

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION COMMISSION FOR THE)
PURPOSE OF CONSIDERING:)

CASE NO. 13,013

APPLICATION OF THE NEW MEXICO OIL)
CONSERVATION DIVISION FOR AMENDMENT)
OF RULE 711 [APPLICABLE TO SURFACE)
WASTE MANAGEMENT FACILITIES ONLY])

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN
JAMI BAILEY, COMMISSIONER
ROBERT LEE, COMMISSIONER

RECEIVED

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February 27th, 2003

Oil Conservation Division

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, February 27th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
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I N D E X

February 27th, 2003
Commission Hearing
CASE NO. 13,013

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A P P E A R A N C E S

FOR THE COMMISSION:

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FOR THE DIVISION:

DAVID K. BROOKS, JR.
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Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

* * *

ALSO PRESENT:

PATRICK LYONS
Commissioner of Public Lands
State of New Mexico

ROBERT M. GALLAGHER
President
New Mexico Oil and Gas Association

* * *

1 WHEREUPON, the following proceedings were had at
2 9:12 a.m.:

3 CHAIRMAN WROTENBERY: The next item on the agenda
4 is Case 13,013 the Application of the New Mexico Oil
5 Conservation Division for amendment of Rule 711, applicable
6 to surface waste management facilities only.

7 And I'll call for appearances at this point.

8 MR. BROOKS: Madame Chairman, honorable
9 Commissioners, I'm David Brooks, Energy, Minerals and
10 Natural Resources Department of the State of New Mexico,
11 appearing for the New Mexico Oil Conservation Division.

12 CHAIRMAN WROTENBERY: Thank you, Mr. Brooks.

13 MR. BROOKS: I have no witnesses.

14 CHAIRMAN WROTENBERY: Anybody else here to speak
15 on this particular matter?

16 MR. GALLAGHER: Madame Chairman, Bob Gallagher,
17 President of the New Mexico Oil and Gas Association.

18 CHAIRMAN WROTENBERY: Thank you, Mr. Gallagher.
19 What we plan to do today is lay this Application out for
20 the Commission and then schedule a hearing on the proposed
21 amendments.

22 So Mr. Brooks, would you --

23 MR. BROOKS: Yes, ma'am.

24 CHAIRMAN WROTENBERY: -- describe this --

25 MR. BROOKS: Madame Chairman and honorable

1 Commissioners, this is a very simple Application. I take
2 this opportunity to remind the Commissioners that at a
3 public hearing on the hydrogen sulfide rule last October, I
4 believe, the Commissioners did charge the Division with the
5 responsibility of developing revisions to update the
6 surface waste management rules, Rule 711.

7 This is not the revision that was contemplated by
8 that charge and was promised by sometime next summer. This
9 instead is what you might call a one-shot amendment. It's
10 intended to deal with a particular situation.

11 The amendment amends Section -- and I admit I
12 don't have the -- somehow I did not get the page that has
13 the subsection number. It's (4)(c) -- subparagraph (4)(c),
14 and it is subsection C, so it is subparagraph C.(4)(c) of
15 Rule 711, or Section 711.

16 And the present Rule provides that a surface
17 waste management facility licensed by OCD pursuant to Rule
18 711 cannot accept non-oilfield wastes except in emergency
19 when required by the Department of Public Safety.

20 The proposed amendment would allow such a
21 facility, with prior approval from the Division, to accept
22 nonhazardous non-oilfield wastes for disposal at those
23 facilities.

24 So that is just what it is in a nutshell, and I
25 would remind the Commission that because it was not noticed

1 in the *New Mexico Register* for a hearing on this date, that
2 it would not be possible for the Commission to hold a
3 public hearing at this time. But the matter is submitted
4 to the Commission for their consideration.

5 Thank you.

6 CHAIRMAN WROTENBERY: Thank you, Mr. Brooks.

7 What I was going to propose that we do is request
8 that all written comments be filed on this particular
9 proposal by March 13th, which is a week before our next
10 meeting, and then at our next meeting on March 20th we
11 would plan to take testimony and any public comments on the
12 proposal.

13 And Mr. Brooks and Mr. Ross, if you would make
14 sure that we publicize however we need to the request that
15 written comments be submitted by March 13th, we would
16 appreciate it.

17 I think at this point if anybody in the audience
18 wishes to make a comment or statement on the Rule, we could
19 accept those statements at this point.

20 Mr. Gallagher?

21 MR. GALLAGHER: Madame Chairman, Commissioners,
22 Bob Gallagher, President of the New Mexico Oil and Gas
23 Association. We represent 300 oil and gas companies that
24 do business in New Mexico. I'm here today in support of
25 this amendment.

1 With our companies, obviously, they just don't
2 operate in New Mexico; they operate in a lot of other
3 states. And we're starting to hear a lot of conversation
4 about not having this non-oilfield wastes, and where are
5 they disposed, and what is the final disposition of those?

6 And we believe that this is a proper amendment to
7 the Rule in that it still gives final approval to the
8 Division. It does require similar characteristics of
9 oilfield waste and it does require, obviously, the
10 production of that waste being generated by some sort of
11 gas activity, or like activity.

12 You know, when the Rules and Regulations were
13 written many years ago, you don't anticipate what may or
14 may not come up. We're dealing with a piece of legislation
15 now that is going to set rules and regulations for helium.
16 All I know about helium is it's what you put in a balloon
17 and it makes you talk funny. But be that as it may,
18 someone wants to produce and sell helium in New Mexico, and
19 this obviously would be of assistance to that because it
20 absolutely clarifies non-oilfield waste, and what is
21 oilfield waste, and then allows for non-oilfield waste to
22 be disposed of properly in these facilities.

23 And we believe that this will assist our
24 companies. Our companies have a lot of in-house
25 regulations, they have a lot of other-state regulations,

1 and I believe this will assist our companies in being able
2 to properly dispose of nonhazardous non-oilfield waste by
3 definition in these existing facilities, and I would urge
4 the Commission to favorably look upon this amendment,
5 hopefully take testimony and in fact hopefully vote at the
6 next meeting to allow this clarification.

7 Thank you, Madame Chair.

8 CHAIRMAN WROTENBERY: Thank you, Mr. Gallagher.
9 Anybody else wish to make a comment today?

10 Okay, then, we will take this particular
11 Application up again on March 20th.

12 Thank you, Mr. Brooks, Mr. Gallagher.

13 (Thereupon, these proceedings were concluded at
14 9:18 a.m.)

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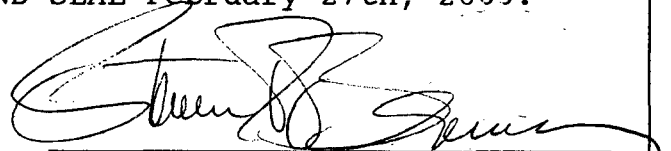
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Commission was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL February 27th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006