

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

RECEIVED OCD

IN THE MATTER OF

2017 SEP 18 P 3: 46

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
AMENDMENT OF SECTION 19.15.7.24 NMAC CHANGING THE TIME FOR DIVISION
NOTIFICATION AND ENFORCEMENT AFTER AN OPERATOR'S FAILURE TO FILE
AN ACCEPTABLE MONTHLY REPORT (FORM C-115)

CASE NO. 15802

OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT

The New Mexico Oil Conservation Division ("OCD"), as Applicant, files the following
Pre-Hearing Statement.

Parties and Attorneys

THE NEW MEXICO OIL CONSERVATION
DIVISION

David K. Brooks
Energy, Minerals and Natural Resources
Department, State of New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
Phone: (505)-476-3415
FAX (505)-476-3462
Davidk.Brooks@state.nm.us

STATEMENT OF THE CASE

The OCD commenced this proceeding by application proposing amendments to Rules
19.15.7.24 NMAC to reduce the time after an operator fails to file an acceptable production report
(form C-115) within which OCD is directed to notify the operator of its intent to revoke the
operator's authorization to transport from 60 days to 30 days, and to reduce the time within which

the operator may request a hearing on the proposed revocation from 120 days to 60 days after the original due date of the form C-115.

The purpose of the proposed amendments is to ensure prompt and accurate reporting of wells' production and injection activity.

WITNESSES

<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Subject of Testimony</u>
Allison Marks	NMEMNRD	Deputy Director	Reasons for rule amendment
Ashley Archuleta	NMEMNRD	Business Operations Specialist	C-115 reporting procedures

Testimony to be presented by Alison Marks

Ms. Marks will be testifying as a fact witness. She will discuss the prevalence of late filing of production reports and issues that late or defective filing causes for OCD and other users of OCD statistical data.

Testimony to be presented by Ashley Archuleta

Ms. Archuleta may be offered as an expert on OCD production reporting procedures. She will be available to answer questions the Commission may have concerning such procedures.

Exhibits:

1. (a through f). Graphs charting late filing of production reports for production months January through June 2017, as reflected in OCD records
2. Certificate of Compliance with Notice Requirements, executed by Florine Davidson, with attachments

Time for Presentation: 15 minutes

PROCEDURAL MATTERS

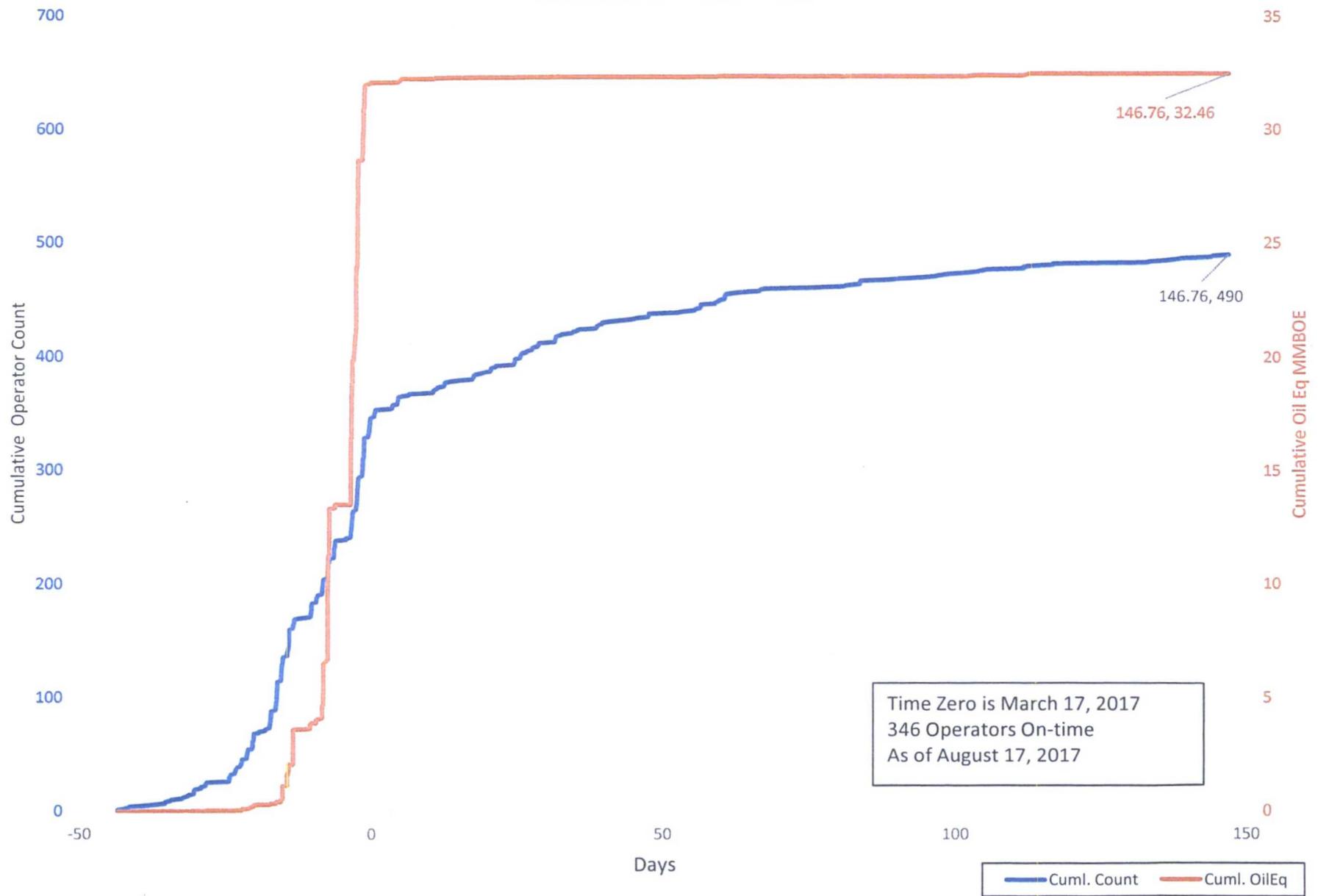
The Applicant knows of no unresolved procedural matters.

Respectfully Submitted,



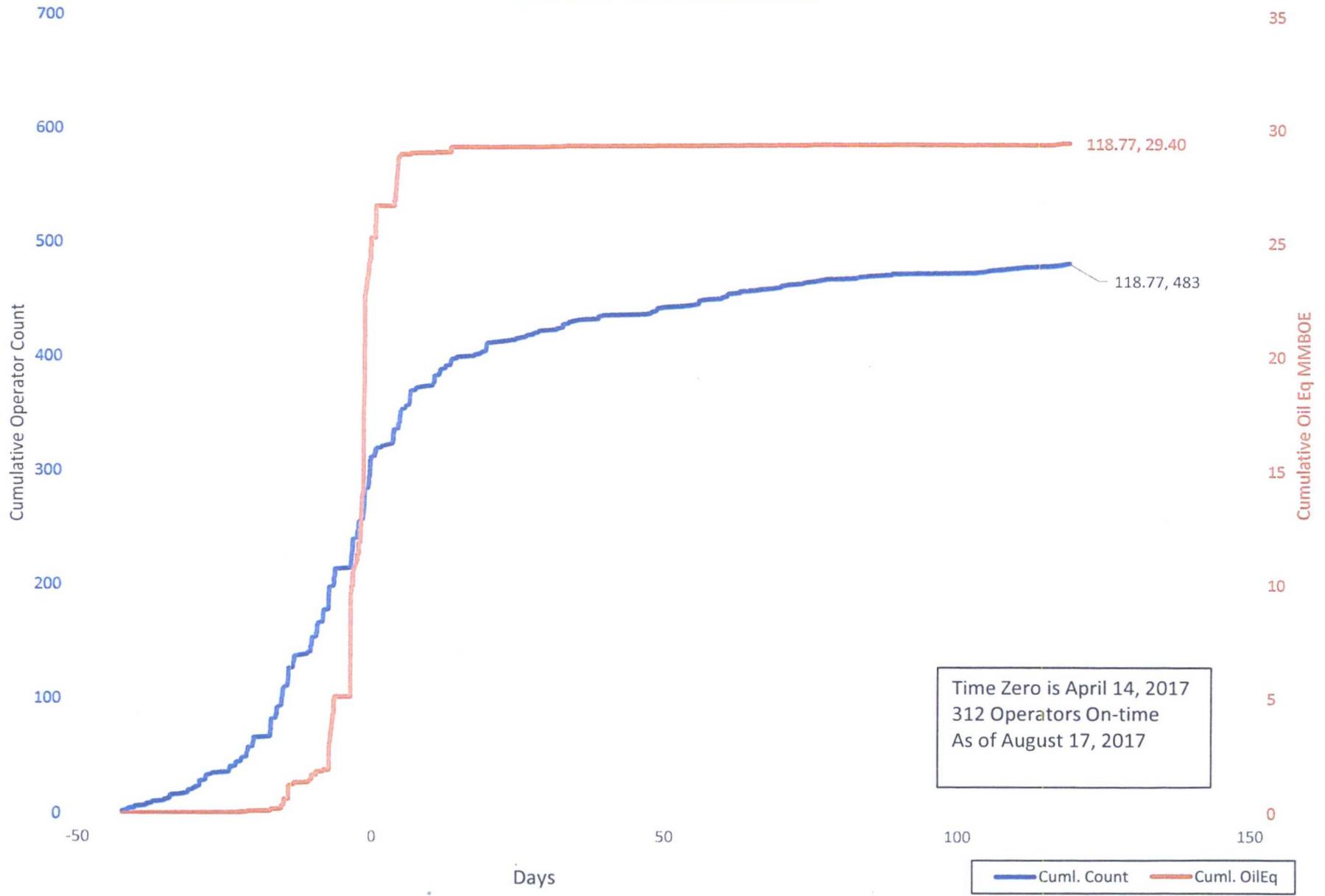
David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
Attorney for Oil Conservation Division

Jan-2017 C-115 Reporting



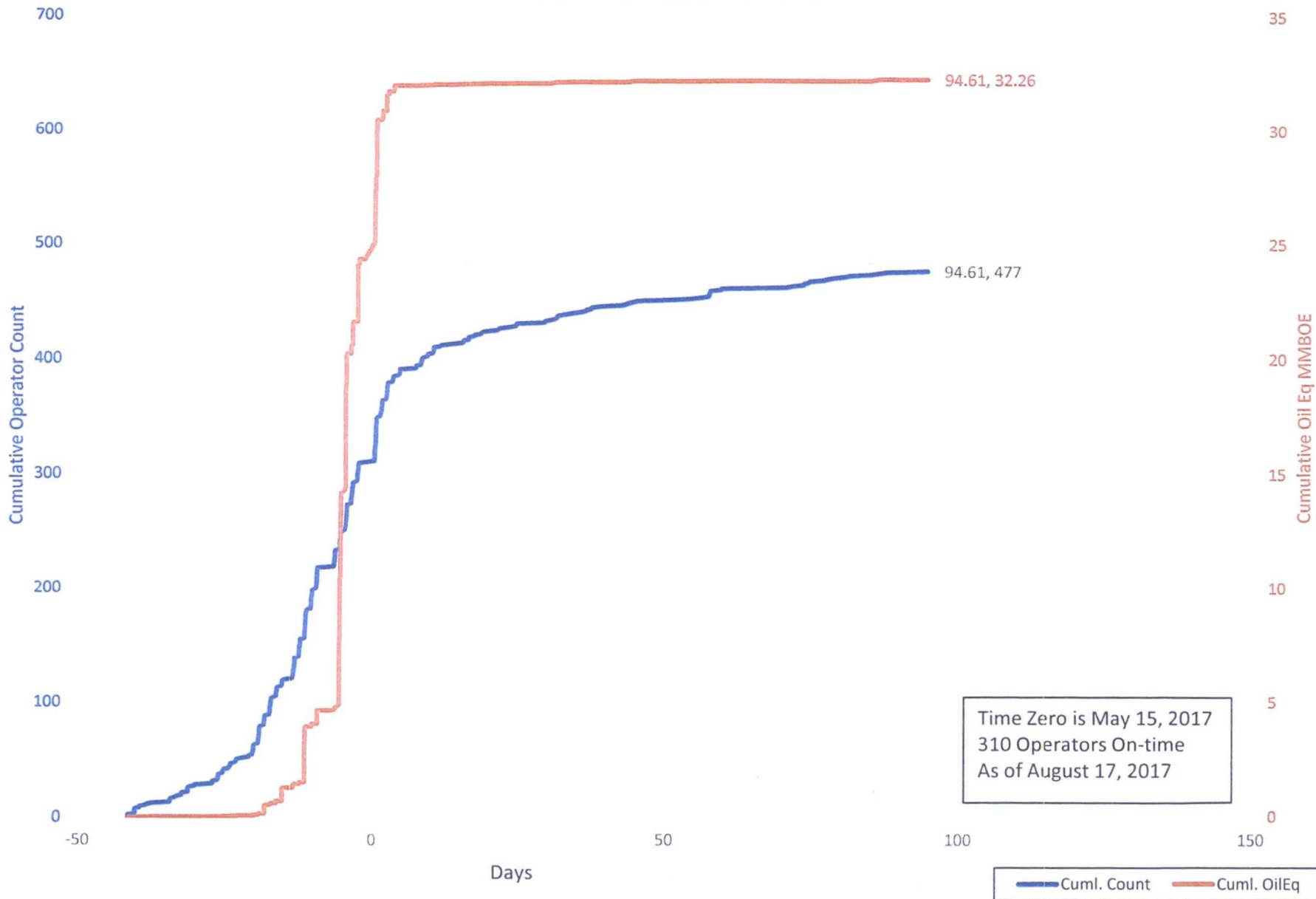
Case No. 15802
OCD Exhibit 1(a)

Feb-2017 C-115 Reporting



Case No. 15802
OCD Exhibit 1(c)

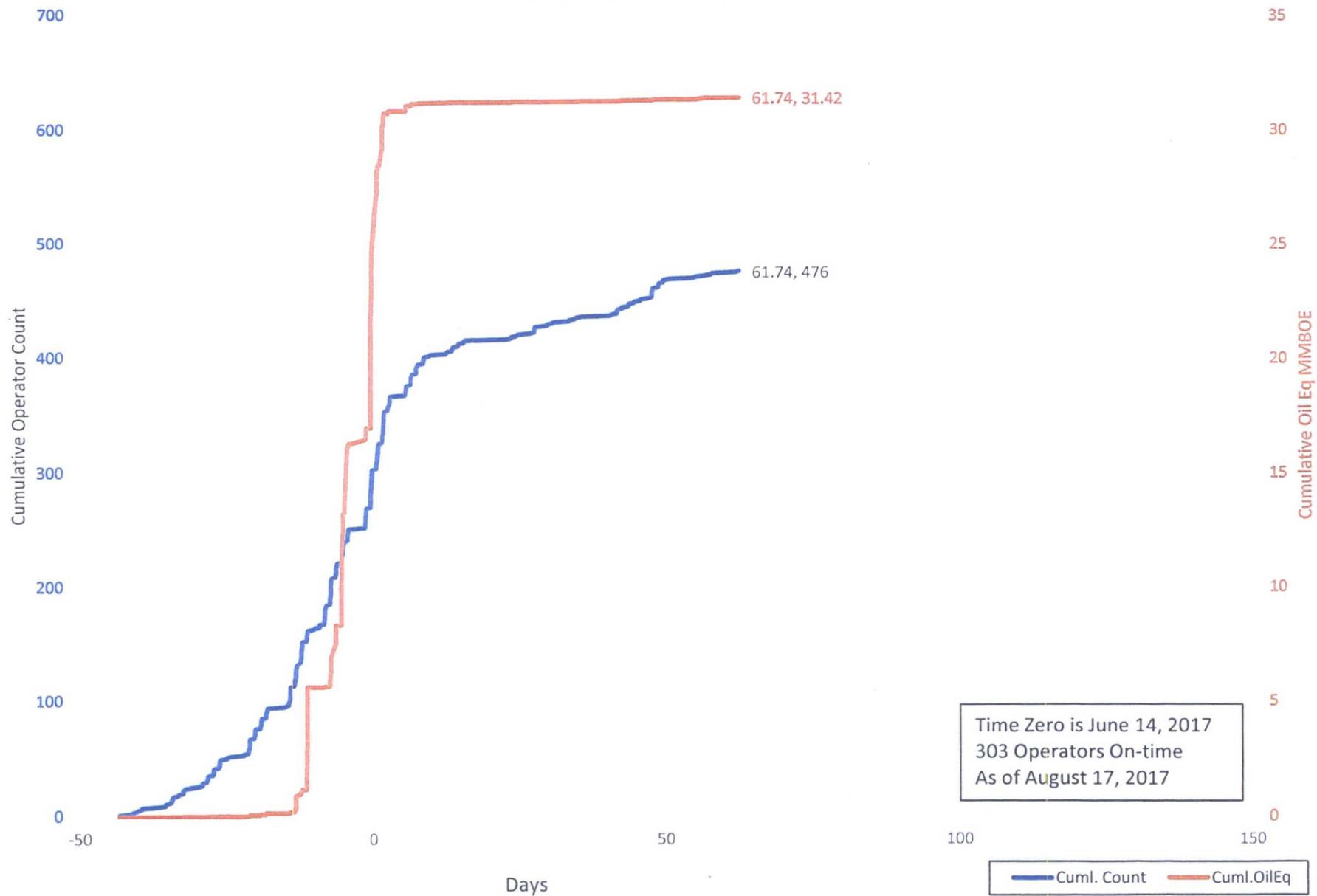
Mar-2017 C-115 Reporting



Time Zero is May 15, 2017
310 Operators On-time
As of August 17, 2017

Case No. 15802
OCN 2.0.0.1 (6)

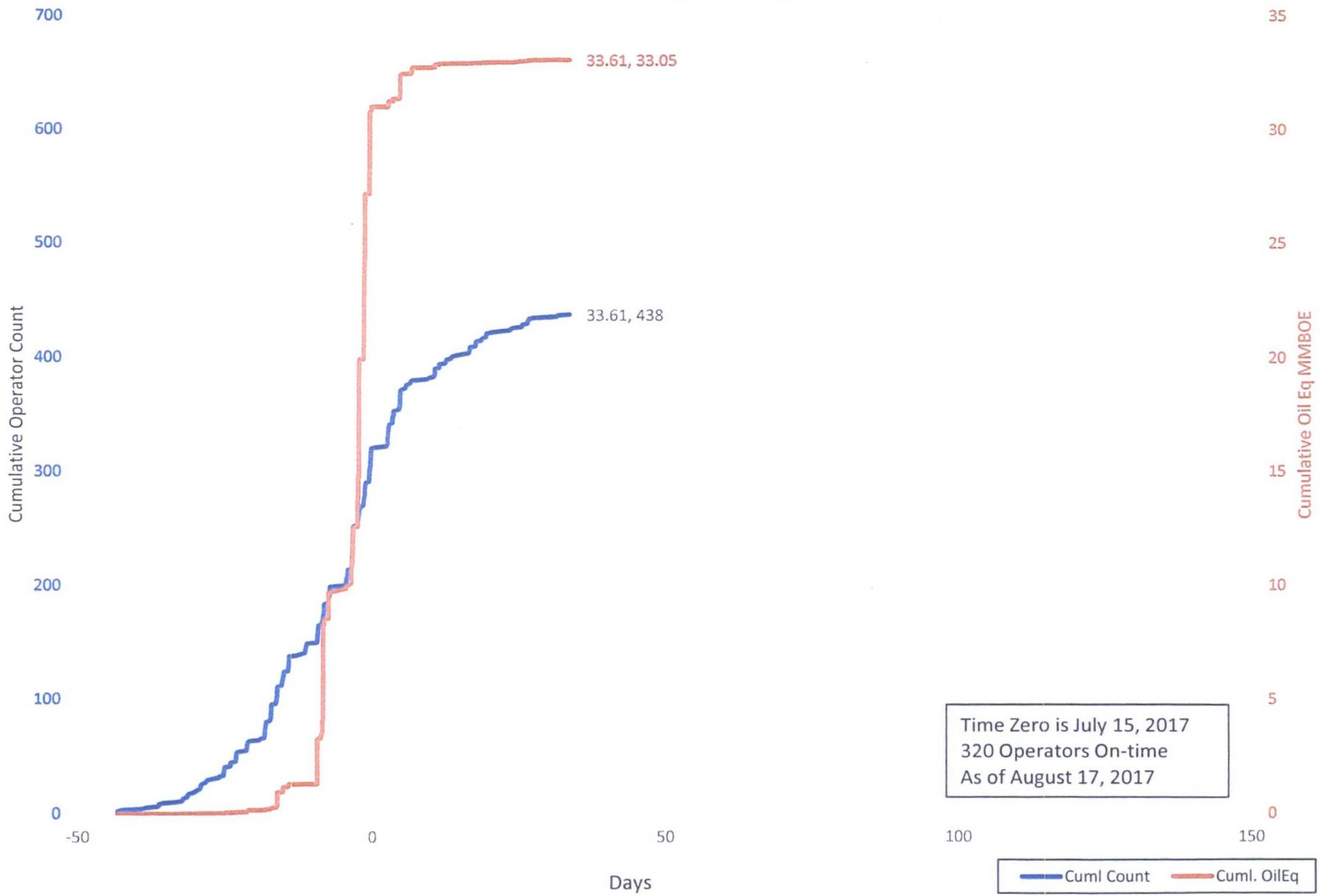
Apr-2017 C-115 Reporting



Time Zero is June 14, 2017
 303 Operators On-time
 As of August 17, 2017

Case No. 15802
 MCN P.O.D. + 1(d)

May-2017 C-115 Reporting

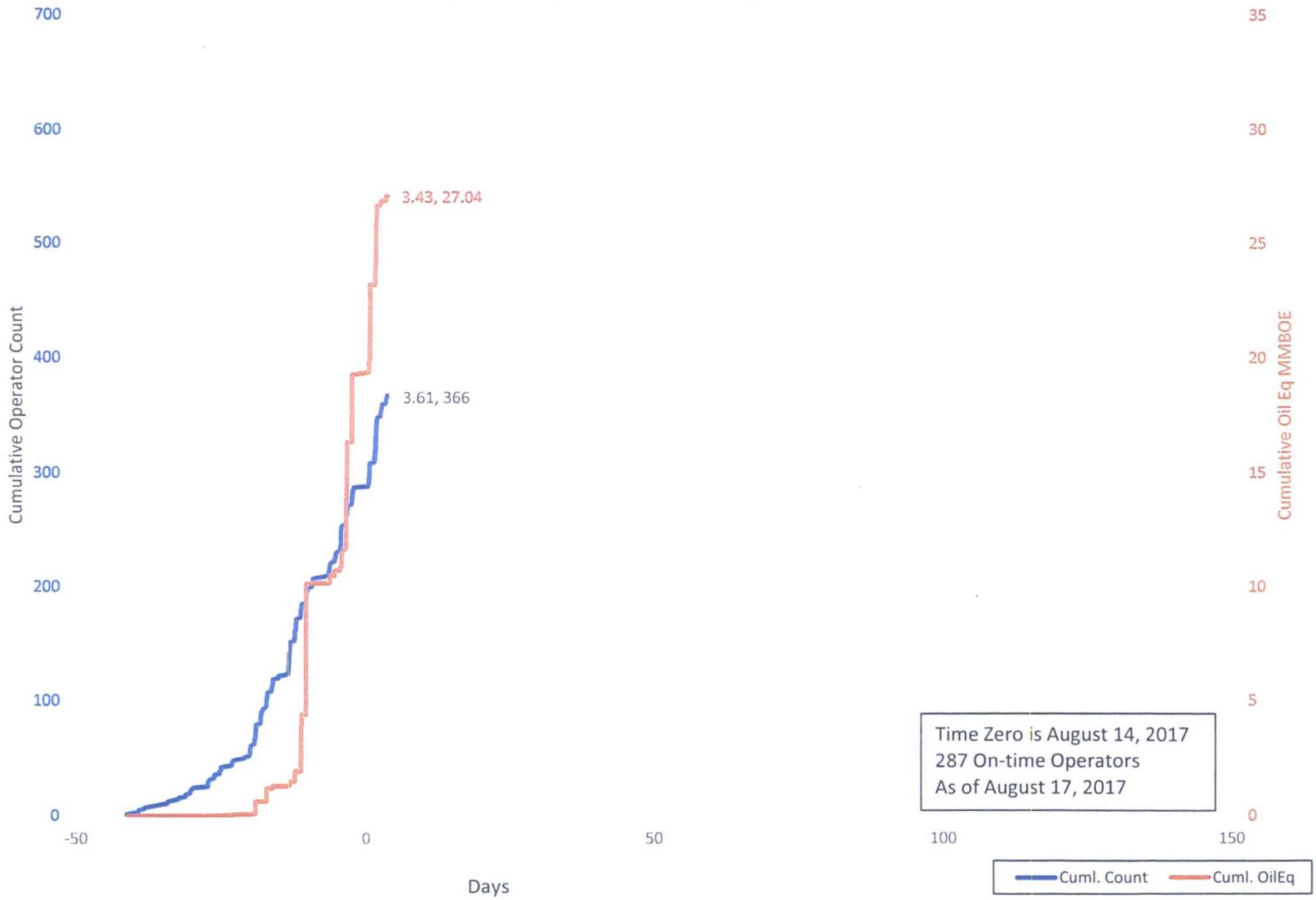


Time Zero is July 15, 2017
320 Operators On-time
As of August 17, 2017

— Cuml Count — Cuml. OilEq

Case No. 15802
non-participating

June-2017 C-115 Reporting



Case No. 15802
OCD Exhibit (F)

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

In the Matter of Proposed Amendments to the
Commission's Rule on Rulemaking, 19.15.3 NMAC.

CASE No. 15802

CERTIFICATE OF COMPLIANCE WITH NOTICE REQUIREMENTS

As Clerk to the New Mexico Oil Conservation Commission, I hereby certify that notice of this matter has been provided as follows:

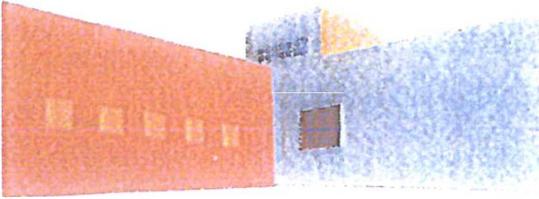
1. The Notice of Proposed Rulemaking for this Case ("Notice") was e-mailed to the State Records Center and Archives and was published in the New Mexico Register on August 15, 2017. (Attachment A)
2. A copy of the Notice was sent to the Albuquerque Journal and was published on August 17, 2017. (Attachment B)
3. On August 14, 2017, a copy of the Notice was posted on the Oil Conservation Division website and remained posted through the date of the public hearing.
4. On August 17, 2017, a copy of the Notice was sent to the Oil Conservation Division field offices in Hobbs, Artesia and Aztec to be available to the public.
5. By August 14, 2017, a copy of the Notice had been mailed or e-mailed to all persons on the Commission mailing list for rulemakings.
6. On August 21, 2017, a copy of the Notice was mailed to the New Mexico Legislative Council for distribution to committees.
7. On August 21, 2017, a copy of the Notice was mailed to the New Mexico Department of Information Technology for posting on the sunshine portal.

NEW MEXICO OIL CONSERVATION COMMISSION



Florene Davidson, Commission Clerk

*Case No. 15802
OCD Exhibit 2*



NM Commission of Public Records
 1205 Camino Carlos Rey
 Santa Fe 87507 US
 476-7935

Invoice

BILL TO

EMNRD-Oil Conservation Division
 Brittany Dutton
 1220 S. St. Francis Dr.
 Santa Fe, NM 87505

INVOICE #	DATE	TOTAL DUE	DUE DATE	ENCLOSED
2410	08/29/2017	\$114.00	08/29/2017	

P.O. NUMBER

52100-0000057261

DATE	ACTIVITY	QTY	RATE	AMOUNT
08/29/2017	N.M. Register - 431902 - Columnar Inch, Vol. XXVIII, Rulemaking Amendment to 19.15.39 NMAC, Special Provisions for a Selected Area of the Roswell Artesian Basin, effective 8/29/2017.	38	3.00	114.00

I, Matt Ortiz, certify that the agency noted above has published legal notices or rules in the NEW MEXICO REGISTER, VOL. XXVIII, and that payment has been assessed for said legal notice or publication, which appears on the publication date and issue number noted above.

BALANCE DUE

\$114.00

[Signature]
 Affiant
 Publisher New Mexico Register

Subscribed, sworn and acknowledged before me this 29 day of August, 2017.

[Signature]
 Notary Public
 My Commission Expires 4/4/2018

Case No. 15802
 Attachment A to OCD Exhibit 2

New Mexico Register / Volume XXVIII, Issue 15 / August 15, 2017

NOTICE OF PROPOSED RULEMAKING

The New Mexico Oil Conservation Commission (Commission) hereby gives notice of the following proposed rulemaking.

Case No. 15738. In the Matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

The Commission proposes to amend its rule governing the procedures for rulemaking proceedings, 19.15.3 NMAC. The proposed rule change includes amendments to the sections on rulemaking initiation, notice, hearing participation and hearings, and adds sections on deliberation and action, the record and filing and appeal.

The purposes of the proposed rule changes are to comply with recent statutory changes involving rulemaking requirements. The proposed rule change is also intended to update and clarify 19.15.3 NMAC including the requirements for the initiation of rulemaking and for the filing of pre-hearing statements. The statutory authorizations include a new section of the Oil and Gas Act, NMSA 1978, Section 70-2-12.2, on adoption of rules and appeals, and the changes to the State Rules Act in Chapter 137 of Laws 2017. NMSA 1978, Section 70-2-11(A), authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act.

Case No. 15802. Application of the New Mexico Oil Conservation Division for Amendment of Section 19.15.7.24 NMAC Changing the Time for Division Notification and Enforcement After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-115).

The proposed amendment will reduce the time after an operator fails to file an acceptable monthly production report (form C-115) within which the Oil Conservation Division ("the division") must notify the operator of its intent to revoke the operator's authorization to transport from 60 days to 30 days, and to reduce the time within which the operator may file an acceptable form or request a hearing on the proposed revocation from 120 days to 60 days, after the original due date of the form C-115.

The purpose of the proposed amendment is to secure more expeditious filing of operators' production reports. This amendment is authorized by NMSA 1978, Section 70-2-11(A), which authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended); and by NMSA 1978, Section 70-2-12(A), which authorizes the collection of data and to provide for the keeping of records and the making of reports.

No technical information served as a basis for the proposed rules.

Public Hearing and Comment. The Commission will hold a public hearing on each of the proposed rules at the Commission meeting which will commence at 9:00 A.M. on **September 21, 2017**, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico.

The proposed rule amendments are available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Hearings page and Rules page at the Oil Conservation Division's website at <http://www.emnrd.state.nm.us/ocd>. Persons **recommending modifications** to the proposed rule amendments must file a notice of recommended modifications with Ms. Davidson no later than 5:00 P.M. on Thursday, September 7, 2017. The notice must include the text of the recommended modifications of the proposed rule amendments, an explanation of the recommended modification's impact, and reasons for adopting the modification. Persons intending to provide **written comments** on the proposed rule changes must submit their written comments no later than 5:00 P.M. on Friday, September 15, 2017 to Ms. Davidson.

Persons intending to offer technical testimony at the hearing must file six copies of a **Pre-hearing Statement** conforming to the requirements of 19.15.3.11 NMAC, and six copies of all exhibits the person will offer as evidence at the hearing, no later than 5:00 P.M. on Thursday, September 14, 2017. Any person may present non-technical testimony at the hearing.

Proposed modifications and written comments may be hand-delivered or mailed to Ms. Davidson at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, faxed to Ms. Davidson at (505) 476-3462, or e-mailed to Ms. Davidson at florene.davidson@state.nm.us. Pre-hearing Statements must be hand-delivered or mailed to Ms. Davidson at the above address.

If you are an individual with a disability who needs 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 at 1-800-659-1779 by **September 11, 2017**. 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 party who plans on using projection

equipment at a hearing must contact Ms. Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of July 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

David R. Catanach
Director, Oil Conservation Division
S E A L

AFFIDAVIT OF PUBLICATION

OK

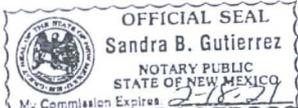
STATE OF NEW MEXICO

County of Bernalillo SS

Bernadette Gonzales, the undersigned, on oath states that she is an authorized Representative of The Albuquerque Journal, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937 and that payment therefore has been made of assessed as court cost, that the notice, copy of which hereto attached was published in said paper in the regular daily edition for 1 time(s) on the following date(s)

08/17/2017

Bernadette Gonzales



Sworn and subscribed before me, a Notary Public, in and for the County of Bernalillo and State of New Mexico this 17 day of August of 2017

PRICE \$243.71

Statement to come at the end of month

ACCOUNT NUMBER 1009556

NEW MEXICO OIL CONSERVATION COMMISSION
 Notice of Proposed Rulemakings

The New Mexico Oil Conservation Commission (Commission) hereby gives notice of the following proposed rulemakings.

Case No. 15728 In the Matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

The Commission proposes to amend its rule governing the procedures for rulemaking proceedings, 19.15.3 NMAC. The proposed rule change includes amendments to the sections on rulemaking initiation, notice, hearing participation and hearings, and also sections on deliberation and action, the record and filing and appeal.

The purposes of the proposed rule changes are to comply with recent statutory changes involving rulemaking requirements. The proposed rule change is also intended to update and clarify 19.15.3 NMAC including the requirements for the initiation of rulemaking and for the filing of pre-hearing statements. The statutory authorizations include a new section of the Oil and Gas Act, NMSA 1978, Section 70-2-12.2, on adoption of rules and appeals, and the changes to the State Rules Act in Chapter 137 of Laws 2017, NMSA 1978, Section 70-2-11(A), authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act.

Case No. 15622 Application of the New Mexico Oil Conservation Division for Amendment of Section 19.15.7.24 NMAC Changing the Time for Division Notification and Enforcement After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-115).

The proposed amendment will reduce the time after an operator fails to file an acceptable monthly production report (form C-115) within which the Oil Conservation Division (the Division) must notify the operator of its intent to revoke the operator's authorization to transport from 60 days to 30 days, and to reduce the time within which the operator may file an acceptable form or request a hearing on the proposed revocation from 120 days to 60 days, after the original due date of the form C-115.

The purpose of the proposed amendment is to secure more expeditious filing of operator production reports. This amendment is authorized by NMSA 1978, Section 70-2-11(A), which authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended); and by NMSA 1978, Section 70-2-12(A), which authorizes the collection of data and to provide for the keeping of records and the making of reports.

No technical information served as a basis for the proposed rules.

Public Hearing and Comment. The Commission will hold a public hearing on each of the proposed rules at the Commission meeting which will commence at 5:00 A.M. on September 21, 2017, in Packer Hall, 1st Floor, Warden Chino Building, 1220 South St. Francis Drive Santa Fe, New Mexico.

The proposed rule amendments are available from Commission Clerk, Florene Davidson at (505) 475-3458 or can be viewed on the Hearings page and Rules page at the Oil Conservation Division's website at <http://www.ernm.state.nm.us/ocd>. Persons recommending modifications to the proposed rule amendments must file a notice of recommended modifications with Ms. Davidson no later than 5:00 P.M. on Thursday, September 7, 2017. The notice must include the text of the recommended modifications of the proposed rule amendments, an explanation of the recommended modification's impact, and reasons for adopting the modification. Persons intending to provide written comments on the proposed rule changes must submit their written comments no later than 5:00 P.M. on Friday, September 15, 2017 to Ms. Davidson.

Persons intending to offer technical testimony at the hearing must file six copies of a Pre-hearing Statement conforming to the requirements of 19.15.3.11 NMAC, and six copies of all exhibits the person will offer as evidence at the hearing, no later than 5:00 P.M. on Thursday, September 14, 2017. Any person may present non-technical testimony at the hearing.

Proposed modifications and written comments may be hand-delivered or mailed to Ms. Davidson at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87508, faxed to Ms. Davidson at (505) 475-3462, or e-mailed to Ms. Davidson at florence.davidson@dmr.nm.gov. Pre-hearing Statements must be hand-delivered or mailed to Ms. Davidson at the above address.

If you are an individual with a disability who needs 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) 475-3458 or through the New Mexico Relay Network at 1-800-859-1779 by September 11, 2017. 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 party who plans on using projection equipment at a hearing must contact Ms. Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 14th day of August, 2017.

STATE OF NEW MEXICO
 OIL CONSERVATION DIVISION

Jared R. Cataract
 Director, Oil Conservation Division
 Email: August 17, 2017

Case No. 15802
Attachment B to OCD Exhibit 2