

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 PRONGHORN MANAGEMENT)
CORPORATION FOR APPROVAL OF A SALTWATER)
DISPOSAL WELL IN LEA COUNTY, NEW MEXICO)

CASE NO. 12,905

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

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

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Oil Conservation Division

March 20th, 2003

Santa Fe, New Mexico

This matter 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.

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STEVEN T. BRENNER, CCR
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1 Q. Well, I don't believe you answered my question
2 earlier. Did you make a study of what effect on your
3 saltwater disposal operation the proposed well would have?

4 A. Yeah, pretty well, I pretty well know what it
5 would do to it.

6 Q. What would it do?

7 A. Well, it would cut my business somewhat.

8 Q. How much?

9 A. Probably 35 percent, 40.

10 Q. What does that mean in terms of money?

11 A. Oh, if I was making \$1000 a month, I'd be making
12 \$600.

13 Q. Well, I'm asking actual effect. Say 35 percent,
14 what does that translate to on a monthly basis?

15 A. Thirty-five percent would probably run around
16 \$3500 a month.

17 Q. Do you still owe money for the saltwater
18 disposal --

19 A. Yes, sir --

20 Q. -- investment you made?

21 A. -- some, yes, sir.

22 Q. Do you have a saltwater disposal easement from
23 the Land Commissioner's Office?

24 A. Yes, I do.

25 Q. You're paying royalties to the Land Commissioner?

1 A. Yes, sir.

2 Q. When did you get your saltwater disposal easement
3 from the Land Office?

4 A. I got it just a very few weeks after I received
5 the permit from the OCD.

6 Q. So you got the OCD permit first, right?

7 A. That is correct.

8 Q. Did you have to file a copy of Exhibit 2 with
9 your application for saltwater disposal easement with the
10 Land Commissioner?

11 A. I believe I did, but it's been a while back. I
12 do not remember exactly.

13 Q. My point is that you had to have this saltwater
14 disposal order from the OCD before you applied with the
15 Land Commissioner for a saltwater disposal easement, right?

16 A. That's the way I did it.

17 Q. And that makes sense, right?

18 A. As far as I know.

19 MR. PADILLA: I don't have any further questions.

20 CHAIRMAN WROTENBERY: Thank you, Mr. Padilla.

21 Mr. Owen, before you and I forget again, I think
22 we need to introduce the exhibits into evidence.

23 MR. OWEN: Thank you, madame Examiner. I move
24 the admission of DKD Exhibits Numbers 1 through 4.

25 CHAIRMAN WROTENBERY: Any objection, Mr. Padilla?