

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN EMERGENCY ORDER SUSPENDING CERTAIN APPROVED APPLICATIONS FOR PERMITS TO DRILL, AND FOR ADOPTION OF SPECIAL RULES FOR DRILLING IN CERTAIN AREAS FOR THE PROTECTION OF FRESH WATER, CHAVES AND EDDY COUNTIES, NEW MEXICO.

CASE NO 15487

**SECOND AMENDED PREHEARING STATEMENT OF THE INDEPENDENT PETROLEUM
ASSOCIATION OF NEW MEXICO**

The Independent Petroleum Association of New Mexico (IPANM) hereby submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Commission.

APPEARANCES

APPLICANT

Affected Parties

COG Operating, LLC
Fasken Oil & Ranch, Ltd
Oxy USA, Inc.

EOG Resources Inc.
Lime Rock Resources

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STATEMENT OF THE CASE

The Independent Petroleum Association of New Mexico, representing over 300 member companies many of whom operate in southeast New Mexico, opposes the applicant's current application for rulemaking. This proposal, which is applicants fifth amended proposal, seeks the adoption of 'Special provisions' for drilling and casing oil and gas wells in a Designated area identified as the Roswell Artesian Basin in Chaves and Eddy Counties, New Mexico. The net effect of the proposed rules is to "require two strings of surface protection in any well drilled through both the artesian aquifer and the shallow aquifer in the Roswell artesian basin ..." IPANM would contend that thousands of wells drilled over the past several decades in the proposed designated area has been protective of fresh water and the environment. Neither prior testimony at the 'emergency proceedings in this case, nor any of the Divisions prior applications including this application, offers any factual basis for why the proposed rules are necessary or why enforcement of existing regulations will not adequately protect fresh water, human health or the environment. See 19.15.16.10 NMAC. In addition, the proposed rules, with the additional casing string, cement bond logs and increased annual spacing will unnecessarily increase the cost of drilling oil and gas wells in the Designated area.

Should the Commission determine that the "special provisions" are appropriate to protect the fresh water, human health and the environment in the Designated area, IPANM has worked closely with COG, Oxy, Fasken, Mack Energy, Lime Rock Resources and NMOGA to jointly submit modifications to the proposed rules. These modifications seek to maintain the current drilling and casing requirements that have proven to be protective. However, as with the existing rules, the proposed Industry modifications authorize the District Supervisor to require a second casing string where drilling hazards may indicate the single casing is insufficient to provide protections to human health, freshwater or the environment.

PROPOSED EVIDENCE

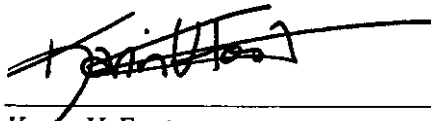
IPANM does not, at this time, intend to present any testimony or direct evidence. However, we reserve the right to call any necessary rebuttal witnesses.

PROCEDURAL MATTERS

None at this time.

Respectfully Submitted,

Southwest Government Affairs, LLC



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CERTIFICATE OF SERVICE

I hereby certify that on November 21, 2016, I served a copy of the foregoing documents to the following counsel of record via electronic mail to:

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By: 
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