

## Valentine, Velvet, EMNRD

---

**From:** Davidson, Florene, EMNRD  
**Sent:** Friday, January 8, 2021 10:47 AM  
**To:** Valentine, Velvet, EMNRD  
**Subject:** FW: Comments to Final Methane Proposed Rule at NMAC 19.15.7, 18, 19, 27, & 28  
**Attachments:** 20210108111819.pdf

Case 21528

---

**From:** Aaron Pachlhofer <aaronp@forl.com>  
**Sent:** Friday, January 8, 2021 10:22 AM  
**To:** Davidson, Florene, EMNRD <florene.davidson@state.nm.us>  
**Cc:** Jimmy Carlile <jimmyc@forl.com>  
**Subject:** [EXT] Comments to Final Methane Proposed Rule at NMAC 19.15.7, 18, 19, 27, & 28

Ms. Davidson,

Attached are comments form Fasken Oil and Ranch, Ltd. We appreciate the opportunity to provide comments to the OCD for this final proposed rule.

Thanks,



Aaron Pachlhofer, P.G.  
Environmental Coordinator  
Fasken Oil and Ranch, Ltd.  
6101 Holiday Hill Road  
Midland, TX 79707  
432-687-1777 Office  
830-377-9190 Cell



6101 Holiday Hill Road  
Midland, TX 79707

(432) 687-1777  
jimmyc@forl.com

**Jimmy D. Carille**  
Environment, Regulatory and  
Government Affairs Supervisor

January 8, 2021

Director Adrienne Sandoval  
C/O OCC Clerk Florene Davidson  
Oil Conservation Commission  
Energy, Minerals, and Natural Resources Department  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Dear Director Sandoval,

Re: Comments on the New Mexico Energy,  
Minerals and Natural Resources Department  
Final Proposed Methane Rule at NMAC 19.15.7, 18, 19, 27, & 28

Fasken Oil and Ranch, Ltd. (Fasken) appreciates the opportunity to submit the following formal comments to the New Mexico Oil Conservation Division (OCD) on the proposed final rules to the Draft Methane Rule at NMAC 19.15.7, 18, 19, and 28. We appreciate the willingness of the OCD and its staff to work with operators and industry associations on the proposed draft rules to reduce waste and still continue to encourage the development of New Mexico's resources.

Fasken strongly agrees that it is important to conserve our limited natural resources and reduce waste of natural and casinghead gas. However, Fasken has concerns that sections of the final proposed rule will not reduce or prevent waste but will simply increase costs of producing oil and gas in New Mexico. In the long run, increased operating costs will reduce revenue to New Mexico as oil and gas wells will become prematurely uneconomic and the wells will be abandoned with recoverable reserves left in the ground.

Following are specific citations of concern to us:

Section 19.15.27.7 G:

Emergencies can occur at any time, for any reason, and for unknown periods of time. The use of "temporary", "infrequent", and "unavoidable" in the definition of emergency can create a very narrow definition that may limit an operator when unusual situations occur. In section G(5) of the definition, "recurring" should apply to specific equipment at a specific location.

19.15.27.8 E (5)

AVO inspections should be conducted monthly or quarterly on all wells. In standard practice, an operator's field personnel routinely act on unusual AVO conditions. However, many legacy wells may not get visited on a weekly basis due to extremely low producing rates. The proposed weekly AVO inspections, along with the recordkeeping required on all AVO inspections, will increase the cost of operation, making many wells uneconomical. This will result in an overall loss of jobs, production taxes, valorem taxes, and royalties for New Mexico.

Under 19.15.27.8 G (1)(b)(iv)

Clarification is needed on what type of gas analyses and how old an analysis can be and still be acceptable to the OCD. Most analyses require a specialized third-party laboratory to collect a sample and analyze the gas. These analyses are both time consuming and costly. In many cases, these lab analyses may only be routinely performed annually or in some cases less frequently than that.

19.15.27.8 G (4)

This section should be deleted in the final rule. Royalty owners already receive royalty checks that account for unsold gas volumes, so it is unnecessary to send additional notices. This section of the rule in no way reduces waste. This simply adds costs to operators and provides no additional information to the royalty owner. It is simply an added cost on industry. As to recordkeeping, records should be kept for five years and can be submitted to the division upon request.

19.15.27.9 C

Clarification is necessary for this section. Third-party verification does not help reduce waste and but simply increases costs to operators if required by the division. If this section is not removed the division needs to set a specific standard of requirements for operators that, if not met, then implements third-party verification as a remedy. Furthermore, all affected operators should be allowed to submit input for the parameters under which the division will approve third-party companies to perform verification.

Fasken respectfully submits these comments to be taken into consideration in the further development of the final rules. If you have any questions concerning these comments, please contact Aaron Pachlhofer or Addison Guelker at (432) 687-1777. We thank you for your time to review our comments.

Yours truly,



Jimmy D. Carlile  
Environment, Regulatory and  
Government Affairs Supervisor