

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

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: ) CASE NO. 12,441  
)  
APPLICATION OF LG&E NATURAL PIPELINE, )  
L.L.C., FOR SPECIAL RULES FOR THE )  
GRAMA RIDGE MORROW GAS STORAGE UNIT, )  
LEA COUNTY, NEW MEXICO )  
\_\_\_\_\_)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

June 29th, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, June 29th, 2000, 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.

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00 JUL 13 AM 5:02  
OIL CONSERVATION DIV

## I N D E X

June 29th, 2000  
 Examiner Hearing  
 CASE NO. 12,441

PAGE

REPORTER'S CERTIFICATE

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\* \* \*

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

## FOR THE DIVISION:

LYN S. HEBERT  
 Attorney at Law  
 Legal Counsel to the Division  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

MILLER, STRATVERT and TORGERSON, P.A.  
 150 Washington  
 Suite 300  
 Santa Fe, New Mexico 87501  
 By: J. SCOTT HALL

FOR NEARBURG EXPLORATION COMPANY, L.L.C.;  
 YATES PETROLEUM CORPORATION;  
 BTA OIL PRODUCERS and C.W. TRAINER:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.  
 Suite 1 - 110 N. Guadalupe  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:20 a.m.:

3           EXAMINER STOGNER: This hearing will come to  
4   order for the hearing of Docket Number 18-00. Please note  
5   today's date, Thursday, June 29th, 2000. I'm Michael  
6   Stogner, appointed Hearing Examiner for today's cases.

7           And I'll tell you what, we will call at this time  
8   Case 12,441.

9           MS. HEBERT: Application of LG&E Natural  
10   Pipeline, L.L.C., for special rules for the Grama Ridge  
11   Morrow Gas Storage Unit, Lea County, New Mexico.

12          EXAMINER STOGNER: I'll call for appearances.

13          MR. HALL: Mr. Examiner, Scott Hall, Miller  
14   Stratvert and Torgerson, Santa Fe, on behalf of the  
15   Applicant LG&E Natural Pipeline, L.L.C.

16          MR. CARR: May it please the Examiner, my name is  
17   William F. Carr with the Santa Fe law firm Campbell, Carr,  
18   Berge and Sheridan. We represent Nearburg Exploration  
19   Company, L.L.C.; Yates Petroleum Corporation; BTA Oil  
20   Producers and C.W. Trainer.

21          EXAMINER STOGNER: Any other appearances?

22          Mr. Hall?

23          MR. HALL: Mr. Examiner, we request that this  
24   case be continued to the July 13th Examiner Docket. I have  
25   discussed with Mr. Carr the need for the continuance. We

1 believe the continuance will facilitate some settlement  
2 discussions among the parties. It's our hope that we might  
3 be able to provide you with a stipulated order for special  
4 project rules for the storage area.

5 EXAMINER STOGNER: Mr. Carr?

6 MR. CARR: May it please the Examiner, as you are  
7 aware, we requested -- Nearburg, Yates, BTA and Trainer  
8 requested a continuance, a four-week continuance, of this  
9 case early this week. We filed a written motion for a  
10 continuance. Mr. Hall responded. That was denied.  
11 Yesterday afternoon we were advised that LG&E would also --  
12 would seek a continuance for two weeks.

13 We agree that the case should be continued.

14 We have, as you are also aware, subpoenaed some  
15 information from LG&E. We were under the impression that  
16 it would be presented here today, and we understand now  
17 there are some problems with that.

18 While we concur in the continuance, we think it's  
19 important for you to know that while we are anxious to meet  
20 with LG&E and would be happy if we can reach a stipulated  
21 -- or an agreement for a stipulated order, if we cannot, we  
22 still are in a position where we need the data and we will  
23 need time to prepare it if we do not reach an agreement.

24 While we believe the case should be continued --  
25 We did request a four-week continuance, we still think

1 that's appropriate. And depending on where we are and what  
2 data is available, you should be advised that we may need  
3 to go beyond that.

4           If we can't settle the case -- We believe it is a  
5 complicated case. There are title issues involved that  
6 we're going to have to resolve, there are geological and  
7 engineering data or issues that have to be addressed, there  
8 are legal issues not only concerning the precedent this  
9 sets but what kind of property rights are involved and how  
10 they're to be dealt with in an administrative forum.

11           So it's going to go one of two ways. We're going  
12 to settle, or we're going to have a very complicated  
13 hearing. We concur in a request for continuance. We  
14 request four weeks.

15           We also believe that since you've been involved  
16 in the case, that as the case goes forward it would be  
17 appropriate for you to remain the Examiner in this matter.

18           EXAMINER STOGNER: Mr. Hall?

19           MR. HALL: Mr. Examiner, we do have some  
20 documentation to produce to Mr. Carr pursuant to his  
21 subpoena. He also invited us to engage in discussions with  
22 him about the scope of the materials requested in his  
23 subpoena. We will do that.

24           MR. CARR: And we are certainly anxious to do  
25 that and to discuss the underlying issues in the case. I

1 don't want that to be misunderstood. We're either going to  
2 get this resolved, or we're going to have a pretty good  
3 hearing. We're hopeful that it will be resolved.

4 MR. HALL: Yes, I think there's a cooperative  
5 mood right now, and we hope to take advantage of that. And  
6 we think keeping this case on the July 13th docket will  
7 keep people focused and get this thing resolved earlier  
8 rather than later.

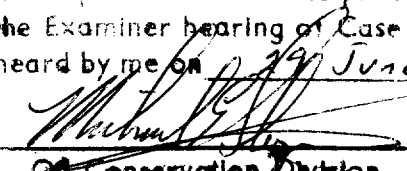
9 EXAMINER STOGNER: Mr. Hall, in light of the  
10 pending docket on the 13th, I'm going to give you half of  
11 your request and continue this matter, but not to the 13th.  
12 This matter will be continued to July 27th. And I will  
13 try, even though that's not my hearing, I will try to make  
14 myself available at that time.

15 So this case, Number 12,441, will be continued to  
16 the July 27th docket.

17 Thank you, gentlemen.

18 (Thereupon, these proceedings were concluded at  
19 8:25 a.m.)

20 \* \* \*

21 I hereby certify that the foregoing is  
22 a complete record of the proceedings in  
23 the Examiner hearing of Case No. 12441  
24 heard by me on 29 June 1960  
25  Examiner  
Of Conservation Division

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 Division 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 June 30th, 2000.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002