

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

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION COMMISSION FOR THE )  
PURPOSE OF CONSIDERING: )  
HEARING CALLED BY THE OIL CONSERVATION )  
DIVISION TO AMEND RULE 104 OF ITS )  
GENERAL RULES AND REGULATIONS PERTAINING )  
TO UNORTHODOX WELL LOCATIONS AND )  
NONSTANDARD UNITS )

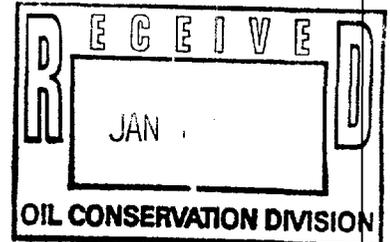
CASE NO. 11,351

**ORIGINAL**

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN  
WILLIAM WEISS, COMMISSIONER  
JAMI BAILEY, COMMISSIONER



December 14th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission on Thursday December 14th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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## I N D E X

December 14th, 1995  
Commission Hearing  
CASE NO. 11,351

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

FOR THE COMMISSION:

MARGARET CORDOVANO  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
2040 South Pacheco  
Santa Fe, New Mexico 87505

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

3           CHAIRMAN LEMAY: Call the meeting to order.

4           This is the Oil Conservation Commission Hearing.  
5   My name is Bill LeMay, Chairman of the Commission. On my  
6   left is Commissioner Bill Weiss; on my right, Commissioner  
7   Jami Bailey representing the Commissioner of Public Lands,  
8   State of New Mexico.

9           I might announce we'll have a little different  
10   procedure this morning. You'll notice on your docket that  
11   there will be a short business meeting. We'll take those  
12   items on the docket concerning final action on Rule 711 and  
13   also on the docket awaiting Rule 104, which -- we're going  
14   to have final action on it; that will be delayed -- and  
15   also approval of the minutes.

16           So we're getting more organized, I guess you'd  
17   say, or it's going to be more in terms of how other  
18   meetings are conducted.

19           We will start with the business meeting and the  
20   approval of the minutes which you have before you, I think,  
21   copies of the minutes.

22           Is there a motion to approve the minutes?

23           COMMISSIONER WEISS: Yeah, I move to approve the  
24   minutes.

25           CHAIRMAN LEMAY: Okay, thank you.

1 Will you second, Commissioner Bailey?

2 COMMISSIONER BAILEY: I second.

3 CHAIRMAN LEMAY: Okay, moved and seconded. All  
4 in favor say "aye".

5 Aye.

6 COMMISSIONER WEISS: Aye.

7 CHAIRMAN LEMAY: Opposed, "nay".

8 The minutes of the meeting, November 9th, have  
9 been approved.

10 The next item of business concerns Case Number  
11 11,351. It's been advertised as awaiting final action. We  
12 will not take any more testimony today on that case, and we  
13 will postpone final action on that matter until January  
14 18th. I just might mention for those of you concerned and  
15 my fellow Commissioners, that there were portions of that  
16 that I think we initially addressed incorrectly.

17 Example: The first meeting we had, Bill Morrow  
18 presented some testimony concerning the definition of  
19 wildcat wells in the northwest part of the state, having  
20 those wells classified as wildcat if they're two or three  
21 miles from known production. The initial draft did not  
22 carry that recommendation. We want to revisit the draft to  
23 incorporate that.

24 And some discussion on that by fellow  
25 Commissioners -- Is there any comment that you have on that

1 part of it, Commissioner Bailey, or --

2 COMMISSIONER BAILEY: No.

3 CHAIRMAN LEMAY: Or Commissioner Weiss?

4 COMMISSIONER WEISS: I have no --

5 CHAIRMAN LEMAY: No comment?

6 Other parts of the draft that was submitted  
7 contained unorthodox spacing units, the approval at the  
8 District level. I think there was an assumption there that  
9 these would be approvals based on variations in the size of  
10 the units.

11 We have approved some units, unorthodox units  
12 that were rather complex. They were maybe half the size of  
13 the initial unit. And this was a conservation issue, the  
14 idea being that this well was going to be plugged, rather  
15 than try and form a new unit to perforate maybe a gas sand  
16 before abandonment, an unorthodox unit would be approved  
17 administratively.

18 Those type of administrative approvals on  
19 unorthodox locations would probably be a higher level of  
20 concern and notification than just approval of unorthodox  
21 -- sorry, not location, unorthodox size of proration units.  
22 That would be a matter of course because of lots or  
23 surveys.

24 So that particular -- that classification of  
25 unorthodox spacing units was going to be revisited. And

1 because of those two major concerns, we want to look at  
2 some other drafts that -- Any of you have anything, maybe,  
3 to add or say concerning Rule 104? Commissioner Weiss?

4 COMMISSIONER WEISS: No.

5 COMMISSIONER BAILEY: No.

6 CHAIRMAN LEMAY: Commissioner Bailey? No?

7 So we will postpone final action on that until  
8 the January 18th meeting.

9 You have before you the order on Rule 711. This  
10 was signed by all Commissioners at the last meeting of the  
11 Commission. Unfortunately, we've found some omissions in  
12 that, mainly pertaining to the bonding section. We felt  
13 that it was strictly a mechanical omission, but the final  
14 draft we signed did not carry those. We felt it was too  
15 much of an omission to do a *nunc pro tunc* order on that, so  
16 what we did is make those changes in the order, and we will  
17 sign -- or I recommend that we sign the Rule 711 as a  
18 replacement order today.

19 So you have in front of you a Rule 711, and wish  
20 to comment on that?

21 Commissioner Weiss?

22 COMMISSIONER WEISS: Not at this time.

23 CHAIRMAN LEMAY: Okay, Commissioner Bailey?

24 COMMISSIONER BAILEY: Not at this time.

25 CHAIRMAN LEMAY: Do you wish to look over the

1 Rule 711 prior to signing, or are you ready to take final  
2 action on the replacement?

3 COMMISSIONER BAILEY: I would like it finalized.

4 CHAIRMAN LEMAY: Sure.

5 COMMISSIONER WEISS: Yeah, I don't have a version  
6 of 711.

7 CHAIRMAN LEMAY: You don't have a version of 711?  
8 We have -- The final order is there. Okay.

9 Well, why don't we take that and maybe take it up  
10 a little later for final action? Would that be acceptable?

11 COMMISSIONER WEISS: This is where we left out  
12 the --

13 CHAIRMAN LEMAY: The bonding.

14 COMMISSIONER WEISS: The bonding, yeah, okay.

15 It was a lot better the way we had it before we  
16 left it out. Take you quite a bit of time to read this.  
17 But we've seen this before.

18 CHAIRMAN LEMAY: We have seen it before.

19 COMMISSIONER WEISS: Yeah, this is all familiar.

20 Yeah, that looks good. I'll sign that.

21 CHAIRMAN LEMAY: You can sign it later. Do you  
22 approve of final action being taken on that document?

23 COMMISSIONER WEISS: Yeah, I approve final action  
24 on this document.

25 CHAIRMAN LEMAY: Did you want to, Commissioner

1 Bailey, or at a break --

2 COMMISSIONER BAILEY: At a break would be fine.

3 CHAIRMAN LEMAY: Okay. We'll revisit that after  
4 a break. Commissioner Bailey would like to read it and  
5 make sure it's acceptable.

6 (Off the record at 9:06 a.m.)

7 (The following proceedings had at 10:33 a.m.)

8 CHAIRMAN LEMAY: Before we continue, as part of  
9 the record I would just like to say that final action is  
10 now complete on Rule 711 with all three Commissioners  
11 agreeing to the order as presented, and it will be signed  
12 today.

13 (Thereupon, these proceedings were concluded at  
14 10:33 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 December 18th, 1995.

  
 STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998