

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

PRE-HEARING TRANSCRIPT

BEFORE: JAMI BAILEY, CHAIR/DIRECTOR  
SCOTT A. DAWSON, COMMISSIONER  
ROBERT S. BALCH, COMMISSIONER  
MARK A. SMITH, COUNSEL

September 22, 2011

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Commission, JAMI BAILEY, Chair/Director, SCOTT A. DAWSON, Commissioner and ROBERT S. BALCH, Commissioner, on September 22, 2011, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis, Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253  
Paul Baca Professional Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, New Mexico 87102

1           MADAM CHAIR: Good morning. This is the meeting of  
2 the Oil Conservation Commission on September 22, 2011, here  
3 in Porter Hall in Santa Fe. I'm Jami Bailey, chairman of the  
4 Commission. To my right is Scott Dawson, designee of the  
5 Commission of Public Lands. To my left is Bob Balch,  
6 designee of the Secretary of Energy, Minerals and Natural  
7 Resources. To his left is Mark Smith, who is the Commission  
8 counsel today. And then court reporter, Irene, and to the  
9 far right is for Floreen Davidson, the Commission Clerk.

10           We do have a quorum. We have all three  
11 Commissioners in attendance today. Commissioners, have you  
12 had a chance to read the minutes of the previous meeting in  
13 August?

14           COMMISSIONER BALCH: Yes.

15           COMMISSIONERS DAWSON: I have.

16           MADAM CHAIR: Is there a motion to adopt --

17           COMMISSIONER DAWSON: I motion.

18           MADAM CHAIR: -- the minutes of that meeting?

19           COMMISSIONER BALCH: I will second.

20           MADAM CHAIR: Okay. I will sign it on behalf of the  
21 Commission.

22           (Document signed.)

23           MADAM CHAIR: Commissioners, have you had a chance  
24 to look at the order of the Commission for Case Number 14577,  
25 which was the application of Marbob Energy Corporation, now

1 COG Operating LLC, for vertical expansion of the Burch Keely  
2 Unit, and the application of COG Operating LLC for vertical  
3 extension of the Grayburg-Jackson, (Seven Rivers-Queen-  
4 Grayburg-San Andres) Pool to correspond with the Unitized  
5 Formation of the Burch Keely Unit in Eddy County, New Mexico?

6 COMMISSIONER DAWSON: I have.

7 COMMISSIONER BALCH: I have.

8 MADAM CHAIR: Is there a motion to adopt this order?

9 COMMISSIONER DAWSON: Yes. I make that motion.

10 MADAM CHAIR: Is there a second?

11 COMMISSIONER BALCH: I will second.

12 MADAM CHAIR: All those in favor?

13 MADAM CHAIR, COMMISSIONER BALCH, COMMISSIONER

14 DAWSON: Aye.

15 MADAM CHAIR: All those opposed?

16 (No response.)

17 (Document signed.)

18 MADAM CHAIR: And the minutes and the orders will be  
19 transmitted to the Commission Clerk.

20 (Documents to Ms. Davidson.)

21 MADAM CHAIR: I call Case 14497, which is the  
22 application of David H. Arrington Oil and Gas Incorporated  
23 for compulsory pooling in Lea County, New Mexico. That case  
24 will be continued to the December 8, 2011, Commission  
25 meeting.

1 Case Number 14538, which is the application of  
 2 Marshall and Winston Incorporated to cancel an operator's  
 3 authority, and terminate a spacing unit, and approve a change  
 4 of operator in Lea County, New Mexico, that case has been  
 5 continued to the December 8 Commission meeting.

6 Case 14720, which is the application of Agave Energy  
 7 Company for authority to inject in Lea County, New Mexico,  
 8 has also been continued to the December 8, 2011, Commission  
 9 meeting.

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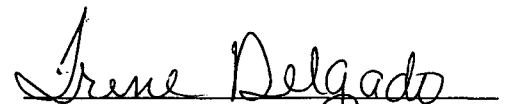
## REPORTER'S CERTIFICATE

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I, IRENE DELGADO, New Mexico CCR 253, DO HEREBY  
CERTIFY THAT ON September 22, 2011, proceedings in the  
above-captioned case were taken before me and that I did  
report in stenographic shorthand the proceedings set forth  
herein, and the foregoing pages are a true and correct  
transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor  
related to nor contracted with 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.

WITNESS MY HAND this \_\_\_\_\_ day of September  
2011.

  
Irene Delgado, CCR 253  
Expires: 12-31-2011