

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

CASE NOS. 13,048 and 13,049 (Continued)

CASE NOS. 13,036 and 13,039 (Dismissed)

RECEIVED

CONTINUED AND DISMISSED CASES JUL 24 2003

TRANSCRIPT OF PROCEEDINGS *Oil Conservation Division*

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

ORIGINAL

July 17th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, July 17th, 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

July 17th, 2003
 Commission Hearing
 CASE NOS. 13,048 and 13,049 (Continued)
 CASE NOS. 13,036 and 13,039 (Dismissed)

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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 at
2 9:05 a.m.:

3 CHAIRMAN WROTENBERY: Okay, I guess we'll start
4 this meeting now. This is a meeting of the Oil
5 Conservation Commission. It's a little after 9:00 a.m. on
6 July 17th, 2003. We're in Porter Hall in Santa Fe, New
7 Mexico.

8 Since Mr. Kendrick is the only person in the
9 audience, I think we'll forego all of the introductions
10 today, just note for the record that all three
11 Commissioners are in attendance at this meeting.

12 We have a couple of items of business to address
13 today, but just a little housekeeping first.

14 First of all, there were a number of cases on the
15 docket that will either be continued or dismissed. And
16 Florene, if you will help me work through this, just to
17 make sure I get it right, we had Case 13,048, the
18 Application of Devon Energy Production Company, L.P., for
19 compulsory pooling in Lea County, New Mexico, and Case
20 13,049, the Application of EGL Resources, Inc., for
21 compulsory pooling in Lea County, New Mexico, and those two
22 cases will be continued until the Commission's meeting
23 when?

24 MS. DAVIDSON: I don't know if you want to go to
25 August or -- August 17th? That's the pit Rule.

1 CHAIRMAN WROTENBERY: That's right. We may want
2 to talk about scheduling a special hearing --

3 MR. BROOKS: I believe that's --

4 CHAIRMAN WROTENBERY: -- on those particular
5 cases.

6 MR. BROOKS: -- August 14th.

7 MS. DAVIDSON: Is it August 14th?

8 MR. BROOKS: I think so.

9 CHAIRMAN WROTENBERY: Is the next regularly
10 scheduled --

11 MS. DAVIDSON: Right --

12 CHAIRMAN WROTENBERY: -- Commission meeting --

13 MS. DAVIDSON: -- right.

14 CHAIRMAN WROTENBERY: -- and we do expect to hear
15 testimony on the pit Rules at that particular hearing,
16 which will take probably the better part of the day, if not
17 longer.

18 MS. LEACH: And the parties to the Devon Energy
19 cases have indicated that their cases will take about a
20 day.

21 CHAIRMAN WROTENBERY: Okay. So we can look, I
22 guess, at the possibility of carrying over to the 15th of
23 August, or if that won't work with the Commissioners'
24 schedules we can look for another hearing date. Florene,
25 would you get with everybody and try to work out that

1 scheduling?

2 MS. DAVIDSON: Yes.

3 MR. BROOKS: Respectfully --

4 CHAIRMAN WROTENBERY: Yes --

5 MR. BROOKS: -- madame Chairman --

6 CHAIRMAN WROTENBERY: -- Mr. Brooks?

7 MR. BROOKS: -- and honorable Commissioners, I
8 would suggest that if the Commission chooses at this time
9 to continue the case to the next docket, that would avoid
10 the necessity of republishing the notice for that
11 particular case if it was heard on that date or at some
12 date afterwards because you could continue it on the record
13 to a specific date at that time.

14 CHAIRMAN WROTENBERY: That's a good point. So
15 for our purposes today we'll continue those two cases,
16 13,048 and 13,049, to the Commission's hearing on August
17 14th. Thank you for that suggestion, Mr. Brooks.

18 And then we also had two cases, 13,036, the
19 Application of Ocean Energy, Inc., for compulsory pooling
20 in Lea County, New Mexico, and 13,039, the Application of
21 David H. Arrington Oil and Gas, Inc., for compulsory
22 pooling in Lea County, New Mexico. These cases have been
23 dismissed at the request of the parties to those two cases,
24 and I have sent out a letter documenting those dismissals.

25 We also had on the docket Case 12,811, the

1 Application of the New Mexico Oil Conservation Division for
2 an order requiring operators to bring 388 wells into
3 compliance with Rule 201.B and assessing appropriate civil
4 penalties in Eddy, Chaves and Otero Counties, New Mexico.
5 This case was being heard *de novo* by the Commission at the
6 request of two operators, J. Cleo Thompson and Kersey and
7 Company.

8 Since that case was set for *de novo* hearing, J.
9 Cleo Thompson had submitted some additional information.
10 And Mr. Brooks, would you summarize what happened there?

11 MR. BROOKS: Mr. Thompson submitted information
12 with regard to two wells which he was directed to bring
13 into compliance and as to which penalties were asserted.
14 The information he submitted has been reviewed by the OCD,
15 and it was determined that one of those wells was actually
16 on production prior to the Division Hearing and should not
17 have been the subject of the order. The reason that it was
18 -- that we went to hearing on that was the C-115, showing
19 that production simply had not come in at that time. It
20 was not late, it just was for the preceding month before
21 the hearing and had not come in.

22 The other one was an injector, and it was also on
23 injection. There was an error in the manner in which Mr.
24 Thompson's staff was entering things onto the computer,
25 which caused them to show zeros when in fact they were

1 reporting injections. Jane's people and Mr. Thompson's
2 people have straightened that out, so we believe that in
3 fact neither of those wells was inactive, and at this time
4 we would request that the Division Order, insofar as it
5 relates to J. Cleo Thompson only, be vacated and the case
6 be dismissed as to that operator.

7 CHAIRMAN WROTENBERY: Okay. And in fact, Mr.
8 Brooks, you had already submitted a letter requesting
9 dismissal --

10 MR. BROOKS: That is correct.

11 CHAIRMAN WROTENBERY: -- of the case with respect
12 to J. Cleo Thompson --

13 MR. BROOKS: That is correct.

14 CHAIRMAN WROTENBERY: -- and I have issued an
15 order granting that request.

16 We still, though, have the portion of the case
17 related to Kersey and Company. Mr. Brooks, could you
18 report on the status of that case?

19 MR. BROOKS: Yes, madame Chairman, honorable
20 Commissioners. We have investigated what Mr. Kersey has
21 offered, and he said he wasn't going to be here, but in his
22 letter that was erroneously addressed to Patrick Lyons,
23 Land Commissioner, rather than to the Commission, he has
24 brought some factual matters up.

25 We believe at this point that the status is that

1 several of those wells have been plugged, but the
2 appropriate paperwork has not been filed and the site
3 cleanup has not been completed. We believe that's the case
4 with all of those wells except the -- I believe it's the
5 ASA State Number 1, which apparently back on production.

6 However, all of this compliance work was done
7 subsequent to the Division Hearing, and we don't believe
8 it's complete. Therefore we believe that the Order should
9 nevertheless remain in effect and that the penalty
10 provisions should remain in effect. We are not in a
11 position to present admissible evidence to that this
12 morning because of difficulties in both my schedule and the
13 Artesia Office schedule, and we accordingly request that
14 that hearing be continued till the next docket.

15 CHAIRMAN WROTENBERY: Were there any other
16 appearances in that particular case?

17 Hearing none, Commissioners, do you have any
18 objection to continuing this case to the August 14th
19 docket?

20 COMMISSIONER BAILEY: (Shakes head)

21 COMMISSIONER LEE: (Shakes head)

22 CHAIRMAN WROTENBERY: Then that's what we'll do.
23 Thank you, Mr. Brooks.

24 * * *

25

1 CHAIRMAN WROTENBERY: Okay. Just one other
2 matter of business that I think we can take care of
3 quickly. We've got the minutes of two Commission hearings,
4 one held on June 12th, 2003, the other held on June 3rd and
5 4th, 2003.

6 Commissioners, have you had a chance to review
7 the minutes of these meetings?

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

10 COMMISSIONER LEE: Second.

11 CHAIRMAN WROTENBERY: All in favor say aye.

12 COMMISSIONER BAILEY: Aye.

13 COMMISSIONER LEE: Aye.

14 CHAIRMAN WROTENBERY: Aye. And I'll sign those
15 on behalf of the Commission.

16 (Thereupon, these proceedings were concluded at
17 9:16 a.m.)

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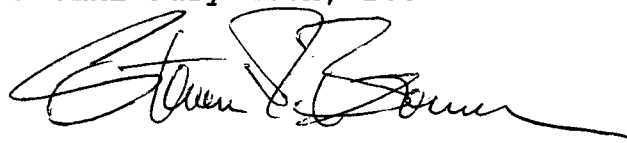
CERTIFICATE OF REPORTER

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 July 16th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006