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

ORIGINAL

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

CASE NO. 14413

APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION FOR A COMPLIANCE
ORDER AGAINST BTA OIL PRODUCERS, LLC.

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 4, 2010
Santa Fe, New Mexico

BEFORE: DAVID BROOKS: Hearing Examiner
WILLIAM JONES: Technical Advisor

This matter came for hearing before the New Mexico
Oil Conservation Division, David Brooks, Hearing Examiner,
on March 4, 2010, at the New Mexico Energy, Minerals and
Natural Resources Department, 1220 South St. Francis
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Peggy A. Sedillo, NM CCR No. 88
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

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E X H I B I T S

Page

Stipulated Order and Settlement Agreement

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Court Reporter's Certificate:

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A P P E A R A N C E S

For the OCD:

GAIL MACQUESTEN, ESQ.
Oil Conservation Division
Assistant General Counsel
1220 S. St. Francis Drive
Santa Fe, NM 87505

For BTA Oil
Producers, LLC:

WILLIAM F. CARR, ESQ.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, NM 87501

1 HEARING EXAMINER: We would call Case No. 14413,
2 Application of the New Mexico Oil Conservation Division
3 for a Compliance Order against BTA Oil Producing, LLC.
4 Call for appearances.

5 MS. MACQUESTEN: Mr. Examiner, my name is Gail
6 MacQuesten, I'm appearing on behalf of the Oil
7 Conservation Division.

8 MR. CARR: May it please the Examiner, William
9 F. Carr with the Santa Fe office of Holland and Hart. We
10 represent BTA Oil Production.

11 HEARING EXAMINER: Very good. Thank you. This,
12 I believe, is a follow up. This case was heard at the
13 previous hearing and an agreed interim Order was entered.

14 I guess -- you're the Applicant, I'll let you
15 explain where we are and what needs to be done today.

16 MS. MACQUESTEN: Yes. At the first hearing in
17 this matter, the parties proposed a path forward for
18 resolving the compliance issue in this case.

19 The compliance issue involves an unlined
20 permitted pit used to dispose of produced water. It's
21 located close to the Pecos River. There's evidence of
22 chloride contamination in the soil and the ground water.

23 The parties propose that we go step by step to
24 remediate the site. The first step was for BTA to propose
25 a delineation plan and have that plan accepted by the OCD.

1 We set today as the date to return and report on
2 whether that was accomplished. And I can say that it was
3 accomplished. We are now ready to go to the next step,
4 and we have prepared a proposed amendment to the
5 Stipulated Order that will take us to that next step.

6 Under the proposed Stipulated Order, BTA will
7 carry out the delineation plan that has been approved and
8 prepare a report of the delineation as described in that
9 delineation plan. It will be provided to the OCD for us
10 to review and approved.

11 And we ask that this case be continued until
12 August 19th. At that time, we will consider whether we
13 have accomplished Step 2 of the plan and see if we can
14 take this to Step 3.

15 We don't at this time have a document signed by
16 both parties; we have a draft if you would like to review
17 that. We propose to get the signatures and give you the
18 signed proposed agreement either later today or Monday.

19 HEARING EXAMINER: Okay. You do have a document
20 that's been agreed to by both parties?

21 MR. CARR: Mr. Examiner, we have an agreement
22 that the parties have agreed to. It has been signed by
23 BTA, and it just hasn't gotten back to Santa Fe. I have a
24 facsimile copy bearing BTA's signature. We hope to
25 receive the original today, at which time I will deliver

1 it to the Division.

2 HEARING EXAMINER: Okay. If you could submit
3 the draft, then, to put in the file, we can do that.

4 MS. MACQUESTEN: Would you like one to go the
5 court reporter also?

6 HEARING EXAMINER: Yeah, I think that's probably
7 a good idea. Okay, anything further from either side?

8 MS. MACQUESTEN: If I could ask that the
9 Examiner formally continue the case until the requested
10 date, that will prevent us from having to go through the
11 notice process.

12 HEARING EXAMINER: Okay. What is the requested
13 date for continuance?

14 MS. MACQUESTEN: It is August 19th.

15 HEARING EXAMINER: Very good. Case No. 14413
16 will be continue to August 19th, and the parties are
17 released.

18 (Whereupon, the proceedings concluded.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14413,
heard by me on 3-4-2010.

David K. Bishop, Examiner
Oil Conservation Division

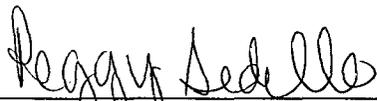
1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 9th day of March, 2010.



PEGGY A. SEDILLO, CCR NO. 88
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