

**STATE OF NEW MEXICO**  
**OIL CONSERVATION COMMISSION**  
**Regular Meeting**  
**November 8-9, 2023**  
**Meeting Minutes**

The Oil Conservation Commission meeting was a hybrid meeting with both in person and virtual participation options. The meeting was held in the Pecos Hall Hearing Room at the Wendell Chino Building, 1<sup>st</sup> Floor, 1220 South St. Francis Ave., Santa Fe, New Mexico.

**MEMBERS PRESENT:**

Dylan Fuge	Chair, Oil Conservation Division
Greg Bloom	Designee, New Mexico State Land Office Commissioner
William Ampomah	Designee, Energy, Minerals and Natural Resources Department

**OTHERS PRESENT:**

Daniel Rubin, Commission Counsel  
Florene Davidson, Commission Clerk

The meeting was called to order by Chair Fuge at 9:20 a.m.

**Item 1.** Roll Call.

**Action:** Roll was taken; a quorum was present.

**Item 2.** Approval of the Agenda.

**Action:** Commissioner Bloom made a motion to adopt the November 8-9, 2023 agenda and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

**Item 3.** Approval of the October 12, 2023 Meeting Minutes

**Action:** Commissioner Bloom made a motion to approve the October 12, 2023 minutes and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

**Item 4.** Pending cases

Prior Cases Set for Status Conference:

Case 23727: Application of Targa Northern Delaware LLC for Rehearing of Order No. R-13507-E, Lea County, New Mexico. Targa Northern Delaware LLC (“Targa”) requests that the Oil Conservation Commission reconsider conditions included in Order No. R-13507-E that impose certain requirements regarding monitoring of the Government L Com # Well (API 30-025-25604) in relation to Targa’s operation of the Red Hills AGI #1 Well.

Appearances were made by Dana Hardy for Targa and Jesse Tremaine for the Oil Conservation Division (OCD). Ms. Hardy advised that Targa is still working with the

OCD on conditions included in the order and will reach agreement on the order after those conditions are met if that is acceptable to the Commission. Chair Fuge stated it was acceptable to the Commission.

Final Status Conference

De Novo Case 21744: Application of Cimarex Energy Co. for Hearing De Novo of Case No. 21629, Eddy County, New Mexico Application of Magnum Hunter Production, Inc., an affiliate of Cimarex Energy Co., (“Cimarex”) to Reopen Case No. 21629, Eddy County, New Mexico. Applicant in the above-styled cause seeks to reopen Case No. 21629 in order to determine grounds for the introduction and submission by Applicant of a competing pooling application for the Bone Spring formation underlying the N/2 N/2 of Sections 2 and 3, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. The lands are located approximately 15.5 miles northeast of Carlsbad, New Mexico.

The following two Cimarex cases were referred to the Oil Conservation Commission to be heard with De Novo Case 21744:

Case 22018: Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 479.39-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 2 and 1, Township 20 South, Range 29 East; and the S/2 N/2 of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. Said horizontal spacing unit is to be dedicated to the Crest 2-1-6 State Fed Com 2H Well, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 6. The completed interval and first take and last take point for the well meets the Division’s statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 12 miles northeast of Carlsbad, New Mexico.

Case 22019: Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 484.63-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 2 and 1, Township 20 South, Range 29 East; and the N/2 N/2 of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. Said horizontal spacing unit is to be dedicated to the Crest 2-1-6 State Fed Com 1H Well, to be horizontally drilled from a surface location in SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in Lot 1 (aka NE/4 NE/4) of Section 6. The completed interval and first take and last take point for the well meets the Division’s statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and //completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in

drilling and completing the well. The well and lands are located approximately 12 miles northeast of Carlsbad, New Mexico.

Appearances were made by Adam Rankin for Colgate Operating, LLC (Colgate) and Darin Savage for Cimarex Energy Co. and affiliate Magnum Hunter Properties, Inc. (Cimarex). Mr. Rankin advised that Order Nos. R-21629-C and R-21629-D have been entered in the case and there are pending cases before the Oil Conservation Division regarding the subject matter of this case. He made a motion that the Commission reconsider Order No. R-21679-D and its decision that Colgate's Case No. 21744 should be heard again as a "de novo" contested pooling case against Cimarex's Case Nos. 22018-22019. Mr. Savage requested that a hearing be scheduled. Commissioner Bloom made a motion to continue the cases to the January 11, 2024 Commission meeting, Commissioner Ampomah seconded the motion, and Chair Fuge scheduled the case for a final hearing at the January 11, 2024 Commission meeting.

New Cases Set for Initial Status Conference

At the request of the applicant, the following case was dismissed:

**Case No. 23942:** Application of Avant Operating, LLC for Hearing De Novo of Case Nos. 23640-23645, Eddy County, New Mexico. Avant Operating, LLC, a party adversely affected by Order Nos. R-22837, R-22838, R-22839, R-22840, R-22841, and R-22842, applies for a hearing de novo before the full Commission, pursuant to NMSA 1978, Section 70-2-13.

**Case 23943:** Application of Northwind Midstream Partners LLC for Approval of Redundant Acid Gas Injection Well As Required Under Order No. R-20913, As Amended, Lea County, New Mexico. Applicant in the above-styled cause seeks an order authorizing injection of treated acid gas ("TAG") for purposes of disposal into a redundant acid gas injection ("AGI") well to be named the **Salt Creek AGI #2 Well** (API No. pending) as required under Order No. R-21093-D, as amended. The proposed well will be located approximately 2,513 feet from the north line and 310 feet from the west line (Unit E) of said Section 21, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico. Injection will be into the Silurian-Devonian formations at depths of approximately 17,550 feet to 18,650 feet below the ground through an open-hole completion. The injection stream will consist of TAG comprised of approximately 80 percent carbon dioxide and 20 percent hydrogen sulfide from oil and gas wells in the area. The proposed maximum rate of injection is 12 million standard cubic feet (MMSCF) per day (approximately 6,631 barrels per day) of TAG. The proposed maximum allowable operating pressure will be 5,798 psig. The subject well will be located approximately 7.5 miles southwest of Jal, N.M.

Appearances were made by Adam Rankin for Northwind Midstream Partners LLC (Northwind) and Jesse Tremaine for the Oil Conservation Division (OCD). Mr. Rankin gave a brief overview of the filing and the need for the subject well. He explained that the well is no longer a redundant well and he will file a joint motion requesting that the matter be referred to the Oil Conservation Division. Chair Fuge

scheduled the joint motion for hearing at the December 14, 2023 Commission meeting.

Case 23686: Application of Chevron USA Inc. to Approve Saltwater Disposal Wells in Lea and Eddy Counties, New Mexico, and

Case 23687: Application of Chevron USA Inc. to approve Saltwater Disposal Wells in Lea and Eddy Counties, New Mexico, were called.

Appearances were made by Deana Bennett and Earl Debrine, Jr. for Chevron USA Inc. (Chevron), Jesse Tremaine for the OCD, and Dana Hardy for Mewbourne Oil Company (Mewbourne). Chair Fuge stated that written appearances had also been received from Beth Ryan for COG Operating LLC (COG) and Ari Biernoff for the New Mexico State Land Office (SLO). Opening statements were made by Ms. Bennett, Mr. Tremaine, and Ms. Hardy.

Ms. Bennett's witnesses were Cody Comisky, Earth Science Advisor, who discussed the need for shallow disposal, and Tom Merrifield, DRP Earth Scientist, who discussed operational data and wellbore design. Both witnesses responded to questions from Mr. Tremaine, Ms. Hardy, Commissioner Ampomah, and Commissioner Bloom and the meeting was recessed for lunch at 12:45 p.m.

The meeting resumed at 1:50 p.m. Ms. Bennett's and Mr. DeBrine's next witness was Jason Parizek, Senior Earth Scientist. He discussed definitive tests of SWD interference and presented a summary of his conclusions. Mr. Tremaine, Ms. Hardy, Commissioner Ampomah, and Chair Fuge questioned the witness, and he was excused.

The next witness was Bryce Taylor, Senior PE Advisor with Chevron. He presented a Devonian Mountain Group (DMG) assessment and explained injection modeling results on cumulative storage. Mr. Tremaine, Ms. Hardy, Commissioner Ampomah and Chair Fuge questioned the witness, and he was excused.

Cody Comisky was recalled. He presented a seismicity review including the seismic review area and seismicity within the Delaware Basin. He made recommendations for administrative approval of UIC disposal wells. Mr. Tremaine, Commissioner Ampomah, Commissioner Bloom, and Chair Fuge questioned the witness, and he was excused.

The meeting was adjourned at 4:56 p.m. and reconvened at 9:00 a.m. on November 9, 2023, with all Commissioners present.

Cases 23686 and 23687 were resumed. Mr. Tremaine's first witness was Brandon Powell, Deputy Director and Engineering and Environmental Bureau Chief with the OCD. He presented an overview and production history of the DMG and discussed historical practices and issues with the DMG. He listed the OCD testing requirements. Ms. Bennett, Ms. Hardy, Commissioner Bloom and Commissioner Ampomah questioned the witness, and he was excused.

The next witness was Phillip Goetze, UIC Program Manager for the OCD. He gave a description of the Cherry Canyon and Brushy Canyon formations and reviewed the permit process. He explained the need for more detailed information on the applications for

injection in these formations. He discussed recommendations for administrative approval of UIC disposal wells. He responded to questions from Ms. Hardy and the Commissioners and was excused.

OCD's next witness was Million Geremichael, an Engineer with the UIC Group. He explained what is reviewed in a SWD application and described the process for an injection pressure increase. He responded to questions from Ms. Hardy and Commissioner Ampomah and was excused.

Ms. Hardy and Mr. Tremaine made closing statements. The Commission deliberated in open session and decided to continue these cases to the December 14, 2023 Commission meeting in order for the parties to provide an order. Chair Fuge made a motion to continue Cases 23686 and 23687 to the December 14, 2023 Commission meeting for the presentation of an order by the parties, Commissioner Bloom seconded the motion, and the motion passed unanimously. The cases were continued to the December 14, 2023 Commission meeting.

**Item 5:** Pending litigation

*Atencio v. State*, D-101-CV-202301038 (5/10/2023) - a response to the state defendants' motion for judgment on the pleadings is now due Nov. 23rd, and a decision on the motion may be reached by early next year.

**Item 6:** Other business

**Action:** There was no other business.

**Item 7. Next meeting**

The next meeting will be held on December 14, 2023.

**Item 8. Adjournment**

Chair Fuge adjourned the meeting at 12:46 p.m.

  
Dylan Fuge  
Chair