

## New Mexico

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### Administration

1. Agency regulating oil and gas exploration/production: [New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division](#), 1220 S. St. Francis Drive, Santa Fe, NM 87505. Phone: (505) 476-3440, Fax: (505) 476-3462.
2. Contact for regulatory updates: Gabriel Wade, Assistant General Counsel, Oil Conservation Division. Phone: (505) 476-3451. Email: [gabriel.wade@state.nm.us](mailto:gabriel.wade@state.nm.us)
3. Docketing procedure: Upon receipt of a proper application, the Division will hold a public hearing at such time and place as it prescribes, not less than 30 days after filing of the application. The Division Director may appoint members of the staff as Examiners to conduct public hearings.

a. *Emergency orders*

Action by the Division without a hearing. Orders issued without hearing remain in force no longer than 15 days from its effective date. Emergency hearings may be called with shortened notice. [Rule 19.15.2.11 NMAC](#).

b. *Notice*

Dependent on type of proceeding. Minimum of 20 days, except in emergency. By applicant. [Rule 19.15.4.12 NMAC](#).

4. Agency regulating air emissions: [New Mexico Environment Department, Air Quality Bureau](#).
5. Agency regulating water quality: The Oil Conservation Division regulates water quality as it relates to oil and natural gas drilling, processing and transportation.

### License

1. License required: No.
2. Conditions of license: N/A

### Bond/Surety

1. Purpose of surety: To ensure that wells are plugged and abandoned and locations are restored and remediated in compliance with OCD rules. [NMSA 1978, § 70-2-14, Rule 19.15.8 NMAC](#).
2. Plugging and restoration: Yes.
3. Compliance bond required: No.
4. Types of surety accepted: Surety shall be issued by a reputable corporate surety authorized to do business in New Mexico. [Rule 19.15.8.10\(A\) NMAC](#).
5. Conditions of bond:
  - a. Amount per well: Depends on well's depth and location. \$5,000 plus \$1 per foot of depth in major producing counties. \$10,000 plus \$1 per foot of depth elsewhere. [Rule 19.15.8.10\(D\)\(2\) NMAC](#).
  - b. Amount of blanket bond: \$50,000. NMSA 1978, § 70-2-14, [Rule 19.15.8.9\(D\)\(1\) NMAC](#). Single well bond may be required in addition to blanket bond for wells inactive for more than 2 years. [NMSA § 70-2-14, Rule 19.15.8 NMAC](#).
6. Waste Management Facilities: [Rule 19.15.36 NMAC](#).
  - a. Commercial facilities: Greater of (i) \$25,000 or (ii) closure and post closure cost estimate (Note: Existing facilities capped at \$250,000 per facility, except in event of a major modification).
  - b. Centralized facilities: \$25,000 per facility or \$50,000 statewide blanket bond.

#### Land Leasing Information

1. Leasing method: A monthly two part competitive sale, with the first part of the sale being sealed bids that have been received by the Accounting Division of the State Land Office prior to 9:30 am of sale day. Part two is additional tracts by oral auction as listed in the sale notice.
2. Notice method: A lease sale notice is published on the State Land Office website at least three weeks prior to the lease sale and a hard copy is also mailed approximately three weeks prior to the sale to all industry operators that have been placed at their request on the mailing list. An un-official copy of the sale notice is available through [baervan@nmt.edu](mailto:baervan@nmt.edu) or [http://www.nmstatelands.org/Oil And Gas Sales.aspx](http://www.nmstatelands.org/Oil_And_Gas_Sales.aspx).
3. Minimum bidding \$ (per acre): Called a "minimum bonus bid" and set at \$10,000.00 for a standard 640-acre section (a 320 acre tract would be \$5,000.00),

in the restricted (producing) areas. Minimum bonus in the non-restricted (frontier) areas is set at \$1.00 per acre.

4. Qualification of the bidder: No pre-qualifying of bidders except for the assignment of a computer identification number called an OGRID (Oil and Gas Remittance Identification Number).
5. State statutes: [NMSA 1978, § 19-7-1](#), [NMSA 1978, § 19-10-17](#), [NMSA 1978, § 19-10-70](#).
6. Maximum acres: Tracts offered in both restricted and non-restricted areas are limited to a maximum of one full section (approximately 640 acres).
7. Agency in control of leasing: [New Mexico State Land Office](#). Contact: Stephen Wust. Phone: (505) 827-5774. Email: [swust@slo.state.nm.us](mailto:swust@slo.state.nm.us).

#### Setbacks

1. What rules/regulations/policies does your jurisdiction have in regard to well setbacks from private residences and/or other habitable structures for use by humans or animals? There are Siting Requirements for Pits and Below Grade Tanks in [Rule 19.15.17.10 NMAC](#).
2. Are there other sources of information on this matter that you could identify? Surface Owners Protection Act. [NMSA 1978, § 70-12-5](#).

#### Spacing

1. Spacing requirements: Yes. [Rule 19.15.15 NMAC](#), or special pool rules, unless otherwise specified by special pool rules.
  - a. Density: 40 acres for an oil well. SE gas: 160 acres to Top Wolfcamp and 320 acres (with 2 wells allowed per 320-acre unit) Wolfcamp and older. NW gas: 160 acres to base of the Dakota and 640 acres below the Dakota. All other areas 160- acre gas.
  - b. Lineal: 330 feet from spacing unit boundary. Gas: 660 feet from spacing unit boundary 10 feet from any quarter/quarter line in a 160 acre or 320 acre unit; NW gas: 1200 feet from unit boundary, 130 feet from any quarter line and 10 feet from any quarter/quarter line in a 640-acre unit.
2. Exceptions: Yes.
  - a. Basis: When necessary to prevent waste or protect correlative rights. [Rule 19.15.15.13 NMAC](#) . Water floods and pressure maintenance. [Rule 19.15.26.8 NMAC](#).

- b. Approval: District Offices for waterfloods and pressure maintenance; Administrative for other reasons. Any application may be set for hearing.

### Pooling

- 1. Authority to establish voluntary: Yes.
- 2. Authority to establish compulsory: Yes for separate tracts or undivided interests within a spacing unit. [NMSA 1978, § 70-2-17](#) and [70-2-18, Rule 19.15.13 NMAC](#).

### Unitization

- 1. Compulsory unitization of all or part of a pool or common source of supply: For secondary recovery and pressure maintenance only. [NMSA 1978, § 70-7-1](#) through [70-7-21](#).
- 2. Minimum percentage of voluntary agreement before approval of compulsory unitization:
  - a. Working interest: 75%
  - b. Royalty interest: 75%

### Drilling Permit

- 1. Permits required for: All lands.
  - a. Drilling a producing or service well: [Rule 19.15.14 NMAC](#). Permitting on federal lands coordinated with BLM. [Rule 19.15.7.37 NMAC](#).
  - b. Seismic drilling: No.
  - c. Recompletion: Yes. [Rule 19.15.14 NMAC](#). Permitting on federal lands coordinated with BLM. [Rule 19.15.7.36 NMAC](#).
  - d. Plugging and abandoning: Yes. [Rule 19.15.7.14 NMAC](#).
- 2. Permit fee:
  - a. Drilling: None.
  - b. Seismic drilling: None.
  - c. Recompletion: None.
  - d. Plugging and abandoning: None.
- 3. Require filing report of work performed: Yes. [Rule 19.15.7.14 NMAC](#).

4. Sundry notices used: Yes.

#### Vertical Deviation

1. Regulation requirement: Yes. [Rule 19.15.16.7 NMAC](#), [Rule 19.15.16.14 NMAC](#).
  - a. When is a directional survey necessary: When a wellbore deviates more than five degrees in any 500-foot interval and where there exists the possibility that such excessive deviated wellbore exceeds the distance to the nearest outer boundary line of that well's spacing unit.
  - b. Filing of survey required: Yes.
  - c. Format of filing: The operator shall file directional surveys run on a well with the division upon the well's completion.

#### Casing and Tubing

1. Minimum amount required: [Rule 19.15.16.10 NMAC](#).
  - a. Surface casing: Through all usable water bearing strata. Certain areas have specific requirements.
  - b. Production casing: To sufficient depth to ensure protection of all oil and gas bearing strata, including the one(s) being produced. Certain areas have specific requirements.
2. Minimum amount of cement required: Rule 19.15.16.10(B) through (I) NMAC.
  - a. Surface casing: Yes, circulate to surface.
  - b. Production casing: Yes, to ensure protection of all oil and gas bearing strata encountered in the well, including the strata being produced.
  - c. Setting time: 18 hours in some areas; in other areas where cement has reached a comprehensive strength of 500 psi in the "zone of interest" – see Rule 19.15.16.10(G) NMAC.
3. Tubing requirements: Rule 19.15.16.10(J) NMAC.
  - a. Oil wells: Yes, if casing larger than 2 7/8 inches.
  - b. Gas wells: Yes, if casing larger than 3 1/2 inches.

All flowing oil wells and gas wells: set tubing as near the bottom as practical with tubing perforations not more than 250 feet above top of pay.

#### Hydraulic Fracturing

1. Permitting:
  - a. Before drilling: No.
  - b. Before fracing: No.
  - c. How long before: N/A
2. Reporting requirements: Yes.
  - a. Where reported: Form C-103 subsequent [Rule 19.15.7.14\(B\) NMAC](#), Form C-105 [Rule 19.15.16.19\(A\) NMAC](#), Division's Hydraulic Fracturing Disclosure Form [Rule 19.15.16.19\(B\) NMAC](#).
  - b. When reported: Form C-103 (30 days following remedial work); Form C-105 (20 days following completion or recompletion); Division's Hydraulic Fracturing Disclosure (45 days following completion).
3. Source water requirements: No.
4. Mechanical integrity: [Rule 19.15.25.14 NMAC](#).
  - a. Cementing log required: Yes, if well was completed or recompleted.
  - b. Pressure testing: No.
  - c. Pressure monitoring: No.
  - d. Blowout preventer required: Yes, in high pressure areas, areas with unknown pressures, or if operations are within the corporate limits of a city, town or village, or within 1320 feet of habitation, a school or a church. [Rule 19.15.16.12 NMAC](#).
5. Disposal of flowback fluids:
  - a. Retaining pits: No.
  - b. Tanks: Yes.
  - c. Approved discharge to surface water: No.
  - d. Underground injection: Yes.
6. Chemical disclosure requirement:
  - a. Mandatory: Yes but not if not proprietary, trade secret or confidential business information. [Rule 19.15.16.19 NMAC](#).
  - b. Where disclosed: Division's Hydraulic Fracturing Disclosure Form.

- c. When disclosed (pre-fracing, post-fracing, both): Post-fracing.
- d. Time limit to disclose: 45 days following completion.
- e. Information required to be disclosed: A description of the hydraulic fluid composition and concentration listing each ingredient.
- f. Trade secret protection: Yes.
- g. Required disclosure to health/emergency personnel: Does not require the reporting of information beyond the material safety data sheet data as described in [29 C.F.R. 1910.1200](#).

### Underground Injection

1. Agencies that control the underground injection of fluid by well class:

The Oil Conservation Division regulates Class I Non-Exempt, Non-Hazardous Oilfield Waste Wells; Class II Wells, Class III Brine Wells, and Class V Wells.

The New Mexico Environment Department regulates the Underground Injection Control class of injection wells not related to oil and gas operations, and geothermal wells with bottom hole temperatures less than 250 degrees Fahrenheit.

### Completion

1. Completion report required: Yes. [Rule 19.15.16.19 NMAC](#) and [Rule 19.15.7.16 NMAC](#).
  - a. Time limit: Within 20 days following completion.
  - b. Where submitted: Appropriate district office.
2. Well logs required to be filed: Yes. [Rule 19.15.7.16 NMAC](#).
  - a. Time limit: 20 days.
  - b. Where submitted: District office.
  - c. Confidential time period: Yes. 90 days if requested in writing.
  - d. Available for public use: Yes.
  - e. Log catalog available: No, but all logs are currently available on the Division's web site.
3. Multiple completion regulation: [Rule 19.15.16.16 NMAC](#).
  - a. Approval obtained: By District approval of Form C-101 and/or C-103.

4. Commingling in well bore:
  - a. Approval obtained: Administrative in most cases; appropriate cases set for hearing. [Rule 19.15.12.11 NMAC](#).

#### Oil Production

1. Definition of an oil well: Any well that produces less than 100,000 cubic feet of gas per barrel of oil from a pool classified as an oil pool. [Rule 19.15.2.7\(G\)\(6\)](#) and [Rule 19.15.2.7\(O\)\(4\) NMAC](#). In an associated oil and gas pool it is a well that produces less than 30,000 cubic feet per barrel. Rules of the “General Rules and Regulation for the Associated Oil and Gas Pacts of NW and SE New Mexico” as promulgated by R-5353, as amended.
2. Potential tests required: No.
  - a. Time interval: N/A
  - b. Witness required: N/A
3. Maximum gas-oil ratio: 2,000:1.
  - a. Provision for limiting gas-oil ratio: Yes. Top pool allowable times limiting gas-oil ratio for that pool.
  - b. Exception to limiting gas-oil ratio: Yes. After notice and hearing, pool gas-oil ratio could be increased.
4. Bottom-hole pressure test reports required: In some pools.
  - a. Periodical bottom-hole pressure surveys: In some pools.
5. Commingling oil in common facilities: Yes. [Rule 19.15.12.10 NMAC](#). Administrative approval provided that production is accurately measured prior to commingling. Application may be set for hearing if there is diverse ownership and an owner objects, or otherwise at the direction of the Director.
6. Measurement involving meters: In Automatic Custody Transfer and where there is diversified ownership in commingling.
7. Production reports:
  - a. By lease: No.
  - b. By well: [Rule 19.15.7.24 NMAC](#).
  - c. Time limit: 15th day of second month following the month of production.

#### Gas Production



1. Definition of a gas well: Any well that produces from a pool classified as a “gas pool” or produces with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool. In associated pool, it is a well which produces with a gas-oil ratio of 30,000 cubic feet per barrel or more.
2. Pressure base 15.025 psia @ 60 degrees F.
3. Initial potential tests: Yes.
  - a. Time interval: 30 days after Christmas tree installation – unconnected wells. 60 days after initial connection to gas transportation system.
  - b. Witness required: No.
4. Bottom-hole pressure test reports required: Yes. On the discovery well of a new pool and shall report the results of the test within 30 days after the discovery well’s completion. [Rule 19.15.18.9 NMAC](#).
  - a. Periodical bottom-hole pressure surveys: Yes. On or before December 1 of each calendar year the division shall designate the months in which operators shall take bottom hole pressure tests in designated pools.
5. Commingling of gas in common facilities: Yes.
6. Measurement involving meters: All gas must be accounted for by metering or other method approved by the Division. [Rule 19.15.19.9\(A\) NMAC](#).
7. Production reports:
  - a. By lease: No.
  - b. By well: Yes. [Rule 19.15.7.24 NMAC](#).
  - c. Time limits: 15th day of second month following the month of production. Note: gas transporter must file a report of gas taken by the 15th day of the second month following the month the gas was taken.