

# Energy, Minerals and Natural Resources Department

## - Waste Rule Update

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# OCD Waste Rule – Refresher

- **Statutory Framework:** Oil & Gas Act directs OCD to protect Correlative Rights, Public Health and the Environment.
  - Within that framework, OCD established robust rules to minimize waste after a multi-year stakeholder process.
- **Phase 1:** initiated natural gas loss reporting.
  - Accurate data critical to establishing meaningful baselines to measure progress.
- **Phase 2:** began in 2022; established enforceable targets for operators to reduce waste.
  - Overall goal: reduce waste to achieve 98% gas capture by 12/31/2026.
  - The rule also prohibits routine venting and flaring at both upstream (production wells & facilities) and midstream (gas gathering pipelines & boosting facilities) facilities.

State Regulation Comparison				
Here's how New Mexico's new rules stack up against other similar oil-producing states				
Rule Specification	New Mexico	North Dakota	Colorado	Oklahoma
Gas capture percentage	98%	91%	No capture percentage, requirements tracked differently in these states	
Regulations for gas gathering pipelines and midstream operations	Yes	No	No	No
Curtailing of production for not meeting targets	Yes	No	No	No
Prohibits routine flaring	Yes	No	Yes	No

# OCD Waste Rule – Key Dates

Date	Requirement
5/25/21	<i>Effective Date of Parts 27 and 28</i>
8/23/21	<i>Midstream Operations Plan and GIS Map of systems requirements take effect.</i>
10/1/21	<i>Operators must begin to gather data for quarterly natural gas venting and flaring reports.</i>
2/15/22	<i>Deadline to submit Q4 2021 natural gas venting and flaring reports to Division.</i>
4/1/22	<i>Operators begin collecting monthly natural gas venting and flaring data using new form C-115.</i>
5/15/22	<i>Deadline to submit Q1 2022 natural gas venting and flaring reports to Division.</i>
6/1/22	<i>Operators first monthly C-115B natural gas venting and flaring report due.</i>
6/1/22	<i>Operators must file a copy of form C-115B with the New Mexico State Land Office re: information about venting and flaring on Division’s website.</i>
2/28/2023 & Each Sub. Year	Deadline to certify compliance with gas capture requirements and compliance schedule as applicable.
12/31/26	All operators must capture not less than 98% of the natural gas they produce or gather in each of the two reporting areas, one north and one south of the Township 10 North line.

# OCD Waste Rule – Progress to Date

- **The majority** of the operators with active production are regularly reporting
  - 88% of the operators reporting in July 2024 have reached the 98% gas capture rate even prior to the 2026 requirement.
- Comparing pre-rule to post-rule OCD has observed:
  - There has been a significant downturn of flaring and venting when compared to production in the state. In 2018 ~2.5% of all gas produced was being vented or flared due to what is called “routine” venting and flaring which is when gas is flared simply for better oil production and not on operational demands. In 2023 that number dropped to less than 0.77% based on mandatory reporting. Using those numbers based on 2023 gas production that increased accounts for 51,213,128 mcf being sold in lieu of being vented or flared. As seen in the graph below 2024 is on track to be even better.

	Capture Percentage	Gas Produced	Gas Sold or used
<b>July 2023 Total:</b>	98.78	3,139,017,797	3,100,657,656
<b>July 2024 Total:</b>	99.29	2,285,903,025	2,269,725,624

- Even with these new requirements kicking-in:
  - New Mexico continues to see a substantial growth in Oil and Gas production.
  - Bottomline, industry is thriving, and we are making progress on methane emissions.