

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
September 21, 2017
Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505**

MEMBERS PRESENT:

David Catanach	Chair, Oil Conservation Division
Robert Balch	Designee, Energy, Minerals and Natural Resources Department
Ed Martin	Designee, New Mexico State Land Commissioner

OTHERS PRESENT:

Gabriel Wade, Counsel for the Commission
Bill Brancard, 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 Balch moved to approve the minutes. Commissioner Martin seconded the motion. The motion passed unanimously.

Item 4. Case 15738: In the matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

Action: An appearance was made by Cheryl Bada for the Oil Conservation Commission (OCC). Bill Brancard, General Counsel for the New Mexico Energy, Minerals and Natural Resources Department, was called as a witness for the OCC. He explained that he drafted the proposed rule being brought to the Commission at today's hearing. He said the reasons for this proposal are to bring Rule 19.15.3 NMAC into compliance with two recent statutory changes regarding rulemaking proceedings and the appeal process. He said the changes being proposed add a series of procedures to provide uniformity of rulemaking requirements between all state agencies. He stated that comments on the proposed rulemaking were received from the New Mexico Oil and Gas Association (NMOGA) requesting two changes to the proposed rule. He reviewed the proposed rule amendments for the Commission. Mr. Brancard responded to questions from the Commissioners and Counsel Wade.

The Commission deliberated in open session on the proposed rule and modifications to the rule proposed by the Commission's counsel and made certain amendments. Commissioner Balch made a motion to adopt the rule with the amendments. Commissioner Martin seconded the motion. The motion passed unanimously. Chair Catanach directed Mr. Brancard to submit a draft order of the rule and the agreed upon amendments to the Commission before the next Commission meeting.

Item 5. **Case No. 15802: Application of the New Mexico Oil Conservation Division for Amendment of Section 19.15.7.24 NMAC Changing the Time for Division Notification and Enforcement After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-115).**

Action: An appearance was made by David Brooks, Assistant General Counsel for the Energy, Minerals and Natural Resources Department and the Oil Conservation Division. Mr. Brooks' witness was Allison Marks, Deputy Director of the Oil Conservation Division in Santa Fe. She discussed the problems caused by the late filing of production reports. She explained the benefit to the OCD and other state agencies if the period of time within which the OCD is required to notify the operator of its intent to revoke the operator's authority to transport is changed from 60 days to 30 days and if the period of time in which an operator may request a hearing on such revocation is changed from 120 days to 60 days. Commissioner Balch, Commissioner Martin, and Counsel Brancard cross-examined the witness, and she was excused.

Commissioner Balch made a motion to deliberate the rule in open session. Commissioner Martin seconded the motion. The motion passed unanimously. The Commissioners deliberated on the proposed rule. Commissioner Balch moved to adopt the rule with OCD's proposed modifications. Commissioner Martin seconded the motion. The motion passed unanimously. Mr. Brooks was directed to prepare an order for the Commission's review. A discussion was held on how to notify the producers of the new proposed rule before the next hearing.

Item 6. **Case No. 15185 (re-opened): (De Novo) Application of Ard Energy, LLC to reopen Case No. 15185 pursuant to NMAC 19.15.13.13 and the provisions of Order No. R-13913-B to determine reasonable well costs for drilling of the Ivar The Boneless Federal Well No. 11H, dedicated to a Unit, comprised of W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico (The Unit).**

Action: At the request of the De Novo applicants, Ard Oil, Ltd. and Ard Energy Group, Ltd., this case was dismissed. Dismissal Order No. R-13913-C was signed by the Commission Chair.

Item 7. **Other Business**

Action: Counsel Brancard reported on pending litigation.

Item 8. **Next meeting: October 4, 2017**

Item 9. **Adjournment.**

The Chair adjourned the meeting at 11:30 a.m.

A handwritten signature in cursive script, reading "David R. Catanach".

DAVID R. CATANACH, Chair