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By Environmental Improvement Board at 9:13 pm, Sep 19, 2021

Topic 6S



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Surrebuttal Testimony of John R. Smitherman
Senior Advisor*

20.2.50.125 Small Business Facility

- Dr McCabe testifies that large companies “...could afford to comply with...requirements as proposed by NMED.”
- This testimony misses the point of how financial decisions are made in the industry (any industry).
 - Business decisions are made based on the specifics of each project.
 - If spending money on compliance on a well or facility will not pay out from that well or facility in a reasonable time, the money will not be spent. It does not matter that the company makes money from other assets that could cover these costs.
 - Using profits from other assets to prop up an uneconomic well would be an imprudent business decision and would not be in the best interest of the shareholders.

Topic 21S



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NMED Ozone Rulemaking Hearing

*Surrebuttal Testimony of John R. Smitherman
Senior Advisor*

Definitions

Other definitions

Stabilized NMOGA recommends adding the definition of “Stabilized” when referring to crude oil.

- Stabilized oil at CDPs may be stored in floating roof tanks (internal or external).
- NMOGA had intended an alternative control strategy as such tanks do not lend themselves to the requirements of this Part.
- NMOGA recommends that floating roof tanks be governed by NSPS subpart Kb.

Topic 22S

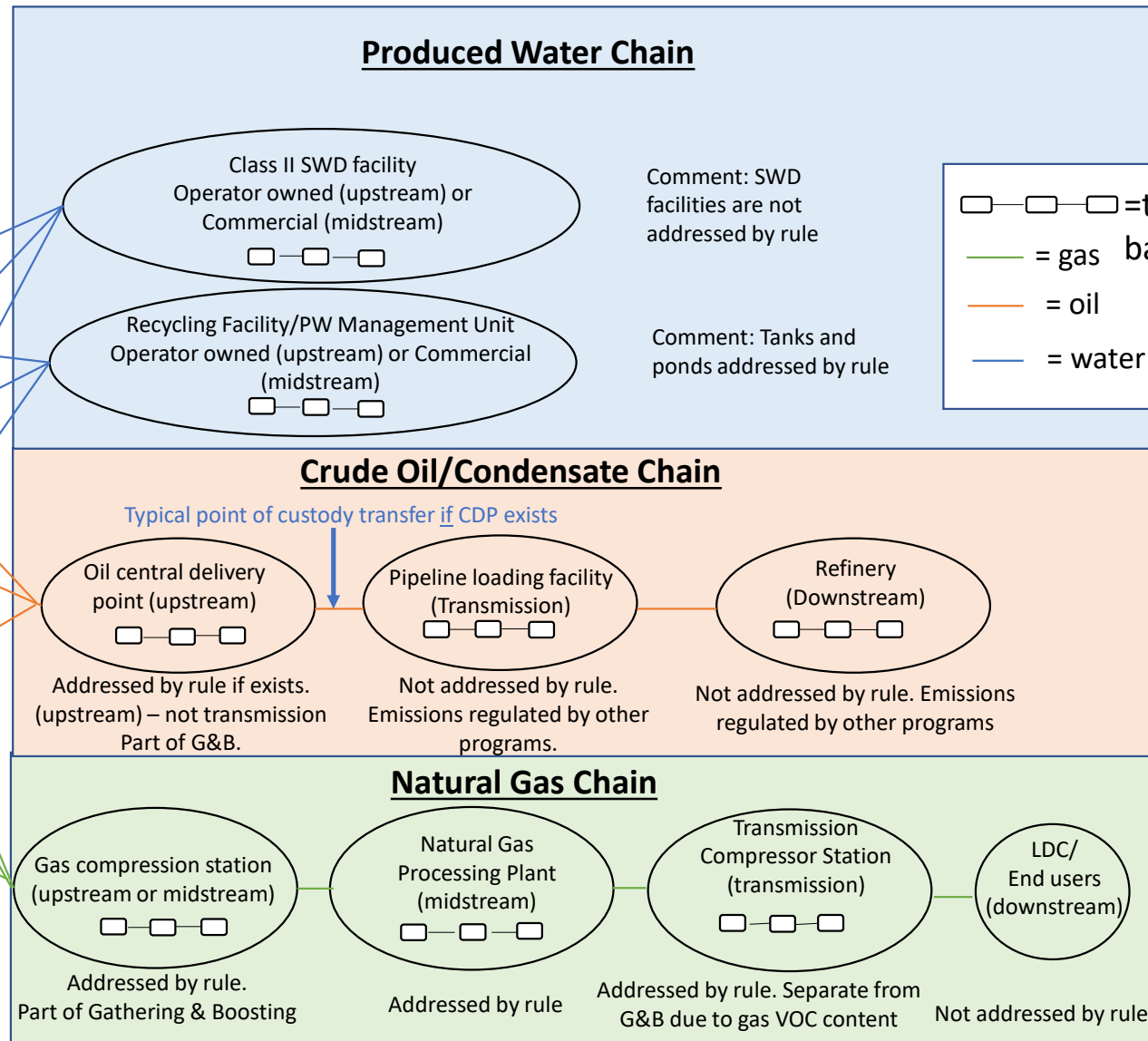
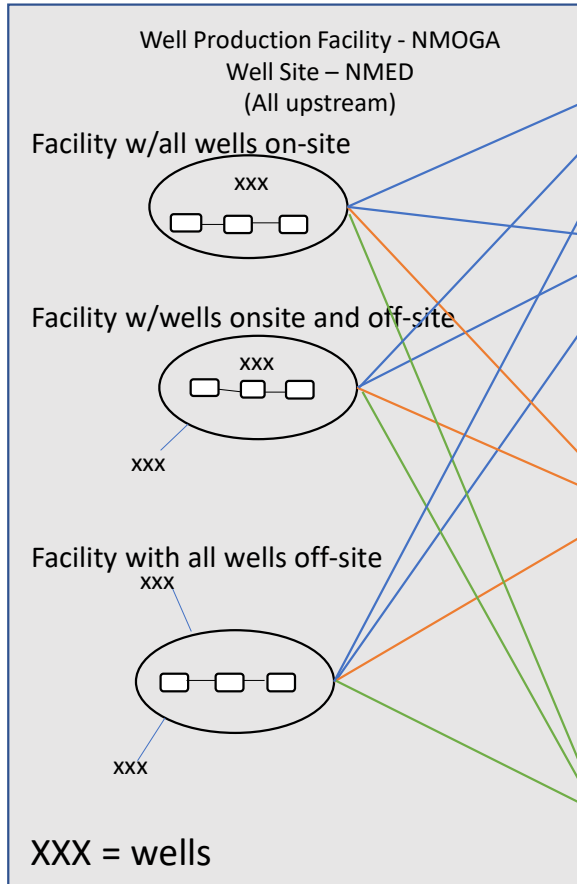


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Typical upstream, midstream, transmission, and downstream facilities



Definitions

Well Production Facility

After digesting input from all parties during this process, NMOGA recognizes that NMED's proposed term "Well Site" is the appropriate term but we offer the following recommended changes (red – NMED, blue – NMOGA):

UUTF. "Well~~head~~ site" means the equipment UNDER THE OPERATOR'S CONTROL directly associated with one or more oil wells or natural gas wells upstream of the natural gas processing plant OR GATHERING AND BOOSTING STATION, IF ANY. A well~~head~~ site may include equipment used for extraction, collection, routing, storage, separation, treating, dehydration, artificial lift, combustion, compression, pumping, metering, monitoring, and product piping.

The first change recognizes that some equipment on a Well Site may be owned/operated by a third party (i.e. a sales meter).

The second clarifies where such equipment "directly associated with...wells..." ends.