

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

CASE NOS. 13,029, 13,030, 12,792, 12,828, 12,535, 12,567,
12,569, 12,590, 12,738, and 12,794 (Continued)

CONTINUED CASES
TRANSCRIPT OF PROCEEDINGS

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APR 3 2003

Oil Conservation Division

BEFORE: LORI WROTENBERY, CHAIRMAN
JAMI BAILEY, COMMISSIONER
ROBERT LEE, COMMISSIONER

March 20th, 2003
Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, March 20th, 2003, 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.

* * *

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

I N D E X

March 20th, 2003
Commission Hearing
CASE NOS. 13,029, 13,030, 12,792, 12,828, 12,535, 12,567,
12,569, 12,590, 12,738 and 12,794, (Continued)

PAGE

REPORTER'S CERTIFICATE

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A P P E A R A N C E S

FOR THE COMMISSION:

STEPHEN C. ROSS
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 9:29 a.m.

3 CHAIRMAN WROTENBERY: Okay, at this point, just
4 to make an announcement, we had a couple of other rule-
5 making applications that were listed on the docket for
6 today, but those items have been continued to the
7 Commission's April 17th hearing.

8 One is Case 13,029, the Application of the New
9 Mexico Oil Conservation Division for amendment of Rule
10 1107. This is the application for multiple completion Form
11 C-107.

12 And the other is Case 13,030, the Application of
13 the New Mexico Oil Conservation Division for amendment of
14 Rule 1209, concerning the continuance of a hearing without
15 new service. We will be considering those proposals at the
16 next Commission meeting on April 17th.

17 (Off the record at 9:30 a.m.)

18 (The following proceedings had at 1:35 p.m.):

19 CHAIRMAN WROTENBERY: And let me just note that
20 we had indicated on the docket that we might take final
21 action in Case 12,792. This was the Application of the New
22 Mexico Oil Conservation Division for an order requiring
23 Kelly H. Baxter to properly plug seven wells in Lea County,
24 New Mexico, and we will defer action on that particular
25 item until our April meeting.

1 * * *

2
3 CHAIRMAN WROTENBERY: Let's see, Mr. Bruce, can
4 you give us a status report on Case 12,828, the Application
5 of David H. Arrington Oil and Gas, Inc., for compulsory
6 pooling in Lea County, New Mexico?

7 MR. BRUCE: Yes, madame Chair, the parties
8 involved in that are Arrington and Yates Petroleum
9 Corporation. The parties are working out a voluntary
10 agreement on that. We had Mr. Carr on behalf of Yates, and
11 I had hoped that it had been signed by this date. It has
12 not, but they would ask that the case be continued for one
13 month. It is the Application of Yates for a *de novo*
14 hearing, by the way, and Arrington consents to that
15 continuance, and we would ask that it be continued until
16 the April Commission docket.

17 CHAIRMAN WROTENBERY: Okay, then we will continue
18 that case to the April 17th Commission hearing. This was
19 the Application of David H. Arrington for compulsory
20 pooling, and the parties have reached an agreement; it just
21 hasn't been signed yet. We think that case will be
22 dismissed. It's not quite ready for final disposition.

23 * * *

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25 CHAIRMAN WROTENBERY: And then Mr. Bruce, we have

1 a set of cases that were heard together and appealed
2 together, these are Cases 12,535, 12,567, 12,569, 12,590,
3 12,738 and 12,794.

4 MR. BRUCE: Yes, madame Chair, those are all
5 either the Application of Ocean Energy Resources, Inc.,
6 which is now known as Ocean Energy, Inc., or Yates
7 Petroleum Corporation. They involved applications
8 compulsory pooling and nonstandard proration units.

9 Yates has previously submitted a letter. The
10 Division's Order in these matters granted the Applications
11 of Ocean Energy. The matters were appealed by Yates
12 Petroleum Corporation. Yates Petroleum has now withdrawn
13 its appeal Application.

14 The parties -- There are several large interest
15 owners and a number of small interest owners. The larger
16 working interest owners -- who are at this point Ocean
17 Energy, Yates Petroleum and EOG Resources -- have agreed to
18 a location.

19 If you look at the final Application, the 12,794,
20 they have all agreed that the proposed location would be --
21 There were several locations proposed; they have all agreed
22 now on the Lot 3 location. The original Order actually had
23 a -- at a location in Lot 4.

24 We would ask that the Commission issue an order,
25 a compulsory pooling order, in these matters with the Lot 3

1 location, and if there is no objection to this, I would
2 just submit a draft order to the Commission.

3 CHAIRMAN WROTENBERY: Okay, Mr. Bruce, I don't
4 know if we've heard anything on this matter from Yates.
5 Have we received any correspondence? Okay. Oh, we did
6 receive the -- Ah, okay.

7 But rather than dismiss it, Mr. Bruce, we do need
8 to take some action in order to amend the --

9 MR. BRUCE: We do need to amend the prior order
10 to reflect the --

11 CHAIRMAN WROTENBERY: -- prior order --

12 MR. BRUCE: -- approval of well location. And
13 like I say, if I could, I would submit a draft order to
14 you.

15 CHAIRMAN WROTENBERY: Okay, if you would, Mr.
16 Bruce, submit a draft order with a copy to Yates, and we'll
17 consider that order at the Commission's meeting in April.

18 (Thereupon, these proceedings were concluded at
19 1:37 p.m.)

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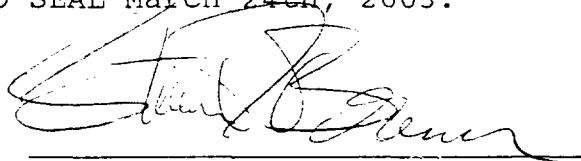
CERTIFICATE OF REPORTER

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 March 24th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006