

**MINUTES OF THE MEETING
OF THE OIL CONSERVATION COMMISSION
HELD ON FEBRUARY 13, 2014**

The Oil Conservation Commission met at 9 o'clock a.m. on February 13, 2014, in Porter Hall, Wendell Chino Building, 1220 S. Saint Francis Drive, Santa Fe, New Mexico.

PRESENT: TERRY WARNELL, Member
ROBERT BALCH, 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 minutes of the November 21, 2013 Commission Meeting were unanimously approved and adopted by the Commission.

A motion was made by Commissioner Warnell and seconded by Commissioner Balch to adopt the Commission's Open Meetings Resolution for 2014, and it was adopted unanimously. The resolution is attached to these minutes.

Case 15073, the application of DCP Midstream, LP for authority to inject treated acid gas into the Lower Cherry Canyon and Upper Brushy Canyon formations through its proposed Zia AGI #1 and Zia AGI #2 Wells, was called. Appearances were made by Adam Rankin for DCP Midstream, LP (DCP) and Gabriel Wade for the Oil Conservation Division (OCD).

Mr. Rankin made an opening statement explaining the purpose of the application and outlining the presentation of his case. He stated that DCP and OCD have reached agreement on certain concerns that OCD expressed in its pre-hearing statement.

His first witness was David Stone, Vice President, Commercial and Operations for Southeast New Mexico with DCP in Denver, Colorado. He described the Zia facility as a gas processing plant and gave the processing capacity of the plant. He explained the reasons for DCP's decision to drill acid gas injection wells. He discussed the economics of the proposed plant and stated that it was the largest investment made by DCP in southeast New Mexico. He discussed the infrastructure and costs associated with the project and explained that acid gas injection wells are critical to the success of the project. He said that if approved by the Commission, construction will commence in April of 2014 with expected completion in mid-summer of 2015. He discussed OCD's proposed conditions if the permit is approved. He said that agreement has been reached on conducting MIT's annually and submitting quarterly reports on operational data on Form C-103. Mr. Wade, Commissioner Warnell, Commissioner Balch, and Chair Bailey cross-examined the witness, and he was excused.

The next witness was Alberto Gutierrez, President of Geolex, Inc., a consulting firm in Albuquerque, New Mexico. He explained the C-108 application which included injection rate, size of plume for the two wells, BLM authorization, wells in area of review, and injection zone. He discussed the project's environmental benefits. He stated that adjacent operators and the BLM support the project. He described the injection fluid volume and composition and discussed the reservoir volume. He advised the Commission that notice was sent to everybody within a one-half mile radius of each of

the two wells. He identified the wells that penetrate the injection zone within one-half mile. He described the stratigraphy, geology, and structure of the proposed injection area. He explained the calculations of the reservoir area that will be affected after 30 years of injection. He gave an overview of the general design of the AGI system, including casing and cement details. He discussed groundwater conditions in the area. He asked for three years from the date of the order to complete the wells. He discussed OCD's pre-hearing statement listing some conditions that they have asked to be included in the resulting order regarding wells in the area. He said that DCP agrees to conduct MITs annually, monitor pressure daily, report key injection parameters quarterly, discuss the need to review immediate notification parameters 90 days after injection has begun, review notification parameters annually, and submit an H₂S contingency plan to OCD before commencing operations. He discussed four wells of concern identified by OCD. Commissioner Warnell, Commissioner Balch, and Chair Bailey cross-examined the witness, and he was excused.

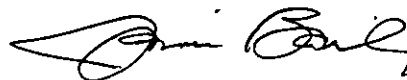
Mr. Wade's witness was Phillip Goetze, Member of the Engineering and Geological Bureau with the OCD in Santa Fe, New Mexico. He said that after reviewing the subject Form C-108, conditions were submitted for the Commission to consider in its final order. He said these conditions were addressed by Mr. Gutierrez in his testimony which was an agreed reflection of the discussions between DCP and OCD. He expressed the need for additional information on the plugged well within the one-half mile area of review. He said that a 10 or 15-year review period will provide a system of continuity. He requested that the application be approved with the conditions provided by OCD. He said that OCD is working on an agreement with DCP regarding the four wells in the one-half mile area of review. He asked that OCD be provided with the return receipts and the entire list of notified parties for this hearing. Mr. Rankin and Commissioner Balch cross-examined the witness, and he was excused.

Mr. Rankin made a closing statement.

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 Case 15073. After a motion by Commissioner Balch and a second to the motion by Commissioner Warnell, the Commission voted unanimously to go back into open session. Chair Bailey announced that Case 15073 was the only matter discussed during the closed session. Counsel Brancard explained the Commission's decision to approve the application provided in the Form C-108 as amended by DCP along with the conditions agreed to by DCP and OCD plus a requirement that after 10 years, DCP shall submit a report to the OCD which characterizes the plume using all information available at that time. Chair Bailey asked that a draft order be submitted to the Commission counsel a week before the next regularly scheduled Commission meeting on March 13, 2014.

After a motion by Commissioner Warnell and a second by Commissioner Balch, the Commission voted unanimously to adjourn the meeting at 2:45 p.m.

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**



JAMI BAILEY, Chair

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**A RESOLUTION
ESTABLISHING PROCEDURES FOR GIVING NOTICE OF MEETINGS
OF THE NEW MEXICO OIL CONSERVATION COMMISSION**

WHEREAS, the New Mexico Open Meetings Act, NMSA 1978, § 10-15-1 *et seq.* (as amended), declares each meeting of a quorum of members of any board, council, commission, administrative adjudicatory body or other policy-making body of any state or local public agency which is held for the purpose of formulating public policy, discussing public business or taking any action within the authority of or the delegated authority of such body to be a public meeting, except as otherwise provided in the New Mexico Constitution or the Open Meetings Act;

WHEREAS, the Open Meetings Act requires that each public body determine, at least annually, in a public meeting, what notice is reasonable when applied to public meetings of the public body; and

WHEREAS, the New Mexico Oil Conservation Commission, a policy-making and administrative adjudicatory body of the State of New Mexico with delegated authority under the New Mexico Oil and Gas Act, NMSA 1978, §§ 70-2-1 *et seq.* (as amended), desires to establish herein an open meetings policy consistent with the Open Meetings Act and specify herein what notice is reasonable when applied to its activities throughout the year.

NOW, THEREFORE, BE IT RESOLVED that the New Mexico Oil Conservation Commission does formally adopt the following open meetings policy for calendar year 2014, as follows:

1. Unless specified otherwise in the notice, each public meeting of the New Mexico Oil Conservation Commission (hereinafter referred to as "the Commission") shall be held in Porter Hall, 1st Floor, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
2. Unless specified otherwise in the notice, a regular meeting of the Commission shall be held on January 16, February 13, March 13, April 10, May 22, June 19, July 17, August 14, September 11, October 9, November 13, and December 11, 2014. Each regular meeting shall commence at 9 a.m. Mountain Time. Any meeting not concluded at the end of the specified day may be continued to the next business day or as otherwise provided by the Commission.
3. A special meeting of the Commission may be called by the Chair or a majority of members of the Commission as needed, and seventy-two (72) hours advance notice of such a meeting shall be given.

4. An emergency meeting of the Commission may be called by the Chair or a majority of members of the Commission as needed, with as much advance notice as the emergency permits. Within 10 days of taking action on an emergency matter, the Commission shall report to the Attorney General's Office the action taken and the circumstances creating the emergency, provided that the requirement to report to the Attorney General is waived upon the declaration of a state or national emergency.

5. A closed meeting may be held in the following manner:

(a) If the Commission is in an open meeting when a closed meeting is desired and authorized by the Open Meetings Act, a motion to close the meeting shall be approved by a majority of the members, and the authority for the closure shall be stated in the motion. The votes of the members on the motion shall be recorded in the minutes.

(b) If the Commission is not in a public meeting and a closed meeting is desired and authorized, the meeting shall be publicly advertised in the same manner as special or emergency meetings, with a statement in the notice that the meeting will be closed, and the authority for closure.

(c) Following completion of any closed meeting, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state that the matters discussed in the closed meeting were limited to those specified in the motion for closure or in the notice of the separate closed meeting.

(d) Only those matters specified in the motion to close the meeting may be discussed during a meeting closed in this manner.

(e) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the Commission in an open public meeting.

6. Notice of each meeting shall be posted on the door of Porter Hall, 1st Floor, 1220 S. St. Francis Drive, Santa Fe, New Mexico. Notice of each meeting shall be published in a newspaper of general circulation in the counties that are affected by the applications before the Commission, except that when an application affects the entire state, notice may be published in one newspaper of general circulation in the state. Where a written request has been received, notice shall also be provided to broadcast stations licensed by the federal communications commission and newspapers of general circulation. Notice shall be delivered by ordinary first class United States mail or electronic mail to each person who has requested in writing to be notified of such meetings. Notice shall also be posted on the Internet web site of the Oil Conservation Division, <http://www.emnrd.state.nm.us/ocd>.

7. The notice shall include an agenda for the meeting or information on how

members of the public may obtain a copy of the agenda.

8. A preliminary agenda for each regular meeting shall be prepared, posted and distributed (if applicable) no later than two weeks prior to the meeting. A final agenda for each regular and special meeting shall be prepared, posted and distributed (if applicable) no later than seventy-two (72) hours preceding the meeting. The final agenda shall be posted on the Oil Conservation Division's web site. A final agenda for each emergency meeting shall be prepared, posted and distributed (if applicable) as much in advance of the meeting as the emergency permits.

9. Each notice shall include the following statement:

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the New Mexico Oil Conservation Division at 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505, telephone number 476-3460 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the New Mexico Oil Conservation Division if a summary or other type of accessible format is needed.

10. Once approved by the Commission, minutes produced as a result of an open meeting shall be available for public inspection. Preliminary minutes produced by staff following a public meeting may also be available for public inspection, but shall be marked as preliminary and unofficial.

11. A stenographic transcript of each meeting may be prepared. If a transcript is prepared, members of the public may inspect a copy of the transcript or obtain a copy through the Oil Conservation Division. Copies will be subject to a reasonable charge. If a transcript has not been prepared, members of the public may obtain a transcript through the Oil Conservation Division upon payment of a reasonable transcription charge.

12. Each meeting shall be conducted in accordance with accepted parliamentary procedures, the Rules of the Oil Conservation Division and, as applicable, the New Mexico Rules of Evidence.

13. Members of the Commission may participate in a meeting by means of conference telephone or other similar communications equipment which allows the member or members so participating to hear the proceedings and to be heard by one another and by persons attending the meeting. A member participating by telephone shall be included in ascertaining the presence of a quorum.

PASSED, APPROVED AND ADOPTED THIS 13TH DAY OF FEBRUARY, 2014.

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**



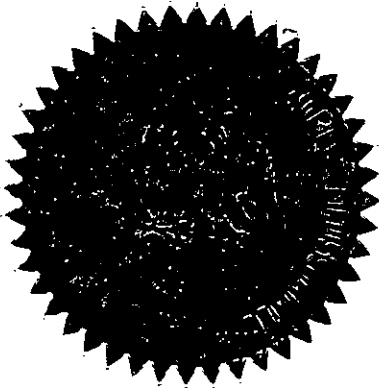
TERRY WARNELL, MEMBER



ROBERT BALCH, MEMBER



JAMI BAILEY, CHAIR



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