

PRELIMINARY DOCKET: COMMISSION MEETING – MONDAY – JANUARY 23, 2012

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

Land Commissioner, Ray Powell, may designate Scott Dawson for this meeting, or may participate himself.

Notice: The minutes of the December 8, 2011 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 cases:

- **CASE 14744:** Application of the New Mexico Oil Conservation Division. Notice of rule making concerning the repeal, adoption and amendment of rules issued pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- **CASE 14753:** Application of the New Mexico Oil and Gas Association for amendment of certain provisions of Title 19, Chapter 15, Part 16 of the New Mexico Administrative Code concerning log, completion, hydraulic fracturing, and workover reports, Statewide.
- **CASE 14497:** (De Novo) Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico.
- **CASE 14538:** (De Novo) Application of Marshall & Winston, Inc. to cancel an operator's authority and terminate a spacing unit, and approve a change of operator, Lea County, New Mexico.
- **CASE 14720:** Application of Agave Energy Company for authority to inject, Lea County, New Mexico.

CASE 14784: APPLICATION OF THE NEW MEXICO OIL AND GAS ASSOCIATION FOR AMENDMENT OF CERTAIN PROVISIONS OF TITLE 19, CHAPTER 15 OF THE NEW MEXICO ADMINISTRATIVE CODE CONCERNING PITS, CLOSED-LOOP SYSTEMS, BELOW GRADE TANKS, SUMPS AND OTHER ALTERNATIVE METHODS RELATED TO THE FOREGOING AND AMENDING OTHER RULES TO CONFORMING CHANGES, STATEWIDE. The New Mexico Oil and Gas Association requests an order amending Commission Rules concerning pits, closed-loop systems, below grade tanks, sumps and other alternative methods related to the foregoing proposed amendments, codified as Part 17 of the Rules of the Oil Conservation Division [19.15.17 NMAC]. The proposed amendments are to (i) revise the permitting and registration requirements for permanent pits, temporary pits and below grade tanks; (ii) eliminate the permitting, design, construction and operational requirements for closed-loop systems while requiring that drying pads be designed and constructed to prevent contamination of water; for sumps used to collect liquids from cuttings; and for berms constructed to prevent run-on; (iii) revise the siting, design, construction, operation, closure and site reclamation provisions for temporary pits, permanent pits, drying pads, below grade tanks and tanks associated with closed-loop systems, (iv) authorize standardized plans for pit construction, closure and other matters; (v) adopt a definition for "low chloride" drilling fluids and the establishment of siting, closure and remediation requirements for temporary pits based on the chloride concentration in the waste and the distance between the waste and ground water or a flowing water course; (vi) authorize and adopt requirements for the permitting, siting, design, construction, operation and closure for "multi-well fluid management pits"; (vii) revise the rules governing the testing and removal of below grade tanks; (viii) revise the rules governing onsite disposal in pits and trenches; (ix) revise the rules governing releases, waste testing and excavation and the concentration of wastes disposed in temporary pits or burial trenches; (x) revise the requirements for remediation and site reclamation including contouring and re-vegetation; (xi) revise the rules governing variances and exceptions to these rules to provide for their approval by the appropriate division district office pursuant to procedures set out in the proposed amendments; (xii) revise and adopt rules and procedures set out in the proposed amendments; (xiii) revise and adopt rules and procedures governing the Oil Conservation Division's notice, processing and approval of applications filed pursuant to these rules, (xiv) revise the rules governing transfer of a permit; and (xv) otherwise change the Commission's requirements concerning permitting, design, construction, operation and closure of pits and below grade tanks, operation of sumps and other alternative methods that may be proposed for use in lieu of pits or below grade tanks used in oil and gas operations. Copies of the text of the proposed amendments are available from the Oil Conservation Division's Administrator, Florene Davidson at (505) 476-3458 or from the Division's website at <http://www.emnrd.state.nm.us/ocd/Rules.htm>. Modifications to the proposed amendments (six copies) conforming to the requirements of 19.15.3.11 NMAC must be received by the Division no later than 5:00 p.m. on January 6, 2012. Persons intending to provide written comments on the proposed rule change must submit their written comments no later than 5:00 p.m. on January 13, 2012 to the Division's Administrator. Persons intending to offer technical testimony or cross-examine witnesses at the hearing must file a Pre-hearing statement (six copies) conforming to the requirements of 19.15.3.11 NMAC, including six copies of all exhibits the person will offer in evidence at the hearing, no later than 5:00 p.m. on January 13, 2012. Modifications, written comments and Pre-hearing statements may be hand-delivered or mailed to Ms. Davidson at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 or may be faxed to Ms. Davidson at (505) 476-3462.