

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
November 9, 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

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 Balch moved adoption of the agenda. Commissioner Martin seconded the motion. The motion passed unanimously.

Item 3. Approval of minutes of October 4, 2017 meeting.

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

Item 4. Approve and adopt order in Case 14720 (Reopened), the application of Lucid Delaware LLC to Modify NMOCC Order R-13507.

Action: Chair Catanach stated that this case was heard by the Commission at its October 4, 2017 meeting, and a decision was reached and unanimously approved by the Commissioners at that time. A draft order was provided to the Commission prior to this hearing. Commissioner Balch moved to approve and adopt the final order in this case. Commissioner Martin seconded the motion. The motion passed unanimously and Order No. R-13507-F was adopted and signed by all Commissioners.

Item 5. Case 15654: De Novo Application of Mesquite SWD, Inc. to Amend Approvals for Salt Water Disposal Wells in Lea and Eddy Counties.

Action: Appearances were made by Jennifer Bradfute and Sarah M. Stevenson for Mesquite SWD, Inc. (Mesquite) and Jordan Kessler for Black River Water Management Company, LLC (Black River). Ms. Bradfute discussed a brief

she filed regarding a memo from the Bureau of Land Management (BLM), which was filed at the examiner hearing of this case, and asked that it not be considered by the Commission at this hearing. Counsel Brancard informed Ms. Bradfute that this is a De Novo hearing and the Commission will only consider evidence presented at this hearing. Ms. Bradfute made an opening statement to provide the background on this case and explain what Mesquite is seeking.

The first witness for Mesquite was Riley Neatherlin, Operations Manager for Mesquite. He said Mesquite is seeking to amend the tubing size authorized in certain administrative orders. He said that a larger tubing size will allow Mesquite to drill fewer wells in the area. Chair Catanach, Commissioner Balch, Commissioner Martin, and Counsel Brancard cross-examined the witness, and he was excused.

Mesquite's next witness was Kate Zeigler, Senior Geologist and Owner of Zeigler Geologic Consulting. She described the characteristics of the Devonian formation, the Simpson Group, and the Ellenburger formation in the Delaware Basin. Commissioner Balch, Chair Catanach, and Counsel Brancard cross-examined the witness, and she was excused.

The next witness for Mesquite was Scott Wilson, Senior Vice President at Ryder Scott Company and a Registered Petroleum Engineer. He discussed a results document he had prepared after studying step rate tests on wells provided to him. He stated that the increase in tubing size will decrease friction in the wellbore. He discussed the radial influence of the injection wells. Chair Catanach and Commissioner Balch cross-examined the witness, and he was excused.

Mesquite's next witness was Dr. Susan Bilek, Professor at New Mexico Tech University and an Earthquake Specialist. She discussed a seismic study she had conducted. She told of seismic stations used to detect seismic activity in the area. She discussed the model she used to detect seismic activity in the area including the parameters used in the model. Commissioner Balch, Counsel Brancard, and Commissioner Martin cross-examined the witness, and she was excused.

The next witness for Mesquite was Stephen Nave, President of Nave Oil and Gas, a fishing tool company. He discussed specifications for the proposed tubing. He described different methods of fishing. He explained that the size of the fishing tools used differs with the size of the tubing. He discussed casing dimensions. Chair Catanach cross-examined the witness, and he was excused.

Ms. Bradfute and Ms. Kessler made closing statements.

After a motion by Commissioner Balch and a second to the motion by Commissioner Martin, the Commission voted unanimously to close the meeting pursuant to NMAC 1978, Section 10-15-1-H to deliberate on the case. After a motion by Commissioner Martin and a second to the motion by Commissioner Balch, the Commission voted unanimously to go back into open session. Chair Catanach stated that De Novo Case No. 15654 was the only matter discussed during the closed session. Counsel Brancard announced the Commission's decision to approve the application for a

tubing change based on evidence presented at this hearing for eight wells but not establishing a precedent for future wells. Ms. Bradfute was requested to draft an order for the Commission's review before the next meeting.

Item 6. Case No. 15856: Stakeholder Gas Services LLC, whose address is 777 E. Sonterra Blvd., Suite 100, San Antonio, Texas 78258, proposes to drill two acid gas injection (AGI) wells to dispose of acid gases from its proposed natural gas plant operations to be located approximately 9 miles southwest of Lovington in Lea County, New Mexico.

Action: Chair Catanach announced that this case will be continued to the Commission meeting scheduled for January 18, 2018.

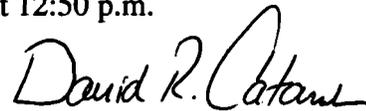
Item 7: Other Business

Action: Counsel Brancard presented an update to the Commission on the Jalapeno versus Oil Conservation Commission court case.

Item 8. Next meeting: December 7, 2017

Item 9. Adjournment.

Chair Catanach adjourned the meeting at 12:50 p.m.



DAVID R. CATANACH, Chair