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**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION DIVISION TO AMEND CERTAIN PROVISIONS OF TITLE 19,  
CHAPTER 15, PART 5, SECTION 9 OF THE NEW MEXICO ADMINISTRATIVE  
CODE CONCERNING COMPLIANCE**

CASE NO. 15536

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted on behalf of the Oil Conservation Division ("OCD"), by and through undersigned counsel, as required by 19.15.3.11(B) NMAC.

**APPEARANCES OF PARTIES**

**APPLICANT**

New Mexico Oil Conservation Division

**ATTORNEY**

Keith W. Herrmann  
Assistant General Counsel  
Energy, Minerals and Natural Resources  
Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**STATEMENT OF THE CASE**

The OCD is proposing the adoption of revised rules regarding the enforcement of 19.15.5 NMAC. The proposed rule amendments (1) replace the requirement that the OCD notify operators who are non-compliant with 19.15.5.9 NMAC on a monthly basis with a requirement that the OCD notify operators 60 days prior to commencing an enforcement action against an operator for a violation of 19.15.5.9 NMAC; (2) clarify Subsection E of 19.15.5.9 NMAC to provide that the OCD shall make available on its website penalty assessments assessed over the prior 12 months and the date the operator paid them; (3) remove the redundancy in Paragraph (2) of Subsection E of 19.15.5.9 NMAC to remove the first sentence stating that an operator who contests an order assessing penalties may appeal and may seek a stay of the order.

**WITNESSES**

*Allison Marks, Oil Conservation Division Deputy Director, Energy, Minerals and Natural Resources Department*

Ms. Marks has been practicing law for over ten years, with experience in oil and gas, environmental, business and corporate, and government law. Ms. Marks has extensive experience drafting rules and played a significant role in drafting the proposed amendments to 19.15.5.9 NMAC concerning compliance and will discuss the proposed amendments.

Ms. Marks' testimony may include a review of the proposed rule amendments and other legal and/or administrative matters related to the proposed rule amendments. Ms. Marks' testimony is expected to last 15 minutes.

MAY CALL *Daniel Sanchez, Compliance and Enforcement Manager, Oil Conservation Division/Energy, Minerals and Natural Resources Department*

Mr. Sanchez has a B.S. in Mechanical Engineering from New Mexico State University. Mr. Sanchez has served as the OCD's Compliance and Enforcement Manager for over 10 years. In his professional capacity with the OCD, Mr. Sanchez oversees the OCD's four district offices, and performs compliance and enforcement duties for the OCD. Prior to his employment with the OCD, Mr. Sanchez worked as an engineer for more than 16 years, including over 12 years with the Public Regulation Commission as a public utility engineer.

Mr. Sanchez's testimony may include a summary of compliance procedures undertaken by the division, and how the proposed rule amendments would simplify the OCD's efforts and other matters related to the proposed rule amendments related to enforcement and compliance. Mr. Sanchez's testimony is expected to last 10 minutes.

MAY CALL *Denise Gallegos, Business Operations Specialist/Bond Administrator, Oil Conservation Division/Energy, Minerals and Natural Resources Department*

Ms. Gallegos has a Bachelor's degree in Business Administration from New Mexico Highlands University. Ms. Gallegos has served as the OCD's bond administrator for over 2 years. As the bond administrator, Ms. Gallegos registers operators, tracks penalties, and ensures operators' financial compliance prior to allowing any operator changes. Ms. Gallegos has worked for the State of New Mexico since 2005. Prior to working for the OCD, Ms. Gallegos worked for the Public Regulation Commission, with her last position being that of the Compliance Officer Supervisor where she trained staff on business regulatory compliance matters.

Ms. Gallegos' testimony may include a review of how the proposed rule amendments affect the administration of the OCD's current enforcement program and how the proposed rule amendments will be administered. Ms. Gallegos' testimony is expected to last 10 minutes.

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EXHIBITS

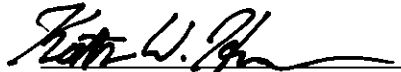
OCD anticipates entering two (2) exhibits that were previously submitted with the OCD's Application for Rulemaking.

PROCEDURAL MATTERS

The Applicant hereby requests that any cross-examination of its witnesses be done in a panel format, as such format will provide for efficiency in the hearing process.

The Applicant hereby submits copies of its Pre-Hearing Statement and Exhibits to COG Operating, LLC ("COG") by and through its counsel, Carol Leach, without waiving Applicant's objection to COG's entry of appearance not being completed pursuant to 19.15.4.13 NMAC.

Respectfully submitted,



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Attorney for the Oil Conservation Division

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following parties on September 29, 2016:

Carol Leach  
COG Operating LLC  
1048 Paseo de Peralta  
Santa Fe, New Mexico 87501  
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Keith W. Herrmann