

**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**

**APPLICATION OF NEW MEXICO OIL CONSERVATION  
DIVISION TO ADOPT 19.15.27 NMAC AND 19.15.28 NMAC,  
AND TO AMEND 19.15.7 NMAC, 19.15.18 NMAC, AND  
19.15.19 NMAC; STATEWIDE**

**CASE No. 21528**

**NEW MEXICO OIL CONSERVATION DIVISION'S  
NOTICE OF FILING OF FINAL PROPOSED RULES**

The New Mexico Oil Conservation Division (“OCD”) gives notice that, as directed by the Oil Conservation Commission, it is filing its final proposed rules in track change and clean formats:

OCD Exhibit 2C – Part 27 – Track Change Format  
OCD Exhibit 2D – Part 27 – Clean Format  
OCD Exhibit 3C – Part 28 – Track Change Format  
OCD Exhibit 3D – Part 28 – Clean Format

OCD’ final proposed rules are based on the versions filed with its prehearing statement on December 17, 2020, as modified by OCD’s *Notice of Errata for OCD Exhibits 2A and 3A* filed on January 4, 2021; OCD Exhibit 4B admitted into evidence on January 5, 2021; OCD Exhibit 4C (Rebuttal Testimony for Part 27), OCD Exhibit 4D (Rebuttal Testimony for Part 28), and OCD Exhibit 4E (Rebuttal Powerpoint Presentation), admitted into evidence on January 15, 2021; and the following changes, which are supported by testimony and evidence presented at the hearing:

**Part 27**

**Section 8(C)(1):** OCD proposes to add language requiring operators to flare rather than vent natural gas if technically feasible under the applicable well conditions. EDF witness Alexander testified that in most cases, operators can capture and flare natural gas during initial flowback. On cross-examination, Alexander clarified that “most cases” referred to wells drilled in natural gas reservoirs. During rebuttal, Chair Sandoval asked OCD witness Bolander whether the initial flowback provision could be modified to require operators to capture and flare natural gas in those circumstances, and he responded affirmatively.

**Section 8(F)(2):** OCD proposes to remove the words “to or” in response to NMOGA witness Leonard’s testimony that measuring equipment is properly located on pipes carrying

natural gas from equipment such as separators, heater treaters, and vapor recovery units to a vent or flare, not on the pipes carrying natural gas from the equipment itself. OCD also proposes to remove the first reference to “after May 31, 2021” because it is redundant of another modification in the same paragraph.

Section 8(G)(2): OCD proposes to add the phrase “For each well or facility at which venting or flaring occurred” in response to Chair Sandoval’s suggestion and the testimony of OCD witness Powell that Form C115B is intended to report volumes of vented and flared natural gas for wells or facilities.

Section 8(G)(2)(h)(ii): OCD proposes to add the phrase “except during commissioning of pipelines, equipment, or facilities pursuant to Subparagraph (1) of Paragraph (4) of Subsection D of 19.15.27.8 NMAC” in response to the testimony of OCD and NMOGA witnesses that natural gas vented or flared due to O<sub>2</sub> concentrations during commissioning activities should be exempted from both the prohibition on venting and flaring in Section 8(D)(4)(l) and the reporting requirement in Section 8(G)(2).

Section 8(G)(4): OCD proposes to postpone the reporting of vented and flared natural gas until March 2022 in response to Chair Sandoval’s observation that operators are not required to submit monthly reports until January 2022. OCD also proposes to require reporting only to “owners in the mineral estate” in response to the testimony of OCD and NMOGA witnesses that overriding royalty mineral interest owners do not have correlative rights in the oil and gas being produced by a well or facility.

## Part 28

Section 8(F)(2): OCD proposes to add the phrase “For each natural gas gathering system at which venting or flaring occurred” in response to Chair Sandoval’s suggestion and the testimony of OCD witness Powell that Form C115B is intended to report volumes of vented and flared natural gas for natural gas gathering systems.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of this pleading was mailed electronically on January 20, 2021 to:

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