

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

CASE NOS. 12,008, 12,325 (Continued)

CASE NO. 12,289 (Dismissed)

OIL CONSERVATION COM.  
CO JUL 31 PM 12:36

CONTINUED CASES

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: LORI WROTENBERY, CHAIRMAN  
JAMI BAILEY, COMMISSIONER  
ROBERT LEE, COMMISSIONER (Present by telephone)

July 21st, 2000

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Friday, July 21st, 2000, at the New Mexico Energy, Minerals and Natural Resources Department, Conference Room of the Office of the Secretary, 2040 South Pacheco, 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 21st, 2000  
Commission Hearing  
CASE NOS. 12,008, 12,325 (Continued)  
12,289 (Dismissed)

## PAGE

REPORTER'S CERTIFICATE

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

FOR THE COMMISSION:

STEPHEN ROSS  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
2040 South Pacheco  
Santa Fe, New Mexico 87505

\* \* \*

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

3           CHAIRMAN WROTENBERY: This is the Commission  
4   hearing on Friday, July 21st, 2000. We're here in the OCD  
5   hearing room in Santa Fe, New Mexico. It's about 9:00 a.m.

6           We have Commissioner Lee participating by  
7   telephone this morning, because we've got a very short  
8   agenda and didn't see a need for him to make the trip all  
9   the way to Santa Fe for just the two items that -- or three  
10   items, I guess, that we've got on the agenda today. We  
11   also have in person Commissioner Bailey, representing Land  
12   Commissioner Ray Powell. And I'm Lori Wrotenbery, Chairman  
13   of the Oil Conservation Commission.

14           We've got just a few items that I think we'll  
15   just go ahead and get through quickly here.

16           One is the minutes of the hearing of the Oil  
17   Conservation Commission held on June 23rd, 2000.  
18   Commissioners, I believe you've had a chance to review a  
19   draft of these minutes?

20           COMMISSIONER BAILEY: Yes, I have, and I move  
21   that we adopt them.

22           COMMISSIONER LEE: Second.

23           CHAIRMAN WROTENBERY: All in favor say "aye".

24           COMMISSIONER BAILEY: Aye.

25           COMMISSIONER LEE: Aye.

1           CHAIRMAN WROTENBERY: Aye. And I'll sign on  
2           behalf of the Commission.

3                               \* \* \*

4

5           CHAIRMAN WROTENBERY: And then we had a few other  
6           cases that were advertised on the docket, but these have  
7           either been continued or dismissed. Let me just go through  
8           those quickly.

9                       We had Case 12,008. This is the Application of  
10          Robert E. Landreth for a determination of reasonable well  
11          costs in Lea County, New Mexico. This case has been  
12          continued to the Commission's hearing on August 23rd, 2000,  
13          at the request of the Applicant.

14                      We also had Case 12,325, the Application of  
15          Chesapeake Operating, Inc., for compulsory pooling and an  
16          unorthodox subsurface location in Lea County, New Mexico.  
17          This particular case will be continued to the Commission  
18          hearing on August 23rd, 2000.

19                      We have, Commissioners, received a letter from  
20          the parties with a proposed settlement agreement, and in  
21          the time intervening between this meeting and the next,  
22          Steve Ross will incorporate the provisions of this  
23          agreement into a draft order and circulate it to your for  
24          your consideration, and then we can take action on that  
25          order at the August meeting.

1           We had also Case 12,289, the Application of  
2   Gillespie Oil, Inc., and Energen Resources Corporation to  
3   amend Division Order Number R-10,864-A for unit expansion,  
4   statutory unitization and qualification of the expanded  
5   unit area for the recovered oil tax rate and certification  
6   of a positive production response pursuant to the "New  
7   Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.  
8   And this case has been dismissed at the request of the *de*  
9   *novi* Applicants, Snyder Ranches, Inc., and Larry Squires,  
10   Inc. I have sent the parties a letter concerning the  
11   dismissal.

12                           \* \* \*

13  
14           CHAIRMAN WROTENBERY: I believe that was  
15   everything except for the one case we do want to finish up  
16   today. This is the Application of Redwolf Production,  
17   Inc., for compulsory pooling in San Juan County, New  
18   Mexico.

19           The Commission took evidence in this case at the  
20   Commission hearing last month. We also deliberated on the  
21   case at that time. Since then, Mr. Ross has circulated a  
22   draft order in the case. Commissioners, have you had a  
23   chance to review the language of the draft order?

24           COMMISSIONER BAILEY: Yes, I have, and the  
25   correction that was made to it yesterday.

1           CHAIRMAN WROTENBERY: Okay, great. Commissioner  
2     Lee?

3           COMMISSIONER LEE: Yes, I have read it. I have  
4     no problem with it.

5           CHAIRMAN WROTENBERY: Okay. I'm not sure, Mr.  
6     Ross, did Commissioner Lee have a chance to look at the one  
7     change that was made in the order?

8           MR. ROSS: No, that was just made a few minutes  
9     ago.

10          CHAIRMAN WROTENBERY: Okay, would you please  
11     describe that particular change for Commissioner Lee? Do  
12     you need this?

13          MR. ROSS: Commissioner Lee, in paragraph 6 of  
14     the order --

15          COMMISSIONER LEE: Just a second, let me double-  
16     check.

17          MR. ROSS: -- and that would be on page 2.

18          COMMISSIONER LEE: Let me pull it up. Okay.

19          MR. ROSS: We just added the words, "and a lessee  
20     of record" in that paragraph. So it now reads, "The  
21     Applicant is a working interest owner and a lessee of  
22     record within the subject proration unit."

23          COMMISSIONER LEE: I have no problem with that.

24          CHAIRMAN WROTENBERY: Do we need to discuss this  
25     particular order any further?

1 COMMISSIONER BAILEY: No, I move that we sign it.

2 COMMISSIONER LEE: I second.

3 CHAIRMAN WROTENBERY: Okay. And let me just  
4 clarify. The motion is to sign the order with the change  
5 in Finding Paragraph Number 6 that Mr. Ross just read into  
6 the record?

7 COMMISSIONER BAILEY: Yes, that's right.

8 CHAIRMAN WROTENBERY: Well, then, all in favor  
9 say "aye".

10 COMMISSIONER BAILEY: Aye.

11 COMMISSIONER LEE: Aye.

12 CHAIRMAN WROTENBERY: Aye. Great, let's sign the  
13 order.

14 Commissioner Lee, we'll send the order to you for  
15 your signature by mail. You've got your pen with you down  
16 there?

17 COMMISSIONER LEE: I've a pen with -- for real.

18 CHAIRMAN WROTENBERY: Oh, well we may have send  
19 the order with your pen.

20 Okay. And then Mr. Ross has some pending and  
21 prospective litigation that he needs to brief the  
22 Commission on, so I will entertain a motion that we go into  
23 closed session for a few minutes to discuss those matters.

24 COMMISSIONER BAILEY: I so move.

25 COMMISSIONER LEE: Second.

1 CHAIRMAN WROTENBERY: All in favor say "Aye"

2 COMMISSIONER BAILEY: Aye.

3 COMMISSIONER LEE: Aye.

4 CHAIRMAN WROTENBERY: Thank you. We'll close the  
5 meeting here for a few minutes.

6 (Off the record at 9:23 a.m.)

7 (The following proceedings had at 9:35 a.m.)

8 CHAIRMAN WROTENBERY: Okay, I'll entertain a  
9 motion that we go back into open session.

10 COMMISSIONER BAILEY: I so move.

11 COMMISSIONER LEE: Second.

12 CHAIRMAN WROTENBERY: All in favor say "Aye"

13 COMMISSIONER BAILEY: Aye.

14 COMMISSIONER LEE: Aye.

15 CHAIRMAN WROTENBERY: Aye. Okay. We have  
16 finished our deliberations on pending and prospective  
17 litigation. I just note for the record that that is all  
18 that we discussed while we were in closed session.

19 And at this point I don't believe we have any  
20 other items on our agenda. Do we have any other business?

21 COMMISSIONER BAILEY: No.

22 CHAIRMAN WROTENBERY: No? Okay, then shall we  
23 adjourn?

24 COMMISSIONER BAILEY: I move we adjourn.

25 COMMISSIONER LEE: Second.



1 CHAIRMAN WROTENBERY: All in favor say "Aye".

2 COMMISSIONER BAILEY: Aye.

3 COMMISSIONER LEE: Aye.

4 CHAIRMAN WROTENBERY: Thank you.

5 (Thereupon, these proceedings were concluded at  
6 9:36 a.m.)

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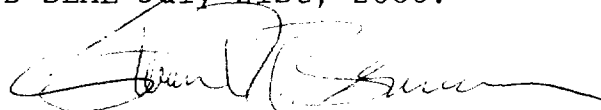
CERTIFICATE OF REPORTER

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 21st, 2000.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002