

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

CASE NO. 13,555

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: MARK E. FESMIRE, CHAIRMAN
JAMI BAILEY, COMMISSIONER
WILLIAM C. OLSON, COMMISSIONER

ORIGINAL

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October 13th-14th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, October 13th, and Friday, October 14th, 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
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I N D E X

October 13th and 14th, 2005
 Commission Hearing
 CASE NO. 13,155 (Awaiting final Commission Action
 - No evidence or testimony taken)

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A P P E A R A N C E S

FOR THE COMMISSION:

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FOR THE DIVISION:

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* * *

1 WHEREUPON, the following proceedings were had on
2 October 13th, 2005 at 9:00 a.m.:

3 CHAIRMAN FESMIRE: I guess it's nine o'clock,
4 we'll go ahead and go on the record.

5 Let the record reflect that the Thursday, October
6 13th, 2005, meeting of the New Mexico Oil Conservation
7 Commission has been called to order at nine o'clock.

8 The first order of business today is to introduce
9 the members of the Commission and the staff. My name is
10 Mark Fesmire, I'm the Chairman of the Commission.

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

14 To my left, in his first official meeting,
15 regularly scheduled official meeting of the Commission, is
16 Mr. Bill Olson. Mr. Olson is the Environment Department
17 Groundwater Bureau Chief and an appointee of the Energy and
18 Minerals Secretary, Joanna Prukop.

19 To Mr. Olson's left is Cheryl Bada. Cheryl will
20 be acting as the Commission counsel today.

21 To Commissioner Bailey's right is Florene
22 Davidson. Ms. Davidson is the Commission Secretary.

23 The court reporter today, as usual, is Mr. Steve
24 Brenner.

25 And let the record reflect that a quorum of the

1 Commissioners or their designees are present.

2 * * *

3
4 CHAIRMAN FESMIRE: The first business matter this
5 morning is the adoption of the minutes. There are two sets
6 of minutes to be evaluated and adopted this morning. The
7 first is for the regularly scheduled Commission meeting
8 that was held on September 15th. At that time Mr. Frank
9 Chavez was a member of the Commission. He's no longer on
10 the Commission. We'll take up those minutes first, and
11 then we'll review the minutes of the September 23rd
12 Commission meeting, which included Mr. Olson.

13 So at this time, has the Commissioner that was
14 present had a chance to review the meetings from the
15 September 15th meeting --

16 COMMISSIONER BAILEY: Yes, I --

17 CHAIRMAN FESMIRE: -- or minutes?

18 COMMISSIONER BAILEY: Yes, I have, and I move we
19 adopt them.

20 CHAIRMAN FESMIRE: I'll second that motion. All
21 those in favor?

22 COMMISSIONER BAILEY: Aye.

23 CHAIRMAN FESMIRE: Aye.

24 COMMISSIONER OLSON: I'll abstain.

25 CHAIRMAN FESMIRE: Let the record reflect that by

1 a two vote for and one abstention vote, the minutes of the
2 September 15th, 2005, regular Commission meeting have been
3 adopted.

4 Have the Commissioners had a chance to review the
5 meeting -- the minutes of the September 23rd special
6 meeting?

7 COMMISSIONER BAILEY: Yes, I have, and I move we
8 adopt them.

9 COMMISSIONER OLSON: Second.

10 CHAIRMAN FESMIRE: Okay, all those in favor?

11 COMMISSIONER BAILEY: Aye.

12 COMMISSIONER OLSON: Aye.

13 CHAIRMAN FESMIRE: Opposed? Let the record
14 reflect that by unanimous vote the minutes of the September
15 23rd, 2005, meeting were adopted.

16 * * *

17
18 CHAIRMAN FESMIRE: At this time we will go to the
19 docket. The first action on the docket is Cause Number
20 13,555. The Commission staff is still working on that, so
21 we're going to go ahead and skip that and proceed to the
22 main event today. We'll take up the final action on Case
23 Number 13,555 later this afternoon.

24 (Off the record at 9:05 a.m.)

25 * * *

1 (The following proceedings had on Friday, October
2 14th, at 8:30 a.m.:)

3 CHAIRMAN FESMIRE: Mr. Brooks, I guess in the
4 first case you're going to act as Commission Counsel?

5 MR. BROOKS: Actually -- You're talking about the
6 compulsory pooling?

7 CHAIRMAN FESMIRE: Yes.

8 MR. BROOKS: Actually, I'm not Commission
9 Counsel. I was counsel -- I appeared for the Division in
10 the case.

11 CHAIRMAN FESMIRE: Okay. Steve, are you -- We're
12 on the record.

13 Let the record reflect it's 8:30 a.m. on Friday,
14 October 14th, 2005. The place is the New Mexico Oil
15 Conservation Commission hearing room, Porter Hall, at the
16 Energy, Minerals and Natural Resources Department
17 Headquarters, 1220 South Saint Francis, Santa Fe, New
18 Mexico.

19 Present are the three members of the Commission,
20 that being myself Mark Fesmire, Commissioner Bailey and
21 Commissioner Olson.

22 The first order of business today is evaluation
23 and possible finding of an order that was prepared in Cause
24 Number 13,555.

25 Mr. Brooks, you represented the Commission in

1 that. Would you give us a real quick update as to what
2 this order is and where we stand?

3 MR. BROOKS: As I stated previously, actually I
4 represented the Division in that matter.

5 CHAIRMAN FESMIRE: I'm sorry.

6 MR. BROOKS: I was however a participant in the
7 preparation of the order. I believe the Commission Counsel
8 followed the policy that's usually followed by judges of
9 our courts and delegated the preparation of the order to
10 counsel in this instance.

11 This was a rulemaking proceeding involving the
12 adoption of Rule 36, dealing with subsequent operations in
13 compulsory pooled units. It also involved, as originally
14 proposed, an amendment to Rule 7 to change the definition
15 of working interest owner.

16 During the proceedings at the September 15th
17 meeting of the Commission, it was decided to withdraw the
18 recommendation that the definition of working interest
19 owner be changed. The Commission decided to reject that
20 portion of the recommendation, so that is reflected in the
21 order.

22 Also reflected in the order is the adoption of
23 Rule 36 in a slightly changed version from the way it was
24 proposed.

25 I believe it is ready for signature based on the

1 Commission's decision at the September 15th meeting to
2 adopt proposed Rule 36.

3 CHAIRMAN FESMIRE: Mr. Brooks, in the order
4 itself it recites that the hearing -- the case came on for
5 hearing at 8:15 a.m. on September 15th, 2005. In fact, the
6 minutes reflect that that meeting -- that it came on for
7 hearing at nine o'clock a.m.

8 MR. BROOKS: That is correct --

9 CHAIRMAN FESMIRE: Okay --

10 MR. BROOKS: -- off an hour.

11 CHAIRMAN FESMIRE: -- I'm going to make sure that
12 that is recorded in the order and ask the Commissioners
13 present if they've had a chance to review the order and the
14 proposed rule -- and the rule?

15 COMMISSIONER BAILEY: Yes, I have, and it
16 reflects the decisions of the Commission of the September
17 15th hearing.

18 CHAIRMAN FESMIRE: Mr. Olson, have you had a
19 chance to review the order?

20 COMMISSIONER OLSON: Yes, I have.

21 CHAIRMAN FESMIRE: Okay, and do you have a
22 comment on the record for that?

23 COMMISSIONER OLSON: Yes, I was not a party to
24 the hearing or the deliberations of the Commission, so I
25 would abstain from voting on this matter.

1 CHAIRMAN FESMIRE: Okay. At this time the Chair
2 would entertain a motion that we adopt the order and the
3 attached rule.

4 COMMISSIONER BAILEY: I so move, with the minor
5 change of the time indicated on the first page.

6 CHAIRMAN FESMIRE: The time change will be so
7 noted on the drafted order.

8 I will second the motion.

9 All those in favor?

10 COMMISSIONER BAILEY: Aye.

11 CHAIRMAN FESMIRE: Aye.

12 Opposed?

13 COMMISSIONER OLSON: I'll abstain.

14 CHAIRMAN FESMIRE: Let the record reflect that
15 the motion -- that the order adopting the rules -- or the
16 order adopting the rule has been adopted by the Commission
17 on a vote of two for and one abstention.

18 At this time the Commissioners voting for that
19 rule will sign the order.

20 (Thereupon, these proceedings were concluded at
21 8:35 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 October 23rd, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006