAILEY: (Shakes head)

21 COMMISSIONER LEE: (Shakes head)

22 CHAIRMAN WROTENBERY: Then that's what we'll do.  
23 Thank you, Mr. Brooks.

24 \* \* \*



1 CHAIRMAN WROTENBERY: Okay. Just one other  
2 matter of business that I think we can take care of  
3 quickly. We've got the minutes of two Commission hearings,  
4 one held on June 12th, 2003, the other held on June 3rd and  
5 4th, 2003.

6 Commissioners, have you had a chance to review  
7 the minutes of these meetings?

8 COMMISSIONER BAILEY: Yes, I have, and I move  
9 that we adopt them.

10 COMMISSIONER LEE: Second.

11 CHAIRMAN WROTENBERY: All in favor say aye.

12 COMMISSIONER BAILEY: Aye.

13 COMMISSIONER LEE: Aye.

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

16 (Thereupon, these proceedings were concluded at  
17 9:16 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 July 16th, 2003.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006