

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
July 16, 2015
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
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.

Item 2. Approval of Agenda.

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

Item 3. Approval of minutes of June 4, 2015 meeting.

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

Item 4. Case 15284, the application of Linn Operating, Inc. to amend Commission Order No. R-11980-A regarding the East Hobbs San Andres Unit, Lea County, New Mexico.

Action: An appearance was made by Jim Bruce for Linn Operating, Inc. (Linn). He made an opening statement explaining that this case was continued from the May 7, 2015 meeting to address some issues raised by the Commission. Linn's witness was Robert Sutherland, Senior Vice President of Operations with Tabula Rasa Partners in Argyle, Texas. He stated that the applicant seeks the ability to inject fresh water for a period of two years in order to develop a CO₂ flood. He described Linn's efforts to locate water to be used in this endeavor. He explained that fresh water is the best choice because of economics and availability. He said a search was conducted around the area to look for produced water and only one source, Devonian water, was found within a 10-mile radius. He presented water analyses that showed that Devonian water is incompatible with the water in the East Hobbs San Andres Unit but city water is favorable. He discussed the total costs of

water from six water sources. He said that unit production would have to be shut-in in order to fill it up with CO₂. He told of talks Linn had with the City of Hobbs regarding the use of fresh water or grey water. He said the State Land Office was notified of this hearing but had not yet approved the use of fresh water. He described industrial uses of fresh water in the Hobbs district. He gave the production curve and economic limits of the East Hobbs San Andres Unit. He said one of the outcomes of using make-up water is that the field life will be extended 13 to 15 years. Commissioner Balch, Commissioner Padilla, Chair Catanach and Counsel Brancard cross-examined the witness, and he was excused. No other parties provided testimony.

After a motion by Commissioner Padilla and a second to the motion by Commissioner Balch, the Commission voted unanimously to close the meeting pursuant to NMSA 1978, Section 10-15-1-H to deliberate on Case 15284. After a motion by Commissioner Balch and a second by Commissioner Padilla, the Commission voted unanimously to go back into open session. Chair Catanach announced that Case 15284 was the only matter discussed during the closed session. Counsel Brancard outlined the Commission's proposed decision dealing with Paragraph 9 of Commission Order No. R-11980-A regarding the use of fresh water as make-up water as follows:

1. The Commission would approve the use of fresh water as make-up water subject to the approval of the Commissioner of Public Lands under the Unit Agreement;
2. if that approval occurs, the applicant shall inform the Division of the date of first injection;
3. the injection of fresh water is limited to two years from the date of the first injection and is limited to a maximum of 8,600 barrels per day; and
4. the reporting of injection volumes shall indicate the amount of fresh water that is used in the injection.

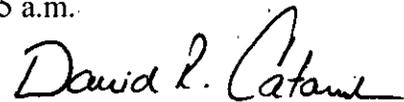
The Commission voted by roll call on the proposed decision as follows: Commissioner Balch – yes; Commissioner Padilla – no; Chair Catanach – yes. The application with the stipulations as stated by Counsel Brancard was approved.

Chair Catanach requested a draft order from Mr. Bruce by July 27, 2015.

Item 5. Next meeting: August 13, 2015

Item 6. Adjournment

The chair adjourned the meeting at 10:35 a.m.



DAVID R. CATANACH, Chair