

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

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CASE NO. 15487

**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**

DIVISION'S PRE-HEARING STATEMENT FOR RE-HEARING

The Supervisor of Oil Conservation Division (OCD) District II ("Applicant") hereby submits its Pre-Hearing Statement for the Re-hearing scheduled on Monday, April 4, 2016.

PARTIES

Applicant:

**THE NEW MEXICO OIL CONSERVATION
DIVISION THROUGH THE SUPERVISOR
OF DISTRICT II**

Other Parties:

**COG Operating, LLC
OXY-USA Inc.
Fasken Oil and Ranch, Ltd.**

ATTORNEYS

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STATEMENT OF THE CASE

The New Mexico Oil Conservation Division (through the District Supervisor of District II) proposed amendment of Rule 19.15.39, NMAC to add a new Section 19.15.39.11 NMAC relating to casing and cementing of new oil or gas wells to be drilled in that portion of the Roswell Artesian Basin, in Chaves

and Eddy Counties, New Mexico, overlying the Shallow Aquifer and the Artesian Aquifer, as mapped by the State Engineer.

On February 8, 2017, following a hearing on December 5-7, 2016, the Commission issued Order No. 15487 adopting new Rule 19.15.39.11, including therein some portions of the rule proposed by the Division, with changes, and declining to adopt other portions of the proposed rule. Pecos Valley Artesian Conservancy District, Fasken Oil & Ranch, Ltd., OXY USA, Inc., Mack Energy Corporation, Devon Energy Production Company, L.P. and Independent Petroleum Association of New Mexico ("movants") timely filed a Joint Motion for Rehearing, asserting that (1) the definition of the "Designated area" in Subsection A of Rule 19.15.39.11 as adopted by the Commission is over-inclusive, and (2) Paragraph C(2) of the rule as adopted is ambiguous as to the location at which surface casing is required to be set. The Division contends the definition of the designated area is correct. The Division agrees with the movants that Paragraph C(2) is ambiguous but disagrees with the language movants propose to substitute therefore.

WITNESSES

<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze	NMEMNRD	Geologic Specialist	Hydrology, Petroleum Geology

Testimony to be presented by Phillip R. Goetze

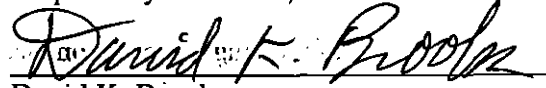
Mr. Goetze will testify that surface casing should be set approximately fifty feet below the base of the Artesian Aquifer in any well drilled through that aquifer, wherever that aquifer is encountered.

Time for Presentation: 30 minuts

PROCEDURAL MATTERS

The Applicant knows of no unresolved procedural matters.

Respectfully Submitted,



David K. Brooks

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Attorney for Oil Conservation Division

District II Supervisor

Certificate of Service

I hereby certify that the above pleading was served on the following parties by electronic mail on March 28, 2017.

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Attorney for the Office of the State Engineer


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