| 1 | STATE OF NEW MEXICO |  |
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| 2 | OIL CONSERVATION C |  |
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| 5 | IN THE MATTER OF THE HEARING |  |
| 6 | CALLED BY THE OIL CONSERVATION |  |
| 7 | DIVISION FOR THE PURPOSE OF |  |
| 8 | CONSIDERING: |  |
| 9 |  |  |
| 10 | UPDATE ON APPLICATION OF TITUS | Case No. |
| 11 | OIL \& GAS PRODUCTION, LLC FOR | 21872 |
| 12 | APPROVAL OF PRODUCTION ALLOCATION, |  |
| 13 | LEA COUNTY, NEW MEXICO, |  |
| 14 |  |  |
| 15 | ADOPTION OF FINAL ORDER IN | Case No. |
| 16 | APPLICATION OF PINON MIDSTREAM, 22977 |  |
| 17 | LLC TO AMEND COMMISSION ORDER |  |
| 18 | NO. R-21455-A TO INCREASE THE |  |
| 19 | MAXIMUM DAILY INJECTION RATES FOR |  |
| 20 | THE INDEPENDENCE AGI \#1 AND \#2 |  |
| 21 | WELLS, LEA COUNTY, NEW MEXICO, |  |
| 22 |  |  |
| 23 | APPLICATION OF CIMAREX ENERGY | Case No. |
| 24 | CO. FOR COMPULSORY POOLING, | 23049 |
| 25 | EDDY COUNTY, NEW MEXICO, |  |
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| 1 | APPLICATION OF CIMAREX ENERGY | Case No. |
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| 2 | CO. FOR COMPULSORY POOLING, | 22510 |
| 3 | EDDY COUNTY, NEW MEXICO, |  |
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| 5 | APPLICATION OF CHEVRON U.S.A. | Case No. |
| 6 | INC. FOR COMPULSORY POOLING, | 22343 |
| 7 | EDDY COUNTY, NEW MEXICO, |  |
| 8 |  |  |
| 9 | APPLICATION OF CHEVRON U.S.A. | Case No. |
| 10 | INC. FOR COMPULSORY POOLING, | 22344 |
| 11 | EDDY COUNTY, NEW MEXICO, |  |
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| 13 | APPLICATION OF WPX ENERGY | Case No. |
| 14 | PERMIAN, LLC FOR COMPULSORY | 22506 |
| 15 | POOLING, EDDY COUNTY, |  |
| 16 | NEW MEXICO, |  |
| 17 |  |  |
| 18 | APPLICATION OF WPX ENERGY | Case No. |
| 19 | PERMIAN, LLC FOR APPROVAL OF | 23087 |
| 20 | AN 862.40-ACRE NON-STANDARD |  |
| 21 | HORIZONTAL WELL SPACING UNIT |  |
| 22 | AND COMPULSORY POOLING, |  |
| 23 | EDDY COUNTY, NEW MEXICO, |  |
| 24 |  |  |
| 25 |  |  |
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List of Attendees:
Adrienne Sandoval, Madam Chair, Director of the Oil Conservation Division

Chris Moander, Esquire, State of New
Mexico Oil Conservation Commission
Greg Bloom, PhD., Designee of Commissioner of
Public Lands
William Ampomah, PhD., Professor at New Mexico
Tech, and Designee of the New Mexico Energy Secretary
Dylan Fuge, Esquire, Energy, Minerals and Natural
Resources Department of New Mexico
Sharon Shaheen, Esquire

ALSO PRESENT:
Florence Davidson, Clerk to the State of New Mexico Oil Conservation Commission

Jaime Barcus, Walters Richardson, PLLC

would construe those as dismissed.
MS. SANDOVAL: Okay. So then Case No. 22506 and 23087, which were numbers 10 and 11 on the docket, will be dismissed and not heard today. With those changes, is there a Motion to Adopt the Agenda?

MR. BLOOM: Madam Chair, I so move to adopt the Agenda as modified.

DR. AMPOMAH: Madam Chair, I do second.
MS. SANDOVAL: Mr. Moander, would you
do a roll-call vote, please?
MR. MOANDER: Happily, Madam Chair.
Mr. Ampomah?
DR. AMPOMAH: Approved.
MR. MOANDER: Commissioner Bloom?
MR. BLOOM: Approved.
MR. MOANDER: Madam Chair?
MS. SANDOVAL: Approved.
MR. MOANDER: The Motion carries.
MS. SANDOVAL: All right. Next item is
Approval of the September 8, 2022 Meeting minutes; is there a Motion to Adopt the Meeting Minutes?

MR. BLOOM: Madam Chair, I so move.
DR. AMPOMAH: Madam Chair, I second.
MR. SANDOVAL: Could you do a roll-call
vote, please, Mr. Moander?

MR. MOANDER: Yes, Madam Chair.
Commissioner Ampomah?

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DR. AMPOMAH: Approved.
MR. MOANDER: Commissioner Bloom?
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MR. BLOOM: Approved.
MR. MOANDER: Madam Chair?
MS. SANDOVAL: Approved.
MR. MOANDER: The Motion carries.
MS. SANDOVAL: All right. Onto item
no. 4, Update on Case No. 21872, which was Application of Titus Oil \& Gas Production for Approval of Production Allocation. I believe Mr. Fuge is on the line with EMNRD to provide an update on that, or to answer questions, or both.

MR. FUGE: Good morning, Madam Chair. I was asked to -- I provided an update at the last Commission meeting, which I'm happy to recap, but I believe I was asked -- I was asked to appear today to address any questions after providing a copy of the executed MOA with the Railroad Commission to Mr. Moander who I understand distributed it to the rest of the Commission. So I'm appearing today to answer any questions that the Commission may have.

MS. SANDOVAL: Would you mind just doing, like, the 40,000-foot view of what the
agreement was, and then, Commissioners, as you have questions, you can ask them of Mr. Fuge.

MR. FUGE: Sure. I'm happy to. I
think as everyone will recall, Titus, you know, presented its case to the Commission in seeking to develop a cross-border well with surface facilities located in New Mexico, but producing intervals in both New Mexico and Texas from the same well bore. The Oil Conservation Division, and ultimately the OCD, through its Order, took the position that such development of that nature could not proceed until there was an imminent place between the Railroad Commission and the OCD concerning the, you know, sort of, co-management of such wells.

And so the MOA that $I$ presented last week that was executed earlier this year -- was fully executed earlier this year, provides such a structure for the OCD and the Railroad Commission to exercise their, sort of, respective jurisdictions over the facilities.

It includes provisions for allocation of production from the well bore. It discusses, you know, compliance with various regulatory requirements. You know, the environmental -- for example, the environmental requirements that might apply to

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facility construction are going to be dependent upon the location of surface facilities. It address reporting; for the most part, reporting relating to production. Whether it's water, venting, flaring, et cetera, all are going to be in a proportional basis, you know, tracking the same formula used to allocate production.

And then it finally includes provisions related to financial assurance. Any operator that wishes to develop such a well has to maintain financial assurance in both states, as if the wells were exclusively there, and has to make available information related to both gross and allocated production and any other sort of reported volumes that are required.

And then, finally, there are provisions for the Railroad Commission and the OCD to coordinate related to inspection and enforcement activities to the extent such activities become necessary in the future and share information.

So at a high level, it, again, you know, reflects the coordination necessary for the, you know, OCD and the Railroad Commission to exercise our respective authority over the wells. At this point there is only the one well that Titus has put forward,
but $I$ understand from their submissions in the prior case that those -- that there are additional wells coming in.

I will close with this: You know, this was an MOA that was delegated to the OCD to execute. So it is not actually before the Commission for any sort of approval, but it has been presented to the Commission in satisfaction of the condition in the Titus Order that required my office to provide periodic updates to the Commission with the full execution of the MOA. That -- you know, my office views that condition as satisfied.

And with that, I'm happy to address any specific questions.

MR. MOANDER: Madam Chair, just a brief note: I think that Mr. Fuge and I are in agreement. It is -- I'll pull this out quickly, so we have an accurate record. It's Order R-21831-A, paragraph 29 that requires Mr. Fuge, or someone from his office, to appear every 90 days until an MOA is executed. At this point it's my opinion, and I think Mr. Fuge agrees with me, that that condition is satisfied. And so his obligation, the agency's obligation to appear before The Commission on this matter, is now extinguished.

MS. SANDOVAL: Thank you for the clarification. Commissioners, do you have any questions regarding the agreement now that you have had an opportunity to review it?

MR. BLOOM: Madam Chair, I don't know that I've seen a copy of the final executed MOA, so if that could be sent to me, I would appreciate it. I didn't find it in my mailbox.

DR. AMPOMAH: Yeah. I can't find it here.

MR. MOANDER: One moment. I will find it for you.

MR. BLOOM: I don't have any questions right now. And I don't expect to. Thank you.

DR. AMPOMAH: Madam Chair, I also do not have any questions on that.

MS. SANDOVAL: Okay. Ms. Shaheen appears to have a question. If it's brief, Ms. Shaheen, you can ask Mr. Fuge.

MS. SHAHEEN: Thank you, Madam Chair. First, Titus would like to thank the Division and the Commission for all the work that they've done to make this a possibility. And I'd like to personally thank Mr. Fuge, as well. The one question that $I$ have is I understand that there will be a Notice to operators
that will be posted, and I'm just wondering if there's an update on the timeframe when that may be posted?

MR. FUGE: My hope is that that will be posted by the end of the week.

MS. SHAHEEN: Thank you very much.
MS. SANDOVAL: All right. Thank you,
Mr. Fuge. I think we can -- Commissioners, if there's nothing additional, $I$ think we can move on to agenda item number 5 .

All right. Agenda item number 5 is Adoption of a Final Order in Case No. 22977. This was the Application of Pinon Midstream to Amend Commission Order No. R-21455-A. Is there a Motion to Adopt the Final Order?

MR. BLOOM: Madam Chair, I so move.
MS. SANDOVAL: I will second that. And then, Mr. Moander, would you, please, do a roll-call vote?

MR. MOANDER: Happily, Madam Chair.
Mr. Ampomah?
DR. AMPOMAH: Approved -- no --
MS. SANDOVAL: One question, I'm sorry,
Mr. Moander, is Commissioner Ampomah voting on the Final Order? I believe it's just Commissioner Bloom and I.

MR. MOANDER: That's right. You are correct. So Commissioner Ampomah should not vote on this. With that in mind, we will do Commissioner Bloom.

MR. BLOOM: Approved.
MR. MOANDER: Madam Chair?
MS. SANDOVAL: Approved.
MR. MOANDER: The Motion carries. I was just nervous when there's two votes, because then you can get stuck.

MS. SANDOVAL: I will just note that two is the majority in a Quorum, so we just need two votes for it to be approved.

MR. MOANDER: That is correct.
MS. SANDOVAL: All right. As we
mentioned earlier, let's see, agenda item numbers 6 through 9 were continued until January 12 th. And then agenda items 10 and 11 were dismissed. And so that will put us at agenda item number 12 , which is pending litigation.

MR. MOANDER: Madam Chair, in the $A-1-$ CA-39578, which has been -- I've been updating pretty much every meeting since, basically, last November or October; it's been about a year. On October 5th, we received Notice from the Court of Appeals that the
matter has been submitted to a three-judge panel for consideration. So I'm anticipating we should, maybe not by November, but $I$ would think by December, we should get an opinion on that. D-101-CV-2002-00791 to the Ragsdale matter; $I$ don't believe we have a hearing set. Luckily Ms. Shaheen is on this morning; she may know a little bit more about that at the moment. But $I$ think we're just waiting for -- on a setting from the Court to deal with at least preliminary issues and maybe even proceed to a Merits Hearing.

MS. SANDOVAL: Okay. Are there any questions?

DR. AMPOMAH: No.
MR. BLOOM: No, Madam Chair.
MS. SANDOVAL: All right. Any other
business? Our next meeting will be November 10, 2022. And with that, we are done for the morning. Thank you, everybody. And we will see you next month.

UNIDENTIFIED SPEAKER: Thanks, everyone. Good-bye.

DR. AMPOMAH: Thank you.
(Whereupon, at 10:17 a.m., the
proceeding was concluded.)

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[facilities - moander]

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