

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

**IN THE MATTER OF  
PROPOSED AMENDMENTS TO  
19.15.2, 19.15.5, 19.15.8, 19.15.9,  
AND 19.15.25 NMAC**

**CASE NO. 24683**

**NEW MEXICO OIL AND GAS ASSOCIATION AND INDEPENDENT PETROLEUM  
ASSOCIATION OF NEW MEXICO'S JOINT MOTION FOR CLARIFICATION**

The New Mexico Oil and Gas Association (“NMOGA”) and Independent Petroleum Association of New Mexico (“IPANM”) file this Joint Motion for Clarification following the first day of rulemaking deliberations in Case No. 24683 on June 3, 2026, for the Commission’s immediate and timely consideration of the limited issues as stated below.

**1. Use and Interpretation of the Joint Stipulation**

As all parties acknowledge, substantial post-hearing discussions followed the conclusion of the rulemaking hearing and resulted in the Joint Stipulation submitted by Applicants on April 3, 2026, signed on behalf of NMOGA on March 31, 2026, and IPANM on April 2, 2026, attached hereto as Exhibit **XX** to avoid any further confusion or misidentification. The Joint Stipulation is understood by NMOGA and IPANM to represent a limited waiver of appeal grounds on the basis of substantial evidence as to the new, negotiated language (highlighted in **blue**) that was (a) not before the Commission during the entirety of the rulemaking hearing, and (b) proposed after the close of the record. NMOGA and IPANM do not agree or accept Applicants’ Exhibit 89A-E in wholesale format. The Table, attached as Exhibit **YY**, was included for the Commission’s easy reference to the new, blue language, not as controlling over the terms of the Joint Stipulation itself or as indicating agreement or waiver as to the entirety of the Part or Subpart referenced. IPANM adopted all of NMOGA’s modifications, unless specific alternatives introduced separately.

Moreover, the above positions were explained in the parties' closing submissions. *See, e.g.*, NMOGA Closing Exhibit 6; NMOGA Closing Brief at 3-4. IPANM and NMOGA raise this issue for clarification because throughout the first day of deliberations, Applicants' Exhibits 89A-89E were repeatedly referred to as the "Joint Stipulation" or the "Stipulated Agreement," and the Commission would then "move to adopt... the joint stipulation," or "provisions as seen in the joint stipulation," or in "applicant's joint stipulation."

## **2. Absence of Proposed Amendment does not indicate Agreement.**

The Hearing Officer's December 18, 2025 Order on Post-Hearing Submittals directed parties to submit "final proposed amendments set out in redline, showing proposed deletions by strikeout, and proposed insertion by underline." Both NMOGA and IPANM interpreted this direction as requiring submission of amendments to the existing rules in redline, but not as requiring a party opposing the amendment to re-propose the current rule. During the first day of deliberations, the Commission appeared to look only to the presence of redline alternatives filed by the parties as an indication of opposition to Applicant's Amended Proposed Rules, Ex. 89A-89E, not positions taken within the briefs and without inquiry into the proposed change.

Accordingly, NMOGA and IPANM file this Motion for Clarification and respectfully request that the Commission revisit and make clear for the record its position and procedure as to the following:

- a.** Whether parties opposing amendments were required to submit current rule language as an alternative in redline format in support of rejection of amendments;
- b.** Whether the Commission adopted the entirety of rule language in Exhibits 89A-89E when referenced as the "Joint Stipulation" or only the blue-highlighted language pursuant to the underlying agreement, Ex. **XX**.

Respectfully submitted,

**BEATTY & WOZNIAK, P.C.**

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Motion for Clarification was served to counsel of record by electronic mail this 4<sup>th</sup> day of June 2026, as follows:

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**STATE OF NEW MEXICO  
NEW MEXICO OIL CONSERVATION COMMISSION**

**IN THE MATTER OF PROPOSED  
AMENDMENTS TO 19.15.2, 19.15.5,  
19.15.8, 19.15.9, AND 19.15.25 NMAC**

**CASE NO. 24683**

**JOINT STIPULATION**

Whereas, the Parties to this Joint Stipulation (“Stipulation”) are Applicants, represented by Western Environmental Law Center (“WELC”)<sup>1</sup>; the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division (“OCD”); Independent Petroleum Association of New Mexico (“IPANM”); New Mexico Oil and Gas Association (“NMOGA”); and OXY USA Inc. (“OXY”) (collectively, “Parties”).

Whereas, all Parties to this Stipulation appeared as parties before the Oil Conservation Commission (“Commission”) in this rulemaking.

Whereas, the Commission held a hearing in this rulemaking on October 20-24, October 27-31, and November 3-6, 2025.

Whereas, during the hearing, the Commissioners strongly encouraged the parties to the rulemaking to discuss and negotiate the rules proposed by Applicants and OCD after the hearing to try to reach common ground and narrow differences to the extent possible prior to the Commission deliberating and ruling on Applicants’ Revised Application for Rulemaking (“Revised Application”).

Whereas, the Parties to this Stipulation entered into good faith discussions and negotiations in November 2025; met regularly; exchanged proposals, analyses, and information;

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<sup>1</sup> Applicants are WELC, Citizens Caring for the Future, Conservation Voters New Mexico Education Fund, Diné C.A.R.E., Earthworks, Naeva, New Mexico Interfaith Power and Light, Sierra Club, and WildEarth Guardians.

and concluded good faith discussions and negotiations in February 2026.

Whereas, the Parties to this Stipulation believe that their discussions and negotiations were constructive and that they made progress identifying provisions industry could accept on the basis of substantial evidence even while legal disagreements remain.

Whereas, the Parties agree as follows:

**1. Applicants’ and OCD’s Revisions.** Revisions to Applicants’ and OCD’s proposed amendments to 19.15.2, -5, -8, -9, and -25 NMAC made as a result of the Parties’ negotiations are reflected in **blue** highlight in Applicants’ exhibits attached to this Stipulation. The proposals in these exhibits represent Applicants’ and OCD’s final proposed amendments for the Commission’s consideration.<sup>2</sup> The exhibits are:

<b>Apps’ Ex. No.</b>	<b>Exhibit</b>
89	
89-A	Applicants’ Post Hearing Proposed Amendments to 19.15.2 NMAC FINAL
89-B	Applicants’ Post Hearing Proposed Amendments to 19.15.5 NMAC FINAL
89-C	Applicants’ Post Hearing Proposed Amendments to 19.15.8 NMAC FINAL
89-D	Applicants’ Post Hearing Proposed Amendments to 19.15.9 NMAC FINAL
89-E	Applicants’ Post Hearing Proposed Amendments to 19.15.25 NMAC FINAL

**2. Stipulation and Reservation of Rights.** In consideration for the revisions made by Applicants and OCD to their final proposed amendments as a result of negotiations, IPANM, NMOGA, and OXY agree not to challenge revisions highlighted in **blue** in Applicants’ Exhibits 89-A through 89-E before the Commission based on lack of substantial evidence as set forth below in paragraphs 4 through 6 as applicable to each Party. IPANM, NMOGA, and OXY agree

<sup>2</sup> Language highlighted in **yellow** in Exhibits 89-C, 89-D, and 89-E represents changes to Applicants’ Revised Application (filed April 24, 2025) that was agreed to in negotiations held prior to hearing among Applicants, OCD, and OXY and that was proposed by those parties in their rebuttal cases (filed September 19, 2025), reflected in WELC Amended Exhibits 72-C, 72-D and 72-E .

that if any of the revisions highlighted in blue are adopted by the Commission and, except for non-substantive, non-material changes made for clarity, are not different from those submitted by the Parties to this Stipulation, they will not appeal such revisions pursuant to NMSA 1978, § 70-2-12.2(C)(2). Notwithstanding the foregoing, IPANM, NMOGA, and OXY reserve their right to challenge any such revisions highlighted in blue before the Commission or on appeal on any other grounds or basis. In the event language different than the revisions highlighted in blue in Applicants' Exhibit 89-A through 89-E is adopted by the Commission, except for non-substantive, non-material changes made for clarity, IPANM, NMOGA, and OXY reserve and retain their rights to challenge the final rule on any basis.

**3. Limits of Stipulation and Reservation of Rights.** The stipulation set forth in paragraph 2 above applies only to those proposed revisions highlighted in blue in Applicants' Exhibit 89-A through 89-E and identified below in paragraphs 4 through 6 as applicable to each Party and does not apply to any other amendments proposed by Applicants and OCD in those exhibits. IPANM and NMOGA reserve all rights to challenge or oppose proposed revisions in Exhibits 89-A through 89-E not highlighted in blue on any basis. OXY reserves all rights to challenge or oppose proposed revisions not highlighted in blue or yellow in Exhibits 89-A through 89-E on any basis.

**4. IPANM's Positions.** As a result of negotiations, IPANM agrees not to challenge before the Commission or appeal based on lack of substantial evidence<sup>3</sup> the following blue negotiated changes to the amendments proposed by Applicants and OCD, as reflected in Exhibits

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<sup>3</sup> Unless the Commission adopts substantive or material changes to the negotiated provisions highlighted in blue in Applicants and OCD's Exhibits 89-A through 89-E.

89-A through 89-E:<sup>4, 5</sup>

- 19.15.2 NMAC: 19.15.2.7.L(6);
- 19.15.5 NMAC: 19.15.5.9.A(4) 19.15.5.9.A(5); 19.15.5.9.B(1)(a)–(B)(1)(d); 19.15.5.9.B(2);
- 19.15.8 NMAC: 19.15.8.9.A (last sentence); 19.15.8.9.C; 19.15.8.9.D; 19.15.8.9.E; 19.15.8.9.F(2); 19.15.8.9.H; 19.15.8.12.B;
- 19.15.9 NMAC: 19.15.9.8.C(5); 19.15.9.8.E; 19.15.9.9.C(5); and
- 19.15.25 NMAC: 19.15.25.8.B; 19.15.25.8.B(1); 19.15.25.8.B(3); 19.15.25.9.A; 19.15.25.9.B; 19.15.25.9.D(2); 19.15.25.9.D(3); 19.15.25.9.D(5); 19.15.25.9.E; 19.15.25.10.C; 19.15.25.13.A(1); 19.15.25.13.A(2); 19.25.13.B; 19.15.25.13.C; 19.15.25.13.C(1); 19.15.25.13.C(2)(a); 19.15.25.13.C(2)(b); 19.15.25.13.C(2)(b)(i); 19.15.25.13.C(2)(b)(ii); 19.15.25.13.C(2)(b)(iii); 19.15.25.13.C(2)(b)(iv); 19.15.25.13.C(2)(b)(v); 19.15.25.13.C(2)(c); 19.15.25.13.C(4); 19.15.25.13.E(1); 19.15.25.13.F; 19.15.25.14.A; 19.15.25.14.C; 19.15.25.14.D; 19.15.25.15.A; 19.15.25.15.A(4); 19.15.25.15.A(5); 19.15.25.15.B; 19.15.25.B(2)-B(5); 19.15.25.15.F;

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<sup>4</sup> IPANM has designated its position as “A\R” (i.e., “Accept, but Reserve All Legal Arguments Other Than Substantial Evidence Basis”) in the attached Table based on Applicants’ post-hearing amendments to 19.15.2, -.5, -.9, -.25 NMAC, Exhibits 89-A to 89-E (hereinafter, “Table”), incorporated herein and made a part of this Stipulation, for the blue negotiated provisions listed by citation Paragraph 6, which IPANM finds acceptable for adoption in the event its non-substantial evidence arguments are rejected by the Commission.

<sup>5</sup> Except to the extent that IPANM has designated its position as “A\M\R” (i.e., “Accept with Suggested Modification, but Reserve All Legal Arguments Other Than Substantial Evidence Basis”) in the attached Table, incorporated herein and made a part of this Stipulation, for the blue negotiated provisions listed by citation in this Note 5, for which IPANM proposes a suggested modification but otherwise finds acceptable for adoption in the event its suggested modification and non-substantial evidence arguments are rejected by the Commission, excluding all references to “May”, “one well plugging financial assurance”, “\$150,000”, “the operator shall provide at least 30 days’ notice of the application for extension in a newspaper of general circulation”, “any interested person may request a hearing”, and “any interested person may intervene under 19.15.4.11.A NMAC”:

- 19.15.2 NMAC: 19.15.2.7.B(7); 19.15.2.7.I(4);
- 19.15.8 NMAC: 19.15.8.9.A; 19.15.8.9.D(1); 19.15.8.9.D(2); 19.15.8.9.D(3); 19.15.8.9.E(1) NMAC; 19.15.8.9.E(2);
- 19.15.9 NMAC: 19.15.9.8.B; 19.15.9.8.C(2) NMAC; 19.15.9.9.B NMAC; 19.15.9.9.C(2); and
- 19.15.25 NMAC: 19.15.25.9.D; 19.15.25.9.D(1); 19.5.25.13.C(2).

19.15.25.16.B.

**5. NMOGA's Positions.** As a result of negotiations, NMOGA agrees not to challenge before the Commission or appeal based on lack of substantial evidence<sup>6</sup> the following **blue** negotiated changes to the amendments proposed by Applicants and OCD, as reflected in Exhibits 89-A through 89-E:<sup>7, 8</sup>

- 19.15.2 NMAC: 19.15.2.7.L(6);
- 19.15.5 NMAC: 19.15.5.9.A(4); 19.15.5.9.A(5); 19.15.5.9.B(1)(a)–B(1)(d); 19.15.5.9.B(2);
- 19.15.8 NMAC: 19.15.8.9.A (last sentence); 19.15.8.9.C; 19.15.8.9.D; 19.15.8.9.E; 19.15.8.9.F(2); 19.15.8.9.H; 19.15.8.12.B;

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<sup>6</sup> Unless the Commission makes substantive or material changes to the negotiated provisions highlighted in **blue** in Applicants and OCD's Exhibits 89-A through 89-E.

<sup>7</sup> NMOGA has designated its position as "A\R" (i.e., "Accept, but Reserve All Legal Arguments Other Than Substantial Evidence Basis") in the attached Table, incorporated herein and made a part of this agreement, for the **blue** negotiated provisions listed by proposed citation in this paragraph, which NMOGA finds acceptable for adoption in the event its non-substantial evidence arguments are rejected by the Commission.

<sup>8</sup> Except to the extent that NMOGA has designated its position as "A\MR" (i.e., "Accept with Suggested Modification, but Reserve All Legal Arguments Other Than Substantial Evidence Basis") in the attached Table, incorporated herein and made a part of this agreement, for the **blue** negotiated provisions listed by proposed citation in this footnote, for which NMOGA proposes a suggested modification but otherwise finds acceptable for adoption in the event its suggested modification and non-substantial evidence arguments are rejected by the Commission, excluding all references to "one well plugging financial assurance", "\$150,000", "the operator shall provide at least 30 days' notice of the application for extension in a newspaper of general circulation", "any interested person may request a hearing", and "any interested person may intervene under 19.15.4.11.A NMAC":

- 19.15.2 NMAC: 19.15.2.7.B(7); 19.15.2.7.I(4);
- 19.15.8 NMAC: 19.15.8.9.A; 19.15.8.9.D(1); 19.15.8.9.D(2); 19.15.8.9.D(3); 19.15.8.9.E(1); 19.15.8.9.E(2);
- 19.15.9 NMAC: 19.15.9.8.B; 19.15.9.8.C(2); 19.15.9.9.B; 19.15.9.9.C(2); and
- 19.15.25 NMAC: 19.15.25.9.D; 19.15.25.9.D(1); 19.15.25.13.C(2).

- 19.15.9 NMAC: 19.15.9.8.C(5); 19.15.9.8.E; 19.15.9.9.C(5); and
- 19.15.25 NMAC: 19.15.25.8.B; 19.15.25.8.B(1); 19.15.25.8.B(3); 19.15.25.9.A; 19.15.25.9.B; 19.15.25.9.D(2); 19.15.25.9.D(3); 19.15.25.9.D(5); 19.15.25.9.E; 19.15.25.10.C; 19.15.25.13.A(1); 19.15.25.13.A(2); 19.15.25.13.B; 19.15.25.13.C; 19.15.25.13.C(1); 19.15.25.13.C(2)(a); 19.15.25.13.C(2)(b); 19.15.25.13.C(2)(b)(i); 19.15.25.13.C(2)(b)(ii); 19.15.25.13.C(2)(b)(iii); 19.15.25.13.C(2)(b)(iv); 19.15.25.13.C(2)(b)(v); 19.15.25.13.C(2)(c); 19.15.25.13.C(4); 19.15.25.13.E(1); 19.15.25.13.F; 19.15.25.14.A; 19.15.25.14.C; 19.15.25.14.D; 19.15.25.15.A; 19.15.25.15.A(4); 19.15.25.15.A(5); 19.15.25.15.B; 19.15.25.15.B(2)–B(5); 19.15.25.15.F; 19.15.25.16.B.

**6. OXY's Positions.** As a result of negotiations, OXY supports the following amendments proposed by Applicants and OCD, as reflected in Exhibits 89-A through 89-E:

- 19.15.2 NMAC;
- 19.15.5 NMAC;
- 19.15.8 NMAC;
- 19.15.9 NMAC; and
- 19.15.25.8, 19.15.25.9, 19.15.25.10, 19.15.25.11, 19.15.25.12, 19.15.25.13.A, B, D, E, and F, 19.15.25.14, 19.15.25.15, 19.15.25.16 NMAC.<sup>9</sup>

**7. OCD Commits to Issue Guidance Documents within 6 Months of Rule**

**Promulgation.** OCD agrees and commits to issue formal industry guidance documents in the form of frequently asked questions (FAQs) or other formats as necessary, with respect to at least the following issues and any other issues identified by the Parties and/or industry necessitating additional or further guidance:

- Use of Agreed Compliance Orders (ACOs): Clarification regarding when and how ACOs may be used to obtain exceptions generally, including but not limited to exceptions for: “low producing well” determinations under proposed 19.15.2.7.L(6) NMAC; circumstances where a variance is not approved under any adopted exceptions to low producing well classification under proposed 19.15.8.9.D(3) NMAC; compliance with

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<sup>9</sup> OXY will submit alternative proposed language for 19.15.25.13.C(2) NMAC but supports the language Applicants and OCD propose for 19.15.25.13.C(2)(a), (b) and (c).

well abandonment requirements under 19.15.25.8 NMAC; and compliance criteria under 19.15.5.9.A NMAC.

- **Takeaway Exception for Low Producing Wells:** Confirmation that where the takeaway exception applies, affected wells would not count against either the days-of-production or volumetric production thresholds in the Low Producing Well definition, consistent with OCD's stated intent to implement this exception under proposed 19.15.8.9.D(3) NMAC;
- **Duration of Variances:** Confirmation that any adopted variances are determined on an annual basis and apply for a one-year period, consistent with the annual low producing well determinations under proposed 19.15.8.9.D NMAC;
- **Availability of Hearings:** Acknowledgment that operators may file an application for a hearing with the OCD Hearing Examiner to contest low producing well status determinations under Part 2 or variance denials under Part 8, as well as proposed 19.15.25.13.A(3) NMAC concerning denials of temporary abandonment permitting requests, consistent with existing procedural rights applicable to OCD final actions;
- **Rebuttal of Presumption of No Beneficial Use:** Clarification that an operator's demonstration of at least 90 days of production within a consecutive twelve-month period under proposed 19.15.25.9.D(2) NMAC may rebut the presumption of no beneficial use, unless OCD determines that the reported production is suspect; and
- **Production Reporting Compliance:** Confirmation that the reporting timeframes for Form C-115 submissions set forth in 19.15.7.24 NMAC will generally be used to assess whether an operator is "substantially out of compliance" with production reporting requirements for purposes of enforcement of the presumption of no beneficial use during the first year following rule adoption, pursuant to proposed 19.15.25.9.E NMAC.

OCD will work with the Parties to review the formal guidance before broader distribution.

**8. Enforcement.** Breach of this Stipulation may be enforced by a Party to this Stipulation through a motion to enforce the terms of the Stipulation, or similarly styled motion, filed with the Commission or the New Mexico Court of Appeals.

**9. Entire Agreement; Non-Precedential and Non-Evidentiary Effect; and Modification.** This Stipulation constitutes the Parties' entire agreement solely with respect to the subject matter contained herein and is limited to this proceeding. The Parties agree, and respectfully request that the Commission confirm in its final order, that this Stipulation shall have no precedential, preclusive, or evidentiary effect and shall not be cited, relied upon, or used

for any purpose in any other proceeding, including by OCD or the Commission, and shall not be used against any party in any future rulemaking, enforcement action, or appeal. This Stipulation may be modified only by a written instrument executed by all Parties.

**10. Authority to Bind.** Each individual signing this Stipulation on behalf of a party or parties warrants that the individual is authorized to execute this Stipulation and to bind that party or parties on whose behalf the individual is signing.

**11. Execution in Counterparts and Electronic Signatures.** The Stipulation may be executed electronically and in counterparts with signatures scanned electronically and transmitted by electronic mail.

**12. Effective Date.** This Stipulation is effective as of the date of execution of the last signatory to this Stipulation.

/s/ Tannis Fox

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March 25, 2026

Date

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### EXHIBIT YY

#### TABLE REFLECTING NEGOTIATED LANGUAGE AGREED TO UNDER WELC RULEMAKING PARTIES' JOINT STIPULATION

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
19.15.2.7; Ex 89-A							
*19.15.2.7.B(7)	<p><b>“Beneficial purposes” or “beneficial use” means an oil or gas well that is being used in a productive or beneficial manner including such as production, injection or monitoring, and does not include use of a well for speculative purposes.</b></p>	S	S	S	S	<p>A\M\R                      “including but not limited to production, injection, monitoring, enhanced oil recovery, water flooding operations, regulatory compliance, or participation in reservoir management, pressure maintenance, or infrastructure optimization programs.”</p>	A\M\R
19.15.2.7.I(4)	<p><b>“Inactive well” means a well that has had no production or injection for 12 consecutive months or</b> is not being used for beneficial purposes including such as production, injection or monitoring and that is not being drilled, completed, repaired or worked over.</p>	S	S	S	S	<p>A\M\R                      “including but not limited to production, injection, monitoring, enhanced oil recovery, water flooding operations, regulatory compliance, or participation in</p>	A\M\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
						reservoir management, pressure maintenance, or infrastructure optimization programs."	
*19.15.2.7.L(6)	<u>"Low producing well" means an oil or gas well that produced less than 180 days and less than 1,000 barrels of oil equivalent within a consecutive 12 month period.</u>	S	S	S	S	A\R	A\R
<b>19.15.5; EX 89-B</b>							
19.15.5.9.A(4)	An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator:... <u>currently meets the requirements of 19.15.25.8 NMAC; and</u> has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not <u>or is</u> subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met; <u>and :</u>	S	S	S	S	A\R	A\R
19.15.5.9.A(5)	<u>currently meets the requirements of 19.15.27.8.A to -D NMAC.</u>	S	S	S	S	A\R	A\R
19.15.5.9.B(1)(a)	shows no production or injection for past <u>14 15</u> months;	S	S	S	S	A\R	A\R
19.15.5.9.B(1)(a)	<u>or has had a final determination of no beneficial use under 19.15.25.9 NMAC;</u>	S	S	S	S	A\R	A\R
19.15.5.9.B(1)(b)	does not have its well bore plugged in accordance with 19.15.25. <u>109</u> NMAC through 19.15.25. <u>124</u> NMAC;	S	S	S	S	A\R	A\R
19.15.5.9B(1)(c)	is not in approved temporary abandonment in accordance with 19.15.25. <u>1342</u> NMAC through 19.15.25. <u>1514</u> NMAC; and	S	S	S	S	A\R	A\R
19.15.5.9.B(2)	A well inactive for more than <u>14 13 15</u> months creates a rebuttable presumption that the well is out of compliance with 19.15.25.8 NMAC	S	S	S	S	A\R	A\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
19.15.8; EX 89-C							
19.15.8.9(A)	<b>Applicability.</b> An operator who has drilled or acquired <u>operating authority under 19.15.9.9 NMAC</u> , is drilling or proposes to drill or acquire <u>operating authority under 19.15.9.9 NMAC of</u> an oil, gas or injection or other service well within this state shall furnish a financial assurance acceptable to the division in accordance with 19.15.8.9 NMAC and in the form of an irrevocable letter of credit, plugging insurance policy or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with commission rules, unless the well is covered by federally required financial assurance. <u>The division shall not approve and the operator shall not proceed with any proposed drilling or acquisition of operating authority under 19.15.9.9 NMAC until the operator has furnished the required financial assurance.</u>	S	S	S	S	A\M\R Add OCD discretionary financial assurance (FA) waiver and clause confirming no double bonding required	A\M\R
19.15.8.9(A)	<u>This Subsection A applies to Subsections B through H of this Section.</u>	S	S	S	S	A\R	A\R
19.15.8.9(C)	<b>Active wells.</b> An operator shall provide financial assurance for wells that <del>are covered by Subsection A of 19.15.8.9 NMAC and</del> are not subject to Subsections <u>D and E</u> of 19.15.8.9 NMAC in one of the following categories:	S	S	S	S	A\R	A\R
*19.15.8.9(D)	<u>Low producing Marginal wells and inactive wells. Notwithstanding the provisions in Subsection C(2) in this Section:</u>	S	S	S	S	A\R	A\R
*19.15.8.9(D)(1)	<u>As of the [effective date of amendments] a transferee operator shall provide a one well plugging financial assurance of \$150,000 for each low producing marginal well prior to transfer.</u>	S	S	S	S	A\M\R Replace \$150K; strike “one well”	A\M\R
*19.15.8.9(D)(2)	<u>Beginning <del>May 1, 2029, January 1, 2028,</del> an operator shall provide a one well plugging financial assurance for each low producing marginal well. Each operator with a low producing marginal well or wells shall annually review the number of low producing marginal wells registered to the operator and shall update the one well plugging financial assurance by May 1 of each year.</u>	S	S	S	S	A\M\R June 1, 2029; strike “one well”	A\M\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
*19.15.8.9(D)(3)	<u>(3) An operator of a low producing well may request a variance to the one well plugging financial assurance requirement of \$150,000 upon a demonstration satisfactory to the division that there is a physical impediment limiting the well's midstream take away capacity. A demonstration shall include a certification from the operator detailing the nature of the physical impediment, explaining why the physical impediment is outside the control of the operator, detailing the alternatives that were or are being explored to address the lack of take away capacity, and an estimated date when the lack of take away capacity will be corrected. The demonstration shall also include the notification from the midstream operator required pursuant to 19.15.28.8.D NMAC.</u>	S	S	S	S	A\M\R Adding additional exceptions; replace \$150K; strike "one well"	A\M\R
*19.15.8.9(E)	<u>Operators with 20 percent or more of wells in inactive, approved temporarily abandoned or expired temporarily abandoned status.</u>	S	S	S	S	A\R	A\R
*19.15.8.9(E)(1)	<u>Beginning May 1, 2029, an operator with 20 percent or more of their wells in inactive status, approved temporarily abandoned status or expired temporarily abandoned status, or a combination thereof, shall provide a one well plugging financial assurance in the amount of \$150,000 for each well registered to the operator until the percentage of the operator's wells in such statuses is decreased below 20 percent. Each operator with wells in this financial assurance category shall annually review the number of wells in inactive status, approved temporarily abandoned status and expired temporarily abandoned status registered to the operator and shall update the one well plugging financial assurance by May 1 of each year.</u>	S	S	S	S	A\M\R June 1, 2029; replace \$150K; strike "one well"	A\M\R
19.15.8.9(E)(2)	<u>An operator may furnish all necessary one well plugging financial assurance in the form of a single instrument.</u>	S	S	S	S	A\M\R Strike "one well"	A\M\R
19.15.8.9(F)(2)	a blanket plugging financial assurance <u>equal to an average of \$150,000 per well</u> covering all wells of the operator subject to Subsection <u>FED</u> of 19.15.8.9 NMAC.÷  (a) — \$150,000 for one to five wells; (b) — \$300,000 for six to 10 wells;	S	S	S	S	A\R	A\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
	(c) — \$500,000 for 11 to 25 wells; and (d) — \$1,000,000 for more than 25 wells.						
19.15.8.9(H)	<u>Beginning On January 1, 2032, and on January 1 of each successive year, the division may adjust the financial assurance amounts provided by Subsections C(1), D, E and F of this Section by multiplying the financial assurance as of January 1, 2031 by a fraction, the numerator of which is the consumer price index ending in September of the previous year and the denominator of which is the consumer price index ending September 2030; provided that any financial assurance shall not be adjusted below the minimum amounts required in Subsections C(1), D, E and F of this Section as a result of a decrease in the consumer producer price index. By November 1, 2031 and by November 1 of each successive year, the division shall post on its website the financial assurance requirements in Subsection A through E of this Section for the next year. As used in this subsection, “consumer price index” means the consumer price index, not seasonally adjusted, for all urban consumers, United States city average for all items, or its successor index, as published by the United States department of labor for a 12 month period ending September 30. The division may adjust the applicable financial assurance amounts in accordance with this Section but may not do so more frequently than three years from the date of the last adjustment.</u>	S	S	S	S	A\R	A\R
19.15.8.12(B)	Transfer of a property or a change of operator does not of itself release a financial assurance. The division shall not approve a request for change of operator for a well until the new operator has the required financial assurance in place <u>and is otherwise in compliance with the requirements of 19.15.5.9 NMAC and 19.15.9.9 NMAC.</u>	S	S	S	S	A\R	A\R
<b>19.15.9- EX. 89-D</b>							
19.15.9.8(B)	<u>Prior to commencing operations, an operator shall provide to the division a certification by a representative designated by the operator an authorized official officer, director, or partner that within the past ten years the new operator has not been is not subject to any final administrative forfeiture demands from any state or</u>	S	S	S	S	A\M\R Instead of 10-year lookback, propose 5 years (mirrors existing 5-year op	A\M\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
	<del>federal agency, has not forfeited financial assurance to any state or federal agency, and has not been is not out of compliance with does not have an unresolved adjudicated orders or unresolved settlement agreements with a state or federal agency for any state or federal violations related to oil and gas laws or regulations in compliance with federal and state oil and gas laws and regulations in any domestic jurisdiction each state in which the new operator does business;</del>					reg 9.8(C)(2)-(3) disclosure lookback)	
19.15.9.8(C)(2)	the applicant within the past ten years has had a final administrative forfeiture demands from any state or federal agency, has forfeited financial assurance to any state or federal agency, or has been is out of compliance with has unresolved an adjudicated orders or unresolved settlement agreements with a state or federal agency for any state or federal violation related to oil and gas laws or regulations is out of compliance with federal and state oil and gas laws and regulations in any domestic jurisdiction each state in which the applicant does business;	S	S	S	S	A\M\R Instead of 10-year lookback, propose 5 years (mirrors existing 5-year op reg 9.8(C)(2)-(3) disclosure lookback)	A\M\R
19.15.9.8(C)(5)	the applicant is a corporation, <del>or</del> limited liability company, <u>limited liability limited partnership, or limited partnership</u> and is not registered <u>or is not in good standing</u> with the <u>New Mexico secretary of state public regulation</u> <del>commission</del> to do business in New Mexico; <del>or</del>	S	S	S	S	A\R	A\R
19.15.9.8(E)	<del>The division may require an</del> <u>An representative designated by the</u> operator <del>shall or</del> <u>applicant to certify compliance annually of identify</u> its current and past officers, directors and partners and its current and past ownership interest in other operators <u>consistent with 19.15.9.8.C(2) and (3) NMAC.</u>	S	S	S	S	A\R	A\R
19.15.9.9(B)	The operator of record with the division and the new operator shall apply for a change of operator by jointly filing a form C-145 using the division's web-based online application. If the operator of record with the division is unavailable, the new operator shall apply to the division for approval of change of operator without a joint application. The <u>new</u> operator shall make such application in writing and provide documentary evidence of the applicant's right to assume operations; <u>a certification by a representative designated by the operator an authorized official officer, director, or partner of the new operator that within the</u>	S	S	S	S	A\M\R Instead of 10-year lookback, propose 5 years (mirrors existing 5-year op reg 9.8(C)(2)-(3) disclosure lookback)	A\M\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
	<u>past ten/five years the new operator has not been is not subject to any final administrative forfeiture demands from any state or federal agency, has not forfeited financial assurance to any state or federal agency, and has not been out of compliance with does not have unresolved an adjudicated orders or unresolved settlement agreements with a state or federal agency for any state or federal violations related to oil and gas laws or regulations in compliance with federal and state oil and gas laws and regulations in any domestic jurisdiction each state in which the new operator does business;</u>						
19.15.9.9(B)	<u>a plugging and abandonment plan; . . . The plugging and abandonment plan shall be certified by a representative designated by an authorized official representative officer, director, or partner of the new operator and shall demonstrate that the new operator has and will have the financial ability to meet the plugging and abandonment requirements of 19.15.25 NMAC for the well or wells to be transferred in light of all the operator's assets and liabilities. The division may request the operator to provide additional information including corporate credit rating, corporate financial statements, long-term liabilities, reserves and economics report, records of the operator's historical costs for decommissioning activities, estimate of the operator's decommissioning obligations, and history of inactive wells and returning wells to production.</u>	S	S	S	S	A\R	A\R
19.15.9.9(C)(2)	<u>within the past ten years the new operator has had a final administrative forfeiture demands from any state or federal agency, has forfeited financial assurance to any state or federal agency, or has been out of compliance with has unresolved an adjudicated orders or unresolved settlement agreements with a state or federal agency for any state or federal violations related to oil and gas laws or regulations is out of compliance with federal and state oil and gas laws and regulations in any domestic jurisdiction each state in which the new operator does business;</u>	S	S	S	S	A\M\R Instead of 10-year lookback, propose 5 years (mirrors existing 5-year op reg 9.8(C)(2)-(3) disclosure lookback)	A\M\R
19.15.9.9(C)(5)	<u>the applicant is a corporation, limited liability company, limited liability limited partnership, or limited partnership and is not registered or is not in good standing with the New Mexico secretary of state to do business in New Mexico; or</u>	S	S	S	S	A\R	A\R

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<b>19.15.25-EX. 89-E</b>							
19.15.25.8(B)	The operator shall either properly plug and abandon a well or <b>apply to the division to</b> place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within <del>90</del> <b>60</b> days after:	S	S	S	S	A\R	A\R
19.15.25.8(B)(1)	a 60 day period following suspension of drilling operations, <b>except a well that has been drilled and properly cased but not completed for less than 18 months and a well that has been completed but has not produced for less than 18 months, unless the well is a dry hole;</b>	S	S	S	S	A\R	A\R
19.15.25.8(B)(3)	a period of one year in which a well has been <b>continuously</b> inactive.	S	S	S	S	A\R	A\R
*19.15.25.9(A)	<u>For oil and gas production wells, there is a rebuttable presumption that a well is not capable of beneficial use if, in a consecutive 12 month period, the well <b>has not produced for at least 90 days and has not produced at least 90 barrels of oil equivalent.</b></u>	S	S	S	S	A\R	A\R
*19.15.25.9(B)	<u>For injection or salt water disposal wells, there is a rebuttable presumption that a well is not capable of beneficial use if, in a consecutive 12 month period, the well has not injected <b>at least 90 days and at least 100 barrels of fluid.</b></u>	S	S	S	S	A\R	A\R
19.15.25.9(D)	<u>Within 30 calendar days after notice <b>of a preliminary determination</b> from the division that a well or wells <b>are presumed to not being used for beneficial purposes, a well operator may submit an application for administrative review of such determination through to the division's electronic permitting portal.</b> The division shall issue a final determination based on the application, <b>and information available in division records, and any information requested by the division.</b> An operator may file <b>request an application for hearing within 30 days of the division's</b> The final determination may be appealed pursuant to 19.15.4 NMAC. Applications <b>shall to demonstrate beneficial use of a well or wells and the operator shall provide any information requested by the division. Such documentation may shall include:</b></u>	S	S	S	S	A\M\R Add express acknowledgement OCD has discretion to extend 30-day rebuttal period	A\M\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
19.15.25.9(D)(1)	<span style="background-color: #e0f0ff;">A demonstration <del>Documentation demonstrating</del> that the well is reasonably projected to produce in an economically beneficial manner paying quantities; and</span>	S	S	S	S	A\M\R "produce or operate" in economically beneficial manner	A\M\R
*19.15.25.9(D)(2)	<span style="background-color: #e0f0ff;">A demonstration that the well has effectively produced or injected at least 90 days within the consecutive 12 month period and there is no downhole mechanical integrity problem;</span>	S	S	S	S	A\R	A\R
19.15.25.9(D)(3)	<span style="background-color: #e0f0ff;">A demonstration <del>Documentation demonstrating</del> that the operator maintains adequate capitalization or reasonably projected revenue sufficient to meet all reasonably anticipated plugging and environmental liabilities of the well or wells and associated production facilities, not inclusive of any financial assurance associated with the well or wells; and</span>	S	S	S	S	A\R	A\R
19.15.25.9(D)(5)	<span style="background-color: #ffff00;">Other relevant information requested by the division or provided by the operator or a regulatory agency.</span>	S	S	S	S	A\R	A\R
*19.15.25.9(E)	<span style="background-color: #e0f0ff;">This Subsection shall become effective 12 months after [the effective date of this rule], except that as to operators that the division determines are substantially out of compliance with 19.15.7.24 NMAC, 19.15.8.9 NMAC, or 19.15.25.8 NMAC, this Subsection shall become effective on [the effective date of this rule].</span>	S	S	S	S	A\R	A\R
19.15.25.9 <span style="text-decoration: underline;">10(C)</span>	The operator shall notify the division 24 hours prior to commencing plugging operations. In the case of a newly drilled dry hole, the operator may obtain verbal approval from the appropriate district supervisor or the district supervisor's representative of the plugging method and time operations are to begin. The operator shall file written notice in accordance with 19.15.25. <del>11</del> <span style="background-color: #e0f0ff;">12</span> NMAC with the division within 10 days after the district supervisor has given verbal approval.	S	S	S	S	A\R	A\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
19.15.25.13(A)(1)	<u>The operator's demonstration shall include an explanation why the well should be placed in temporary abandonment, how the well will be put to beneficial use in the future including supporting technical and economic data, a plan that describes the ultimate disposition of the well, and the time frame for that disposition, and</u>	S	S	S	S	A\R	A\R
19.15.25.13(A)(2)	<u>The operator shall provide any other information the division determines appropriate, including a current and complete well bore diagram; geological evidence; geophysical data; well casing information; waste removal and disposition; production engineering; geophysical logs, e.g., cement bond logs, caliper logs, and casing inspection logs; economic data; and health, safety, and environmental information.</u>	S	S	S	S	A\R	A\R
19.15.25.13(B)	<u>Prior to the expiration of an approved temporary abandonment, the operator shall return the well to beneficial use under a plan the division approves, permanently plug and abandon the well and restore and remediate the location, or apply for a new approval to temporarily abandon the well for a period of up to two years in accordance with 19.15.25.13.A NMAC and shall demonstrate the well's mechanical integrity in accordance with Sections 19.15.25.14 and -15 NMAC, to the division to extend temporary abandonment status pursuant to the procedures for adjudicatory proceedings in 19.15.4 NMAC, except that in any such adjudicatory proceeding any interested person may intervene under 19.15.4.11.A NMAC. To continue in temporary abandonment, the operator must demonstrate to the division that the well will be returned to beneficial use within the requested period of temporary abandonment. The request shall include documentation demonstrating why the well should remain in temporary abandonment; documentation demonstrating why the well was not brought back to beneficial use or plugged and abandoned during the period of temporary abandonment; documentation demonstrating how the well will be put to beneficial use in the future and supporting technical and economic data; a plan that describes the ultimate disposition of the well, the time frame for that disposition; and a health and safety plan demonstrating the well's</u>	S	S	S	S	A\R	A\R

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	PROPOSED RULE LANGUAGE	WELC	OCD	SLO	OXY	NMOGA	IPANM
	<del>easing and cementing meet the requirements of Subsections B and C of Section 19.15.25.13 NMAC and the operator has adequate monitoring procedures in place to ensure such requirements will be met. A second An extended term shall not exceed two additional years, upon which time the operator shall return the well to beneficial use under a plan the division approves or permanently plug and abandon the well and restore and remediate the location.</del>						
19.15.25.13(C)	<b>Extension.</b>	S	S	S	S	A\R	A\R
19.15.25.13(C)(1)	<del>Prior to the expiration of a renewal of an approved temporary abandonment, the operator shall return the well to beneficial use under a plan the division approves, permanently plug and abandon the well and restore and remediate the location, or apply for an extension to continue to place the well in temporary abandonment for a period of up to five years.</del>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)	<del>To obtain an extension, the operator shall apply to the division to extend temporary abandonment status. The division shall provide at least 30 days' notice of the application for extension on its website and to the division mailing list, and the operator shall provide at least 30 days' notice of the application for extension in a newspaper of general circulation. The operator, division, or any interested person may request a hearing on the application for extension before the division. Any such hearing shall be conducted pursuant to the procedures for adjudicatory proceedings in 19.15.4 NMAC, except that in any such adjudicatory proceeding any interested person may intervene under 19.15.4.11.A NMAC. If a hearing is not requested, the division shall proceed with processing the application for extension.</del>	S	S	S	A\M\R Strike newspaper notice and "any interested person" and replace with "any person with standing"	A\M\R Strike newspaper notice and "any interested person" and replace with "any person w/ standing"	A\M\R
19.15.25.13(C)(2)(a)	<del>To obtain an extension, the operator shall demonstrate to the division that the well has future beneficial use.</del>	S	S	S	S	A\R	A\R

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19.15.25.13(C)(2)(b)	<u>The application for extension shall include:</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(b)(i)	<u>a plan of development for the well that includes documentation that the plan is technically feasible and financially viable;</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(b)(ii)	<u>a description of any work completed and in progress under <del>on</del> the plan of development;</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(b)(iii)	<u>documentation demonstrating why the well was not brought back to beneficial use as had been proposed or plugged and abandoned during the prior period of temporary abandonment;</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(b)(iv)	<u>a plan that describes the ultimate disposition of the well including <del>;</del> the time frame for that disposition; and</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(b)(v)	<u>documentation demonstrating the well's casing and cementing meet the requirements Sections 19.15.25.14 and -15 NMAC and that monitoring procedures are in place to ensure such requirements will be met and maintained during the period of temporary abandonment.</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(2)(c)	<u>The operator shall provide any other relevant information requested by the division including engineering information, geological information, financial information, and applicable contracts that support the future beneficial use.</u>	S	S	S	S	A\R	A\R
19.15.25.13(C)(4) ?	<u>An operator may reapply for an extension for periods of up to five years under the same terms and conditions as provided for in this Subsection. If the division denies a request for extension, the operator shall return the well to beneficial use under a plan the division approves or permanently plug and abandon the well and restore and remediate the location.</u>	S	S	S	S	A\R	A\R
19.15.25.13(E)(1)	<u>Inactive wells (that are not in approved or expired temporary abandonment). Wells that have been inactive as of [effective date of</u>	S	S	S	S	A\R	A\R

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	<u>amendments] for less than three years are eligible for temporary abandonment status in accordance with Subsection A of this Section. Wells that have been inactive for three or more years shall apply to the division to extend temporary abandonment status in accordance with Subsection B of this Section. are not eligible for temporary abandonment status.</u>						
19.15.25.13(F)	<u>The timeframes Subsections A, and B and C in this Section shall be implemented consistent with any applicable federal requirements.</u>	S	S	S	S	A\R	A\R
19.15.25.14(A)	An operator seeking approval for approved temporary abandonment shall submit <u>the request</u> on form C-103 <del>a notice of intent</del> to seek approved temporary abandonment for the well <u>setting forth the demonstration required in 19.15.25.1312 NMAC and</u> describing the proposed temporary abandonment procedure the operator will use. The operator shall not commence work until the division has approved the request. The operator shall give 24 hours' notice to the appropriate division district office before beginning work.	S	S	S	S	A\R	A\R
19.15.25.14(C)	The operator shall demonstrate both internal and external mechanical integrity pursuant to Subsection A of 19.15.25. <u>415</u> NMAC.	S	S	S	S	A\R	A\R
19.15.25.14(D)	Upon successful completion of the work on the temporarily abandoned well, the operator shall submit a request for approved temporary abandonment to the appropriate division district office on form C-103 together with other information Subsection E of 19.15.7. <u>415</u> NMAC requires.	S	S	S	S	A\R	A\R
19.15.25.15(A)	An operator may use the following methods of demonstrating internal casing integrity for wells to be placed in approved temporary abandonment, <u>for wells for which approved temporary abandonment is to be renewed, and for wells for which an extension is to be granted:</u>	S	S	S	S	A\R	A\R

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19.15.25.15(A)(4)	<u>Any isolation device used to test mechanical integrity pursuant to Subsection A of this Section shall remain in place for the duration of the temporary abandonment.</u>	S	S	S	S	A\R	A\R
19.15.25.15(A)(5)	<u>The operator shall perform a caliper log and casing integrity log.</u>	S	S	S	S	A\R	A\R
19.15.25.15(B)	During the testing described in Paragraphs (1) and (2) of Subsection A of 19.15.25. <del>1415</del> NMAC the operator shall:	S	S	S	S	A\R	A\R
19.15.25.15(B)(2)	top off the casing with inert fluid prior to leaving the location; <u>and</u>	S	S	S	S	A\R	A\R
19.15.25.15(B)(3)	report flow during the test in Paragraph (2) of Subsection A of 19.15.25. <del>1415</del> NMAC to the appropriate division district office prior to completion of the temporary abandonment operations; the division may require remediation of the flow prior to approving the well's temporary abandonment.	S	S	S	S	A\R	A\R
19.15.25.15(B)(4)	<u>Any isolation device used to test mechanical integrity pursuant to Subsection A of this Section shall remain in place for the duration of the temporary abandonment.</u>	S	S	S	S	A\R	A\R
19.15.25.15(B)(5)	<u>The operator shall perform a caliper log and casing integrity log. Taking into account the purpose and duration of the temporary abandonment, the division may waive this requirement upon a demonstration by the operator of the current and anticipated internal casing integrity of the well and that such integrity shall be maintained throughout the period of temporary abandonment.</u>	S	S	S	S	A\R	A\R
19.15.25.15(F)	The division may approve other testing methods the operator proposes if the operator demonstrates that the test satisfies the requirements of Subsection B of 19.15.25. <del>1314</del> NMAC.	S	S	S	S	A\R	A\R
19.15.25.16(B)	The operator shall comply with other requirements contained in	S	S	S	S	A\R	A\R

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	19.15.25.910 NMAC through 19.15.25.112 NMAC regarding plugging, including surface restoration and reporting requirements.						