

**MINUTES OF THE MEETING
OF THE OIL CONSERVATION COMMISSION
HELD ON NOVEMBER 19, 2014**

The Oil Conservation Commission met at 9 o'clock a.m. on November 19, 2014 in Porter Hall, Wendell Chino Building, 1220 S. St. Francis Drive, Santa Fe, New Mexico.

PRESENT: **ROBERT BALCH, Member**
 TERRY WARNELL, Member
 JAMI BAILEY, Chair

Bill Brancard served as the Commission counsel.

The meeting was called to order by Chair Bailey. Upon a motion by Commissioner Warnell and a second to the motion by Commissioner Balch, the Commission unanimously approved and adopted the minutes of the September 25, 2014 Commission meeting.

Case 15193, the application of Frontier Field Services, LLC (Frontier) for authorization to inject, Lea County, New Mexico, was called for final action. Counsel Brancard explained the order to be entered in this case, including the conditions of approval proposed by the Oil Conservation Division and agreed to by Frontier. After a motion by Commissioner Warnell and a second to the motion by Commissioner Balch, the Commission unanimously approved and signed Order No. R-13443-B in Case 15193.

Reopened Case 14720, Agave Energy Company's unopposed third motion to amend Order No. R-13507, was called. Appearances were made by Gary Larson for Agave Energy Company (Agave) and Gabriel Wade for the Oil Conservation Division (OCD).

Mr. Larson made an opening statement explaining the purpose of Agave's application and outlining the presentation of his case. His first witness was Ivan Villa, Engineering Manager with Agave in Artesia, New Mexico. He testified that the relief Agave is asking for is an extension to January 23, 2017 for the commencement of injection and that any future extensions be handled administratively. He said the gas play in the Avalon Shale is not proceeding as Agave originally anticipated. He explained that Agave began drilling the injection well in November, 2013 but has not completed it. He discussed the costs of remedial work and development of the subject well. Commissioner Warnell and Commissioner Balch cross-examined the witness, and he was excused.

The next witness was Alberto Gutierrez, President of Geolex, Inc. in Albuquerque, New Mexico. He described the casing in the well and stated that the well has not been completed. He said that after discussions with the OCD, Agave decided to leave the well the way it is now and place a cap on the well with a pressure gauge. He said the well is on drilling status with the BLM now. He recommended that the well be capped, and then the BLM will put it in TA status. Commissioner Balch and Chair Bailey cross-examined the witness, and he was excused.

After a motion by Commissioner Balch and a second to the motion by Commissioner Warnell, the Commission voted unanimously to close the meeting pursuant to NMSA 1978, Section 10-15-1-H to deliberate on the case. After a motion by Commissioner Warnell and a second to the motion by Commissioner Balch, the Commission voted unanimously to come back into open session. Chair Bailey announced that reopened Case 14720 was the only matter discussed during the closed session. Counsel Brancard

summarized the decision of the Commission. They agreed to grant the motion extending the deadline for commencement of injecting to January 23, 2017, to authorize Agave to cap the subject well, and to allow the Division Director to administratively approve any further extensions. After a motion by Commissioner Warnell and a second to the motion by Commissioner Balch, the Commission unanimously approved the order as presented. Subsequent to the hearing, Order No. R-13507-E was unanimously adopted and signed by the Commission.

After input from Michael Feldewert, representing the New Mexico Oil and Gas Association, Gabriel Wade, representing the OCD, and Karin Foster, representing the Independent Petroleum Association of New Mexico, Commissioner Balch and Commissioner Warnell scheduled hearings as follows for two rulemaking applications:

Case 15239, application to repeal and replace Title 19, Chapter 15, Part 34 of the New Mexico Administrative Code addressing produced water, drilling fluids and other liquid oil field waste; and to amend the definition of produced water in Title 19, Chapter 15, Part 2 of the New Mexico Administrative Code – scheduled to commence on February 12, 2015

Case 14974 (Reopened), application of the New Mexico Oil Conservation Division to amend 19.15.17.26 NMAC (concerning injection) – scheduled to commence on April 9, 2015

Chair Bailey announced her retirement and stated that she has served on the Commission for more than 23 years, which makes her the longest serving Commissioner in the history of New Mexico. She presented an Achievement Award to the Commission Secretary for her years of service with the Commission. Counsel Brancard presented a gavel from the Commission to Chair Bailey.

After a motion by Commissioner Warnell and a second to the motion by Commissioner Balch, the Commission voted unanimously to adjourn the meeting at 10:20 a.m.

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**



Chair