

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:)
APPLICATION OF THE OIL CONSERVATION)
DIVISION TO AMEND ORDER R-8170, AS)
AMENDED, "GENERAL RULES FOR THE PRORATED)
POOLS OF NEW MEXICO")

CASE NO. 11,705

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN
WILLIAM J. LEMAY, COMMISSIONER
JAMI BAILEY, COMMISSIONER

May 7th, 1998

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, May 7th, 1998, 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

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Commission Hearing
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A P P E A R A N C E S

FOR THE COMMISSION:

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FOR THE OIL CONSERVATION DIVISION:

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* * *

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

3 CHAIRMAN WROTENBERY: The second item on our
4 agenda is the Application of the Oil Conservation Division
5 to amend Order R-8170, as amended, the General Rules for
6 the Prorated Pools of New Mexico, and Order Number R-333,
7 as amended, the Rules of Procedure for Prorated Gas Pools
8 in Northwest New Mexico.

9 We took testimony on these rules at the last
10 Commission hearing, back in April, and I believe we have
11 maybe one person making an appearance here today. Rand
12 Carroll, are you appearing on behalf of the Oil
13 Conservation Division?

14 MR. CARROLL: Yes, I am.

15 CHAIRMAN WROTENBERY: Do you want to come on up?
16 Do we have any other appearances on this matter?
17 I don't see any.

18 After the last meeting, we did leave these rules
19 open for additional public comment until this meeting.
20 Rand, did we get anything else?

21 MR. CARROLL: I didn't receive anything, and I'm
22 not aware that Florene received anything either.

23 CHAIRMAN WROTENBERY: Okay. Do you have
24 something you'd like to present at this point?

25 MR. CARROLL: No, it's my understanding that the

1 Chairman already has a draft -- or a final order to be
2 signed today, incorporating the rules to be adopted to
3 replace Order R-8170 and Order R-333.

4 And the Division has provided its language
5 regarding the method of changing marginal wells to
6 nonmarginal wells, and that would be pursuant to, I think,
7 605.F.(2), where if the production figures show that a
8 nonmarginal well should be reclassified as nonmarginal, the
9 Director can do it just by reclassifying it; it will show
10 up on the proration schedule.

11 Any operator in the pool is allowed to docket a
12 case to do it on its own motion. So not only can the
13 Division change the classification from marginal to
14 nonmarginal, any operator in the pool can also do that.
15 But it doesn't require notice and hearing for the Division
16 to do it, per Mr. LeMay's suggestion at the last meeting.

17 CHAIRMAN WROTENBERY: Bill, did you have a chance
18 to look over those?

19 MR. LEMAY: Yes, Madame Chair, and --

20 CHAIRMAN WROTENBERY: Do you have any questions?

21 MR. LEMAY: -- Rand, I thought the changes were
22 good. I appreciate you incorporating them. I think that
23 will make it easier on your job, Madame Chair.

24 CHAIRMAN WROTENBERY: Any other questions or
25 comments on the proposed rules?

1 COMMISSIONER BAILEY: It's my intention to sign
2 it as is.

3 CHAIRMAN WROTENBERY: Okay.

4 MR. LEMAY: As it is mine.

5 CHAIRMAN WROTENBERY: Then I'll entertain a
6 motion that we adopt the proposed amendments to Order
7 R-8170 and Order R-333, as laid out in the order that's
8 been drafted by the staff of the Oil Conservation Division.

9 MR. LEMAY: So moved.

10 COMMISSIONER BAILEY: Second.

11 CHAIRMAN WROTENBERY: All in favor say aye.

12 MR. LEMAY: Aye.

13 COMMISSIONER BAILEY: Aye.

14 CHAIRMAN WROTENBERY: Aye. It's unanimous again.
15 And I do have a copy here of the order ready for
16 signature today.

17 I do have one question, Rand. What's the process
18 we usually use to notify the industry and other people who
19 might be interested that rule amendments have been adopted?

20 MR. CARROLL: Well, tomorrow Sally is going to
21 bring it over to the records center, and it will be
22 published in the *New Mexico Register* on May 30th. So that
23 will be the effective date of these new rules.

24 At that time it will be available on the
25 Internet. I guess we could send a copy out with the

1 docket, but industry has been made aware of the proposed
2 changes.

3 CHAIRMAN WROTENBERY: Do we ever send out just
4 notices to the industry of significant changes like that?

5 MR. LEMAY: Madame Chair, occasionally we'll send
6 copies to the two organizations, the New Mexico Oil and Gas
7 Association and IPA of New Mexico, who can distribute them
8 to their members.

9 CHAIRMAN WROTENBERY: Okay.

10 MR. LEMAY: That saves postage on our part and on
11 your part --

12 CHAIRMAN WROTENBERY: Okay.

13 MR. LEMAY: -- and allows them to send it out if
14 they so wish.

15 MR. CARROLL: That would be a good idea. I'm
16 sure -- I doubt anybody reads the *New Mexico Register* for
17 industry.

18 CHAIRMAN WROTENBERY: Okay. Well, we'll
19 certainly look at sending it out to the Association.

20 (Thereupon, these proceedings were concluded at
21 9:06 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 May 8th, 1998.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998