

AMENDED FINAL DOCKET: COMMISSION MEETING – WEDNESDAY – NOVEMBER 19, 2014

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

Land Commissioner, Ray Powell, may designate Terry Warnell for this meeting.

Notice: The minutes of the September 25, 2014 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 15193: Application of Frontier Field Services, LLC for authorization to inject, Lea County, New Mexico.

<i>Locator Key for Cases</i> <i>Case 14720 – No. 1</i> <i>Case 14974 – No. 3</i> <i>Case 15239 – No. 2</i>

1. **CASE 14720:** *(Reopened) Agave Energy Company's Unopposed Third Motion to Amend Order No. R-13507.* Agave Energy Company has filed a motion requesting the Oil Conservation Commission to amend Order No. R-13507, which authorizes Agave Energy to dispose of treated acid gas (TAG) from its Red Hills Gas Processing Plant by injecting the TAG stream into the Red Hills AGI #1 well (API 30-025-40448). Order No. R-13507 imposes a deadline of January 23, 2015 for Agave Energy to commence injection of TAG. Agave Energy's motion requests the Commission to extend the deadline for commencing injection for two (2) years. The Red Hills AGI #1 well is located in Section 13, Township 24 South, Range 33 East, NMPM, in Lea County, approximately twenty (20) miles northwest of Jal, New Mexico.

The Commission will consider the scheduling of hearings for the following Applications for Rulemaking:

2. **CASE 15239:** *Application Of The New Mexico Oil And Gas Association To Repeal And Replace Title 19, Chapter 15, Part 34 Of The New Mexico Administrative Code Addressing Produced Water, Drilling Fluids And Other Liquid Oil Field Waste; And To Amend The Definition Of Produced Water In Title 19, Chapter 15, Part 2, Of The New Mexico Administrative Code.* Applicant seeks an order repealing Title 19, Chapter 15, Part 34 of the New Mexico Administrative Code ("NMAC") and replacing it with a new proposed rule. Applicant also seeks to amend the definition of "produced water" in Title 19, Chapter 15, Part 2, NMAC. The proposed rule and amendment are intended to:
- (1) Encourage and promote the recycling or re-use of produced water in the production of oil and gas in a manner that provides reasonable protection to fresh waters, the public health, and the environment;
 - (2) Clarify and codify when the disposition by use of produced water requires prior approval by the New Mexico Oil Conservation Division and when registration is sufficient;
 - (3) Require produced water recycling facilities subject to the proposed rule to either be permitted or registered with the Division;
 - (4) Permit by rule produced water recycling containments for a limited period of time to store, treat and recycle produced water for use in the drilling, completion, production or plugging of oil and gas wells;
 - (5) Prevent any use of recycling containments for the disposal of produced water or other oilfield wastes;
 - (6) Adopt for the proposed produced water recycling containments applicable siting, design, construction, operation, closure and site reclamation provisions;
 - (7) Establish when and what type of financial assurance is required for operators of produced water recycling containments and when that financial assurance can be released;
 - (8) Adopt provisions for seeking a variance from the requirements of the proposed rule;
 - (9) Retain the current provisions of 19.15.34.8 through 19.15.34.12 addressing and regulating the transportation of produced water, drilling fluids and other liquid oilfield wastes;
 - (10) Adopt provisions for the immediate enforcement of the proposed rule by the New Mexico Oil Conservation Division; and
 - (11) Modify the definition of "produced water" in Title 19, Chapter 15, Part 2, NMAC, to match the definition of "produced water" in Section 70-2-33(K) of the Oil and Gas Act.

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Docket No. 34-14

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The proposed rule and amendment are available from Division Administrator Florene Davidson at (505) 476-3458 or can be viewed on the Division's web site at <http://www.emnrd.state.nm.us/ocd.announcements>.

3. **CASE 14974: (Reopened) Application of the New Mexico Oil Conservation Division (OCD) to schedule a proposal to amend 19-15.17.26 NMAC (concerning injection).** The proposed new rule will amend existing definitions and add new definitions to clarify the rule, create a more efficient method of making application that provides more data needed in the decision-making process and clarifies the notice requirements; clarify the administrative approval process for injection; allow for certain administrative approval for pressure maintenance projects and require additional data for applications for pressure maintenance projects; create special rules for acid gas disposal wells, and otherwise amend Rule 19.15.26 NMAC to protect water, public health and the environment; prevent the waste of oil and gas; and to protect correlative rights. Copies of the text for the proposed rule are available from Division Administrator Florene Davidson at (505)-476-3458 or from the Division's web site at <http://www.emnrd.state.us/ocd.announcements>.