

# AMERADA HESS CORPORATION

SAMUEL W. SMALL, PE  
OFFICE 915/758-6741  
FAX 915/758-6768

P.O. BOX 840  
SEMINOLE, TEXAS 79360  
915/758-6700

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Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505  
Mr. William LeMay

Re; **CASE 11352 RULE 116**  
Comments

The following comments are being submitted with regard to OCD Exhibit No. 2, presented at the November 14, 1996 OCC hearing, for the above referenced case. The comments address concerns raised by the reporting requirements of 116B.2, in particular reporting of releases of natural gas in the amounts of 50 mcf to 500 mcf.

The OCD's rationale for including natural gas releases in Rule 116 is that reporting these releases is necessary if the OCD is to meet its charge of preventing the waste of natural resources. The OCD contends that reporting of natural gas releases will aid in identifying operations where these releases are habitual and, therefore, may result in significant waste.

Oil and natural gas producers have ample economic incentives to operate in a manner which prevents the waste of these resources. Oil spilled on the ground and natural gas released to the atmosphere do not generate income and are a waste of a company's assets. An operator who ignores conditions which lead to multiple unplanned releases from the same source is likely to ignore reporting requirements also. Any database developed to track the reporting will most likely fail to identify the true sources of waste and will only penalize the conscientious operators.

The argument was made that industry is already reporting natural gas releases to the BLM, in the volumes set out in the proposed Rule 116, so why not report the same releases to the State? Before the State adopts the BLM reporting requirements an effort should be made to determine the success the BLM is having in obtaining the reports, the nature of the releases being reported, the degree of success the BLM is having in reducing the waste of natural gas and the added cost of handling the paperwork, both to the agency and the industry.

Volumes of the magnitude being proposed for reporting are extremely difficult, and in some cases impossible, to quantify. Unless a responsible party is present to witness the release at its inception and knows the rate at which the gas is being released, it will not be possible to make even an estimate of the amount of gas released. Most release reporting will be a wild guess and in all probability be in the range of 40 mcf or less.

Finally, the reporting requirement will be extremely difficult to enforce. Natural gas released to the atmosphere does not leave evidence of the occurrence as does oil. Unless the inspector is present to witness the release, he/she will have no evidence that the event occurred. This also holds true for the operator.

In summary, the reporting of minor natural gas releases in the amounts stipulated in OCD Exhibit No. 2 is one of those regulations that is of dubious value in meeting its objective (preventing waste), is very difficult to comply with and is unenforceable. Minor reporting of natural gas releases should be removed from the Rule.

Sincerely,

Samuel Small

