

NOTICE OF LIMITED REHEARING IN RULEMAKING

The State of New Mexico through its Oil Conservation Commission (Commission) hereby gives notice of the limited rehearing to be held in the following rulemaking:

Case No. 16078: IN THE MATTER OF PROPOSED AMENDMENTS TO THE COMMISSION'S RULES ON FINANCIAL ASSURANCE AND PLUGGING AND ABANDONMENT OF WELLS, 19.15.2, 19.15.8, AND 19.15.25 NMAC

Rehearing. The Commission will commence the public rehearing on the portion of the proposed rule amendments covering financial assurance in 19.15.8 NMAC, and, in particular, the applicability of 19.15.8 NMAC to wells that are covered by federally required financial assurance, at the Commission meeting at 9:00 A.M. on November 15, 2018, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico.

Proposed Rule Amendments. The Oil Conservation Division (OCD) proposes to amend 19.15.2, 19.15.8, and 19.15.25 NMAC to make changes concerning financial assurance and plugging and abandonment of wells and related matters. The proposed rule changes include: (a) amending 19.15.2.7 NMAC to add definitions of terms used in financial assurance provisions; (b) amending 19.15.8.9 NMAC to provide for the increase in blanket bond amounts authorized by the Legislature and to change the amount of single well bonds to conform to statutory requirements; and (c) amending 19.15.25 NMAC to coordinate approved temporary abandonment with financial assurance requirements and to limit the use of approved temporary abandonment.

On July 19 and 20, 2018, the Commission held a hearing on the OCD's application to amend 19.15.2.7, 19.15.8, and 19.15.25 NMAC and on August 20, 2018 issued Order R-14834 to adopt certain changes to those rules. On September 13, 2018, the Commission, granted a limited rehearing to review the scope of the financial assurance requirements of 19.15.8 NMAC, and, in particular, the applicability of 19.15.8 NMAC to wells which are covered by federal financial assurance.

Purpose of Proposed Rule Amendments. The proposed changes will further the goals of the Oil and Gas Act by providing financial assurance that more accurately reflects the actual cost of well plugging, by implementing changes promulgated by the 2018 Legislature, and by limiting the overuse of approved temporary abandonment.

Legal Authority. The proposed rule amendments and rehearing are authorized by the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, and specifically Section 70-2-11 (which authorizes the adoption of rules to carry out the purposes of the Act and to prevent waste), Section 70-2-12(B)(1) (which authorizes the adoption of rules on plugging and financial assurance), and Section 70-2-14 (which requires the agency to establish categories of financial assurance). The rulemaking proceeding, including the rehearing, is governed by the Commission's rule on rulemaking, 19.15.3 NMAC.

Written or electronic comments on the portions of the proposed rule amendments for which the Commission granted the rehearing 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. Written or electronic comments shall be limited to the scope of the rehearing. All written or electronic comment must be received by the Commission Clerk no later than 9:00 A.M. on November 15, 2018, unless the Commission or the Commission Chair extends this deadline.

Persons intending to submit proposed modifications to the proposed rule amendments to 19.15.8 NMAC that are the subject of the rehearing, present technical testimony at the rehearing, or 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 November 1, 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 rehearing. Non-technical testimony or unsworn statements shall be limited to the scope of the rehearing. A person may also offer exhibits with the testimony so long as the exhibits are relevant to the scope of the rehearing 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 rehearing is subject to cross-examination by the commissioners, commission counsel, or a party on the subject matter of the person's direct testimony.

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 at 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. Information on the summary and purpose of the proposed rule, the legal authority for the proposed rule, and the order granting the rehearing is also available at the Rules page.

Technical Information that served as a basis for the proposed rule amendments includes:
OCD Well Plugging Costs FY2014-FY2018 (spreadsheet)
These materials can be viewed on the Rules page.

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 November 1, 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.