

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

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COMMISSION HEARING

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8 IN THE MATTER OF:

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10 In the matter of the hearing Case 10101
11 called by the Oil Conservation
12 Division on its own motion to
13 adopt new Rule 1135 of the
14 General Rules and Regulations of
15 the Oil Conservation Division to
16 provide for the filing of Form
17 C-135 for new connections,
18 reconnections or disconnections of
19 prorated gas wells.

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ORIGINAL

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TRANSCRIPT OF PROCEEDINGS

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20 BEFORE: WILLIAM J. LeMAY, Director

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BILL HUMPHRIES, Commissioner

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STATE LAND OFFICE BUILDING

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SANTA FE, NEW MEXICO

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September 24, 1990

1 to, if it would expedite, and I think it not
2 inappropriate, this is largely administrative function
3 to have a new rule at the notice stage for connection,
4 and I can simply represent the Division and state why
5 this is necessary, or I can put a witness on. Which
6 is your preference?

7 COMMISSION DIRECTOR: So that we can have
8 some questions of the witness, I prefer to have a
9 witness.

10 MR. STOVALL: All right. I call Mr. Lyon,
11 please.

12 I would note for the record that Mr. Lyon
13 was previously sworn and his position stated in the
14 previous case and ask that he be qualified under that
15 admission in this case.

16 COMMISSION DIRECTOR: So noted.

17 VICTOR T. LYON,
18 the witness herein, after having been first duly sworn
19 upon his oath, was examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. STOVALL:

22 Q. Mr. Lyon, now speaking as a consultant to
23 the Division and one who's helped in the development
24 of the existing system, would you just briefly state
25 what the reasons for Rule 1135 and Form C-135 is?

1 A. During the committee deliberations, we had
2 some discussion about the notice of connect and
3 disconnect, and there seemed to be a need for a form
4 to go along with the change in the rules. And it was
5 agreed that we did have a form, although it was not
6 always used.

7 As some background, I might also mention
8 that there has been some reluctance is about the
9 nicest word I can think about, of some of the
10 transporters to furnish this form, this affidavit. I
11 do not know why they are reluctant to do that, but
12 anyway we have had experience with that reluctance.

13 And so, in order to implement the rule as
14 we proposed to rewrite it, we needed a form number.
15 And if we have a new form number, we need to have a
16 rule in the 1100 series of the statewide rules to
17 describe how that form is to be used and filed.

18 Q. Just very briefly, what information is on
19 this form, and what would trigger the requirement of
20 filing under the rules?

21 A. Under the rules, a well does not receive an
22 allowable until it has been connected. And that
23 notice is given through the proposed Form C-135. And
24 that triggers the issuance of an allowable to the
25 well. That's the effective date of the allowable.

1 And then it's also important to know when the well has
2 been disconnected.

3 Q. And then again should it be reconnected; is
4 that also --

5 A. Well, if it should be reconnected to
6 another pipeline, or if it's disconnected for a period
7 of time, say, for workover or recompletion or
8 whatever, then it would -- a new notice of connection
9 would be required.

10 If the transporter is being changed, then,
11 of course, the disconnect notice would be filed and
12 then the connect notice to the new pipeline.

13 Q. Mr. Lyon, you've talked to us about this
14 form in the context of the proposed rules, but is the
15 use and application of this form effective even under
16 the existing rules to get wells into the schedule
17 under the current proration system?

18 A. Yes. The rules do require either in order
19 to initiate an allowable notice of connection or a
20 notice on the Form C-104.

21 Q. And, therefore, enactment of this rule and
22 adoption of the Form C-135, you would recommend that
23 be undertaken by the Commission regardless of what
24 action or what timing they take on amendments to the
25 proration rule; is that correct?

1 A. Yes.

2 MR. STOVALL: I would note for the
3 Commission, although it's actually not marked as an
4 exhibit, I believe each of you has been presented with
5 and there are copies in the back of a form identified
6 as Form C-135, Gas Well Connection, Reconnection, or
7 Disconnection Notice, and I would offer that as our
8 one and only exhibit with respect to this hearing.

9 COMMISSION DIRECTOR: Without objection,
10 what will be marked Exhibit 1, Form C-135, will be
11 admitted into the record.

12 Q. (BY MR. STOVALL) Do you have anything
13 further you wish to add or need to add to your
14 testimony on this?

15 A. No.

16 MR. STOVALL: I have nothing further.

17 COMMISSION DIRECTOR: Thank you, Mr.
18 Stovall.

19 THE WITNESS: Mr. Chairman?

20 COMMISSION DIRECTOR: Mr. Lyon?

21 THE WITNESS: May I point out to the people
22 gathered here that under the terms of the current
23 order, R-8170, Rule 11-H is due to expire the 1st of
24 April, 1991. This is the rule that gave a five-year
25 window for reinstatement of allowable for wells that

1 were denied access to the market. It has not been
2 used that much, but since the rule is coming up for
3 expiration, I wanted everybody to be aware of it in
4 case anybody wanted or needed to extend that rule.

5 COMMISSION DIRECTOR: We'll take
6 administrative note, and those in the audience
7 hopefully will do the same.

8 Questions of the witness? If not, you may
9 be excused. Thank you, Mr. Lyon.

10 Additional appearances in this case,
11 statements? Again, we'll leave the record open on
12 this one for 15 days for comment concerning this new
13 form.

14 If there are no additional presentations in
15 this case, we'll take the case under advisement.

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