

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

CASE NO. 13,061
AWAITING FINAL COMMISSION ACTION
NO EVIDENCE OR TESTIMONY TAKEN
CASE NO. 13,402 *de novo* (Continued)

TRANSCRIPT OF PROCEEDINGS

BEFORE: MARK E. FESMIRE, CHAIRMAN
JAMI BAILEY, COMMISSIONER
FRANK T. CHAVEZ, COMMISSIONER

May 12th, 2005
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, June 9th, 2005, 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

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I N D E X

June 9th, 2005
Commission Hearing

PAGE

ADOPTION OF MINUTES OF THE COMMISSION MEETING
HELD ON MAY 12th, 2005

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CASE NO. 13,061 (AWAITING FINAL COMMISSION ACTION,
NO EVIDENCE OR TESTIMONY TAKEN)

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CASE NO. 13,402 (CONTINUED TO JULY 7th, 2005)

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REPORTER'S CERTIFICATE

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A P P E A R A N C E S

CHERYL BADA
Assistant 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 9:05 a.m.:

3 CHAIRMAN FESMIRE: At this time we'll call to
4 order the Thursday, June 9th, 2005, meeting of the New
5 Mexico Oil Conservation Commission. Let the record reflect
6 that the location of the meeting is Porter Hall in the Oil
7 Conservation Division office in Santa Fe, New Mexico, and
8 the time is 9:05 a.m.

9 My name is Mark Fesmire, I'm Chairman of the
10 Commission.

11 To my right is Commissioner Jami Bailey.
12 Commissioner Bailey is the designee to the Commission of
13 State Land Office Commissioner Patrick Lyons.

14 To my left is Commissioner Frank Chavez.
15 Commissioner Chavez is the former OCD supervisor in Aztec
16 and the appointee of the NM EMNRD Secretary, Joanna Prukop.

17 The counsel for today's meeting for the
18 Commission is Cheryl Bada, and the Secretary is -- as it
19 has been for quite a length of time -- is Florene Davidson.
20 The court reporter today is Mr. Steve Brenner.

21 Let the record reflect that a quorum of the
22 Commissioners or their designees are present.

23 The first matter of business before the
24 Commission is the adoption of minutes of the last meeting,
25 held on Thursday, May 12th, 2005.

1 Have the Commissioners had the opportunity to
2 review the minutes of the meeting?

3 COMMISSIONER BAILEY: Yes, I have, and I move
4 that we adopt them.

5 COMMISSIONER CHAVEZ: I second the motion.

6 CHAIRMAN FESMIRE: The minutes, having been
7 reviewed by the Commissioners and a motion to adopt the
8 minutes is before the Commission, all those in favor?

9 COMMISSIONER BAILEY: Aye.

10 COMMISSIONER CHAVEZ: Aye.

11 CHAIRMAN FESMIRE: Opposed?

12 The minutes are adopted, and we'll take a couple
13 of seconds to sign them.

14 Let the record reflect that the minutes have been
15 signed and transmitted to Secretary Davidson for recording.

16 * * *

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18 CHAIRMAN FESMIRE: The docket today consists
19 first of Cause Number 13,061, it's the Application of the
20 New Mexico Oil Conservation Division through the
21 Environmental Party [sic] Chief, for an order determining
22 the responsible party or parties and ordering the
23 responsible party or parties to complete and perform an
24 abatement plan pursuant to OCD Rule 19, Lea County, New
25 Mexico.

1 This matter came before the Commission last month
2 and was heard, the parties were represented.

3 At this time I'll turn it over to Counsel Bada to
4 bring the Commission up to speed on where we stand on
5 the...

6 MS. BADA: Okay, an order has been drafted
7 pursuant to the Commission's decision at the last meeting,
8 and it finds that Smith and Marrs is the responsible party,
9 and it imposes a fine of \$197,000, a third of that which
10 can be waived if Smith and Marrs completes the Stage 1
11 abatement investigative report within six months from the
12 date of the order, and another third can be waived if they
13 complete the Stage 2 abatement as directed by the Division
14 upon completion of a Stage 1 investigative report.

15 CHAIRMAN FESMIRE: Commissioner Bailey, have you
16 had the opportunity to review the order as drafted?

17 COMMISSIONER BAILEY: Yes, I have, and I expect
18 to sign it.

19 CHAIRMAN FESMIRE: Okay. Commissioner Chavez,
20 have you had a chance to review it?

21 COMMISSIONER CHAVEZ: Yes, I have, and I will
22 sign it.

23 CHAIRMAN FESMIRE: And I too will sign the order.
24 I think it reflects the Commission's decision.

25 At this time we'll take a few minutes to sign the

1 order.

2 Let the record reflect that all three
3 Commissioners have signed the order, and it has been
4 transmitted to Secretary Davidson.

5 * * *

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7 CHAIRMAN FESMIRE: The only other case on the
8 docket today is Cause Number 13,402. It was continued from
9 the May 12th, 2005, Commission meeting.

10 We have received a motion to continue it again
11 from the attorney representing the Applicant, Loco Hills
12 GSF. Would the Commission have any objection to continuing
13 this to the next meeting?

14 COMMISSIONER BAILEY: No.

15 COMMISSIONER CHAVEZ: No objection.

16 CHAIRMAN FESMIRE: Okay. With that, the case
17 Number 13,402 will be continued as requested by their
18 attorney.

19 And that's the last item on the agenda for today.

20 Is there any other business before the
21 Commission, that the Commissioners are aware of, that we
22 need to address today?

23 COMMISSIONER BAILEY: No.

24 COMMISSIONER CHAVEZ: No.

25 CHAIRMAN FESMIRE: Okay. With that, the Chair

1 would entertain a motion for adjournment.

2 COMMISSIONER BAILEY: I move we adjourn.

3 COMMISSIONER CHAVEZ: I second the motion.

4 CHAIRMAN FESMIRE: And the motion to adjourn
5 having been moved and seconded, the Commission will vote on
6 it.

7 All those in favor?

8 COMMISSIONER BAILEY: Aye.

9 COMMISSIONER CHAVEZ: Aye.

10 CHAIRMAN FESMIRE: Opposed?

11 With that, let the record reflect that we are
12 adjourned at 9:06 a.m. Thank you.

13 MR. BROOKS: Actually, I think it's 9:11.

14 (Thereupon, these proceedings were concluded at
15 9:11 p.m.)

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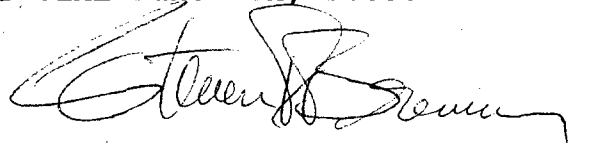
CERTIFICATE OF REPORTER

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 June 9th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006