

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:)

CASE NO. 12,118

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION TO AMEND)
19 NMAC 15.C.112-A.A., B., C., D., E.,)
AND F. OF ITS RULES AND REGULATIONS)
PERTAINING TO MULTIPLE COMPLETIONS AND)
TO EXPAND THE DISTRICTS' AUTHORITY TO)
GRANT ADMINISTRATIVE EXCEPTIONS)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS
COMMISSION HEARING

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

February 11th, 1999
Santa Fe, New Mexico

99 FEB 26 PM 12:54

OIL CONSERVATION DIV

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, February 11th, 1999, 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.

* * *

STEVEN T. BRENNER, CCR
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I N D E X

February 11th, 1999
 Commission Hearing
 CASE NO. 12,118

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* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
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Santa Fe, New Mexico 87505

FOR THE OIL CONSERVATION DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

ALSO PRESENT:

TIM W. GUM
District Supervisor
Artesia District Office (District 2)
NMOCD

CHRISTOPHER J. WILLIAMS
District Supervisor
Hobbs District Office (District 1)
NMOCD

* * *

1 WHEREUPON, the following proceedings were had at
2 9:20 a.m.:

3 CHAIRMAN WROTENBERY: And then last item on our
4 agenda is Case 12,118, in the matter of the hearing called
5 by the Oil Conservation Division to amend 19 NMAC 15.C.112-
6 A.A., B., C., D., E., and F. of its rules pertaining to
7 multiple completions and expanding the Districts' authority
8 to grant administrative exceptions. Copies of proposed
9 rule changes were circulated with the docket for this
10 meeting.

11 Mr. Carroll?

12 MR. CARROLL: May it please the Commission, my
13 name is Rand Carroll, appearing on behalf of the Oil
14 Conservation Division. I have one witness, Michael E.
15 Stogner, testify regarding this case.

16 (Thereupon, the witness was sworn.)

17 MR. CARROLL: Madame Chairman, fellow
18 Commissioners, the -- what has been marked OCD Exhibit
19 Number 1 is a change from the proposed rule that was
20 circulated with today's docket, and I'm going to have Mr.
21 Stogner testify as to the reason for those changes.

22 And it's my understanding that no comments have
23 been received from interested parties regarding this rule
24 change or the proposed rule that was circulated with the
25 docket.

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MICHAEL E. STOGNER,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARROLL:

Q. Mr. Stogner, will you please state your name and the name of your employer for the record?

A. My name is Michael Stogner. I work for the Oil Conservation Division here in Santa Fe as a petroleum engineering specialist.

Q. And Mr. Stogner, do your duties as a petroleum engineering specialist include review of multiple completions?

A. To some degree, yes.

Q. Are you familiar with the proposed rule that was circulated with the docket for today's hearing?

A. Yes, I am.

Q. And have you reviewed what has been marked OCD Exhibit Number 1?

A. Okay, I have that in front of me, and each of the Commissioners and people in the front panel should have a copy of that now too.

Q. Can you please explain to the Commissioners why what has been marked Exhibit Number 1 differs from the proposed rule that was circulated with the docket?

1 A. Yes, if you'll put both of them together here,
2 yesterday -- that was February 10th -- I was able to meet
3 with all the District Supervisors -- oh, no, there was one
4 that was not there yesterday.

5 CHAIRMAN WROTENBERY: Mr. Johnson was not able --

6 THE WITNESS: Yes, Mr. Johnson of District 4 was
7 absent, which we regret. But we moved along and persevered
8 and met and had a consensus.

9 And what I'd like to call to your attention, if
10 you look at the first page on what was handed out in the
11 docket today, that's been totally eliminated, except for
12 the paragraph -- or I'm sorry, for the first line, multiple
13 completions.

14 There had been some question subsequent to the
15 first hearing, the first Commission hearing about some
16 necessities of approval, and it stimulated some
17 conversation and -- which resulted in the meeting.

18 And to streamline the effort even further, there
19 was a consensus among the District Supervisors that a lot
20 of the process, the approval process, could essentially be
21 alleviated and have that procedure -- if you want to call
22 it approval, because there's still an approval process --
23 adopted into and evolved into the forms that we presently
24 have.

25 So paragraph 112.A, we've kind of put a catch-all

1 in there about the operators intending to multiple complete
2 must file the appropriate forms and follow their
3 instructions. And in most of those instructions there's
4 going to be a requirement for a diagram and -- for a
5 diagram and some explanation for the District Supervisor to
6 review, make any changes if necessary, contact the
7 operator. For the most part, they can approve it at that
8 level and at that process.

9 So that's the big change at that point. And if
10 you look through on what has been labeled as Rule 112.A.C.
11 -- I should say 112-A, subparagraph C, or subsection C --
12 there's been a few minor changes. And this still remains
13 about the same of once a well is multiply completed, is
14 what is required to protect fresh waters, to prevent waste
15 and protect correlative rights and all the other
16 necessities that the Oil and Gas Act require.

17 One of the paragraphs, and that's paragraph 5 on
18 the second page of the docket, or the handout with the
19 docket, has been alleviated, because that particular
20 service now is put on to the forms.

21 Q. (By Mr. Carroll) Mr. Stogner, paragraph 1 of
22 subsection C is also deleted or eliminated?

23 A. Yes, we felt that was unnecessary, because there
24 again, it was redundant. That's covered in other parts of
25 the Rules and Regulations.

1 Q. Uh-huh. Now, the rule change as it's proposed
2 today would eliminate the filing of C-107; is that correct?

3 A. Yes, it would. There would be no Form 107, as
4 proposed from today's rules.

5 Q. Mr. Stogner, why don't we need Form C-107
6 anymore?

7 A. Okay, Form 107 -- and that should have been
8 handed out in the last docket, but it's a public form. And
9 I'll see that the Commission gets a copy of that to make
10 the record complete subsequent to today's hearing.

11 This was an application form, essentially. There
12 again, we have alleviated the need for an application and
13 incorporated, and I've presented some other exhibits which
14 I'm prepared now to discuss.

15 Q. Well, Mr. Stogner, the information that the
16 Division received that was contained on Form C-107, is that
17 information contained in other forms?

18 A. Yes, it is.

19 Q. Will you explain that to the Commission?

20 A. Okay, if you look at Exhibit Number 2A, this is a
21 Form C-101. And on the front page of this form you have in
22 box 16 "Multiple". Then if you flip over on the back and
23 run down to the back and run down to the instructions, what
24 you used to put in there, "Intend to multiple complete?
25 Yes or No".

1 Well, we propose to add some additional wording
2 that says "Attach intended wellbore diagram".

3 Q. Proposed or intended?

4 A. Intended or proposed. What we propose subsequent
5 to today's hearing is, make the changes to the form and
6 make sure that it's circulated and agreed upon by the
7 District Supervisors. And what I'm proposing today or just
8 showing as what the Division intends to do. As you know,
9 getting all the District Supervisors together and getting
10 them to agree on things is sort of like herding cats, and
11 we want to make sure that the process is -- and everybody
12 has -- is complete and that everybody adequate time and
13 suggestions.

14 Q. So Mr. Stogner, the only change that we made to
15 Form C-101 is under the instructions for 16?

16 A. Yeah, simple --

17 Q. Something to the effect of attach diagram of
18 proposed wellbore?

19 A. That's right.

20 Q. Now, if you refer to C-103.

21 A. C-103 has been labeled Exhibit 2B. This
22 particular form has never had instructions on the back. We
23 made a discussion yesterday, we had a discussion yesterday,
24 and proposed to go ahead and do that. That's going to take
25 quite a bit of effort, but we propose to do that, add a

1 whole instructions on the back of this form. But of course
2 that goes beyond today's...

3 What I call to your attention on the first page,
4 under "Notice of Intent to..." in the middle of the middle
5 of the page, we would add, supposingly, a box of multiple
6 completion, and then in the instructions on the back we
7 would say, "Attach a wellbore diagram of proposed
8 completion or recompletion." And the reason that's worded
9 like that, the C-101, which is Exhibit 2A, is for state and
10 fee wells. Of course, there's no -- we don't have control
11 over the federal forms.

12 So if you had a well that was being drilled
13 initially and is to have its first completion as a multiple
14 completion, since C-101 would not be submitted with it,
15 this would be submitted with it, the C-103, and would be
16 utilized for that purpose.

17 Also, if there's any existing well to be
18 recompleted, whether it be state, federal or fee, this form
19 would supply us to that also, and then they could attach a
20 proposed recompletion or completion to the District
21 Supervisor's liking.

22 Q. So in every case we would get either a C-101 or a
23 103 --

24 A. Yes.

25 Q. -- indicating an intent to multiple complete?

1 A. That is right.

2 Q. Now, that's just their proposed method of
3 completing. What must be filed after they actually
4 complete -- or do the multiple completion?

5 A. Okay, I refer now to Exhibit Number 2C. This is
6 a Form C-104, which is required for all wells, whether they
7 be federal, state or fee.

8 What we've incorporated into this one on the
9 first page -- and that's box 30 where it says "DHC, DC or
10 MC" -- I've scratched out "DC", there again, to streamline
11 the process, we can get rid of two letters and a comma.

12 Now, on the back part, the instructions, under
13 30, what the operator would do is write if it was a
14 downhole commingling, which is a different procedure. But
15 a multiple completion is also a dual completion. So we
16 have proposed that we just go with that terminology.

17 And the wording would be changed, something, if
18 there are more than one noncommingled completion in this
19 wellbore, that would be designated as an MC.

20 Also, we would have the operator attach an actual
21 completed wellbore diagram. That would be and probably is
22 different than what you would get as a proposed, because if
23 there's any problems that the operator experienced from the
24 time they proposed it and the time they actually did the
25 work, then it's -- at that time they could show us on the

1 attached multiple completion form.

2 Also we discussed, in the future I see that we're
3 going to be able to incorporate this information into a
4 database. It would also give the operator a chance to
5 provide the diagram on whatever medium we would have
6 available to us. So we're looking into the future on that
7 and trying to incorporate whatever's necessary for the
8 District Supervisors to do their job on the forms that are
9 currently available.

10 Q. Mr. Stogner, what if the completed wellbore
11 matches exactly the proposed wellbore?

12 A. It depends on what the supervisor could do. They
13 can just attach or perhaps refer to a previous --

14 Q. -- filing?

15 A. -- filing, yes.

16 Q. Or just attach the same wellbore diagram?

17 A. Or attach the same diagram, yes, sir.

18 Q. Is it your understanding after meeting with the
19 District supervisors yesterday that their primary concern
20 regarding multiple completions was getting a diagram of the
21 wellbore?

22 A. Yes, that stimulated most of the conversation at
23 that time, and that was the main purpose and focus, yes,
24 sir.

25 Q. And by changing the proposed rule to eliminate

1 C-107, the information they desire is still preserved in
2 the other forms?

3 A. Yes.

4 Q. So, Mr. Stogner, do you propose what has been
5 marked as Exhibit Number 1 be adopted by this Commission as
6 the new rule governing multiple completions?

7 A. Yes. And I speak on behalf of the District
8 Supervisors, including the one that wasn't there.

9 Q. And that this proposed rule in Exhibit Number 1
10 will serve to prevent waste, protect correlative rights and
11 protect fresh water in the environment?

12 A. Yes.

13 MR. CARROLL: That's all I have, Chairman
14 Wrotenbery.

15 CHAIRMAN WROTENBERY: Any questions?

16 Ms. Hebert?

17 EXAMINATION

18 BY MS. HEBERT:

19 Q. Mr. Stogner --

20 A. Yes.

21 Q. -- on your handout, mine just goes to A.A. and
22 A.B. I don't have an A.C. Is this -- This would be an
23 A.C. on the handout?

24 MR. CARROLL: Ms. Hebert, Exhibit Number 1 does
25 not have C. C was part of the rule that was circulated

1 with the docket for today's hearing.

2 MS. HEBERT: So C is changed or eliminated or --

3 MR. CARROLL: C is now B, and A and B have been
4 eliminated and replaced by A, the filing paragraph.

5 THE WITNESS: What he said.

6 MS. HEBERT: Thank you.

7 MR. CARROLL: On the proposed rule, A was the
8 District Supervisor approval, B was the Director approval,
9 and C was operation and testing. We've eliminated the
10 Supervisor and Director approval paragraphs and replaced it
11 with that filing paragraph, and C became B.

12 MS. HEBERT: Okay, thank you.

13 CHAIRMAN WROTENBERY: Commissioner LeMay?

14 EXAMINATION

15 BY COMMISSIONER LEMAY:

16 Q. I was just curious. What would happen if you had
17 a commingling order, then, allowing these zones to be
18 commingled. Would you have to submit another diagram where
19 you knocked out the packer, or just put the order in the
20 file so that people will know it's commingled?

21 A. Yes, downhole commingling is another form, an
22 application process, an administrative process, and I
23 believe that form is C-107-A -- C-107-A, which has a
24 different procedure and process.

25 I see that one diagram could suffice for both

1 purposes in that instance.

2 Q. So this is dovetailed in with the potential
3 commingling order after --

4 A. Yes.

5 Q. -- after this would be approved?

6 A. And that occurs quite a bit, as you know. You'll
7 have three zones completed, one of which is completed
8 separately, coming up some -- string of tubing. And then
9 two zones that are downhole commingled, which would require
10 a different process. And in that diagram that's required
11 at that time to be attached to the Form C-104 that goes to
12 the District showing that they had approval for downhole
13 commingling and that this is the way that the wellbore is
14 completed, along with a nice diagram.

15 COMMISSIONER LEMAY: Thank you.

16 EXAMINATION

17 BY COMMISSIONER BAILEY:

18 Q. I'm a little confused. The C-105 that used to be
19 a completion report, is that still being used?

20 A. Oh, yes, the completion report is still being
21 used, and nothing would be changed on that.

22 Q. But would the C-105 reflect the multiple
23 completion? Should that also be included in the revision
24 of forms?

25 A. What the C-104 is utilized for is, once they have

1 done the recompletion, they are requesting an allowable, an
2 authorization to transfer --

3 Q. Uh-huh.

4 A. -- which is a procedure done either
5 simultaneously or prior to turning in the completion
6 report. So that's the reason we chose to do that on the
7 C-104, as opposed to the C-105.

8 Q. So the C-105 will not reflect any additional
9 zones that are part of that completion?

10 A. Oh, yes, it would. Yes, the C-105 -- because a
11 new C-105 would be required after they got the C-104 or the
12 multiple completion. And then on the C-105 it would
13 reflect the two zones that were being completed in the
14 well.

15 MR. CARROLL: Mr. Stogner, why not just use the
16 C-105, rather than the C-104, then?

17 THE WITNESS: Well, it was the request of the
18 District Supervisors to include that on the 104 and not the
19 105.

20 MR. CARROLL: But the 105 would reflect the
21 multiple completions?

22 THE WITNESS: Yes, it would.

23 Q. (By Commissioner Bailey) Another question. The
24 rule that was circulated requires four copies of C-107, so
25 while we were talking I was looking at the number of copies

1 that are required for each one of these different kinds of
2 forms. Would it still be four copies of C-107?

3 A. There -- No, in fact, the C-107 is no longer in
4 existence.

5 Q. Okay, it goes away?

6 A. Yes.

7 Q. And we stay with six copies of C-101, three
8 copies of 103, and five copies of 104?

9 A. Yes. And what happens to those multiple copies
10 is, one goes to the District, one goes here, and then the
11 others are distributed accordingly, and I don't know where
12 those are. You'll have to ask the District Supervisors.

13 COMMISSIONER BAILEY: Okay. It just seemed like
14 an idea that maybe there could be some consistency.

15 FURTHER EXAMINATION

16 BY COMMISSIONER LEMAY:

17 Q. I guess one final question.

18 At one time there was some talk about
19 consolidating these forms between federal and the various
20 states, to have one acceptable form. Is that still a
21 possibility or did you hear anything about that? Or is
22 that just a dead issue, as far as --

23 A. I don't think it's dead, but I don't know the
24 status of it.

25 CHAIRMAN WROTENBERY: It's not a dead issue. We

1 do intend to continue discussing those possibilities, but
2 we haven't gotten there yet, basically.

3 We have had some discussions with BLM about
4 continuing some of the dialogue that had begun during your
5 tenure here and seeing if we could make some further
6 progress in that area.

7 COMMISSIONER LEMAY: Thank you.

8 CHAIRMAN WROTENBERY: I did have a couple of
9 questions.

10 EXAMINATION

11 BY CHAIRMAN WROTENBERY:

12 Q. Okay, we've replaced 112-A.A. and A.B. in our
13 previous proposal with 112-A.A. in Exhibit Number 1. And
14 the proposed version of 112-A.A. is basically a filing
15 requirement.

16 I know it's rare that we would have concerns
17 about the proposal that was submitted by the operator. But
18 in that rare event that we did have some concern or problem
19 with the proposal, how would we proceed at that point?

20 A. Let me make sure I understand that. If the
21 District Supervisor gets one of these forms and has a
22 problem?

23 Q. Yes.

24 A. Usually directly between the two individuals, the
25 Supervisor and whoever filed, the Applicant or the

1 appropriate person at that level.

2 Q. And basically the Supervisor would hold up
3 approval of the C-101 or C-103 --

4 MR. CARROLL: Right, and --

5 CHAIRMAN WROTENBERY: -- until the --

6 MR. CARROLL: -- and if the operator didn't
7 like --

8 CHAIRMAN WROTENBERY: -- till the issue is
9 resolved?

10 MR. CARROLL: Yeah, and if it wasn't resolved
11 then the operator would have to take it to hearing, or seek
12 your review of the supervisor's nonapproval.

13 Q. (By Chairman Wrotenbery) Okay. And then in
14 the -- what was 112-A.C., which is basically now 112-A.B.,
15 there was some language about pressure testing prior to
16 multiple completion, and that language, I think, has been
17 omitted, unless it's been moved someplace that I'm not
18 seeing.

19 A. Okay, I believe you're referring to what was
20 attached to the docket as 112-A.C., subparagraph (1) "Prior
21 to multiple completion, the operator shall make adequate
22 casing pressure tests to determine no leaks -- "

23 MR. CARROLL: No, I think --

24 THE WITNESS: Or -- Yeah, "no leaks exist."

25 That's incorporated, as I understand it, in other

1 requirements in the Rules and Regulations.

2 MR. CARROLL: I think Chairman Wrotenbery is
3 referring to what was paragraph (5.)

4 CHAIRMAN WROTENBERY: Well, I was referring to
5 (1) --

6 MR. CARROLL: Oh, you are?

7 CHAIRMAN WROTENBERY: -- to the testing prior to
8 multiple completion.

9 Q. (By Chairman Wrotenbery) So elsewhere -- This is
10 redundant provision?

11 A. Yes, and we got rid of it.

12 CHAIRMAN WROTENBERY: It does appear elsewhere in
13 our Rules? Okay.

14 MR. CARROLL: As Mr. Chavez told me, he said it's
15 like telling somebody to put shoes on before they go
16 outside. It's -- Everybody does it, and it's required
17 elsewhere.

18 CHAIRMAN WROTENBERY: Okay.

19 MR. CARROLL: He proposed eliminating it and said
20 if we could eliminate a paragraph, go ahead and eliminate
21 it.

22 CHAIRMAN WROTENBERY: Those are the questions I
23 have.

24 Any discussion on the proposal?

25 Oh, I'm sorry, Ms. Hebert?

FURTHER EXAMINATION

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BY MS. HEBERT:

Q. Going back to what Chairman Wrotenbery asked regarding the approval, I see that there is a place for approval on the form itself, but is there a general approval in the rules somewhere that -- In other words, I don't see that there's a requirement in the rules that these things be approved.

A. That's what we're eliminating.

MR. CARROLL: There used to be. That's what we're eliminating.

Q. (By Ms. Hebert) But I guess my concern is that, can you by just the form itself require approval and then have something that potentially is going to go to a hearing, when you can't go back to your rules and say, Well, you were required to get this approval? Is there a general approval by the District Supervisor of all forms or something? I guess that's what --

MR. CARROLL: Yeah, they approve all forms that are filed.

CHAIRMAN WROTENBERY: Well, and also the 101 and 103 are application forms. The 101 is the application for permit to drill, and it is required elsewhere in our rules.

And the 103 -- let me make sure I get the terminology right -- is -- Well, okay, maybe I was wrong

1 about the 103. That's a sundry notice, so that --

2 MR. CARROLL: Well, the 103, halfway down the
3 page there's a notice of intention to --

4 CHAIRMAN WROTENBERY: -- multiple complete?

5 Q. (By Ms. Hebert) It seems as if it's a separate
6 approval, though, that's being required for a separate kind
7 of activity.

8 A. Well, it's an activity that I think has come to
9 standard operating practices that just need to be
10 incorporated in the District's approval process and review
11 process and sign-off process, as opposed to the method in
12 which we have been used to over the years where they first
13 came to hearing and then an administrative procedure was
14 set up, and then a form which actually stated an
15 application for multiple completion.

16 We've just taken it and extra step and put it
17 into the approval process at the District level.

18 I hope I answered your question.

19 MR. CARROLL: Well, I know the District
20 Supervisors -- None of them could remember any time that a
21 multiple completion was denied. So that's why they wanted
22 to eliminate the 112-A approval process from the District,
23 because they never deny them.

24 They do want the information that is shown on the
25 wellbore diagrams.

1 COMMISSIONER BAILEY: Lyn, would it help your
2 question if it said "operators applying to multiple
3 complete"?

4 MS. HEBERT: Perhaps if it said that, and also
5 they must file an approved Form 103 -- 101.

6 I can understand -- I mean, I see that definitely
7 there's obligation to file. But I don't see the obligation
8 to have it approved, that it be approved.

9 MR. CARROLL: Well, we're eliminating that.

10 MS. HEBERT: But the approval is still on the
11 form.

12 MR. CARROLL: On the 101?

13 MS. HEBERT: 103, at the bottom. It says
14 "approved by".

15 THE WITNESS: It's an operation that still needs
16 to be reviewed.

17 Let me take a worst-case scenario. Somebody
18 wants to put plastic straws in the two zones and use bubble
19 gum as a packer. Well, no, that's not adequate.

20 And the District Supervisor is going to catch
21 that and say, Hey, I've got your application. We're going
22 to need standard oilfield tubing and standard packer.

23 It's more of a standard operation anymore, but
24 yet it still is in a need to be reviewed to see that the
25 equipment that was being utilized, or the equipment that's

1 going to be developed in later years, is adequate to
2 perform the necessary functions like separate pressures,
3 separate flow, and then to allow the removal of that
4 equipment for workovers.

5 Q. (By Ms. Hebert) Well, I guess, Mr. Stogner, it
6 seems like we're removing the approval in the Rules and
7 going to something more like a notice, what they're going
8 to do, and yet we still require approval at the end of that
9 form. So it seems like it's a hybrid.

10 MR. CARROLL: Well, Ms. Hebert, I guess what
11 we're doing is eliminating the approval of the C-107 by
12 eliminating the 107, but they still need approval of either
13 the 101 or 103. So you're right, there is still an
14 approval.

15 CHAIRMAN WROTENBERY: And for state and fee lands
16 it would be on the 101, so it would be incorporated into
17 the APD process.

18 THE WITNESS: Yes.

19 CHAIRMAN WROTENBERY: And on federal lands --

20 MR. CARROLL: Or later recompletions --

21 CHAIRMAN WROTENBERY: Or later recompletions --

22 MR. CARROLL: -- it would be on the 103.

23 CHAIRMAN WROTENBERY: -- it would be on the 103.

24 MR. CARROLL: What we're doing is eliminating one
25 form, the C-107. They still need approval of their 101s or

1 103s.

2 So maybe I misstated the position of the
3 Division. We're not eliminating approvals of the multiple
4 completions, we're eliminating the one extra paper they
5 have to file, the C-107.

6 CHAIRMAN WROTENBERY: May I suggest maybe two
7 words to address this issue? We might just add to proposed
8 112-A.A., Operators intending to multiple complete must
9 file C-101 and/or C-103 for approval before completing.

10 MR. CARROLL: Okay. Actually, we thought about
11 eliminating A. We stuck that in at the last minute
12 because, with these changes of the instructions on the
13 forms, they must file the 101, 103 and 104 anyway. We just
14 thought we'd cross-reference here, since the C-107 has been
15 eliminated, so we're going to reference them to the forms
16 they should be filing, even though those forms, on their
17 face, require the information.

18 CHAIRMAN WROTENBERY: I think that's helpful to
19 have that reference, just to --

20 MR. CARROLL: Well, that's why we stuck it in.

21 CHAIRMAN WROTENBERY: Uh-huh.

22 COMMISSIONER LEMAY: Madame Chair, another
23 suggestion. I don't want to complicate the issue, but --

24 CHAIRMAN WROTENBERY: Uh-huh?

25 COMMISSIONER LEMAY: -- you could say, Operators

1 intending a multiple completion -- or something to the
2 effect, Operators shall include multiple-completion
3 information in their Form 101, 103, 10- --

4 MR. CARROLL: Well, that's --

5 COMMISSIONER LEMAY: -- just the addition of that
6 information to a form, which is --

7 MR. CARROLL: Well, I thought that's what we did
8 with, "along with any information required by the form
9 instructions".

10 COMMISSIONER LEMAY: Well, I thought the
11 confusion -- and maybe I'm adding to the confusion. It
12 said "must file Form C-101", that when we're referring to
13 that "must file it", therefore no reference to the approval
14 of that form.

15 But if you state, not "must file", but "must
16 include multiple -- " the following, in their form, that
17 implies you have to file it anyways. That was not --

18 MR. CARROLL: Yeah. Well, it's under the
19 section, "multiple completions", and we tell them to file
20 those forms, and on the forms there's sections dealing with
21 multiple completions. I don't know how far we need to lead
22 the operators --

23 COMMISSIONER LEMAY: Probably Chairman
24 Wrotenbery's suggestion was the one that would be more
25 clear.

1 CHAIRMAN WROTENBERY: Ms. Hebert?

2 MS. HEBERT: That satisfied my concern. I do
3 have some other comments about this rule, like down in A.B.
4 (2), five lines before the end of that paragraph, you've
5 got a --

6 MR. CARROLL: Oh, yeah.

7 MS. HEBERT: -- "fifteen (20)", and I've got a
8 few other of those kinds of comments to make.

9 I know that everybody knows that we're intending
10 to multiple-complete oil and/or gas wells, but it might
11 just be that we need an object to that "multiple-complete"
12 to -- I mean, I read that and I thought, multiple-complete
13 what? And I know in the industry the old rule did say,
14 "intending to multiple-complete an oil and/or gas well."

15 So just a few comments like that.

16 CHAIRMAN WROTENBERY: Well, do you want to go
17 ahead and make those now, or --

18 MS. HEBERT: Would you like to do that, rather
19 than bring these back next time?

20 COMMISSIONER LEMAY: Sure.

21 CHAIRMAN WROTENBERY: Yeah, if that's okay --

22 COMMISSIONER BAILEY: -- bring it back next time.

23 CHAIRMAN WROTENBERY: You'd like to bring it
24 back? Okay. Okay, sure, we can do that.

25 COMMISSIONER BAILEY: I need to go back through

1 and do a lot of comparison rules with current rules and
2 what's going on.

3 CHAIRMAN WROTENBERY: Okay.

4 COMMISSIONER BAILEY: So it's not something that
5 I feel real comfortable about saying right now, yes.

6 CHAIRMAN WROTENBERY: Okay. But let's go through
7 the changes so that we can include those in what we
8 circulate with the docket for next time.

9 What have you got, besides the "and/or gas
10 wells"?

11 MS. HEBERT: Okay, down in the second paragraph
12 of A.B., second line, I think that throughout this Rule it
13 seems to be just using the numerals instead of the written
14 number, so I would exclude the "twenty" and take out those
15 parentheses.

16 And in the next sentence I believe that was
17 intended to be "or". "Segregation tests and/or packer
18 leakage tests shall also be made [at] any time the packer
19 is disturbed or at any time the Division requires." But
20 I'm not even sure that phrase is needed, because the next
21 sentence says that, "The operator shall also conduct any
22 ...tests...required by the Division." So it may be that
23 you can just delete that phrase of the second sentence, "at
24 any time the Division requires", since it's repeated,
25 essentially, in the next sentence.

1 MR. CARROLL: I agree.

2 MS. HEBERT: And the sentence starting, "Offset
3 operators may witness such tests at their election..." I
4 think, as you pointed out earlier, that "may witness"
5 probably takes care of "at their election" --

6 MR. CARROLL: Uh-huh. I thought I'd gone through
7 this and streamlined it. Thanks, Lyn.

8 MS. HEBERT: Oh, you're welcome. I know you...

9 The "fifteen (20)", again, I'd just take out the
10 "fifteen". I think the old rule had 20, not 15, but I
11 could be wrong about that. And I'd take out the written
12 word and just have the numeral.

13 In the third paragraph, "reservoir pressure can
14 be determined" and "meters can be installed to measure he
15 gas and/or oil produced..." It's just a grammatical thing,
16 but I think the word we want there is "can". Maybe not.

17 MR. CARROLL: Well, six of one, half a dozen of
18 the other.

19 What do you think, Ms. -- Chairman Wrotenbery?

20 CHAIRMAN WROTENBERY: I -- You've stumped me on
21 that one. I don't know that we can figure that one out.

22 MR. CARROLL: It doesn't matter to me, we can go
23 either way.

24 CHAIRMAN WROTENBERY: Yeah, well -- "can"?

25 COMMISSIONER BAILEY: Yeah, because the "shall"

1 implies requirement, and the "may" implies --

2 CHAIRMAN WROTENBERY: Okay.

3 COMMISSIONER BAILEY: -- contingent.

4 MR. CARROLL: Well, we're not requiring that
5 there's any installation. It's just -- shall be put so
6 that...

7 COMMISSIONER BAILEY: "Shall" means requirement.
8 "Wells shall be equipped..."

9 MR. CARROLL: Well, "shall be equipped", but it
10 doesn't -- "shall be equipped so that...meters may be
11 installed later." I mean, I can equip my car with a
12 trailer hitch so I can tow a trailer. It doesn't require
13 me to tow a trailer, though.

14 COMMISSIONER BAILEY: So you're not asking for
15 reservoir testing of the separate pools as a requirement?

16 MR. CARROLL: We're not requiring it, but if we
17 do require it, they have to be equipped so that we can --

18 COMMISSIONER BAILEY: Okay.

19 MR. CARROLL: -- or may. "Can", I guess would
20 be --

21 MS. HEBERT: And my only other comment I've got
22 is in this paragraph, the old rule didn't have the
23 adjective "proper" in front of "plugging", and it seems
24 unnecessary. The old rule just said "The Division may
25 require the plugging..." Oh, I'm sorry, that's about

1 abandoned zones. But I think the same holds true. I don't
2 see that "proper" adds anything to that.

3 CHAIRMAN WROTENBERY: Does "proper plugging"
4 refer to requirements elsewhere in our rules for the
5 placement and extent of plugs? Is that why that "proper
6 plugging" was there?

7 THE WITNESS: I'm sure it was.

8 MR. CARROLL: Well, every well is different. I
9 don't think we have any plugging requirements that apply to
10 all wells. The District usually draws up a --

11 CHAIRMAN WROTENBERY: Well, we do, though, have
12 requirements about how much cement to use in the plug and
13 where to place it. So I think that's what the proper
14 refers to.

15 THE WITNESS: Yes, and that even varies in the
16 Districts, in different locales in the Districts.

17 CHAIRMAN WROTENBERY: So I think -- Personally, I
18 think that does add something to the definition, because a
19 plug is not a plug, there are different -- different --

20 MR. CARROLL: There's different proper plugs.

21 (Laughter)

22 CHAIRMAN WROTENBERY: That's right. Okay,
23 thanks, Ms. Hebert. We can incorporate some of those
24 changes, if not all of them, in the draft that we circulate
25 with the docket for discussion next time.

1 Any other questions for today?

2 Let me just ask generally, is there a sense --
3 and I know, Commissioner Bailey, you need to go back and
4 study a little bit further --

5 COMMISSIONER BAILEY: Yes.

6 CHAIRMAN WROTENBERY: Is there -- Do the
7 Commissioners have a sense that we're headed in the right
8 direction with this proposal?

9 COMMISSIONER BAILEY: I think it's a great idea
10 to eliminate unnecessary forms, to consolidate information
11 in forms wherever possible, without eliminating the
12 approval process where necessary. I support the idea of
13 looking at consistency and reason behind how many copies go
14 where. I mean, that was the question I had just a minute
15 ago.

16 MR. CARROLL: Well, I have a question. Why don't
17 we just require one copy, and then the District just makes
18 six copies and circulate them. Or is that just too much
19 work for the District?

20 CHAIRMAN WROTENBERY: We have a District Director
21 in the back of the room that's shaking his head "no".

22 MR. CARROLL: Do you want them to file the
23 different copies?

24 MR. GUM: Yes.

25 CHAIRMAN WROTENBERY: Mr. Gum has expressed his

1 desire to have multiple copies. But that is something that
2 we can explore before the next Commission meeting, as the
3 numbers and uses of the different copies on the different
4 forms, report back to you on our reasoning, if there is
5 any, for having different --

6 MR. CARROLL: Sometimes there's not. You know,
7 Lyn and I fought with ASDS in the number of contracts that
8 a contractor must sign.

9 CHAIRMAN WROTENBERY: Uh-huh.

10 MR. CARROLL: And they just assumed all these
11 different people wanted an original copy. And I'm fine
12 with the copy, I don't need an original of the contract.
13 The contractor is bound just by signing one original, but
14 here we send them five copies.

15 I agree with you, Jami. I don't know why --

16 COMMISSIONER BAILEY: Well, just one of those
17 questions that came up.

18 CHAIRMAN WROTENBERY: We'll bring you a little
19 more information on that --

20 COMMISSIONER BAILEY: Okay.

21 CHAIRMAN WROTENBERY: -- next meeting.

22 Any other discussion on this proposal today?

23 We will then continue this case to the
24 Commission's hearing on March 25th. We will circulate the
25 revised draft with the docket for that hearing, and we'll

1 leave the comment period open until the hearing on March
2 25th.

3 Thank you very much, Mr. Stogner, Mr. Rand [sic]
4 and Mr. Gum. Thank you all very much for putting your
5 heads together and thinking through this process and coming
6 back with a proposal to simplify the process and eliminate
7 duplication. Appreciate that very much. Good work.

8 And just one last item of business: I just
9 wanted to thank Commissioner LeMay. This is really the end
10 of an era for the Oil Conservation Commission, and we want
11 to mark that with a cake we've got out front. So we invite
12 everybody to come join us here a few minute for some cake.

13 But personally, I wanted to thank you for staying
14 on after you retired, as this Director of the Oil
15 Conservation Division. It's been a tremendous help to me
16 to have you right here.

17 COMMISSIONER LEMAY: Appreciate that. I also
18 offer my services anytime you -- and I won't charge.

19 (Laughter)

20 CHAIRMAN WROTENBERY: Okay, I appreciate that.

21 COMMISSIONER LEMAY: I know you don't have any
22 contract money. But for a phone call, I'd be glad to help
23 out any time I can.

24 CHAIRMAN WROTENBERY: Thank you very much, and
25 I'll be calling you for sure. Okay.

1 COMMISSIONER BAILEY: And I'm just amazed at how
2 fast the time has gone.

3 COMMISSIONER LEMAY: It has, Jami. I remember
4 you used to work for me.

5 (Laughter)

6 CHAIRMAN WROTENBERY: Okay. Well, I think we
7 need to get out there and eat some cake. So we'll close
8 this meeting of the Oil Conservation Commission.

9 Thank you everybody.

10 (Thereupon, these proceedings were concluded at
11 10:05 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 February 12th, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002