

**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**

**Meeting Minutes  
Regular Meeting  
October 11, 2018  
Porter Hall  
Wendell Chino Building  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505**

**MEMBERS PRESENT:**

Heather Riley	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  
Florene Davidson, Commission Clerk

**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 of September 13, 2018 meeting.**

**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 Case No. 15073 (Re-opened): Application of DCP Operating Company, L.P. to Re-open Case No. 15073 to Amend Order R-13809**

**Action:** Counsel Brancard identified some changes made to the draft order that was circulated to the Commissioners for their individual review. Commissioner Balch moved to adopt the order incorporating the changes. Commissioner Martin seconded the motion. The motion passed unanimously, and all Commissioners signed Order No. R-13809-B in Re-opened Case 15073.

**Item 5. Rehearing: Case 15855 (De Novo): Application of Delaware Energy LLC to Revoke the Injection Authority Granted Under SWD-1680 for the Alpha SWD No. 1 Well Operated by Alpha SWD Operating LLC, Eddy County, New Mexico.**

**Action:** A pre-hearing conference was held. Appearances were made by Michael Feldewert for Delaware Energy LLC (Delaware) and Gary Larson for

Alpha SWD Operating LLC (Alpha). Mr. Feldewert asked what the Commission wanted to be addressed at the re-hearing of this case in December. He stated that the Commission had a complete record for a decision. Mr. Larson stated that Alpha would like to raise certain issues, such as standing, at a full hearing in December. The Commission determined that the rehearing would address the standing issue and possible remedies for the failure of the Division to comply with the timeframes for a decision. Possible remedies should include remand to the Division. Alpha was instructed to file a motion addressing standing by November 5, Delaware will file a response to the motion by November 20 and Alpha can file a reply by December 3.

**Item 6.**        **Application for re-hearing in:**  
***Case 16040 (De Novo) and Case 16339: Application of the New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order Against Cano Petro of New Mexico, Inc. for Wells Operated in Chaves and Roosevelt Counties, New Mexico***

**Action:**        The Commission discussed the Application for Rehearing filed by Cano Petro and the arguments raised in the Application. Commissioner Martin made a motion to deny the re-hearing. Commissioner Balch seconded the motion. The motion passed unanimously and the application for re-hearing of Cases No. 16040 (De Novo) and 16339 was denied.

**Item 7.**        ***Case 16376: Application of the New Mexico Oil Conservation Division to amend Rules of the Commission Concerning the Drilling, Spacing and Operation of Horizontal Wells and Related Matters by Amending Section 15 of Rule 19.15.16 NMAC; Statewide***

**Action:**        Appearances were made by Cheryl Bada for the Oil Conservation Division (OCD) and Michael Feldewert for the New Mexico Oil and Gas Association (NMOGA). OCD's witness was David Brooks, Assistant General Counsel for the Energy, Minerals and Natural Resources Department. He said the purpose of this hearing is to correct typographical and reference errors found in section 19.15.16.15 of this rule after it was adopted in April. He identified each of the errors. Mr. Feldewert and Commissioner Balch cross-examined the witness, and he was excused.

Mr. Feldewert presented NMOGA's proposed modifications to section 19.15.16.15 of the rule. The change would correct awkward wording.

After discussion, Commissioner Martin made a motion to accept the changes proposed by OCD and NMOGA. Commissioner Balch seconded the motion. The motion passed unanimously. A motion was made by Commissioner Balch and seconded by Commissioner Martin allowing Chair Riley to sign the order as soon as it was prepared.

**Item 8.**        ***Case 16377: Application of the New Mexico Oil Conservation Division to Amend Rules of the Commission for Permitting of Wells for Underground Injection by Amending Certain Sections of Rule 19.15.26 NMAC.***

**Action:** Appearances were made by David Brooks for the Oil Conservation Division (OCD) and Michael Feldewert for the New Mexico Oil and Gas Association (NMOGA).

OCD's witness was Phillip Goetze, with OCD's Engineering Bureau. He discussed the proposed changes, including the definitions section to provide uniformity with the EPA Underground Injection Control program. Counsel Brancard asked Mr. Goetze to respond to NMOGA's proposed modifications. Commissioner Balch and Counsel Brancard cross-examined the witness, and he was excused.

Mr. Feldewert explained NMOGA's proposed revisions to OCD's proposed rule. The changes to 19.15.26.7 and .8 are designed to use terms already defined in the rules and to combine notice procedures for all enhanced recovery projects.

Mr. Goetze was recalled to discuss NMOGA's proposed modifications individually. He was cross-examined by Mr. Feldewert and Counsel Brancard and then excused.

Mr. Brooks and Mr. Feldewert made closing statements. The Commission began deliberations on each section of the proposed rule and modifications and came to an agreement. Commissioner Balch made a motion to accept OCD's proposed rule, NMOGA's modifications, and changes made by the Commission during deliberations. Commissioner Martin seconded the motion, and it passed unanimously. Counsel Brancard was instructed to draft an order incorporating all of the changes to be presented to the Commission at its November 15 hearing.

**Item 9.** *Case 16446: Application of Salt Creek Midstream, LLC for Authorization to Inject Acid Gas into the Proposed Leavenworth AGI No. 1 well in Section 23, Township 26 South, Range 36 East, Lea County, New Mexico*

**Action:** At the request of the applicant, this case was continued to the December 13, 2018 Commission meeting.

**Item 10.** *Case 15758 (De Novo)*

**Item 11:** *Case 15759 (De Novo)*

**Action:** Michael Feldewert, representing Centennial Resources Production, LLC, the successor to OneEnergy, appeared and requested that the orders in the cases be vacated and the cases be dismissed. Subsequent to the hearing, an order to that effect was signed by Chair Riley.

**Item 12.** *Case 15844 (De Novo): Amended Application of XTO Energy Inc. for Approval of the Expansion of the James Ranch Unit, Eddy County, New Mexico*

**Action:** The case was called and continued to the November 15, 2018 Commission Meeting

**Item 13.** Next meeting: November 15, 2018

**Item 14.      Adjournment.**

The Chair adjourned the meeting at 2:15 p.m.

  
HEATHER RILEY, Chair