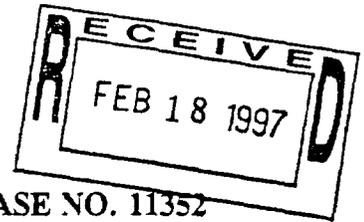


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVA-  
TION COMMISSION FOR THE  
PURPOSE OF CONSIDERING:



CASE NO. 11352  
ORDER NO. R-10766

APPLICATION OF THE NEW MEXICO  
OIL CONSERVATION DIVISION TO  
AMEND RULE 116 OF ITS GENERAL  
RULES AND REGULATIONS PERTAIN-  
ING TO THE NOTIFICATION OF  
FIRES, BREAKS, LEAKS, SPILLS AND  
BLOWOUTS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 29, 1996 and November 14, 1996 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th day of February, 1997, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) On August 3, 1995, the Commission commenced a public hearing to consider revisions to current Oil Conservation Division (OCD) Rule 116 which deals with spill/release reporting requirements.

(3) On August 25, 1995, the Chairman of the Commission appointed a Rule 116 Committee (Committee) to study this matter and to report to the Chairman of the Commission by February 1, 1996.

(4) On October 29, 1996, the Commission commenced a public hearing to hear testimony on Rule 116 revisions. The appointed chairman of the Committee and other witnesses presented the Committee report containing recommended rule changes in the form of a draft rule. The Committee draft rule was made a part of the public record and distributed to all those requesting a copy.

"Exh. b. t 1"

(5) On November 14, 1996 the Commission continued the public hearing and received additional testimony from Marathon Oil Company, the U.S. Bureau of Land Management (BLM), Public Service Company of New Mexico (PNM), Southwest Research and Information Center, and New Mexico Citizens for Clean Air and Water on the Committee draft rule.

The record was then left open for an additional two weeks for additional comment. Written comment was received from Giant Industries, El Paso Natural Gas Company, Mack Energy, Yates Petroleum, Marathon Oil Company, OCD, Amerada Hess, Texaco Exploration and Production Company and PNM.

(6) The Committee unanimously recommended additional definitions for incorporation in Rule 116 which were generally noncontroversial. The new definitions should be incorporated.

(7) The Committee unanimously recommended the adoption of a new reporting form which was noncontroversial and should be incorporated into the new rule.

(8) Much of the testimony and many of the written comments concerned whether releases of natural gas should be reportable releases under Rule 116. El Paso, Amerada Hess and others make the argument that a requirement to report small volumes of released gas is impractical because such releases are impossible to quantify and that this reporting requirement would be extremely difficult to enforce since natural gas releases to the atmosphere do not leave evidence of the occurrence as oil does.

Those advancing the argument to require reporting of natural gas releases (OCD, BLM and others) argue that reporting is necessary for public safety and waste-of-resource reasons. Also since the BLM already requires gas release reporting, this requirement would not further burden industry.

The Commission believes that a "best guess" is better than "no guess" in estimating and reporting natural gas releases and as long as the BLM requires these releases to be reported, industry will not be further burdened by similar reporting to the OCD. Also by limiting the reporting to "unauthorized" releases of natural gas there are many categories of "authorized" releases such as permitted flares and drill stem test releases which do not require reporting.

(9) The Commission should adopt the simplified version of classifying volumes of released fluid and gas into "major" and "minor" releases with different reporting requirements for each release; this was a noncontroversial recommendation.

(10) The lack of a requirement in OCD's current rules for remediation of spills is the main reason for the proposed revisions to current Rule 116. The Committee unanimously agreed on the language requiring that a remediation plan or abatement plan be submitted to the OCD for approval. The Commission concurs.

(11) The witness for the New Mexico Citizens for Clean Air and Water recommended adding provisions for the reporting of cumulative effects of spills. Although in principle this proposal has merit, the Commission believes that it would be extremely difficult to quantify and relate volumes, timeframes and acreage into a usable and understandable rule which would not cause confusion.

(12) The Commission concurs with the recommendation to incorporate into Rule 116 the notification requirements formerly contained in Section N of the Committee draft Rule 19. This consolidates reporting requirements and eliminates confusion.

(13) Adoption of the Committee proposed Rule 116, as amended, and shown on Exhibit "A" attached hereto, will prevent waste of valuable hydrocarbons and protect human health and the environment.

**IT IS THEREFORE ORDERED THAT:**

(1) OCD Rule 116 is hereby amended, compiled, recodified and adopted as shown in Exhibit "A", attached hereto and made a part of this order.

(2) Rule 116 as amended shall be effective as of the date said order is filed with the State Records Center.

(3) OCD Form C-141, entitled "Release Notification and Corrective Action", shown as Exhibit "B" attached hereto, is hereby adopted for industry use in filing timely written notification to the OCD District Offices.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

CASE NO. 11352  
Order No. R-10766  
Page -4-

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DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.

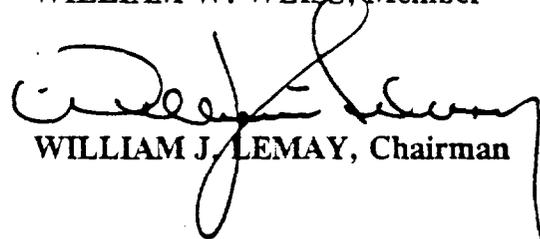
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman

S E A L

## EXHIBIT A

### 116 RELEASE NOTIFICATION AND CORRECTIVE ACTION

#### 116.A. NOTIFICATION:

(1) The Division shall be notified of any **unauthorized** release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of crude oil, natural gases, produced water, condensate or oil field waste including Regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico in accordance with the requirements of this Rule. {1-1-50... - - 97}

(2) The Division shall be notified in accordance with this Rule with respect to **any** release from any facility of oil or other water contaminant, in such quantity as may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [ - 97]

116.B. REPORTING REQUIREMENTS: Notification of the above releases shall be made by the person operating or controlling either the release or the location of the release in accordance with the following requirements:

(1) A **Major Release** shall be reported by giving both immediate verbal notice and timely written notice pursuant to Paragraphs C(1) and C(2) of this Rule. A Major Release is:

- (a) an unauthorized release of a volume, excluding natural gases, in excess of 25 barrels;
- (b) an unauthorized release of any volume which:
  - (i) results in a fire;
  - (ii) will reach a water course;
  - (iii) may with reasonable probability endanger public health; or
  - (iv) results in substantial damage to property or the environment;
- (c) an unauthorized release of natural gases in excess of 500 mcf; or
- (d) a release of any volume which may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [ - 97]

(2) A **Minor Release** shall be reported by giving timely written notice pursuant to Paragraph C(2) of this Rule. A Minor Release is an unauthorized release of a volume, greater than 5 barrels but not more than 25 barrels; or greater than 50 mcf but less than 500 mcf of natural gases. [ - - 97].

116.C.           **CONTENTS OF NOTIFICATION:**

(1) **Immediate verbal notification** required pursuant to Paragraph B shall be reported within twenty-four (24) hours of discovery to the Division District Office for the area within which the release takes place. In addition, **immediate verbal notification** pursuant to Subparagraph B.(1).(d). shall be reported to the Division's Environmental Bureau Chief. This notification shall provide the information required on Division Form C-141. [5-22-73... - -97]

(2) **Timely written notification** is required to be reported pursuant to Paragraph B within fifteen (15) days to the Division District Office for the area within which the release takes place by completing and filing Division Form C-141. In addition, timely written notification required pursuant to Subparagraph B.(1).(d). shall also be reported to the Division's Environmental Bureau Chief within fifteen (15) days after the release is discovered. The written notification shall verify the prior verbal notification and provide any appropriate additions or corrections to the information contained in the prior verbal notification. [5-22-73... - -97]

116.D.           **CORRECTIVE ACTION:** The responsible person must complete Division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the Division or with an abatement plan submitted in accordance with Rule 19 (19 NMAC 15.A.19). [ - -97].



**RULE 116 COMMITTEE PROPOSED REPLACEMENT RULE 116  
FOR CURRENT RULE 116**

**116 UNAUTHORIZED RELEASE NOTIFICATION AND CORRECTIVE ACTION**

116.A. NOTIFICATION: The Division shall be notified of any unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of crude oil, produced water, condensate or oil field waste including Regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico in accordance with the requirements of this rule. [1-1-50... - 96]

116.B. REPORTING REQUIREMENTS: Notification of an unauthorized release as defined in Rule A.7 shall be made by the person operating or controlling either the release or the location of the release in accordance with the following requirements:

(1) A Category I release shall be reported by giving both immediate verbal notice and timely written notice pursuant to Subsection C(1) and C(2) of this Rule. For purpose of this Rule, a Category I Release is either:

- (a) a release of a volume in excess of 25 barrels; or
- (b) a release of any volume, **excluding natural gas**, which:
  - (i) results in a fire;
  - (ii) will reach a water course;
  - (iii) may with reasonable probability endanger public health; or
  - (iv) results in substantial damage to property or the environment. [ - 96]

(2) A Category II Release shall be reported by giving immediate verbal notice pursuant to Subsection C (1) of this Rule. For purpose of this Rule, a Category II Release is a release of **any volume of natural gas**, which:

- (a) results in a fire;
  - (b) may with reasonable probability endanger public health;
- or
- (c) result in substantial damage to property or the environment. [ - 96]

(3) A Category III release shall be reported by giving timely written notice pursuant to Subsection C(2) of this Rule. For the purpose of this Rule, a Category III Release is a release of a volume, **excluding natural gas**, greater than 5 barrels but not more than 25 barrels. [ - 96]

*"Exhibit 3"*