September 17, 2002

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
Santa Fe, New Mexico 87504
Attention: Ms. Lori Wrotenbery

RE: Case No. 12897, Application of the New Mexico Oil Conservation Division Through the Environmental Bureau Chief for adoption of amendments to Division Rule 118 (hydrogen sulfide gas)

Dear Ms. Wrotenbery,

Marathon Oil Company appreciates the invitation to submit additional comments to the proposed hydrogen sulfide regulation as amended by the Chair and Commission counsel.

To address the particular concerns outlined in your letter dated August 30, 2002, we would first propose that measures for public safety and awareness for wells or facilities in remote areas should not be as protective as those for wells or facilities closer to areas of public concern. The intent of the rule is public protection and not a uniform standardization of operational protection for activities near and distant from public occupation. These types of stringent requirements reclassify all wells and facilities as dangerous whether they are located in remote ranchland or within municipalities.

Regarding the extent to which the rule applies or should apply to pipelines or gathering systems, we wish to reinforce our previous comments that it is prudent to mark pipelines as they cross public roads but it is redundant to require signage for flowlines on facilities or well pads. This proposed draft does reference the sign placement for flowlines and gathering lines at public road crossings in section F.2. yet is stricken from H.2.a.

Concerning the extent to which the rule applies or should apply to facilities permitted under Rule 711 we believe that the draft should address these types of waste facilities as they may affect public safety. Section E describes the preparation and implementation of the contingency plan, sections F. 2. and 3. address the types of facilities that the plan requires compliance and should include waste facilities here as well as drilling, completion, producing wells and associated facilities. Section G.c. adequately identifies the type of detection and monitoring equipment for the aforementioned installations. It should be noted that Rule 711.B. (1)(h) requires a contingency plan for all commercial and centralized facilities unless exempted from the rule.

The requirements for drilling in an H2S environment are restrictive and need revision to reflect the current safe practices utilized by industry. Section G.2.F.i. requires that the BOP stack consist of a separate spool for the choke and kill lines, two pipe rams, one additional blind ram, an annular preventer and a rotating head. Virtually all drilling rigs operating in the Permian Basin are designed to utilize a dual-ram, annular and rotating

head configuration for 3M and 5M rated working pressure stacks. Virtually all integral BOP stacks include choke and kill line outlets, eliminating the need for a separate spool. Requiring an additional spool and blind ram is redundant and would force drilling contractors to increase the height of the rotary beams by an additional three feet to accommodate the extra BOP equipment normally reserved for 10M and 15M rated working pressure stacks. We would suggest the division accept the recommendations of API-RP 53 for typical 3M and 5M rated working pressure stack installation unless the division desires additional equipment for good cause shown. We also believe that the addition of a blind ram is useless. If an additional ram is to be required, it must be a pipe ram in order to close around any tubular in the hole and serve a back up for the pipe ram in the upper part of the stack. An additional blind ram would serve little purpose in well control. This section does not address the need for proper BOP testing upon the installation of the pressure control equipment that can be a root-cause for many well control situations. Please refer to the attached diagram for a typical 5M BOP configuration utilized in Indian Basin. This same configuration is utilized for many 3M stacks in the Permian Basin, and there is no additional space to accommodate another blind ram and spool with choke and kill line outlets between the ground level and rotary beams.

We do not believe that the requirements for workover and well servicing operations are necessarily relaxed in this proposal. Section G.2.C.i. and iii provides for API recommended detection equipment on completion operations. Some clarification needs to be made in section G.2.F.i. where completion, workover and well servicing operations would be required to utilize the same equipment described in the previous paragraph regarding drilling operations. Most well servicing and workover operations comply with API "Recommended Practice for Oil and Gas Well servicing and Workover Operations Involving Hydrogen Sulfide", RP-68. These standard safe practices include the use of a hydraulic or manual BOP and at least one H2S detection device placed as near to the wellhead as practical. We would not recommend raising the height of a workover rig floor to accommodate additional BOP equipment that could increase the hazards for trips and falling.

While no specific references to "safety equipment" were made in the draft, we would not recommend that a minimum safety package be defined. Section I adequately addresses the safety training and personal protection required for all persons responsible for the implementation of the contingency plan.

Previously, the workgroup developed a tiered approach to the emergency response plan and the respective actions that were necessary. The fundamental concept was that the greater the public risk, the more steps would be required in the contingency plan and in the operational requirements that would be provided in the rule. Earlier drafts had several key provisions for drilling, completions, workovers, well servicing, secondary well control, automatic safety valves or shutdowns, etc. where the requirements were only mandated when or where "the 100 ppm radius of exposure involves a public area". This phrase has been removed throughout the draft that makes all of these requirements apply

for all wells and operations. The tiered approach has been eliminated and the most stringent requirements have been imposed on all wells, operations and systems. Paragraph H. 4. will require that all of our existing operations be brought into compliance within one year. This will require every well and facility, where the H2S concentration is 100 ppm or greater, to be retrofitted with secondary well control and automatic safety valves or shutdowns. This is an onerous and expensive change that is neither reasonable nor justified. The significant changes in the proposed draft are reflected throughout the document but especially in the requirements identified in G.2.f.i. G.2.f.ii., H.2.c. and H.2.d.

Marathon Oil Company appreciates the opportunity to submit these comments on the proposed rule changes and we support the repeal of the existing Rule 118 and the adoption of the proposed rule after consideration of the substantive comments provided by industry.

Yours truly,

Walter Dueease

MARATHON OIL COMPANY East Indian Basin	PRODUCTION PHASE		DATE: 12-Sep-02
	18' KB	BOP Stack Diagram 8-3/4" HOLE SECTION 18' KB	Rig: McVay#4