

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
Meeting Minutes
Regular Meeting
May 11, 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:

Emily Bowen, Commission Counsel
Florene Davidson, Commission Clerk

The hearing was called to order by Chair Fuge at approximately 9:01 a.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 May 11, 2023 agenda and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

Item 3. Approval of the April 13, 2023 Meeting Minutes

Action: Commissioner Bloom made a motion to approve the April 13, 2023 minutes and Commissioner Ampomah seconded the motion. A roll call vote was taken. The motion carried unanimously.

Item 4. Report from Oil Conservation Division (OCD) to Commission concerning Division Enforcement Activities: This item is a follow-up from the February 9, 2023 Commission meeting and is in response to the YUCCA request regarding spill rule enforcement efforts. This is an informational presentation by the Division and is not docketed matter or adjudication.

Action: Brandon Powell, Deputy Director (Engineering and Environmental) and Jesse Tremaine, OCD Attorney, made a presentation to the OCC explaining OCD's

enforcement authority and presented an overview of its jurisdictional authority and operational requirements. They discussed notices of violations issued by the OCD and identified OCD's enforcement tools. They responded to questions from the Commissioners.

Chair Fuge allowed 30 minutes for comments and questions from members of the YUCCA group and the audience to Mr. Powell and Mr. Tremaine. After receiving the comments, Chair Fuge advised that the Commission will take note of the comments received and will provide more regulatory information which will be available online either this week or next week.

Item 5. Pending cases

Action: The following cases were called:

Case No. 14720: Targa Northern Delaware, LLC (Targa), the current operator of the Red Hills AGI #1 well, shall submit to the Commission (1) injection data covering the first four years of Agave Energy Company's operation of the Red Hills AGI #1 Well, located in Section 13, Township 24 South, Range 33 East, and (2) an updated model of the projected scope of the injection plume after 30 years of injection, which update shall be based on the injection data and any other relevant data concerning the reservoir.

Commissioner Ampomah recused himself from the hearing of this case.

Appearances were made by Dana Hardy for Targa Northern Delaware, LLC (Targa) and Jesse Tremaine for the Oil Conservation Division (OCD). Ms. Hardy explained that Paragraph 2 (c) of Order No. R-13507-D entered by the Oil Conservation Commission on September 6, 2012, provided that updated injection data for the first four years of operation of the Red Hills AGI #1 Well and an updated model of the projected scope of the injection plume after 30 years of injection be submitted to the OCC. She advised that a previous version of these documents was submitted to the Commission on November 30, 2022, in accordance with Ordering Paragraph 2(c) of Order No. R13507-D. She submitted historical injection data and gave revalidation results.

Mr. Tremaine's witness was Million Geremichael, Petroleum Advanced Specialist with the UIC Engineering Group of the OCD. He presented a sample table for a milestone progress report on active AGI wells in New Mexico and made a content recommendation. Ms. Hardy, Commissioner Bloom, and Chair Fuge cross-examined the witness, and he was excused.

Mr. Tremaine summarized OCD's recommendation for the content of the Milestone Progress Report. Commissioner Bloom made a motion to approve the submissions by all parties, Chair Fuge seconded the motion, and it passed by a majority vote.

Case No. 23463: Application of Targa Northern Delaware LLC for Authorization to Inject, Lea County, New Mexico, was continued to June 8, 2023, with a note that the chair reserves the right to further continue the case for docket management or at the request of the parties.

The following cases were consolidated for hearing:

Case No. 23294: Application of Salt Creek Midstream, LLC to Amend Order No. R-20913-D. Applicant requests that the New Mexico Oil Conservation Commission issue an order amending Order No. R-20913-D to extend the deadline for Salt Creek to commence injection into the Salt Creek Midstream AGI No. 1 Well (API: 30-25-46746) (“Well”) until six months from the date of the amended order. The Well is a vertical Underground Injection Control Class II well with an approximate surface and bottom hole location at 594 feet from the West line and 2,370 feet from the South line of Section 21, Township 26 South, Range 36 East. The target injection zone for the Well is located in the Bell Canyon and Cherry Canyon formations at depths of approximately 5,410 feet to 7,000 feet. Applicant’s current deadline to commence injection expires on December 28, 2022.
and

Case No 23464: Second Application of Salt Creek Midstream, LLC to Amend Order No. R-20913-D. Salt Creek Midstream, LLC (“Salt Creek” or “Applicant”) requests that the New Mexico Oil Conservation Commission issue an order amending Order No. R-20913-D to: (1) approve a new well design and location for the Salt Creek Midstream AGI No. 1 Well (API: 30-25-46746) (“Well”); and (2) extend the deadline for Salt Creek to commence injection into the Well until twenty-four (24) months from the date of the amended order. As approved, the Well is a vertical Underground Injection Control Class II well with an approximate surface and bottom hole location at 594 feet from the West line and 2,370 feet from the South line of Section 21, Township 26 South, Range 36 East, Lea County, New Mexico. Salt Creek requests approval of a new well design and authorization to drill the Well at a location 277 feet from the West line and 2,350 feet from the South line of Section 21, Township 26 South, Range 36 East, Lea County. The target injection zone for the Well will remain in the Bell Canyon and Cherry Canyon formations of the Delaware Mountain Group, and the Well will have an injection interval of approximately 5,580 feet to 7,040 feet. The Well is located approximately 7.5 miles southwest of Jal, New Mexico.

Appearances were made in both cases by Dana Hardy representing Salt Creek Midstream LLC (Salt Creek), Jesse Tremaine for the Oil Conservation Division (OCD). and Deana Bennett representing Ameredev Operating LLC. Ms. Hardy, Mr. Tremaine, and Ms. Bennett made opening statements.

Ms. Hardy’s first witness was John Nicholson, Chief Operating Officer with Salt Creek. He provided the history of the AGI No. 1 well and explained the change in the wellbore design and was excused.

Ms. Hardy’s second witness was David Allen White, Senior Geologist with Salt Creek. He summarized Salt Creek’s request for the issuance of an amended order extending the deadline for Salt Creek to commence injection into the AGI No. 1 well and described the new well redesign. Commissioner Ampomah cross-examined the witness and he was excused.

Mr. Tremaine’s witness was Million Geremichael. He identified what should be reviewed when looking at an application for UIC. He explained his concern with

the proposed depth and design of the new AGI well and advised that Salt Creek has agreed to certain conditions proposed by the OCD. He was excused.

The Commission discussed Cases 23294 and 23464 in open session and agreed to approve the applications with the stipulated conditions proposed by the OCD. Commissioner Bloom made a motion to enter an order approving the applications and adopting the OCD conditions in Cases 23294 and 23464, to be signed at the June 8, 2023 Commission hearing. Commissioner Ampomah seconded the motion, and the motion carried unanimously.

Item 6. Other business

Action: There was no other business.

Item 7. Pending litigation

Action: There was no pending litigation.

Item 8. Next meeting

The next meeting will be held on June 8, 2023.

Item 9. Adjournment

Chair Fuge adjourned the meeting at 2:30 p.m.


Dylan Fuge
Chair