

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION TO AMEND RULES OF THE COMMISSION CONCERNING THE DRILLING, SPACING, AND OPERATION OF HORIZONTAL WELLS AND RELATED MATTERS BY AMENDING VARIOUS SECTIONS OF RULES 19.15.2, 19.15.4, 19.15.14, 19.15.15, AND 19.15.16 NMAC; STATEWIDE

CASE NO. 15957

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSIONER HEARING

May 22, 2018

Santa Fe, New Mexico

BEFORE: HEATHER RILEY, CHAIRWOMAN
ED MARTIN, COMMISSIONER
DR. ROBERT S. BALCH, COMMISSIONER
BILL BRANCARD, ESQ.

This matter came on for hearing before the New Mexico Oil Conservation Commission on Tuesday, May 22, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

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1 (9:02 a.m.)

2 CHAIRWOMAN RILEY: The next item is Case
3 Number 15957, which is the application of the New Mexico
4 Oil Conservation Division to amend rules of the
5 Commission concerning the drilling, spacing, and
6 operation of horizontal wells and related matters by
7 amending various sections of Rules 19.15.2, 19.15.4,
8 19.15.14, 19.15.15, and 19.15.16 NMAC; statewide.

9 Obviously, we heard this case in April and
10 deliberated on it, and the instructions were to counsel
11 for the Commission to draft the changes to the rules
12 based on our deliberations and to prepare the order.

13 Mr. Brancard, would you please address
14 that?

15 MR. BRANCARD: Sure. So the Commissioners
16 should have received the -- what I hope is the final
17 version of the rules based on the changes that the
18 Commission made during deliberations. So I guess the
19 first order of business would be if the Commission has
20 any other comments or ideas about the rules, or are you
21 comfortable with the version that you received?

22 CHAIRWOMAN RILEY: Do you have any
23 comments, Bob?

24 COMMISSIONER BALCH: Well, I read it
25 quickly on my phone, so it might not be a bad idea to

1 take a long look at it on my computer, but --

2 CHAIRWOMAN RILEY: Okay. Are you saying
3 this morning?

4 COMMISSIONER BALCH: Yeah.

5 CHAIRWOMAN RILEY: Okay.

6 COMMISSIONER BALCH: I don't know if
7 anybody else has any comments on it.

8 CHAIRWOMAN RILEY: Ed, did you get a chance
9 to look through it?

10 COMMISSIONER MARTIN: I looked at it, and I
11 have no changes.

12 CHAIRWOMAN RILEY: I have perhaps one, if
13 we could take a moment here.

14 (Pause in proceedings, 9:05 a.m. to 9:06
15 a.m.)

16 MR. BRANCARD: I would have sent that out
17 about two weeks ago.

18 COMMISSIONER BALCH: Yeah.

19 Let me double-check something. I wanted to
20 look at that version --

21 CHAIRWOMAN RILEY: Do you want to see the
22 written copy?

23 COMMISSIONER BALCH: I was fine with it up
24 until now. I just wanted to make sure -- make sure --

25 CHAIRWOMAN RILEY: They were just

1 grammatical and punctuation.

2 MR. BRANCARD: Actually what I'm sort of
3 directing the Commission to look at is the actual rules
4 themselves, if you have any comments or changes on that.

5 COMMISSIONER BALCH: Not on the rules, no.
6 I just wanted to check the order again.

7 MR. BRANCARD: Is everybody fine with the
8 rules?

9 CHAIRWOMAN RILEY: I'm good with it.

10 COMMISSIONER MARTIN: (Indicating.)

11 MR. BRANCARD: Okay. Then you can look at
12 the draft order that you have.

13 COMMISSIONER BALCH: Did you accept all the
14 changes from Commissioner Chair?

15 MR. BRANCARD: Yes, I did.

16 COMMISSIONER BALCH: Yeah.

17 MR. BRANCARD: And just so you're aware,
18 the rules, we've already sent them to the State Records
19 administrator. So it's been reviewed by them, so it
20 should be in the correct format. So there wouldn't
21 likely be -- this should be pretty absolutely close to
22 what will get filed. We have to put it exactly in their
23 format, but they're very helpful about reviewing
24 versions and telling us what to change, if necessary.

25 CHAIRWOMAN RILEY: Okay. So would you

1 already know if there were any changes, or do you think
2 they've already done that review?

3 MR. BRANCARD: They've already done that
4 review with this version I've sent you. This is in the
5 final -- it looks different from what you saw during the
6 hearing, but this is in the final filing version.

7 COMMISSIONER BALCH: They didn't have any
8 changes?

9 MR. BRANCARD: Oh, there were a few
10 spacing, typo kind of changes. Nothing substantive.

11 COMMISSIONER BALCH: So nothing that would
12 require us to review it again?

13 MR. BRANCARD: No.

14 And I think I caught a cross-reference --
15 that was about it -- when I reviewed the final version.
16 Other than that, it's what you -- all the changes that
17 you accepted during deliberation, which was sort of a
18 challenge in putting together the order because we had
19 many versions of amendments that you-all considered, and
20 I wanted to make sure it was clear that you-all went
21 through all that and addressed a lot of these issues.

22 So if the Commission -- if you want to have
23 a motion to adopt the rules in final form to be filed
24 and then adopt the order.

25 COMMISSIONER MARTIN: I so move.

1 COMMISSIONER BALCH: I will second.

2 CHAIRWOMAN RILEY: Okay. So moved. We
3 have approved these versions as submitted by
4 Mr. Brancard for the rules and also we've adopted the
5 order of the Commission.

6 MR. BRANCARD: Okay. Just so you're aware
7 of what's going to happen next: This will take about a
8 month for all the various steps. First, under the Oil
9 and Gas Act, there is a 20-day period for somebody to
10 ask for a rehearing, and we have to wait until that
11 runs. And if nobody asks for a rehearing, at that point
12 we can file the rules with the State Records Center.
13 They don't become effective immediately. They become
14 effective when they get published in the "New Mexico
15 Register." So the earliest that can happen is June
16 26th.

17 COMMISSIONER BALCH: Refresh your memory.
18 For rulemaking, if there is a request for rehearing,
19 does that come before all of us, or is it still a matter
20 for the Chair?

21 MR. BRANCARD: It's before all of you.

22 COMMISSIONER BALCH: Okay.

23 MR. BRANCARD: So, basically, when it comes
24 in, you'll have ten days to decide whether you want to
25 have a rehearing. And I think you may have a meeting --

1 I think the hearing on the --

2 COMMISSIONER BALCH: June 4th?

3 MR. BRANCARD: It may come in before the
4 rehearing on the spill and release rule. But if not,
5 the Commission Chair can always call a special meeting
6 for you-all to decide. If you take no action, it's
7 deemed denied after ten days.

8 COMMISSIONER BALCH: Did that happen last
9 time this occurred?

10 MR. BRANCARD: There are several of these
11 where you let the ten days run. If we get a request for
12 a hearing, we'll send it out to you-all immediately.
13 And if any one of you wants to have a special meeting,
14 you can call one. We can do it telephonically. You
15 could decide to, you know, without the rehearing
16 petition, schedule a new hearing or deny the hearing
17 petition.

18 COMMISSIONER BALCH: Is that considered a
19 closed hearing? Do we need to arrange for the court
20 reporter to have -- to decide if we're going to have a
21 phone hearing?

22 MR. BRANCARD: That would be an open
23 meeting.

24 COMMISSIONER BALCH: Have some organization
25 to it.

1 MR. BRANCARD: Usually a special meeting
2 means three days.

3 COMMISSIONER BALCH: Okay. I guess we'll
4 wait and see.

5 CHAIRWOMAN RILEY: We can go ahead and sign
6 the order.

7 (Case Number 15957 concludes, 9:13 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 28th day of May 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

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