

**BOARD OF COUNTY COMMISSIONERS
OF SANDOVAL COUNTY, NEW MEXICO
ORDINANCE NO. _____**

AN ORDINANCE, AMENDING ORDINANCE NO. 10-11-18.7A COMPREHENSIVE ZONING ORDINANCE OF SANDOVAL COUNTY, FOR THE SURFACE LAND REGULATION OF OIL AND GAS ACTIVITIES; ESTABLISHING DESIGN AND OPERATIONAL STANDARDS FOR OIL AND GAS FACILITIES; AND FURTHER PROVIDING FOR VARIANCES, RELIEF, APPEALS, THE ENFORCEMENT OF THIS ORDINANCE AND OTHER RELATED MATTERS.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SANDOVAL COUNTY, NEW MEXICO:

**ARTICLE 1.
GENERAL.**

1.1. Short Title. This Ordinance shall be officially cited as the "Sandoval County Oil and Gas Ordinance".

1.2. Statutory Authority. This ordinance is promulgated pursuant to the police powers of Sandoval County and to protect County residents from potential and foreseeable nuisances (moved from Section 1.3). The Sandoval County Board of County Commissioners (the "Commission") is authorized to adopt this ordinance pursuant to NMSA 1978, Section 3-2-1 et seq., and NMSA 1978 Section 4-37-9 et. seq.

1.3. Conflicts. Sandoval County ("the County") is the primary authority of surface land development within the County's planning and zoning jurisdiction. The County recognizes the primary authority of various other state and federal agencies to regulate oil and gas operations and development and their role balancing and protecting the interests of mineral interest owners, protecting correlative rights, and overseeing subsurface activities related to oil and gas resource development and extraction. Should a conflict arise between any provision of this ordinance and any state or federal law or regulation, the County shall defer to the authority of state and federal agencies.

1.4. State and Federal Preemption. This Ordinance does not replace, alter or amend any Federal and State statutes applicable to the oil and gas industry, including but not limited to the statutes listed below. To the extent this regulation conflicts with any federal or state statute or regulation, this ordinance is preempted and the applicable federal or state statute or regulation shall control. This list includes, but is not limited to:

- (A) The Surface Owners Protection Act, N.M.S.A. 1978, §§ 70-12-1 et seq.;
- (B) The Oil and Gas Act, N.M.S.A. 1978, §§ 70-2-1 et seq.;
- (C) The Water Quality Act, N.M.S.A. 1978, §§ 74-6-1 et seq.;
- (D) The Solid Waste Act, N.M.S.A. 1978, §§ 74-9-1 et seq.;
- (E) The Rangeland Protection Act, N.M.S.A. 1978, §§ 76-7B-1 et seq.;
- (F) The Emergency Planning and Community Right To Know Act, 42 U.S.C.A. §§ 11001 et seq.;
- (G) The New Mexico Public Health Act, N.M.S.A. 1978 §§ 24-1-1 et seq.;
- (H) The Wildlife Conservation Act, N.M.S.A. 1978, §§ 17-2-37 et seq.;
- (I) The Cultural Properties Act, N.M.S.A. 1978, §§ 18-6-1 et seq.;
- (J) The National Historic Preservation Act, 16 U.S.C.A §§ 470 et seq.;
- (K) The Uniform Trade Secret Act N.M.S.A. 1978, §§ 57-3A-1 et seq.;
- (L) The Prehistoric and Historic Sites Act, N.M.S.A. 1978, §§18-8-1 et seq.;
- (M) The Cultural Properties Protection Act, N.M.S.A. 1978, §§ 18-6A- 1 et seq.;
- (N) The Archaeological Resources Protection Act, 16 U.S.C.A. § 470 aa et seq.; and
- (O) The Energy Policy Act, 42 U.S.C.A. § 6201 et seq.
- (P) The Clean Water Act 33 U.S.C.A §1251 et seq. ; and
- (Q) The Occupational Safety and Health Act, 1970, U.S.C.A. 651 et seq.
- (R) The New Mexico Night Sky Protection Act, N.M.S.A. 1978, 74-12-1 through 74-12-11.

ARTICLE 2.
DEFINITIONS.

2.1. Incorporation by Reference. For purposes of defining the terms used in this Ordinance, the County hereby adopts the definitions used by the New Mexico Oil Conservation Division, which are provided in 19.15.2.7 NMAC.

ARTICLE 3.
ZONING ORDINANCE AMENDMENT.

3.1. Amending Comprehensive Zoning Ordinance. The Sandoval County Board of County Commissioners hereby amends Ordinance No. 10-11-18.7A, Comprehensive Zoning Ordinance of Sandoval County, to establish Oil and Gas exploration and production, and the structures and facilities associated with that use, as a Permissive use within Section 9 (1). RRA – Rural Residential Agricultural District, EXCLUDING COMMUNITY DISTRICTS AND DESIGN OVERLAY ZONES, and to remove this use from Section 10. SU – Special Use District.

ARTICLE 4.
PERMIT REVIEW.

4.1. The County hereby establishes a Permit review procedure for applications for oil and gas exploration and production, and the structures and facilities associated with that use. Approval of a request for a Permit for oil and/or gas facilities shall be granted by the Director upon satisfactory provision by the applicant of all the requirements established in this Ordinance as stated in ARTICLE V.

4.2. Each permit shall authorize the drilling of only one (1) well as identified by its API well number. For the purposes of this Ordinance, a "well" is defined as a boring into the earth that is designed to bring petroleum hydrocarbons to the surface.

4.3. When a permit has been issued for the drilling of a well, such permit shall constitute sufficient authority for drilling, operation, production and for the construction and gathering lines and discharge by the permittee and its employees, agent and contractors.

4.4. It is unlawful and an offense for any person acting either for himself or herself or acting as agent, employee, independent contractor or servant for any person to knowingly drill any well within the County and jurisdiction of this chapter without a well drilling permit.

ARTICLE 5.

PERMIT APPLICATION. Prior to commencing drilling, deepening or re-entry operations, commencing an additional lateral, plugging a well back to a different pool, or completing or re-completing a well in an additional pool, an operator is required to provide the County the following information:

5.1. Applicant Information. The name and contact information of (i) operator and any contractors known as of the date of the Application and (ii) property owner(s) and (iii) lease owner(s) and mineral rights owner(s). The County shall be notified if any changes to the applicant information occurs. For the purposes of this Ordinance, "applicant" is defined as surface land owner, mineral rights owner, and/or operator who applies for a Permit.

5.2. An approved NMOCD C-101 and C-102 APD (Application for Permit to Drill) for exploration activities. An approved NMOCD Oil and Gas Form C-104 (Request for Allowable and Authorization to Transport) from the NMOCD shall be submitted to the County prior to commencement of production activities.

5.3. Scope of Operations. A brief description of the scope of operations contemplated by the operator, including the estimated depth of each proposed well and the estimated commencement date of the operations.

5.4. Site Plan. The proposed site plan for the well(s), including the proposed location and routing of any gathering lines, and a diagram of the permanent location/footprint.

5.5. Property Details. The legal property description and a map or plat depicting (i) the location of the proposed well and/or facility equipment, (ii) occupied dwellings, schools, churches, hospitals, or cemeteries within seven hundred fifty (750) feet for a single well, and seven hundred fifty (750) feet of each well, (iii) fresh water supply wells and subsurface fresh water storage reservoirs within seven hundred fifty (750) feet of the proposed well(s), and (iv) seven hundred fifty (750) feet distance of the proposed well from any public roads.

5.6. Noise Control Plan. Estimate the noise levels from expected operations requiring notice, which shall not exceed sixty (60) decibels as measured from a distance of seven hundred fifty (750) feet from the well or associated operations, including noise from traffic, and describe the manner in which operator intends to limit the noise levels associated with such operations below that threshold. Noise levels may exceed sixty (60) decibels, up to eighty (80) decibels, for a period of time not to exceed thirty (30) calendar days for each calendar year.

5.7. Road Plan. The applicant shall submit an Oil and Gas road route plan that identifies adequate roads for oil and gas related truck traffic for exploration and production. The Planning and Zoning Division Director or designee shall convey the Road Plan to the Public Works Department Director or designee for review, and may revise as needed. The Public Works Department Director or designee may require modification of affected County roads consistent with County Standards prior to utilization by the Applicant. The Public Works Department Director or designee shall issue a determination to accept or deny the Road Plan within 30 days. The applicant may file for a Variance on the determination of the Public Works Director or designee to the Planning and Zoning Commission.

In the event that the Public Works Department Director or designee does not provide a determination on the submitted Road Plan to the applicant within 30 days, via electronic email and/or certified mail/return receipt, the Road Plan shall be deemed approved.

5.8. Emergency Response Plan. The applicant shall submit an Emergency Response Plan identifying all fire, police, and emergency response services in the County that are closest to the well site as well as a description of standard operating procedures, including applicable health, safety and environment protocols, used by the operator in the event of emergencies. The Emergency Response Plan must include a section for fire protection and when the permittee will call emergency responders. The Planning and Zoning Division Director or designee shall convey the Emergency Response Plan to the Fire Department Fire Chief or designee for review, and may revise as needed. The Fire Department Fire Chief or designee shall issue a determination to accept or deny the Emergency Response Plan within 30 days. The applicant may file for a Variance on the determination of the Fire Department Fire Chief or designee to the Planning and Zoning Commission.

In the event that the Fire Department Fire Chief or designee does not provide a determination on the submitted Emergency Response Plan to the applicant within 30 days, via electronic email and/or certified mail/return receipt, the Emergency Response Plan shall be deemed approved.

5.9. Proof of Bond. Certify the OCD's financial assurance requirements, as set forth in 19.15.5 NMAC, have been satisfied.

5.10. SOPA Certification. Certify that it will comply with the requirements of the Surface Owner Protection Act as enforced by the New Mexico Oil Conservation Division pursuant to NMSA 1978, § 70-12-1 (2007).

5.11. Air Quality Certification. Certify that it will comply with the requirements of the Air Quality Control Act as enforced by the New Mexico Environment Department's Air Quality Bureau pursuant to NMSA 1978, § 74-2-1.

5.12. Water Protection Certification. The applicant shall certify that it will comply with the requirements of OCD and NMED concerning the protection of water, will provide estimates on how much water is to be used, the type of water to be used, where the water is planned to be sourced, and the applicant shall take reasonable measures necessary to avoid the pollution of surface water, ground water, and the use of nonpotable water wherever possible.

5.13. APPLICANT SHALL REPORT AND PROVIDE INFORMATION REGARDING ANY KNOWING OR WILLFULL VIOLATIONS OF ORDINANCES OR NON-COMPLIANCE THAT RESULTED IN FINES OR CIVIL PENALTIES OF \$1000 OR MORE IN ITS OTHER OPERATIONAL LOCATIONS, EITHER PAST OR PRESENT. Ref. 70-2-31. Violations of the Oil and Gas Act: penalties.

ARTICLE 6.
DRILLING REQUIREMENTS.

6.1. Light Direction. To the extent practicable, site lighting shall be directed downward and internally to avoid glare on public roads and buildings within seven hundred fifty (750) feet of the drill site.

6.2. Color of Well Site Structures. Oil and gas facilities observable from any public highway shall, to the extent reasonably practicable, be visually harmonious with the surrounding environment and painted with uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to but slightly darker than the surrounding landscape.

6.3. Setback Requirements. No person shall drill or deepen an oil and gas well within seven hundred fifty (750) feet of occupied dwellings, schools, churches, or cemeteries

outside an incorporated municipality in the County without the written consent of the owner of such occupied dwellings, businesses, schools or churches.

6.4. Fencing and Exclusionary Protocols. Unless provided for in an agreement with the applicable surface owner, all well site locations following drilling and completion operations shall have fencing or other exclusionary measures to prevent harm to the public and wildlife. Fencing will comply with all OCD and Occupational Safety and Health Administration (OSHA) requirements for the protection of the public, livestock, and wildlife.

6.5. Best Practices. Operator shall conduct its operations consistent with best practices of the oil and gas industry as defined by the American Petroleum Institute (API) Overview of Industry Guidance and Best Practices and comply with all applicable federal and state requirements.

6.6. Trash and Debris. Operator will maintain all locations and well sites upon which operations have taken place clear of all litter, trash, and other waste.

6.7. Water Protection. Operator will utilize best practices to ensure that surface water, subsurface water, and groundwater are protected during operations and comply with all applicable state and federal regulations relating thereto. Operator will utilize best practices to assure efficient use of water.

6.8. Abandonment, Plugging and Remediation. Operator shall submit to the County copies of all OCD approved plugging and abandonment permits.

ARTICLE 7.
INSURANCE REQUIREMENTS.

7.1. Insurance. In addition to the financial assurance required by the OCD and other laws and subject to the self-insurance option below, the operator shall carry the insurance policy or policies required below provided by an insurance company or companies authorized to do business in New Mexico. In the event such insurance policy or policies are cancelled, the operator will take corrective actions to reinstate the insurance policy or policies, and notify the County of said corrective action.

- A. The County, its officials, employees, agents and officers shall be endorsed as an "additional insured" on the required policies.
- B. Certificates of insurance shall be delivered to the Sandoval County, Planning and Zoning Commission, 1500 Idalia Road, Building D, Bernalillo, NM 87004, evidencing all the required coverage, including endorsements, prior to the commencement of operations requiring notice.

- C. Each policy shall be endorsed to provide the County a minimum thirty-day notice of cancellation, non-renewal and/or material change in policy terms or coverage. A ten days' notice shall be acceptable in the event of non-payment of premium.

7.2. Standard Commercial General Liability Policy. This coverage must include premises, operations, blowout or explosion, products, completed operations, sudden and accidental pollution, blanket contractual liability, underground resources and equipment hazard damage, broad form property damage, fire, independent contractors' protective liability and personal injury. This coverage shall be a minimum combined single limit of \$5,000,00.00 per occurrence for bodily injury and property damage.

ARTICLE 8.
VARIANCES.

8.1. Application for Variance. A written application for a variance from the terms, limitations, and requirements of this ordinance shall be submitted to the Planning and Zoning Commission by operator as part of the notice packet or later as a separate submission along with a \$50.00 review fee per variance.

8.2. Required Information. The variance shall identify the term, limitation, or requirement with reference to the article, section, and paragraph for which operator seeks the variance. Operator shall also state the grounds upon which the variance is sought and should be granted.

8.3. Criteria. Granting of the variance shall not be detrimental to the public health, safety, or welfare or injurious to the County's interests. Granting of a variance is justified if there is a demonstrable hardship on operator or common benefit to all interested parties based upon articulable conditions upon the site covering the application.

ARTICLE 9.
PROCEDURES AND FEES.

9.1. Review of Permit application. THE OIL AND GAS APPLICATION REVIEW PANEL SHALL REVIEW THE APPLICATION FOR COMPLETENESS AS WELL AS COMPLIANCE WITH THE ORDINANCE AND SHALL REPORT THEIR FINDING(S) WITHIN 10 BUSINESS DAYS OF RECEIPT. SHOULD THE PANEL NOT REPORT THEIR FINDINGS WITHIN THE REQUIRED 10 BUSINESS DAYS, THE OIL AND GAS APPLICATION UNDER REVIEW SHALL BE DEEMED ACCEPTABLE. THE REQUESTED PERMIT SHALL THEN BE CONSIDERED APPROVED AND SHALL BE GRANTED BY THE PLANNING AND ZONING DIRECTOR.

In the event that the OIL AND GAS APPLICATION REVIEW PANEL determines that the Permit Application is incomplete, the PLANNING AND ZONING Director or designee will notify the applicant within 10 working days of receipt of the Permit Application and provide information regarding the Permit Application's insufficient information. In this event, should the Applicant pursue Permit Application approval, the

Applicant shall resubmit the Permit Application to include material and information to resolve the insufficiency within 10 working days. The OIL AND GAS APPLICATION REVIEW PANEL shall have an additional 10 working days to review the Permit Application for completeness.

9.2. Fee. For any new well drilled by operator in the County, the applicant will pay to the County a fee of \$250.00 per well with such payment to be included with the application provided for such new drilling operation. In the event that the applicant is required to provide additional information to resolve Permit application inefficiencies, no additional fees shall be required.

9.3. Appeal. Anyone aggrieved by a decision of the OIL AND GAS APPLICATION REVIEW PANEL may appeal such decision to the Planning and Zoning Commission. A decision of the Planning and Zoning Commission may be appealed to the Board of County Commissioners. The Appellant is responsible for demonstrating Legal Standing to file an Appeal as determined by the County Attorney. Such appeal must set forth specifically wherein it is claimed there was an error or an abuse of discretion, or where the decision was not supported by evidence in the matter.

9.4 THE OIL AND GAS APPLICATION REVIEW PANEL SHALL CONSIST OF 3 MEMBERS APPROVED BY THE COUNTY COMMISSION AND SHALL BE COMPOSED OF INDIVIDUALS WITH OIL AND GAS OR RELATED EXPERTISE.

ARTICLE 10

ENFORCEMENT

10.1. Non-Compliance. In the event of failure by the operator to comply with this Ordinance, the Planning and Zoning Division Director or designee shall issue a written notice to operator stating a time of at least thirty (30) days to comply with the notice.

10.2. Violations. If any permittee knowingly or willfully violates any provision of this Ordinance and such violation directly causes material harm to the public health, safety of county residents, or the environment, the Planning and Zoning Division Director or designee shall issue a written citation to such person describing the violation and corrective actions required. When a violation of the Sandoval County Oil and Gas Ordinance results in a significant safety or environmental hazard, the owner or controller, will be sent a Cease and Desist Letter, giving the permittee thirty (30) days in which to set forth reasonable abatement measures. The permittee must immediately cease all nuisance behavior. Failing to do so may result in the permittee receiving a summons for violating the Sandoval County Oil and Gas Ordinance. The violation citation may be issued to the permittee of the land where the violation is alleged to exist, the occupier of the land if different from the owner or to both in the discretion of the Planning and Zoning Division Director or designee. When possible, the citation shall contain the address of the property on which the violation is alleged to exist, the legal description of the property or both. The citation shall be hand-delivered to the alleged