STATE OF NEW MEXICO ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION RECEIVED OCD

IN THE MATTER OF

2017 SEP 18 P 3: 46

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AMENDMENT OF SECTION 19.15.7.24 NMAC CHANGING THE TIME FOR DIVISION NOTIFICATION AND ENFORCEMENT AFTER AN OPERATOR'S FAILURE TO FILE AN ACCEPTABLE MONTHLY REPORT (FORM C-115)

CASE NO. 15802

OIL CONSERVATION DIVISION'S PRE-HEARING STATEMENT

The New Mexico Oil Conservation Division ("OCD"), as Applicant, files the following

Pre-Hearing Statement.

Parties and Attorneys

THE NEW MEXICO OIL CONSERVATION DIVISION

David K. Brooks Energy, Minerals and Natural Resources Department, State of New Mexico 1220 S. St. Francis Drive Santa Fe, NM 87505 Phone: (505)-476-3415 FAX (505)-476-3462 Davidk.Brooks@state.nm.us

STATEMENT OF THE CASE

The OCD commenced this proceeding by application proposing amendments to Rules 19.15.7.24 NMAC to reduce the time after an operator fails to file an acceptable production report (form C-115) within which OCD is directed to notify the operator of its intent to revoke the operator's authorization to transport from 60 days to 30 days, and to reduce the time within which

the operator may request a hearing on the proposed revocation from 120 days to 60 days after the original due date of the form C-115.

The purpose of the proposed amendments is to ensure prompt and accurate reporting of wells' production and injection activity.

WINTESSES

Name	Employer	Position	Subject of Testimony		
Allison Marks	NMEMNRD	Deputy Director	Reasons for rule amendment		
Ashley Archuleta	NMEMNRD	Business Operations Specialist	C-115 reporting procedures		

Testimony to be presented by Alison Marks

Ms. Marks will be testifying as a fact witness. She will discuss the prevalence of late filing of production reports and issues that late or defective filing causes for OCD and other users of OCD statistical data.

Testimony to be presented by Ashley Archuleta

Ms. Archuleta may be offered as an expert on OCD production reporting procedures. She will be available to answer questions the Commission may have concerning such procedures.

Exhibits:

- 1. (a through f). Graphs charting late filing of production reports for production months January through June 2017, as reflected in OCD records
- 2. Certificate of Compliance with Notice Requirements, executed by Florine Davidson, with attachments

Time for Presentation:

15 minutes

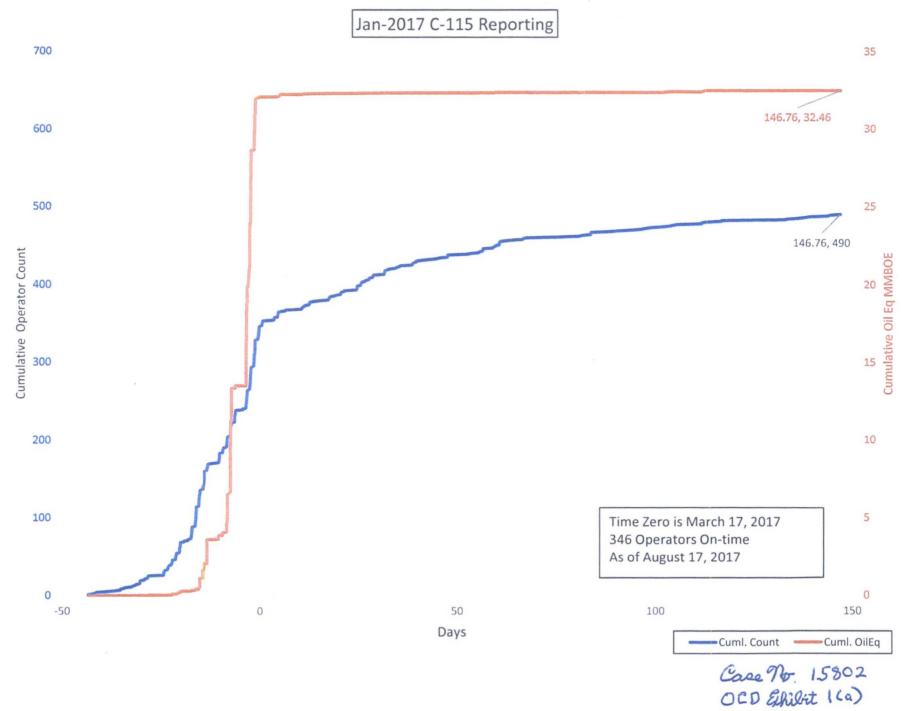
PROCEDURAL MATTERS

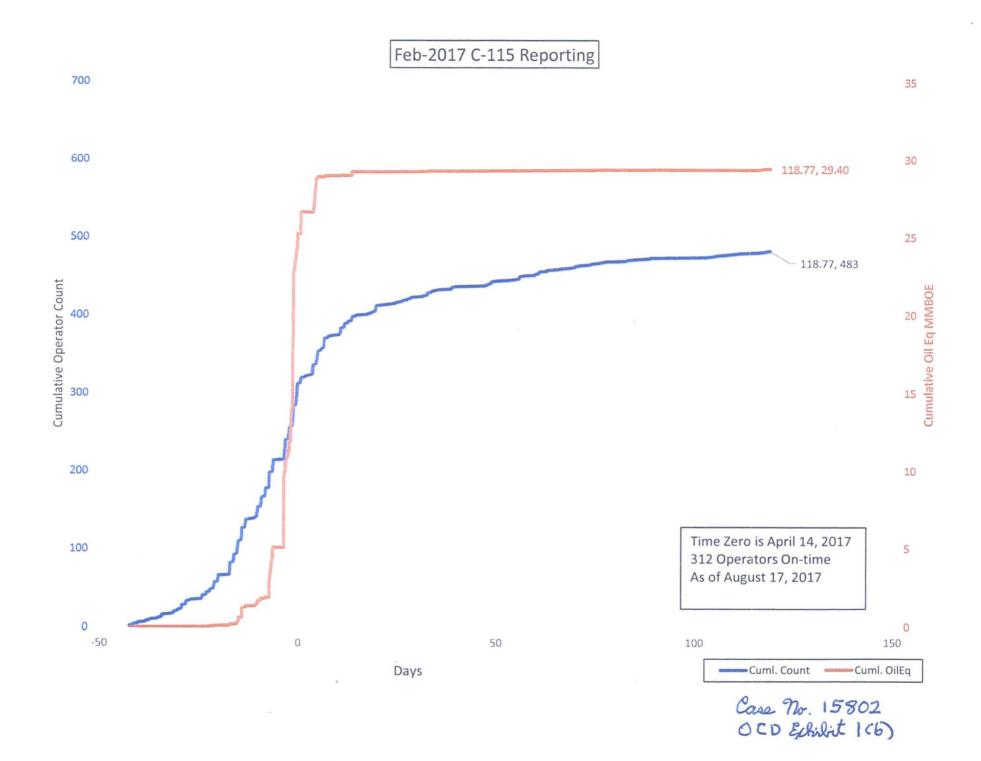
The Applicant knows of no unresolved procedural matters.

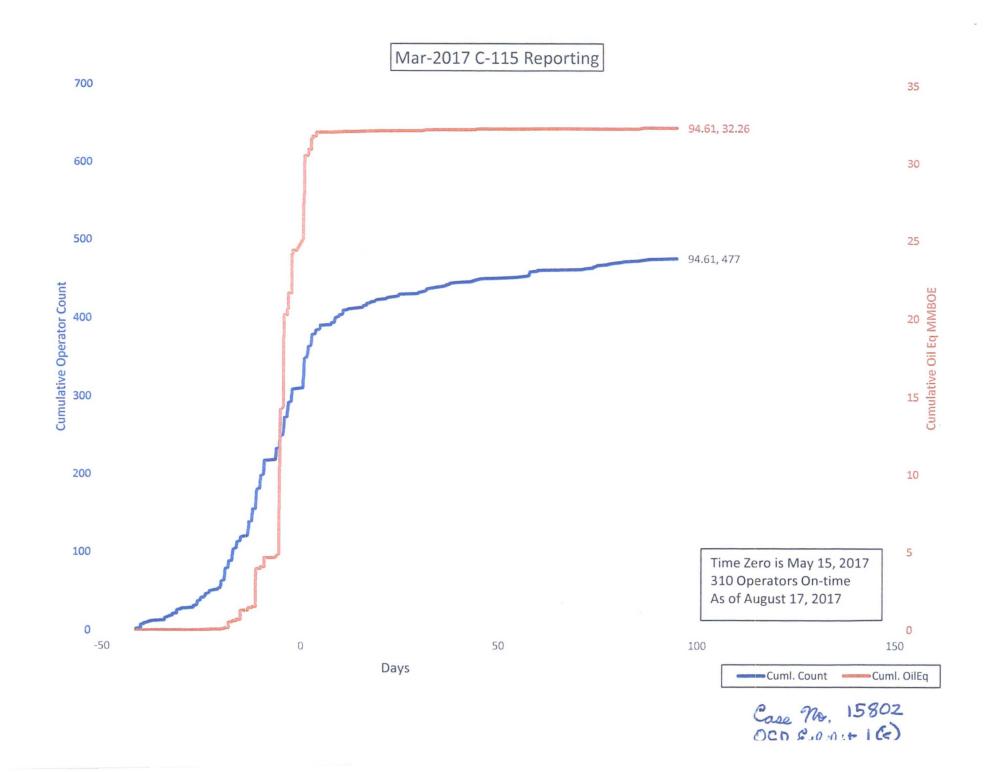
Respectfully Submitted,

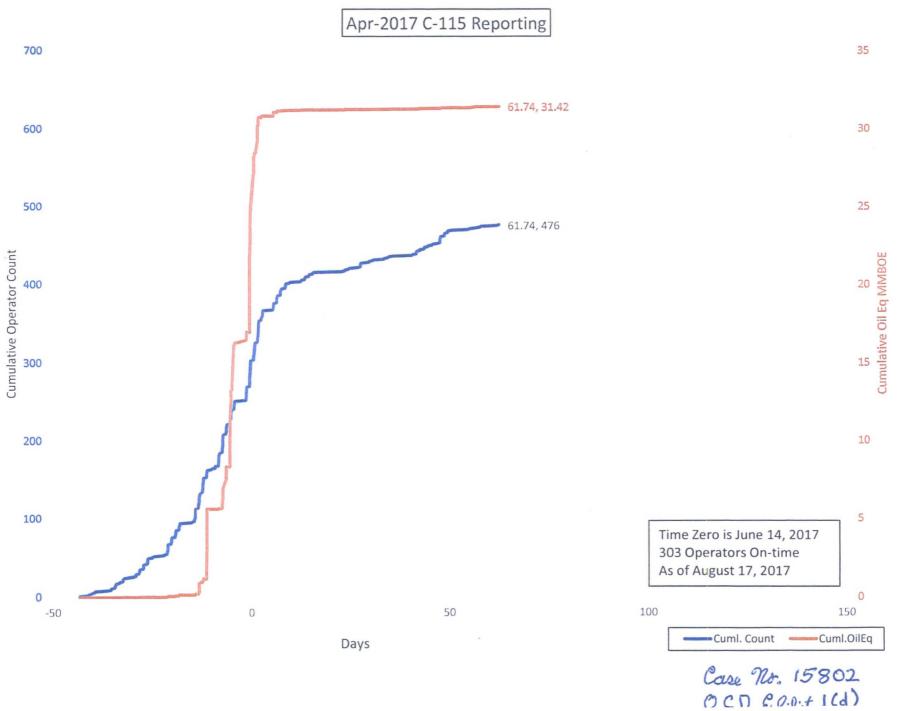
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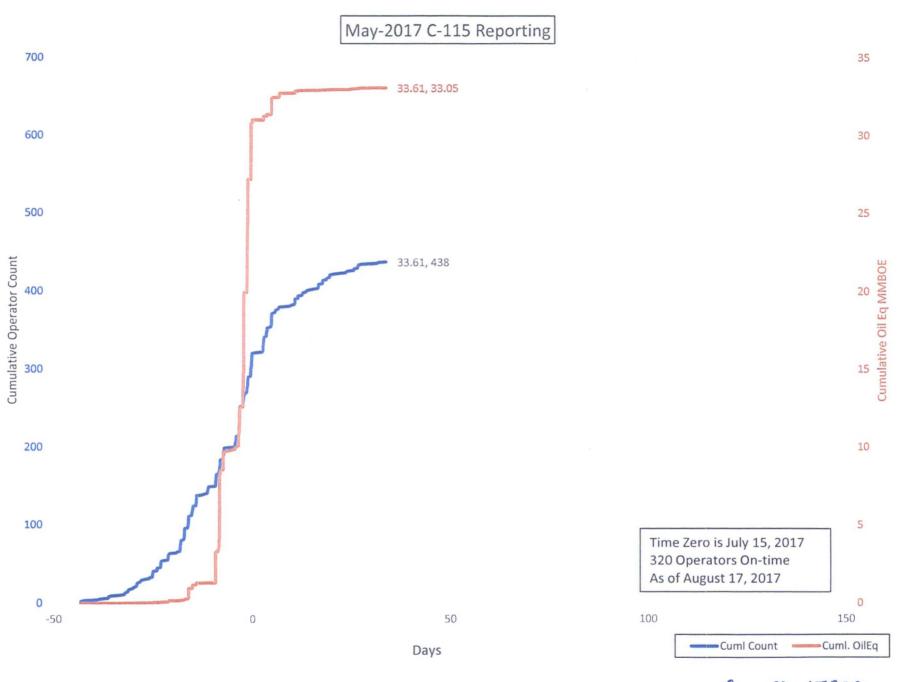
David K. Brooks Assistant General Counsel Energy, Minerals and Natural Resources Department 1220 S. St. Francis Drive Santa Fe, NM 87505 Attorney for Oil Conservation Division



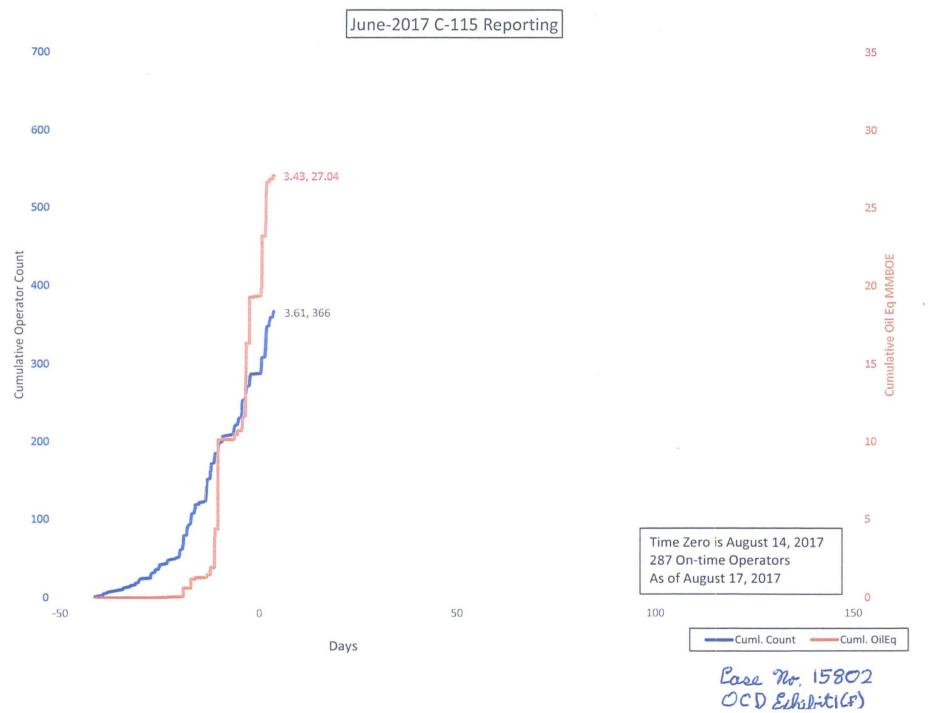








Case No. 15802.



STATE OF NEW MEXICO ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION COMMISSION

In the Matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

CASE No. 15802

CERTIFICATE OF COMPLIANCE WITH NOTICE REQUIREMENTS

As Clerk to the New Mexico Oil Conservation Commission, I hereby certify that notice of this matter has been provided as follows:

1. The Notice of Proposed Rulemaking for this Case ("Notice") was e-mailed to the State Records Center and Archives and was published in the New Mexico Register on August 15, 2017. (Attachment A)

2. A copy of the Notice was sent to the Albuquerque Journal and was published on August 17, 2017. (Attachment B)

3. On August 14, 2017, a copy of the Notice was posted on the Oil Conservation Division website and remained posted though the date of the public hearing.

4. On August 17, 2017, a copy of the Notice was sent to the Oil Conservation Division field offices in Hobbs, Artesia and Aztec to be available to the public.

5. By August 14, 2017, a copy of the Notice had been mailed or e-mailed to all persons on the Commission mailing list for rulemakings.

6. On August 21, 2017, a copy of the Notice was mailed to the New Mexico Legislative Council for distribution to committees.

7. On August 21, 2017, a copy of the Notice was mailed to the New Mexico Department of Information Technology for posting on the sunshine portal.

NEW MEXICO OIL CONSERVATION COMMISSION

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Florene Davidson, Commission Clerk

Case No. 15802 OCD Exhibit 2

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I, Matt Ortiz.	certify that the	agency noted abov	e has published le	gal	BALANCE DUE			00 4440		
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Subscribed, sworn and acknowledged before me this 29 day of

Suberst 2017. (Ilaa Eilen Mc Grathe

Notary Public My Commission Expires 4/4/2018

Case No. 15802 Attachment A to OCD Exist 2

164.64.110.239/nmregister/xxviii/xxviii15/EMNRDnotice.ntm

New Mexico Register / Volume XXVIII, Issue 15 / August 15, 2017

NOTICE OF PROPOSED RULEMAKING

The New Mexico Oil Conservation Commission (Commission) hereby gives notice of the following proposed rulemaking.

Case No. 15738. In the Matter of Proposed Amendments to the Commission's Rule on Rulemaking, 19.15.3 NMAC.

The Commission proposes to amend its rule governing the procedures for rulemaking proceedings, 19.15.3 NMAC. The proposed rule change includes amendments to the sections on rulemaking initiation, notice, hearing participation and hearings, and adds sections on deliberation and action, the record and filing and appeal.

The purposes of the proposed rule changes are to comply with recent statutory changes involving rulemaking requirements. The proposed rule change is also intended to update and clarify 19.15.3 NMAC including the requirements for the initiation of rulemaking and for the filing of pre-hearing statements. The statutory authorizations include a new section of the Oil and Gas Act, NMSA 1978, Section 70-2-12.2, on adoption of rules and appeals, and the changes to the State Rules Act in Chapter 137 of Laws 2017. NMSA 1978, Section 70-2-11(A), authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act.

Case No. 15802. Application of the New Mexico Oil Conservation Division for Amendment of Section 19.15.7.24 NMAC Changing the Time for Division Notification and Enforcement After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-115).

The proposed amendment will reduce the time after an operator fails to file an acceptable monthly production report (form C-115) within which the Oil Conservation Division ("the division") must notify the operator of its intent to revoke the operator's authorization to transport from 60 days to 30 days, and to reduce the time within which the operator may file an acceptable form or request a hearing on the proposed revocation from 120 days to 60 days, after the original due date of the form C-115.

The purpose of the proposed amendment is to secure more expeditious filing of operators' production reports. This amendment is authorized by NMSA 1978, Section 70-2-11(A), which authorizes the adoption of rules to carry out the purposes of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended); and by NMSA 1978, Section 70-2-12(A), which authorizes the collection of data and to provide for the keeping of records and the making of reports.

No technical information served as a basis for the proposed rules.

Public Hearing and Comment. The Commission will hold a public hearing on each of the proposed rules at the Commission meeting which will commence at 9:00 A.M. on **September 21, 2017**, in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis Drive, Santa Fe, New Mexico.

The proposed rule amendments are available from Commission Clerk, Florene Davidson at (505) 476-3458 or can be viewed on the Hearings page and Rules page at the Oil Conservation Division's website at http://www.emnrd.state.nm.us/ocd. Persons recommending modifications to the proposed rule amendments must file a notice of recommended modifications with Ms. Davidson no later than 5:00 P.M. on Thursday, September 7, 2017. The notice must include the text of the recommended modifications of the proposed rule amendments, an explanation of the recommended modification's impact, and reasons for adopting the modification. Persons intending to provide written comments on the proposed rule changes must submit their written comments no later than 5:00 P.M. on Friday, September 15, 2017 to Ms. Davidson.

Persons intending to offer technical testimony at the hearing must file six copies of a **Pre-hearing Statement** conforming to the requirements of 19.15.3.11 NMAC, and six copies of all exhibits the person will offer as evidence at the hearing, no later than 5:00 P.M. on Thursday, September 14, 2017. Any person may present non-technical testimony at the hearing.

Proposed modifications and written comments may be hand-delivered or mailed to Ms. Davidson at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, faxed to Ms. Davidson at (505) 476-3462, or e-mailed to Ms. Davidson at florene.davidson@state.nm.us. Pre-hearing Statements must be hand-delivered or mailed to Ms. Davidson at the above address.

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network at 1-800-659-1779 by **September 11, 2017**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A party who plans on using projection

164.64.110.239/nmregister/xxviii/xxviii15/EMNRDnotice.ntm

equipment at a hearing must contact Ms. Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of July 2017.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

David R. Catanach Director, Oil Conservation Division S E A L

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Notice of Proposed Rulemakings New Mexico OV Conservation Commission (Con a notice of the following proposed submakings. (ch) hereby

No. 15738 In the Mater of Proposed Am Lason's Fulle on Rutemaking, 19, 15.3 NMAC.

Commission proposes to amend its rule governing the pro-for internating proceedings, 19.15.3 NMAC. The propo-nange includes amendments to-the sections on natemaking include, hearing participation and feerings, and acts sect-to-face, hearing participation and feerings, and acts sect-to-face and action, the record and tang and appeal.

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Case No. 15602: Application of the New Mexico Di Conservation D-vision for Amendment of Sector. 13.15.7.24 NAAC Cranging the Time for Diversion Notification and Enformment After an Operator's Failure to file an Acceptable Monthly Production Report (Form C-155).

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propose of the proposed amendment is to secure more expec-ting of operator productor, reports. The amendment is su-and by MMSA 1978. Sectors 70-2011A, which attractures the found interits carry out the purposes of the OH and Gas Ad-1978, Sections 70-21 Hough 70-263, as amended; and by A 1978, Section 70-21-2014, which atthrouges the collector of and b provide for the levering of incorts for the making of in-

No technical information served as a basis for the proposed rules

Public Heasing and Commant. The Dommission will hold a public hearing on each of the potposed judies at the Compassion measure which will commercian at 300 AuX on Sectember 21, 2017, a Frinter Hall, tall facer, Wandle Chran Butching, 1220 South Sk. Francis Drive Santa Fe, New Nexton.

Saffa Fris Here Read-The proposed rule attractiveria are available from Commascen Desk, Forane Davidson at (305) 475-3458 for can be viewed on the Hearings page and Heise page at the OS Concentration Division's website at http://www.emmort.attractim.isticol. Persons recommen-ing modifications to the proposed the intervients's most He a notice of recommended modification with Me, Devision no later than 500 and reads the concentration of the recommending modifications and reads of the adopting the modification. Persons must He a notice and reads of the adopting the modification. Persons interview the merita, an explanation of the recommended modification's impact and reads of a todopting the modification. Persons interview to such their writine commerts to later than 500 P.M. on Finder, September 15, 2017 to Ma, Davidson.

Persons intending to other technical tectmony at the heaving must like six copies of a Phasheaving Statiment conforming to the resumments of 1918.311 MMAC, and as copies of at enables the second micro-fere as evaluations at the hearing no later than 5:00 P.M. on Thrussay, September (4: 2017, Any person may present non-technical tectmo-ing the hearing.

Proposed modifications and written comments may be hand-deliv-wred or mailed to Ms. Devider, nr. 1220 South Sart Frances Dru-Start Fe. New Maccin 8765 (Associated to Ms. Devideon et 655), 475 3442, or e-mailed to Ms. Devideon at forem davdeson@tamarmus. Pre-haung Statements must be hand-delivered or mailed to Ms. Da videon at the above address.

If you are an original with advance, who needs a mader amputer pushed ago largouge interpret, or any other form of auxiliary and a renrice to altern of pushcapte in the hearing please contact Ms andron at (SSS) 475-8458 or through the News Mexce Relay, Nev Nev H 1400-6859 or other 11, 2017, Public documents and the provider in various accessible forms. Please ported Ms. Di-door 4 at some start of the constant of a consolution of a monitor of a similarity or other type of accessible form a media. A size Miss. Deviden seven (7) bathwest days prior to the hearing pr-ending the similarity of the type of contract the size science is and Miss. Deviden seven (7) bathwest days prior to the hearing the puesing the use of the prior hour continent. Whisse science is an validite. Nower, the puty must provide is own lighting computer

Siven under the Seal of the State of New Mexico Oil Conservato Commission at Santa Fe, New Mexico on this 14th day of August 017.

ITATE OF NEW MEXICO

lavid R. Catanach Aractor, Oil Conservation Avision ournal: August 17, 2017

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of Bernalillo SS

Bernadette Gonzales , the undersigned on oath states that she is an authorized Representative of The Albuquerque Journal and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Secton 3. Chapter 167, Session Laws of 1937 and that payment therefore has been made of assessed as court cost, that the notice, copy of which hereto attached, was published in said paper in the regular daily edition for <u>1</u> time(s) on the following date(s)

08/17/2017

OFFICIAL SEAL Sandra B. Gutierrez NOTARY PUBLIC STATE OF NEW MEXICO My Commission Expires Sworn and subscribed before me, a Notery Public, in and for the County of Bernaliilo and State of New Mexico this Jedre K 17 day of August cf 2017 \$243.71 PRICE _

Statement to come at the end of month

1009556 ACCOUNT NUMBER



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Case No. 15802 Attachment B to OC DEchibit?