

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

CASE NOS. 13,029, 13,030, 12,792, 12,828, 12,535, 12,567,  
12,569, 12,590, 12,738, and 12,794 (Continued)

CONTINUED CASES  
TRANSCRIPT OF PROCEEDINGS

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APR 3 2003

Oil Conservation Division

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

March 20th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, March 20th, 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

March 20th, 2003  
Commission Hearing  
CASE NOS. 13,029, 13,030, 12,792, 12,828, 12,535, 12,567,  
12,569, 12,590, 12,738 and 12,794, (Continued)

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

FOR THE COMMISSION:

STEPHEN C. ROSS  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 9:29 a.m.

3           CHAIRMAN WROTENBERY: Okay, at this point, just  
4 to make an announcement, we had a couple of other rule-  
5 making applications that were listed on the docket for  
6 today, but those items have been continued to the  
7 Commission's April 17th hearing.

8           One is Case 13,029, the Application of the New  
9 Mexico Oil Conservation Division for amendment of Rule  
10 1107. This is the application for multiple completion Form  
11 C-107.

12           And the other is Case 13,030, the Application of  
13 the New Mexico Oil Conservation Division for amendment of  
14 Rule 1209, concerning the continuance of a hearing without  
15 new service. We will be considering those proposals at the  
16 next Commission meeting on April 17th.

17           (Off the record at 9:30 a.m.)

18           (The following proceedings had at 1:35 p.m.:)

19           CHAIRMAN WROTENBERY: And let me just note that  
20 we had indicated on the docket that we might take final  
21 action in Case 12,792. This was the Application of the New  
22 Mexico Oil Conservation Division for an order requiring  
23 Kelly H. Baxter to properly plug seven wells in Lea County,  
24 New Mexico, and we will defer action on that particular  
25 item until our April meeting.

1 \* \* \*

2  
3 CHAIRMAN WROTENBERY: Let's see, Mr. Bruce, can  
4 you give us a status report on Case 12,828, the Application  
5 of David H. Arrington Oil and Gas, Inc., for compulsory  
6 pooling in Lea County, New Mexico?

7 MR. BRUCE: Yes, madame Chair, the parties  
8 involved in that are Arrington and Yates Petroleum  
9 Corporation. The parties are working out a voluntary  
10 agreement on that. We had Mr. Carr on behalf of Yates, and  
11 I had hoped that it had been signed by this date. It has  
12 not, but they would ask that the case be continued for one  
13 month. It is the Application of Yates for a *de novo*  
14 hearing, by the way, and Arrington consents to that  
15 continuance, and we would ask that it be continued until  
16 the April Commission docket.

17 CHAIRMAN WROTENBERY: Okay, then we will continue  
18 that case to the April 17th Commission hearing. This was  
19 the Application of David H. Arrington for compulsory  
20 pooling, and the parties have reached an agreement; it just  
21 hasn't been signed yet. We think that case will be  
22 dismissed. It's not quite ready for final disposition.

23 \* \* \*

24  
25 CHAIRMAN WROTENBERY: And then Mr. Bruce, we have

1 a set of cases that were heard together and appealed  
2 together, these are Cases 12,535, 12,567, 12,569, 12,590,  
3 12,738 and 12,794.

4 MR. BRUCE: Yes, madame Chair, those are all  
5 either the Application of Ocean Energy Resources, Inc.,  
6 which is now known as Ocean Energy, Inc., or Yates  
7 Petroleum Corporation. They involved applications  
8 compulsory pooling and nonstandard proration units.

9 Yates has previously submitted a letter. The  
10 Division's Order in these matters granted the Applications  
11 of Ocean Energy. The matters were appealed by Yates  
12 Petroleum Corporation. Yates Petroleum has now withdrawn  
13 its appeal Application.

14 The parties -- There are several large interest  
15 owners and a number of small interest owners. The larger  
16 working interest owners -- who are at this point Ocean  
17 Energy, Yates Petroleum and EOG Resources -- have agreed to  
18 a location.

19 If you look at the final Application, the 12,794,  
20 they have all agreed that the proposed location would be --  
21 There were several locations proposed; they have all agreed  
22 now on the Lot 3 location. The original Order actually had  
23 a -- at a location in Lot 4.

24 We would ask that the Commission issue an order,  
25 a compulsory pooling order, in these matters with the Lot 3

1 location, and if there is no objection to this, I would  
2 just submit a draft order to the Commission.

3 CHAIRMAN WROTENBERY: Okay, Mr. Bruce, I don't  
4 know if we've heard anything on this matter from Yates.  
5 Have we received any correspondence? Okay. Oh, we did  
6 receive the -- Ah, okay.

7 But rather than dismiss it, Mr. Bruce, we do need  
8 to take some action in order to amend the --

9 MR. BRUCE: We do need to amend the prior order  
10 to reflect the --

11 CHAIRMAN WROTENBERY: -- prior order --

12 MR. BRUCE: -- approval of well location. And  
13 like I say, if I could, I would submit a draft order to  
14 you.

15 CHAIRMAN WROTENBERY: Okay, if you would, Mr.  
16 Bruce, submit a draft order with a copy to Yates, and we'll  
17 consider that order at the Commission's meeting in April.

18 (Thereupon, these proceedings were concluded at  
19 1:37 p.m.)

20 \* \* \*

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