

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
Meeting Minutes
Regular Meeting
July 8, 2021

The Oil Conservation Commission meeting was held via Webex Meeting platform.

MEMBERS PRESENT:

Adrienne Sandoval	Chair, Oil Conservation Division
Greg Bloom	Designee, State Land Office Commissioner
Terry Warnell	Designee, Energy, Minerals and Natural Resources Department

OTHERS PRESENT:

Christopher Moander, Counsel for the Commission
Florene Davidson, Commission Clerk

The meeting was called to order by Chair Sandoval at approximately 9:06 a.m.

Item 1. Roll Call.

Action: Roll was taken; a quorum was present.

Item 2. Approval of the Agenda

Action: Commissioner Bloom made a motion to adopt the agenda and Commissioner Warnell seconded the motion. A roll call vote was taken. The motion passed unanimously.

Item 3. Approval of the June 9-10, 2021 Meeting Minutes

Commissioner Bloom made a motion to approve the June 9-10, 2021 minutes, and Commissioner Warnell seconded the motion. A roll call vote was taken, and the motion passed unanimously.

Item 4. Final action may be taken in Case 21834: Application of WildEarth Guardians and the New Mexico Oil Conservation Division to Amend Rules 19.15.29.6, 19.15.29.8, and 19.15.29.15 NMAC.

Action: Chair Sandoval explained that the hearing of this case was held on June 8, 2021 and deliberations were held on June 9, 2021. The case was closed and a final order was prepared by Commission Counsel Moander and reviewed by all Commissioners. All Commissioners agreed to accept the final order and rule. Commissioner Bloom made a motion to adopt the final order and rule, Order No. R-21674-C, and Commissioner Warnell seconded the motion. A roll call vote was taken, and the motion passed unanimously.

The Commissioners thanked all parties who participated in the hearing process.

Item 5. Motion Hearing: De Novo Case No. 21744: (Case No. 21629): Application of Cimarex Energy Co. for Hearing De Novo of Case No. 21629, Eddy County, New Mexico. The New Mexico Oil Conservation Division issued Order No. R-21575 in Case No. 21629. Magnum Hunter Production, Inc., an affiliate of Cimarex Energy Co. (collectively

referred to herein as “Cimarex”) owned a working interest in the unit pooled by Order No. R-21575, issued pursuant to a hearing held before the Division on January 7, 2021. Cimarex, a party of record adversely affected by Order No. R-21575, requests that the matter raised in this case be heard de novo before the Oil Conservation Commission pursuant to NMSA 1978, §70-2- 13.

Action: Appearances were made by Darin Savage for Cimarex Energy Co. (Cimarex) and Ernest Padilla for Colgate Operating, LLC (Colgate). The attorneys presented arguments on the following motions:

Cimarex Motion to Invalidate and Vacate Colgate’s Order No. R-21575

Colgate Motion to Dismiss Cimarex Applications

Mr. Savage and Mr. Padilla also presented arguments on whether to remand the matter back to the Oil Conservation Division. After discussion, the Commission decided to schedule an evidentiary hearing for the presentation of evidence and testimony on the issue of whether or not the order from the Oil Conservation Division (OCD) should be invalidated because good faith negotiation requirements were not followed by Colgate. Commissioner Bloom made a motion to hold both motions in abeyance until the regular Commission hearing on September 16, 2021 and have the parties provide evidence and testimony on the invalidation of the OCD order at that time. Commissioner Bloom made a motion to move Agenda Item No. 5, the motions hearing, to September 16, 2021 and move the De Novo hearing to October 14, 2021. Commissioner Warnell seconded both motions. A roll call vote was taken and the motions passed unanimously,

Status Conference on:

Item 6. Case No. 20571 (De Novo): Application of Permian Oilfield Partners, LLC for approval of a salt water disposal well in Lea County, New Mexico.

Item 7. Case No. 20572 (De Novo): Application of Permian Oilfield Partners, LLC for approval of a salt water disposal well in Lea County, New Mexico. New Mexico.

Item 8. Case No. 20574 (De Novo): Application of Permian Oilfield Partners, LLC for approval of a salt water disposal well in Lea County, New Mexico.

Item 9. (De Novo Case No. 21233)

Case No. 20961: Application of Permian Oilfield Partners, LLC for approval of a salt water disposal well in Eddy County, New Mexico.

Action: Appearances were made by Deana Bennett for Permian Oilfield Partners, LLC (Permian) and Ari Biernoff for the New Mexico State Land Office (SLO). Chair Sandoval stated that these cases have been continued numerous times, and the Commission needs an update on their status. Both parties agreed that negotiations are ongoing between the parties and a settlement is expected at some time in the near future. Commissioner Bloom made a motion to continue the cases to the September 16, 2021 Commission meeting and Commissioner Warnell seconded the motion. A roll call vote was taken and the motion passed unanimously. Counsel Moander advised that he will write a continuance order for the cases.

Item 10. Pending Legislation

Action: Counsel Moander announced that there was no pending legislation.

Item 11. Other Business

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Action: Counsel Moander said he will schedule Sunshine Training for the Commission at some time in the future.

Item 12. Next meeting – August 12, 2021

Item 13. Adjournment

Action: Chair Sandoval adjourned the hearing at 11:02 a.m.

A handwritten signature in black ink, appearing to read 'Adrienne'.

Adrienne Sandoval, Chair