

Energy, Minerals and Natural Resources Department

- Well Transfers

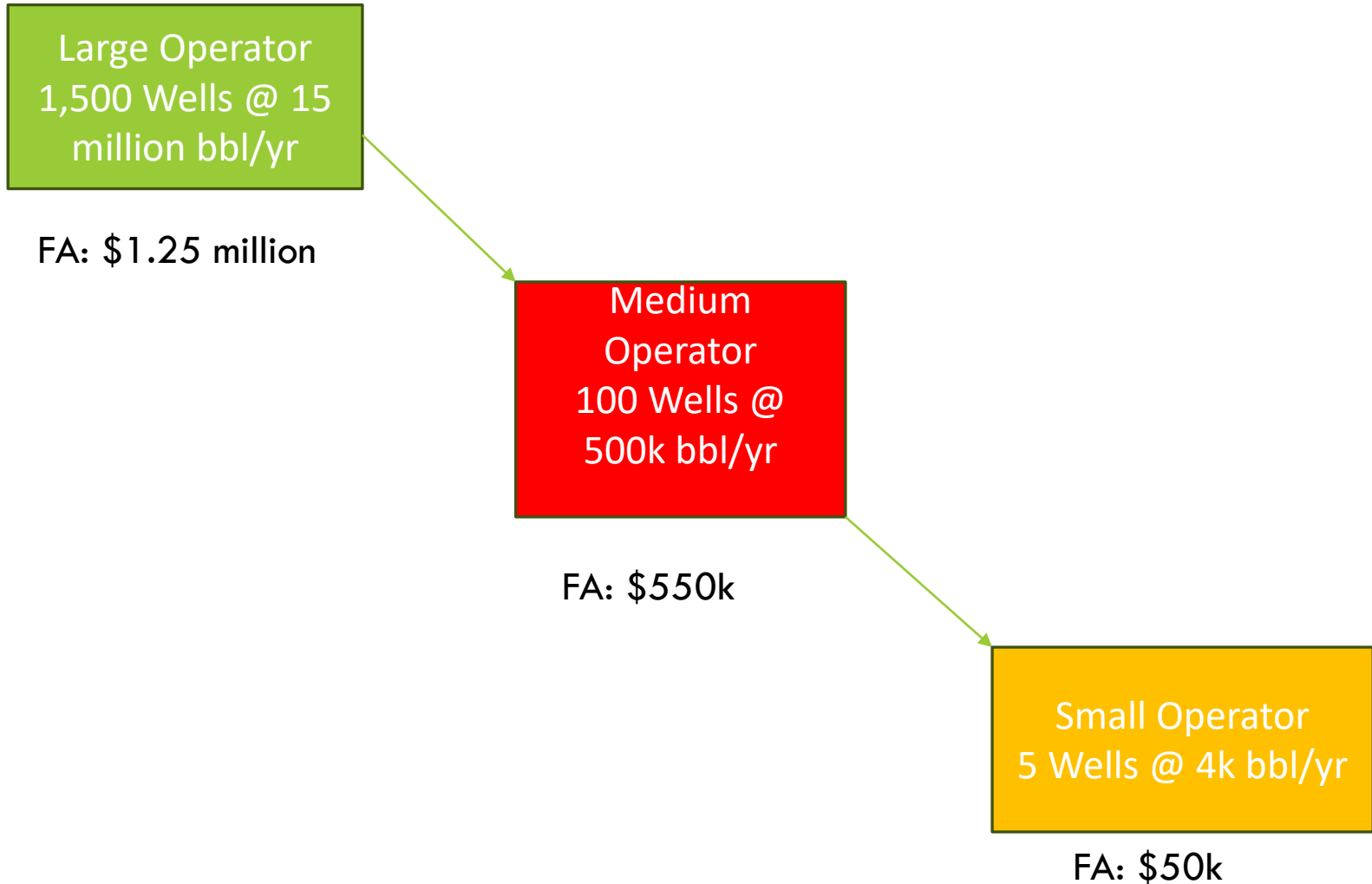
BEN SHELTON, DEPUTY SECRETARY

OCTOBER 28, 2024

Well Transfers Data

- C-145 Forms Received in 2023: 351 transfers approved which contained 2,357 associated wells.
- C-145 Forms Received in 2024: 245 transfers approved which contained 3,083 associated wells.
- Wells are typically transferred to a similar sized companies or a smaller companies as the well production declines over time. This is typically a result of larger companies having larger operating expenses and the smaller companies believing they can produce the wells at a cheaper operating cost. This process slowly transfers wells to lesser capitalized companies. Therefore, towards the end of a well's ownership lifecycle they end up with the operators that typically are the least capitalized to properly plug and reclaim those sites.

The Transfer Cycle



HB 133 (2024)

- The Division may make rules and orders:
- (23) to regulate the transfer of oil and gas wells, including limitations on transfers when:
 - a) the transferor, the transferee or an entity that owns more than a twenty-five percent interest in a transferor or transferee has a significant history of noncompliance with the Oil and Gas Act or rules adopted pursuant to that act, including multiple notices of violations or spills or releases that are not in the process of being corrected or addressed;
 - b) the transferee fails to provide adequate financial assurance as required by the division; or
 - c) the transferee lacks sufficient financial capacity based on known or projected production to manage liabilities associated with the oil and gas wells; or
 - d) the division issues a written finding that the limitations on transfer are necessary for the purposes of mitigating risk to the state from potential inactive or abandoned oil and gas wells;

Other Considerations

- OCC Petition may impact transfer scrutiny:
 - 19.15.9.9 NMAC - The operator of record with the division and the new operator shall apply for a change of operator by jointly filing a form C-145 using the division's web-based online application. If the operator of record with the division is unavailable, the new operator shall apply to the division for approval of change of operator without a joint application. The operator shall make such application in writing and provide documentary evidence of the applicant's right to assume operations; **a certification that the new operator is in compliance with federal and state oil and gas laws and regulations in each state in which the new operator does business; a disclosure of the new operator's aggregate asset retirement obligations, as defined in 19.15.2.7 NMAC, across its operations; a disclosure of any officer, director, partner in the new operator or person with an interest in the new operator exceeding 25 percent, who is or was within the past five years an officer, director, partner, or person with an interest exceeding 25 percent in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC; and a disclosure whether the new operator is or was within the past five years an officer, director, partner, or person with an interest exceeding 25 percent in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.** The new operator shall not commence operations until the division approves the application for change of operator.

Thank You & Questions
