

State of New Mexico
Energy, Minerals and Natural Resources Department

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NOTICE

RELEASE OF FINAL C-129 and NATURAL GAS MANAGEMENT PLAN FORMS

May 21, 2021

On Tuesday, May 25th, the Oil Conservation Division's new natural gas waste rules, 19.15.27 and 19.15.28 NMAC, will go into effect. An amended Natural Gas Management Plan form will be required for all new APDs for a new or recompleted well. An amended C-129 form and process will be required to report venting and flaring events for emergencies, malfunctions, and events lasting longer than 8 hours.

The forms are attached or linked below. As part of our ongoing collaboration and engagement with stakeholders, the OCD sought feedback on these forms and made adjustments as necessary.

Additional feedback and questions should be sent to: EMNRD.wasterule@state.nm.us.

OCD Natural Gas Management Plan

The OCD designed a Natural Gas Management Plan (NGMP) form which must be attached to each APD for a new or recompleted well submitted on or after May 25, 2021. See Appendix 1.

FAQs for NGMP form:

- 1. Why are operators required to estimate the volume of produced water?** The estimate is required by 19.15.27.9(D)(1)(e) NMAC ("the anticipated volumes of liquids and gas production and a description of how separation equipment will be sized to optimize gas capture.")
- 2. Regarding anticipated schedules, at what point must operators file an update with the OCD if there is a change in operations?** These are anticipated dates; revisions are only required pursuant to 19.15.27.9.D(6)(a) NMAC.
- 3. If an operator cannot connect to a gathering line and must file a "Venting and Flaring Plan", can it use a portion of the natural gas for on-lease power generation or other beneficial use and flare the rest?** Operators must file Venting and Flaring Plans

with the NGMP if they do not have 100% takeaway for their natural gas. OCD will review the plans on a case-by-case basis.

4. **Will OCD allow minor exceptions from the requirements if the operator requires addition time or minor changes?** No. The rule does not authorize “minor exceptions”.
5. **Will OCD consider the anticipated rates and implied gas:oil/oil:water ratios to be confidential?.** No. Confidentiality can be asserted only for Section 2 of the NGMP. See 19.15.27.9(D)(3) NMAC.

Amended Form C-129

The OCD has designed an amended C-129 form for submittal through OCD’s E-permitting system, which can be found at this link:

<https://wwwapps.emnrd.state.nm.us/OCD/OCDPermitting/Default.aspx>

FAQs for C-129 form:

1. **Must operators report all venting and flaring on a C-129?** Operators must report on Form C-129 all venting or flaring from a single event that exceeds 50 MCF and that either (1) results from an emergency or malfunction; or (2) lasts more than 8 hours cumulatively within any 24-hour period. This reporting requirement applies to all venting and flaring, including venting and flaring authorized by an exception in 19.15.27.8(B-D) NMAC or 19.15.28.8(B) NMAC. For a continuous operation under these provisions, OCD considers a “single event” to be each 24-hour period during which venting or flaring occurs. OCD does not expect these continuous operations to exceed 50 MCF on a regular basis and will monitor the frequency and nature of Form C-129s being submitted for these events to evaluate whether the reporting period should be adjusted. While filing of C-129s is required, OCD does not intend to initiate enforcement action for venting or flaring that is authorized by 19.15.27.8(B-D) NMAC or 19.15.28.8(B) NMAC.
2. **Are volume calculations, gas composition analysis representative to the release, and site maps required with every C-129 submittal?** Operators must submit the compositional analysis and estimated volume of vented or flared natural gas with each C-129 form. See 19.15.27.8(G)(1)(b)(iv) & (vi) NMAC. The requirement for a site map has been removed.
3. **Are operators required to submit pipeline gas specifications with every C-129?** No. Pipeline gas specifications are required only if the operator is venting or flaring because natural gas does not meet pipeline specifications. The form has been corrected.
4. **Should the list of “causes” be aligned with the rule?** Yes. The OCD has revised the list for consistency with 19.15.27.8(B-D) NMAC.

5. **Do operators pay a fee to file the C-129 form?** No. There is no fee to file a C-129.
6. **For venting or flaring, over 500MCF in a 24 hour period or qualifies as a major release as defined by 19.15.29.7 NMAC, which requires operators to provide 24 hour notification, what form of communication is required and who should be notified?** Operators who submit the C-129 within 24 hours will satisfy the 24 hour notification requirement as the proper personnel will be alerted by the OCD's system. If the C-129 cannot be submitted within 24 hours, Verbal and Email notifications will need to be directed to the attention of the OCD Environmental Bureau Chief and Incidents Supervisor.

Appendix 1

OCD Natural Gas Management Plan Draft Form

State of New Mexico
 Energy, Minerals and Natural Resources Department

Submit Electronically
 Via E-permitting

Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description Effective May 25, 2021

I. Operator: _____ **OGRID:** _____ **Date:** ____ / ____ / ____

II. Type: Original Amendment due to 19.15.27.9.D(6)(a) NMAC 19.15.27.9.D(6)(b) NMAC Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D

IV. Central Delivery Point Name: _____ [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date

VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: Attach a complete description of Operator’s best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system will will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator does does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name:
Title:
E-mail Address:
Date:
Phone:
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval: