

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

MOTION OF BASS ENTERPRISES PRODUCTION COMPANY
and DEVON ENERGY PRODUCTION COMPANY, LP, FOR
RE-HEARING OF CASE NOS. 13,367, 13,368 & 13,372

TRANSCRIPT OF PROCEEDINGS

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

ORIGINAL

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August 10th, 2006
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday, August 10th, 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.

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Commission Hearing

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A P P E A R A N C E S

FOR THE COMMISSION:

CAROL LEACH
General Counsel
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

* * *

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

1 WHEREUPON, the following proceedings were had at
2 9:00 a.m.:

3 CHAIRMAN FESMIRE: Okay, good morning, let's go
4 on the record.

5 The August 10th, 2006, meeting of the New Mexico
6 Oil Conservation is hereby called to order. Let the record
7 reflect that it's 9:00 a.m., that the meeting is taking
8 place in Porter Hall, 1220 South St. Francis in Santa Fe,
9 New Mexico.

10 Let the record also reflect that all three
11 Commissioners are present, those Commissioners being Jami
12 Bailey, the designee of the State Land Commissioner, Mr.
13 Bill Olson.

14 The record should also reflect that the
15 Commission secretary, Ms. Florene Davidson, is present;
16 acting as Commission attorney today will be Carol Leach,
17 and that she is present; the Commission record today is
18 being taken, as always, by Mr. Steve Brenner, acting for
19 the first time under a new contract, aren't you, today?

20 COURT REPORTER: I believe it's the end of
21 August.

22 CHAIRMAN FESMIRE: Is it? Okay.

23 With that, the first order of business before the
24 Commission is the adoption of the minutes from the July
25 13th, 2006, meeting. Have the Commissioners had the

1 opportunity to review the minutes?

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

4 CHAIRMAN FESMIRE: Is there a second?

5 COMMISSIONER OLSON: Second.

6 CHAIRMAN FESMIRE: A motion and second having
7 been heard, all those in favor?

8 COMMISSIONER BAILEY: Aye.

9 COMMISSIONER OLSON: Aye.

10 CHAIRMAN FESMIRE: All those opposed?

11 The minutes as presented are unanimously adopted.
12 Let the record reflect that I will sign the minutes and
13 convey them to the Commission secretary.

14 * * *

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16 CHAIRMAN FESMIRE: The next matter before the
17 Commission is a motion for re-hearing in Cases Number
18 13,367, 13,368 and 13,372, the Applications of Bass
19 Enterprises Production and Devon Energy Production, LP, for
20 authorization to drill wells in the potash area, Eddy
21 County, New Mexico.

22 It's the intention of the Chairman to ask the
23 Commissioners to express their desires on how to handle
24 this. I have read the motion for re-hearing. I think that
25 even after reading the motion, I believe that the wells as

1 proposed will result in the waste of potash. It's our duty
2 under the Statutes to prevent undue waste of that mineral.
3 I believe that this order does that.

4 However, it has been brought before the
5 Commission, and I would ask the Commissioners whether they
6 would like to adopt that reasoning or deliberate on this
7 motion for re-hearing to some extent later.

8 COMMISSIONER BAILEY: I completely agree with you
9 and your reasoning, and I do not believe that this needs to
10 be re-heard. I believe the Commission did its best to take
11 into account all facets of the case.

12 CHAIRMAN FESMIRE: Commissioner Olson, did you
13 have any comment on that?

14 COMMISSIONER OLSON: Just -- I agree with both of
15 you. I think that our order is consistent with protecting
16 oil and gas development as well as potash development and
17 in accordance with R-111-P.

18 CHAIRMAN FESMIRE: Okay. With that, the Chair
19 would entertain a motion to deny the application for re-
20 hearing of Bass Enterprises Production Company and Devon
21 Energy Production Company.

22 COMMISSIONER BAILEY: I so move.

23 CHAIRMAN FESMIRE: Is there a second?

24 COMMISSIONER OLSON: Second.

25 CHAIRMAN FESMIRE: All those in favor?

1 COMMISSIONER BAILEY: Aye.

2 COMMISSIONER OLSON: Aye.

3 CHAIRMAN FESMIRE: Let the record reflect that
4 the motion to deny the Application for re-hearing was
5 passed unanimously.

6 (Thereupon, these proceedings were concluded at
7 9:05 a.m.)

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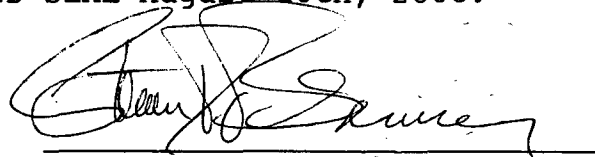
CERTIFICATE OF REPORTER

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 August 10th, 2006.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006