

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
Meeting Minutes
Regular Meeting
April 15, 2021**

The Oil Conservation Commission meeting was held via Webex Meeting platform.

MEMBERS PRESENT:

Adrienne Sandoval Chair, Oil Conservation Division
Greg Bloom Designee, State Land Office Commissioner

OTHERS PRESENT:

Christopher Moander, Counsel for the Commission
Florene Davidson, Commission Clerk

The meeting was called to order by Chair Sandoval at approximately 9:03 a.m.

Item 1. Roll Call.

Action: Roll was taken; a quorum was present.

Item 2. Approval of Agenda.

Action: Chair Sandoval announced that Items 6, 7, 8 and 9, De Novo Cases Nos. 20571, 20572, 20574, and 21233: Applications of Permian Oilfield Partners, LLC for approval of salt water disposal wells, had been continued to July 8, 2021. Commissioner Bloom made a motion to adopt the agenda. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Approve
Chair Sandoval – Approve

The motion passed.

Item 3. Approval of minutes of March 25, 2021 meeting.

Action: Commissioner Bloom made a motion to approve the March 25, 2021 minutes. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Approve
Chair Sandoval – Approve

The motion passed.

Item 4. Case No. 21834: Application of Wildearth Guardians and the New Mexico Oil Conservation Division to Amend Rules 19.15.29.6, 19.15.29.8, and 19.15.29.15 NMAC. Pursuant to 19.15.3.8(A) NMAC, Petitioners WildEarth Guardians (“Guardians”) and New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division (“Division”) hereby apply to the New Mexico Oil Conservation Commission (“Commission”) to amend 19.15.29.6, 19.15.29.8, and 19.15.29.15 NMAC. Currently,

the Commission's rules do not prohibit unauthorized releases of oil, gases, produced water, oil field waste, and other contaminants that occur during oil and gas development and production. The proposed rule would fill that regulatory gap by prohibiting major and minor releases as those terms are defined in the Commission's rules. Upon application of WildEarth Guardians and the New Mexico Oil Conservation Division, the Oil Conservation Commission will review the request to grant a hearing on the rulemaking.

Action: Appearances were made by Eric Ames for the New Mexico Oil Conservation Division (OCD), Daniel Timmons for Wildearth Guardians (WEG), Michael Feldewert for the New Mexico Oil & Gas Association (NMOGA), and Andrew Cloutier for the Independent Petroleum Association (IPANM). Mr. Timmons made a statement giving the background of the case and joint proposal of WEG and the OCD. He stated that June 3, 2021 would be the earliest the case could be heard. Mr. Ames made a statement concurring with Mr. Timmons' proposal. He told of a draft procedural order provided to the Commission Counsel. Mr. Feldewert concurred that this proposal clarifies and cleans up the existing rule. A discussion was held by all parties on when and how the hearing would be conducted. Among the matters discussed were the appointment of a hearing officer to conduct the hearing, deadlines for filing motions and responses, procedures for accepting technical and non-technical testimony, and parameters for accepting oral and written public comments. Chair Sandoval stated that a procedural order will be entered outlining the conduct of the hearing. She said that a motions hearing would be scheduled for June 4, 2021 at 9:00 a.m.

Commissioner Bloom made a motion to grant power to the Chair to appoint a hearing officer without a hearing. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Approve
Chair Sandoval – Approve

The motion passed.

Chair Sandoval made a motion to schedule the rulemaking hearing for June 9 and 10, 2021, set a deadline of May 26, 2021 for submittal of pre-hearing statements, set deadlines of May 31, 2021 for filing motions and June 2, 2021 for filing responses, and schedule a motion hearing for June 4, 2021 at 9:00 a.m. Commissioner Bloom seconded the motion. A roll call vote was taken.

Commissioner Bloom – Approve
Chair Sandoval - Approve

The motion passed.

The case was continued to June 9 and 10, 2021.

Item 5.

Motion Hearing

De Novo Case No. 21744:

Case No. 21629: Application of Cimarex Energy Co. for Hearing De Novo of Case No. 21629, Eddy County, New Mexico. The New Mexico Oil Conservation Division issued Order No. R21575 in Case No. 21629. Magnum Hunter Production, Inc., an affiliate of Cimarex Energy Co. (collectively referred to herein as “Cimarex”) owned a working interest in the unit pooled by Order No. R-21575, issued pursuant to a hearing held before

the Division on January 7, 2021. Cimarex, a party of record adversely affected by Order No. R-21575, requests that the matter raised in this case be heard de novo before the Oil Conservation Commission pursuant to NMSA 1978, §70-2-13. The Commission will rule on the pending Motion to Dismiss filed by Colgate Operating, LLC, and the pending Motion to Stay Division Order No. R-21575 filed by Cimarex Energy Co. and Magnum Hunter Production Inc.

Appearances were made by Ernest Padilla for Colgate Operating, LLC (Colgate) and Darin Savage for Cimarex Energy Co. (Cimarex). Mr. Padilla argued that a party who had not participated in a Division hearing did not have the right to apply for a De Novo hearing. Mr. Savage argued that Cimarex had failed to submit a complete record to the Division before the Division order was entered and, therefore, the order was not valid. Chair Sandoval and Commissioner Bloom asked questions of Mr. Padilla and Mr. Savage. Mr. Padilla and Mr. Savage made closing statements. The Commission deliberated in open session. Commissioner Bloom made a motion to deny the Motion to Dismiss the Application for a De Novo Hearing filed by Colgate Operating, LLC. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Agree
Chair Sandoval – Agree

The motion passed.

Commissioner Bloom made a motion to grant the application for a De Novo hearing filed by Cimarex Energy Co. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Agree
Chair Sandoval – Agree

The motion passed.

After listening to statements from counsel on the Motion to Grant the Stay of Division Order No. R-21575, Commissioner Bloom made a motion to grant the Stay of Division Order No. R-21575. Chair Sandoval seconded the motion. A roll call vote was taken.

Commissioner Bloom – Agree
Chair Sandoval – Agree

The motion passed.

The Commission discussed the timing of the Stay of the Division order. A status conference on the Stay was scheduled for May 13, 2021.

Item 6. Pending litigation.

Action: Counsel Moander updated the Commission on the Marker appeals.

Item 7. Other business.

Action: There was no other business.

Item 8. **Next meeting – May 13, 2021**

Item 9. **Adjournment**

Action: Chair Sandoval adjourned the hearing at 11:48 a.m.

A handwritten signature in black ink, appearing to read 'ASandoval', written in a cursive style.

Adrienne Sandoval, Chair