

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

CASE NO. 16377

IN THE MATTER OF THE:

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION TO AMEND
RULES OF THE COMMISSION PERMITTING OF WELLS FOR UNDERGROUND
INJECTION BY AMENDING CERTAIN SECTIONS OF RULE 19.15.26 NMAC;
STATEWIDE.**

**OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT**

The Oil Conservation Division through its counsel files the following Pre-hearing Statement.

PARTIES AND ATTORNEYS

Oil Conservation Division

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STATEMENT OF THE CASE

The Oil Conservation Division (Division) has filed an application on proposing amendments to the Commission rules concerning permitting of wells for underground injection, amending various sections of rule 19.15.26 NMAC. The purposes of the proposed amendments are to more clearly define the notice and hearing procedures for underground injection permits, the categories of fluids that may be injected and the purposes for which injection may be authorized. The proposed amendments are designed to conform to the New Mexico Oil and Gas Act and the requirements of the United States Environmental Protection Agency (“EPA”) for compliance with New Mexico’s Underground Injection Control (“UIC”) primacy under the federal Safe Drinking Water Act (“SDWA”).

WITNESSES

Phillip Goetze, Geologic Specialist, Oil Conservation Division of the Energy, Minerals and Natural Resources Department: Mr. Goetze has over 40 years of experience developing and implementing projects with environmental, hydrologic, mineral extraction, and regulatory application. Mr. Goetze’s duties include the review of Class II Injection wells, along with serving as a hearing examiner for the Division in cases which include applications for injection permits and termination of injection authorization for breach of permit conditions.

A copy of Mr. Goetze’s resume describing his education and experience in detail is attached as Exhibit 3.

Mr. Goetze’s testimony will include a brief summary of the changes in content proposed for rule 19.15.26 NMAC and the supporting details for the introduction of the new content. Mr. Goetze will also be available to provide information on scoping process used to develop the proposed rulemaking and any inquiries regarding the current state of the Division’s UIC program.

Mr. Goetze’s testimony is expected to last 30 minutes.

PROPOSE MODIFICATIONS

The Division will ask the Commission to modify the proposed rule amendments by changing Subsection C of Section 19.15.26.7 (definition of “Waterflood project”) as shown in red font in Exhibit 1. The proposed definition is a more accurate description of a “waterflood project”, since other fluids, as defined in proposed Subsection A of 19.15.26.7 are frequently used, in addition to water, to stimulate production from producing wells in a waterflood project.

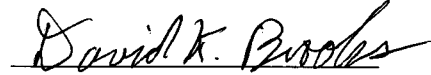
EXHIBITS

See attached list.

PROCEDURAL MATTERS

The Division's counsel knows of no procedural matters that the Commission needs to address.

Respectfully submitted,

A handwritten signature in black ink, reading "David K. Brooks". The signature is fluid and cursive, with the first name "David" and last name "Brooks" clearly legible.

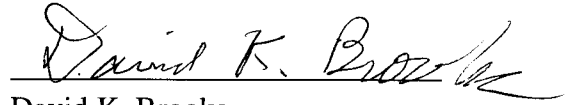
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Resources Department
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Email: davidk.brooks@state.nm.us
Attorney for the Oil Conservation Division

EXHIBITS

- [1] Proposed Rule Amendments, with proposed modification shown in red font
- [2] Certificate of Compliance with Notice Requirements from Florene Davidson
- [3] Resume of Phillip Goetze

Certificate of Service

I hereby certify that the Oil Conservation Division's Pre-Hearing Statement was served by e-mail on 9/27, 2018.

A handwritten signature in black ink, reading "David K. Brooks", written over a horizontal line.

David K. Brooks
Deputy General Counsel, EMNRD

Case 16377

Division Exhibit 1

This is an amendment to 19.15.26 NMAC, amending Sections 1 through 3, 6 through 8 and 12 and 13, effective // .

19.15.26.1 ISSUING AGENCY: ~~[Energy, Minerals and Natural Resources Department, Oil Conservation Division]~~ Oil Conservation Commission.

[19.15.26.1 NMAC - Rp, 19.15.9.1 NMAC, 12/1/08; A, //]

19.15.26.2 SCOPE: 19.15.26 NMAC applies to persons constructing, operating or closing an injection well under the Oil and Gas Act. ~~[engaged for secondary or other enhanced recovery of oil or gas; pressure maintenance; salt water disposal and underground storage of oil or gas.]~~ 19.15.26 NMAC does not apply to other classes of injection wells regulated under the Water Quality Act, the Geothermal Resources Development Act or the Surface Mining Act.

[19.15.26.2 NMAC - Rp, 19.15.9.2 NMAC, 12/1/08; A, //]

19.15.26.3 STATUTORY AUTHORITY: 19.15.26 NMAC is adopted pursuant to the Oil and Gas Act, ~~[NMSA 1978,]~~ Section 70-2-6, Section 70-2-11 and Section ~~[70-2-12]~~ 70-2-12(B)(13), (14), (15), (21) and (22) ~~NMSA 1978 [which authorizes the division to permit the injection of gas or other substances into a pool for repressuring, cycling, pressure maintenance, secondary or other enhanced recovering operations; and to regulate the disposition of water produced or used in connection with drilling for or producing oil or gas and to direct subsurface disposal of the water].~~

[19.15.26.3 NMAC - Rp, 19.15.9.3 NMAC, 12/1/08; A, //]

19.15.26.6 OBJECTIVE: To regulate injection wells under the Oil and Gas Act and to maintain primary enforcement authority for the Safe Drinking Water Act (42 U.S.C. 300f et seq.) Underground Injection Control (UIC) program for UIC Class II wells ~~[secondary or other enhanced recovery, pressure maintenance, salt water disposal and underground storage to prevent waste, protect correlative rights and protect public health, fresh water and the environment].~~

[19.15.26.6 NMAC - Rp, 19.15.9.6 NMAC, 12/1/08; A, //]

19.15.26.7 DEFINITIONS:

~~_____ A. "Affected person" means the division designated operator; in the absence of an operator, a lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant files the application; or in the absence of an operator or lessee, a mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant filed the application for permit to inject.]~~

A. "Fluid" means any material or substance which flows or moves whether in a semisolid, liquid, sludge, gas or any other form or state.

B. "Pressure maintenance project" means a project in which an operator injects fluids into the producing horizon in an effort to build up or maintain the reservoir pressure in an area that has not reached the advanced or stripper state of depletion.

C. "Water flood project" means a project in which an operator injects fluid [water] into a producing horizon in sufficient quantities and under sufficient pressure to stimulate oil production from other wells in the area ~~[, and is limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as stripper wells].~~

[19.15.26.7 NMAC - Rp, 19.15.9.701 NMAC, 12/1/08; A, //]

19.15.26.8 INJECTION OF FLUIDS INTO RESERVOIRS:

A. Permit for injection required. ~~[An operator shall not inject gas, liquefied petroleum gas, air, water or other fluid into a reservoir or formation to maintain reservoir pressure or for secondary or other enhanced recovery or for storage or inject water into a formation for disposal except pursuant to a permit the division has granted after notice and hearing, or that the division has granted by administrative order as authorized in 19.15.26.8 NMAC. The division shall grant a permit for injection under 19.15.26.8 NMAC only to an operator who is in compliance with Subsection A of 19.15.5.9 NMAC. The division may revoke a permit for injection issued under 19.15.26.8 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.5.9 NMAC.]~~

(1) A permit is required under 19.15.26 NMAC for any injection wells that inject:

(a) produced water or other fluids that are brought to the surface in connection with

natural gas storage operations or conventional oil or natural gas production and may be commingled with waste waters from gas plants that are an integral part of production operations, unless those waters are classified as a hazardous waste at the time of injection;

(b) fluids for enhanced recovery of oil or natural gas; and
(c) fluids for storage of hydrocarbons that are liquid at standard temperature and pressure.

(2) The division shall grant a permit for injection under 19.15.26.8 NMAC only to an operator who is in compliance with Subsection A of 19.15.5.9 NMAC. The division may revoke a permit for injection issued under 19.15.26.8 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.5.9 NMAC.

B. Method of making application.

(1) The operator shall apply for authority to ~~[inject gas, liquefied petroleum gas, air, water or other medium into a formation for any reason, including the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects or salt water disposal,]~~ construct and operate an injection well by submitting form C-108 complete with all attachments to the division.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the land surface on which each injection or disposal well is to be located and to each leasehold operator ~~[or]~~ and other affected ~~[person]~~ persons, as defined in Subsection A of 19.15.2.7 NMAC, within any tract wholly or partially contained within one-half mile of the well.

C. Administrative approval.

(1) If the application is for administrative approval rather than for a hearing, it shall be accompanied by a copy of a legal notice the applicant published in a newspaper of general circulation in the county in which the proposed injection well is located. The legal notice shall include:

(a) the applicant's name, address, phone number and contact party;
(b) the injection well's intended purpose, with the exact location of single wells or the section, township and range location of multiple wells;
(c) the formation name and depth with expected maximum injection rates and pressures; and
(d) a notation that interested parties shall file objections or requests for hearing with the division within 15 days.

(2) The division shall not approve an application for administrative approval until 15 days following the division's receipt of form C-108 complete with all attachments including evidence of mailing as required under Paragraph (2) of Subsection B of 19.15.26.8 NMAC and proof of publication as required by Paragraph (1) of Subsection C of 19.15.26.8 NMAC.

(3) If the division does not receive an objection within the 15-day period, and a hearing is not otherwise required, the division may approve the application administratively.

D. Hearings. If a written objection to an application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, if 19.15.26.8 NMAC requires a hearing or if the director deems a hearing advisable, the division shall set the application for hearing and give notice of the hearing.

E. Produced water disposal wells.

(1) The director may grant an application for a produced water disposal well administratively, without hearing, only when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation or other general use and when the waters are to be disposed of into a formation older than Triassic (Lea county only) and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) The division shall not permit disposal into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after public notice and hearing, provided that the division may, by order issued after public notice and hearing, establish exempted aquifers for such zones where the division may administratively approve the injection.

(3) Notwithstanding the provisions of Paragraph (2) of Subsection E of 19.15.26.8 NMAC, the director may authorize disposal into such zones administratively if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure maintenance projects.

(1) The division shall set applications for establishment of pressure maintenance projects for hearing. The division shall fix the project area and the allowable formula for a pressure maintenance project on an individual basis after notice and hearing.

(2) The division may authorize an operator to expand a pressure maintenance project and place additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection B of 19.15.26.8 NMAC.

(3) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for the conversion to injection of additional wells within a project area provided that the wells are necessary to develop or maintain efficient pressure maintenance within the project and provided that the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(4) An established pressure maintenance project shall have only one designated operator. The division shall set an application for exception for hearing.

G. Water flood projects.

(1) The division shall set applications for establishment of water flood projects for hearing.

(2) The project area of a water flood project shall comprise the proration units a given operator owns or operates upon which injection wells are located plus proration units the same operator owns or operates that directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that the division may include in the project area additional proration units not directly or diagonally offsetting an injection tract if, after notice and hearing, the operator establishes that the additional units have wells completed on the unit that have experienced a substantial response to water injection.

(3) The allowable the division assigns to wells in a water flood project area shall equal the wells' ability to produce and is not subject to the depth bracket allowable for the pool or to the market demand percentage factor.

(4) Nothing in Subsection G of 19.15.26.8 NMAC shall prohibit the division's assignment of special allowables to wells in buffer zones after notice and hearing. The division may assign special allowables in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

(5) The division shall authorize the expansion of water flood projects and the placement of additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection B of 19.15.26.8 NMAC.

(6) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for conversion to injection of additional wells provided that the well is necessary to develop or maintain thorough and efficient water flood injection for an authorized project and provided that the division does not receive an objection pursuant to Subsection C of 19.15.26.8 NMAC.

(7) An established water flood project shall have only one designated operator. The division shall set for hearing an application for exception.

H. Storage wells.

(1) The director may grant administratively, without hearing, an application for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, [and] provided the applicant has complied with the notice provisions of Subsection B of 19.15.26.8 NMAC and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) In addition to the filing requirements of Subsection B of 19.15.26.8 NMAC, the applicant for approval of a storage well under Subsection H of 19.15.26.8 NMAC shall file the following:

(a) with the director, financial assurance in accordance with the provisions of 19.5.8 NMAC; and

(b) with the appropriate division district office:

(i) form C-101;

(ii) form C-102; and

(iii) form C-105.

[19.15.26.8 NMAC - Rp, 19.15.9.701 NMAC, 12/1/08; A, / /]

19.15.26.12 COMMENCEMENT, DISCONTINUANCE AND ABANDONMENT OF INJECTION OPERATIONS:

A. The following provisions apply to injection projects, storage projects, [salt] produced water disposal wells and special purpose injection wells.

B. Notice of commencement and discontinuance.

(1) Immediately upon the commencement of injection operations in a well, the operator shall notify the division of the date the operations began.

(2) Within 30 days after permanent cessation of gas or liquefied petroleum gas storage

operations or within 30 days after discontinuance of injection operations into any other well, the operator shall notify the division of the date of the discontinuance and the reasons for the discontinuance.

(3) Before temporarily abandoning or plugging an injection well, the operator shall obtain approval from the appropriate division district office in the same manner as when temporarily abandoning or plugging oil and gas wells or dry holes.

C. Abandonment of injection operations.

(1) Whenever there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a [salt] produced water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

(2) For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or continuous non-injection, or during the term of a previously granted extension.

[19.15.26.12 NMAC - Rp, 19.15.9.705 NMAC, 12/1/08; A, / /]

19.15.26.13 RECORDS AND REPORTS:

A. The operator of an injection well or project for secondary or other enhanced recovery, pressure maintenance, gas storage, [salt] produced water disposal or injection of other fluids shall keep accurate records and shall report monthly to the division gas or fluid volumes injected, stored or produced as required on the appropriate form listed below:

- (1) secondary or other enhanced recovery on form C-115;
- (2) pressure maintenance on form C-115 and as otherwise prescribed by the division;
- (3) [salt] produced water disposal not regulated by 19.15.36 NMAC on form C-115;
- (4) [salt] produced water disposal at surface waste management facilities regulated by

19.15.36 NMAC on form C-120-A;

- (5) gas storage on form C-131-A; and
- (6) injection of other fluids on a division-prescribed form.

B. The operator of a liquefied petroleum gas storage project shall report to the division annually on form C-131-B.

[19.15.26.13 NMAC - Rp, 19.15.9.706 NMAC, 12/1/08; A, / /]

Case 16377
Division Exhibit 2

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

**In the Matter of Proposed Amendments to the
Commission's Rule for Permitting of Wells for
Underground Injection by Amending Certain
Sections of Rule 19.15.26 NMAC; Statewide**

CASE No. 16377

CERTIFICATE OF COMPLIANCE WITH NOTICE REQUIREMENTS

As Clerk to the New Mexico Oil Conservation Commission, I hereby certify that notice of this matter has been provided as follows:

- 1. The Notice of Proposed Rulemaking for this Case ("Notice") was e-mailed to the State Records Center and Archives and was published in the New Mexico Register on September 11, 2018. (Attachments A and B)**
- 2. A copy of the Notice was sent to the Albuquerque Journal and was published on September 6, 2018. (Attachment C and D)**
- 3. On September 4, 2018, a copy of the Notice was posted on the Oil Conservation Division website and remained posted through the date of the public hearing.**
- 4. On September 4, 2018, a copy of the Notice was sent to the Oil Conservation Division field offices in Hobbs, Artesia and Aztec to be available to the public.**
- 5. By September 4, 2018, a copy of the Notice had been mailed or e-mailed to all persons on the Commission mailing list for rulemakings.**
- 6. On September 4, 2018, a copy of the Notice was mailed to the New Mexico Legislative Council for distribution to committees.**
- 7. On September 10, 2018, a copy of the Notice was mailed to the New Mexico Department of Information Technology for posting on the sunshine portal.**

NEW MEXICO OIL CONSERVATION COMMISSION

Florene Davidson 9/27/18
Florene Davidson, Commission Clerk

NOTICE OF PUBLIC MEETING AND PUBLIC HEARING

The State of New Mexico through its Oil Conservation Commission (Commission) hereby gives notice of the following meeting and public hearing to be held commencing at 9:00 a.m. on October 11, 2018, in Porter Hall, 1st floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. A preliminary agenda for the meeting will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 72 hours preceding the meeting.

Case No. 16377: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION TO AMEND RULES OF THE COMMISSION FOR PERMITTING OF WELLS FOR UNDERGROUND INJECTION BY AMENDING CERTAIN SECTIONS OF RULE 19.15.26 NMAC; STATEWIDE.

The New Mexico Oil Conservation Division (OCD) proposes to amend Section 26 of 19.15.16 NMAC to clarify the scope of the rule, the notice provisions, and the type of fluids that may be injected into Class II wells pursuant to the federal Underground Injection Control program regulations.

Purpose of Proposed Rule. The amendments are proposed to clarify the scope of the rule, the notice provisions, and the type of fluids that may be injected into Class II wells pursuant to the federal Underground Injection Control program regulations.

Legal Authority. These amendments are authorized by the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, NMSA 1978, as amended, specifically Sections 70-2-12(B)(13) (which authorizes rules to regulate subsurface storage of oil or natural gas or products of either), (14) (which authorizes rules to permit injection of natural gas or other substances for repressuring, cycling, pressure maintenance, or secondary or other enhanced recovery operations), (15) (which authorizes rules to regulate the disposition of water produced or used in connection with drilling for oil or gas and to direct subsurface disposal of water), and (21) (which authorizes rules to regulate the disposition of nondomestic wastes resulting from exploration, development, production, or storage of crude oil or natural gas). The rulemaking proceeding will be governed by the Commission's rule on rulemaking, 19.15.3 NMAC.

The full text of the proposed rule amendments is available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Rules page of the Oil Conservation Division's website at <http://www.emnrd.state.nm.us/ocd>, or at Oil Conservation Division offices in Santa Fe, Hobbs, Artesia, or Aztec.

Public Hearing and Comment. The Commission will hold a public hearing on the proposed rules at the Commission meeting which will commence at 9:00 A.M. on October 11, 2018, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico. The hearing may be continued to following days if not completed.

Written or electronic comments on the proposed rule may be hand delivered or mailed to the Commission Clerk, Florene Davidson, 3rd floor, 1220 South St. Francis Drive, Santa Fe, NM 87505, or e-mailed to florene.davidson@state.nm.us. All written or electronic comments must be received by the Commission Clerk no later than 9:00 A.M. on October 11, 2018, unless the Commission or the Commission Chair extends this deadline.

Persons intending to submit proposed modifications to the proposed rule amendments, to present technical testimony at the hearing, or to cross-examine witnesses must file six copies of a Pre-hearing Statement conforming to the requirements of Subsection B of 19.15.3.11 NMAC, no later than 5:00 P.M. on September 26, 2018. Pre-hearing Statements must be hand-delivered, mailed, or e-mailed to the Commission Clerk at the above address.

Any person who has not submitted a pre-hearing statement may present non-technical testimony or make an unsworn statement at the hearing. A person may also offer exhibits with the testimony so long as the exhibits are relevant to the proposed rule changes and do not unduly repeat the testimony. Any person who wishes to present non-technical testimony should indicate his or her intent on a sign-in sheet at the hearing. A person who testifies at the hearing is subject to cross-examination by the commissioners, commission counsel, or a party on the subject matter of the person's direct testimony.

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network at 1-800-659-1779 by September 26, 2018. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A party who plans to use projection equipment at a hearing must contact Ms. Davidson seven business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the person requesting to use the wireless connection must provide a laptop computer.

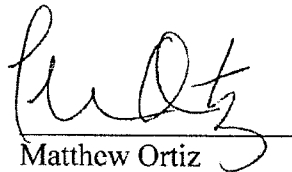
NEW MEXICO
Commission of Public Records
in the State Records Center and Archives
Your Access to Public Information

Attachment
B

Affidavit of Publication in New Mexico Register

I, Matthew Ortiz, certify that the agency noted on Invoice # 3483 has published legal notice of rulemaking or rules in the NEW MEXICO REGISTER, VOLUME XXIX, that payment has been assessed for said legal notice of rulemaking or rules, which appears on the publication date and in the issue number noted on Invoice # 3483, and that Invoice # 3483 has been sent electronically to the person(s) listed on the *Billing Information Sheet* provided by the agency.


Affiant:

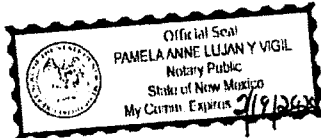

Matthew Ortiz

Subscribed, sworn and acknowledged before me this 12th day of September, 2018.

Notary Public:

My Commission Expires:


9/19/2020



Robert J. Tórréz
Historian/Chair

Hon. Hector Balderas
Attorney General

Hon. Wayne Johnson
State Auditor

Hon. Maggie Toulouse Oliver
Secretary of State

Veronica Gonzales
Department of Cultural Affairs

Ned Fuller
General Services Department

Lynne S. Rhys
State Law Librarian

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

F. David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David Catanach
Division Director
Oil Conservation Division



September 4, 2018

via email: **Legals@abqpubco.com**

**Attachment
C**

Albuquerque Publishing Company
7777 Jefferson NE
Albuquerque, NM 87109

Attention: Legal Department

Re: Notice of Publication

Dear Legal Department:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

- 1. Publisher's affidavit in duplicate.**
- 2. Statement of cost (also in duplicate).**
- 3. Certified invoices for prompt payment.**

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice as soon as possible.

Sincerely,

Florene Davidson

Attachment

Notice of Public Meeting and Public Hearing

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Legal Authority. These amendments are authorized by the Oil and Gas Act, NMSA 1978, Sections 70-1-1 through 70-2-38, NMSA 1978, as amended, specifically Sections 70-2-12(B)(13) (which authorizes rules to regulate subsurface storage of oil or natural gas or products of either), (14) (which authorizes rules to permit injection of natural gas or other substances for repressuring, cycling, pressure maintenance, or secondary or other enhanced recovery operations), (15) (which authorizes rules to regulate the disposition of water produced or used in connection with drilling for oil or gas and to direct subsurface disposal of water), and (21) (which authorizes rules to regulate the disposition of non-domestic wastes resulting from exploration, development, production, or storage of crude oil or natural gas). The rulemaking proceeding will be governed by the Commission's rule on rulemaking, 9.15.3 NMAC.

The full text of the proposed rule amendments is available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Rules page of the Oil Conservation Division's website at <http://www.emnrd.state.nm.us/oecd>, or at Oil Conservation Division offices in Santa Fe, Hobbs, Artesia, or Aztec.

Public Hearing and Comment. The Commission will hold a public hearing on the proposed rules at the Commission meeting which will commence at 9:00 A.M. on October 11, 2018, in Porter Hall, 1st floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico. The hearing may be continued to following days if not completed.

Written or electronic comments on the proposed rule may be hand delivered or mailed to the Commission Clerk, Florene Davidson, 3rd floor, 1220 South St. Francis Drive, Santa Fe, NM 87505, or e-mailed to florene.davidson@state.nm.us. All written or electronic comments must be received by the Commission Clerk no later than 9:00 A.M. on October 11, 2018, unless the Commission or the Commission Chair extends this deadline.

Persons intending to submit proposed modifications to the proposed rule amendments, to present technical testimony at the hearing, or to cross-examine witnesses must file six copies of a Pre-hearing Statement conforming to the requirements of Subsection B of 19.15.3.11 NMAC, no later than 5:00 P.M. on September 26, 2018. Pre-hearing Statements must be hand-delivered, mailed, or e-mailed to the Commission Clerk at the above address.

Any person who has not submitted a pre-hearing statement may present non-technical testimony or make an unsworn statement at the hearing. A person may also offer exhibits with the testimony so long as the exhibits are relevant to the proposed rule changes and do not unduly repeat the testimony. Any person who wishes to present non-technical testimony should indicate his or her intent on a sign-in sheet

at the hearing. A person who testifies at the hearing is subject to cross-examination by the commissioners, commission counsel, or a party on the subject matter of the person's direct testimony.

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network at 1-800-659-1779 by September 26, 2018. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A party who plans to use projection equipment at a hearing must contact Ms. Davidson seven business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the person requesting to use the wireless connection must provide a laptop computer.

There is no technical information that served as a basis for the proposed amendments.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 4th day of September, 2018.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

Heather Riley

Chair, Oil Conservation Commission

Albuquerque Journal

Attachment
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Published in the Albuquerque Journal on Thursday September 06, 2018

Notice of Public Meeting and Public Hearing The State of New Mexico through its Oil Conservation Commission (Commission) hereby gives notice of the following meeting and public hearing to be held commencing at 9:00 a.m. on October 11, 2018, in Porter Hall, 1st floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. A preliminary agenda for the meeting will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 72 hours preceding the meeting. Case No. 16377: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION TO AMEND RULES OF THE COMMISSION FOR PERMITTING OF WELLS FOR UNDERGROUND INJECTION BY AMENDING CERTAIN SECTIONS OF RULE 19.15.26 NMAC; STATEWIDE. The New Mexico Oil Conservation Division (OCD) proposes to amend Section 26 of 19.15.16 NMAC to clarify the scope of the rule, the notice provisions, and the type of fluids that may be injected into Class II wells pursuant to the federal Underground Injection Control program regulations. Purpose of Proposed Rule. The amendments are proposed to clarify the scope of the rule, the notice provisions, and the type of fluids that may be injected into Class II wells pursuant to the federal Underground Injection Control program regulations. Legal Authority. These amendments are authorized by the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, NMSA 1978, as amended, specifically Sections 70-2-12(B)(13) (which authorizes rules to regulate subsurface storage of oil or natural gas or products of either), (14) (which authorizes rules to permit injection of natural gas or other substances for repressuring, cycling, pressure maintenance, or secondary or other enhanced recovery operations), (15) (which authorizes rules to regulate the disposition of water produced or used in connection with drilling for oil or gas and to direct subsurface disposal of water), and (21) (which authorizes rules to regulate the disposition of nondomestic wastes resulting from exploration, development, production, or storage of crude oil or natural gas). The rulemaking proceeding will be governed by the Commission's rule on rulemaking, 19.15.3 NMAC. The full text of the proposed rule amendments is available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Rules page of the Oil Conservation Division's website at <http://www.emnrd.state.nm.us/ocd>, or at Oil Conservation Division offices in Santa Fe, Hobbs, Artesia, or Aztec. Public Hearing and Comment. The Commission will hold a public hearing on the proposed rules at the Commission meeting which will commence at 9:00 A.M. on October 11, 2018, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico. The hearing may be continued to following days if not completed. Written or electronic comments on the proposed rule may be hand delivered or mailed to the Commission Clerk, Florene Davidson, 3rd floor, 1220 South St. Francis Drive, Santa Fe, NM 87505, or e-mailed to florene.davidson@state.nm.us. All written or electronic comments must be received by the Commission Clerk no later than 9:00 A.M. on October 11, 2018, unless the Commission or the Commission Chair extends this deadline. Persons intending to submit proposed modifications to the proposed rule amendments, to present technical testimony at the hearing, or to cross-examine witnesses must file six copies of a Pre-hearing Statement conforming to the requirements of Subsection B of 19.15.3.11 NMAC, no later than 5:00 P.M. on September 26, 2018. Pre-hearing Statements must be hand-delivered, mailed, or e-mailed to the Commission Clerk at the above address. Any person who has not submitted a pre-hearing statement may present non-technical testimony or make an unsworn statement at the hearing. A person may also offer exhibits with the testimony so long as the exhibits are relevant to the proposed rule changes and do not unduly repeat the testimony. Any person who wishes to present non-technical testimony should indicate his or her intent on a sign-in sheet at the hearing. A person who testifies at the hearing is subject to cross-examination by the commissioners, commission counsel, or a party on the subject matter of the person's direct testimony. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network at 1-800-659-

1779 by September 26, 2018. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A party who plans to use projection equipment at a hearing must contact Ms. Davidson seven business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the person requesting to use the wireless connection must provide a laptop computer. There is no technical information that served as a basis for the proposed amendments. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 4th day of September, 2018. STATE OF NEW MEXICO OIL CONSERVATION COMMISSION Heather Riley Chair, Oil Conservation Commission Journal: September 6, 2018

PHILLIP R. GOETZE

Oil Conservation Division

Energy, Minerals and Natural Resources Department, State of New Mexico

Over 40 years of experience developing and implementing a variety of projects with environmental, hydrologic, or regulatory applications.

PROFESSIONAL EXPERIENCES:

February 2013 to Present: Senior Petroleum Geologist / Hearing Examiner / Geohydrologist
Engineering Bureau, Oil Conservation Division, Energy, Minerals and Natural Resources Department

1220 South St. Francis Drive, Santa Fe, NM 87505

Administrative permitting for development and management of oil and gas resources under the state Oil and Gas Act. These projects include technical review of administrative applications and preparation of orders for non-standard locations, pool delineations, and non-standard proration units. Lead technical reviewer of applications for Class II wells (including salt water disposal wells and enhanced oil recovery (EOR) projects) under the New Mexico primacy agreement with the United States Environmental Protection Agency (USEPA) for its Underground Injection Control (UIC) Program under the Safe Drinking Water Act. Hearing examiner for Division hearings for cases regarding both protested and unprotested applications for approval of non-standard oil and gas circumstances that cannot be administratively permitted. Additional assignments related to the position:

Provide technical assistance to District personnel and General Counsel staff regarding compliance issues for disposal and EOR wells.

Development of protocols and recommended guidance for UIC related subjects such as induced seismicity, exempted aquifers and Class II disposal impacts on producing intervals.

Prepare quarterly reports for review by the UIC coordinator for submission to the USEPA.

Recommend changes in policy reflecting application of new technology or processes (e.g. injection rules per 19.15.26 NMAC).

Provided expert testimony before the Oil Conservation Commission for applications and in support of rulemaking (e.g. acid gas injection well applications, casing requirements in the Roswell Artesian Basin, and reporting requirements for fracturing fluids).

Provided expert testimony before the New Mexico Water Quality Control Commission (NMWQCC) in support of rulemaking (e.g. expanded authority for UIC Class I hazardous disposal wells).

Appointed as hearing examiner by the Division Director under 19.15.4.18 NMAC. Assist Santa Fe and District personnel with the Division's Loss Control Program.

March 2007 to February 2013: Hydrogeologist / Environmental Scientist / Project Manager
Gloreita Geoscience, Incorporated

1723 Second Street, Santa Fe, NM 87505

Multiple projects for environmental, hydrologic, and natural resource assessments including:

Los Alamos National Laboratory (LANL): contract team leader for ground-water sampling (including springs, shallow wells, monitoring wells with Baski and Westbay systems) in support of the Ground Water Stewardship Program; four years of sediment mapping and soil sampling for contaminants as part of the LANL assessment of geomorphic influences following the Cerro Grande and Las Conchas fires; geodetic surveying (with Trimble RTK GPS and Geodimeter total station units) and waste characterization sampling following LANL and New Mexico Environment Department (NMED) protocols.

Oversight of drilling, logging, and construction of deep exploration wells as part of Rio Rancho's City Water Program and the NM Office of the State Engineer (Ft. Sumner project).

Phillip R. Goetze

Hydrologic modeling and ground-water abatement plan development for multiple dairy facilities in southern and eastern New Mexico.

Numerous Phase I Environmental Site Assessments (ESAs) for commercial, industrial, and undeveloped properties in northern New Mexico, Nevada, and Texas.

Establish protocols, sampling requirements, and compile data for annual reporting for clients with Closure and Post Closure plans for landfills.

Oversight of petroleum storage tank removals, closures, and Minimum Site Investigations following closure.

Preparation and annual reporting of NPDES permits for commercial clients in New Mexico.

Preparation and implementation of Stage I Abatement Plans for dairies in violation of the NMWQCC ground-water standards.

Quality assurance for ground-water modeling and various sampling programs including mandatory monitoring and special client-specific events.

April 2006 to January 2007: Hydrogeologist / Project Manager

Tetra Tech EM Incorporated

6121 Indian School Road NE, Suite 205, Albuquerque, NM 87110

This position included responsibility for redevelopment of previous client relationships while maintaining obligations to state, Federal and private projects. Most significant projects include the following:

- Supervising geologist for drilling, construction, and development of deep monitoring wells at Kirtland Air Force Base for Long-Term Monitoring Program.

- Preparation of sampling and analysis plans for Texas Department of Criminal Justice landfills.

September 1999 to March 2006: Hydrogeologist / Project Manager

ASCG Incorporated of New Mexico (now the WH Pacific Corporation)

6501 Americas Parkway NE, Suite 400, Albuquerque, NM 87110

Responsible for a variety of environmental services for site assessment and remediation of contaminated sites associated with Federal, state, and private clients in New Mexico, Arizona, and the Navajo Nation. Significant projects entail the following:

- Field Technical Leader (as subcontractor) for drilling, construction, and development of deep and shallow monitoring wells at LANL for 2005.

- Developed and supervised assessment drilling programs for Risk-Based Corrective Action assessments of petroleum-contaminated NMED and Bureau of Indian Affairs (BIA) sites in New Mexico and Arizona.

- Responsible for project development and management of soil and ground-water remediation of hydrocarbon and solvent-contaminated sites including quarterly water sampling events and air monitoring for compliance.

- Supervised and participated in resolution of correction actions identified under USEPA CA/CO 1998-02 at approximately 35 Bureau of Indian Affairs federal facilities including review of asbestos programs, PCB investigations and remediations, Phase I ESAs for property transfer, AST/UST removals, hazardous waste disposal activities, environmental audits, and validation sampling of previous remedial activities.

- Completed development and oversight of voluntary corrective actions of hazardous wastes cited in notice of violations at the Southwestern Polytechnic Indian Institute.

- Provided sampling program for the AMAFCA Storm Water Study for assistance in compliance of the MS4 for the City of Albuquerque.

- Completed assessment for hydrocarbon contamination and prepared plans for remedial actions for five locations at BIA facilities during the last quarter of 2004.

Phillip R. Goetze

July 1996 to August 1999: Geologist / Environmental Scientist; General Contractor

Phillip R. Goetze, Consulting Geologist, Edgewood, New Mexico

Subcontractor for environmental firms providing on-site technical support and report preparation. Primary contractors included the following:

Billings and Associates, Inc., Albuquerque, New Mexico

Responsible for acquisition of both soil and water data for assessment and for installation of remediation systems for hydrocarbon-contaminated sites.

Roy F. Weston Inc., Albuquerque, New Mexico

Temporary position with responsibilities for on-site supervisor for data acquisition (three drilling rigs), for health and safety monitoring, and for quality assurance of installation of multiple ground-water wells at a Department of Energy tailings remediation (UMTRA) site near Tuba City, Arizona.

January 1993 to July 1996: Project Geologist / Project Manager

Billings and Associates, Inc.

6808 Academy Pkwy, E-NE, Suite A-4, Albuquerque, NM 87109

Responsible for acquisition of air, soil, and water data for site assessments related to leaking underground storage tanks throughout New Mexico. Participated and supervised installation, operation, and maintenance of biosparging/SVE remediation systems at five New Mexico locations. Site assessment activities included preparation of health and safety plans, drilling supervision, water and soil sampling preparation, chain-of-custody maintenance, analytical data review and compilation, and report preparation.

June 1985 to December 1992: Independent Geologist and Environmental Scientist

Phillip R. Goetze, Consulting Geologist, Albuquerque, New Mexico

Subcontracting services for data acquisition in geophysics and mineral exploration. Primary contractors included:

Charles B. Reynolds and Associates, Albuquerque, New Mexico

Performed functions of seismologist and crew chief for consulting group specializing in shallow seismic geophysics for environmental and engineering applications. Projects included USGS hydrologic assessment of Mesilla Bolson; plume and paleosurface mapping at Johnson Space Center facility north of Las Cruces; plume and paleosurface mapping in Mortandad Canyon and TA-22 site, LANL; plume and paleosurface mapping at Western Pipeline facility at Thoreau, NM; plume and paleosurface mapping at UNC Partners mill and tailings site north of Milan; engineering assessment of collapsible soils at Tanoan residential development and along the east edge of Albuquerque.

Glorieta Geoscience, Inc., Santa Fe, New Mexico

Initiated and conducted sampling program for assessing economic potential of low-grade gold occurrence in southwest New Mexico.

November 1983 to September 1984: Fluid Minerals Geologist

Bureau of Land Management, Department of Interior, Cheyenne, Wyoming

Temporary detail to Casper office to alleviate backlog of assessments of federal oil and gas leases in Wyoming and Nebraska. Assessments required geologic evaluation of oil and gas potential for lands in Powder River, Wind River, Big Horn and Denver-Julesburg Basins. Determination of "known geologic structures (KGSs)" per Secretarial Order for categorizing of federal oil and gas minerals into competitive and non-competitive status. Deposed as expert witness and provide expert summaries and affidavits for cases before the Interior Board of Land Appeals (example: Case No. IBLA 84-798 for protest of KGS delineation).

Phillip R. Goetze

June 1982 to September 1983: Field Geologist

United States Bureau of Mines, Department of Interior, Lakewood, Colorado

Assisted primary authors with field inventory and evaluation of mineral occurrences in 15 wilderness areas in Colorado (Central Mineralized Region), southern Wyoming, and eastern Utah. Field work included field mapping and sampling of abandoned mines and mineral occurrences within these areas and adjacent areas with potential impacts on wilderness designation.

July 1979 to January 1982: Geologist

United States Geological Survey, Department of Interior, Casper, Wyoming and Lakewood, Colorado

First two years exclusively mapping, drilling, and classifying coal resources in south central Wyoming. Detailed for two years to special team for preparation of impact statement: one of four principle authors for the Cache Creek-Bear Thrust Environmental Impact Statement which documented effects of two proposed oil and gas wells in designated wilderness area near Jackson, Wyoming. Deposed as expert witness in federal court. Final year primarily responsible for assessments of federal oil and gas leases for lands in Wyoming and Nebraska.

July 1977 to July 1979: District Geologist

Bureau of Land Management, Department of Interior, Socorro District Office, Socorro, New Mexico

Responsible for District minerals program for federal lands in west central portion of state. Assisted in environmental reports for land exchanges, classification of saleable mineral sites, mining claim validity determinations, inspection of surface reclamation for mineral extractions, inspection of oil exploration and geothermal gradient wells, and assessments for location of water wells in support of grazing projects.

EDUCATION:

New Mexico Institute of Mining and Technology, Socorro, New Mexico

Bachelor of Science in Geology, 1977

Additional Courses: EPA course requirements for Asbestos Inspector (10 years as active inspector); completion of state program for Licensed Contractor (NM; GS-29); EPA course requirements for Lead-Based Paint Risk Assessor (EPA Regions VI and IX; two years as active inspector); GSI Course *Application of Ground Penetrating Radar*; NGWA Course *Monitoring Natural Attenuation of Contaminants*.

PROFESSIONAL MEMBERSHIPS, LICENSES, OR CERTIFICATIONS:

American Association of Petroleum Geologists, Member No. 51,310

American Institute of Professional Geologist, Certified Professional Geologist No. 6,657

Alliance of Hazardous Materials Professionals, CHMM No. 11,401

ASTM International, Member No. 1,314,118 (Voting Member); Committees D18 (Soil and Rock) and E50 (Environmental Assessment, Risk Management and Corrective Action)

OSHA 40HR and 8HR Refresher Hazardous Waste Operations and Emergency Response (Current)

OSHA Hazardous Waste Operations and Emergency Response Manager/Supervisor (Current)

State of Alaska, Licensed Professional Geologist No. 514

State of Arizona, Registered Professional Geologist No. 40,812

State of Nevada, Certified Environmental Manager No. 2,218

State of Texas, Licensed Professional Geologist No. 2,278