

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

AMENDED APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR THE ADOPTION OF NEW RULES, 19.15.1.37 NMAC, 19.15.1.38 NMAC, 19.15.3.100 NMAC, AND 19.15.14.1227 NMAC; AND THE AMENDMENT OF 19.15.1.7 NMAC, 19.15.3.101 NMAC, 19.15.3.102 NMAC, 19.15.4.201 NMAC, 19.15.4.203 NMAC, 19.15.4.1101 NMAC, 19.15.9.701 NMAC, 19.15.13.1103 NMAC, 19.15.13.1104 NMAC, AND 19.15.13.1115 NMAC

CASE NO. 13564

AFFIDAVIT OF NOTICE

I hereby certify that notice of this proposed rulemaking was given as follows:

1. The Oil Conservation Division filed the application in rulemaking case 13564 on September 2, 2005. In accordance with 19.15.14.1202.A(1) NMAC, notice was provided to the Albuquerque Journal, a newspaper of general circulation in the state, for publication more than 20 days prior to the scheduled hearing date of October 13, 2005. Exhibit A, attached, is a copy of the notice, with the cover letter that was sent to the Albuquerque Journal on September 2, 2005. Exhibit B, attached, is a copy of proof sheet returned by the Albuquerque Journal, indicating a publication date of September 8, 2005. The Oil Conservation Division has not received an affidavit of publication from the Albuquerque Journal, but will supplement the record when it receives the affidavit.

2. Notice was placed on the October 13, 2005 Oil Conservation Commission hearing docket, and the docket was sent by regular or electronic mail to all who have requested such notice on September 26, 2005. Rule 19.15.14.1202.A(2) NMAC (Rule 1202.A(2)) requires that the docket be mailed by the Commission Clerk to all who have requested such notice not less than 20 days prior to the hearing. Notice should have been sent on Friday, September 23, 2005; instead it was sent on Monday, September 26, 2005. See Exhibit C, attached. The Division has filed a motion for an order shortening the time for notice under Rule 1202.A(2), so that the notice provided by the Commission Clerk will be recognized as timely.

3. Notice was published in the New Mexico Register on September 15, 2005, more than 10 days prior to the scheduled hearing date, as required by Rule 19.15.14.1202(3) NMAC. See Exhibit D, attached.

4. Notice was posted on the Oil Conservation Division's website on September 7, 2005, not less than 20 days prior to the scheduled hearing date, as required by Rule 19.15.14.1202.A(4) NMAC. See Exhibit E, attached.

5. In addition to the notice required by the procedural rules, notice was provided to the Small Business Regulatory Commission by e-mail on September 9, 2005 and September 13, 2005. See Exhibits F and G, attached.

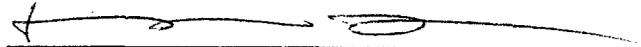
6. In addition to the notice required by the procedural rules, the Division also conducted a stakeholders' meeting on September 21, 2005 regarding case 13564. Notice of the meeting was posted on the Division's website, letters were sent to each person who attended meetings on House Memorial 39, and notice was e-mailed to every person or entity on a list kept by the Division's Environmental Bureau of

entities interested in environmental regulations. A copy of the letter announcing the stakeholders' meeting, with a copy of the list of attendees at the meetings on House Memorial 39, is attached as Exhibit H. A copy of the e-mail sent to persons and entities on the list kept by the Environmental Bureau is attached as Exhibit I.

7. Also in addition to the notice required by the procedural rules, the Division posted on the web its brief supporting the proposed rulemaking, and sent electronic notice on September 16, 2005 to the same list that is used for sending the docket. A copy of that e-mail is attached as Exhibit J.


Gail MacQuesten

SUBSCRIBED AND SWORN to before me this 3rd day of October 2005.


Notary Public

My Commission Expires:

4/2/07



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

L. RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 2, 2005

Albuquerque Journal
7777 Jefferson N.E.
Albuquerque, NM 87109
Attention: Legal Department

**Re: Notice of Publication
Case No. 13564**

Dear Sir/Madam:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

- 1. Publisher's affidavit in duplicate.**
- 2. Statement of cost (also in duplicate).**
- 3. Certified invoices for prompt payment.**

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment. **Please publish the notice as soon as possible.**

Sincerely,


Sally Martinez

Attachment

Before the OCC

Case 13564

Ex. A

To the Affidavit of Notice

NOTICE OF HEARING

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of the Commission of the following meeting and public hearing to be held at 9:00 A.M. on **October 13 and 14, 2005**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation 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 Division Administrator Florene Davidson at 505-476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **October 3, 2005**. 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 twenty-hour (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 13564: *In the matter of the Proposal of the Oil Conservation Division, On Its Own Motion, To Amend Rule 7 of 19.15.1 NMAC, Rules 101 and 102 of 19.15.3 NMAC; Rules 201 and 203 of 19.15.4 NMAC; Rule 701 of 19.15.9 NMAC; Rules 1101, 1103, 1104 and 1115 of 19.15.13 NMAC. The adoption of Rules 37 and 38 of 19.15.1 NMAC; Rule 100 of 19.15.3 NMAC; Rule 1227 of 19.15.14 NMAC.* The hearing concerns the following: adoption of a new rule setting out procedures for compliance proceedings (to be codified as 19.15.14.1227 NMAC); amendment of 19.15.1.7 NMAC to define "knowingly and willfully;" adoption of a new rule clarifying the enforceability of permits and administrative orders (to be codified as 19.15.1.38 NMAC); amendment of 19.15.13.1115 NMAC to clarify monthly reporting requirements and their enforcement; adoption of a new rule creating a "good standing" requirement for well operators (to be codified as 19.15.1.37 NMAC); adoption of a new rule regarding operator registration, change of operator and change of name, and including a "good standing" requirement (to be codified as 19.15.3.100 NMAC); amendment of 19.15.3.102 NMAC and 19.15.3.1101 NMAC to clarify the issuance of permits to drill, deepen or plug back, and include a "good standing" requirement; ~~amendment of 19.15.9.701 NMAC to clarify injection permit requirements, and include a "good standing" requirement;~~ amendment of 19.15.13.1104 NMAC to clarify the assignment of allowables and authorization to transport, and include a "good standing" requirement; amendment of 19.15.3.101 NMAC to clarify and expand financial assurance requirements and increase the amounts of one-well financial assurances; amending 19.15.4.203 NMAC, 19.15.1.7 NMAC, 19.15.4.201 NMAC and 19.15.13.1103 NMAC to distinguish between "temporary abandonment" and "approved temporary abandonment" and clarify the requirements for approved temporary abandonment. Copies of the

text of the proposed new rules and amendments are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd/whatsnew.htm> Written comments on the proposed amendments must be received no later than 5:00 p.m. on Wednesday, October 5, 2005. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on Wednesday, October 5, file six sets of a pre-hearing statement with Ms. Davidson. Any person recommending modifications to a proposed rule change shall, no later than Wednesday, September 28, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at (505) 476-3462.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 2nd day of September, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire
Mark E. Fesmire, P.E. *by pm*
Division Director

S E A L

Facsimile Transmission

From: JEllsworth
Fax Number:
Voice Phone:

To: SALLY MARTINEZ
Company: N M DEPT OF ENERGY, MINERALS
Fax Number: 1 (505) 476-3462
Voice Phone: 1 (505) 827-7131

CC:

Fax Notes:

Date and time of transmission: Friday, September 02, 2005 3:59:20 PM
Number of pages including this cover sheet: 04

Before the OCC
Case 13564
Ex. B
To the Affidavit of Notice

***** Proof *****

Albuquerque Publishing Company
7777 Jefferson NE
Albuquerque, NM 87109
(505)823-7777

Account Information

Phone: (505) 827-7131
Name: N M DEPT OF ENERGY, MINERALS
Account #: C80932
Address: OIL CONSERVATION DIV
1220 S ST FRANCIS DR
SANTA FE, NM 87505
Client:
Placed by: SALLY MARTINEZ
Fax #:

Ad Information

Classification: 0000-Legals - Government
Size: 1 x 224.000
Start date: 09-08-05
Billed size: 224.00 5.14 agate lines
Stop date: 09-08-05
Ad #: 2214137
Insertions: 1
Ad type: In-Column Display Ad
Rate code: Gov't Legal Display
Publications: Journal Daily (AM)

Ad Cost: \$ 98.56
Tax @ 6.7500%: \$
Tax @ 7.3125%: \$
Tax @ 7.0625%: \$
Total: \$ 105.21

Ad Copy:



NOTICE OF HEARING
STATE OF NEW MEXICO
ENERGY, MINERALS AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of the Commission of the following meeting and public hearing to be held at 9:00 A.M. on October 13 and 14, 2005, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation 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 Division Administrator Florene Davidson at 505-475-3458 or through the New Mexico Relay Network (1-800-658-1779) by October 3, 2005. 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 avail-

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able to the public no later than two weeks prior to the meeting. A final agenda will be available no later than twenty-four (24) hours prior to 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 19564: In the matter of the Proposal of the Oil Conservation Division, On Its Own Motion, To Amend Rule 7 of 19.15.1 NMAC, Rules 101 and 102 of 19.15.3 NMAC; Rules 201 and 203 of 19.15.4 NMAC; Rule 701 of 19.15.8 NMAC; Rules 1101, 1103, 1104 and 1115 of 19.15.13 NMAC. The adoption of Rules 37 and 38 of 19.15.1 NMAC; Rule 100 of 19.15.3 NMAC; Rule 1227 of 19.15.14 NMAC. The hearing concerns the following: adoption of a new rule setting out procedures for compliance proceedings (to be codified as 19.15.14.1227 NMAC); amendment of 19.15.1.7 NMAC to define "knowingly and willfully;" adoption of a new rule clarifying the enforceability of permits and administrative orders (to be codified as 19.15.1.38 NMAC); amendment of 19.15.13.1115 NMAC to clarify monthly reporting requirements and their enforcement; adoption of a new rule creating a "good standing" requirement for well operators (to be codified as 19.15.1.37 NMAC); adoption of a new rule regarding operator registration, change of operator and change of name, and including a "good standing" requirement (to be codified as 19.15.3.100 NMAC); amendment of 19.15.3.102 NMAC and 19.15.3.1101 NMAC to clarify the issuance of permits to drill, deepen or plug back, and include a "good standing" requirement; amendment of 19.15.3.701 NMAC to clarify injection permit requirements, and include a "good standing" requirement; amendment of 19.15.13.1104 NMAC to clarify the assignment of allowables and authorization to transport, and include a "good standing" requirement; amendment of 19.15.3.101 NMAC to clarify and expand financial assurance requirements and increase the amounts of one-well financial assurances; amending 19.15.4.203 NMAC, 19.15.1.7 NMAC, 19.15.4.201 NMAC and 19.15.13.1103 NMAC to distinguish between "temporary abandonment" and "approved temporary abandonment" and clarify the requirements for approved temporary abandonment. Copies of the text of the proposed new rules and amendments are available from commission clerk Florene Davidson at (505) 478-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd/whatsnew.htm> Written comments must be received no later than 5:00 p.m. on Wednesday, October 5, 2005. Any person may present non-technical testimony or make an un-sworn statement at the

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ng. Any person who intends
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i-examine witnesses at the
ng shall, no later than 5:00
on Wednesday, October 5,
ix sets of a pre-hearing state-
with Ms. Davidson. Any per-
recommending modifications
proposed rule change shall,
later than Wednesday, Sep-
er 28, file a notice of recom-
ended modifications with Ms.
son including the text of the
mended modifications, an
nation of the modifications,
ct, and the reasons for
ting the modifications. Written
nents, pre-hearing statements
notices of recommended
ifications may be hand-
red or mailed to Ms. David-
at 1220 South St. Francis
, Santa Fe, New Mexico
5, or may be faxed to Ms.
son at (505) 476-3462.

1 under the Seal of the State
aw Mexico Oil Conservation
mission at Santa Fe, New
o on this 2nd day of Sep-
er, 2005.

ITE OF NEW MEXICO
ONSERVATION DIVISION

k.E. Fasmire, P.E.
ign Director
a: September 8, 2005

Martinez, Sally, EMNRD**From:** Martinez, Sally, EMNRD**Sent:** Monday, September 26, 2005 9:00 AM

To: anthonyv6@leaco.net; ballen@sesi-nm.com; Barton, Van, EMNRD; BRANA1223@aol.com; bwatson@trailnet.com; Catanach, David, EMNRD; ccarter@pvtnetworks.net; ccw@spinn.net; cheryls@ypcnm.com; dboneau@pvtnetworks.net; ddrmidland@aol.com; dexterh@forl.com; dhartman@bigfoot.com; dneeper@earthlink.net; DonAdams@hess.com; droush8235@aol.com; ekendrick@montand.com; Ezeanyim, Richard, EMNRD; fieseler@pogoproducing.com; ftchavez@mac.com; gary.carlson@usa.apachecorp.com; glf460@spinn.net; gonzal8j@kochind.com; Gum, Tim, EMNRD; HammonJW@ldng.com; harmonl@kochind.com; hawkinj2@bp.com; Hayden, Steven, EMNRD; jan.wooldridge@dv.com; jbailey@slo.state.nm.us; jdewbre@sw.com; jd@stateside.com; jlevine@pnm.com; john@arringtonoil.com; jtportwood@mindspring.com; kahlinaa@ypcnm.com; landdept@ypcnm.com; leonhart@arn.net; llrwb@austin.rr.com; log@cyberport.com; markm@forl.com; mhayes@rubiconoilandgas.com; mswisher@aviaraenergy.com; namebored@aol.com; nspear@qwest.com; Perrin, Charlie, EMNRD; pldavis@mallonresources.com; pools@texaco.com; pronm@spinn.net; rchase@pvtnetworks.net; r hefner@chkenergy.com; rhodge@northstarop.com; Rick_Foppiano@oxy.com; rtupman@hess.com; sallyk@forl.com; Shall@mstLAW.com; shane@spearbrothersgroup.com; stan.phillips@apachecorp.com; syahney@heyco.org; tamiller@marathonoil.com; tmlarim@ppco.com; troberts@btro.com; tyrafeil@duganproduction.com; walker@kfoc.net; wcarr@westofpecos.com; WDeedler@aol.com; Williams, Chris, EMNRD

Subject: OCD & OCC Dockets**Tracking: Recipient****Read**

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Ezeanyim, Richard, EMNRD Read: 9/26/2005 11:56 AM

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10/3/2005

Before the OCC
Case 13564
Ex. C
To the Affidavit of Notice

Gum, Tim, EMNRD
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jtportwood@mindspring.com
kahlinaa@ypcnm.com
landdept@ypcnm.com
leonhart@am.net
llrb@austin.rr.com
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rhodge@northstarop.com
Rick_Foppiano@oxy.com
rtupman@hess.com
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Shall@mstLAW.com
shane@spearbrothersgroup.com
stan.phillips@apachecorp.com
syahney@heyco.org
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tmlarim@ppco.com
troberts@btro.com
tyrafeil@duganproduction.com
walker@kfoc.net
wcarr@westofpecos.com
WDeedler@aol.com
Williams, Chris, EMNRD

CASE 13274: De Novo – Readvertised – Continued from September 15, 2005 Commission Meeting.

Application of Arch Petroleum Inc. for Approval of Two Non-Standard Gas Spacing and Proration Units in the Jalmat Gas Pool, Lea County, New Mexico. Applicant seeks approval of (1) a non-standard gas spacing and proration unit comprised of the SW/4 of Section 20, Township 23 South, Range 37 East, to be dedicated in the Jalmat Gas Pool to the Steeler “A” Well No. 1, located in the NW/4 SW/4 of the section, to be operated by Westbrook Oil Corporation, and (ii) a non-standard gas spacing and proration unit comprised of the SE/4 of Section 20, in said township and range, to be dedicated in the Jalmat Gas Pool to the Resler “B” Well No. 1, located in the NW/4 SE/4 of the section, to be operated by applicant. The units are located approximately 10-½ miles south-southwest of Eunice, New Mexico. Upon the application of Arch Petroleum Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 13480: De Novo

Application of Gandy Marley, Inc. to modify their existing NMOCD Rule 711 Permit No. NM-01-019 so that they may accept salt-contaminated oilfield wastes. Gandy Marley, Inc. has applied for a modification to their surface waste management facility permit to allow the facility to accept oilfield waste, exempt from RCRA Subtitle C, including chloride impacted debris, drilling mud, soils, sludges, tank bottoms and filters associated with the drilling, operating and maintenance of oil and gas wells and related operations of the oil and gas industry, and certain non-exempt, non-hazardous oilfield waste. Gandy Marley, Inc.’s facility is located in Sections 4,5,8, and 9 of Township 11 South, Range 31 East, in Chaves County, New Mexico. Gandy Marley, Inc. has provided information describing the construction of the cells and conditions at the site that make it suitable for the acceptance of such wastes. The operator will keep salt-contaminated oilfield waste separate from hydrocarbon-contaminated oilfield waste. Upon application of Gandy Marley, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

PRELIMINARY DOCKET: COMMISSION MEETING – THURSDAY – OCTOBER 13, 2005

9:00 A.M. – Porter Hall
1220 South St. Francis Drive
Santa Fe, New Mexico

Land Commissioner, Patrick H. Lyons, may designate Jami Bailey as his representative for this hearing, or may participate himself.

Notice: The minutes of the September 15 and September 23, 2005, Commission meeting will be adopted.

Notice: During this meeting, the Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with Commission counsel under the attorney-client privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

Final Action May be Taken in the Following:

CASE 13555: *Application of the New Mexico Oil Conservation Division for Adoption of a new rule Concerning Infill Wells in Compulsory-Pooled Units.*

CASE 13564: *In the matter of the Proposal of the Oil Conservation Division, On Its Own Motion, To Amend Rule 7 of 19.15.1 NMAC, Rules 101 and 102 of 19.15.3 NMAC; Rules 201 and 203 of 19.15.4 NMAC; Rule 701 of 19.15.9 NMAC; Rules 1101, 1103, 1104 and 1115 of 19.15.13 NMAC. The adoption of Rules 37 and 38 of 19.15.1 NMAC; Rule 100 of 19.15.3 NMAC; Rule 1227 of 19.15.14 NMAC.* The hearing concerns the following: adoption of a new rule setting out procedures for compliance proceedings (to be codified as 19.15.14.1227 NMAC); amendment of 19.15.1.7 NMAC to define “knowingly and willfully;” adoption of a new rule clarifying the enforceability of permits and administrative orders (to be codified as 19.15.1.38 NMAC); amendment of 19.15.13.1115 NMAC to clarify monthly reporting requirements and their enforcement; adoption of a new rule creating a “good standing” requirement for well operators (to be codified as 19.15.1.37 NMAC); adoption of a new rule regarding operator registration, change of operator and change of name, and including a “good standing” requirement (to be codified as 19.15.3.100 NMAC); amendment of 19.15.3.102 NMAC and 19.15.3.1101 NMAC to clarify the issuance of permits to drill, deepen or plug back, and include a “good standing” requirement; amendment of 19.15.9.701 NMAC to clarify injection permit requirements, and include a “good standing” requirement; amendment of 19.15.13.1104 NMAC to clarify the assignment of allowables and authorization to transport, and include a “good standing” requirement; amendment of 19.15.3.101 NMAC to clarify and expand financial assurance requirements and increase the amounts of one-well financial assurances; amending 19.15.4.203 NMAC, 19.15.1.7 NMAC, 19.15.4.201 NMAC and 19.15.13.1103 NMAC to distinguish between “temporary abandonment” and “approved temporary abandonment” and clarify the requirements for approved temporary abandonment. Copies of the text of the proposed new rules and amendments are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division’s web site at <http://www.emnrd.state.nm.us/ocd/whatsnew.htm> Written comments on the proposed amendments must be received no later than 5:00 p.m. on Wednesday, October 5, 2005. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on Wednesday, October 5, file six sets of a pre-hearing statement with Ms. Davidson. Any person recommending modifications to a proposed rule change shall, no later than Wednesday, September 28, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications’ impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at (505) 476-3462.

New Mexico Register / Volume XVI, Number 17 / September 15, 2005

NOTICE OF RULE MAKING

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

The State of New Mexico, through its Oil Conservation Commission, hereby gives notice that the Commission will conduct a public hearing on **October 13 and 14, 2005**, beginning at 9:00 a.m. each day, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, concerning the adoption of new rules and the amendment of existing rules relating to the enforcement of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38. If additional time is needed, the hearing may continue at a later date announced by the Commission.

The hearing concerns the following: adoption of a new rule setting out procedures for compliance proceedings (to be codified as 19.15.14.1227 NMAC); amendment of 19.15.1.7 NMAC to define "knowingly and willfully;" adoption of a new rule clarifying the enforceability of permits and administrative orders (to be codified as 19.15.1.38 NMAC); amendment of 19.15.13.1115 NMAC to clarify monthly reporting requirements and their enforcement; adoption of a new rule creating a "good standing" requirement for well operators (to be codified as 19.15.1.37 NMAC); adoption of a new rule regarding operator registration, change of operator and change of name, and including a "good standing" requirement (to be codified as 19.15.3.100 NMAC); amendment of 19.15.3.102 NMAC and 19.15.3.1101 NMAC to clarify the issuance of permits to drill, deepen or plug back, and include a "good standing" requirement; amendment of 19.15.9.701 NMAC to clarify injection permit requirements, and include a "good standing" requirement; amendment of 19.15.13.1104 NMAC to clarify the assignment of allowables and authorization to transport, and include a "good standing" requirement; amendment of 19.15.3.101 NMAC to clarify and expand financial assurance requirements and increase the amounts of one-well financial assurances; amending 19.15.4.203 NMAC, 19.15.1.7 NMAC, 19.15.4.201 NMAC and 19.15.13.1103 NMAC to distinguish between "temporary abandonment" and "approved temporary abandonment" and clarify the requirements for approved temporary abandonment.

Copies of the text of the proposed new rules and amendments are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd/whatsnew.htm>. 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 Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) as soon as possible.

Written comments on the proposed amendments must be received no later than 5:00 p.m. on Wednesday, October 5, 2005. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on Wednesday, October 5, file six sets of a pre-hearing statement with Ms. Davidson. Any person recommending modifications to a proposed rule change shall, no later than Wednesday, September 28, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at (505) 476-3462.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 31st day of August, 2005.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Mark E. Fesmire, P.E.
Director, Oil Conservation Division

Before the OCC
Case 13564
Ex. D
To the Affidavit of Notice

***Welcome to the New Mexico Oil
Conservation Division's web site!***

***OCD is pleased to rollout a fresh new look
but more importantly, some powerful new
features. Our new web site marks the
implementation of OCD's flagship
application known as OCD Online.***

***We hope you find the new site to be very
useful to your daily business needs. More
features, more data and more benefit.***

Announcements/News:

**Monthly Report of Ground
Water Impact Sites (09/28/05)**

**60 Day Alternative to Class C or
Class H Cement in SE New
Mexico (08/24/05)**

**Inactive Well Report Available
(08/17/05)**

**OCD Brief in Support of
Proposed Enforcement Rules
(09/15/05)**

**Proposed Enforcement Rules
(09/07/2005)**

**Seminars Announcing V2 of
OCD Online Electronic
Permitting -Farmington
Location Changed - (09/26/05)**

**Commission Order No. R-12430
Regarding Enforcement Rules
(09/28/05)**

**Surface Water Management
Meeting - October 11, 2005
(09/30/03)**

**Surface Waste Management
Rules
(09/29/05)**

Before the OCC
Case 13564
Ex. E
To the Affidavit of Notice

Macquesten, Gail, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Friday, September 09, 2005 3:35 PM
To: Tull, John, EDD
Subject: Proposed regulations

Dear Mr. Tull,

I am writing to you to notify the Small Business Regulatory Advisory Commission of proposed rulemaking.

The Oil Conservation Division of the Energy, Minerals and Natural Resources Department has filed an application with the Oil Conservation Commission asking the commission to adopt new rules and amend existing rules relating to enforcement. A copy of the application and the 16 proposed rules is attached. A stakeholders' meeting will take place on September 21, 2005 at the State Personnel Auditorium in the Willie Ortiz Building at 2600 Cerrillos Road, Santa Fe. A hearing on the proposed rules will be conducted on October 13 and 14, beginning at 9 a.m. each day, at Porter Hall in the Wendell Chino Building at 1220 S. St. Francis Drive, Santa Fe.

Written comments on the proposed amendments must be received no later than 5:00 p.m. on Wednesday, October 5, 2005. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on Wednesday, October 5, file six sets of a pre-hearing statement with Ms. Davidson. Any person recommending modifications to a proposed rule change shall, no later than Wednesday, September 28, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at (505) 476-3462.

If I need to do anything else to notify the Small Business Regulatory Advisory Commission, please let me know. My direct line is 476-3451.

Sincerely,

Gail MacQuesten

**Before the OCC
Case 13564
Ex. F
To the Affidavit of Notice**

Macquesten, Gail, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Tuesday, September 13, 2005 11:49 AM
To: Tull, John, EDD
Subject: Oil Conservation Division Proposed Enforcement Rules

Dear Mr. Tull - Thank you for your telephone call this morning regarding the impact of the Oil Conservation Division's (OCD's) proposed enforcement rules on small businesses. The rule changes will affect all operators of oil, gas or service wells in the State of New Mexico as well as other entities under the OCD's jurisdiction, such as transporters of produced water and operators of surface waste management facilities for oil and gas waste. The OCD has determined that some of those entities will be small businesses. If you have any questions, or if you need additional information, please contact me at 476-3451.

Sincerely,

Gail MacQuesten

**Before the OCC
Case 13564
Ex. G
To the Affidavit of Notice**

September 9, 2005

To: All Interested Parties

Dear Sir or Madam:

The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department will be holding a meeting to solicit stakeholders' input with respect to draft proposed rules concerning the Division's Enforcement and Compliance procedures.

This informal meeting is intended to allow stakeholders the opportunity to review and comment on the proposed rule additions and changes prior to a formal hearing on those rules. The meeting will be held beginning at 9:00 AM, September 21 in the State Personnel Auditorium, 2600 Cerrillos Road, Santa Fe, New Mexico. This meeting will be followed by a formal hearing before the Oil Conservation Commission beginning at 9:00 AM on October 13 in the OCC hearing room, 1220 S. St. Francis Dr., Santa Fe, New Mexico.

The full text of the Application for Rule Adoption and Amendment and the proposed rules may be reviewed on the OCD website at <http://www.emnrd.state.nm.us/ocd> or by contacting Ms. Florene Davidson, Commission Secretary, at 505-476-3460.

Sincerely,

Mark E. Fesmire, P.E.
Director

Before the OCC
Case 13564
Ex. H
To the Affidavit of Notice

MASTER LIST FOR HM 39 MEETINGS

ENVIRONMENTAL GROUPS MEETING

**Cliff Larsen
Rio Grande Chapter
Sierra Club
1472 South St. Francis
Santa Fe, New Mexico 87505**

**Sarah Lundstrum
New Mexico Office
Sierra Club
110 2nd Street SW #615
Albuquerque, New Mexico 87102-3337**

**Gwen Lachelt
Oil & Gas Accountability Project
P. O. Box 1102
Durango, Colorado 81302-1102**

**Cynthia Bodine
New Mexico Chapter Organizer
San Juan Citizens Alliance
P. O. Box 87
Aztec, New Mexico 87410**

**Alletta Belin
Belin Sugarman
Attorneys at Law
618 Paseo de Peralta
Santa Fe, New Mexico 87501**

**Terry Z. Riley, President
New Mexico Wildlife Society
1 Calle de Carino
Tijeras, New Mexico 87059-7455**

**Oscar A. Simpson
New Mexico Wildlife Federation
3320 12th St. NE
Albuquerque, New Mexico 87107**

Stephen Capra, Executive Director

Field Manager
U. S. Department of the Interior
Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220

Ed Roberson
Field Manager
U. S. Department of the Interior
Bureau of Land Management
Las Cruces Field Office
1800 Marquess
Las Cruces, New Mexico 88005

Dennis R. Stenger
Deputy State Director
Minerals and Land
U. S. Department of the Interior
Bureau of Land Management
New Mexico State Office
P. O. Box 27115
Santa Fe, New Mexico 87502-0115

Steven Wells
Supervisory, Petroleum Engineer
U. S. Department of the Interior
Bureau of Land Management
New Mexico State Office
P. O. Box 27115
Santa Fe, New Mexico 87505-0115

Helen Mary Johnson
U. S. Department of the Interior
Bureau of Land Management
15 Burnett Court
Durango, Colorado 81301

Jim Lavota
U. S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico U. S. Forest Service
Regional Forester's Office

Morris Burns
Permian Basin Petroleum Association
P. O. Box 132
Midland, Texas 79702

Bob Gallagher, President
New Mexico Oil and Gas Association
500 Don Gaspar
Santa Fe, New Mexico 87501

John F. Zent, C.P.L.
General Manager, Compliance
Burlington Resources
P. O. Box 4289
Farmington, New Mexico 87499-4289

W. Perry Pearce
Director - Corporate Affairs
Burlington Resources
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Houston, Texas 77002-2712

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Operations Manager, Permian Basin
ConocoPhillips
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Hobbs, New Mexico 88240

Yolanda Perez
Sr. Regulatory Analyst
ConocoPhillips
P. O. Box 2197, WL3 4066
Houston, Texas 77252

W. D. (Danny) Jaap
Operations Manager
ConocoPhillips
5525 Highway 64
Farmington, New Mexico 87401

Kathy Hinkle
Senior Operations Engineer
Devon Energy Corporation
20 North Broadway, Suite 1500

**San Juan Division
XTO Energy
2700 Farmington Avenue
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Farmington, New Mexico 87401**

**Nathan Mouser
Chevron U.S.A., Inc.
Box 688
Eunice, New Mexico 88231**

**Dustin Ammons
Chevron U.S.A., Inc.
P. O. Box 4791
Houston, Texas 77210-4791**

**Debbie Beaver
Williams Production Company LLC
One Williams Ctr., Suite 2500
Tulsa, Oklahoma 74172**

**Joe Niederhofer
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Regulatory Team Leader
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OXY USA WTP LP
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**Greg Hardin
Manager, HES & Regulatory
OXY USA Inc.
Occidental Permian Ltd.
OXY USA WTP LP
P. O. Box 4294
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**Raye P. Miller
Secretary/Treasurer
Marbob Energy Corporation**

**Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208**

**Scott Hall
Miller Stratvert P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986**

**Jimmy D. Carlile
Regulatory Affairs Coordinator
Fasken Oil and Ranch, Ltd.
303 W. Wall Ave., Suite 1800
Midland, Texas 79701-5116**

LEGISLATIVE MEETING

Senate

**Rod Adair
Box 96
Roswell, New Mexico 88202**

**Ben D. Altamirano
1123 Santa Rita Street
Silver City, New Mexico 88061**

**Vernon Asbill
1502 Mountain Shadow
Carlsbad, New Mexico 88220**

**Sue Wilson Beffort
67 Raindance Rd.
Sandia Park, New Mexico 87047**

**Pete Campos
500 Raynolds Avenue
Las Vegas, New Mexico 87701**

**Joseph J. Carraro
10216 Carraro Place NW
Albuquerque, New Mexico 87114**

**Dianna J. Duran
909 8th Street**

Cisco McSorley
1200 Pennsylvania Ave.
Albuquerque, New Mexico 87110

Steven P. Neville
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Mary K. Papen
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Box 203
Farmington, New Mexico 87499

John Arthur Smith
Box 998
Deming, New Mexico 88030

H. Diane Snyder
7006 Elna Court NE
Albuquerque, New Mexico 87110

House of Representatives

**Box 6
Stanley, New Mexico 87056**

**Larry A. Larranaga
7716 Lamplighter NE
Albuquerque, New Mexico 87109**

**Antonio Lujan
429 ½ South San Pedro
Las Cruces, New Mexico 88001**

**Patricia A. Lundstrom
3406 Bluehill Ave.
Gallup, New Mexico 87301**

**James Roger Madalena
Box 255
Jemez Pueblo, New Mexico 87024**

**Terry T. Marquardt
903 New York Avenue
Alamogordo, New Mexico 88310**

**Ken W. Martinez
Box 730
Grants, New Mexico 87020**

**Brian K. Moore
Box 56
Clayton, New Mexico 88415**

**Danice Picraux
4308 Avenida La Resolana NE
Albuquerque, New Mexico 87110**

**Henry Kiki Saavedra
2838 2nd Street SW
Albuquerque, New Mexico 87102**

**Nick L. Salazar
Box 1076
San Juan Pueblo, New Mexico 87566**

**Edward C. Sandoval
5102 12th Street NW
Albuquerque, New Mexico 87107**

Roger G. Terry
Colfax County Urban Forester
230 North 3rd Street
Raton, New Mexico 87740

Ray Backstrom
Assistant County Administrator
I.C.S. Manager
1000 New Yourk Ave., Room 101
Alamogordo, New Mexico 88310

Pat Wise, City Manager
City of Lovington
P. O. Box 1269
Lovington, New Mexico 88260

Travis L. Gabehart
P. O. Box 661
Kirtland, New Mexico 87417

Carl L. Johnson
P. O. Box 917
Tatum, New Mexico 88203

Shirley J. McNall
900 Sabena
Aztec, New Mexico 87140

Clay Osborn
Rocky Top Ranch
P. O. Box 1285
Jal, New Mexico 88252

Tweeti Blancett
P. O. Box 55
Aztec, New Mexico 87410

STATE LAND OFFICE

Jami Bailey, Director
Oil, Gas and Minerals Division
State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Macquesten, Gail, EMNRD

From: Martin, Ed, EMNRD
Sent: Wednesday, September 07, 2005 9:33 AM
To: Bearzi, James, NMENV; bsg@garbhall.com; cadams@pnm.com; cgarcia@fs.fed.us; dneeper@earthlink.net; don.fernald@amec.com; ekendrick@montand.com; jbarnett@barnettwater.com; jcchen@erb.ca.gov; keren_menetrey@nmenv.state.nm.us; lazarus@glorietageo.com; Letty Belin; lwa@lwasf.com; martin.nee@aese.com; Maura_hanning@nmenv.state.nm.us; Schoeppner, Jerry, NMENV; seay04@leaco.net; Olson, Bill, NMENV; Bearzi, James, NMENV; Chris Shuey; Ken Marsh; Randy Hicks; Ron Dutton; Secretary, NMED; Chris Shuey; Gerald R. Zimmerman; Schoeppner, Jerry, NMENV; Menetrey, Karen, NMENV
Cc: Macquesten, Gail, EMNRD
Subject: New Rules

The Oil Conservation Division (OCD) has proposed new rules and amendments to existing rules relating to enforcement. A copy of the notice of hearing, the application, and the proposed rules may be found on the OCD's website, www.emnrd.state.nm.us/ocd/ under "What's New". A stakeholder meeting on the proposed rules will be held at 9 a.m. on September 21 at the State Personnel Auditorium in the Willie Ortiz Building, 2600 Cerrillos Road, Santa Fe. The Oil Conservation Commission will conduct a hearing on the proposed rules on October 13 and 14, beginning at 9 a.m. each day, at Porter Hall in the Wendell Chino Building, 1220 S. St. Francis Drive, Santa Fe.

**Before the OCC
Case 13564
Ex. I
To the Affidavit of Notice**

Martinez, Sally, EMNRD

From: Martinez, Sally, EMNRD

Sent: Friday, September 16, 2005 8:03 AM

To: anthonyv6@leaco.net; ballen@sesi-nm.com; Barton, Van, EMNRD; BRANA1223@aol.com; bwatson@trailnet.com; Catanach, David, EMNRD; ccarter@pvtnetworks.net; ccw@spinn.net; cheryls@ypcnm.com; dboneau@pvtnetworks.net; ddrdmidland@aol.com; dexterh@forl.com; dhartman@bigfoot.com; dneeper@earthlink.net; DonAdams@hess.com; droush8235@aol.com; ekendrick@montand.com; Ezeanyim, Richard, EMNRD; fieseler@pogoproducing.com; ftchavez@mac.com; gary.carlson@usa.apachecorp.com; glf460@spinn.net; gonzal8j@kochind.com; Gum, Tim, EMNRD; HammonJW@ldng.com; harmonl@kochind.com; hawkinj2@bp.com; Hayden, Steven, EMNRD; jan.wooldridge@dvn.com; jbailey@slo.state.nm.us; jdewbre@swn.com; jdew@stateside.com; jlevine@pnm.com; john@arringtonoil.com; jtportwood@mindspring.com; kahlinaa@ypcnm.com; landdept@ypcnm.com; leonhart@arn.net; llrwb@austin.rr.com; log@cyberport.com; markm@forl.com; mhayes@rubiconoilandgas.com; mswisher@aviaraenergy.com; namebored@aol.com; nspear@qwest.com; Perrin, Charlie, EMNRD; pldavis@mallonresources.com; poolrs@texaco.com; pronm@spinn.net; rchase@pvtnetworks.net; rhfner@chkenergy.com; rhodge@northstarop.com; Rick_Foppiano@oxy.com; rtupman@hess.com; sallyk@forl.com; Shall@mstLAW.com; shane@spearbrothersgroup.com; stan.phillips@apachecorp.com; syahney@heyco.org; tamiller@marathonoil.com; tmlarim@ppco.com; troberts@btro.com; tyrafeil@duganproduction.com; walker@kfoc.net; wcarr@westofpecos.com; WDeedler@aol.com; Williams, Chris, EMNRD

Subject: OCD Brief in Support of Enforcement Rules

Before the OCC
Case 13564
Ex. J
To the Affidavit of Notice