

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
July 13, 2017
Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505**

MEMBERS PRESENT:

David R. Catanach	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

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 June 13, 2017 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. 15487, Joint Application for Rehearing of Order No. R-14164-D, Application of the New Mexico Oil Conservation Division through the Supervisor of District II for an Emergency Order Suspending Certain Approved Applications for Permits to Drill, and for Adoption of Special Rules for Drilling of Certain Areas for the Protection of Fresh Water, Chaves and Eddy Counties, New Mexico.

Action: Chair Catanach stated that the rehearing was held on May 18, 2017, and the Commission conducted open deliberations on the matter on June 13, 2017. The Commission reached a decision at that time and a draft order was submitted by Counsel Cheryl Bada to the Commission for review. Chair Catanach said he made some changes to the proposed order. Commissioners Balch and Martin reviewed the changes. Commissioner Balch moved to approve the order and the proposed rule. Commissioner Martin seconded the motion. The motion passed unanimously. All Commissioners signed Order No. R-14164-F.

Item 5. Case 15726, In the Matter of Proposed Amendments to Section 19 of 19.15.16 NMAC and Section 16 of 19.15.7 NMAC, Extending the Time for Reporting Completion of Horizontal Wells from 20 to 45 Days, and Proposed Further Amendment of Section 19 of 19.15.16 NMAC to

Require Operators to Report Certain Information Regarding Hydraulically Fractured Wells in the Frac Focus Chemical Disclosure Registry

Action: Chair Catanach explained that the Division filed a modification to the proposed rule changing the reporting time for completions of all wells, not just horizontal wells. Appearances were made by David Brooks for the Oil Conservation Division (OCD or Division) and Jordan Kessler for the New Mexico Oil and Gas Association (NMOGA). Mr. Brooks made an opening statement explaining the changes to the rules sought by the Division.

The Division's witness was Phillip Goetze, petroleum engineer, geologist, hydrologist, and environmental scientist with the OCD in Santa Fe, New Mexico. He discussed the proposal to change the time for filing of completion reports for all wells from 20 to 45 days. He explained the purpose of Frac Focus and discussed the form it requires for the listing of all constituents used in fracturing. He described the form that the OCD requires for reporting fracturing information. Commissioner Balch, Chair Catanach, Commissioner Martin, and Counsel Brancard cross examined the witness, and he was excused.

NMOGA's witness was Patrick Padilla, Deputy Director of NMOGA in Santa Fe. He explained why industry believes that filing a single Frac Focus form, and not an OCD form, will be beneficial and eliminate redundancy. Mr. Brooks, Commissioner Balch, and Chair Catanach cross-examined the witness, and he was excused.

Commissioner Balch made a motion to deliberate in open session. Commissioner Martin seconded the motion. The motion passed unanimously. The Commission discussed the proposed modifications to the rules. Commissioner Balch moved to adopt the rules as proposed by the Division. Commissioner Martin seconded the motion. The motion passed unanimously. Mr. Brooks was directed to prepare a proposed order amending the rules to be signed by the Commission at the regularly scheduled August 10, 2017 meeting.

Item 6. **Case No. 15519: De Novo Application of Mewbourne Oil Company to revoke the injection authority granted under SWD-744 for the Willow Lake Well No. 1 operated by Pyote Well Service, LLC, Eddy County, New Mexico, to be heard De Novo upon the application of David Baker, Receiver, for benefit of Pyote Water Solutions LLC and Pyote SWD II LLC.**

Action: This case was continued to the August 10, 2017 Commission meeting.

Item 7. **Case No.15740: Application of Targa Midstream Services LLC, whose address is 1600 Louisiana, Suite 4300, Houston, TX 71022-5036 to increase the approved injection rate in Order (R-13502-A) to 5MMSCFD of treated acid gas from its natural gas plant operations in Monument, New Mexico.**

Action. Appearances were made by Adam Rankin for Targa Midstream Services LLC (Targa). Mr. Rankin gave a brief overview of the application and the presentation of his case.

Targa's first witness was James Lingnau, Regional Engineering Manager of the Permian Basin in Andrews, Texas. He told of the additional production

that is now going to the Monument Plant. He gave the history of three plants in SE New Mexico and the AGI well at the Monument Plant. He gave the total plant capacity of the Monument Plant. Chair Catanach, and Commissioner Martin cross-examined the witness, and he was excused.

The second witness for Targa was James Hunter, Senior Geologist with Geolex in Albuquerque, New Mexico. He testified that only in increase in the injection rage is being requested by Targa. He explained that the AGI No. 1 Well was plugged and abandoned and gave the operational history of the AGI No. 2 and No. 3 wells.

Action. At the conclusion of proceedings, a motion to go into executive session to deliberate this case was made by Commissioner Balch. Commissioner Martin seconded the motion. The motion passed unanimously. After deliberations concluded, a motion to go back into regular session was made by Commissioner Balch. Commissioner Martin seconded the motion. The motion passed unanimously. Chairman Catanach stated for the record that only the issues in Case No. 15740 were discussion by the Commission in executive session. Commission Attorney Brancard then announced that the Commission had agreed to approve the application of Targa in Case No. 15740. Chairman Catanach asked Targa's attorney to draft a proposed order for the Commission.

Action: The case was continued to the August 10th Commission Docket.

Item 5. Adjournment.