

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

**APPLICATION OF NEW MEXICO OIL CONSERVATION
DIVISION TO ADOPT 19.15.27 NMAC AND 19.15.28 NMAC,
AND TO AMEND 19.15.7 NMAC, 19.15.18 NMAC, AND
19.15.19 NMAC; STATEWIDE**

CASE No. 21528

**NEW MEXICO OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division (“OCD”) submits this Pre-Hearing Statement in accordance with 19.15.3.11(B) NMAC.

I. STATEMENT OF THE CASE

The Energy, Minerals and Natural Resources Department, Oil Conservation Division (“OCD”), proposes to adopt rules to regulate the waste of natural gas by venting and flaring in the production and gathering sectors of the oil and gas industry. The proposed rules will prevent waste and protect correlative rights, public health, and the environment.

19.15.27 NMAC – Venting and Flaring of Natural Gas: OCD proposes to adopt a new rule to establish requirements for the operators of production facilities to report and reduce the venting and flaring of natural gas.

19.15.28 NMAC – Natural Gas Gathering Systems: OCD proposes to adopt a new rule to establish requirements for the operators of natural gas gathering systems, including gathering pipelines, to report and reduce the venting and flaring of natural gas.

19.15.7 NMAC – Forms and Reports: OCD proposes to amend an existing rule to rename a form, add new forms, and provide instructions for the use of those forms.

19.15.18 NMAC – Production Operating Practices: OCD proposes to amend an existing rule to remove a provision requiring the operators of production facilities to file an application to flare natural gas.

19.15.19 NMAC – Natural Gas Production Operating Practice: OCD proposes to amend an existing rule to remove two provisions regarding the venting of natural gas at production facilities.

II. TESTIMONY AND EXHIBITS

Testimony

Ms. Polak is a Deputy Director of OCD. She received a B.S. from the University of Oklahoma, a M.P.H. from the University of Texas, and a M.S. in Petroleum Engineering from Texas A&M University. She served in several engineering positions in the oil and gas industry, most recently as development director for Marathon Oil Company’s Permian assets. Ms. Polak’s qualifications are described in Exhibit 1. Ms. Polak will testify regarding the OCC’s statutory mandate, the historical scope of venting and flaring in New Mexico, Governor Lujan Grisham’s executive order establishing the guiding principles for OCD’s development of the proposed rules, OCD’s process and timeline for development of the proposed rules, and a summary of the proposed rules, including major changes in response to public comments. She will offer Exhibits 1-9. OCD estimates that Ms. Polak will testify for 60 minutes.

Mr. Lepore is the principal and founder of Insight Energy Law, LLC. He holds a B.A. from the University of Colorado and a J.D. from Stanford University. After serving as counsel for the Colorado Oil and Gas Commission (“COGC”), Mr. Lepore was appointed Director of COGC, a position he held from 2012 to 2018. Prior to his public service with COGC, he was a partner in two Denver law firms, where he specialized in oil and gas and environmental law. His

qualifications are described in Exhibit 2. Mr. Lepore will testify regarding the proposed rules in Parts 27 and 28. Specifically, he will review each section of the proposed rules, and explain their objective, function and policy considerations, as well as OCD's proposed modifications in response to public comments. He will offer Exhibits 10-30. OCD estimates that Mr. Lepore will testify for 90 minutes.

Mr. Bolander is a registered professional engineer and the president of JLB Engineering, LLC. After receiving his B.S. in Petroleum Engineering from Louisiana State University, Mr. Bolander worked in a range of engineering positions in the oil gas industry, including stints as chief operations engineer, vice-president for health, safety and environment, and vice president for resource development. His qualifications are described in Exhibit 3. Mr. Bolander will testify regarding the proposed rules in Parts 27 and 28. Specifically, he will review each section of Part 28, and explain its objective and function, with particular focus on petroleum engineering concepts and considerations. He will offer Exhibits 31-53. OCD estimates that Mr. Bolander will testify for 60 minutes.

Mr. Powell is the chief of OCD's Engineering Bureau. He has served with OCD in various positions for more than 14 years, including district supervisor, staff manager, inspection/enforcement supervisor, and environmental specialist. Prior to joining OCD, he was a facility manager and environmental technician for an environmental services company. His qualifications are described in Exhibit 4. Mr. Powell will testify regarding the proposed rules in Parts 27 and 28, with an emphasis on historical practices in New Mexico and expected changes in OCD processes, and will explain the proposed changes in Parts 7, 18, and 19. He will offer Exhibits 54-56. OCD estimates that Mr. Powell will testify for 60 minutes.

Exhibits

Exhibit 1	Curriculum Vitae of Tiffany Polak
Exhibit 2	OCD's Proposed Modifications – Part 27
Exhibit 3	OCD's Proposed Modifications – Part 28
Exhibit 4	Powerpoint Presentation
Exhibit 5	Executive Order No. 2019-003
Exhibit 6	EMNRD & NMED, Methane Advisory Panel Technical Report
Exhibit 7	New Mexico Register, Legal Notice
Exhibit 8	OCC Notice to Mailing List for Rulemaking
Exhibit 9	Affidavit of Publication for Legal Notice
Exhibit 10	Curriculum Vitae of Matt Lepore
Exhibit 11	COGCC, E&P Waste Management-Draft-900 Series, Jan. 2020
Exhibit 12	COGCC, E&P Waste Management-Final-900 Series, Nov. 2020
Exhibit 13	COGCC, Statement of Basis for Specific Statutory Authority-800-900-1200 Mission Change Rulemaking, Nov. 2020
Exhibit 14	NDIC, Order 24665
Exhibit 15	NDIC, FAQs
Exhibit 16	NDIC, Gas Capture Plan Required Hearing Exhibit
Exhibit 17	NDIC, Gas Capture Plan Required
Exhibit 18	NDIC, Oil and Gas Update
Exhibit 19	AER, Directive 060 - Upstream Petroleum Industry Flaring, Incinerating, and Venting
Exhibit 20	EIA, Gross Natural Gas Withdrawals and Production, Feb. 2020
Exhibit 21	EIA, Natural Gas Gross Withdrawals and Production, May 2020
Exhibit 22	EIA, Natural Gas Vented and Flared, Feb. 2020
Exhibit 23	EIA, North Dakota Aims to Reduce Natural Gas Flaring
Exhibit 24	EIA, North Dakota Provides Regulatory Guidance to Reduce Natural Gas Flaring
Exhibit 25	IEA, Methane Emissions from Oil and Gas
Exhibit 26	IEA, Methane Tracker Report – July 2019
Exhibit 27	IEA, Methane Tracker Report – March 2020
Exhibit 28	IEA, Methane Tracker Report – June 2020
Exhibit 29	Methane Guiding Principles, Policy Framework for Reducing Oil and Gas Methane Emissions
Exhibit 30	Methane Guiding Principles-Reducing Methane Emissions-Best Practice Guide
Exhibit 31	Curriculum Vitae of James Bolander
Exhibit 32	CO-DPHE, Regulation No. 7 - Ozone Control
Exhibit 33	TRC, Rule 3.70
Exhibit 34	TRC, Form T-4
Exhibit 35	BCOGC, Flaring and Venting Guideline
Exhibit 36	AER, Directive 017 - Measurements Requirements for Oil and Gas
Exhibit 37	BLM, 43 CFR 3170
Exhibit 38	EPA, 40 CFR 60 - Subpart OOOOa, § 60.5375a
Exhibit 39	EPA, 40 CFR 98, § 98.233

Exhibit 40	EPA OAQPS, Completions
Exhibit 41	EPA OAQPS, Flares
Exhibit 42	EPA OAQPS, Inert Gas and Pigs
Exhibit 43	EPA OAQPS, Pipeline Blowdowns
Exhibit 44	EPA OAQPS, Pipeline Pigging
Exhibit 45	UN, Technical Guidance Document No. 6 - Unstabilized Hydrocarbon Liquid Storage Tanks
Exhibit 46	UN, Technical Guidance Document No. 7 - Well Venting for Liquids Unloading
Exhibit 47	UN, Technical Guidance Document No. 8 - Well Venting & Flaring During Well Completion
Exhibit 48	UN, Technical Guidance Document No. 9 - Casinghead Gas Venting
Exhibit 49	Methane Guiding Principles, Reducing Methane Emissions-Flaring
Exhibit 50	Methane Guiding Principles, Reducing Methane Emissions-Venting
Exhibit 51	ICF International, Economic Analysis of Methane Reduction Potential from Natural Gas Systems
Exhibit 52	Emerson, Engineer's Guide to Tank Gauging
Exhibit 53	Clearstone Engineering, Guidelines on Flare and Vent Measurement
Exhibit 54	Curriculum Vitae of Brandon Powell
Exhibit 55	OCC Order R-4070, December 1, 1970
Exhibit 56	OCC Order R-4382, August 30, 1972

OCD reserves the right to call rebuttal witnesses and offer rebuttal exhibits.

III. PROCEDURAL MATTERS

As of the time of this filing, OCD is not aware of any procedural matters to be resolved prior to the hearing.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of this pleading and exhibits were mailed electronically on December 17, 2020 to:

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