

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

ORIGINAL

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

APPLICATION OF FRONTIER FIELD SERVICES, LLC FOR AUTHORIZATION
TO INJECT, LEA COUNTY, NEW MEXICO. CASE NO. 15193

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

November 19, 2014

Santa Fe, New Mexico

BEFORE: JAMI BAILEY, CHAIRPERSON
TERRY WARNELL, COMMISSIONER
ROBERT S. BALCH, COMMISSIONER
BILL BRANCARD, ESQ.

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This matter came on for hearing before the
New Mexico Oil Conservation Commission on Wednesday,
November 19, 2014, 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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APPEARANCES

FOR APPLICANT FRONTIER FIELD SERVICES, LLC:

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EXHIBITS OFFERED AND ADMITTED

(No exhibits offered.)

1 (9:03 a.m.)

2 CHAIRPERSON BAILEY: In the case of 15193,
3 it is time for final action on the application of
4 Frontier Field Services, LLC for authorization to inject
5 in Lea County, New Mexico.

6 Counsel Bill Brancard, would you like to
7 give an overview of the order?

8 MR. BRANCARD: Thank you, Madam Chair.

9 The Commission, at the end of the last
10 hearing, directed an order to be drafted which approved
11 the new well with certain conditions and also applied
12 certain conditions to the existing AGI Well Number 1,
13 Maljamar. And so we have an order drafted by Mr. Bruce
14 that I have worked over. I just wanted to go over a few
15 things in the order with the Commission that made this a
16 little different, this order, to make sure that the
17 Commission was okay about it.

18 I guess I'll start with a little sort of
19 thing maybe for the audience, too. We've had a problem
20 recently where we've had to go back and amend orders
21 because locations for wells were not really what they
22 were in the order, and so I just sort of urge everybody
23 to be really careful.

24 I went and proofread this order and noticed
25 that the description of the bottom hole in the C-108

1 form was entirely different than the description
2 everywhere else in the process. You know, when you say
3 something is 350 feet from the south line of the
4 section, but the C-108 says it's 350 feet from the north
5 line of the section, that's a considerable difference.

6 So please be careful when you submit
7 applications, when you submit proposed orders. We don't
8 want to go back and have to redo these orders once we've
9 entered them. So anyway, enough for that soapbox.

10 There was a whole series of issues in here,
11 and I think they're pretty well addressed in the order.
12 There were a couple of things that I changed in here
13 that I think are of interest to the Commission.

14 Number one, I've added Provision Number 14,
15 the last page of the order, which the Commission
16 specifically directed that if there were any changes to
17 the approval from the Bureau of Land Management, that
18 the Division be notified of that, and the Division would
19 make a decision whether that would require coming back
20 to the Commission to change this order. We were
21 informed at the end of the last hearing that they would
22 also be getting approvals from the BLM and the BLM might
23 have things they want to change, which was sort of news
24 to us. So the Commission specifically asked for that
25 provision, and I included that in here.

1 I think the slightly tricky thing about
2 this order which we addressed at the end of hearing is
3 that we have an existing order for a well that's already
4 out there, and this order addresses a case for the new
5 well. And as part of the hearing, the operator agreed
6 to apply certain operating conditions that are being
7 imposed on the new well to the existing well. Okay? So
8 they could have the same operating conditions in terms
9 of reporting, in terms of when they did their mechanical
10 integrity test, et cetera. I think we've tried to
11 address that in the order.

12 One thing we did talk about briefly was
13 whether we needed a separate order to go with that well,
14 which has its own order, its own file. That's not what
15 was proposed by the Applicant in this case. They're
16 just putting it in one order.

17 One idea -- and I'll throw it out right
18 now -- is, you know, we have an order number here, an R
19 number, that if somebody searches it, it will relate to
20 this well. Okay? The first well has its own R number.
21 We could -- it'll be a little unconventional -- give
22 this order two R numbers, so that it was both for the
23 first well and the second well. So somebody searching
24 would find this order in two places, so they would know
25 it applies to both wells. It's a little unorthodox, but

1 I thought -- the difficulty is that there are changes to
2 the first well conditions in here that somebody would
3 not find if they searched under that first order for
4 that well.

5 So I'll see what you Commissioners thought
6 about that.

7 CHAIRPERSON BAILEY: I'm hearing moaning
8 from the audience (laughter).

9 MS. LEACH: No. I'm coughing.

10 CHAIRPERSON BAILEY: Feedback from the
11 attorneys that are here? Would that cause problems in
12 your searches, to have two separate orders?

13 MR. BRANCARD: Well, it's the same order.
14 It's just -- it has two numbers, so, therefore, it's
15 filed in two locations. So it's the same order, but it
16 just gets filed under both wells. That would be the
17 goal so that somebody --

18 MS. LEACH: If you search on the original
19 order number from the original well, it's going to come
20 up and show you this is A or B or whatever?

21 MR. BRANCARD: B or C, yes.

22 MS. LEACH: That seems helpful.

23 CHAIRPERSON BAILEY: Okay.

24 MR. BRANCARD: I can make that change.

25 CHAIRPERSON BAILEY: Commissioners?

1 COMMISSIONER BALCH: I think we can just go
2 back and revise --

3 MR. BRANCARD: Issue two orders, yeah.

4 CHAIRPERSON BAILEY: Okay. Please do make
5 that change.

6 MR. BRANCARD: And I tried to be -- I think
7 perhaps Mr. Bruce was in a rush, but he sort of wrote
8 this order saying that all the conditions applied to the
9 second well apply to the first well. Well, that's not
10 what the Commission decided, nor is that practical. The
11 first well is already in place, so you can't change how
12 it was constructed. So really it's the operational
13 conditions that apply when you do the mechanical
14 integrity test, the reporting requirements and even the
15 monitoring.

16 The Commission made it clear that putting
17 in this monitoring equipment would only occur at the
18 first work order [sic]. So I just changed his language
19 to make that a little narrower as to what the Commission
20 put in there. So that's Number 13 in the order. He
21 just simply -- his initial order just said "the
22 conditions in this order also apply to Well No. 1."
23 That's, I think, way too broad and just not practical.
24 So it's the operating conditions, because I think what
25 we're talking about here going forward is how they

1 operate the wells, so they're operating the wells
2 similarly.

3 So I just wanted to make sure everybody was
4 on board with the changes I made to the order. I think
5 Mr. Bruce did a fine job of summarizing what happened at
6 the hearing and the evidence that was presented, and we
7 also got feedback from the Division on the order, which
8 was helpful. It expanded it.

9 CHAIRPERSON BAILEY: Commissioners, do you
10 have any comments or any issues that you'd like to talk
11 about given the draft that we've looked at and the --

12 COMMISSIONER BALCH: You changed the order
13 I read last night?

14 MR. BRANCARD: No. What you saw last night
15 is --

16 COMMISSIONER BALCH: So the order I read
17 last night captures --

18 MR. BRANCARD: It does.

19 COMMISSIONER WARNELL: I agree.

20 CHAIRPERSON BAILEY: May I ask for a motion
21 to adopt the order?

22 COMMISSIONER WARNELL: I make the motion.

23 COMMISSIONER BALCH: I would second the
24 motion.

25 CHAIRPERSON BAILEY: All those in favor?

1 (Ayes are unanimous.)

2 CHAIRPERSON BAILEY: Then we will sign this
3 and transmit that over to our Commission secretary.

4 (Case Number 15193 concludes, 9:10 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, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
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10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

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13 Record of the proceedings truly and accurately reflects
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15 I FURTHER CERTIFY that I am neither
16 employed by nor related to any of the parties or
17 attorneys in this case and that I have no interest in
18 the final disposition of this case.

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Mary C. Hankins

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