

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
November 5, 2015
Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505**

MEMBERS PRESENT:

David R. Catanach	Chair, Oil Conservation Division
Robert Balch	Designee, Energy, Minerals and Natural Resources Department
Patrick Padilla	Designee, New Mexico State Land Commissioner

OTHERS PRESENT:

Bill Brancard, Counsel for the Commission

The meeting was called to order by Chair Catanach at 9:00 a.m.

Item 1. Roll Call.

Roll was taken; a quorum was present.

Item 2. Approval of Agenda.

Commissioner Padilla moved adoption of the agenda. Commissioner Balch seconded the motion. The motion passed unanimously.

Item 3. Approval of minutes of October 7-9, 2015 meeting.

Commissioner Balch moved to approve the minutes. Commissioner Padilla seconded the motion. The motion passed unanimously.

Item 4. Approve and adopt order in Case 15357, application of Lightning Dock Geothermal HI-01, LLC for approval to inject into a geothermal aquifer through three proposed geothermal injection wells at the site of the proposed Lightning Dock Geothermal Power Project, Hidalgo County, New Mexico, and Case 15365, application of Lightning Dock Geothermal HI-01, LLC to place Well No. 63a-7 on injection, Geothermal Resources Area, Hidalgo County, New Mexico.

Action: Chair Catanach announced that a draft order in the two cases was prepared by Counsel Brancard and distributed to the Commission for review. Chair Catanach thanked Counsel Brancard for his work on this draft order. After a motion by Commissioner Balch and a second to the motion by Commissioner Padilla, the Commission voted unanimously to close the meeting pursuant to NMSA 1978, Section 10-15-1 H to discuss the draft order. After a motion by Commissioner Balch and a second by Commissioner Padilla, the Commission voted unanimously to go back into

open session. Chair Catanach announced that the draft order in Cases 15357 and 15365 was the only matter discussed during the closed session. He said there were no changes made to the order itself, but some small slight changes were made to Exhibit A, the Conditions of Approval. Commissioner Balch moved to approve the order with the changes to Exhibit A. Commissioner Padilla seconded the motion. The motion passed unanimously. Order No. R-14021-D in Cases 15357 and 15365 was signed by all Commissioners.

Item 5. De Novo Case 15327: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.

Action: Appearances were made by Michael Feldewert and Jordan Kessler for COG Operating LLC (COG) and Gabriel Wade for the Oil Conservation Division (OCD). Mr. Feldewert replaced two pre-filed exhibits with two amended exhibits and made an opening statement explaining the reason for this case and outlining the presentation of the case. Mr. Wade made an opening statement advising the Commission that he will not present testimony, but Phillip Goetze will be available for questions from the Commission.

COG's first witness was Sean Johnson, Land Lead for the New Mexico Shelf Asset Team with COG. He explained why COG is seeking approval of a non-standard proration unit and a pooling order from the top of the Paddock formation to the base of the Blinebry formation. He discussed the landing depth of the proposed well. He explained the depth severance within the Yeso formation obtained by Este Ltd. He stated that Este Ltd. supports this application. He discussed COG's efforts to obtain voluntary joinder from all interest owners. He said an ad was placed in the county newspaper to provide notice to parties who could not be reached. He explained how COG plans to develop the portion of the section not previously developed by vertical wells. Commissioner Padilla, Chair Catanach and Counsel Brancard cross-examined the witness, and he was excused.

COG's next witness was Harvin Broughton, Lead Geologist for the New Mexico Shelf Asset Team with COG in Midland, Texas. He reviewed the development plan to show that it will not strand any acreage. He discussed the orientation of horizontal wells and said there is no difference between stand-up or lay-down wells. He discussed the landing depth of the proposed well. He provided geologic testimony on the Blinebry, Yeso, Paddock, Tubb and Drinkard formations. He discussed correlative rights. Commissioner Balch, Commissioner Padilla, and Chair Catanach cross-examined the witness, and he was excused.

After a motion by Commissioner Padilla and a second to the motion by Commissioner Balch, the Commission voted unanimously to close the meeting pursuant to NMSA 1978, Section 10-15-1 H to deliberate on De Novo Case 15327. After a motion by Commissioner Balch and a second by Commissioner Padilla, the Commission voted unanimously to go back into open session. Chair Catanach announced that De Novo Case 15327 was the only matter discussed during the closed session. He stated that the Commission unanimously agreed to approve the application. He requested that Mr. Feldewert draft an order reflecting that the approval is based on the

facts and geology of this case. He asked that Mr. Wade also draft an order approving the application and include findings that might be helpful to guide the Commission in future cases of this type. He said the Commission does not consider the information presented in this case to be precedent-setting, and these types of cases will be handled on a case by case basis in the future. He asked that the applicant further explore the JOA process to determine if there is a way for the company to handle this through a JOA without having to pool a portion of a pool. He asked that the orders be prepared and presented to the Commission counsel within 14 days.

Item 6. Next meeting – December 10, 2015

Item 7. Adjournment

The chair adjourned the meeting at 12:05 p.m.

A handwritten signature in black ink, appearing to read "David R. Catanach". The signature is fluid and cursive, with the first name "David" and last name "Catanach" clearly distinguishable.

DAVID R. CATANACH, Chair