

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

CASE NOS. 13,100 and 12,811

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

RECEIVED

SEP 20 2003

Oil Conservation Division

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

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

September 12th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Friday, September 12th, 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

September 12th, 2003  
Commission Hearing  
CASE NOS. 13,100 and 12,811  
(Awaiting final Commission Action -  
No evidence or testimony taken)

## PAGE

|   |   |
|---|---|
| CASE NO. 13,100   | 4 |
| APPROVAL OF AUGUST 14th, 2003,<br>OIL CONSERVATION COMMISSION MINUTES | 7 |
| CASE NO. 12,811   | 6 |
| REPORTER'S CERTIFICATE  | 8 |

\* \* \*

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

## FOR THE COMMISSION:

DAVID K. BROOKS, JR.  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR DUGAN PRODUCTION CORPORATION:

MONTGOMERY & ANDREWS, P.A.  
325 Paseo de Peralta  
P.O. Box 2307  
Santa Fe, New Mexico 87504-2307  
By: EDMUND H. KENDRICK

## FOR SAN JUAN COAL COMPANY:

JAMES G. BRUCE  
Attorney at Law  
P.O. Box 1056  
Santa Fe, New Mexico 87504

FOR THE DEPARTMENT OF ENERGY,  
MINERALS AND NATURAL RESOURCES:

KATHRYN BECKER  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 9:06 a.m.:

3 MR. BROOKS: Yes, we're deferring the final  
4 action matter till after the -- The Commission is deferring  
5 the final action matter until after the hearing, and we'll  
6 let you know before we take it before the Commission.

7 MS. BECKER: Fantastic, thank you.

8 MR. BROOKS: Thank you.

9 (Off the record)

10 MR. BRUCE: Madame Chair, before we begin on that  
11 case, there was one other item on the schedule for final  
12 action, which was the San Juan Coal Company-Dugan  
13 Production Corporation matter, and Mr. Kendrick is here on  
14 behalf of Dugan Production Corp. and I was here on behalf  
15 of San Juan.

16 Mr. Brooks had previously asked me, or inquired,  
17 because he had heard there had been a settlement agreement  
18 between the parties, and I just wanted to report that there  
19 had been. Mr. Kendrick knows a lot more about it than I  
20 do, but because of that settlement we would ask -- and  
21 perhaps it's already been done, but we would ask that any  
22 decision on that pending case -- I think it's 13,100 -- be  
23 deferred, and when the settlement finally occurs, then San  
24 Juan would request that that matter be dismissed.

25 CHAIRMAN WROTENBERY: Okay, thank you, Mr. Bruce.

1 Mr. Kendrick, could you give us just a little bit  
2 of a summary --

3 MR. KENDRICK: Sure --

4 CHAIRMAN WROTENBERY: -- of the settlement?

5 MR. KENDRICK: -- sure, Ned Kendrick for Dugan  
6 Production Company.

7 There has been a tentative settlement, and the  
8 date that we're trying to get a final settlement entered is  
9 mid-October, I think October 18th. So if it's possible --  
10 We may or may not get this completed by the time of the  
11 next Commission Hearing, but we'll be very close by mid-  
12 October, and so we can report to you then if we're not --  
13 the status and -- you know, there's a very high probability  
14 we'll settle this before the November Commission meeting.  
15 So I think there's no desire on the part of San Juan Coal  
16 to pursue their Application pending completion of these  
17 settlement negotiations.

18 CHAIRMAN WROTENBERY: Okay, that sounds good. We  
19 will defer final action --

20 MR. KENDRICK: Thank you.

21 (Off the record at 9:08 a.m.)

22 \* \* \*

23 (The following proceedings had at 11:55 a.m.):

24 CHAIRMAN WROTENBERY: We've got a couple of items  
25 of business.

1           We've got the minutes of the Oil Conservation  
2 Commission meeting held on August 14th, 2003.

3           Commissioners, have you had a chance to review  
4 those minutes?

5           COMMISSIONER BAILEY: Yes, I have, and I move  
6 that we adopt them.

7           COMMISSIONER LEE: Second.

8           CHAIRMAN WROTENBERY: All in favor say aye.

9           COMMISSIONER BAILEY: Aye.

10          COMMISSIONER LEE: Aye.

11          CHAIRMAN WROTENBERY: Aye. And I will sign those  
12 on behalf of the Commission.

13          And then we'll take just a few moments, because I  
14 believe we're going to hear a report from the Division on  
15 the Kersey and Company matter, so we'll wait just a moment.

16          (Off the record at 11:56 a.m.)

17          (The following proceedings had at 11:58 a.m.:)

18          CHAIRMAN WROTENBERY: Okay, I believe that the  
19 Division has an update on Case 12,811. This is the  
20 Application of the New Mexico Oil Conservation Division for  
21 an order requiring operators to bring 388 wells into  
22 compliance with Rule 201.B and assessing appropriate civil  
23 penalties in Eddy, Chaves and Otero Counties, New Mexico.

24          MS. BECKER: Yes, madame Commissioner and  
25 honorable Chair, Commissioners, I am Kathryn Becker on

1     behalf of the Department, and I'm requesting an extension  
2     of time in this matter.

3             CHAIRMAN WROTENBERY:   Okay, then we will postpone  
4     any final action in this case until the October 16th  
5     Commission Hearing.   Will that work?

6             MS. BECKER:   It will.

7             CHAIRMAN WROTENBERY:   Okay, and we'll get more  
8     information from you --

9             MS. BECKER:   Yes.

10            CHAIRMAN WROTENBERY:   -- at that point, or  
11     before.

12            MS. BECKER:   Certainly.   It's actually in the  
13     best interest of both parties as an investigation was  
14     undertaken after the August 14th hearing to find out, in  
15     fact, if those -- two of the three wells had been, in fact,  
16     plugged, and so we're looking into that at this time so  
17     that we can procedurally set those apart.

18            CHAIRMAN WROTENBERY:   Sounds good.   Thank you  
19     very much, Ms. Becker.

20            (Thereupon, these proceedings were concluded at  
21     11:59 a.m.)

22                           \* \* \*

23

24

25

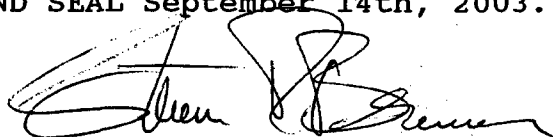
## CERTIFICATE OF REPORTER

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 September 14th, 2003.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006