

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

IN THE MATTER OF

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION FOR AMENDMENT OF SECTION 19.15.7.24 NMAC CHANGING
THE TIME FOR DIVISION NOTIFICATION AND ENFORCEMENT AFTER
AN OPERATOR'S FAILURE TO FILE AN ACCEPTABLE MONTHLY
REPORT (FORM C-115)**

**CASE NO. 15802
ORDER NO. R-14483**

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 ("OCD") to amend Rule 19.15.7.24 NMAC. The Commission, having conducted a hearing and deliberated in open session on September 21, 2017, and 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. OCD filed an Application in this case to amend 19.15.7.24 NMAC.
2. The section proposed for amendment, 19.15.7.24 NMAC, requires each operator to file with OCD monthly reports of production of oil, gas and water from, and injection into, all oil and gas or injection wells operated, and provides procedures for enforcement.
3. The Commission has the authority, under the Oil and Gas Act, to enact rules to collect data and to provide for keeping of records and making of reports and for checking of the accuracy of the records and reports. NMSA 1978, Sections 70-2-11 and 70-2-12(A).
4. The Commission scheduled a hearing on the proposed rule changes for September 21, 2017.
5. Notice of the rulemaking and of the date, time, and place of the hearing was provided as required by NMSA 1978, Section 14-4-5.2 (2017) and 19.15.3.9 NMAC, including publication in the New Mexico Register on August 15, 2017. A copy of the notice is attached hereto as Exhibit 2.

6. The Commission conducted a public hearing on the proposed rule changes on September 21, 2017, and allowed an opportunity for all persons to be heard.

7. OCD filed a proposed modification of its proposed rule and a Pre-Hearing Statement. No other written comments were submitted.

8. OCD appeared at the hearing through counsel and presented Allison Marks, OCD's Deputy Director, as a witness. No other person testified or offered evidence or comments at the hearing.

9. The proposed amendment to 19.15.7.24 NMAC reduces from 60 days to 30 days the time after an operator fails to file a timely and acceptable monthly production report (form C-115) within which OCD is directed to notify the operator of its intent to revoke the operator's authorization to transport or inject by reason of such failure. The proposed amendment, as modified by OCD, provides that OCD shall notify the operator of the right to request a hearing.

10. The amendment also reduces the time within which the OCD may cancel the operator's authority to transport from or inject into a well and the time within which an operator may request a hearing on a division proposal to revoke its authorization from 120 days to 60 days after the original due date of the form C-115.

11. A copy of the full text of the proposed rule change, as modified, is attached hereto as Exhibit 1.

12. The Commission finds that the proposed changes, including OCD's proposed modification, will facilitate enforcement of the rules requiring operators to timely file correct and complete production and injection reports, and will facilitate OCD's obtaining the information necessary to perform its duties.

THE COMMISSION CONCLUDES THAT:

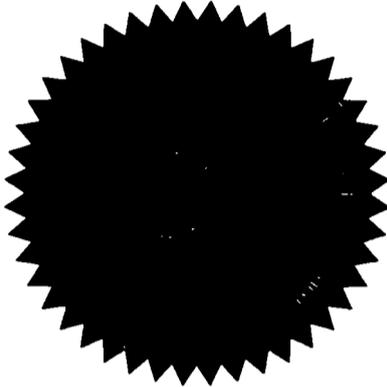
1. The Commission has jurisdiction, under the Oil and Gas Act, over the parties and subject matter of this case.
2. Due public notice has been given.
3. The Commission has legal authority to enact the proposed rule changes.
4. The Commission concludes that there is substantial evidence in the record to support the proposed rule changes, as amended by the Commission, 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 19.15.7.24 NMAC, as submitted to the Commission by the OCD at the hearing, are hereby approved by the Commission. The adoption of the rule changes will be final upon the later of the

action, or deemed action, of the Commission on a rehearing application filed pursuant to NMSA, Section 7-2-25, or 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 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, Section 14-4-5.5 (2017).

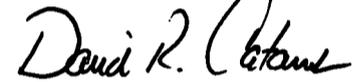
DONE at Santa Fe, New Mexico, on October 4, 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**




ROBERT BALCH, Member


ED MARTIN, Member


DAVID R. CATANACH, Chair

SEAL

Exhibit 1

This is an amendment to 19.15.7 NMAC, amending Section 24, effective //2017.

19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115):

A. An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests.

B. An operator shall file the reports 19.15.7.24 NMAC requires using the division's web-based online application on or before the 15th day of the second month following the month of production, or if such day falls on a weekend or holiday, the first workday following the 15th. An operator may apply to the division for exemption from the electronic filing requirement based upon a demonstration that such requirement would operate as an economic or other hardship.

C. If an operator fails to file a form C-115 that the division accepts, the division shall, within ~~[60]~~ 30 days of the appropriate filing date, notify the operator by electronic mail or letter of its intent to ~~[revoke]~~ cancel the operator's authorization to transport or inject if the operator does not file an acceptable and complete form C-115. The notice shall inform the operator of the right to request a hearing pursuant to 19.15.4.8 NMAC. If the operator does not either file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within ~~[120]~~ 60 days of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates.

[19.15.7.24 NMAC - Rp, 19.15.13.1115 NMAC, 12/1/2008; A, //2017]

Exhibit 2

**New Mexico Register / Volume XXVIII, Issue 15 / August 15, 2017
NOTICE OF PROPOSED RULEMAKING**

The New Mexico Oil Conservation Commission (Commission) hereby gives notice of the following proposed rulemaking.

Case No. 15738. In the Matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

The Commission proposes to amend its rule governing the procedures for rulemaking proceedings, 19.15.3 NMAC. The proposed rule change includes amendments to the sections on rulemaking initiation, notice, hearing participation and hearings, and adds sections on deliberation and action, the record and filing and appeal.

The purposes of the proposed rule changes are to comply with recent statutory changes involving rulemaking requirements. The proposed rule change is also intended to update and clarify 19.15.3 NMAC including the requirements for the initiation of rulemaking and for the filing of pre-hearing statements. The statutory authorizations include a new section of the Oil and Gas Act, NMSA 1978, Section 70-2-12.2, on adoption of rules and appeals, and the changes to the State Rules Act in Chapter 137 of Laws 2017. NMSA 1978, Section 70-2-11(A), authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act. ***Case No. 15802. Application of the New Mexico Oil Conservation Division for Amendment of Section 19.15.7.24 NMAC Changing the Time for Division Notification and Enforcement After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-115).***

The proposed amendment will reduce the time after an operator fails to file an acceptable monthly production report (form C-115) within which the Oil Conservation Division ("the division") must notify the operator of its intent to revoke the operator's authorization to transport from 60 days to 30 days, and to reduce the time within which the operator may file an acceptable form or request a hearing on the proposed revocation from 120 days to 60 days, after the original due date of the form C-115.

The purpose of the proposed amendment is to secure more expeditious filing of operators' production reports. This amendment is authorized by NMSA 1978, Section 70-2-11(A), which authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended); and by NMSA 1978, Section 70-2-12(A), which authorizes the collection of data and to provide for the keeping of records and the making of reports.

No technical information served as a basis for the proposed rules.

Public Hearing and Comment. The Commission will hold a public hearing on each of the proposed rules at the Commission meeting which will commence at 9:00 A.M. on **September 21, 2017**, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico.

The proposed rule amendments are available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Hearings page and Rules page at the Oil Conservation Division's website at <http://www.emnrd.state.nm.us/ocd>. Persons **recommending modifications** to the proposed rule amendments must file a notice of recommended modifications with Ms. Davidson no later than 5:00 P.M. on Thursday, September 7, 2017. The notice must include the text of the recommended modifications of the proposed rule amendments, an explanation of the recommended modification's impact, and reasons for adopting the modification. Persons intending to provide **written comments** on the proposed rule changes must submit their written comments no later than 5:00 P.M. on Friday, September 15, 2017 to Ms. Davidson.

Persons intending to offer technical testimony at the hearing must file six copies of a **Pre-hearing Statement** conforming to the requirements of 19.15.3.11 NMAC, and six copies of all exhibits the person will offer as evidence at the hearing, no later than 5:00 P.M. on Thursday, September 14, 2017. Any person may present non-technical testimony at the hearing.

Proposed modifications and written comments may be hand-delivered or mailed to Ms. Davidson at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, faxed to Ms. Davidson at (505) 476-3462, or e-mailed to Ms. Davidson at florene.davidson@state.nm.us. Pre-hearing Statements must be hand-delivered or mailed to Ms. Davidson at the above address.

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network at 1-800-659-1779 by **September 11, 2017**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A party who plans on using projection equipment at a hearing must contact Ms. Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of July 2017.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
David R. Catanach
Director, Oil Conservation Division
SEAL