

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

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

7 APPLICATION OF MATADOR PRODUCTION COMPANY FOR A NONSTANDARD OIL
8 SPACING AND PRORATION UNIT AND
9 COMPULSORY POOLING, LEA COUNTY,
10 NEW MEXICO. CASE NO. 15363

11 REPORTER'S TRANSCRIPT OF PROCEEDINGS
12 COMMISSIONER HEARING
13 AND
14 COMMENTS BY COMMISSIONER BALCH - ACID GAS DISPOSAL WELLS
15 July 19, 2016
16 Santa Fe, New Mexico

17 BEFORE: DAVID R. CATANACH, CHAIRPERSON
18 PATRICK PADILLA, COMMISSIONER
19 DR. ROBERT S. BALCH, COMMISSIONER
20 BILL BRANCARD, ESQ.

21 This matter came on for hearing before the
22 New Mexico Oil Conservation Commission on Tuesday,
23 July 19, 2016, at the New Mexico Energy, Minerals and
24 Natural Resources Department, Wendell Chino Building,
25 1220 South St. Francis Drive, Porter Hall, Room 102,
Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1 (9:02 a.m.)

2 CHAIRPERSON CATANACH: There was also on
3 the docket today Case 15363, application of Matador
4 Production Company for a nonstandard oil spacing and
5 proration unit and compulsory pooling, Lea County, New
6 Mexico.

7 This case also, at the request of the
8 Applicant in that case, will be continued to the August
9 25th, 2016 Commission meeting.

10 At this time we have no more official
11 business, but I believe Dr. Balch wanted to make a
12 presentation.

13 (Case Number 15363 concludes, 9:02 a.m.)

14 CHAIRPERSON CATANACH: Is that correct,
15 Dr. Balch?

16 COMMISSIONER BALCH: I had a couple of
17 questions --

18 CHAIRPERSON CATANACH: Okay.

19 COMMISSIONER BALCH: -- that had to do with
20 the acid gas disposal wells that we have been permitting
21 at the Commission level. And I think there was some
22 talk a year or two ago that this would go to a
23 rulemaking sometime in the near future, and I'm
24 wondering how near in the future that is going to be or
25 if it's on the list of things to do in the next year and

1 a half.

2 CHAIRPERSON CATANACH: Well, I'd have to
3 say that it's not -- it's not currently being worked on
4 in the Division. We're not actively engaged in that
5 rule change at this point. It, unfortunately, is on the
6 list of things to do. There are a couple of things that
7 have priority over that that we're trying to get done.
8 So hopefully that answers your question.

9 COMMISSIONER BALCH: Perhaps.

10 So I've taken a little bit of research
11 interest in the acid gas disposal. It aligns well with
12 some of the other research I do on carbon dioxide and
13 ancillary recovery. And to that end, I had a master
14 student working on -- off of one of the permits that we
15 had approved to try and determine what the plume might
16 look like in 30 years, and that thesis was completed in
17 June.

18 There is also an opportunity right now with
19 the Department of Energy to develop projects for
20 commercial-scale disposal, too, and I'm considering
21 trying to bundle together a number of acid gas wells and
22 work with those companies to see if they would partner
23 on a project like that.

24 So you can see where the interest is coming
25 from.

1 CHAIRPERSON CATANACH: Okay. Do you have
2 any suggestions on how we can help with that, Dr. Balch?

3 COMMISSIONER BALCH: Well, what I'm
4 thinking is that the first stage of the DOE process is a
5 one year -- one to one-and-a-half year feasibility
6 study, and those proposals would go in in August and
7 probably be selected in October or November. So if the
8 Division is willing to wait a couple of years, they may
9 have a lot more data to work with.

10 CHAIRPERSON CATANACH: To wait a couple
11 more years on the rule change?

12 COMMISSIONER BALCH: Yeah.

13 CHAIRPERSON CATANACH: Well, that would
14 work well with us. We have a lot of rules to change,
15 and if that one -- you know, I don't view that as
16 pressing at this point. You know, there's not a lot of
17 activity in that area right now. So if we could -- I
18 mean, that would be helpful if we could gather some more
19 data before we do the rule change.

20 COMMISSIONER BALCH: All right. So that
21 was my question for the Commission. Maybe I'll give you
22 a call later, and I can see if the OCD would be willing
23 to partner as well.

24 CHAIRPERSON CATANACH: Okay. Yeah. I
25 don't know the extent of our involvement -- what our

1 involvement would be in that, but we certainly would
2 have an interest in doing so.

3 COMMISSIONER BALCH: It's really more of
4 taking notice of the research, and then you would have
5 the ability to use it however you would want it.

6 CHAIRPERSON CATANACH: Okay.

7 With regards to that thesis, is that
8 something that would be available to the Commission in
9 the --

10 COMMISSIONER BALCH: It sure is. I can
11 send it to you immediately following this phone call.

12 CHAIRPERSON CATANACH: Okay. That would be
13 great. We can take a look at that and see --

14 COMMISSIONER BALCH: Patrick, I guess you'd
15 like a copy as well.

16 COMMISSIONER PADILLA: Yes, please.

17 COMMISSIONER BALCH: I'll send it.

18 CHAIRPERSON CATANACH: That will be great.
19 That would help us out.

20 COMMISSIONER BALCH: What would be a good
21 time to talk, David?

22 CHAIRPERSON CATANACH: Probably right after
23 the meeting, if you want to give me a call.

24 COMMISSIONER BALCH: Okay. I will give you
25 a call in ten minutes or so.

1 CHAIRPERSON CATANACH: Did you have
2 anything else, Dr. Balch?

3 COMMISSIONER BALCH: That was all. I
4 wanted to bring that up because I didn't know if that
5 was going to be a conflict with the rulemaking. It
6 doesn't look like there would be.

7 CHAIRPERSON CATANACH: Okay. Okay. Do we
8 have any other business, Commissioners, or Mr. Brancard?

9 MR. BRANCARD: I will note that we are
10 schedule to hear an AGI case in August.

11 CHAIRPERSON CATANACH: That's correct. I
12 had forgotten about that. We do have one up and coming
13 on the docket, so --

14 COMMISSIONER BALCH: Is that the -- is that
15 the special hearing?

16 CHAIRPERSON CATANACH: No. That is --
17 that's the hearing on the 25th. It looks to be like
18 that's getting pretty crowded. That may be a long
19 hearing as well.

20 COMMISSIONER BALCH: All right. So the
21 deadline for this proposal would be the 23rd of August.
22 So I don't know if Bill -- if you want to weigh in or if
23 there is a potential conflict.

24 MR. BRANCARD: So you're going to be
25 working with specific companies?

1 COMMISSIONER BALCH: Well, I mean, I would
2 like -- I have not at this point. I would like to reach
3 out to some of those companies that have put in permits
4 and may be operating those wells to see if they would be
5 interested in involvement.

6 MR. BRANCARD: I mean, I think at some
7 point at which you are formally working with specific
8 companies, we have to discuss --

9 COMMISSIONER BALCH: Right.

10 MR. BRANCARD: -- your involvement in cases
11 they may bring forward.

12 COMMISSIONER BALCH: That would be very
13 appropriate, I would say, for sure.

14 CHAIRPERSON CATANACH: I don't see any
15 conflict with the Division working on that, do you,
16 Mr. Brancard?

17 MR. BRANCARD: No. That's what the
18 Division does.

19 CHAIRPERSON CATANACH: Okay. So that
20 wouldn't be a problem.

21 COMMISSIONER BALCH: Which case is it on
22 the 25th?

23 CHAIRPERSON CATANACH: DCP.

24 COMMISSIONER BALCH: Yeah, DCP. Okay. I
25 will keep that in mind.

1 CHAIRPERSON CATANACH: Okay.

2 Anything else, Commissioner?

3 COMMISSIONER PADILLA: Not from me.

4 CHAIRPERSON CATANACH: Okay. Do I have a
5 motion to adjourn?

6 COMMISSIONER PADILLA: So moved.

7 COMMISSIONER BALCH: And seconded.

8 CHAIRPERSON CATANACH: All in favor.

9 (Ayes are unanimous.)

10 CHAIRPERSON CATANACH: Motion to adjourn is
11 passed. This Commission meeting is adjourned.

12 (The proceedings conclude, 9:09 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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CERTIFICATE OF COURT REPORTER

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

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

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

MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2016
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