

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARINGSANTA FE, NEW MEXICOHearing Date FEBRUARY 10, 1993 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Rick Foppiano	> DXY USA	
TOM Kellahan		
Scott Gergler		
Maurice Trimmer	Byram Co.	SF
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VICTOR T. LYON	GAS CO / NM	Santa Fe
Alvin Bacon	IPR NM	
PAUL MOLLO	GAS CO / NM	ALB
JOHN WILLIAMS	" " "	"

1 NEW MEXICO OIL CONSERVATION COMMISSION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10907

5
6 IN THE MATTER OF:7
8 The Hearing Called by the Oil
9 Conservation Division to Amend
10 Rules 1111, 1112, and 1115 of
11 its General Rules and Regulations.

12 BEFORE:

13 CHAIRMAN WILLIAM LEMAY

14 COMMISSIONER BILL WEISS

15 COMMISSIONER GARY CARLSON

16 State Land Office Building

17 Morgan Hall

18 February 10, 1994

19
20
21 REPORTED BY:22 CARLA DIANE RODRIGUEZ
23 Certified Shorthand Reporter
24 for the State of New Mexico
25

MAR 3 1994

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

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General Counsel

State Land Office Building

Santa Fe, New Mexico 87504

FOR INDEPENDENT PETROLEUM ASSOCIATION and
YATES PETROLEUM CORPORATION:

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BY: **WILLIAM F. CARR, ESQ.**

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Exhibit No. 1

10

Exhibit No. 2

19

1 CHAIRMAN LEMAY: We'll call Case No.
2 10907, which is the matter of the hearing called
3 by the Oil Conservation Division to amend Rules
4 1111, 1112, and 1115 of its general rules and
5 regulations.

6 Appearances in Case 10907?

7 MR. STOVALL: Mr. Chairman, Robert G.
8 Stovall of Santa Fe, appearing on behalf of the
9 Division, which is the Applicant in the case. I
10 have one witness.

11 CHAIRMAN LEMAY: Mr. Carr?

12 MR. CARR: May it please the
13 Commission, my name is William F. Carr, with the
14 Santa Fe law firm, Campbell, Carr, Berge and
15 Sheridan. I would like to enter an appearance in
16 this case on behalf of the Independent Petroleum
17 Association of New Mexico, and on behalf of Yates
18 Petroleum Corporation. I have one witness.

19 CHAIRMAN LEMAY: Thank you. Additional
20 appearances in the case?

21 Will those witnesses who are about to
22 give testimony, please stand and raise your right
23 hands.

24 [And the witnesses were duly sworn.]

25 MR. STOVALL: While I'm passing out

1 documents, I'll call Mr. Martin to the stand.

2 **ED MARTIN**

3 Having been first duly sworn upon his oath, was
4 examined and testified as follows:

5 EXAMINATION

6 BY MR. STOVALL:

7 Q. Would you please state your name and
8 place of residence?

9 A. Ed Martin, Albuquerque, New Mexico.

10 Q. Mr. Martin, how are you employed?

11 A. I'm an employee of the State of New
12 Mexico, Oil Conservation Division, and I'm the
13 ONGARD implementation manager for that division.

14 Q. What exactly does that mean?

15 A. ONGARD is a system or set-up, relation
16 of database set-ups, for the administrative
17 duties of the OCD and activities of the Taxation
18 & Revenue Department and Land Office for
19 collecting royalties on extraction of minerals.

20 Q. Are you familiar with the application
21 in this case and what the Division is seeking?

22 A. Yes.

23 Q. Would you explain that briefly?

24 A. The application, essentially, is to
25 change the filing dates for C-111s and 112s,

1 which is the transporter reports, and the C-115s
2 which is the production reports, for industry, to
3 the last day of the succeeding month, after the
4 month of the activity.

5 Q. In other words, you would ask for the
6 report for January production to be filed the
7 last day of February, is that correct?

8 A. Yes.

9 Q. What is the relationship between that
10 and ONGARD? How do these reports fit into the
11 ONGARD system, for the record?

12 A. All three of those reports will be a
13 part of the ONGARD databases and, if you mean, if
14 the question is intended to--

15 Q. I think you've answered it. It's
16 really that these reports are part of the
17 database that you've described earlier?

18 A. Right. Production volumes and
19 transportation activities in the state are all
20 part of the ONGARD database system.

21 Q. With respect to C-111 and C-112
22 reports, would you just briefly say what each of
23 those reports are?

24 A. C-111s are filed by natural gas
25 transporters and storers in the state. C-112s

1 are oil transporters. C-115s are filed by all
2 well operators in the state, to show production
3 of those wells.

4 Q. Historically, in the past, up to the
5 point of the initiation of ONGARD, have C-111s
6 and 112s been stored in any sort of electronic
7 database for any manipulation or use?

8 A. No, they have not.

9 Q. So, ONGARD is the first time they will
10 be collected for an electronic system, is that
11 correct?

12 A. Yes.

13 Q. How about the C-115s?

14 A. C-115s have been captured
15 electronically in the OCD system, and are still
16 being currently done so.

17 Q. What is the current filing date
18 required as a filing date for these various
19 reports, do you know?

20 A. 111s and 112s are required by the 15th
21 of the following month. 115s are required by the
22 24th of the following month.

23 Q. Why is the Division requesting this
24 change? It grants more time, is that correct?

25 A. It's been a general--in the ONGARD

1 project, I've had a lot of conversations with
2 industry, and they're unanimously for this, and
3 it benefits the Division as well in that it will
4 promote more accurate data in the new system.

5 Q. By giving them more time to file,
6 they'll be able to accumulate more accurate data
7 and have a more reliable reporting system? Is
8 that what you're saying?

9 A. Yes.

10 Q. What are the means by which operators
11 or transporters currently file these reports?
12 How do they come to the Division?

13 A. A variety of ways: Hard copy, which
14 are entered via key entry. Some operators submit
15 tapes or diskettes containing the information.

16 Q. What will the filing process be under
17 the new system? What options will be available?

18 A. Those options will all still be
19 available, at least initially, and for some
20 indeterminate amount of time. In addition to
21 that, operators will be allowed to or afforded
22 the accommodation of transmitting electronically
23 via electronic data interchange through an outfit
24 called New Mexico Tech-Net in Albuquerque.

25 Q. In plain English, what does that mean?

1 A. That means that, basically, an
2 electronic file is produced in a stipulated
3 format and transmitted via modem attached to your
4 computer, electronically. No paper or nothing
5 concrete changes hands.

6 Q. It's not instantaneous, but it's a very
7 rapid transmission of the data, is that correct?

8 A. Right.

9 Q. What is the benefit of that to the
10 Division?

11 A. No key entry, for one thing, so it's
12 less labor-intensive; and it's a lot more
13 prompt. There's much more accuracy in the data
14 transmission than in just a mere postmark of a
15 hard copy.

16 So, you have proof that these operators
17 submitted this report at this specific time.

18 Q. All right. If I understand you
19 correctly, essentially, when the file comes in
20 electronically, it hits the computer and it's in
21 the system; as opposed to a paper report, which
22 has to come in and be manually entered by
23 somebody working within the Division, correct?

24 A. Yes.

25 Q. I assume the Division is encouraging

1 that, then?

2 A. Yes.

3 Q. If this application is approved and if
4 the filing dates are extended to the last day of
5 the month, is that going to impair any of the
6 Division's functions or operations, to your
7 knowledge?

8 A. No, not to my knowledge. It should
9 help them in their continued support, dealing
10 with industry out there, and they'll have more
11 accurate information out there in the districts,
12 as well.

13 Q. Mr. Martin, I would ask you now, at the
14 moment, to turn to what has been marked, on the
15 bottom, OCD Exhibit No. 1 in this case. Would
16 you identify that and just explain what that is?

17 A. This is the intended format of the
18 order for the change in the rules.

19 Q. Is it your understanding that this is a
20 discussion draft, upon which people are invited
21 to make comment--

22 A. Yes.

23 Q. --and upon which input is sought?

24 A. In fact, we've invited the industry to
25 attend, not only this hearing, but the one in

1 March, to discuss this very thing.

2 MR. STOVALL: I would take this
3 opportunity to point out, Mr. Chairman, we have
4 advertised this case for both this docket and the
5 March docket, in order to get the input.

6 Q. I know we have at least one party here
7 that's concerning about disposed water
8 reporting. Currently, that's done on what form,
9 do you know?

10 A. 120.

11 Q. What is the intent with respect to
12 that? Is that going to be an ONGARD report?

13 A. The intent, at this point, is to do
14 away with the 120 eventually, and show disposed
15 water on the C-115 instead.

16 Q. Am I correct that that's still in a
17 development stage, and there's not a firm answer
18 on the exact manner on how that's going to be
19 done?

20 A. That's correct.

21 Q. What is the status of the ONGARD
22 project at this point, as far as operators being
23 able to report into the system?

24 A. In most cases, industry is waiting on
25 us to provide them with ID numbers necessary for

1 their reporting. And, in light of that, we've
2 issued--the Director has issued an automatic
3 blanket extension of time to file C-111s, 112s
4 and 115s, to March 31st, for January reporting.

5 Q. Let me back up for a minute before we
6 address the memorandum. What you're saying, if I
7 understand or if my knowledge is correct, there's
8 some additional, some numbers, as we are all
9 driven by the Computer Age to assign numbers to
10 things, which have got to be presented to
11 industry, entered into their systems, and they've
12 got to be able to include those reports in the
13 reports to come back to the Division, is that
14 correct?

15 A. Yes.

16 Q. Based upon that, would it be possible,
17 you think, for operators to file timely on either
18 the 25th, or even the last day of February, for
19 January production?

20 A. In some cases, yes; in most cases, no.

21 Q. You've indicated that the Division has
22 granted a blanket extension, and I've handed the
23 Commissioners a copy of the memo from Mr. LeMay,
24 the Director of the Division.

25 I just found out this morning this has

1 not gone out. It's being processed and mailed
2 today, as we speak. Is this the memo you're
3 referring to?

4 A. Yes.

5 Q. So, it grants an extension for the
6 January production month until the end of March,
7 is that correct?

8 A. Right.

9 Q. What about for subsequent production
10 months? Does this memo address those?

11 A. February has also been extended to
12 March 31st, for February production.

13 Q. We've indicated that this case is going
14 to come back before the Commission at the March
15 Commission hearing where we're seeking input. Do
16 you have any recommendation as to whether the
17 Commission should take a more formal action,
18 during the intervening time, to give operators
19 the additional time that is being sought in order
20 to file consistent with what we're asking for
21 today?

22 A. I believe the fact that we're
23 requesting January and February be filed by March
24 31st, it will cause some operators some
25 problems. That has kind of a snowballing effect

1 through time, and I think to alleviate that we
2 should issue some kind of interim directive,
3 saying that subsequent reports will be due in the
4 meantime, until the order is effective and legal,
5 that subsequent reports would be due the last day
6 of the following month.

7 Q. In other words, because we're starting
8 with ONGARD, you think it would be appropriate
9 for the Commission to, by order, put into place a
10 schedule requiring the reports be filed on the
11 last day of the month until such time as it
12 adopts a rule change for the reporting date?

13 A. Yes.

14 MR. STOVALL: And, for the members of
15 the Commission, I have presented a Draft Interim
16 Order of the Commission which would, until such
17 time as the new rule is adopted, set the
18 reporting date for the last date of the month.
19 And the way we've written it, or, if that last
20 day falls on a weekend or holiday, it would be
21 the first business day following.

22 Q. Let's go back now to the rules, just
23 for a moment, and I want to point out one
24 specific thing as far as the deadline. If you'll
25 take Rule 1111, on the first page, and if you'll

1 look at the numbered paragraphs 1 and 2--

2 MR. STOVALL: And I would note that
3 paragraph C on that page should be paragraph B.

4 COMMISSIONER WEISS: Which one?

5 MR. STOVALL: Did you not get a copy?
6 It's marked "Exhibit 1" on the bottom, and it
7 says, "Rule 1111" at the top.

8 Q. Would you take a moment to note the
9 deadline dates and point out the differences
10 there, because that may be significant given the
11 new form of reporting.

12 A. Basically, because of the almost
13 instantaneous reaction of the modem and the
14 electronic data interchange, we're able to give
15 those people a little extra time to actually
16 process their data. They have until the last day
17 of the month to actually transmit the report
18 because we can receive it seconds after that.

19 The second case is the hard copy
20 filers, and they're being instructed to mail
21 theirs in time to be received by the Division by
22 the last day of the month.

23 Q. One other thing, in the notice and
24 advertisement for this case, there was a
25 statement of a provision of applying some

1 penalties. In the current rules, there are no
2 penalty provisions in the rules for late filing
3 or erroneous filing, is that correct?

4 A. Correct.

5 Q. What would be the intent of the
6 Division, as far as imposition of penalties?

7 A. The intent would be to give some added
8 impetus to our concern that people file in a
9 timely and accurate manner, and complete
10 reports.

11 This becomes much more relevant now
12 that Taxation & Revenue and the State Land Office
13 are basing their calculations for taxes and
14 royalties on this same information.

15 Q. Do you have any knowledge of any
16 problems that exist under the current system that
17 any sort of penalty structure would hope to
18 address?

19 A. I'm sorry. Say that again.

20 Q. For example, are there problems where
21 we have consistent misinformation or late filing?
22 Is that the type of thing that--

23 A. My understanding is that there are
24 chronic late filers in certain cases, yes.

25 MR. STOVALL: Now, Mr. Chairman, at

1 this time I would like to point out that the
2 proposed rules in this case do not specify a
3 penalty scheme, but I think the discussion in the
4 Division has been that the Division is going to
5 need a little bigger hammer. By granting
6 additional time, whatever that time may be, it's
7 going to need some way to say to operators, who
8 fail to comply or do not do it accurately, that
9 we need a hammer.

10 I think the philosophy that at least I,
11 as the attorney for the Division has espoused,
12 it's not a technical, if you're a day late or
13 have an inaccurate volume we're intending to nail
14 you, but rather to give operators, if you will,
15 an incentive, and transporters an incentive, to
16 file timely and accurately and to correct
17 mistakes.

18 Q. Would that be your understanding, Mr.
19 Martin?

20 A. Yes.

21 MR. STOVALL: The memo which was sent
22 out by the Director, indicates that there
23 probably would not be any penalty provision put
24 into effect until sometime around the first of
25 January, 1995.

1 I would just simply ask the Commission,
2 at this time, to request input from operators and
3 Division staff to develop a scheme which
4 addresses the concerns, without becoming so
5 punitive or stringent that it has no flexibility
6 at all. I think it needs some examination. I
7 don't think it's something that the Division
8 should just propose and then put down. I think
9 we need a lot of input from operators to help us
10 accomplish this.

11 We've not asked for it at this time
12 because the transition period is going to cause
13 lots of problems. I think there's going to be
14 some data catch-up, and I think we need to take
15 some time--give people a chance to get on the
16 system first, find out, and then start looking at
17 the penalty proposal.

18 So, at this time, the Division is not
19 proposing any specific penalty scheme but,
20 rather, raising the concept of the need to have
21 something in place to enforce compliance in the
22 case of operators who are more than occasionally
23 inaccurate, or late.

24 I have no further questions of Mr.
25 Martin. I have only marked as Exhibit 1,

1 actually, the proposed rules. I guess we can
2 mark, if you like, the memorandum as Exhibit 2,
3 and the proposed order, just submitted for your
4 consideration.

5 If the Commission agrees, I would ask
6 they approve that order today, so that we can get
7 it out, make it effective, and let the operators
8 know that, for the time being, they have until
9 the last day of the month for all reports.

10 And, then again, continue this hearing
11 until the March 10th time, to give industry time
12 to respond to the proposed rules, and at that
13 time we would propose submitting a set of final
14 rules for your adoption.

15 I will allow Mr. Carr to question the
16 witness, and I know he has a witness of his own.

17 CHAIRMAN LEMAY: Thank you, Mr.
18 Stovall. Mr. Carr?

19 MR. STOVALL: Could I get admission of
20 my exhibit? I think I asked for admission, but I
21 don't know if it got admitted.

22 CHAIRMAN LEMAY: Without objection,
23 Exhibit 1 and 2 will be admitted into the record.
24 Mr. Carr?

25

EXAMINATION

BY MR. CARR:

Q. Mr. Martin, if I understand what's being proposed today, is basically an extension of time for filing three forms, C-111, C-112 and C-115?

A. Yes.

Q. It would be the last day of the month following the production month, based on your recommendation?

A. Right.

Q. What has the Division done, or the ONGARD group done to determine if that's an appropriate amount of time for operators to compile the data and get it into the Division?

A. I haven't really done any in-depth studies, but in my conversations with industry, that's the general comment.

Q. You indicated there are some chronic late filers. Do we know why some companies are unable to get the data in? Have we been able to ascertain that?

A. Most of the time, the operators say that they don't have the information coming in to them on a timely basis, or the transporters don't

1 have the information submitted to them on a
2 timely basis.

3 Q. Is that the kind of information that
4 would be appropriate for operators to present at
5 the March hearing?

6 A. Yes.

7 Q. Is it your understanding that if
8 operators showed that, for certain kinds of
9 information, perhaps more than the last day of
10 the following month was a reasonable time, that
11 that would be something that would be
12 appropriately before the Division for
13 consideration?

14 A. On a case-by-case basis, or on a
15 blanket--

16 Q. On a blanket basis.

17 A. That would be the time to bring it up.

18 Q. My question is, is there something in
19 ONGARD that, if you really needed to file the
20 10th day following, or the 40th day following the
21 production month, would that screw up your
22 system?

23 A. No.

24 Q. In terms of filing information on
25 produced water, if I understand the current

1 C-120s, they're really filed 40 days after the
2 end of the production month?

3 A. I believe that's true.

4 Q. Would it be possible, before we're
5 asked to comment on the rules, to know how you
6 want that information filed? Will it be filed
7 combined with the C-115?

8 A. Yes, it would be.

9 Q. So, it's fair for us to make that
10 assumption as we look at this for next month?

11 A. Yes.

12 Q. In terms of penalties, is it the
13 recommendation that there be no penalties in the
14 new rule at this time? I didn't understand
15 that.

16 MR. STOVALL: Yes, it is, Mr. Carr.
17 Yes.

18 Q. So, we're not going to be looking for
19 some language that imposes some sort of a penalty
20 on certain circumstances at this point in the
21 process, where these rules are involved?

22 A. That's my understanding.

23 MR. CARR: That's all I have. Thank
24 you.

25 CHAIRMAN LEMAY: Thank you, Mr. Carr.

1 Questions of the witness? Commissioner Carlson?

2 COMMISSIONER CARLSON: Yeah, a couple.

3 First, Bob, you're asking us today to approve
4 this interim order, not do anything with the Rule
5 1111, 1112 and 1115 until next month? Is that
6 what you're asking?

7 MR. STOVALL: That is correct, yes.
8 It's just to give--industry doesn't know where
9 the thing is. We've told them informally that
10 we're going to extend it, and this just says,
11 here's what it's going to be for now until we
12 adopt the rules.

13 COMMISSIONER CARLSON: And any
14 penalties will be subject to a rule adopted by
15 the Commission sometime toward the end of the
16 year?

17 MR. STOVALL: That would be my intent.
18 I think it's--personally, I believe that we need
19 to have the system up and running and have a
20 couple of months' experience with it, in a
21 quasi-normal state, before we decide, really, how
22 best to do that. That's only my own opinion.
23 It's got to come later down the road.

24 COMMISSIONER CARLSON: And now my
25 questions for the witness.

EXAMINATION

BY COMMISSIONER CARLSON:

Q. How are amendments to C-115s handled now, and how will they be handled under the ONGARD system?

A. Amendments to pre-January 94 information, all amendments will be filed on a current form of the C-115. Amendments to pre-94 production values will be entered into the system, in a--there's a production total that's captured for each well, and those totals will be adjusted for pre-94. The post-94 amendments will show the amendments month by month, adjusted volumes month by month.

Q. How are they handled now?

A. In the old system, they were done month by month. Each monthly volume was updated.

Q. And inputted into the computer?

A. Yes; key entry.

COMMISSIONER CARLSON: That's all.

CHAIRMAN LEMAY: Commissioner Weiss?

COMMISSIONER WEISS: Yes.

EXAMINATION

BY COMMISSIONER WEISS:

Q. On this issue of formatting the data,

1 there are a number of formats, as I understand
2 it. For instance, I know something about spread
3 sheets and the formats that come with those, or
4 databases, and production, a lot of times, is
5 kept in this type of format. How is that going
6 to transport?

7 A. There was some discussion about
8 designing a PC program, if I'm understanding the
9 question, to create this EDI file and have import
10 capability from the operator's system, whatever
11 that might be. That is not currently being
12 pursued because of the wide variety of systems
13 that are out there, for one thing. That may be
14 done at some point in time, but it's not looking
15 too good.

16 Q. The operator, he has to adapt to
17 whatever format you require?

18 A. Yes.

19 Q. And then, on this question of the
20 information, where the operators say they have to
21 wait to get certain information, what information
22 are we talking about? Who provides it?

23 A. In most cases, it's the operator who
24 provides the information to the transporter--or
25 vice versa. The transporter is providing the

1 information to the operator, as to volumes that
2 they picked up or delivered or produced.

3 MR. STOVALL: Excuse me. You were
4 talking about the data identification numbers,
5 the identification numbers and that sort of
6 thing, is that correct?

7 COMMISSIONER WEISS: No. I'm talking
8 about--it seems to me an oil operator knows how
9 much oil he produces, or how much gas he
10 produces. I don't see where he has to get
11 information from someone.

12 A. It's the transporters that are usually
13 waiting on some information from the operator.

14 Q. Okay. That makes sense. And then
15 Tech-Net, what is the location of their network?

16 A. They're physically located in
17 Albuquerque, and that's where their company
18 offices are. They currently handle the
19 electronic data interchange for the Taxation &
20 Revenue Department and for personal income taxes
21 with the state.

22 Q. Correct me here. I envision that
23 there's a line that goes to Albuquerque. Is it
24 just a telephone line?

25 A. A telephone line.

1 Q. Oh. I thought it was something
2 special.

3 COMMISSIONER WEISS: That's all the
4 questions I have. Thank you.

5 EXAMINATION

6 BY CHAIRMAN LEMAY:

7 Q. Was it your understanding, Mr. Martin,
8 that other states generally require this
9 production information to be reported by the last
10 day of the month following the date of
11 production?

12 A. That's my understanding.

13 Q. So, by adopting these rules, we would
14 really be more in sync with other states, in
15 reporting requirements?

16 A. I believe so.

17 CHAIRMAN LEMAY: Thank you. Mr. Weiss?

18 FURTHER EXAMINATION

19 BY MR. WEISS:

20 Q. What is the current requirement for the
21 format of the data that you accept?

22 A. In a hard copy, for a hard copy file,
23 you--

24 Q. Electronically.

25 A. Electronically?

1 Q. Yes.

2 A. We have electronic data file formats
3 available that we've handed out at various and
4 sundry meetings to industry. It's a fairly
5 strict format, but it's one that's easily
6 adaptable by most large operators, at least.

7 COMMISSIONER WEISS: All right. Thank
8 you.

9 CHAIRMAN LEMAY: Additional questions?
10 If not, the witness may be excused. Thank you,
11 Mr. Martin. Mr. Stovall?

12 MR. STOVALL: I have no further
13 witnesses.

14 CHAIRMAN LEMAY: Mr. Carr?

15 MR. CARR: If it please the Commission,
16 at this time, I would call Michelle Taylor.

17 **MICHELLE TAYLOR**

18 Having been first duly sworn upon her oath, was
19 examined and testified as follows:

20 EXAMINATION

21 BY MR. CARR:

22 Q. Would you state your name for the
23 record, please?

24 A. Michelle Taylor.

25 Q. Where do you reside?

1 A. Artesia, New Mexico.

2 Q. By whom are you employed?

3 A. Yates Petroleum Corporation.

4 Q. What is your current position with
5 Yates Petroleum Corporation?

6 A. I am the assistant production
7 supervisor.

8 Q. What does the assistant production
9 supervisor for Yates actually do?

10 A. We collect the production data
11 information.

12 Q. Are you also involved in the
13 preparation of various forms that are filed with
14 government agencies?

15 A. Yes. I supervise or prepare the
16 C-104s, C-115s, C-120s, sundry notices, and also
17 the Federal Form 3160. I also collect other
18 information for in-house use, and I supervise six
19 employees who keypunch data, and help with
20 clerical and secretarial duties.

21 Q. Have you previously testified before
22 this Division or Commission?

23 A. No, sir.

24 Q. Could you review, very briefly, your
25 educational background and work experience?

1 A. Yes. I graduated from the Artesia High
2 School. I've had various college-level courses
3 in business accounting, banking, et cetera.
4 Also, I have been employed by several companies
5 in Artesia; recently Ray Westhal Operator, and
6 currently Yates Petroleum Corporation.

7 Q. Are you familiar with the efforts made
8 by Yates Petroleum Corporation to comply and file
9 data with the Oil Conservation Division on Forms
10 C-111, C-112, and C-115?

11 A. I will be assuming the responsibilities
12 of the C-111. We do not file a C-112. And
13 currently I do file the C-115.

14 Q. Are you prepared to testify concerning
15 the impact on Yates of Oil Conversation Division
16 recommendations to provide for the filing of
17 Forms C-111 and C-115 on the last business day of
18 the month following the production month?

19 A. Yes, I am.

20 MR. CARR: Are the witness's
21 qualifications acceptable?

22 CHAIRMAN LEMAY: Her qualifications are
23 acceptable.

24 Q. Prior to this hearing, you didn't
25 actually see the wording of any proposed rule

1 that was being proposed by the Division, is that
2 correct?

3 A. That is correct.

4 Q. Your testimony, really, is based on
5 what Yates was able to determine from the legal
6 advertisement of this matter?

7 A. Right.

8 Q. What is Yates actually seeking or
9 recommending by your presence here today?

10 A. Yates is here to recommend that the
11 Division amend its rules to provide for the
12 filing of these forms on the 15th day of the
13 second month following the last day of production
14 for the certain production month.

15 Q. That is, in essence, how many days?

16 A. Approximately 45 days. For instance,
17 January's production not to be filed until March
18 15th.

19 Q. You heard Mr. Martin testify, and he
20 indicated that as to the C-115s, that information
21 was filed on the 24th day of the month following
22 the production month?

23 A. Yes.

24 Q. As you see the recommended extension of
25 time, when will forms actually have to be filed

1 by Yates? How much of a change is that?

2 A. Going on what the state is requesting,
3 the last day of the month, that's still going to
4 be very difficult for Yates to comply, even
5 extending it that many days, five or six days.

6 Q. In a month like February, how much of
7 an extension might it be in the worst case
8 scenario?

9 A. Maybe three days; three or four days.

10 Q. Is Yates currently experiencing
11 problems complying with the current Division
12 filing requirements?

13 A. Yes, we are.

14 Q. Are you one of these chronic late
15 filers?

16 A. We are a chronic late filer. I'm
17 sorry.

18 Q. Would you review for the Commission,
19 briefly, why that is?

20 A. As Ed had mentioned, we do not get our
21 information from the transporters in time. And I
22 know that, Mr. Weiss, you had a question. We do
23 depend on transporter information to determine
24 production information.

25 So, therefore, any sales, oil, gas

1 sales that we have, that's what we get paid on by
2 the transporter, that's what goes on the C-115.
3 The transporters don't get us our
4 information--usually we get it around the 21st or
5 the 22nd of the month. We have to cross-check it
6 with our information, to make sure they're paying
7 us right on the right production volumes. By the
8 time we cross-check that, a lot of cases the
9 transporters are wrong. They're missing sales,
10 dispositions of gas, et cetera.

11 By the time we call them, get that
12 straightened out, compare it with our
13 information, get it into the system, it takes
14 quite a while to get all this data correct.

15 Therefore, we're unable to get our
16 reports out until around the 27th or 28th of the
17 month, and that's if everything goes perfect; we
18 have no computer down time, no holidays, weekends
19 don't fall at a different time. So, it is very
20 hard anyway, and we do try very hard to get them
21 out. We are just unable to.

22 Yates Petroleum is one of the two
23 largest oil producer companies, volume-wise, in
24 the State of New Mexico. We have a lot of data
25 that comes in and a lot of information that has

1 to be generated to produce these reports.

2 Q. Even if the extension to the last day
3 of the month is adopted by the Division, would it
4 be your expectation that Yates will periodically
5 have to file data after that date?

6 A. Yes, I'm afraid so, especially with
7 things that can happen with computers. And also
8 getting the information from the state, the
9 district offices, your POD numbers, which are now
10 part of ONGARD, that is furnished to us by the
11 state, the district offices, and I know they have
12 some lag time in getting those.

13 Q. How involved do you anticipate the
14 ONGARD system, as you understand it, how will
15 that affect Yates' ability to meet the state
16 filing requirements?

17 A. Under ONGARD, I was under the
18 impression that the C-120s, the salt water
19 disposal reports, would be on it; also, the water
20 disposition would be another factor of additional
21 information that's going to be needed.

22 If the C-120s are merged with the
23 C-115s, this does create additional work for the
24 operators. Before, we had until the 10th day of
25 the second month following the production month

1 for the C-120 reporting.

2 Now, MMS has a similar report, called
3 the 3160, which is also a production report.
4 They request that report, also, on the 15th day
5 of the second month following production, and
6 they don't even have as much information in their
7 report as what the state is requiring.

8 Also, with the ONGARD system, the
9 operators are going to be doing a lot of the work
10 done by the data processing center for the state,
11 by filing electronically, using the state's
12 codes, their property numbers, POD numbers that
13 are set up and assigned by the state, and we are
14 performing a lot of their work.

15 We are also bearing the additional
16 costs of computer programming, Tech-Net filing
17 fees, so the operators are bearing quite a bit of
18 this change to ONGARD.

19 Q. At this time, do you think it's fair or
20 reasonable to try and set an actual date when you
21 can, in good faith, get the effort properly filed
22 on the ONGARD system?

23 A. Yes.

24 Q. Do you think, at this point in time,
25 you know whether or not you can make that on the

1 30th day, or the 10th day of the following month,
2 or is more production and more experience with
3 this effort needed, before that date can be
4 determined?

5 A. I think it would help to know exactly
6 what we're getting into. Right now, knowing that
7 I currently cannot get the C-115s out, I would be
8 nipping it by the last day of the month. I
9 really think more time is needed for looking at
10 this.

11 Q. In your opinion, will just the
12 extension of this time to the last day of the
13 month, based on what you understand of the
14 system, be sufficient so that Yates can start
15 filing their data on a timely basis?

16 A. No, I do not.

17 Q. Has Yates, as a chronic late filer, had
18 to pay fines in the past for delays in, say,
19 getting the C-111s in?

20 A. I've never known of any operator
21 receiving any fines or penalties for late filing.

22 Q. Was one of the reasons you came to
23 Santa Fe to testify today, general concerns about
24 fines that might be imposed on Yates or other
25 operators, as represented in the ad for this

1 case?

2 A. Yes, it is.

3 Q. Do you concur with Mr. Stovall's
4 recommendation that until there is a shake down
5 period, that no actual penalty provision be
6 adopted by the Division?

7 A. Yes.

8 Q. What would be the result of an
9 extension of the filing date of these forms to
10 the 45-day time period, as recommended by Yates?

11 A. More accurate filing. You will get
12 more accurate information, less amending of forms
13 later on. Basically, just more accurate and more
14 reliable information.

15 Q. You have been testifying primarily
16 about filing the form C-115, is that not right?

17 A. Correct.

18 Q. Would you anticipate similar problems
19 filing a C-111 that could be alleviated by a
20 later filing date?

21 A. Yes, the problems should be virtually
22 the same.

23 Q. Would you basically summarize Yates
24 Petroleum Corporation's recommendation here
25 today?

1 A. Yes. Yates is recommending that the
2 Division require that Forms C-111, C-112 and
3 C-115, be filed on or before the 15th day of the
4 second month following the production month.

5 Q. And you concur in the recommendation
6 that no penalty provisions be adopted at this
7 time?

8 A. Yes.

9 Q. Do you have anything further to add to
10 your testimony?

11 A. No.

12 MR. CARR: That concludes my direct
13 examination of Ms. Taylor.

14 CHAIRMAN LEMAY: Thank you, Mr. Carr.
15 Mr. Stovall?

16 MR. STOVALL: I just have a couple of
17 questions.

18 EXAMINATION

19 BY MR. STOVALL:

20 Q. One would be, you've testified about
21 the MMS filing date. Do you handle state tax and
22 royalty filings to the State Land Office and the
23 Taxation & Revenue Department?

24 A. No, I do not.

25 Q. Do you have any knowledge when those

1 deadlines are for their filings?

2 A. No, I do not. I am not in the revenue
3 department.

4 Q. So you don't know whether an extension
5 of that would affect filing to those agencies?

6 A. No, I do not.

7 COMMISSIONER CARLSON: Mr. Stovall,
8 those are due on the 55th day following the month
9 of production.

10 MR. STOVALL: So it would not have an
11 impact.

12 Q. The second question, then, would be,
13 you've asked for the 15th day of the second month
14 for the rule change. Would it be safe to assume
15 that you would like to see that in the Interim
16 Order as well?

17 A. That would be nice, yes.

18 MR. STOVALL: I have no other questions
19 of this witness.

20 CHAIRMAN LEMAY: Thank you, Mr.
21 Stovall. Commissioner Carlson?

22 EXAMINATION

23 BY COMMISSIONER CARLSON:

24 Q. What does the federal government
25 require? You said you did the federal forms?

1 A. Right. That is the Form 3160, and it
2 is due the 15th day of the second month following
3 the month of production. That's when it's
4 required and due.

5 COMMISSIONER CARLSON: Mr. Stovall or
6 Mr. Martin, what's the down side of this? Is
7 anybody harmed by going to the 15th day of the
8 second month?

9 MR. STOVALL: I just asked Mr. Martin
10 and, as far as we can see, we picked the last day
11 of the month following the month because an
12 informal survey showed that's what other states
13 do. I was about to propose we might even
14 consider doing the Interim Order to the 15th day
15 of the second month.

16 We know of no down side, at this
17 point. So, we're not objecting to that position,
18 we just had a starting point.

19 COMMISSIONER CARLSON: I don't have any
20 other questions.

21 CHAIRMAN LEMAY: Commissioner Weiss?

22 EXAMINATION

23 BY COMMISSIONER WEISS:

24 Q. Yes, Ms. Taylor, on the producer and
25 transporter differences, how are they resolved

1 and who wins?

2 A. What we do is, as far as Yates
3 Petroleum is concerned, we can run tickets every
4 day or every time there is a sale. At the end of
5 the month, your transporter is saying, Navajo,
6 for instance, takes all their runs for a certain
7 lease. They send you that as a statement.

8 We compare what we've keyed in, what we
9 show as runs, to what they say they took. If
10 they do not compare, I immediately get on the
11 phone, call them up, and we go through and
12 check.

13 Usually, our information is more
14 correct. There's a lot of transporters--I'm not
15 picking on Navajo. As a matter of fact, they're
16 one of the best--but there are a lot of
17 transporters out there that they misrun tickets,
18 it gets lost in their computer system somewhere,
19 so they are not sending us the complete,
20 hundred-percent volume taken off of certain
21 leases.

22 So, I have to get with them, fax them
23 copies of the run ticket to prove, "Here it is."
24 Then they go back, recalculate them, then send
25 them back to us with a corrected volume.

1 Therefore, I can get the corrected volume on the
2 C-115 without going through a lot of amending and
3 going through all of that rigmarole that you have
4 to do.

5 Q. If the order was written so that the
6 producers' records were the accepted volumes to
7 report, could you meet the timing requirements?

8 A. Well, it's kind of hard to explain, as
9 far as a producer, because to show the produced
10 volume of oil, you gauge your tanks, you take
11 your ending stock of your tanks, plus your sales,
12 and this is your netted oil sales based on what
13 you're going to get paid on.

14 That's what the transporters will
15 report on their C-111s, which we, as reporters or
16 C-115 filers, have to match. We take that, then,
17 minus any beginning stock. That is your
18 production. So, it does take your actual netted
19 sales to calculate your produced volumes.

20 So, you do need that information. If
21 we say we sold 170 barrels and that's what we
22 generate on our reports, the transporter
23 calculates using your gravities, your
24 temperatures and all of that to 160, we're going
25 to be off from the transporter reports, and,

1 therefore, we're not going to match and we're
2 going to go through a lot of, you know, later on
3 down the road, amending.

4 Q. And how does it end up being amended?
5 In your example, 160, 170, what's the number?

6 A. The operator would send in an amended
7 C-115 for that lease, correcting the barrels
8 sold, and also your produced volumes.

9 Q. It seems to me, if we use your data, it
10 wouldn't require the extra 15 days. That's just
11 the way it sounds, to me.

12 A. So, let me get this straight. If we
13 use our data, that means the transporters are
14 going to have to pay us on what I say we sold to
15 them? I don't understand.

16 Q. That's what you said. That's what I
17 asked you. Sounds like there's always a
18 difference, and they come back and you win.

19 A. I say I win, by missing run tickets.
20 Now, as far as netting volume, if we're a barrel
21 or two barrels off, which we can be, it works out
22 pretty well. But sometimes we have the missing
23 run tickets or we've miskeyed in a run ticket.

24 So, there are errors on both parts.
25 It's not always--we just have to reconcile them,

1 but a lot of times the transporters miss the run
2 tickets, so our volume would be more accurate.

3 As far as our computer system, we have
4 to net out run tickets. We have a program that
5 works pretty well with industry for the other
6 transporters, but you're still fluctuating. It's
7 very difficult to have five different
8 transporters all using the same, identical
9 program to calculate run tickets and, come up
10 with a run total for the lease; so, therefore,
11 you always will be off a little bit, a barrel or
12 two.

13 Q. I still don't know how it's reconciled,
14 what the right answer is.

15 A. Well, if we're off a barrel or two, I
16 go with the transporter because that's what
17 they're paying us on. So, in that case, I will
18 go with what the transporter shows and adjust my
19 figures to match the transporter.

20 Q. So, the state's records are based on
21 what the transporter pays?

22 A. Exactly.

23 Q. I didn't know that.

24 A. Yes.

25 Q. I have another question. When you fill

1 out the C-115s, that's a hard-copy operation now,
2 right?

3 A. Correct.

4 Q. Now, internally, do you keep that, or
5 is that all done electronically?

6 A. We keep the hard copy, and also in our
7 computer we have saved that, internally, through
8 the computer system. Does that answer your
9 question?

10 Q. If you didn't have to use the hard
11 copy, sounds like that would save you at least
12 space?

13 A. Yeah, as far as paper goes. From what
14 I understand, talking to our computer
15 department--and I am not a computer genius or
16 anything--but I understand that it would cost us
17 quite a bit of money to comply with the EDI
18 filing, and right now we're unable to file
19 electronically because of that cost. We just
20 cannot afford it.

21 Q. Does that have to do with adding that
22 system?

23 A. With ONGARD, the EDI filing.
24 Apparently, there were problems with our computer
25 system, which we run an IBM-400 system, and it

1 would be very difficult for us to program our
2 system to fall in line with the Tech-Net and the
3 EDI filing.

4 COMMISSIONER WEISS: I have no other
5 questions. Thank you.

6 CHAIRMAN LEMAY: I have one question.

7 EXAMINATION

8 BY CHAIRMAN LEMAY:

9 Q. What could the Division or Commission
10 do to encourage you to go to the EDI format?

11 A. Program our computer for free.

12 Q. If we did supply some technical
13 expertise in that area, do you know if Yates
14 would consider going to the EDI format?

15 A. Most definitely. As a matter of fact,
16 I do believe--Ed, was it you that I was talking
17 to, that offered their services to help us.

18 MR. MARTIN: Not mine, because that's
19 not my bailiwick, but I could bring somebody down
20 there that would know.

21 A. Yeah, to take a look at it to see what
22 we needed or what kind of hardware or software we
23 would need to do that.

24 CHAIRMAN LEMAY: Commissioner Weiss has
25 something.

FURTHER EXAMINATION

BY COMMISSIONER WEISS:

Q. Has this not been addressed up until just today, this problem of the formatting?

A. No, we've talked about it at one of the meetings. Our computer people have discussed it with their computer personnel, so I don't know. I can't give you any specifics on it.

MR. STOVALL: It has been an ongoing process. We've been trying to get the information out to industry. There are a couple of different approaches. I could put Mr. Martin back on, I'm going to probably do it, anyway, if you would like for him to address some of those problems and let you know where that stands. He would be the more appropriate person.

COMMISSIONER WEISS: We hear one operator here, "Can't do it."

MR. STOVALL: This is not an isolated case. What she's saying is not something that's unique to Yates Petroleum. There are others with, maybe not the same problem, but they have similar problems in terms of, maybe, being able to--

COMMISSIONER WEISS: Perhaps today is

1 not the day to address this problem, but I should
2 certainly think at this March hearing, my gosh,
3 this has got to be reconciled. We have all these
4 different operators with all these different
5 systems.

6 MR. STOVALL: I would like to go ahead
7 and put Mr. Martin back on, and let him just
8 update you on where the Division is on that, if
9 we're through with Ms. Taylor.

10 COMMISSIONER CARLSON: I have one more
11 question.

12 FURTHER EXAMINATION

13 BY COMMISSIONER CARLSON:

14 Q. Do you do Division Orders for Yates?

15 A. No, I do not.

16 Q. Do you know when those are required to
17 be submitted?

18 A. No, I'm sorry I do not.

19 MR. CARR: That's all I have. That
20 concludes the presentation on behalf of Yates.

21 CHAIRMAN LEMAY: Additional questions?
22 If not, the witness may be excused.

23 MR. STOVALL: I would like to recall
24 Mr. Martin at this time.

25 CHAIRMAN LEMAY: You're still under

1 oath.

2 MR. STOVALL: I would like to address
3 the easy question first, if you don't mind, Mr.
4 Chairman, and then I would like Mr. Weiss to ask
5 the questions he's got regarding the electronic
6 filing.

7 **ED MARTIN**

8 Having been previously duly sworn upon his oath,
9 was examined and testified further as follows:

10 **FURTHER EXAMINATION**

11 **BY MR. STOVALL:**

12 Q. Mr. Martin, is there any magic to
13 picking the end of the month, as the filing date?

14 A. Not as far as ONGARD is concerned.

15 Q. Do you know of any problems, generally
16 speaking, that would be caused if we decided to
17 go with this request to, say, the 15th day of the
18 second month following?

19 A. Not to my knowledge.

20 Q. Commissioner Carlson has stated that
21 would still be in advance of the revenue
22 reporting dates. Would you have any problem
23 recommending to the Commission on the Interim
24 Order that we presented that, rather than make it
25 the last day of the month, it be the 15th day of

1 the second month following the month of
2 production?

3 A. No problem.

4 Q. Now, we're talking a little bit about
5 incentive and also a little bit about the word
6 processing load. If a paper filer comes in
7 you've already said it has to be key-entered, is
8 that correct?

9 A. Correct.

10 Q. By granting this additional time,
11 again, it doesn't make any difference for
12 electronic filers because the date is
13 instantaneously in the database, is that correct?

14 A. Right.

15 Q. Would it be worth considering, perhaps,
16 because of the volume of data that would have to
17 be entered by the Division personnel, if we're
18 going to go to the 15th as the functional date,
19 maybe somewhat earlier for paper filers, to give
20 the Division additional time in which to
21 key-enter data? In other words, electronically
22 you could file by the 45th day, but if you're
23 doing it on paper you have to file by the 35th
24 day, just simply because of the workload it puts
25 on the Division and the time period to get it

1 done?

2 A. It's in the state's best interest, in
3 my opinion, to encourage people to go to EDI, if
4 they can. So, if that would lean to that, yes, I
5 would recommend that.

6 Q. Now, give the fact that Commissioner
7 Carlson has informed us that the revenue filing
8 date is the 55th day, if you will, if we went to
9 the 15th, it would be the 45th day, that would
10 only allow 10 days to get data in, as opposed to,
11 if we went to the 30th day, that would give us 25
12 days. That's kind of where I'm coming from in
13 suggesting that we might look at something like
14 that in the permanent rules.

15 A. I agree.

16 Q. For the moment, you have no problem
17 with, let's go to the 45th day, or the 15th day
18 of the second month? You have no problem with
19 that?

20 A. Right.

21 Q. Would you explain to Commissioner
22 Weiss, at this time, what the status is of
23 electronic filing programs? And I think there
24 are two, if I understand. There's a direct
25 computer to computer, where each operator would

1 program their own computer to the format required
2 to transmit the data, and the other is some way
3 to use a state-developed program? Fill us in on
4 where we stand on both of those.

5 A. EDI has been a pretty accepted method
6 of transmitting information for quite a while.
7 Companies, where operators are large enough to
8 have a data processing department of their own,
9 may or may not have the expertise to design their
10 own EDI file. And that's certainly acceptable.
11 They've been able to design their own, based on
12 Tech-Net's format and standards, and transmit
13 without using Tech-Net's PC software. It
14 generates a file for them, and they can write
15 their own programs to generate these EDI files.

16 The PC program is being design by
17 Tech-Net, and it's not--the last time I tested
18 it, it was not anywhere near bug-proof and
19 probably won't be for another week or two,
20 even. And that was really intended, not for the
21 operators of Yates' size, but the medium-sized
22 ones who don't have an on-site data processing
23 department. They would--we would be willing to
24 provide the PC software to those filers for free,
25 and allow them to transmit EDI. Now, like I

1 said, it's not close to being complete yet.

2 Q. With that software, let's talk about
3 the PC software now, because EDI software is kind
4 of proceeding at its own pace in each company, as
5 I understand it?

6 A. Right.

7 Q. With respect to the PC software, it's
8 my understanding that that software does not have
9 an import capability to take a Lotus file or a
10 D-base file, or some other format, in which an
11 operator currently processes information, and
12 convert it to the EDI format and then transmit
13 it, is that correct?

14 A. That's correct.

15 Q. It would have to be entered into this
16 program file to start with? That would become
17 the data processing file that the user would use,
18 is that correct?

19 A. Yes. And it's not intended to be an
20 administrative-type system that you could use to
21 replace your current system for retaining
22 volumes, that kind of thing. It's not intended
23 to be that way. It's more of a real quick
24 program to just generate the EDI file, and has
25 very little storage capability.

1 Q. At this point, the state, or Tech-Net,
2 has not really gotten into the idea of developing
3 an import program to, say, take a Lotus file and
4 put it into EDI? I pick out Lotus just because
5 it's a well-known name. It could be any spread
6 sheet or database file. We haven't gone that far
7 to say, let's go grab what's there and convert it
8 and move?

9 A. That's correct.

10 MR. STOVALL: I have no further
11 questions.

12 CHAIRMAN LEMAY: I have one, just to
13 follow-up on that.

14 FURTHER EXAMINATION

15 BY CHAIRMAN LEMAY:

16 Q. Is it conceivable that, at some point
17 in time, it could be an automatic transfer from
18 an existing file to the EDI format, through some
19 software, and then be automatically transferred
20 to a database?

21 A. It's a doable thing. The question is,
22 who would do it? Tech-Net is currently unwilling
23 to provide services to do that. That's not to
24 say that somebody else couldn't do that, that we
25 couldn't find someone else to do that.

1 Q. Are there other consultants out there,
2 to your knowledge, working with companies on the
3 conversion to EDI?

4 A. Yes, I have heard of a few. I would
5 imagine they're along the same lines as Tech-Net,
6 developing PC programs to better serve the
7 operator, from an administrative standpoint on
8 their side, and also build this EDI file.

9 Q. From what you've seen, is this whole
10 approach of ONGARD and EDI, kind of a wave of the
11 future that, hopefully, the other states will
12 follow suit also?

13 A. I think so.

14 CHAIRMAN LEMAY: Any other questions of
15 the witness?

16 COMMISSIONER WEISS: I have one.

17 CHAIRMAN LEMAY: Commissioner Weiss?

18 FURTHER EXAMINATION

19 BY COMMISSIONER WEISS:

20 Q. Is ASCII a universal file?

21 A. Yes, but you would have to--if your
22 intent is to put that as an import capability
23 just to import ASCII, yes, that could be done.
24 But a lot of operators would have to change their
25 system to develop that ASCII file.

1 Q. That would be the universal solution to
2 this, perhaps. It sounds to me like we're
3 creating more work for the state, more work for
4 the operator. We're not getting anything with
5 ONGARD, other than to please Taxation & Revenue.

6 A. I haven't been involved in the
7 discussions with Tech-Net about developing an
8 import capability of one particular type of file,
9 but that could be discussed. It's doable.

10 COMMISSIONER WEISS: I have no other
11 questions. Thank you.

12 MR. STOVALL: I do want to address one
13 issue.

14 FURTHER EXAMINATION

15 BY MR. STOVALL:

16 Q. I think you heard the questions between
17 Commissioner Weiss and the Yates witness
18 regarding the reconciliation between transporters
19 and operators, that information. Is it in the
20 state's best interest that they make that
21 reconciliation before they file their reports
22 with them?

23 A. Oh, sure.

24 Q. So it would be advantageous, then, to
25 give them the additional time to do that, to

1 avoid amended reports?

2 A. Oh, definitely.

3 MR. STOVALL: At this time, I have
4 nothing further, Mr. Chairman. I would ask that,
5 if the Commission would be willing, that it act
6 on the Interim Order, and we can draft an Interim
7 Order to be effective immediately with respect to
8 the filing time for reports, until such time as
9 permanent rule change amendments are made to
10 Rules 1111, 1112, and 1115.

11 CHAIRMAN LEMAY: Thank you, Mr.
12 Stovall.

13 Give us 30 seconds here.

14 [Discussion off the record.]

15 CHAIRMAN LEMAY: From the bench, the
16 Commission has adopted the Interim Order with the
17 expresse change to 45 days beyond the last day of
18 production as a due date, and I'm instructing the
19 Division to type up a good copy.

20 MR. STOVALL: We'll prepare an order
21 this afternoon, while Commissioner Weiss is still
22 here. The language I'll use is the 15th day of
23 the second month following the month of
24 production, if that's acceptable.

25 CHAIRMAN LEMAY: That was the wish of

1 the Commission.

2 COMMISSIONER CARLSON: Will the draft
3 orders for the March 10th hearing also have the
4 45 days?

5 MR. STOVALL: I would like to meet with
6 Mr. Martin, make some changes to what we have,
7 and discuss the distinction between paper filing
8 and electronic filing. We would like to get some
9 industry input. My intent at this point would be
10 to focus on that as the date, although we may
11 bump it earlier for paper filers, because of the
12 inputting problem we've got.

13 COMMISSIONER CARLSON: And I also would
14 like it with the caveat that I would like to
15 check with my people so there's no problem with
16 the 35 days or the 45 days.

17 MR. STOVALL: I would like to have Tax
18 & Rev and State Land Office testimony on that.
19 I think it would be helpful to get their input at
20 that time. Our intent today was get the ball
21 rolling and get some discussion, and we have had
22 that, and I think we will continue to have that.

23 COMMISSIONER WEISS: This interim order
24 doesn't force anybody to do anything, is that
25 right?

1 MR. STOVALL: That's correct, except to
2 file their reports.

3 CHAIRMAN LEMAY: Anything additional in
4 the case?

5 If not, we shall continue this case
6 until the March 10th hearing, and the record will
7 remain open. For those of you that want to file
8 additional comments, evidence, please do so, and
9 we'll reopen it a month from today.

10 Anything additional in the case? It
11 will be continued. Thank you.

12 (And the proceedings concluded at 1:00
13 o'clock p.m.)

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CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Carla Diane Rodriguez, Certified
Shorthand Reporter and Notary Public, HEREBY
CERTIFY that the foregoing transcript of
proceedings before the Oil Conservation
Commission was reported by me; that I caused my
notes to be transcribed under my personal
supervision; 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 March 1, 1994.


CARLA DIANE RODRIGUEZ, RPR
CSR No. 4