

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

ORIGINAL

COMMISSION MEETING

Tuesday, June 28, 2011

9:00 AM

1220 South Street Francis Drive

Santa Fe, New Mexico 87505

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BEFORE: JAMI BAILEY, Division Director  
ROBERT BALCH, Member  
SCOTT DAWSON, Member  
CHERYL BADA, Counsel  
FLORENCE DAVIDSON, Secretary

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REPORTED BY: Lisa Reinicke  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

1 CHAIRWOMAN BAILEY: It's 9 o'clock. This is  
2 the first meeting of the Oil Conservation Commission  
3 Meeting for 2011. I am Jami Bailey, Director of the Oil  
4 Conservation Division. To my left is Bob Balch, who is  
5 the department secretary. To his left is Commission  
6 Counsel Cheryl Bada, and to her left is Lisa, the court  
7 reporter. To my right is Scott Dawson, designee from  
8 the New Mexico State Land Office, and to his right is  
9 Florence Davidson, the Commission secretary.

10 The first item of business -- oh, well, we have a  
11 full commission, and we are meeting here in Porter Hall  
12 at 9 o'clock in the Wendell Chino Building here in  
13 Santa Fe.

14 Now, the first item on our docket is approval of  
15 the minutes of the December 9th, 2010 Commission meeting  
16 and the December 20th, 2010 Special Commission meeting.  
17 I am the sole surviving member of that Commission, and I  
18 have reviewed these minutes. So on behalf of that  
19 Commission, I will sign these minutes.

20 The next item of business is election of the  
21 chairman of the Oil Conservation Commission. Do I hear  
22 any nominations?

23 MR. BALCH: I nominate Jami Bailey.

24 MR. DAWSON: Second.

25 CHAIRWOMAN BAILEY: All those in favor, aye.

1 MR. DAWSON: Aye.

2 MR. BALCH: Aye.

3 CHAIRWOMAN BAILEY: All those opposed? And  
4 I accept the chairmanship of the Oil Conservation  
5 Commission. Thank you very much.

6 And I will always ask the indulgence of the  
7 attorneys who are representing their clients to help me  
8 along the lines of the rules for a hearing since I'm not  
9 an attorney.

10 The third item will be adoption of the annual  
11 resolution setting forth reasonable notice standards for  
12 Commission Public Meetings pursuant to the New Mexico  
13 Open Meetings Act.

14 Cheryl, would you please tell us what this  
15 resolution means, what it is?

16 MS. BADA: What the resolution is, is it  
17 establishes your requirements for notice of your  
18 meetings, regular meetings and emergency meetings.  
19 You're required to do that by the Open Meetings Act each  
20 year. So it sets out where you're going to publish the  
21 notice, how much notice you have to give, when the  
22 agenda will be available, both draft and final. And it  
23 also addresses who can attend the actual meeting and  
24 then also addresses -- I lost my train of thought on the  
25 last item. But it essentially sets those items out;

1 what you can do as far as notice and what you think is  
2 adequate notice for those meetings.

3 CHAIRWOMAN BAILEY: Are there any questions  
4 concerning resolution, any discussion?

5 MR. BALCH: No questions.

6 MR. DAWSON: No.

7 CHAIRWOMAN BAILEY: Then all those in favor  
8 of adopting the resolution establishing procedures for  
9 giving notice of public meetings of the New Mexico Oil  
10 Conservation Commission, please signify by saying aye.

11 MR. BALCH: Aye.

12 MR. DAWSON: Aye.

13 CHAIRWOMAN BAILEY: All those opposed?  
14 Seeing none, the resolution is adopted and will be  
15 signed by each of the Commissioners.

16 We'll now call the first case on the docket, case  
17 12276, which is Application of Burlington Resources Oil  
18 & Gas for compulsory pooling in Section 36, Township 27  
19 North, Range 8 West in San Juan County, New Mexico.  
20 This case will be dismissed.

21 The next case, 12277, Application of Burlington  
22 Resources Oil & Gas Company for compulsory pooling in  
23 Section 16, Township 31 North, Range 11 West, San Juan  
24 County, New Mexico. This case is also dismissed.

25 I'll call together the next two cases:

1 Case 14472, which is the Application of COG Operating,  
2 LLC for cancellation of the Operator's Authority and  
3 Termination of Spacing Units, Yeso Energy, Inc., Dow "B"  
4 28 Federal Well Number 1 in Eddy County, New Mexico, and  
5 case 14547, which is Application of the New Mexico Oil  
6 Conservation Division. The applicant seeks an order  
7 authorizing the Oil Conservation Division to recognize  
8 an operator of record for wells currently operated by  
9 Yeso Energy, Inc., OGRID 0221710. These two cases will  
10 be continued until tomorrow morning at 9 AM here in  
11 Porter Hall.

12 The next cases on the docket case 14558, which is  
13 Application of Marbob Energy Corporation for vertical  
14 expansion of the Burch Keely Unit, Eddy County,  
15 New Mexico. This case will be continued to the  
16 July 27th, 2011 commission meeting.

17 Case ~~14577~~ Application of COG Operating LLC for  
18 vertical extension of the Grayburg-Jackson (Seven  
19 Rivers-Queen-Grayburg-San Andres) to correspond with the  
20 Unitized Formation of the Burch-Keely Unit in Eddy  
21 County, New Mexico. This case will also be continued to  
22 July 28th, 2011.

23 Case 14497, which is the Application of David H.  
24 Arrington Oil & Gas, Inc. for compulsory pooling, Lea  
25 County, New Mexico will also be continued to July 28th,

1 2011.

2 And finally, case 14538, which is Application of  
3 Marshall & Winston, Inc. to cancel an operator's  
4 authority and terminate a spacing unit and approve a  
5 change of operator, Lea County, New Mexico will also be  
6 continued to July 28th, 2011.

7 So we are left for this session with the two  
8 cases that will be heard tomorrow morning here in this  
9 room at 9 AM.

10 Are there any other matters before the Commission  
11 today? Do I hear a motion to continue this hearing  
12 until tomorrow morning?

13 MR. DAWSON: I'll motion.

14 MR. BALCH: Second.

15 CHAIRWOMAN BAILEY: All those in favor, aye?

16 MR. BALCH: Aye.

17 MR. DAWSON: Aye.

18 CHAIRWOMAN BAILEY: All those opposed?

19 Then we'll see you tomorrow morning at 9 AM.

20 [The hearing concluded at 9:10 AM.]

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## REPORTER'S CERTIFICATE

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I, Lisa Reinicke, New Mexico Provisional Reporter, License #P-405, working under the direction and direct supervision of Paul Baca, New Mexico CCR License #112, Official Court Reporter for the US District Court, District of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest whatsoever in the final disposition of this case in any court.



Lisa R. Reinicke,  
Provisional License P-405  
License expires: 8/21/2011

Ex count: