

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
June 4, 2015
Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico 87501**

MEMBERS PRESENT:

David R. Catanach Chair, Oil Conservation Division
Robert Balch Designee, Energy, Minerals and Natural Resources Department
Patrick Padilla Designee, New Mexico State Land Commissioner

OTHERS PRESENT:

Bill Brancard, Counsel for the Commission

The meeting was called to order by Chair Catanach at 9:00 a.m.

Item 1. Roll Call.

Roll was taken, a quorum was present.
Chair Catanach announced that a letter had been received from State Land Commissioner Aubrey Dunn appointing Patrick Padilla as his designee for this and all future Commission meetings.

Item 2. Approval of Agenda.

Action: Commissioner Balch moved adoption of the agenda. Commissioner Padilla seconded the motion. The motion passed unanimously.

Item 3. Approval of minutes of May 7, 2015 meeting.

Action: Commissioner Balch moved to approve the minutes. Commissioner Padilla seconded the motion. The motion passed unanimously.

Item 4. Case 15314, the application of the New Mexico Oil Conservation Division for amendment of Rule 19.15.8 NMAC.

Action: An appearance was made by Allison Marks, Assistant General Counsel for the New Mexico Energy, Minerals and Natural Resources Department (EMNRD). She said she had two witnesses and two additional witnesses would be available to answer questions if necessary. She requested that any cross-examination of her witnesses be conducted in a panel format.

Ms. Marks made an opening statement explaining that legislation which passed in 2006, regarding a well specific plugging insurance policy, and legislation which passed in 2015, providing blanket plugging financial assurance for temporarily abandoned wells and requiring the Oil Conservation Division (OCD) to establish amounts for the bonds, led to

this application for a rule amendment in order to implement the legislative changes in the proposed rule.

The first witness was Cheryl Bada, Deputy General Counsel for the EMNRD in Santa Fe, New Mexico. She testified that the legislation regarding this rule became immediately effective when the Governor signed it. She said the proposed amounts for the financial assurance for temporarily abandoned wells have been reviewed by the OCD and by stakeholders, and a consensus was reached. She pointed out some typographical errors that need to be corrected.

The next witness was Esther Varela-Lopez, Contractor with the OCD in Santa Fe. She explained she was hired to audit and review the OCD bond files for accuracy and to propose changes if necessary. She explained that many of the original bonds have multiple changes by rider to change such things as the well name, operator, surety, etc. She said it would be easy for riders to get lost and, if the documentation was lost, it would be difficult to collect on the bond. She said the proposed rule amendment allows the OCD to ask for a new document to be provided instead of riders on changes of any kind. She explained that a bond can be cancelled as to future liability which means that the bond is in effect for current wells but no new wells can be added. She said that changes will be made to OCD's online system to accommodate the proposed changes.

After Ms. Lopez's testimony, both witnesses were cross-examined by Commissioner Balch, Commissioner Padilla, and Chair Catanach and then excused.

The Commission, on a motion by Commissioner Padilla and a second by Commissioner Balch, voted to close the record and deliberate on Case 15314. After deliberations, the Commission unanimously agreed, on a motion by Commissioner Balch and a second by Commissioner Padilla, to adopt the proposed rule amendment and all changes made at this hearing to clarify the rule and to correct errors.

Counsel Brancard said that because of the emergency clause in the legislation which made it effective immediately upon the Governor's signature, he requested a recess so he could finalize the order with the proposed changes and submit it to the Commission for their approval. A recess was taken. When the meeting was reconvened, the Commission unanimously adopted, on a motion by Commissioner Balch and second by Commissioner Padilla, Order No. R-13996 in Case 15314, and the Order was signed by the Commission.

Item. 5 **Next meeting: July 16, 2015**

Item 6. **Adjournment**

The chair adjourned the meeting at 10:20 a.m.



DAVID R. CATANACH, Chair