
Topic 32S

20.2.50.121 Pig Launching and Receiving



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Direct and Rebuttal Testimony of John R. Smitherman
Senior Advisor*

20.2.50.121 Pig Launching and Receiving

- NMOGA appreciates NMED recognizing the physical and financial challenge of VOC control at low PTE sites and at all remote sites
- Pigging facilities co-located with other operated facilities allows the single operator to use control systems for more than pigging emissions
- Pigging facilities co-located with equipment operated by a separate company will typically not allow existing control systems to be modified to capture pigging emissions.

- NMOGA suggests the following change (**changes in red**):

Applicability: Individual pipeline pig launchers and/or receivers with a PTE greater than or equal to one tpy VOC located within the property boundary of **any of the following:** (well sites, tank batteries, gathering and boosting sites, natural gas processing plants, and transmission compressor stations) **operated by the same operator as the pigging equipment** are subject to the requirements of 20.2.50.121 NMAC

Topic 34S

20.2.50.123 Storage Vessels



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Direct and Rebuttal Testimony of John R. Smitherman
Senior Advisor*

20.2.50.123 Storage Vessels

Lease Automatic Custody Transfer Units (LACT)

- CAA's Dr. McCabe calls for Lease Automatic Custody Transfer (LACT) units be required on all new and modified tanks
 - LACT units are expensive and not economically justified on many well sites from an operational perspective
 - LACT units require electricity (thus making them inappropriate for many well sites and would lead to added NOx emissions if generation used to power)
 - Operators tend to install LACT units on high producing rate facilities because there they are operationally beneficial, and these tend to have grid power already
- In summary, where the greatest benefits are available, LACTs tend to be installed voluntarily. There is not need for NMED to require LACTs.
- NMOGA agrees with NMED to reject this requirement due to unreasonably high cost relative to the limited emissions reductions.

20.2.50.123 Storage Vessels

Automatic Tank Gauges (ATG)

- EDF's Mr. Alexander & CAA's Dr. McCabe call for ATGs to be required on all new and modified tanks
 - OCD reviewed this same request and properly found that ATGs should be required on all new controlled tanks but not on uncontrolled tanks.
 - Uncontrolled tanks typically have lower production rates and are therefore a smaller source for VOC emissions. (High \$/ton emission reduction)
 - OCD did not require ATGs on existing controlled tanks due to higher costs to retrofit vs installing on new by design.
 - I will address ATGs on flowback vessels separately
 - NMOGA agrees with NMED to reject this requirement due to unreasonably high cost relative to the limited emissions reductions.
 - NMOGA recommends that EIB defer to OCD on both of these operational issues.

Topic 35S

20.2.50.124 Well Workovers



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Direct and Rebuttal Testimony of John R. Smitherman
Senior Advisor*

Topic 37S

EDF Flowback

(New section 20.2.50.127)



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Direct and Rebuttal Testimony of John R. Smitherman
Senior Advisor*

Definitions

- Well construction/production phases (See NMOGA exhibit from OCD hearing)
- NMED has included the phrase “...but no later than the end of well completion operation.” in their definition of “Commencement of Operation”.
- Mr. Alexander of EDF has suggested the definition of “Flowback” be added and then suggests that vessels used for flowback be vapor tight and outfitted with automatic tank gauging systems.
- In order to respond to these, it is first important to understand the well construction process.

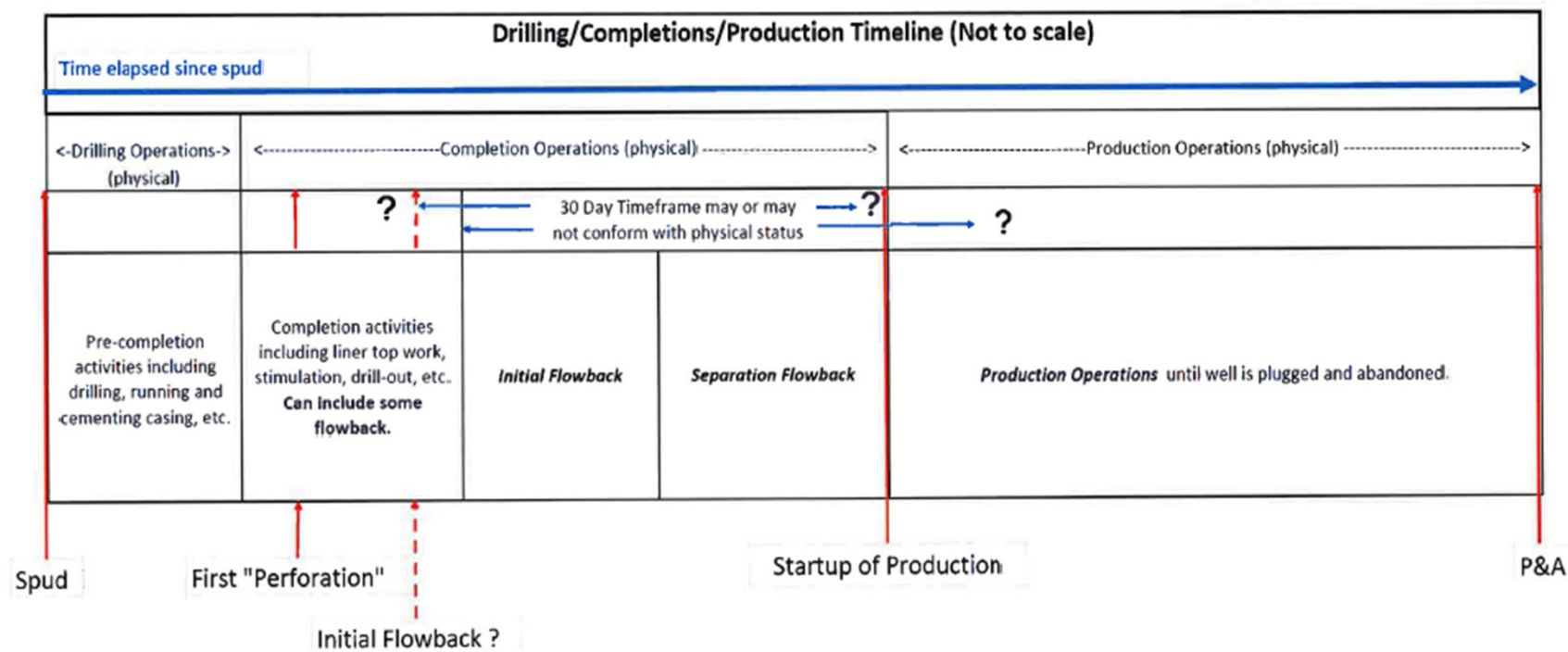
Definitions

Well construction/production phases (See NMOGA exhibit from OCD hearing)

NMOGA has tried to define the phases of wellbore construction from the spud of the well to its final plug and abandonment so as to avoid gaps, ambiguities, and overlaps to provide clarity for all parties.

The following is a demonstrative exhibit used at the recent OCC hearing on the Waste Rule.

NMOGA OCC Exhibit



Ref: 19.15.27.7 and various points in the rule

Definitions

Well construction/production phases (See NMOGA exhibit from OCD hearing)

- Drilling operations (ends with casing set) – From *OCD*
- EDF adds “Drilling or drilled”. Unclear as to end point of drilling ops but also adds “Drill-out” which ends “after the removal of all stage plugs and the initial wellbore cleanup”. Lacks clarity (e.g. How is initial wellbore cleanup defined?). NMOGA recommends not accepting EDF definitions “Drilling” or “Drill-out”.

Definitions

Well construction/production phases (See NMOGA exhibit from OCD hearing)

Completion operations (starts at first “perforation” and ends at end of separation flowback – limit of 30 days of flowback). From OCD. Typically includes: Casing liner work, “perforating”, hydraulic fracturing (multiple stages), stage plug setting, stage plug drill-out, *initial* flowback, and *separation* flowback.

Flowback (consistent with OCD Waste Rule and similar to OOOOa)

Initial flowback (OCD: ends when it is technically feasible to operate a separator. Per OCD V&F allowed due to *limited amounts of natural gas*.)

Separation flowback (OCD: ends when permanent well production facilities are used / no later than 30 days after start of initial flowback. Per OCD, flaring allowed only if necessary for safety reasons or gas quality. No venting of pipeline quality natural gas allowed due to increased natural gas volumes).

Definitions

Well construction/production phases (See NMOGA exhibit from OCD hearing)

Production Operations per OCD begins at end of separation flowback (but no later than 31 days after initial flowback). Ends when well is P&A'd.

Related to “**Commencement of Operations**”

Definitions

Well construction/production phases (cont)

Commencement of Operations NMED definition is aligned with OCD at start (...the date any permanent production equipment is in use and product is flowing to a sales line, gathering line, or storage vessel from the first well at a stationary source...) but creates confusion when defining the end point (...but no later than the end of well completion operation.) This is confusing because “well completion operation” is not defined. Further, by including the phrase “...but no later than the end of well completion operation.”, certain monitoring and inspection requirements are triggered prior to actual production operations if a first well is completed, flowed back, and then shut in before routine production begins while awaiting final installation of well production facilities and gas gathering lines to comply with OCD Waste Rule.

- NMOGA recommends modifying the NMED definition as suggested by NMOGA as it will avoid confusion and require that monitoring and inspections begin when production actually begins, as is appropriate.

Definitions

Well construction/production phases (cont)

- EDF offers a new definition of “Pre-production operations” which purports to be a part of the drilling process (drilling just through the hydrocarbon bearing zones) and extending through fracturing, re-fracturing, drill-out, and flowback. This will add confusion for at least the reason that re-fracturing can take place months or even years after the initial completion.
- This definition does not offer any additional value. NMOGA recommends that this be rejected.

20.2.50.127 (new)

Flowback vessel requirements – EDF et al

- Parties have recommended that vessels that receive flowback fluids from wells after completion be required to be vapor tight & have automatic tank gauging systems.
- This is not advisable due to safety concerns
- Personal experience supports those safety concerns
- OCD reviewed the same recommendations and rejected these concepts on safety considerations

20.2.50.127 (new)

Flowback vessel requirements – EDF et al

- *Initial* flowback ends when it is technically feasible for a separator to work – small amount of gas may be vented
- *Separation* flowback – during this phase gas must be routed to sales (flared if not safe to capture or if not marketable)
- The amount of gas vented during initial flowback is small and its capture does not warrant the risk to personnel
- NMOGA urges Board to defer to OCD and reject this proposal