

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT ON ITS OWN MOTION TO AMEND GENERAL RULES 312 AND 711 TO REQUIRE BONDS FOR TREATING PLANTS TO BE IN PLACE PRIOR TO THE COMMENCEMENT OF CONSTRUCTION INSTEAD OF AT THE TIME OF APPLICATION.

CASE No. 9769
Order No. R-9012

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 21, 1989, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of October, 1989, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The current Rule 312 requires a treating plant bond be filed at the time of application, which places a burden on the operator to obtain a bond for a plant which may not be approved.

(3) The rules should require a treating plant bond to be filed after the plant is approved but before the start of construction.

(4) Rule 312 (a) (6) should be rescinded and Rule 312 (c) should be adopted to change this bonding requirement and the other paragraphs of Rule 312 should be redesignated appropriately.

(5) Under Rule 711, it is not clear when a bond for a commercial treating facility must be filed.

(6) A bond should be required prior to construction of a commercial treating facility and Rule 711 C should be amended to so require.

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IT IS THEREFORE ORDERED THAT:


- (1) Sub-paragraph (6) under Rule 312 (a) should be deleted.
- (2) Sub-paragraph (7) under Rule 312 (a) should be re-numbered to become Sub-paragraph (6).
- (3) A new Paragraph 312 (c) is added to read in its entirety as shown on Exhibit A attached to and made a part of this order.
- (4) Existing paragraphs 312 (c) through (j) are to be re-numbered consecutively starting with 312 (d).
- (5) Sub-paragraph C of Rule 711 should be amended to read in its entirety as shown on Exhibit B attached to and made a part of this order.
- (6) The effective date of this order and amended Rules shall be October 16, 1989.
- (7) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

WILLIAM R. HUMPHRIES, Member


WILLIAM W. WEISS, Member


WILLIAM J. LEMAY, Chairman and
Secretary

S E A L

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Before commencing construction all treating plants shall have a surety or cash bond in the amount of \$25,000, in a form approved by the Division, conditioned upon compliance with statutes of the State of New Mexico and rules of the Division, and satisfactory clean-up of site upon cessation of operation, in accordance with Part (i) of this Rule. If a bond has been secured for a commercial surface waste disposal facility permit at the location, that bond shall be sufficient for the treating plant portion of the facility, providing they are contiguous. If an adequate bond is posted by the applicant with a federal or state agency and the bond otherwise fulfills the requirements of this rule, the Division may consider the bond as satisfying the requirement of this rule. The applicant must notify the Division of any material change affecting the bond filed for the site and must, in any case, report the status of their bond annually to the Division;

EXHIBIT "A"
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Before commencing construction, all commercial surface waste disposal facilities shall have a surety or cash bond in the amount of \$25,000, in a form approved by the Division, conditioned upon compliance with statutes of the State of New Mexico and rules of the Division, and satisfactory clean-up of site upon cessation of operation, in accordance with Part J of this Rule. If a bond has been secured for a treating plant permit at the location, that bond shall be sufficient for the surface waste disposal portion of the facility, providing they are contiguous. If an adequate bond is posted by the applicant with a federal or state agency and the bond otherwise fulfills the requirements of this rule, the Division may consider the bond as satisfying the requirement of this rule. The applicant must notify the Division of any material change affecting the bond filed for the site and must, in any case, report the status of their bond annually to the Division;

EXHIBIT "B"
CASE NO. 9769
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