

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
Meeting Minutes
Regular Meeting
July 13, 2023

The Oil Conservation Commission meeting was a hybrid meeting with both in person and virtual participation options. The meeting was held in Room 317 at the New Mexico State Capitol, 490 Old Santa Fe Trail, 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 hearing was called to order by Chair Fuge at 12.00 p.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 July 13, 2023 agenda and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

Item 3. Approval of the June 8, 2023 Meeting Minutes

Action: Commissioner Bloom made a motion to approve the June 8, 2023 minutes and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

Item 4. Pending Cases:

Case No. 23580: Application of the Wildearth Guardians in the matter of Proposed Amendment to the Commission's Rules to Address Perfluoroalkyl and Polyfluoroalkyl Substances and Their Use in Oil and Gas Extraction, 19.15.2, 19.15.16, 19.15.31, and 19.15.32 NMAC. The Oil Conservation Commission will review the request to grant a hearing on the rulemaking filed by Wildearth Guardians.

Action: Appearances were made by Jeremy Nichols and Tim Davis for Wildearth Guardians (Wildearth), Michael Feldewert for the New Mexico Oil and Gas Association (NMOGA), and Deana Bennett for EOG Resources. Comments in support of the application were taken from members of the audience, and the case was handled as outlined below.

Mr. Nichols explained that the application was submitted in order for the public to be able to determine the extent of the use of Perfluoroalkyl and Polyfluoroalkyl chemicals by operators in their drilling operations. Chris Moander and Brandon Powell represented the Oil Conservation Division (OCD) and advised that OCD does not object to a hearing of the application. A discussion concerning a hearing date and the way in which the hearing would be conducted was held by all parties and it was determined that a hearing on this matter should be scheduled for February 26 through March 1, 2024, in a hybrid format, with all parties and witnesses able to attend in person or virtually; parties were also directed to return to the Commission with a proposed procedural order on or before the next Commission meeting, August 17, 2023.

Case No. 23649: Targa Northern Delaware LLC (“Targa”) seeks authorization to drill and operate a class II acid gas injection (AGI) well, the Red Hills AGI #3 well, at Targa’s gas processing facility (“Facility”) in Lea County, New Mexico. The proposed redundant well (Red Hills AGI #3) will be a vertical well with a surface location of approximately 3,116 feet from the north line (FNL) and 1,159 feet from the east line (FEL) in Section 13, Township 24 South, Range 33 East, Lea County, New Mexico. The Red Hills AGI #3 well will inject waste carbon dioxide and hydrogen sulfide into the Bell Canyon and Cherry Canyon formation from approximately 5,700 feet to 7,600 feet. The maximum surface pressure will not exceed 1,767 psi with a maximum daily injection volume of thirteen (13) million standard cubic feet per day (MMSCFD). The proposed well will serve as a disposal well for treated acid gas at the Facility. The Well is located approximately 20 miles west of Jal, New Mexico.

Action: Appearances were made by Dana Hardy for Targa Northern Delaware LLC (Targa); Michael Feldewert for EOG Resources (EOG); and Chris Moander for the Oil Conservation Division (OCD). Mr. Moander explained OCD’s position in the subject case and why a prehearing statement was not presented by the OCD.

Ms. Hardy made an opening statement and called her first witness, Matthew Eales, VP Regulatory for Targa. He provided background on the Red Hills facility and discussed oil and gas activity in the Delaware Basin. He was excused.

Ms. Hardy’s next witness was Dr. Dana Ulmer-Scholle, Research Scientist with the New Mexico Petroleum Recovery Research Center (NMPRRRC). She described the stratigraphy of the proposed injection zone. Commissioner Ampomah cross-examined the witness, and she was excused.

The next witness was Paul Ragsdale, Independent Consultant working for Targa. He gave the location of the proposed No. 3 well and described the wellbore

design capacity, drilling and completion operations, and the monitoring plan. Commissioner Bloom and Commissioner Ampomah cross-examined the witness, and he was excused.

The next witness was Dr. David Tu, Research Associate with the NMPRRRC. He described reservoir dynamic simulations completed to assess the impact of acid gas injection on the Bell Canyon and Cherry Canyon formations, the resultant acid gas plume, and the pressure profile. Commissioner Bloom and Commissioner Ampomah cross-examined the witness. and he was excused.

Mr. Ragsdale was recalled, was cross-examined by Chair Fuge and Commissioner Ampomah, and was excused.

Dr. Tu was recalled and presented information on a graph that Commissioner Ampomah and Chair Fuge had requested because of concerns about the permit conditions. Mr. Feldewert expressed his concern about no notice having been given if disposal was to be in the Delaware Mountain Group. The Commission questioned whether more evidence and testimony are needed in this case, so it should be continued to the August 17, 2023 Commission meeting. Counsel for OCD asked whether it could request to present a prehearing statement within 10 days given that it was unable to do so because of a medical emergency with key OCD personnel. Counsel for EOG objected to any discussion of potential conditions related to Devonian/Silurian disposal on Notice grounds. Ms. Hardy informed the Commission that Targa is in dire need of this well and any delay would be problematic for Targa.

Commissioner Bloom made a motion to approve the well location subject to a requirement that the parties return to the August 17, 2023 Commission hearing to present a proposed order with conditions to be attached to the order. Chair Ampomah seconded the motion. A roll call vote was taken, and the motion passed unanimously.

Item 6. Pending litigation

Action: None

Item 7. Other business

Action: None

Item 8. Next meeting


Action: The next meeting will be held on August 17, 2023.

Reminder upcoming meeting date change: September 14, 2023 meeting was changed to September 7, 2023 at 9:00 a.m. MST

Minutes of the Meeting
Held on July 13, 2023

Item 9. Adjournment

Chair Fuge adjourned the meeting at 4:15 p.m.



Dylan Fuge
Chair