

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**Meeting Minutes
Regular Meeting
June 6, 2019
Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505**

MEMBERS PRESENT:

Adrienne Sandoval Chair, Oil Conservation Division
Thomas Engler Designee, Energy, Minerals and Natural Resources Department
Jordan Kessler Designee, New Mexico State Land Commissioner

OTHERS PRESENT:

Miguel Lozano, Counsel for the Commission
Florene Davidson, Commission Clerk

Chair Sandoval called the meeting to order at 9:00 a.m.

Item 1. Roll Call.

Roll was taken; a quorum was present.

Item 2. Approval of Agenda.

Action: Commissioner Kessler moved adoption of the agenda. Commissioner Engler seconded the motion. The motion passed unanimously.

Item 3. Approve amended minutes from the February 8, 2017 Commission meeting.

Action: Counsel Lozano explained that an open meetings complaint was received stating that the time the February 8, 2017 meeting was called to order was not included in the minutes of that meeting. Chair Sandoval and Commissioners Kessler and Engler stated that they had reviewed the minutes and the transcript of that meeting. Commissioner Kessler moved that the amended minutes showing the time the meeting was called to order be approved, Commissioner Engler seconded the motion, and the motion passed unanimously.

Item 4. Approve minutes of the May 17, 2019 Commission Meeting.

Action: Commissioner Kessler moved to approve the minutes. Commissioner Engler seconded the motion. The motion passed unanimously.

Item 5. At the request of all parties, the following case was dismissed.

Case No. 15844 (De Novo): (Continued from the March 12, 2019 Commission Meeting.)

Amended Application of XTO Energy Inc. for Approval of the Expansion of the James Ranch Unit, Eddy County, New Mexico.

**Item 6. *Case No. 20409: (Continued from the April 11, 2019 Commission Meeting.)
Application of 3Bear Field Services, LLC for authority to inject, Lea County,
New Mexico.***

Action: Chair Sandoval explained how the hearing will be conducted to comply with the provisions of the Open Meetings Act. Appearances were made by Candace Callahan for 3Bear Field Services, LLC (3Bear) and David Brooks for the Oil

Conservation Division (OCD). Ms. Callahan made an opening statement in which she identified her witnesses and outlined the presentation of 3Bear's case.

The first witness for 3Bear was Michael Soloman, Vice President of Engineering and Operations in Denver, Colorado. He provided background information on the Libby Gas Plant operations and summarized the proposed expansion of the plant. He explained the need for the two proposed redundant acid gas injection wells. Commissioner Kessler, Commissioner Engler, and Chair Sandoval cross-examined the witness, and he was excused.

3Bear's next witness was Alberto Gutierrez, President of Geolex, Inc. in Albuquerque, New Mexico. He explained the purpose and economic benefits of acid gas injection. He presented geologic, stratigraphic and hydrologic characteristics of the injection zone. He provided proof of notice of this hearing to adjacent operators and surface owners. He discussed the concerns that the OCD has with this application. Commissioner Engler and Chair Sandoval cross-examined the witness, and he was excused.

Mr. Brooks explained that the OCD does not object to this application after discussions with 3Bear's technical representatives but is here to assist the Commission with more information regarding the application. OCD's witness was Phillip Goetze, Geologic Specialist with the Engineering Bureau in Santa Fe, New Mexico. He explained that OCD had requested and received information from 3Bear regarding the potential for induced-seismicity at the location. He identified conditions of approval that OCD is recommending for this application. He requested that the applicant provide assurance that they have a bond in place before the wells are drilled. Commissioner Kessler, Commissioner Engler, and Chair Sandoval cross-examined the witness, and he was excused.

Mr. Gutierrez was recalled to discuss the volume of acid gas and salt water to be injected into the wells. Commissioner Kessler and Commissioner Engler cross-examined the witness, and he was excused.

Ms. Callahan made a closing statement.

After a motion by Commissioner Kessler and a second to the motion by Commissioner Engler to close the meeting pursuant to NMAC 1978, Section 10-15-1H to deliberate on this matter, a roll call vote was held.

Chair Sandoval: Yes

Commissioner Engler: Yes

Commissioner Kessler: Yes

The meeting was closed by a unanimous vote.

After a motion by Commissioner Kessler and a second to the motion by Commissioner Engler, the Commission voted unanimously to go back into open session. Chair Sandoval announced that Case No. 20409 was the only matter discussed during the closed session. Commissioner Kessler made a motion to approve the application with certain conditions recommended by the OCD. Commissioner Engler seconded the motion and, after a voice vote by the Commission, the motion passed unanimously. Ms. Callahan was requested to prepare a draft order and submit it to the Commission counsel ten days before the next Commission meeting. The case was closed.

Item 7. Pending litigation

Action: Counsel Lozano reported that the appeal of the final order in Case 15855 filed by Delaware Energy LLC is in the Court of Appeals and he is in the process of filing a response to the Motion to Continue Stay.

Item 8. Other business

Action: There was no other business.

Item 9. Next meeting: July 18, 2019

Item 10. Adjournment.

Chair Sandoval adjourned the meeting at 1:05 p.m.

Adrienne Sandoval, Chair