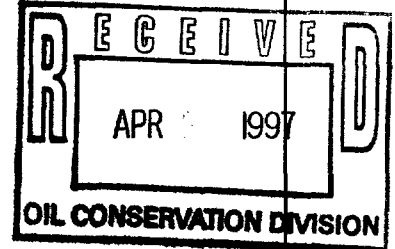


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION



CASE NOS. 11,510, 11,721, 10,994

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

CASE NO. 11,515 (DISMISSED CASE)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

ORIGINAL

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
WILLIAM WEISS, COMMISSIONER
JAMI BAILEY, COMMISSIONER

March 19th, 1997

Santa Fe, New Mexico

These matters came on for hearing before the Oil Conservation Commission on Wednesday, March 19th, 1997, 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
(505) 989-9317

I N D E X

March 19th, 1997
Commission Hearing
CASE NOS. 11,510, 11,721, 10,994

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REPORTER'S CERTIFICATE

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* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
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 9:04 a.m.:

3 CHAIRMAN LEMAY: Good morning, this is the Oil
4 Conservation Commission. My name is Bill LeMay, Chairman
5 of the Commission. To my left, Commissioner Bill Weiss.
6 To my right, Commissioner Jami Bailey representing the
7 Commissioner of Public Lands, State of New Mexico. Also
8 our secretary Florene Davidson, and our attorney Lyn
9 Hebert. Welcome.

10 We shall start with a little business.

11 I'll entertain a motion to okay the minutes of
12 the previous meeting.

13 COMMISSIONER BAILEY: I move acceptance of the
14 minutes.

15 COMMISSIONER WEISS: Second.

16 CHAIRMAN LEMAY: Thank you. It's been moved and
17 seconded. The minutes of the previous meeting are approved
18 and accepted.

19 * * *

20 CHAIRMAN LEMAY: We'll also take some final
21 action on Case Number 11,510, which was the Application of
22 Branko, Inc., to reopen Case Number 10,656. That was the
23 Application of Mitchell Energy for compulsory pooling and
24 unorthodox well location in Lea County, New Mexico.

25 Is it your intention to sign the Order and take

1 final action on it, Commissioner Weiss?

2 COMMISSIONER WEISS: Yes.

3 CHAIRMAN LEMAY: Any comments on the case or --

4 COMMISSIONER WEISS: No.

5 CHAIRMAN LEMAY: Commissioner Bailey?

6 COMMISSIONER BAILEY: I intend to sign.

7 CHAIRMAN LEMAY: Thank you. And it is also my
8 intention to sign that Order.

9 * * *

10 CHAIRMAN LEMAY: Also awaiting final action by
11 the Commission is Case Number 11,721, which was the
12 September, 1997, gas allowables, or allowables covering the
13 period April to September.

14 And is it your intention, Commissioner Weiss, to
15 sign the Order?

16 COMMISSIONER WEISS: Yes, it is.

17 CHAIRMAN LEMAY: Commissioner Bailey?

18 COMMISSIONER BAILEY: Yes, it is.

19 CHAIRMAN LEMAY: It's also my intention to sign
20 that one for final action.

21 * * *

22 CHAIRMAN LEMAY: Case Number 10,994, which is the
23 Application of Phillips Petroleum Company to reopen *de novo*
24 Case Number 10,994, final action on that case was
25 withdrawn, so that final action constitutes a dismissal of

1 that case.

2 And is it your intention to sign that,
3 Commissioner Weiss?

4 COMMISSIONER WEISS: Yes.

5 CHAIRMAN LEMAY: Commissioner Bailey?

6 COMMISSIONER BAILEY: Yes.

7 CHAIRMAN LEMAY: It's also my intention to.

8 So let the record show that final action has been
9 taken on Cases 11,510, 11,721 and 10,994, which brings us
10 to our current docket.

11 (Off the record)

12 * * *

13 CHAIRMAN LEMAY: Before we break, the unfinished
14 business, we'll call Case Number 11,515, which is the
15 Application by the Oil Conservation Division on its own
16 motion to permit the operator, Woosley Oil Company, and
17 American Employers' Insurance Company and all interested
18 parties to show cause why a well should not be plugged.

19 This case has been dismissed, so let the record
20 show 11,515 has been dismissed.

21 (Thereupon, a recess was taken at 9:21 a.m.)

22 (The following proceedings had at 9:55 a.m.)

23 CHAIRMAN LEMAY: Before we continue, just some
24 additional business for the record.

25 We were talking about having our outreach

1 program, taking the Commission hearing to Roswell. We've
2 talked about April and May. April, the chambers were not
3 available; they were in May.

4 So we will hold our May 22nd Oil Conservation
5 Commission hearing at City Hall, in the chambers there, on
6 the 22nd of May, Roswell.

7 The other dates, we have some changes.

8 The June Commission hearing will be changed to
9 June 5th, because one of the Commissioners cannot make the
10 19th, so we'll have June 5th.

11 And then these are some tentative dates for the
12 remainder of the year. Commission hearings will be held on
13 July 17th, August 14th, September 25th, October 16th,
14 November 13th and December 11th.

15 So those are tentative dates. All those except
16 for the May hearing are scheduled to be held right here in
17 Santa Fe. We may take one of those out in the field, we'll
18 see, see how the Roswell hearing goes.

19 Okay, that business taken care of, I guess we're
20 ready to continue.

21 (Thereupon, these proceedings were concluded at
22 9:57 a.m.)

23 * * *

24

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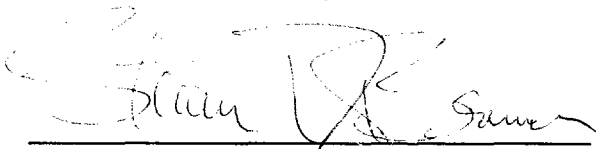
CERTIFICATE OF REPORTER

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.

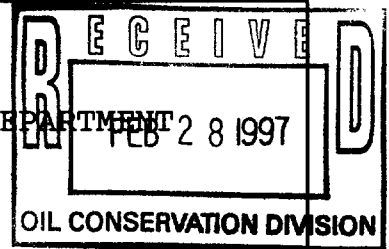
WITNESS MY HAND AND SEAL March 19th, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

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



CASE NOS. 11,352, 11,635, 10,994, 11,515

AWAITING FINAL COMMISSION ACTION

NO EVIDENCE OR TESTIMONY TAKEN

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
WILLIAM WEISS, COMMISSIONER
JAMI BAILEY, COMMISSIONER

February 13th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Thursday, February 13th, 1997, 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
(505) 989-9317

I N D E X

February 13th, 1997
Commission Hearing

CASE NOS. 11,352, 11,635, 10,994, 11,515
Awaiting final Commission action, no evidence or
testimony taken, continued and dismissed cases

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REPORTER'S CERTIFICATE

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* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
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 9:10 a.m.:

3 CHAIRMAN LEMAY: Well, good morning, and glad to
4 see such a good turnout, considering the weather out there.

5 This is the Oil Conservation Commission monthly
6 meeting. My name is Bill LeMay, Chairman of the
7 Commission. To my left, Commissioner Bill Weiss. To my
8 right, Commissioner Jami Bailey representing the
9 Commissioner of Public Lands, State of New Mexico.

10 And we've got a pretty interesting program, I
11 think, because this is the Commission Listens yearly event
12 where you all produce some suggestions to us on what you'd
13 like to see us do.

14 In the back there, I've got a sheet there, if you
15 haven't seen any. It's a handout concerning last year's
16 results, basically, of what you recommended that we
17 undertake. And I'll go over this when we get to that
18 portion of the meeting, to kind of show you that we're
19 adopting most of what you come up with. So, you know, from
20 that point of view I think it's important that you all
21 continue this dialogue with us, because your ideas are
22 good. And as shown by our action, we're adopting almost
23 everything that makes sense.

24 Let's begin by conducting some business here.
25 First, I have the minutes of the previous meeting. Is

1 there a motion to accept the minutes?

2 COMMISSIONER BAILEY: I move we accept.

3 COMMISSIONER WEISS: I second.

4 CHAIRMAN LEMAY: Second. It's moved and
5 seconded. All in favor say "aye".

6 COMMISSIONER BAILEY: Aye.

7 COMMISSIONER WEISS: Aye.

8 CHAIRMAN LEMAY: Opposed? Fortunately, all three
9 of us agree.

10 * * *

11 Also of note here is -- Today I signed the Open
12 Meetings Resolution, which conforms with the State Open
13 Meetings Act, whereby we give notices to all our meetings
14 and conduct all our meetings according to the sunshine
15 laws. We do that every year, and every year we adopt the
16 Open Meeting Resolution to conform with the Open Meetings
17 Act. So let the record show that's been done.

18 * * *

19 The other item of business was taking final
20 action on Case Number 11,352, Order Number 10,766, which is
21 an Application by the Oil Conservation Division to amend
22 Rule 116 of its General Rules and Regulations, pertaining
23 to leaks, spills, blowouts.

24 And as a companion case, separate, but testimony
25 was consolidated for the purpose of testimony was Case

1 Number 11,352, Order Number 10,766, again the Application
2 of the Oil Conservation Division to amend leaks and spills,
3 but also to adopt a separate rule which, in turn, brought
4 over the -- the rules and regulations at the Water Quality
5 Control Commission over here -- I gave the wrong case.
6 That case is 11,635, and Order Number 10,767. What that
7 did is just establish methods and standards for prevention
8 and abatement of water pollution that's associated with
9 oilfield operations.

10 In essence, that particular order amended Rule 7
11 of our Rules and Regulations and also adopted a new Rule
12 19, which was the standards, the Water Quality Control
13 Commission -- that has brought those standards over here to
14 the Oil Conservation Division and Commission so we have
15 jurisdiction over that particular rule.

16 And I'd like to first turn it over to
17 Commissioner Weiss, anything he'd have to say about the --
18 both orders.

19 COMMISSIONER WEISS: I have one comment. I was
20 pleased to see that we recognize risk now, rather than --
21 In my mind, that says that there's a difference between
22 spilling the tank water, a tank load of produced water at
23 Taos along the river, and in Jal. So I think that's in the
24 order.

25 CHAIRMAN LEMAY: Fine. Commissioner Bailey, you

1 had some comments or statements that you'd like to make?

2 COMMISSIONER BAILEY: I'm particularly pleased
3 that there is one reporting form the industry can use for
4 reporting to the OCD, to the State Land Office and to the
5 BLM. I believe that consolidation and lack of duplicative
6 paperwork will be helpful.

7 CHAIRMAN LEMAY: Good. And you were favorably
8 impressed with the order and your intention to sign it?

9 COMMISSIONER BAILEY: I intend to sign the order.

10 CHAIRMAN LEMAY: Commissioner Weiss, is that also
11 your intent?

12 COMMISSIONER WEISS: Yes, sign the order.

13 CHAIRMAN LEMAY: As it is mine. And there again,
14 I think because there was such a good cooperative effort
15 that industry provided, and the public and the
16 environmental community, I think it's another example of
17 how we like to engage in our rule-making where there is
18 input.

19 Now, everyone isn't going to get what they want,
20 that's not the case. But what happened is, there's enough
21 input and there's enough information there, there's enough
22 consensus that we think we've arrived at a -- you know,
23 pretty good rules. We took about 7, Rule 119 and 116. So
24 there again, the congratulations go out to you all who
25 participated in that effort, along with the staff of the

1 OCD.

2 And it also is my intent to sign the order too.
3 So let the record show that final action has been taken at
4 this meeting on those two cases.

5 Okay, is there any other business that you can
6 think of that needs to be performed?

7 Okay, we'll get into the docket per se.

8 * * *

9 CHAIRMAN LEMAY: First, I think we can take some
10 of the dismissals and extensions.

11 Call Case Number 10,994, which is the Application
12 of Phillips Petroleum to reopen *de novo* Case Number 10,994.

13 It's been indicated to us by counsel for the case
14 that this case, without prejudice, should be dismissed. Is
15 there any objection to dismissal of this case?

16 If not, let the record show 10,994 has been
17 dismissed.

18 * * *

19 CHAIRMAN LEMAY: And we can call Case Number
20 11,515, which is the matter called by the Oil Conservation
21 Division on its own to permit the operator, Woosley Oil
22 Company, and American Employees Insurance Company and other
23 interested parties to show cause why wells should not be
24 plugged.

25 There's been a motion to extend that case to our

1 March 19th hearing. Is there any objection to that
2 extension?

3 If not, Case 11,515 will be extended or postponed
4 to the March 19th hearing.

5 * * *

6 (Thereupon, these proceedings were concluded at
7 9:15 a.m.)

8 * * *

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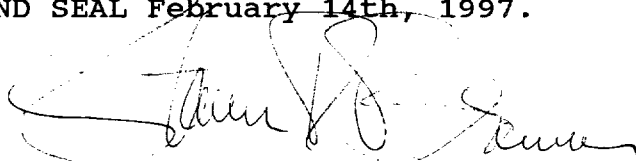
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WITNESS MY HAND AND SEAL February 14th, 1997.



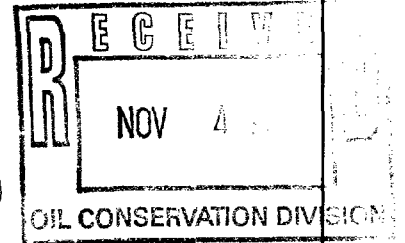
STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION COMMISSION



CASE NOS. 11,579 and 11,515

CONTINUED CASES

REPORTER'S TRANSCRIPT OF PROCEEDINGSCOMMISSION HEARING

BEFORE: WILLIAM J. LEMAY, CHAIRMAN
WILLIAM WEISS, COMMISSIONER
JAMI BAILEY, COMMISSIONER

October 29th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, WILLIAM J. LEMAY, Chairman, on Tuesday, October 29th, 1996, 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
(505) 989-9317

I N D E X

October 29th, 1996
 Commission Hearing
 CASE NOS. 11,579 and 11,515 (Continued cases)

PAGE

REPORTER'S CERTIFICATE

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* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
 Deputy General Counsel
 Energy, Minerals and Natural Resources Department
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT (Case No. 11,579):

HINKLE, COX, EATON, COFFIELD & HENSLEY
 218 Montezuma
 P.O. Box 2068
 Santa Fe, New Mexico 87504-2068
 By: JAMES G. BRUCE

FOR WOOSLEY OIL COMPANY (Case No. 11,515):

MONTGOMERY & ANDREWS, P.A.
 325 Paseo de Peralta
 P.O. Box 2307
 Santa Fe, New Mexico 87504-2307
 By: EDMUND H. KENDRICK

* * *

1 WHEREUPON, the following proceedings were had at
2 9:08 a.m.:

3 CHAIRMAN LEMAY: Okay, we shall call a couple
4 cases here which the docket shows will be continued.

5 First will be Case Number 11,579, which is the
6 Application of Pogo Producing Company for a pressure
7 maintenance project, Lea County, New Mexico. This is a *de*
8 *novo* hearing.

9 Is there a motion by any of the lawyers present
10 to continue this to the December 12th hearing?

11 MR. BRUCE: Mr. Chairman, Jim Bruce from the
12 Hinkle law firm in Santa Fe. I had previously submitted a
13 letter requesting continuance of this motion for two
14 months.

15 CHAIRMAN LEMAY: Two months. Is there any
16 objection to that continuance?

17 If not, Case Number 11,579 will be continued to
18 the December 12th hearing. The Commission does plan to
19 hold a hearing that date.

20 * * *

21 I shall now call Case Number 11,515, which is in
22 the matter of the hearing called by the Oil Conservation
23 Division on its own motion to permit the operator, Woosley
24 Oil Company, American Employees Insurance Company and all
25 other interested parties to show cause on a plugging case.

1 My notes here show this has been -- This case
2 will be continued to December 12th; is that correct?

3 Mr. Kendrick?

4 MR. KENDRICK: Yes, Chairman LeMay, we have
5 requested a continuance to December 12th on behalf of the
6 two insurance companies.

7 CHAIRMAN LEMAY: Okay. Is there any objection to
8 continuance to December 12th? In that case, Case Number
9 11,515 will be continued to the December 12th hearing.

10 (Thereupon, these proceedings were concluded at
11 9:10 a.m.)

12 * * *

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

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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 November 1st, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998