



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

M E M O R A N D U M

TO: 711 RULE CHANGE COMMITTEE MEMBERS

FROM: ROGER C. ANDERSON *RA*
Oil Conservation Division

SUBJECT: COMMISSION HEARING

DATE: APRIL 29, 1995

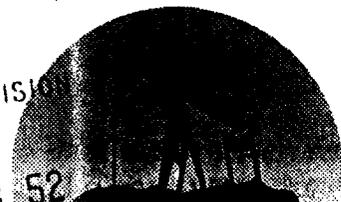
The Commission is scheduled to hear the proposed changes to Rule 711 on Thursday, May 11, 1995 in the OCC hearing room, 2040 Pacheco, Santa Fe N.M.

The Division will present the March 9, 1995 draft as the committee proposal. I have enclosed the comments from committee members that I have received to date. There are some items in the draft that the majority of the committee voted for but some individuals disagree with. Minority opinions are encouraged to present their positions to the Commission at the hearing.

The Division will present the position of disagreeing with an eight year phase-in of the bonding requirement for existing facilities. In light of past experience and the potential liability of the State, a four year phase in is more realistic

OIL CONSERVATION DIVISION
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marbob
energy corporation

April 7, 1995

Energy, Minerals, and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Roger C. Anderson

RE: 711 Rule Change

Dear Mr. Anderson:

Regarding the draft, dated March 9, 1995, which was submitted for our review, the only comment I have is located on page 17 under Section E. 3. Our new language provides for a particular potential exemption for C.9. It was my understanding that the C.9 was used only as an example and that our actual intent here would have been as follows:

3. comply with section C and D unless the Director grants an exemption;

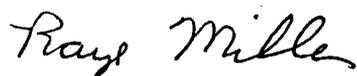
As you and I have discussed, there are a lot of varying ideas regarding the financial assurance exemption for centralized facilities. I believe Buddy and Ruth are working on trying to find acceptable language which everyone could live with. I will certainly review that and respond if and when it is available.

I believe the present draft provides increased protection against a situation such as developed in the Northwest without being so burdensome to the industry as to put existing operators out of business or restrict entry of new operators. Additionally, many environmental and public concerns have been addressed in the revised rule. As such, if I testify before the commission hearing regarding this change, I would be supporting the language that is contained in this draft. The only concern I have is in regards to permits such as was issued to SW or now the Consolidated (RMI) permit. The problem we have

is that for us to draft a rule which would have avoided the SW problem would probably put all of the good pit operators out of business in which case everybody loses. I would hope that we have learned from our past problems and that the actual permits of similar facilities would be tightened up to avoid repeat problems.

If you have any questions regarding these comments, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Raye Miller".

Raye Miller
Secretary/Treasurer

RM/mm

CRI

CONTROLLED RECOVERY

1995 MAR 23 PM 8 52

P.O. BOX 369, HOBBS, NM 88241 (505) 393-1079

March 21, 1995

Mr. Roger C. Anderson
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

RE: 711 Rule Change

Mr. Anderson:

I have received your memorandum of March 10, 1995, asking about minority viewpoint.

I plan to give testimony myself and to present evidence. I possibly will call other persons for testimony. The primary area of my concern is Section C "Operational Requirements", #4.

Please advise me of the procedure for this hearing, such as what order will people be scheduled, who will testify for the OCD, rebuttal time, etc.

Sincerely,

Ken Marsh

Ken Marsh

KRM/ac