

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSIONER HEARING

ADOPTION OF AGENDA,

ADOPTION OF JANUARY 18, 2018 MINUTES,

CONTINUATION OF CASE NUMBERS:

15655, 15656, 15659, 15660,

DISMISSAL OF CASE NUMBERS:

15836, 15837, 15838, 15839, 15840, 15841, 15842, 15843

and

LEGISLATIVE UPDATE

February 15, 2018

Santa Fe, New Mexico

BEFORE: HEATHER RILEY, CHAIRPERSON
ED MARTIN, COMMISSIONER
DR. ROBERT S. BALCH, COMMISSIONER
BILL BRANCARD, ESQ.

This matter came on for hearing before the New Mexico Oil Conservation Commission on Thursday, February 15, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters

1 (9:07 a.m.)

2 CHAIRWOMAN RILEY: Good morning. It is
3 9:07 on February 15th, 2018. We're going to start our
4 meeting of the New Mexico Oil Conservation Commission.
5 I am Heather Riley, the Director of the Oil and Gas
6 Division and the Chair of this Commission.

7 I'd like to get a roll call, please. Would
8 the Commissioners introduce themselves?

9 COMMISSIONER BALCH: Dr. Robert Balch,
10 designee of the Secretary of Energy, Minerals and
11 Natural Resources.

12 COMMISSIONER MARTIN: Ed Martin
13 representing the State Land Office.

14 CHAIRWOMAN RILEY: All right. And
15 (indicating)?

16 MR. BRANCARD: Bill Brancard, general
17 counsel.

18 MS. DAVIDSON: Florene Davidson,
19 secretary -- Commission secretary.

20 CHAIRWOMAN RILEY: Thank you.

21 So the first item is we need to adopt the
22 agenda, and so we've got an agenda. Everybody has
23 agenda in front of them in their book. Have you had a
24 moment to take a look?

25 COMMISSIONER BALCH: I've reviewed the

1 agenda and no changes to recommend, and I would move to
2 adopt it.

3 COMMISSIONER MARTIN: I second.

4 CHAIRWOMAN RILEY: All right. So moved.

5 So we'll look here at these cases, and I'll
6 just go through them one by one: Case Number 15655 --

7 MR. BRANCARD: Madam Chair, I think we have
8 the minutes --

9 CHAIRWOMAN RILEY: Oh, do I need to do that
10 next?

11 So the minutes of the regular meeting of
12 January 18th are also in your book. Have you-all had a
13 chance to review the minutes?

14 COMMISSIONER MARTIN: I have.

15 COMMISSIONER BALCH: And I have.

16 CHAIRWOMAN RILEY: Do I have a motion to
17 approve?

18 COMMISSIONER MARTIN: So moved.

19 COMMISSIONER BALCH: And seconded.

20 CHAIRWOMAN RILEY: All right. So the
21 minutes are approved.

22 Now I think we need to go through the
23 individual cases, the first one being 15655, de novo,
24 application of Black Mountain Operating, LLC for a
25 nonstandard oil spacing and proration unit and

1 compulsory pooling and an unorthodox well location.

2 That case is going to be continued until March 1st.

3 The next case, Case Number 15659, de novo,
4 application of GMT Exploration Company, LLC for a
5 nonstandard oil spacing and proration unit and
6 compulsory pooling. That one is also continued until
7 March 1st, 2018.

8 Case Number 15656, de novo, application of
9 Black Mountain Operating, LLC for a nonstandard oil
10 spacing and proration unit and compulsory pooling with
11 an unorthodox well location. That one will be continued
12 to March 1st, 2018.

13 Case Number 15660, de novo, application of
14 GMT Exploration Company, LLC for a nonstandard oil
15 spacing and proration unit and compulsory pooling, will
16 be continued to March 1st, 2018.

17 And then we have a number of dismissals.
18 Case Number 15836, de novo, application of XTO Energy
19 for a nonstandard spacing and proration unit and
20 compulsory pooling, has been dismissed and an order has
21 been signed.

22 Case Number 15837, de novo, application of
23 XTO Energy for a nonstandard spacing and proration unit
24 and compulsory pooling, has been dismissed and an order
25 has been signed.

1 Case Number 15838, application of XTO
2 Energy for a nonstandard spacing and proration unit and
3 compulsory pooling, has been dismissed and an order has
4 been signed.

5 Case Number 15839, de novo, application of
6 XTO Energy for a nonstandard spacing and proration unit
7 and compulsory pooling, has been dismissed and an order
8 signed.

9 Case Number 15840, de novo, application of
10 XTO Energy for a nonstandard spacing and proration unit
11 and compulsory pooling, has been dismissed and an order
12 signed.

13 Case Number 15841, de novo, application of
14 XTO Energy for a nonstandard spacing and proration unit
15 and compulsory pooling, has been dismissed and an order
16 signed.

17 Case Number 15842, de novo, application of
18 XTO Energy for a nonstandard spacing and proration unit
19 and compulsory pooling, has been dismissed and an order
20 signed.

21 Case Number 15843, de novo, application of
22 XTO Energy for a nonstandard spacing and proration unit
23 and compulsory pooling, has been dismissed and the
24 order's been signed.

25 So that's all of those.

1 So at this point, I think the next thing to
2 discuss is if we have other business.

3 MR. BRANCARD: (Indicating.)

4 CHAIRWOMAN RILEY: I would ask the group if
5 we have other business to discuss.

6 COMMISSIONER MARTIN: I have none.

7 CHAIRWOMAN RILEY: You have none.

8 COMMISSIONER BALCH: Do you want any
9 legislative stuff on the record?

10 MR. BRANCARD: Sure. I can do a brief
11 legislative update.

12 CHAIRWOMAN RILEY: That will be great.

13 MR. BRANCARD: Sure. One piece of
14 legislation affecting the oil and gas industry, Senate
15 Bill 189 passed both houses and is on the way to the
16 Governor's desk, and that amends the Oil and Gas Act
17 financial assurance requirements to increase the amount
18 of the blanket bond for active wells from \$50,000 to a
19 maximum of \$250,000 to be set by rule. And so this
20 Commission will have to consider rulemaking soon to act
21 to sign that portion of the legislation. No other bills
22 made it that far.

23 One other bill, Senate Bill 135, which
24 amended the penalty provisions of the Act, got stuck in
25 committee early on and has not advanced.

1 COMMISSIONER MARTIN: Any reason to believe
2 the Governor won't sign 189?

3 MR. BRANCARD: No.

4 CHAIRWOMAN RILEY: Okay. Thank you.

5 MR. BRANCARD: No updates on litigation.
6 They're all about the same.

7 CHAIRWOMAN RILEY: Okay. All right. If
8 there is no other business, I think we can probably
9 adjourn our meeting. Do I have motion to adjourn?

10 COMMISSIONER BALCH: So moved.

11 COMMISSIONER MARTIN: Second.

12 CHAIRWOMAN RILEY: All right. Meeting is
13 adjourned.

14 (The proceedings conclude, 9:12 a.m.)

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 12th day of March 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

25