

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
May 18, 2017
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
Ed Martin	Designee, New Mexico State Land Commissioner

OTHERS PRESENT:

Bill Brancard, Counsel for the Commission
Gabriel Wade, Counsel for the Commission

Item 1. Roll Call.

Roll was taken; a quorum was present.

Item 2. Approval of Agenda.

Action: Commissioner Balch moved adoption of the agenda. Commissioner Martin seconded the motion. The motion passed unanimously.

Item 3. Approval of minutes

Action: Commissioner Martin moved to approve the minutes. Commissioner Balch seconded the motion. The motion passed unanimously.

Item 4. Final action may be taken in:

De Novo Case No. 15441: Application of Nearburg Exploration Company, L.L.C., SRO2 LLC and SRO3 LLC for an Accounting and Limitation on Recovery of Well Costs, and for Cancellation of Application for Permit to Drill, Eddy County, New Mexico
De Novo Case No. 15481: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico; and
De Novo Case No. 15482: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

Action: Chair Catanach announced that a draft order for the consolidated cases was circulated to the Commissioners prior to this meeting, and the Commissioners unanimously agreed that they had no changes to the draft. Commissioner Balch moved to adopt the order. Commissioner Martin seconded the motion. The motion passed unanimously. Order No. R-14187-E in the consolidated cases was signed by all Commissioners.

Item 5. Case No. 15487: (Continued from the April 4, 2017 Commission meeting.)

Joint Application for Rehearing of Order No. R-14164-D, Application of the New Mexico Oil Conservation Division Through the Supervisor of District II for an Emergency Order Suspending Certain Approved Applications for Permits to Drill, and for Adoption of Special Rules for Drilling in Certain Areas for the Protection of Fresh Water, Chaves and Eddy Counties, New Mexico.

Action: Appearances were made by Jordan Kessler for COG Operating LLC, Fasken Oil and Ranch, Ltd., and OXY USA Inc.; Gary Larson for EOG Y Resources Inc. and Lime Rock Resources II-A, L.P (Lime Rock).; A. J. Olson for the Pecos Valley Artesian Conservancy District (PVACD); Jim Bruce for Mack Energy, Devon Energy Production Company, L.P., and the Independent Petroleum Association of New Mexico; and David Brooks for the Oil Conservation Division (OCD). Mr. Olson, Ms. Kessler, Mr. Larson and Mr. Brooks made opening statements explaining their clients' position in the case.

Lime Rock's witness was John Maxey, a technical representative for Lime Rock in Roswell, New Mexico. He discussed surface casing requirements and gave production information on Lime Rock wells in the area. He explained that Lime Rock filed its second modification in order to better define the area. He discussed Lime Rock's disagreement with certain provisions in OCD's proposed modifications. Mr. Olson, Mr. Brooks, Chair Catanach, Commissioner Balch, and Mr. Brancard cross examined the witness, and he was excused.

PVACD's witness was Roger Peery, CEO and Principal Hydrogeologist with John Shomaker & Associates, Inc. in Albuquerque, New Mexico. He discussed artesian wells in the area. He stated his agreement with OCD's proposed rule on where surface casing should be set. Mr. Larson, Ms. Kessler, and Chair Catanach cross examined the witness, and he was excused.

OCD's witness was Phillip Goetze, Geologist with the OCD in Santa Fe, New Mexico. He described the complexity of the Artesian Basin aquifer. He said he had researched where surface casing was set in various water and oil and gas wells in the area. He described certain situations where there is a potential for contamination. Mr. Olson, Mr. Larson, Commissioner Martin, Chair Catanach, and Mr. Brancard cross examined the witness, and he was excused.

Mr. Larson recalled John Maxey for rebuttal testimony regarding his research at the State Engineer's Office on total depths of wells and POD numbers. Mr. Brooks cross examined the witness, and he was excused.

A discussion was held and a decision made by the Commission that all parties shall submit written closing statements and corrected proposed amendments to the rule language by June 6, 2017. The record in Case No. 15487 was closed, and the case was continued to June 13 for deliberations on the corrected proposed amendments.

Item 6. **Case No. 15519: De Novo**
Application of Mewbourne Oil Company to revoke the injection
authority granted under SWD-744 for the Willow Lake Well No. 1
operated by Pyote Well Service, LLC, Eddy County, New Mexico.

Action: The case was continued to the Commission meeting scheduled for July 13, 2017.

Item 7. **Proposed revision of Rule 19.15.3 NMAC (Rulemaking)**

Action: Counsel Brancard explained proposed revisions to Rule 19.15.3 NMAC in order to comply with current laws and statutes providing for uniform rulemaking procedures. He explained the changes to OCD's current rule. Commissioner Martin moved to instruct Counsel Brancard to make the necessary changes to the rule to present to the Commission. Commissioner Balch seconded the motion. The motion passed unanimously.

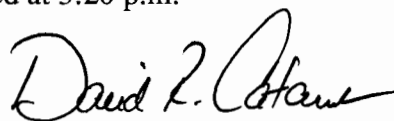
Item 8. **Proposed revisions of Rules 19.15.7 and 19.15.16 NMAC (Rulemaking)**

Action: David Brooks, Assistant General Counsel for the Oil Conservation Division, presented proposed changes to the fracking disclosure rule to require operators to report certain information regarding hydraulically fractured wells in the Frac Focus Chemical Disclosure Registry. He also presented a change extending the time for filing completion reports on horizontal wells. Commissioner Balch made a motion to approve an order setting the proposed changes for hearing before the Commission and to give Chair Catanach the authority to sign the order. Commissioner Martin seconded the motion. The motion passed unanimously. Subsequent to the hearing, Order No. R-14353 was signed by the Chair setting this matter for hearing on June 13, 2017.

Item 9. **Next meeting: June 13, 2017**

Item 10. **Adjournment.**

The meeting was adjourned at 3:20 p.m.



DAVID R CATANACH, Chair