

Energy, Minerals and Natural Resources Department: *Oil Conservation Division*

NM SLO INDUSTRY TRAINING

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JULY 16, 2024

Agenda

- Announcements and Notices
- Spacing Units and Application for Permit to Drill (“APD”) for Setting up New Wells
 - Rules
 - APD process
 - Spacing Units and how they are established
- Well Naming Requirements
 - Notice
- C-102 and C-104 Updates
- C-115 monthly production reports
- C-115B monthly waste reports
- Code Cross Walk between C-115 and C-115B

Announcements and Notices

2024 OCD ANNOUNCEMENTS AND NOTIFICATIONS

NOTICE: **Modification of Pre-Enforcement Delivery Method** (August 1, 2024)

NOTICE: **OCD Clarification of Compulsory Pooling Processes** Updates (July 12, 2024)

NOTICE: **Mechanical Integrity Test Clarification** (July 12, 2024)

NOTICE: **Cancellation of Pending Permit Applications for Underground Injection Control Class II Disposal Wells Within the County Line Seismic Response Area** (July 11, 2024)

NOTICE: **C-102, C-104, and C-105 Forms** (July 9, 2024)

- **C-104 Completion Packet Submission Guidance**
- **Form C-102**
- **Form C-104**
- **Form C-105**

APDs

- Authorities:

- 19.15.7.12 NMAC APD TO Drill, Deepen or Plug Back
- 19.15.14 NMAC Drilling Permits
- 19.15.15 NMAC Well Spacing and Location

- Applies to State, Fee, and Federal Land

APDs

- Submission of an APD requires:
 - A completed C-101 (or BLM equivalent)
 - Proposed C-102 plat with take points
 - Proposed Directional Survey (Planning Report)
 - Natural Gas Management Plan (“NGMP”)

Spacing Units

- Operator proposes the dedicated acres
- Proposal is reviewed for compliance with pool requirements
- Standard Horizontal Pool Rules*
 - Setbacks for horizontal wells are the following:
 - 330 feet perpendicular to completed portion of the lateral for oil
 - 100 feet from the first and last take points for oil
 - 660 feet perpendicular to completed portion of the lateral for gas
 - 330 feet from the first and last take points for gas
 - Building Blocks for horizontal wells are the following:
 - 40 acres for oil
 - 160 acres for gas

*Note Pools may have special pool rules which do not comply with the standard case

Spacing Units cont.

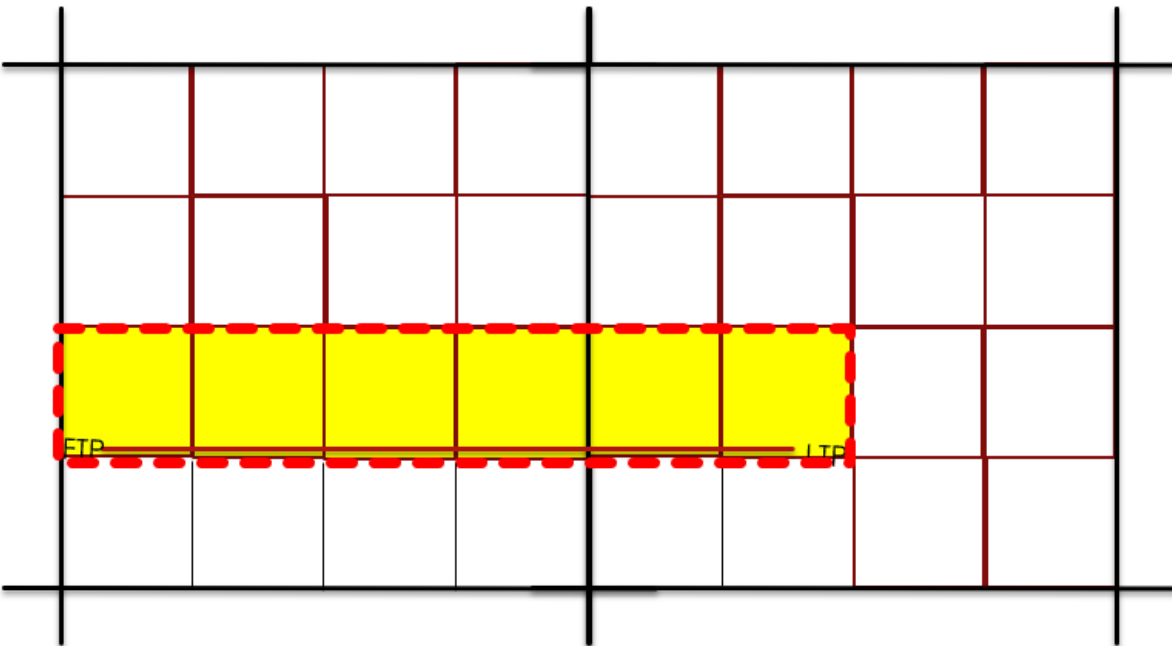
- Proximity Tracts can pull in additional acreage to a wells spacing unit if the well is drilled and completed closer than the required pool setbacks.



Outline of HSU



Penetrated Tracts



- Target oil pool is under statewide rules
- Tract size = 40 acres
- Completed interval penetrates six 40-acre tracts, 75' from the offsetting tracts
- Since completed interval is located at an unorthodox location, notice, opportunity for protest and NMOCD approval is required
- Standard HSU = 480 acres



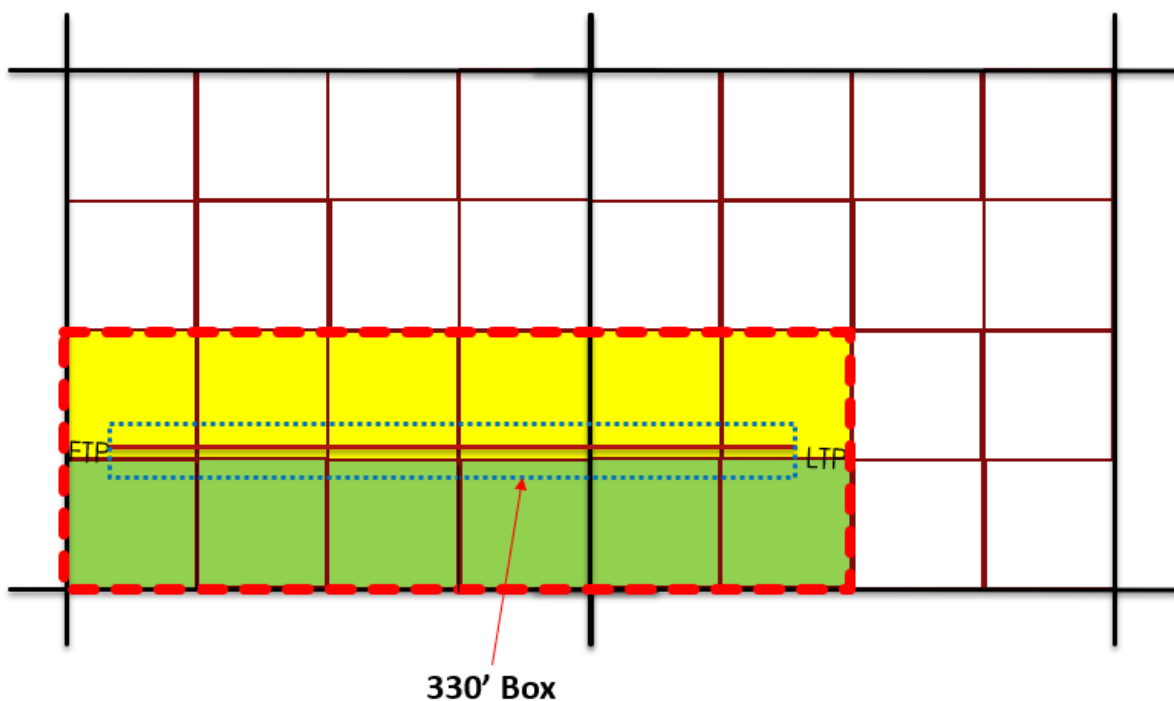
Outline of HSU



Penetrated Tracts



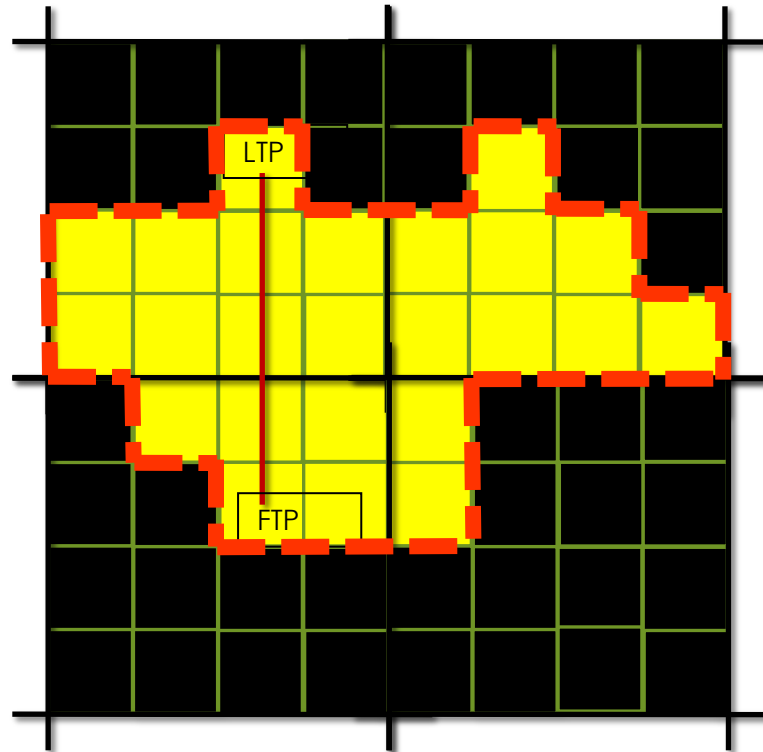
Proximity Tracts



- Target oil pool is under statewide rules
- Tract size = 40 acres
- Completed interval penetrates six 40-acre tracts, 75' from the offsetting tracts
- An additional six 40-acre tracts are within 330' of the completed interval ("proximity" tracts)
- Operator elects to include proximity tracts
- Standard HSU = 480 acres

Drilling in unitized areas/areas with uniform ownership

1. Standard Spacing unit provisions still apply, except for rectangular requirement
2. Setback requirements still apply, but only to the outer boundaries of the:
 1. unitized area
 2. any uncommitted tract or partially committed tract
 3. area of uniform ownership



Well Name Requirements

- OCD released the “Well Naming Convention” notice on February 24, 2023
- Name changes require a C-103A submission accompanied by a C-102 reflecting the new name.
- **Improper naming also makes it hard for OCD and SLO to link production with wells sharing the same resources.**

Key Takeaways (Can be found in Notice)

- If well is part of a Communitization Agreement (more than one lease) (“Com”) must be part of the name.
- All wells within a unit or com must use the same name and must incorporate the unit or com name only.
 - Unit or com names should not be abbreviated.
 - No additional numbers or letters are allowed in the official name
- The well must have the word “State” in the name if the spacing unit is partially or wholly comprised of State lands but absent of Federal lands.
- The wells must have the word “Fed” or “Federal” in the name if there is Federal land in the spacing unit. Units which include federal lands do not use “State” in the name.
- “Federal,” “Federal Com,” “State”, “State Com” and “Unit” must be at the end of the property name.
- For units only, if the Unit exceeds the current numbering convention (999 wells) with OCD approval an operator may propose an alternative naming convention for review.

UL	Section	Township	Range	Lot	
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UL	Section	Township	Range	Lot	
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UL	Section	Township	Range	Lot	
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Unitized Area or Area of Uniform Interest	Spacing Un
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Was an Order required / needed (Y/N), if ye

Communitization Agreement ☐Yes ☐No, Order

Unit: ☐Yes ☐No, Order No.

Compulsory Pooling: ☐Yes ☐No, Order No.

Down Hole Commingling: ☐Yes ☐No, Order No

Surface Commingling: ☐Yes ☐No, Order No.

Non-standard Location: ☐Yes ☐No ☐Common
Order No.

Non-standard Proration: ☐Yes ☐No, Order No.

Simultaneous Dedication: ☐Yes ☐No, Order No

C-102 and C-104 Updates

- New process introduces new C-102 and C-104 forms
- Requires information to be listed for Communitization Agreements on both the C-102 and C-104
- Contains multiple other upgrades or reductions

C-115 Production Reports

- Monthly production reports for all oil and gas wells in New Mexico
- Broken into two parts Production and Disposition

PRODUCTION

		INJECTION		PRODUCTION			
7	8			11	12		
POOL NO. AND NAME	C			C	Barrels of	13	15
Property No. and Name	O	9	10	O	Oil/conden-	Barrels of	Days
Well No. & U-L-S-T-R	D	Volume	Pressure	D	sate	water	Gas
API No.	E			E	produced	produced	Prod- uced
	1			2			

DISPOSITION

DISPOSITION OF OIL, GAS, AND WATER							
16			19			22	23
C	17	18	Oil on hand	20	21	C	Oil on
O	Point of	Gas BTU	at	Volume	Transporter	O	hand at
D	Disposition	or Oil API	beginning	(Bbls/mcf)	Ogrid	D	end of
E		Gravity	of month			E	month
3						4	

C-115 Production Reports

- Key Items needed to Report
 - Pool code
 - Property Name number
 - Location
 - API

		INJECTION		PRODUCTION				DISPOSITION OF OIL, GAS, AND WATER								
7 POOL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.	8 C O D E 1	9 Volume	10 Pressure	11 C O D E 2	12 Barrels of Oil/conden sate produced	13 Barrels of water produced	14 MCF Gas Produced	15 Days Prod- uced	16 C O D E 3	17 Point of Disposition	18 Gas BTU or Oil API Gravity	19 Oil on hand at beginning of month	20 Volume Bbls/mcf	21 Transporter Ogrid	22 C O D E 4	23 Oil on hand at end of month
98220 Purple Sage Wolfcamp																
444444 Example Property																
30-15-99999	G	3000	800	G												
30-15-99999	P				0	0	2010	30	G	5555555	1000		1900	777777		
									G				10		U	
									G				50		V	
									G				50		F	

C-115B Venting and Flaring Reports

- 19.15.27 NMAC and 19.15.28 NMAC aka “The Waste Rule”
- Is the result of:
 - Methane Advisory Panel (27-member team representing wide breadth of stakeholders)
 - Draft rule and conversations (8/3/22 – 12/22)
 - The 10-day hearing consisted of multiple public comment opportunities via oral and written opportunities.
 - Technical testimony was presented by multiple NGOs, Industry Associations, Operators, and State Regulators. With multiple cross examination opportunities of witnesses

C-115B Venting and Flaring Reports

- Monthly report of ALL venting and flaring on an individual well/facility system.
- This should include all C-129 (incident for venting or flaring) volumes and all those not required for a C-129
- C-115B auto imports production data and calculates the operator's volumetric loss and capture rate.
- This capture rate is what is used to determine an operator's compliance with the Waste Rule

C-115 and C-115B Code Cross Walk

C-115B Codes	C-115 Gas Disposition Codes
Beneficial Use	Used on Property
Emergency: 19.15.27.8(G)(2)(a) NMAC	Lost
Natural Gas Not Suitable for Transportation or Processing (N2, H2S, or CO2): 19.15.27.8(G)(2)(h)(i) NMAC	Venting or Flared
Venting as Result of Normal Operations of Pneumatic Controllers and Pumps: 19.15.27.8(G)(2)(i) NMAC	Used on Property
Venting And Flaring From an Exploratory Well: 19.15.27.8(G)(2)(l) NMAC	Venting or Flared
Other Surface Waste: 19.15.27.8(G)(2)(m) NMAC	Venting or Flared

Non-Scheduled Maintenance or Malfunction: 19.15.27.8(G)(2)(b) NMAC	Venting or Flared- for Maintenance, Lost- for a Malfunction.
Routine Repair and Maintenance: 19.15.27.8(G)(2)(c) NMAC	Venting or Flared
Routine Downhole Maintenance: 19.15.27.8(G)(2)(d) NMAC	Venting or Flared
Manual Liquid Unloading: 19.15.27.8(G)(2)(e) NMAC	Venting or Flared
Storage Tanks: 19.15.27.8(G)(2)(f) NMAC	Venting or Flared
Insufficient Availability or Capacity: 19.15.27.8(G)(2)(g) NMAC	Venting or Flared
Natural Gas Not Suitable for Transportation or Processing (O2): 19.15.27.8(G)(2)(h)(i) NMAC	Venting or Flared
Improperly Closed or Maintained Thief Hatches: 19.15.27.8(G)(2)(j) NMAC	Lost
Venting or Flaring in Excess of Eight Hours: 19.15.27.8(G)(2)(k) NMAC	Venting or Flared

Helpful Links

OCD Contact List: <https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/Contact-List-of-7.8.2024.pdf>

OCD Permitting: <https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/default.aspx>

Well Naming Notice: <https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/Updated-Well-Naming-Final-2-23-23.pdf>

C-115 Instructions: <https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/C-115-INSTRUCTIONS-1.pdf>

C-115B Instructions (Upstream): <https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/User-Guide-for-the-C-115B-Upstream-Natural-Gas-Waste-Report-1.pdf>

C-115B Instructions (Midstream): <https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/User-Guide-for-the-C-115B-Midstream-Natural-Gas-Waste-Report.pdf>

OCD Announcements and Notifications: <https://www.emnrd.nm.gov/ocd/ocd-announcements-and-notifications/>

Questions?