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

IN THE MATTER OF PROPOSED AMENDMENTS TO THE COMMISSION'S RULES ON PRODUCED WATER 19.15.2, 19.15.16, and 19.15.34 NMAC

CASE NO. 21281 ORDER NO. R-21343-A

ORDER OF THE COMMISSION

THIS MATTER came before the New Mexico Oil Conservation Commission ("Commission") on the application of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department ("Division") to amend Rules 19.15.2, 19.15.16, and 19.15.34 NMAC. The Commission conducted a hearing in this matter on July 30 and 31, 2020, and deliberated in open session following the hearing and also during the September 3, 2020 meeting. The Commission, having considered the testimony, the record, and the arguments of the parties, and being otherwise fully advised, enters the following findings, conclusions, and order.

THE COMMISSION FINDS THAT:

- 1. <u>Statutory Authority</u>. The Commission is authorized to adopt rules, after a hearing, under the Oil and Gas Act, NMSA 1978, Sections 70-2-1 to -38 ("Act"). NMSA 1978, § 70-2-12.2. The Commission and the Division are given the duty to regulate the disposition, handling, transport, storage, recycling, treatment and disposal of produced water during, or for reuse in, the exploration, drilling, production, treatment or refinement of oil or gas in a manner that protects public health, the environment, and fresh water resources. NMSA 1978, § 70-2-12(B)(15).
- 2. In 2019, the New Mexico Legislature passed House Bill 546 ("HB 546)" which specified, among other things, the jurisdictional limits of the Division and Commission as it relates to the regulation of produced water. NMSA 1978, §§ 70-13-1 through -5. HB 546 limits the Division and Commission's regulatory authority over produced water to the "exploration, drilling, production, treatment or refinement of oil or gas, including disposal by injection." NMSA 1978, § 70-2-12(B)(15). It also transfers to the Water Quality Control Commission ("WQCC") and the Department of the Environment ("NMED") the authority to regulate produced water outside of the oil and gas industry to include produced water used in road construction or maintenance or other construction, in the generation of electricity or in other industrial processes. NMSA 1978, § 74-6-4(P). Prior to the 2019 amendments, the Division and Commission had concurrent authority to regulate the use of produced water in road construction or maintenance or other construction, in the generation of electricity or in other industrial processes. Additionally, HB 546 provides a consistent definition of "produced water" within the Oil and Gas and Water Quality Acts. NMSA 1978, § 70-2-33(K). It also promotes the reuse of produced water within the oil and gas industry. See NMSA 1978, § 70-13-4.

Case No. 21281 Order No R-21343-A Page 2 of 11

- 3. <u>Application and Notice.</u> The Division filed an Application on May 6, 2020, to amend Rules 19.15.2, 19.15.16, and 19.15.34 NMAC to implement statutory additions and amendments to the Act related to the regulation of produced water. The Application included a draft of the proposed rule change and a proposed legal notice. 19.15.3.8(A) NMAC.
- 4. At a public meeting on May 21, 2020, the Commission decided to hold a hearing on the proposed rule change and scheduled the hearing for a special Commission meeting to begin on July 30, 2020. 19.15.3.8(C) NMAC. The Commission determined that the hearing would be held in a virtual and telephonic format due to the public health restrictions in place to combat the Covid-19 pandemic. The Commission decided to require that all technical testimony be provided in writing in advance of the meeting, and that all members of the public notify the Commission Clerk if they wished to address the Commission during the hearing. The Commission also provided an extended written comment period of fifty-one (51) days.
- 5. Pre-hearing statements were submitted by the Division, WildEarth Guardians ("WEG"), the Sierra Club's Rio Grande Chapter ("Sierra Club"), New Energy Economy ("NEE"), and the New Mexico Oil and Gas Association ("NMOGA"). The Division and Sierra Club were the only parties to present technical and non-technical witnesses, which included both written testimony provided with the pre-hearing statements, as well as oral testimony during the hearing. In each of their respective pre-hearing statements, the parties offered modifications to the proposed rule changes. Additionally, the Commission reviewed several written comments received before and during the hearing, as well as oral comments made during the hearing. Comments included objections to the rule changes in their entirety, as well as suggested alternative language and other modifications to the proposed rules.
- 6. <u>Proposed Rule Changes.</u> The Division proposed to amend Rules 19.15.2, 19.15.16, and 19.15.34 NMAC. The proposed rule changes generally include the following:
 - a. amendments to 19.15.2.7 NMAC to conform the definition of "produced water" with the definition found in the Oil and Gas Act, NMSA 1978, § 70-2-33(K).
 - b. amendments to 19.15.16 NMAC to add a section requiring the filing of a water use report for a hydraulically fractured well that provides the portion of the water used in fracturing which is potable, nonpotable or recycled produced water; and
 - c. amendments to 19.15.34 NMAC to conform the language in this Part to the legislative changes in HB 546 concerning produced water as well as stylistic changes to conform to the NMAC style rules.
- 7. <u>Public Hearing.</u> The Commission conducted a virtual public hearing on the proposed rule changes on July 30 and 31, 2020. The Commission began its deliberations immediately after the adjournment of the hearing and completed its deliberations on September 3, 2020.
- 8. <u>Documentary Evidence.</u> In conjunction with their prehearing statements, each of the parties provided exhibits to be admitted at the hearing. These exhibits generally included written technical testimony and corresponding presentations, witness résumés, legislation, proposed changes and additions to the rule amendments, journal articles and reports related to produced

Case No. 21281 Order No R-21343-A Page 3 of 11

water, as well as news media articles related to produced water regulations and negative effects from produced water spills. These proposed exhibits were reviewed by the Commissioners and admitted into the record at the start of the hearing.

- 9. <u>Public Comment.</u> Members of the public were required to notify the Commission Clerk in advance of the meeting if they planned to provide public comment. The Commission Clerk received requests from fifty-four (54) individuals planning to provide public comment both prior to and during the hearing. The Commission provided multiple opportunities for these individuals to provide public comment during the hearing. However, all individuals that submitted a request did not appear during the public comment periods. Comments were provided by several in their individual capacity, as well as on behalf of both governmental and non-governmental organizations.
- 10. Public comment included substantial opposition to the proposed rule changes, the method in which the proposed rules were drafted, and the hearing procedures more generally. Several commenters requested that the rulemaking be suspended until more research and public engagement could be conducted. An overwhelming majority of commenters opposed the use of produced water in any setting, including within the oil and gas industry, stating that it will have significant negative and potentially toxic effects on oil and gas industry workers' health, public health more generally and in Latino and Native American communities, health of livestock and agriculture, the environment, and fresh water resources. Several opposed the extraction of oil and gas generally for similar reasons. Other comments included requests that the Commission create much more stringent regulations to sufficiently address the objective of the Produced Water and Water Quality Acts. Additional concerns were raised that the rules do not appropriately prohibit or regulate the application of produced water to land outside the oil and gas industry. Moreover, support for the Sierra Club's proposed language regarding more detailed water types was expressed by multiple commenters.
- 11. Written Comments. The Commission received fifty (50) written comments from several individuals and governmental and nongovernmental organizations before and during the hearing. All received written comments were formally entered into the hearing record. The Commission reviewed these comments as part of the record of this hearing. Multiple written comments included supporting technical exhibits, including journal articles, newspaper articles, reports, and statistical data, which were also entered into the hearing record and reviewed by the Commission.
- 12. Written comments included substantial opposition to the proposed rule changes, including multiple requests that the rulemaking be suspended until more research and public engagement could be conducted. An overwhelming majority of commenters opposed the use of produced water in any setting other than reuse in fracking operations, stating that it will have significant negative and potentially toxic effects on public health, health of livestock and agriculture, the environment, and fresh water resources. Several opposed the extraction of oil and gas as well as fracking generally. Written comments also included requests that the Commission create more stringent regulations to sufficiently address the potential dangers of the use of produced water outside of the fracking process. Written comments from the NMED, the Environmental Defense Fund, and Audubon Society included support for the proposed rules. NMED also proposed changes that are aimed at more clearly delineating the jurisdiction of the Division and NMED. Additionally, NMED requested that the Division require that NMED be notified of spills of volumes that may affect ground and surface

Case No. 21281 Order No R-21343-A Page 4 of 11

water. The State Land Office stated that any future rulemakings related to produced water should incorporate the highest scientific and environmental standards and raised concerns with the public engagement surrounding this rulemaking. Multiple written comments expressed opposition to the use of potable and nonpotable to identify water types; instead, they were generally in favor of identifiers similar to those proposed by the Sierra Club.

- 13. <u>Division's Testimony.</u> The Division presented Energy Minerals and Natural Resources Department ("EMNRD") General Counsel William Brancard as its sole witnesses. Mr. Brancard was subject to cross-examination by the other parties and by the Commissioners and Commission Counsel.
- 14. Mr. Brancard, providing written and oral testimony on behalf of the Division, explained the goal of the statutory change and the corresponding proposed rule changes. He stated that the primary purpose of the proposed rule changes was to implement the 2019 amendments to the Act related to the regulation of produced water. The proposed rule changes are intended to address and remedy inconsistencies within the related rules that resulted from the 2019 amendments. Additionally, the rules promote the reuse of produced water in the oil and gas industry and also seek to collect data regarding total water use in the industry in order to support regulation and future rule changes.
- 15. Mr. Brancard also provided a summary regarding the formulation of the proposed rules by the Division. This included the convening of a series of public meetings regarding produced water generally, as well as the implementation of the HB 546. According to Mr. Brancard, these meetings were all held in 2019 in five (5) cities throughout the state, each of which was well attended. Mr. Brancard outlined some of the current difficulties in regulating produced water, including the current lack of data compiled by both EMNRD and NMED. He noted that NMED is currently working to finalize its rules regarding produced water, but that despite this, the Division and EMNRD were determined to move forward with these rule changes to ensure that HB 546 was appropriately implemented by the agency.
- 16. Mr. Brancard testified about each element of the proposed rule changes that are necessitated by HB 546, including the new definition of produced water, the jurisdictional changes related to the regulation of produced water, as well as the specific changes to the Act related to produced water.
- 17. Mr. Brancard outlined the Division's suggested amendments to the original proposed rule in response to concerns and alternative language provided by the other parties in their pre-hearing statements. Mr. Brancard addressed each proposed change as well as the Division's decision to accept or reject the alternative language proposed by the other parties or the public. Specifically, Mr. Brancard testified as follows:
 - a. 19.15.2.7(P)(10) NMAC ("Definitions"): The amendment reflects the change to the statutory definition of produced water.
 - b. 19.15.16.21 NMAC ("Water Use Report"): This newly promulgated rule section requires reporting of water use for all hydraulically fractured wells including a breakdown of the amount of each type of water. The Division's

proposed draft included two types of water: potable, and nonpotable water; however, after review of the parties and public's concerns with these descriptors, the Division agreed that a more comprehensive and detailed list is appropriate. The Division specifically proposed the use of the alternative language provided by the Sierra Club, including the requirement that the data be posted on the Division's website. During cross-examination, Mr. Brancard also suggested eliminating the phrase "types of water including produced water, nonpotable water, and potable water" prior to the Sierra Club's proposed list of types of water.

- c. 19.15.34.2 NMAC ("Scope"): Amendments to this section reflect the elimination of the Commission's authority over non-oilfield uses of produced water and changes in terminology related to produced water. The Division does not object to the WEG proposal, which explicitly states that the rule does not authorize use of produced water outside the jurisdiction of the Division.
- d. 19.15.34.3 NMAC ("Statutory Authority"): Amendments to this section restate the language in NMSA 1978, Section 70-2-12(B)(15) that describes the scope of authority over produced water within the oil and gas industry. The Division does not object to the WEG proposal that restates the regulatory authority of the Division to protect public health, the environment and fresh water resources.
- e. 19.15.34.6 NMAC ("Objective"): Amendments to this section reflect the changes in Section NMSA 1978, Section, 70-2-12(B)(15), which modify the goals of produced water regulation including the protection of public health, the environment, and fresh water resources. The changes also clarify the scope of authority of the Division and update terminology.
- f. 19.15.34.7 NMAC ("Definitions"): Amendments to this section eliminate terminology that is no longer used and is unnecessary.
- g. 19.15.34.8 NMAC: This section provides overall direction on the handling and disposition of produced water. In addition to changes in terminology, amendments reflect the clarification of scope, the change to the goal of produced water regulation and the narrowing of the division's authority over produced water. The division does not object to proposed changes by NMOGA which more closely follow the terms used in the Commission's rule on injection. 19.15.26 NMAC. Finally, the proposed rule changes create an additional section which explicitly states that any use of produced water outside of the oil and gas industry is subject to regulation by the Water Quality Control Commission pursuant to the Water Quality Act and that any operator must obtain a permit from the Environment Department prior to such use. The Division does not object to NMED's proposed changes further defining jurisdiction of produced water regulation.

Case No. 21281 Order No R-21343-A Page 6 of 11

- h. 19.15.34.9 NMAC: Amendments to this section are for consistency with the Commission injection rule which changed the term "salt water disposal well" to "produced water disposal well." 19.15.26.8(E) NMAC.
- i. 19.15.34.13 through .18 NMAC: The remaining amendments to this section include only style corrections to comply with the NMAC style rules, such as the spelling of percentages. 1.24.10.12(A)(2)(C).
- 18. During both direct testimony and cross-examination from the parties and the Commission, Mr. Brancard reiterated that this rulemaking is very narrow and is not a technical rulemaking but a legal rulemaking. He noted that the primary purpose of the proposed rule was to ensure that the Commission's rules related to produced water were consistent with the statutory changes resulting from HB 546. Mr. Brancard acknowledged that the Division may be authorized to further regulate the use of produced water, but that this was not the initial intent of the Division when proposing these rule changes. He also stated that nothing in the proposed rules permits the use of produced water outside the oil and gas industry. He noted that the Division has plans to propose future rule changes that would provide for further regulation, but that the Division would need more data to inform any future proposed rules and that one of the purposes of this rulemaking was to begin collecting that data. He also took issue with several of the proposed alternative changes as being outside the scope of the Division's authority or potentially too drastic a change to be included as part of this rulemaking.
- 19. <u>Sierra Club's Testimony</u> Sierra Club presented two witnesses during this hearing, including Camilla Catherine Feibelman, Director of the Rio Grande Chapter of the Sierra Club, and Norman Gaume, retired licensed professional water engineer. These witnesses were subject to cross-examination by the other parties and by the Commissioners and Commission Counsel.
- 20. Ms. Feibelman stated that any regulations should limit the use of produced water to the oil and gas industry and only when its use does not detrimentally affect the public health, the environment or fresh water resources. She stated that produced water should only be used in oil and gas production and no fresh water should be used for these purposes. She noted that produced water should not be used outside of the industry unless and until the effects of produced water have been researched and it is determined that any such use is safe. She asserted that she did not believe the process in promulgating these proposed rules was sufficient and that the Division could have utilized a similar procedure that was used in promulgating the anticipated rules related to methane. Finally, she stated that, although she understands the intent and objective, she believed that the narrow focus of the rulemaking ignores important issues related to the significant negative effects that may arise from the use of produced water.
- 21. Mr. Gaume presented both written and oral testimony during this hearing. Mr. Gaume is a member of the Produced Water Consortium ("Consortium") Technical Steering Committee representing the Sierra Club. In his testimony, Mr. Gaume states that the proposed rule changes do not effectively carry out the objectives of the Produced Water Act. He states that he is unaware of any additional steps that the Division plans to take to address these deficiencies. He stated that there are many more protections that are necessary to address the potential safety issues resulting from the use of produced water.

Case No. 21281 Order No R-21343-A Page 7 of 11

- 22. Mr. Gaume does support the reuse of produced water to replace scarce fresh water resources in the oil and gas industry and stated that such reuse should be encouraged. He stated that the Sierra Club's proposed use registration requirement would allow the Division to require substitution of fresh water with produced water if it is appropriate. He stated that this registration requirement would also allow for better data collection. He noted that the Consortium has yet to make any finding regarding the safety of reuse of produced water outside of the oil and gas industry. However, he asserted that any contamination of fresh water with produced water will ruin the fresh water due to the very high salinity of produced water. He further stated that the application of produced water to land would have significant negative public health effects. Additionally, the cost to treat the produced water to make such use safe would be immense and likely not a practice that the industry would undertake. He noted that the data surrounding produced water was both inadequate and also unusable in its current form. He presented an additional graph exhibiting data collected regarding the use of produced water and subsequent spills. He agreed that technology could be invented to appropriately treat produced water, but he noted that the industry is far from creating such technology.
- 23. Mr. Gaume noted his support of the use of the statutory language regarding the Division's charge to protect "the public health, the environment, and fresh water resources." He also proposed that the jurisdiction of both the Division and NMED should be more clearly identified by these rules. He explicitly rejected the use of potable and nonpotable water in part because he believes the Division has no authority to regulate potable water. He discussed his support for the Sierra Club's proposed delineation of water types over the Division's language. Mr. Gaume discussed, in detail, the need for more stringent regulations aimed at preventing produced water releases.
- 24. <u>Deliberation and Action.</u> The Commission began deliberations regarding the proposed rule changes immediately after the hearing on July 31, 2020. The Commission reached a tentative decision on the proposed rule changes, and requested that Commission Counsel prepare a proposed order for its review and approval. At the meeting on September 3, 2020, the Commission reviewed the proposed rule changes and the proposed order, and adopted the rule changes as provided in attached Exhibit A for the reasons set forth herein.
- 25. Reasons for Adopting Rule Changes. The Commission finds that HB 546, which includes the Produced Water Act passed in 2019, requires changes to the Commission's rules related to produced water regulation. The proposed rule changes are a reasonable implementation of the statutory changes and are supported by substantial evidence. The proposed rule changes appropriately amend Rules 19.15.2, 19.15.16, and 19.15.34 NMAC to ensure that it is consistent with the Produced Water Act and other amendments to the Oil and Gas Act. The Commission finds that the proposed rule changes, as modified, create a necessary and appropriate initial framework for the regulation of produced water by the Division and this Commission. The proposed rule changes, as modified, appropriately outline the jurisdiction of the Division with respect to the regulation of produced water in the oil and gas industry.
- 26. The Commission finds that the changes to the proposed rule in 19.15.2.7(P)(10) are necessary to match the definition of produced water in the Oil and Gas Act. NMSA 1978, § 70-2-33(K).

Case No. 21281 Order No R-21343-A Page 8 of 11

- 27. The Commission finds that a newly required Water Use Report described in the new section of Rule 19.15.16.21 NMAC is necessary to ensure that the Division begins collecting data related to the use of fresh water and produced water in the oil and gas industry to further inform Division regulation and any future rulemaking related to produced water. The Commission rejects the Division's proposed potable and nonpotable water types. The Commission believes that a more detailed delineation of types of water proposed by the Sierra Club provides appropriate clarity and detail to the data that will be provided by the operators and collected by the Division.
- 28. The Commission finds that changes to the scope of the rule stated in 19.15.34.2 NMAC are necessary to conform with the amendments to Oil and Gas Act, including the elimination of the Division role in regulating the use of produced water in road construction or maintenance, or other construction; in the generation of electricity or in other industrial processes. The Commission accepts the WEG proposal regarding the limitation on the rule's authorization of the use of produced water as it appropriately delineates the Division's current authority with respect to the regulation of produced water. To remain consistent, the Commission prefers to use the term "within the jurisdiction of the Division" to identify the scope of the rule.
- 29. The Commission finds that changes to the rule outlining the statutory authority stated in 19.15.34.3 NMAC appropriately identify the currently existing authority of the Division as provided by the Produced Water Act. The Commission accepts WEG's proposal to include the Division charge to protect public health, the environment, and fresh water resources in the regulation of produced water as is required by the Produced Water Act.
- 30. The Commission finds that the proposed changes to the objective in Rule 19.15.34.6 NMAC reflect changes to the Oil and Gas Act that modify the goals of produced water regulation within the oil and gas industry. The Commission finds that the Division's proposed language is sufficient with the addition of the limiting language "within the jurisdiction of the Division."
- 31. The Commission finds that the Division's proposed changes to Rule 19.15.34.7 NMAC are necessary to eliminate terminology that is no longer used and is unnecessary.
- 32. The Commission generally finds that the Division's proposed changes to Rule 19.15.34.8 NMAC provide overall direction on the handling and disposition of produced water, as well as reflect the new regulatory charge of the Division. The Commission further finds that the proposed rules and subsequent changes are appropriate:
 - a. The Commission accepts NMOGA's proposed changes to Rule 19.15.34.8(A)(1) NMAC as they more closely follow the Commission's injection rules related to produced water. 19.15.26 NMAC.
 - b. The Commission agreed on changes to the Division's proposed changes to Rule 19.15.34.8(A)(2) NMAC, which created consistency within the rules regarding the jurisdiction of the Division and the use of "district office" as a function level of the Division for the purposes of Division decisions and approvals.

- c. The Commission agreed on changes to Rule 19.15.34.8(A)(3) NMAC consistent with the above changes related to the use of "district office."
- d. The Commission finds that the Division's proposed changes to Rule 19.15.34.8(A)(4) NMAC are appropriate to encourage the reuse of produced water in a manner that protects public health, the environment, and fresh water resources.
- e. The Commission finds that NMED's proposed changes to Rule 19.15.34.8(A)(6) NMAC are appropriate to identify the Division's authority regarding releases of produced water, but the Commission agreed to utilize the consistent language regarding jurisdiction of the Division. The Commission agreed generally with the NMED proposed changes regarding releases of produced water and the notification of NMED. However, the Commission opted to alter the proposed language to include all releases that are "detrimental to ground or surface water."
- f. The Commission finds that the Division's proposed new subsection Rule 19.15.34.8(A)(7) NMAC is appropriate to delineate the jurisdiction of the Division, NMED, and the Water Quality Control Commission with respect to the use of produced water outside of the oil and gas industry. The Commission agreed to changes proposed by NMED to include "release" in the list of produced water activities and also accepted Sierra Club's addition of the Water Quality Act to affirmatively identify the applicable statutory framework for these activities.
- g. The Commission finds that similar language proposed by both WEG and Sierra Club regarding the prohibition on the surface application of produced water is appropriate. However, the Commission agreed to include an additional subsection to Rule 19.15.34.8(A) NMAC in order to facilitate this purpose. The Commission agreed that the new subsection should explicitly prohibit surface application of produced water or recycled produced water on any facility within the jurisdiction of the Division.
- h. The Commission finds that the Division's proposed changes to Rule 19.15.34.8(B) NMAC appropriately describe the methods, restrictions and applicable rules related to disposal of produced water. The Commission also accepts the Division's newly proposed Rule 19.15.34.8(B)(3) NMAC, as it effectively delineates the jurisdiction and requirements for the use of produced water outside the oil and gas industry to the NMED and WQCC.
- 33. The Commission finds that the Division's proposed changes to Rule 19.15.34.9 NMAC are necessary to follow the Commission prior change of terminology from "salt water" to "produced water."

Case No. 21281 Order No R-21343-A Page 10 of 11

- 34. The Commission finds that the Division's proposed changes to Rule 19.15.34.13 NMAC are necessary to adhere to the NMAC style rules regarding the spelling out of percentages. The Commission, in the interest of consistency as described above, altered the language from "district office" to the "division."
- 35. The Commission finds that the Division's proposed changes to Rule 19.15.34.14 NMAC are necessary to adhere to the NMAC style rules regarding the spelling out of percentages.
- 36. The Commission finds that the Division's proposed changes to Rule 19.15.34.18 NMAC are necessary to adhere to the NMAC style rules regarding the spelling out of percentages.

THE COMMISSION CONCLUDES THAT:

- 1. The Commission has jurisdiction, under the Oil and Gas Act, NMSA 1978, §§ 70-2-1 to -38, over the parties and subject matter of this case.
- 2. The Commission has legal authority, under the Oil and Gas Act, to enact the proposed rule changes.
- 3. The Commission provided due public notice and an opportunity for the public to provide comments regarding the proposed rule change. A public hearing was held and reasonable opportunity was provided for all persons present to provide testimony, evidence and exhibits.
- 4. All Commissioners were present at the public hearing and considered all the evidence presented during the hearing, including the proposed amendments submitted by the parties. The Commission deliberated after the hearing and adopted the rule changes as stated above.
- 5. The Commission concludes that there is substantial evidence in the record to support the proposed rule changes and that these rule changes are within the authority of the Commission under the Oil and Gas Act, and that these rule changes are reasonable and further the goals of the Oil and Gas Act.

IT IS THEREFORE ORDERED THAT:

The proposed changes to Rules 19.15.2, 19.15.16 and 19.15.34 NMAC, as shown on attached Exhibit A, are hereby approved by the Commission. The adoption of the rule changes will be final upon the latter of (a) the action, or deemed action, of the Commission on a rehearing application filed pursuant to NMSA 1978, § 70-2-25, or (b) twenty (20) days from the date of this order if no rehearing application is filed. The rule change shall not be filed with the state records administrator until the rule change is adopted and then must be filed within fifteen (15) days after the adoption. If no rehearing is required by the Commission, this Order shall serve as the "concise explanatory statement" required by NMSA 1978, § 14-4-5.5 (2017).

Case No. 21281 Order No R-21343-A Page 11 of 11

DONE at Santa Fe, New Mexico, on this 3rd day of September 2020.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

DR. THOMAS ENGLER, P.E., MEMBER

JORDAN KESSLER, Esq., MEMBER

ADRIENNE SANDOVAL, M.E., CHAIR

SEAL