

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

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

ORIGINAL

PROPOSED AMENDMENT OF 19.15.39 NMAC TO ADD TWO NEW SECTIONS SETTING OUT SPECIAL PROVISIONS FOR SANTA FE COUNTY AND THE GALISTEO BASIN; PROPOSED AMENDMENT 19.15.39.9 NMAC, AND PROPOSED AMENDMENT 19.15.39.10 NMAC.

CASE NO. 14255

- CASE NO. 14163; CONTINUED TO FEBRUARY 2009
- CASE NO. 14106; CONTINUED TO FEBRUARY 2009
- CASE NO. 13957; CONTINUED TO FEBRUARY 2009
- CASE NO. 14149; CONTINUED TO FEBRUARY 2009
- CASE NO. 14150; CONTINUED TO FEBRUARY 2009
- CASE NO. 14124; CONTINUED TO FEBRUARY 2009
- CASE NO. 14145; CONTINUED TO FEBRUARY 2009

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSIONER HEARING

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

January 15, 2009

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, January 15, 2009, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03  
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1 the record reflect that after the break all three Commissioners  
2 are still present. We, therefore, still have a quorum.

3 At this time, we're going to take up Case No. 14122.  
4 It's in the matter of the application of the Pecos Operating  
5 Company for Approval of a Non-Commercial Saltwater Well in Lea  
6 County, New Mexico.

7 I believe this order reflects a negotiated solution  
8 to the case.

9 Mr. Hall, would you like to add something on the  
10 record for that.

11 I tell you what. Why don't we take the attorney  
12 appearances before we do that.

13 MR. HALL: Mr. Chairman, Scott Hall, Montgomery &  
14 Andrews, Santa Fe, appearing on behalf of H&M Disposal Company.

15 MR. FELDEWERT: Mr. Chairman, Michael Feldewert with  
16 the Santa Fe office of Holland & Hart here on behalf of Pecos  
17 Operating Company, who is the applicant in the Division hearing  
18 as well.

19 CHAIRMAN FESMIRE: Mr. Hall, do you have anything to  
20 say?

21 MR. HALL: Mr. Chairman, briefly, this matter came  
22 before the Commission pursuant to an application for hearing  
23 de novo filed on behalf of H&M Disposal Company.

24 The Commission might recall, we earlier had an issue  
25 with respect to the timeliness of the application. We overcame

1 that issue. We wanted the agency to address some of the  
2 provisions in the Division's order, one having to do with the  
3 requirement that my client's offsetting disposal well has  
4 certain bottom hole pressure tests equipment run down it and  
5 data provided to the Division within six months.

6 We also had a concern that -- had an interest in  
7 requesting that Pecos or the operator of the Pecos well provide  
8 some sort of notification to the operator of the current H&M  
9 well if there were ever a conversion of the newly permitted  
10 well to commercial operations. We've discussed that with  
11 Mr. Feldewert and his client and have come to a resolution on  
12 both those issues.

13 And that was the basis for the motion to amend the  
14 order. We thought it was more expedient to have the Commission  
15 do it rather than remand it back to the Division and re-notice  
16 all of that.

17 The order, I believe, reflects the agreement of the  
18 parties, and we request the Commission's adoption of the order.

19 CHAIRMAN FESMIRE: Okay. Mr. Feldewert, do you have  
20 anything to add?

21 MR. FELDEWERT: No, Mr. Chairman. We are perfectly  
22 happy with the order, and the only impact on us is the request  
23 for notice, which we have no problem with.

24 CHAIRMAN FESMIRE: Okay. So, in essence, what we're  
25 doing is issuing a Commission order on a hearing that we're not

1 going to have to settle, a disagreement that's been settled by  
2 negotiation, right?

3 MR. HALL: Something like that. We have done this  
4 before, Mr. Chairman, believe it or not.

5 CHAIRMAN FESMIRE: Not since I've been here.

6 MR. HALL: Well, it was before you were here,  
7 actually.

8 CHAIRMAN FESMIRE: Okay. Commissioner Bailey, are  
9 you comfortable with that?

10 COMMISSIONER BAILEY: I have no objection to this  
11 order.

12 CHAIRMAN FESMIRE: Commissioner Olson?

13 COMMISSIONER OLSON: I have no objection.

14 CHAIRMAN FESMIRE: Okay. With that, the Chair would  
15 entertain a motion to adopt the order as presented by the  
16 parties in this case.

17 COMMISSIONER BAILEY: I move we adopt that order.

18 COMMISSIONER OLSON: I'll second that.

19 CHAIRMAN FESMIRE: All those in favor signify by  
20 saying "aye."

21 COMMISSIONER BAILEY: Aye.

22 COMMISSIONER OLSON: Aye.

23 CHAIRMAN FESMIRE: Aye.

24 Let the record reflect that it will be signed by the  
25 Commissioners and transmitted to the secretary. Is there

1 anything further on Case No. 14122? Okay.

2 With that, we will transmit the order to the  
3 secretary and reconvene Case No. 14255.

4 I believe that Commissioner Olson, you were going to  
5 cross-examine Mr. Jones.

6 COMMISSIONER OLSON: Thank you.

7 EXAMINATION

8 BY COMMISSIONER OLSON:

9 Q. Mr. Jones, I also want to follow up, I guess, on  
10 some things that Commissioner Bailey was bringing up. I think  
11 I brought this up, as well, in addition to her and some other  
12 witnesses about the need for special provisions in all of  
13 Santa Fe County.

14 Is the Division planning on putting on any evidence  
15 for the remainder of Santa Fe County for the need for special  
16 rules in those areas, such as issues with protection of fresh  
17 waters?

18 A. I believe we've done all our direct. I think in  
19 our direct we addressed how we came up with including Santa Fe  
20 County and the Galisteo Basin through the executive orders.

21 So --

22 Q. Just through the executive orders?

23 A. I believe there will be no more direct testimony  
24 on that.

25 Q. Okay. I'll admit, just in hearing some of the