

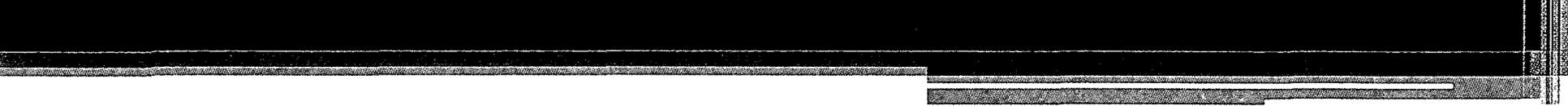


Oil Conservation Division



19.15.17 NMAC
Pits, Closed-Loop Systems,
Below-Grade Tanks and Sumps

Case Nos. 14784 & 14785
OCD Exhibit 4



Notification: (Proposed new section of 19.15.17 NMAC)

- An operator shall use a C-101, C-103 or applicable BLM form to notify the appropriate division district office of construction or use of a closed-loop system.
- A closed-loop system shall use appropriate engineering principles and practices and follow applicable manufacturers' requirements or the equivalent thereto.



Design and Construction Specifications:

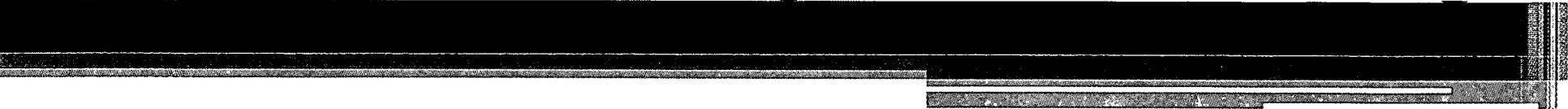
(19.15.17.11 NMAC)

- **Signage**
 - Permanent Pit, Temporary Pit, Multi-Well Fluid Management Pit
 - Below-grade tank
- **Fencing**
 - Permanent Pit, Temporary Pit, Multi-Well Fluid Management Pit
 - Below-grade tank
- **Netting**
 - Permanent Pit, Temporary Pit, Multi-Well Fluid Management Pit
 - Open top tank
- **Below-Grade Tanks**
 - High-level shut-off control device and manual controls



Exceptions and Variances: (19.15.17.15 NMAC)

- “Exception” means authorization from the environmental bureau in the division’s Santa Fe office to depart from the requirements of 19.15.17 NMAC.
- “Variance” means authorization from the appropriate division district office to depart from the requirements of 19.15.17 NMAC.



Variations: (19.15.17.15.B NMAC)

- Except for permanent pit requirements, an operator shall apply to the district office for all other variations from 19.15.17 NMAC.
- The district office shall grant the variance IF the operator shows it will protect fresh water, public health and safety, livestock and the environment.

Variations: (19.15.17.15.B NMAC)

- If the district denies the variance, the operator then may file for a hearing.
- If district does not respond within 60 days, the operator may file for hearing.
- Application requirements:
 - 19.15.4.8.A NMAC
 - Notice to surface owner
 - Reason(s) why variance is requested
 - Reasons why variance is protective

Exceptions: (19.15.17.15.C NMAC)

- An operator may apply to the environmental bureau in Santa Fe for an exception to any of the permanent pit requirements of 19.15.17 NMAC
- Operator shall provide notice to surface owner of requested exception and to others as the division requires
- Division will send email notice to persons who have specifically requested notice
- The environmental bureau in the Santa Fe office shall grant the exception IF the operator shows it will protect fresh water, public health and safety, livestock and the environment.

Exceptions: (19.15.17.15.C NMAC)

- Hearings:
 - Within 30 days if person with standing contests, the director may cause the matter to be set for hearing
 - If Santa Fe denies or fails to respond within 60 days, the operator may apply for hearing.
- Hearing Application:
 - 19.15.4.8.A NMAC
 - Notice to surface owner
 - Reason(s) why exception is requested
 - Reasons why exception is protective

Permit Approvals, Conditions, Denials, Revocations,
Suspensions, Modifications or Transfers: (19.15.17.16 NMAC)

- The division shall review all applications to permit facilities subject to 19.15.17 NMAC. Within 30 days of receiving an application the division shall make an administrative completeness determination or provide written notice of deficiencies to the applicant's signatory. The application will be considered complete if written notice is not provided by the division within 30 days.

Permit Approvals, Conditions, Denials, Revocations,
Suspensions, Modifications or Transfers: (19.15.17.16 NMAC)

- Whether or not the division deems an application to be administratively complete within the 30 day evaluation period, the division shall also have an additional 30 days to approve, deny or approve with conditions an application. If the division does not take action within the 60 day review period, then the application is deemed denied and the operator may file an application for hearing with the division clerk.

Permit Approvals, Conditions, Denials, Revocations,
Suspensions, Modifications or Transfers: (19.15.17.16 NMAC)

- If the division denies an application or approves the application subject to conditions not expressly provided by the Oil and Gas Act or in 19.15.17 NMAC, then the division shall notify the applicant by certified mail, return receipt requested, of the cause for the denial or additional conditions and shall set the matter for hearing if the applicant so requests within 20 days after receipt of such notice.

