

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martínez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 23, 2015

Small Business Regulatory Advisory Commission
Economic Development Department
Attn: Wade Jackson, General Counsel
Joseph M. Montoya Building
1100 S. St. Francis Drive, Suite 1060
Santa Fe, NM 87505

Via hand-delivery

Re: Proposal to Amend the New Mexico Oil and Gas Regulations

Dear Commissioners:

The New Mexico Oil and Gas Association (NMOGA) has filed an application to amend 19.15.34 NMAC (Produced Water) and 19.15.2.7 (Definitions). The proposed rule changes are intended to:

- (1) Encourage and promote the recycling or re-use of produced water in the production of oil and gas in a manner that provides reasonable protection to fresh waters, the public health, and the environment;
- (2) Clarify and codify when the disposition by use of produced water requires prior approval by the New Mexico Oil Conservation Division and when registration is sufficient;
- (3) Require produced water recycling facilities subject to the proposed rule to either be permitted or registered with the Division;
- (4) Permit by rule produced water recycling containments for a limited period of time to store, treat and recycle produced water for use in the drilling, completion, production or plugging of oil and gas wells;
- (5) Prevent any use of recycling containments for the disposal of produced water or other oilfield wastes;
- (6) Adopt for the proposed produced water recycling containments applicable siting, design, construction, operation, closure and site reclamation provisions;
- (7) Establish when and what type of financial assurance is required for operators of produced water recycling containments and when that financial assurance can be released;
- (8) Adopt provisions for seeking a variance from the requirements of the proposed rule;
- (9) Retain the current provisions of 19.15.34.8 through 19.15.34.12 addressing and regulating the transportation of produced water, drilling fluids and other liquid oilfield wastes;
- (10) Adopt provisions for the immediate enforcement of the proposed rule by the New Mexico Oil Conservation Division; and
- (11) Modify the definition of "produced water" in Title 19, Chapter 15, Part 2, NMAC, to match the definition of "produced water" in Section 70-2-33(K) of the Oil and Gas Act.

The Oil Conservation Division does not believe that these rules will adversely affect small business. However, in order to insure compliance with the Small Business Regulatory Relief Act, this notice is provided pursuant to NMSA 1978, Section 14-4A-4.

The Oil Conservation Commission has scheduled a hearing on the application for **February 13, 2015** in Porter Hall at the Wendell Chino Building, 1220 S. St. Francis Drive, in Santa Fe. If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Catanach", with a long horizontal flourish extending to the right.

David R. Catanach
Director, Oil Conservation Division
Chair, Oil Conservation Commission