

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSIONER HEARING

ADOPTION OF AGENDA

ORIGINAL

AND

ADOPTION OF JULY 13, 2017 MINUTES

AND

BUSINESS OF CASE NUMBERS:

15519  
15185  
15726  
15740

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August 10, 2017

Santa Fe, New Mexico

BEFORE: DAVID R. CATANACH, CHAIRPERSON  
EDWARD MARTIN, COMMISSIONER  
DR. ROBERT S. BALCH, COMMISSIONER  
BILL BRANCARD, ESQ.

This matter came on for hearing before the New Mexico Oil Conservation Commission on Thursday, August 10, 2017, 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 (9:25 a.m.)

2 CHAIRMAN CATANACH: All right. This is a  
3 meeting of the New Mexico Oil Conservation Commission.  
4 My name is David Catanach, Chairman of the Commission.  
5 The time is 9:25. Today's date is August 10th, 2017.  
6 This meeting is being conducted in Porter Hall within  
7 the Wendell Chino State Building.

8 At this time I will take roll. Will the  
9 Commissioners please introduce themselves for the  
10 record?

11 COMMISSIONER MARTIN: Ed Martin  
12 representing the State Land Office.

13 COMMISSIONER BALCH: Dr. Robert Balch,  
14 designee of the Secretary of Energy, Minerals and  
15 Natural Resources.

16 CHAIRMAN CATANACH: Also present today is  
17 Mr. Bill Brancard, who will be sitting in as Commission  
18 attorney.

19 Thank you, Mr. Brancard.

20 Commissioners, in your packet that I  
21 prepared, you should have an agenda for today's meeting.  
22 Do I hear -- if you have reviewed the agenda, do I hear  
23 a motion and a second to adopt the agenda?

24 COMMISSIONER BALCH: I have reviewed the  
25 agenda, and I would move to adopt it.

1 COMMISSIONER MARTIN: Second.

2 CHAIRMAN CATANACH: All in favor?

3 (Ayes are unanimous.)

4 CHAIRMAN CATANACH: The motion to adopt  
5 today's agenda is passed.

6 Also in your packet are the draft minutes  
7 from the July 13th, 2017 Commission meeting.

8 Commissioners, if you've reviewed the minutes, do you  
9 have any changes? And if not, is there a motion and a  
10 second to adopt the minutes?

11 COMMISSIONER MARTIN: I move to adopt. I  
12 have reviewed the minutes, and I have no changes.

13 COMMISSIONER BALCH: I have reviewed, have  
14 no changes and second the motion.

15 CHAIRMAN CATANACH: All in favor?

16 (Ayes are unanimous.)

17 CHAIRMAN CATANACH: Motion to adopt the  
18 minutes from the July 13th, 2017 Commission meeting is  
19 passed.

20 A couple of announcements at this time: On  
21 today's docket, you will find Case Number 15519, which  
22 is the application of Mewbourne Oil Company to revoke  
23 the injection authority granted under SWD-744 for the  
24 Willow Lake Well No. 1 operated by Pyote Well Service,  
25 LLC, Eddy County, New Mexico.

1                   Prior to the hearing, we received a request  
2 from -- I believe it was from the Applicant.

3                   MR. BRANCARD: Well, it was both.

4                   CHAIRMAN CATANACH: Both. Okay. Mewbourne  
5 and Pyote. They requested that this case be stayed for  
6 a period of three months. Pursuant to that request, we  
7 issued Order Number R-14300-B on July 27th of this year,  
8 and that was signed by me as chairman of the Commission,  
9 granting the motion to stay. That stay will be in  
10 effect for three months from the date of the order,  
11 which, again, is July 27th.

12                   One of the provisions in the order says if  
13 the case is not dismissed prior to October 27th, 2017,  
14 the parties shall submit a status report to the  
15 Commission by that date and may request an extension of  
16 the stay.

17                   So that dispenses with this case for the  
18 time being. We'll keep an eye on what happens with that  
19 case.

20                   Also, the other announcement I have is with  
21 regards to Case Number 15185. This is the application  
22 of Ard Energy, LLC to re-open Case Number 15185 pursuant  
23 to NMAC 19.15.13.13 and the provisions of Order Number  
24 R-13913-B to determine reasonable well costs for  
25 drilling of the Ivar The Boneless Federal No. 11H,

1 dedicated to a unit comprised of the west half of the  
2 west half of Section 15, Township 17 South, Range 32  
3 East, Lea County, New Mexico.

4 At the request of the Applicant, Ard  
5 Energy, and the other parties in that case who agreed to  
6 the continuance, this case will be continued to the  
7 September 21st Commission meeting.

8 So at this time, the other orders of  
9 business today are the final disposition of Case Number  
10 15726 in the matter of proposed amendments to Section 19  
11 of 19.15.16 NMAC and Section 16 of 19.15.7 NMAC,  
12 extending the time for reporting the completion of wells  
13 from 20 to 45 wells and proposed further amendment of  
14 Section 19 of 19.15.16 NMAC to require operators to  
15 report certain information regarding hydraulically  
16 fractured wells in the FracFocus Chemical Disclosure  
17 Registry.

18 This case was heard by the Commission on  
19 July 13th. Deliberations were also heard on that date,  
20 and the Commission voted to -- or agreed to approve the  
21 rule change at that time. Prior to the hearing, we  
22 provided to you a draft order in that case. Also in  
23 your packet is a copy of the draft order, and the  
24 proposed language of the rule change is also attached to  
25 that order.

1                   Commissioners, do you need further time to  
2 review the orders, or what's the pleasure of the  
3 Commission?

4                   COMMISSIONER MARTIN: I do not need further  
5 time. I have reviewed it.

6                   COMMISSIONER BALCH: I have reviewed it,  
7 and there are a couple more recent revisions that I'm  
8 comfortable with.

9                   MR. BRANCARD: So the new language is  
10 attached to the order at the end?

11                   CHAIRMAN CATANACH: Correct. That'll be  
12 the new language. And just one note, we did include, at  
13 the request of Commissioner Balch, the part about  
14 downloading the information.

15                   MR. BRANCARD: First page, B.3.

16                   CHAIRMAN CATANACH: B.3., on a quarterly  
17 basis, the Division shall download and archive  
18 New Mexico FracFocus submissions. Commissioner Balch  
19 wanted that in there, so --

20                   COMMISSIONER BALCH: I always want  
21 something.

22                   CHAIRMAN CATANACH: So do we need to vote  
23 on the --

24                   MR. BRANCARD: Yeah, we will.

25                   And just also, because we're now under this

1 new statute for the rulemaking requirements, the  
2 ordering paragraph is a little longer than usually  
3 because it has to say when -- when the rule becomes  
4 effective, and it has to say that we have to file this  
5 after the rehearing period of 15 days, and also that  
6 this order will serve as what the new law calls a  
7 concise explanatory statement. Once we pass the  
8 procedural rules, if we do that at the September  
9 hearing, those things will be written into the rule, so  
10 we won't have to say them in the order.

11 CHAIRMAN CATANACH: Okay. And you're  
12 proposing to do that rule change on September 21st?

13 MR. BRANCARD: In September, yes.

14 So yes, we need a motion to adopt the order  
15 and the rule.

16 CHAIRMAN CATANACH: Do I hear a motion to  
17 adopt Order Number R-14353-B?

18 COMMISSIONER BALCH: So moved.

19 COMMISSIONER MARTIN: Second.

20 CHAIRMAN CATANACH: All in favor?

21 (Ayes are unanimous.)

22 CHAIRMAN CATANACH: Motion to adopt Order  
23 Number R-14353-B is approved.

24 The next order of business is the  
25 disposition of Case Number 15740, the application of

1 Targa Midstream Services, LLC, whose address is 1000  
2 Louisiana, Suite 4300, Houston, Texas, to increase the  
3 approved injection rate in Order R-13502-A to 5 million  
4 standard cubic feet of treated acid gas from its natural  
5 gas plant operations in Monument, New Mexico.

6 . . . Commissioners, this case, again, was heard  
7 on -- was heard by the Commission on July 13th. And at  
8 that time, deliberations were conducted, and the  
9 Commission at that time agreed to approve the  
10 application. We have received a draft order from the  
11 Applicant. It was amended somewhat by Mr. Brancard.

12 So I will ask at this time, have you read  
13 the order, and do you have any changes to the --  
14 proposed changes to the order?

15 COMMISSIONER MARTIN: I have read the  
16 order. No changes.

17 COMMISSIONER BALCH: I also have no  
18 additional changes.

19 CHAIRMAN CATANACH: So at this time, I  
20 will -- do I have a motion to approve Order Number 15 --  
21 no. There is no order number on this. I will have to  
22 fill in the order number subsequent to the hearing. Our  
23 approved order doesn't have an order number on it.

24 MR. BRANCARD: It might be 13052-B.

25 COMMISSIONER BALCH: Might be?

1 MR. BRANCARD: Might be, because I know we  
2 never -- in this case we've issued 13502, and 13502 is  
3 to the wells on this site.

4 CHAIRMAN CATANACH: Well, I would maybe ask  
5 the Commission attorney -- however, we're not -- we've  
6 ultimately not amended those orders in this case. That  
7 was one of the findings, that we --

8 MR. BRANCARD: You can give it a new R  
9 number if you want.

10 CHAIRMAN CATANACH: Okay. So what we'll do  
11 is fill in the order number after the hearing.

12 Anyway, do I have a motion to approve the  
13 order?

14 COMMISSIONER MARTIN: I so move.

15 COMMISSIONER BALCH: And second.

16 CHAIRMAN CATANACH: All in favor?

17 (Ayes are unanimous.)

18 CHAIRMAN CATANACH: The order in Case  
19 Number 15740 is approved.

20 Thank you, Commissioners.

21 The next meeting of the Commission is  
22 September 21st.

23 Is there any further business of the  
24 Commission this morning?

25 MR. BRANCARD: No. There is not much to

1 report on litigation. We do still have four cases  
2 pending but no real action. One has a hearing in  
3 November -- a scheduling order for briefing, and the  
4 Jalapeno cases have, in November, an LES case briefing  
5 scheduled, which will go on almost through the end of  
6 the year. The COG/Nearburg case, we have agreed to a  
7 stay for three months also.

8 CHAIRMAN CATANACH: Okay. With regards to  
9 the Matador/Jalapeno case, I believe there's been an  
10 application filed by Jalapeno for determination of  
11 reasonable well costs on that same well that we dealt  
12 with at the Commission level, and I think that is going  
13 to be set for Division hearing. So we won't have to  
14 worry about that for a while. I suspect it'll end up  
15 here.

16 COMMISSIONER BALCH: It'll be up to us  
17 probably.

18 CHAIRMAN CATANACH: So that's how it's  
19 going right now.

20 Okay. There being nothing further, we will  
21 adjourn this meeting.

22 Thank you.

23 (The proceedings conclude, 9:36 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*

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Date of CCR Expiration: 12/31/2017  
Paul Baca Professional Court Reporters