

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARING

SANTA FE, NEW MEXICO

Hearing Date

FEBRUARY 13, 1997

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Richard Pollard	Marathon Oil Co.	Midland, TX
Elizabeth Busk	Arco Permian	Midland, TX
Jerry Hoover	Conoco	Midland, TX
Toni Ristan	PNM	Albuquerque
Frank Gray	Texaco	Midland
Wade Howard	Texaco	Midland
James Collier	Amoco	Houston
Zack Digna	KCS Medallion	Tulsa, OK
William F. [unclear]	Sampbell, [unclear], [unclear] + [unclear]	[unclear]
Frank Chavez	Amoco Artec	Artec
[unclear]	Kell [unclear] + Kell [unclear]	Santa Fe
MARK ASHLEY	Amoco	Santa Fe
PW Sanchez	Amoco	Santa Fe
Louis W. Rose	Montgomery + Andrews	Santa Fe
Bill DUNCAN	Exxon	Midland
David Boyer	CIA	Cedar Creek
Raye Miller	Marbob Energy	Artesia
Tom Staley	Amoco	Denver
Rick Foppiano	OXY	Midland, TX

NEW MEXICO OIL CONSERVATION COMMISSION

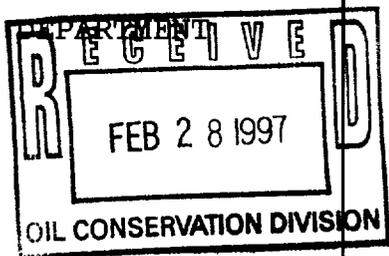
COMMISSION HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 13, 1997 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Richard Tully	Tully & Solley	Farmington, NM
Tim W. Gunn	UMOC	ARTESIA
Alan Anderson	Burlington Oil & Gas	Farmington
Robert L. Ellis	Marathon Oil Company	Midland, Tx
Bob Fand	Yates Pet	Artesia
Ned Kendrick	Montgomery & Andrews	SF
Michael Hayes	Yates Pet	Artesia
Mecca Mauritsen	Yates Pet.	Artesia
James Bauer		SF

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:)
)
APPLICATION OF THE OIL CONSERVATION)
DIVISION TO AMEND RULE 103 OF ITS RULES)
TO CHANGE, ADD OR DELETE CERTAIN)
INFORMATION ON WELL SIGNS)
)

CASE NO. 11,720

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
WILLIAM WEISS, COMMISSIONER
JAMI BAILEY, COMMISSIONER

February 13th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Thursday, February 13th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, 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

February 13th, 1997
 Commission Hearing
 CASE NO. 11,720

PAGE

REPORTER'S CERTIFICATE

9

* * *

E X H I B I T S

Applicant's

"103 Sign on Wells"

Not offered or admitted

* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
 Deputy General Counsel
 Energy, Minerals and Natural Resources Department
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE OIL CONSERVATION DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 9:15 a.m.:

3 CHAIRMAN LEMAY: We'll now call Case Number
4 11,720, which is the Application of the Oil Conservation
5 Division to amend Rule 103 of its Rules to change and
6 delete certain information on well signs.

7 Appearances in this case?

8 MR. CARROLL: May it please the Commission, my
9 name is Rand Carroll, appearing on behalf of the Oil
10 Conservation Division.

11 CHAIRMAN LEMAY: Yes, sir, Mr. Carroll.

12 Any other appearances in the case?

13 Would you like to tell us what the Application is
14 about?

15 MR. CARROLL: Yes, Mr. Chairman. Frank Chavez,
16 our District Supervisor in Aztec, has come up with a
17 proposed rule change amending Rule 103. This proposed rule
18 has not been circulated to industry yet, so I'm going to
19 ask that this case be continued to next month and have the
20 proposed rule attached to the docket for next month and
21 then hear testimony at the March 19th hearing.

22 The Division will recommend on additional change
23 to the rule as proposed -- and I've put copies of the
24 proposed rule on the back table -- and that is, the new
25 proposed rule would have given operators 60 days from the

1 effective date of a name change to change the signs on all
2 their wells. We would add, "unless an extension is granted
3 by the District Supervisor for good cause shown and a
4 schedule is provided," something to that effect.

5 CHAIRMAN LEMAY: Do you want to give the
6 Commission and those in the audience just a general idea
7 what the change is about, the sign changes?

8 MR. CARROLL: I think I will defer to Mr. Frank
9 Chavez --

10 CHAIRMAN LEMAY: Okay.

11 MR. CARROLL: -- for a brief discussion.

12 CHAIRMAN LEMAY: Frank, do want to just give us a
13 brief discussion on it so we can understand a little
14 better?

15 MR. CHAVEZ: Yes, I'm Frank Chavez, Supervisor of
16 the Aztec Office of the OCD.

17 Over the years, the usefulness of some of our
18 well signs has been called in question, especially some of
19 the information that's been required by the past rules.

20 So the proposed rule is basically a
21 simplification of some of the wording, and really the only
22 thing that is new is some changes of wording from leased
23 property. There's some ambiguity that's being cleared up
24 as to specifying operator under our current interpretation
25 of "operator", rather than lessee, owner or operator.

1 And the biggest change is that on new signs
2 posted, proposed posted after January 30th of this year,
3 that the API number of the well be shown. And that would
4 be after June 30th of this year. So that will be really
5 helpful to our field people in the field when they come up
6 to a well, if the API number is available to them.

7 At one point we had considered for other purposes
8 including a latitude and longitude, and there was some
9 discussion about that. But after talking with professional
10 surveyors and all, even though the technology is improving,
11 that is not really accurate enough to -- useful enough to
12 put on the signs.

13 So actually the biggest change is changing
14 requirement for API numbers.

15 CHAIRMAN LEMAY: Okay. Any comment on that from
16 anyone in that audience?

17 Yes.

18 MR. FOPPIANO: Chairman LeMay, Rick Foppiano --

19 CHAIRMAN LEMAY: Right.

20 MR. FOPPIANO: -- of OXY. The question would be,
21 what is the -- what's considered a new sign, as opposed
22 to -- Would that be a sign for an existing well or a new
23 well drilled or any change made to an existing sign? I
24 just wanted to get some feedback on that.

25 CHAIRMAN LEMAY: Right. Frank, have you got a --

1 MR. CHAVEZ: Yes, if the sign is replaced or any
2 sign on a new well, it would include the API number.

3 CHAIRMAN LEMAY: So in other words, if the
4 operator is going to replace the sign for any reason, at
5 that point in time they would be required to put the API
6 number on?

7 MR. CHAVEZ: Yes, sir.

8 CHAIRMAN LEMAY: Okay. Any other comments on
9 that, fellow Commissioners? Commissioner Weiss or
10 Commissioner Bailey?

11 COMMISSIONER WEISS: Would that -- If the
12 property changes hands then the API number appears?

13 MR. CHAVEZ: Not necessarily. What's happened in
14 the industry is, many well signs are made so that some
15 operators put an adhesive strip that contains the new
16 operator name on a sign.

17 Changing signs is a very expensive thing to do,
18 and we wouldn't propose to an operator who has, say, a
19 hundred wells, to change a hundred signs if it's easy
20 enough just to change the name on the sign by either
21 painting over or putting an adhesive strip, which is a very
22 popular thing now to do, with the new name over the old
23 name. So any new physical replacement of the sign, a new
24 sign is placed.

25 CHAIRMAN LEMAY: Okay, any other comments,

1 questions? Yes, sir?

2 MR. HOOVER: Jerry Hoover with Conoco. Just a
3 clarification, Frank. I assume this also applies to
4 temporary signs that are put up when we begin to drill, as
5 well as permanent signs?

6 MR. CHAVEZ: Well, we hadn't differentiated
7 between temporary or permanent signs.

8 MR. HOOVER: The reason I ask is because we many
9 times already have a well spudded, a federal-lease well,
10 before we have an API number because of the lag time in you
11 receiving the permit and making the assignment. And I just
12 didn't know whether you anticipated that and whether it
13 related to those temporary drilling signs or not.

14 MR. CHAVEZ: I would interpret -- From what I
15 understand right now, the way I've discussed it with the
16 supervisor, we're talking about a permanent sign that's
17 placed there when the inspector goes out and --

18 MR. HOOVER: Okay.

19 MR. CHAVEZ: -- the well's completed.

20 CHAIRMAN LEMAY: Any other comments, questions,
21 suggestions?

22 If not this case will be -- Do you want to just
23 postpone till the --

24 MR. CARROLL: -- till the March hearing.

25 CHAIRMAN LEMAY: -- till the March hearing, okay.

1 (Off the record)

2 CHAIRMAN LEMAY: Yeah, the March hearing will be
3 here. The Commission, again, is talking about the meeting
4 in either April or May in Roswell, and I guess I need to
5 see the availability of facilities there. I think right
6 now we're looking at the May meeting. But that still is
7 okay with both of you Commissioners?

8 COMMISSIONER BAILEY: Either one.

9 CHAIRMAN LEMAY: Okay. But March will be here,
10 so...

11 Good, okay.

12 (Thereupon, these proceedings were concluded at
13 9:20 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 15th, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

103 SIGN ON WELLS

All wells subject to these regulations, ~~including drilling, production, and injection wells,~~ shall be identified by a sign, ~~posted on the derrick or~~ not more than 20 50 feet from such well, and such sign shall be of durable construction and the lettering thereon shall be kept in legible condition and shall be large enough to be legible under normal conditions at a distance of 50 feet. ~~The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence.~~ Each sign shall show the number of the well, the name of the ~~lease property (which shall be different or distinctive for each lease),~~ the name of the lessee, ~~owner or~~ operator, and the location by quarter section unit letter, section, township and range. ~~The location, for each sign posted after March 1, 1968, shall indicate the quarter-quarter section, township, and range. [1-1-50...2-1-96]~~ Each sign posted after June 30, 1997, shall show the API number of the well with the state code, the county code, and the next five digits of the API number. An operator will have 60 days from the effective date of an operator name change to change the operator name on the well sign.