

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

CASE NOS. 13,589; 13,274; 13,367, *de novo*;  
13,368, *de novo*; and 13,372, *de novo* (Continued)

CONTINUED CASES  
TRANSCRIPT OF PROCEEDINGS

ORIGINAL

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

April 20th, 2006

Santa Fe, New Mexico

2006 MAY 8 AM 8 47

These matters were continued to future hearing dates by MARK E. FESMIRE, Chairman, New Mexico Oil Conservation Commission, on Thursday, April 20th, 2006, 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

April 20th, 2006  
Commission Hearing  
Continued Cases

## PAGE

ADOPTION OF MINUTES OF THE COMMISSION MEETING  
HELD ON MARCH 23rd, 2006

4

CONTINUATION OF CASE NO. 13,589

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CONTINUATION OF CASE NO. 13,274

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CONTINUATION OF CASE NO. 13,367, *de novo*

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CONTINUATION OF CASE NO. 13,368, *de novo*

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CONTINUATION OF CASE NO. 13,372, *de novo*

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REPORTER'S CERTIFICATE

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## A P P E A R A N C E S

FOR THE COMMISSION:

DAVID K. BROOKS, JR.  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

1 WHEREUPON, the following proceedings were had at  
2 9:02 a.m.:

3 CHAIRMAN FESMIRE: Okay, let's go on the record?  
4 At this time we'll call the Thursday, April 20th, 2006,  
5 meeting of the New Mexico Oil Conservation Commission to  
6 order.

7 Let the record reflect it's 9:02 a.m., Thursday,  
8 April 20th, 2006. The meeting is being held in Porter Hall  
9 in Santa Fe, New Mexico.

10 My name is Mark Fesmire.

11 To my right is Commissioner Jami Bailey.  
12 Commissioner Bailey is the designee of the Commissioner of  
13 State Lands, Mr. Patrick Lyons.

14 To my left is Commissioner Bill Olson. Mr. Olson  
15 is the appointee of the Energy and Minerals Secretary,  
16 Joanna Prukop.

17 To Mr. Olson's left is Cheryl Bada. Miss Bada  
18 will act as the Commission counsel today.

19 To Commissioner Bailey's right is Florene  
20 Davidson. Ms. Davidson is the Commission Secretary.

21 And the court reporter today, as always, is Mr.  
22 Steve Brenner.

23 Let the record reflect that a quorum of the  
24 Commissioners or their designees are present.

25 \* \* \*

1 CHAIRMAN FESMIRE: The first order of business  
2 before the Commission today is the adoption of the minutes  
3 of the March 23rd, 2006, meeting. A copy of the minutes  
4 has been provided to each one of the Commissioners.

5 Have the Commissioners had an opportunity to look  
6 over the minutes?

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

9 CHAIRMAN FESMIRE: Is there a second?

10 COMMISSIONER OLSON: Second.

11 CHAIRMAN FESMIRE: Let the record reflect that  
12 the minutes were unanimously adopted and signed by the  
13 Chairman and conveyed to the secretary.

14 \* \* \*

15  
16 CHAIRMAN FESMIRE: The first case on the docket  
17 today is Case Number 13,589. It's the Application of Duke  
18 Energy Field Services for approval of an acid gas injection  
19 well. I guess we're going to ask Mr. Brooks, who was the  
20 Commission counsel in that meeting, to bring us up to date  
21 on that case.

22 MR. BROOKS: Mr. Chairman, as I advised the  
23 Commissioners yesterday, because of my responsibilities to  
24 present the case at this hearing, I do not have the order  
25 ready. It has been suggested that this hearing is likely

1 to last beyond tomorrow afternoon, and whenever it is  
2 continued to, if it does last beyond tomorrow afternoon, I  
3 will have that order ready to present to the Commission  
4 prior to the conclusion of the hearing. Otherwise, it will  
5 be at the next hearing, whether it be a special hearing  
6 that we set for potash rules or whether it be the May 15th  
7 hearing.

8 CHAIRMAN FESMIRE: Thank you. After discussion  
9 with counsel, it's beginning to look like the hearing will  
10 be continued at least for another week, during which I  
11 would hope that we would have time to complete that, so I'm  
12 going to ask the Commission if there's any objection to  
13 handling this case in that manner.

14 COMMISSIONER BAILEY: No objection.

15 COMMISSIONER OLSON: No objection.

16 CHAIRMAN FESMIRE: Okay. We will continue this  
17 case to a lower position on the docket and proceed in that  
18 manner.

19 \* \* \*

20  
21 CHAIRMAN FESMIRE: The next case is Case Number  
22 13,586. It's the Application of the New Mexico Oil  
23 Conservation Division for the repeal of existing Rules 709,  
24 710 and 711 concerning surface waste management and the  
25 adoption of new rules governing surface waste management.

1           That case is sort of the main attraction today,  
2   it's going to take a lot of time. So before we start on  
3   it, I would like to go ahead and deal with some of the  
4   other cases that all we have to do is announce a  
5   continuance.

6                           \* \* \*

7  
8           CHAIRMAN FESMIRE: The first of those cases is  
9   Case Number 13,274, continued from the March 23rd, 2006,  
10   Commission meeting. It's the Application of Arch  
11   Petroleum, Inc., for approval of two nonstandard gas  
12   spacing and proration units in the Jalmat Gas Pool, Lea  
13   County, New Mexico.

14           It's my understanding that this case will be  
15   continued to the July 13th, 2006, Commission meeting. Is  
16   that correct, Mr. Brooks?

17           MR. BROOKS: That is correct.

18           CHAIRMAN FESMIRE: Let the record reflect that  
19   that case will be continued.

20                           \* \* \*

21  
22           CHAIRMAN FESMIRE: The next case is Case Number  
23   13,367. It's the *de novo* Application of Bass Enterprises  
24   Production Company for an order authorizing the drilling of  
25   a well in the Potash Area, Eddy County, New Mexico.

1           We've scheduled a special hearing for that case  
2   on June 5th, 2006, and counsel has asked that that case be  
3   continued to that date. Is that correct, Mr. Brooks?

4           MR. BROOKS: I was not aware that that date had  
5   been set. But Mr. Carr is present; he can confirm if  
6   counsel have, in fact --

7           MR. CARR: We would request that it be set on  
8   that date.

9           CHAIRMAN FESMIRE: Okay.

10          MR. BROOKS: -- agreed to that date.

11          CHAIRMAN FESMIRE: Would the Commissioners have  
12   any objection to setting a special setting for that case on  
13   June 5th?

14          COMMISSIONER BAILEY: No objection.

15          COMMISSIONER OLSON: I already have it down.

16          CHAIRMAN FESMIRE: Case Number 13,367 will be  
17   continued to a special hearing set on June 5th, 2006.

18                               \* \* \*

19  
20          CHAIRMAN FESMIRE: The next case is Case Number  
21   13,368. It's the Application of Devon Energy Production  
22   Company, LP, for an order authorizing the drilling of a  
23   well in the potash area of Eddy County, New Mexico. This  
24   is a related case, and I believe that the same -- the  
25   request for the same date has been made?

1 MR. CARR: Yes, sir.

2 CHAIRMAN FESMIRE: Okay. Case Number 13,368 will  
3 be continued to a special setting on June 5th, 2006.

4 \* \* \*

5  
6 CHAIRMAN FESMIRE: The last one that we have to  
7 deal with in this group is Case Number 13,372. It's the  
8 Application of Devon Energy Production Company for approval  
9 of an unorthodox well location and authorization to drill a  
10 well in the potash area of Eddy County.

11 And it likewise -- there has likewise been a  
12 request to continue that to June 5th.

13 MR. CARR: That's correct.

14 CHAIRMAN FESMIRE: Okay. And does the Commission  
15 have any objection to those two?

16 COMMISSIONER BAILEY: No.

17 COMMISSIONER OLSON: No objection.

18 CHAIRMAN FESMIRE: Okay, Case Number 13,372 will  
19 be specially set for a special hearing on June 5th, 2006.

20 (Thereupon, these proceedings were concluded at  
21 9:08 a.m.)

22 \* \* \*

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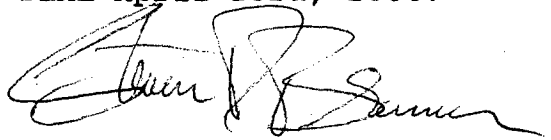
## CERTIFICATE OF REPORTER

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 April 23rd, 2006.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006