

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

**APPLICATION OF THE NEW MEXICO
OIL CONSERVATION DIVISION
FOR THE AMENDMENT OF
19.15.26 NMAC.**

CASE NO. 14974

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**APPLICATION FOR PRE-HEARING
ON PROPOSED RULE AMENDMENT**

The New Mexico Oil Conservation Division (“Division”) applies to the Oil Conservation Commission (“Commission”) for an order:

- A. amending 19.15.26 NMAC to specify requirements for acid gas disposal wells and clarify requirements for pressure maintenance projects; and
- B. certifying the amended Commission rules for publication in the New Mexico Register as required by statute.

The intended effects of the proposed rule change include the following:

- 1. revision of the definitions for affected person, pressure maintenance project and water flood project;
- 2. revision of the notice requirements for pressure maintenance projects;
- 3. addition of a new section for acid gas disposal wells that provides definitions, application requirements, a timeline for an administrative completeness determination, requirements for the staff technical memorandum, notice requirements, and permit approval or denial;
- 4. establishing monitoring and reporting requirements for acid gas disposal wells; and
- 5. prevention of waste and protection of the environment.

The Division respectfully requests the Commission set a pre-hearing on March 19, 2013 to determine whether the application is sufficient to proceed to rulemaking in accordance with 19.15.3 NMAC.

A draft of the proposed amendment to 19.15.26 NMAC is hereto attached as Exhibit A.
A copy of the proposed public notice is attached as Exhibit B.

RESPECTFULLY SUBMITTED,



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TITLE 19 NATURAL RESOURCES AND WILDLIFE
CHAPTER 15 OIL AND GAS
PART 26 INJECTION

19.15.26.1 ISSUING AGENCY: Energy, Minerals and Natural Resources Department, Oil Conservation Division.
 [19.15.26.1 NMAC - Rp, 19.15.9.1 NMAC, 12/1/08]

19.15.26.2 SCOPE: 19.15.26 NMAC applies to persons engaged in secondary or other enhanced recovery of oil or gas, pressure maintenance, salt water disposal, acid gas disposition and underground storage of oil or gas.
 [19.15.26.2 NMAC - Rp, 19.15.9.2 NMAC, 12/1/08; A, _____]

19.15.26.3 STATUTORY AUTHORITY: 19.15.26 NMAC is adopted pursuant to the Oil and Gas Act, NMSA 1978, Section 70-2-6, Section 70-2-11 and Section 70-2-12, which authorizes the division to permit the injection of gas or other substances into a pool for repressuring, cycling, pressure maintenance, secondary or other enhanced recovering operations; ~~and~~ to regulate the disposition of water produced or used in connection with drilling for or producing oil or gas and to direct subsurface disposal of the water; and to regulate the disposition of nondomestic wastes resulting from the exploration and production of crude oil or natural gas.
 [19.15.26.3 NMAC - Rp, 19.15.9.3 NMAC, 12/1/08; A, _____]

19.15.26.4 DURATION: Permanent.
 [19.15.26.4 NMAC - Rp, 19.15.9.4 NMAC, 12/1/08]

19.15.26.5 EFFECTIVE DATE: December 1, 2008, unless a later date is cited at the end of a section.
 [19.15.26.5 NMAC - Rp, 19.15.9.5 NMAC, 12/1/08]

19.15.26.6 OBJECTIVE: To regulate secondary or other enhanced recovery, pressure maintenance, salt water disposal, acid gas disposition and underground storage to prevent waste, protect correlative rights and protect public health, fresh water and the environment.
 [19.15.26.6 NMAC - Rp, 19.15.9.6 NMAC, 12/1/08; A, _____]

19.15.26.7 DEFINITIONS:

A. "Affected person" ~~[means the division designated operator; in the absence of an operator, a lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant files the application; or in the absence of an operator or lessee, a mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant filed the application for permit to inject]~~ means the division-designated well or unit operator; in the absence of a well or unit operator, any mineral lessee whose interest, as of the date the applicant files the application, is evidenced by a written conveyance document either known to the applicant or filed in the (i) county land records, (ii) the New Mexico office of the BLM or (iii) the state land office; or in the absence of an operator or lessee, any mineral interest owner whose interest, as of the date the applicant files the application, is evidenced by a written conveyance document either known to the applicant or filed in the (i) county land records, (ii) the New Mexico office of the BLM or (iii) the state land office.

B. "Pressure maintenance project" means a project in which an operator injects fluids into the producing horizon in an effort to build up or maintain the reservoir pressure ~~[in an area that has not reached the advanced or stripper state of depletion].~~

C. "Water flood project" means a project in which an operator injects water into a producing horizon in sufficient quantities and under sufficient pressure to stimulate oil production from other wells in the area, and is limited to those areas in which the wells have reached an advanced state of depletion ~~[and are regarded as what is commonly referred to as stripper wells].~~

[19.15.26.7 NMAC - Rp, 19.15.9.701 NMAC, 12/1/08; A, _____]

19.15.26.8 INJECTION OF FLUIDS INTO RESERVOIRS:

A. Permit for injection required. An operator shall not inject gas, liquefied petroleum gas, air, water or other fluid into a reservoir or formation to maintain reservoir pressure or for secondary or other enhanced recovery or for storage or inject water or acid gas into a formation for disposal except pursuant to a permit the

division has granted after notice and hearing, or that the division has granted by administrative order as authorized in 19.15.26.8 or 19.15.26.9 NMAC. The division shall grant a permit for injection under 19.15.26.8 NMAC only to an operator who is in compliance with Subsection A of 19.15.5.9 NMAC. The division may revoke a permit for injection issued under 19.15.26.8 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.5.9 NMAC.

B. Method of making application.

(1) The operator shall apply for authority to inject gas, liquefied petroleum gas, air, water or other medium into a formation for any reason, including the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects or salt water disposal, by submitting form C-108 complete with all attachments to the division.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the land surface on which each injection or disposal well is to be located and to each leasehold operator or other affected person within any tract wholly or partially contained within one-half mile of the well.

(3) An acid gas disposal well applicant shall comply with the application requirements in Subsection B of 19.15.26.9 NMAC

(4) A pressure maintenance applicant shall comply with the application requirements in Subsection F of 19.15.26.8 NMAC.

C. Administrative approval.

(1) If the application is for administrative approval rather than for a hearing, it shall be accompanied by a copy of a legal notice the applicant published in a newspaper of general circulation in the county in which the proposed injection well is located. The legal notice shall include:

- (a) the applicant's name, address, phone number and contact party;
- (b) the injection well's intended purpose, with the exact location of single wells or the section, township and range location of multiple wells;
- (c) the formation name and depth with expected maximum injection rates and pressures; and
- (d) a notation that interested parties shall file objections or requests for hearing with the division within 15 days.

(2) The division shall not approve an application for administrative approval until 15 days following the division's receipt of form C-108 complete with all attachments including evidence of mailing as required under Paragraph (2) of Subsection B of 19.15.26.8 NMAC and proof of publication as required by Paragraph (1) of Subsection C of 19.15.26.8 NMAC; for pressure maintenance projects, as required under Paragraphs (2) and (3) of Subsection F of 19.15.26.8 NMAC; or for acid gas disposal wells, as required under Subsection E of 19.15.26.9 NMAC.

(3) If the division does not receive an objection within the 15-day period, and a hearing is not otherwise required, the division may approve the application administratively.

D. Hearings. If a written objection to an application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, if 19.15.26.8 NMAC requires a hearing or if the director deems a hearing advisable, the division shall set the application for hearing and give notice of the hearing.

E. Water disposal wells.

(1) The director may grant an application for a water disposal well administratively, without hearing, only when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation or other general use and when the waters are to be disposed of into a formation older than Triassic (Lea county only) and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) The division shall not permit disposal into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after public notice and hearing, provided that the division may, by order issued after public notice and hearing, establish exempted aquifers for such zones where the division may administratively approve the injection.

(3) Notwithstanding the provisions of Paragraph (2) of Subsection E of 19.15.26.8 NMAC, the director may authorize disposal into such zones administratively if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure maintenance projects.

(1) The division shall set applications for establishment of pressure maintenance projects for hearing. The division shall fix the project area and the allowable formula for a pressure maintenance project on an individual basis after notice and hearing.

(2) The notice requirements for pressure maintenance projects are

- (a) a completed form C-108 (current as of the date the application is filed);

(b) a copy of the proposed notice required by Paragraph (2) of Subsection B of 19.15.26.8 NMAC;

(c) identification of all active and plugged wells located within ½-mile of the proposed surface location of the injection well(s), which penetrate the proposed injection zone (for vertical wells), or identification of all active and plugged wells located within ½ mile radius of the wellbore starting from the penetration point to the terminus of the wellbore within the proposed injection interval, as defined in 19.15.16.7 NMAC (for directional or horizontal wells);

(d) a proposed maximum operating pressure; the applicant shall propose the maximum operating pressure either by (i) multiplying the surface psi gradient by the vertical depth in feet to the top of the injection interval, where surface psi gradient equals 0.633 minus the product of 0.433 times the liquid specific gravity of the fluid being injected or (ii) another method approved by the division; and

(e) if applicable, a statement from the applicant that a hydrogen sulfide contingency plan for the proposed operation will be prepared in compliance with 19.15.11 NMAC and approval obtained from the division prior to commencing operation.

(3) The applicant shall cause the following notice to be given.

(a) A notice published in a newspaper of general circulation in the county in which the proposed well is planned to be located. This notice must include:

(i) the applicant's name, address, phone number and the name of the applicant's contact person;

(ii) the proposed well's location;

(iii) a brief description of the well including the purpose;

(iv) the identification of the proposed injection formation, including the formation name, and depth, the requested injection interval, the requested maximum injection pressures and, if applicable, rates;

(v) a notation that the interested parties must contact the applicant with any legal or technical objection, comment or request for hearing; and

(vi) a notation that interested parties must file legal or technical objections, comments or a request for hearing with the applicant and the division's Santa Fe office by no later than the 30th day after the publication of the public notice.

(b) A written notice sent by certified mail, return receipt requested, to the following:

(i) the surface owner of the property on which the injection well is to be located, and

(ii) for vertical wells, all affected persons in any tract wholly or partially contained within a ½-mile radius of the proposed surface location of the well; for directional or horizontal wells, all affected persons in any tract wholly or partially contained within a ½ mile radius of the wellbore from the penetration point to the terminus of the wellbore within the proposed injection interval, as defined in 19.15.16.7 NMAC.

(c) The mailed, written notice shall include all of the elements of the published notice described in Subparagraph (a) of Paragraph (3) of Subsection F of 19.15.26.8 NMAC and shall also include a statement that upon request the applicant shall send the complete C-108 application to the requesting party.

(d) The applicant shall or shall cause to be filed with the division an affidavit certifying that the foregoing notices have been completed. The affidavit of notice shall be certified by the applicant's attorney or landman.

(4) The division may authorize an operator to expand a pressure maintenance project and place additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection [B] F of 19.15.26.8 NMAC.

(5) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for the conversion to injection of additional wells within a project area provided that the wells are necessary to develop or maintain efficient pressure maintenance within the project and provided that the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(6) An established pressure maintenance project shall have only one designated operator. The division shall set an application for exception for hearing.

G. Water flood projects.

(1) The division shall set applications for establishment of water flood projects for hearing.

(2) The project area of a water flood project shall comprise the proration units a given operator owns or operates upon which injection wells are located plus proration units the same operator owns or operates that directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that the division may include in the project area additional proration units not directly or diagonally offsetting an injection tract if, after notice and hearing, the operator establishes that the additional units

have wells completed on the unit that have experienced a substantial response to water injection.

(3) The allowable the division assigns to wells in a water flood project area shall equal the wells' ability to produce and is not subject to the depth bracket allowable for the pool or to the market demand percentage factor.

(4) Nothing in Subsection G of 19.15.26.8 NMAC shall prohibit the division's assignment of special allowables to wells in buffer zones after notice and hearing. The division may assign special allowables in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

(5) The division shall authorize the expansion of water flood projects and the placement of additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection B of 19.15.26.8 NMAC.

(6) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for conversion to injection of additional wells provided that the well is necessary to develop or maintain thorough and efficient water flood injection for an authorized project and provided that the division does not receive an objection pursuant to Subsection C of 19.15.26.8 NMAC.

(7) An established water flood project shall have only one designated operator. The division shall set for hearing an application for exception.

H. Storage wells.

(1) The director may grant administratively, without hearing, an application for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, and provided the applicant has complied with the notice provisions of Subsection B of 19.15.26.8 NMAC and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) In addition to the filing requirements of Subsection B of 19.15.26.8 NMAC, the applicant for approval of a storage well under Subsection H of 19.15.26.8 NMAC shall file the following:

(a) with the director, financial assurance in accordance with the provisions of ~~[19.5.8]~~ 19.15.8 NMAC; and

(b) with the appropriate division district office:

(i) form C-101;

(ii) form C-102; and

(iii) form C-105.

[19.15.26.8 NMAC - Rp, 19.15.9.701 NMAC, 12/1/08; A, _____]

19.15.26.9 SPECIAL RULES FOR ACID GAS DISPOSAL WELLS:

A. Definitions.

(1) "Acid gas" means a gas or combination of gases (such as carbon dioxide or hydrogen sulfide) initially derived from a geologic formation that form acidic solutions when combined with water. This acid gas may be modified or concentrated by oil and gas processing facilities for use in enhanced hydrocarbon recovery or for disposal in a Class II well.

(2) "Affected reservoir volume" means the calculated volume within the applied for injection interval that would be occupied by acid gas at the conclusion of injection as proposed in the application.

(3) "Injection interval" means the upper and lower limits of the injection zone identified in the form C-108 submitted with the application.

(4) "Maximum allowable operating pressure" means the maximum authorized surface injection pressure measured at the wellhead.

(5) "Technical area of review" means the radius of the cylindrical area that is calculated by doubling the affected reservoir volume, but not less than a half mile.

(6) "Treated acid gas" or "TAG" means the acid gas stream that comes out of the gas processing plant.

B. Permit application requirements. The items enumerated in Subsection B of 19.15.26.9 NMAC are required before the division may deem an application administratively complete:

(1) a completed form C-108 (current as of the date of application) and C-108 addendum that includes, but is not limited to, type of injectate, target disposal rock properties, caprock properties, formation fluid properties, pressure limits, the maximum depth of protectable water and, if applicable, proposed volumes;

(2) a copy of the proposed notice and the proposed affidavit of notice required by Subsection E of 19.15.26.8 NMAC;

(3) identification of all active, inactive and plugged wells located in the technical area of review that

penetrate the proposed injection interval; the identification shall include well name, API number, whether the well is producing and if so from where, whether the well is plugged or temporarily abandoned and the total vertical depth of the well no matter its status;

(4) evidence that the proposed well will meet the applicable design standards set forth by the American Petroleum Institute and the National Association of Corrosion Engineers for sour service;

(5) a proposed maximum operating pressure; applicant shall propose the maximum operating pressure either by (i) multiplying the surface psi gradient by the vertical depth in feet to the top of the injection interval, where surface psi gradient equals 0.633 minus the product of 0.433 times the liquid specific gravity of the fluid being injected or (ii) another method approved by the division;

(6) calculated radii of exposure as required in 19.15.11 NMAC; and

(7) if applicable, an affirmation that prior to injection of acid gas a hydrogen sulfide contingency plan as defined in 19.15.11 NMAC will be submitted to the division.

C. Administrative completeness determination.

(1) Within 15 days after its receipt of an application for a permit, the division shall review the application and determine whether it is administratively complete.

(a) If the application is deemed administratively complete, the division shall send a letter by certified mail to that effect to the applicant.

(b) If the application is deemed administratively incomplete, the division shall send a letter by certified mail to the applicant stating with specificity what additional information is necessary to make the application administratively complete. The division shall review the additional requested information within 15 days of receipt and determine whether the application is administratively complete.

(c) If the division does not make an administrative completeness determination within the time prescribed, the authority to do so shall be waived.

D. Staff technical memorandum. No later than the 45th day after an application has been received, the division shall prepare and place in the application file a technical analysis memorandum, which summarizes the division's technical review of the application. The staff technical memorandum shall include the following elements:

(1) a description of the proposed well including the location, proposed injection interval, duration of the proposed injection, basic characteristics and function of the proposed well and, if applicable, proposed volumes or injection pressure;

(2) a discussion explaining whether, and if so, how the application has provided all of the elements required of an applicant under 19.15.26.9 NMAC;

(3) copies of any technical documents, staff calculations or other materials used or relied upon by the division's technical staff in undertaking the technical review; and

(4) either a proposed order (or permit), including any proposed conditions or limitations, a proposed time period for injection or a detailed explanation why the division proposes to deny the application.

E. Notice. Once an application for an acid gas disposal well has been determined to be, or has been deemed to be, administratively complete and the staff technical memorandum has been placed in the application file, the applicant shall cause the following notice to be given.

(1) A notice published in a newspaper of general circulation in the county in which the proposed well is planned to be located. This notice must include:

(a) the applicant's name, address, phone number and the name of the applicant's contact person;

(b) the proposed well's location;

(c) a brief description of the well including the purpose;

(d) the identification of the proposed injection formation, including the formation name and depth, the requested injection interval, the requested maximum injection pressures, the requested term of injection and, if applicable, volumes or maximum injection rate;

(e) a notation that the staff technical memorandum has been prepared and is available in the application file;

(f) a notation that the interested parties must contact the applicant with any legal or technical objection, comment or request for hearing; and

(g) a notation that interested parties must file legal or technical objections, comments or a request for hearing with the applicant and the division's Santa Fe office by no later than the 30th day after the publication of the public notice.

(2) A written notice sent by certified mail, return receipt requested, to the following: (i) the surface

owner of the property on which the disposal well is to be located, (ii) all other surface owners within a ½ mile radius of the proposed well and (iii) for vertical wells, all affected persons in any tract wholly or partially contained within a ½-mile radius of the proposed surface location of the well; for directional or horizontal wells to all affected persons in any tract wholly or partially contained within a ½ mile radius of the wellbore from the penetration point to the terminus of the wellbore within the proposed injection interval, as defined in 19.15.16.7 NMAC.

(3) The mailed, written notice shall include all of the elements of the published notice described in Paragraph (1) of Subsection E of 19.15.26.9 NMAC and shall also include a statement that upon request the applicant shall send the complete C-108 application to the requesting party.

(4) The applicant shall or shall cause to be filed with the division an affidavit certifying that the foregoing notices have been completed. The affidavit of notice shall be certified by the applicant's attorney or landman.

F. Permit decision. Administrative approval. If the division does not receive an objection, comment or request for hearing, or the division director does not otherwise cause the matter to be set for hearing, after 30 days from the date of publication of the notice, then the division may grant, grant with conditions or deny the permit administratively. Any permit or order issued by the division shall set forth all necessary permit requirements that prevent waste, protect correlative rights and protect human health and the environment including, without limitation, provisions fixing the injection interval, the maximum injection pressure, the time period for injection and, if applicable, the maximum volume that can be injected into the injection interval. The division may deny a permit if it does not meet statutory requirements or the requirements of 19.15.26.9 NMAC, or the application may cause waste, impair correlative rights, or harm human health or the environment. If the division denies the application, it shall state in writing the reasons the division is denying the application.

OR

Hearing approval. An application for acid gas disposal shall be set for hearing before the commission. The commission shall grant, grant with conditions or deny the application. Any order issued by the commission shall include provisions that prevent waste, protect correlative rights and protect human health and the environment including, without limitation, provisions fixing the injection interval, the maximum injection pressure, the time period for injection and, if applicable, the maximum volume which can be injected into the injection interval. [19.15.26.9 NMAC - Rp, 19.15.9.702 NMAC, 12/1/08; 19.15.26.9 NMAC - N, _____]

~~19.15.26.9~~ 19.15.26.10 CASING AND CEMENTING OF INJECTION WELLS: The operator of a well used for injection of gas, air, water or other medium into a formation shall case the well with safe and adequate casing or tubing so as to prevent leakage, and set and cement the casing or tubing to prevent the movement of formation or injected fluid from the injection zone into another zone or to the surface around the outside of a casing string. [19.15.26.10 NMAC - Rp 19.15.9.703 NMAC, 12/1/08; 19.15.26.10 NMAC - Rn, 19.5.2.9 NMAC, _____]

19.15.26.10 19.15.26.11 OPERATION AND MAINTENANCE:

A. The operator of an injection well shall equip, operate, monitor and maintain the well to facilitate periodic testing and to assure continued mechanical integrity that will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

B. The operator of an injection project shall operate and maintain at all times the injection project, including injection wells, producing wells and related surface facilities, in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks or spills.

C. The operator shall report the failure of an injection well, producing well or surface facility, which failure may endanger underground sources of drinking water, to the division under the "immediate notification" procedure of 19.15.29.10 NMAC.

D. The operator shall report injection well or producing well failures requiring casing repair or cementing to the division prior to commencement of workover operations.

E. The division may restrict the injected volume and pressure for, or shut-in, injection wells or projects that have exhibited failure to confine injected fluids to the authorized injection zone or zones, or injection interval, until the operator has identified and corrected the failure.

[19.15.26.11 NMAC - Rp 19.15.9.704 NMAC, 12/1/08; 19.15.26.11 NMAC - Rn & A, 19.5.2.10 NMAC, _____]

19.15.26.11 19.15.26.12 TESTING, MONITORING, STEP-RATE TESTS, NOTICE TO THE DIVISION,

REQUESTS FOR PRESSURE INCREASES:**A. Testing.**

(1) Prior to commencement of injection and any time the operator pulls the tubing or reseats the packer, the operator shall test the well to assure the integrity of the casing and the tubing and packer, if used, including pressure testing of the casing-tubing annulus to a minimum of 300 psi for 30 minutes or such other pressure or time as the appropriate district supervisor may approve. The operator shall use a pressure recorder and submit copies of the chart to the appropriate division district office within 30 days following the test date.

(2) At least once every five years thereafter, the operator shall test an injection well to assure its continued mechanical integrity. Tests demonstrating continued mechanical integrity shall include the following:

(a) measurement of annular pressures in a well injecting at positive pressure under a packer or a balanced fluid seal;

(b) pressure testing of the casing-tubing annulus for a well injecting under vacuum conditions;

or
(c) other tests that are demonstrably effective and that the division may approve for use.

(3) The operator of an acid gas disposal well shall test the well annually to assure its continued mechanical integrity.

~~[(3)]~~ (4) Notwithstanding the test procedures outlined in Paragraphs (1) and (2) of Subsection A of ~~[19.15.26.11]~~ 19.15.26.12 NMAC, the division may require the operator to conduct more comprehensive testing of the injection well when deemed advisable, including the use of tracer surveys, noise logs, temperature logs or other test procedures or devices.

~~[(4)]~~ (5) In addition, the division may order that the operator conduct special tests prior to the expiration of five years if the division believes conditions so warrant. The division shall consider a special test that demonstrates a well's continued mechanical integrity the equivalent of an initial test for test scheduling purposes, and the regular five-year testing schedule shall be applicable thereafter.

~~[(5)]~~ (6) The operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced so the division may witness the tests.

B. Monitoring.

(1) The operator shall equip an injection well so that the injection pressure and annular pressure may be determined at the wellhead and the injected volume may be determined at least monthly.

(2) The operator of an acid gas disposal well shall gather injection pressure, TAG injection temperature and annular pressure at least daily and retain the gathered data for five years. The operator shall make it available to the division upon the division's request.

C. Step-rate tests, notice to the division, requests for injection pressure limit increases.

(1) Whenever an operator conducts a step-rate test for the purpose of increasing an authorized injection or disposal well pressure limit, the operator shall give notice of the date and time of the test in advance to the appropriate division district office.

(2) The operator shall submit copies of injection or disposal well pressure-limit increase applications and supporting documentation to the division's Santa Fe office and to the appropriate division district office. [19.15.26.12 NMAC - Rp, 19.15.9.705 NMAC, 12/1/08; 19.15.26.12 NMAC - Rn & A, 19.15.26.11 NMAC, _____]

[19.15.26.12] 19.15.26.13 COMMENCEMENT, DISCONTINUANCE AND ABANDONMENT OF INJECTION OPERATIONS:

A. The following provisions apply to injection projects, storage projects, salt water disposal wells, acid gas disposal wells and special purpose injection wells.

B. Notice of commencement and discontinuance.

(1) Immediately upon the commencement of injection operations in a well, the operator shall notify the division of the date the operations began.

(2) Within 30 days after permanent cessation of gas or liquefied petroleum gas storage operations or within 30 days after discontinuance of injection operations into any other well, the operator shall notify the division of the date of the discontinuance and the reasons for the discontinuance.

(3) Before temporarily abandoning or plugging an injection well, the operator shall obtain approval from the appropriate division district office in the same manner as when temporarily abandoning or plugging oil and gas wells or dry holes.

C. Abandonment of injection operations.

(1) Whenever there is a continuous one year period of non-injection into all wells in an injection or

storage project or into a salt water disposal well, acid gas disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

(2) For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of ~~[19.15.26.12]~~ 19.15.26.13 NMAC, provided that any such extension may be granted only prior to the end of one year or continuous non-injection, or during the term of a previously granted extension.

[19.15.26.13 NMAC - Rp, 19.15.9.707 NMAC, 12/1/08; 19.15.26.13 NMAC - Rn & A, 19.15.26.12 NMAC, _____]

~~[19.15.26.13]~~ 19.15.26.14 RECORDS AND REPORTS:

A. The operator of an injection well or project for secondary or other enhanced recovery, pressure maintenance, gas storage, salt water disposal, acid gas disposal or injection of other fluids shall keep accurate records and shall report monthly to the division gas or fluid volumes injected, stored or produced as required on the appropriate form listed below:

- (1) secondary or other enhanced recovery on form C-115;
- (2) pressure maintenance on form C-115 and as otherwise prescribed by the division;
- (3) salt water disposal not regulated by 19.15.36 NMAC on form C-115;
- (4) salt water disposal at surface waste management facilities regulated by 19.15.36 NMAC on form C-120-A;
- (5) gas storage on form C-131-A; ~~[and]~~
- (6) injection of other fluids on a division-prescribed form; and
- (7) acid gas disposal on form C-115.

B. The operator of a liquefied petroleum gas storage project shall report to the division annually on form C-131-B.

[19.15.26.14 NMAC - Rp, 19.15.9.706 NMAC, 12/1/08; 19.15.26.14 NMAC - Rn & A, 19.15.26.13 NMAC, _____]

~~[19.15.26.14]~~ 19.15.26.15 RECLASSIFICATION OF WELLS: Except for an acid gas disposal well, the director may reclassify an injection well from a category defined in Subsection B of 19.15.26.8 NMAC to another category without notice and hearing upon the request and proper showing by the injection well's operator.

[19.15.26.15 NMAC - Rp, 19.15.9.708 NMAC, 12/1/08; 19.15.26.15 NMAC - Rn & A, 19.15.26.14 NMAC, _____]

~~[19.15.26.15]~~ 19.15.26.16 TRANSFER OF AUTHORITY TO INJECT:

A. Authority to inject granted under a division order is not transferable except upon division approval. An operator may obtain approval of transfer of authority to inject by filing completed form C-145.

B. The division may require the operator to demonstrate mechanical integrity of each injection well that will be transferred prior to approving transfer of authority to inject.

[19.15.26.16 NMAC - Rn, 19.15.26.15 NMAC, _____]

HISTORY of 19.15.26 NMAC:

History of Repealed Material: 19.15.9 NMAC, Secondary or Other Enhanced Recovery, Pressure Maintenance, Salt Water Disposal, and Underground Storage (filed 11/13/2000) repealed 12/1/08.

NMAC History:

Those applicable portions of 19.15.9 NMAC, Secondary or Other Enhanced Recovery, Pressure Maintenance, Salt Water Disposal, and Underground Storage (Sections 1-6, 701 - 708) (filed 11/13/2000) were replaced by 19.15.26 NMAC, Injection, effective 12/1/08.

The State of New Mexico, through its Oil Conservation Commission (Commission) hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on March 19, 2013, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Commission. If you are an individual with a disability who is in need of 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 Commission Clerk Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by _____, 2013. 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 preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

Case No. 14974: **Application of the Oil Conservation Division (Division) for a Pre-Hearing to Consider Proposed Amendments to Certain Provision of Title 19, Chapter 15, Part 26 of the New Mexico Administrative Code.** The Division requests the Oil Conservation Commission schedule a pre-hearing to review proposed amendments, which would specify acid gas disposal requirements for (1) an application, (2) an administrative completeness determination, (3) a staff technical memorandum, (4) notice and (5) a permit decision. The Division's proposed amendments also amend notice requirements for pressure maintenance projects.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this ____ day of _____, 2013.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Jami Bailey
Director, Oil Conservation Division

SEAL