

**TITLE 19       NATURAL RESOURCES AND WILDLIFE**  
**CHAPTER 15   OIL AND GAS**  
**PART 39       SPECIAL RULES**

**19.15.39.1       ISSUING AGENCY:** Energy, Minerals and Natural Resources Department, Oil Conservation Division.

[19.15.39.1 NMAC - N, 12/1/2008]

**19.15.39.2       SCOPE:** 19.15.39 NMAC applies to persons engaged in oil and gas development and production within New Mexico.

[19.15.39.2 NMAC - N, 12/1/2008]

**19.15.39.3       STATUTORY AUTHORITY:** 19.15.39 NMAC is adopted pursuant to the Oil and Gas Act, NMSA 1978, Section 70-2-6, Section 70-2-11 and Section 70-2-12.

[19.15.39.3 NMAC - N, 12/1/2008]

**19.15.39.4       DURATION:** Permanent.

[19.15.39.4 NMAC - N, 12/1/2008]

**19.15.39.5       EFFECTIVE DATE:** December 1, 2008, unless a later date is cited at the end of a section.

[19.15.39.5 NMAC - N, 12/1/2008]

**19.15.39.6       OBJECTIVE:** To regulate oil and gas operations in areas of particular environmental sensitivity in order to provide appropriate protection for fresh water, public health and the environment in those areas.

[19.15.39.6 NMAC - N, 12/1/2008]

**19.15.39.7       DEFINITIONS:** [RESERVED]

[See 19.15.2.7 NMAC for definitions.]

[19.15.39.7 NMAC - N, 12/1/2008]

**19.15.39.8       SPECIAL PROVISIONS FOR SELECTED AREAS OF SIERRA AND OTERO COUNTIES:**

**A.** The selected areas comprise:

(1) all of Sierra county except the area west of range 8 west NMPM and north of township 18 south, NMPM; and

(2) all of Otero county except the area included in the following townships and ranges:

(a) township 11 south, range 9 1/2 east and range 10 east NMPM;

(b) township 12 south, range 10 east and ranges 13 east through 16 east, NMPM;

(c) township 13 south, ranges 11 east through 16 east, NMPM;

(d) township 14 south, ranges 11 east through 16 east, NMPM;

(e) township 15 south, ranges 11 east through 16 east, NMPM;

(f) township 16 south, ranges 11 east through 15 east, NMPM;

(g) township 17 south, range 11 east (surveyed) and ranges 12 east through 15 east,

NMPM;

(h) township 18 south, ranges 11 east through 15 east, NMPM;

(i) township 20 1/2 south, range 20 east, NMPM;

(j) township 21 south, range 19 east and range 20 east, NMPM; and

(k) township 22 south, range 20 east, NMPM; and also excepting also the un-

surveyed area bounded as follows:

(i) beginning at the most northerly northeast corner of Otero county, said point lying in the west line of range 13 east (surveyed);

(ii) thence west along the north boundary line of Otero county to the point of intersection of such line with the east line of range 10 east NMPM (surveyed);

(iii) thence south along the east line of range 10 east NMPM (surveyed) to the southeast corner of township 11 south, range 10 east NMPM (surveyed);

(iv) thence west along the south line of township 11 south, range 10 east

NMPM (surveyed) to the more southerly northeast corner of township 12 south, range 10 east NMPM (surveyed);  
(v) thence south along the east line of range 10 east NMPM (surveyed) to the inward corner of township 13 south, range 10 east NMPM (surveyed) (said inward corner formed by the east line running south from the more northerly northeast corner and the north line running west from the more southerly northeast corner of said township and range);

(vi) thence east along the north line of township 13 south NMPM (surveyed) to the southwest corner of township 12 south, range 13 east, NMPM (surveyed);

(vii) thence north along the west line of range 13 east, NMPM (surveyed) to the point of beginning.

**B.** The division shall not issue permits under 19.15.17 NMAC for pits located in the selected areas.

**C.** Produced water injection wells located in the selected areas are subject to the following requirements in addition to those set out in 19.15.25 NMAC and 19.15.34 NMAC.

(1) The division shall issue permits under 19.15.26.8 NMAC only after notice and hearing.

(2) The radius of the area of review shall be the greater of:

(a) one-half mile; or

(b) one and one-third times the radius of the zone of endangering influence, as calculated under EPA regulation 40 C.F.R. section 146.6(a) or by other method acceptable to the division; but in no case shall the radius of the area of review exceed one and one-third miles.

(3) The operator shall demonstrate fresh water aquifers' vertical extent prior to using a new or existing well for injection.

(4) The operator shall isolate fresh water aquifers throughout their vertical extent with at least two cemented casing strings. In addition,

(a) existing wells converted to injection shall have continuous, adequate cement from casing shoe to surface on the smallest diameter casing, and

(b) wells drilled for the purpose of injection shall have cement circulated continuously to surface on all casing strings, except the smallest diameter casing shall have cement to at least 100 feet above the casing shoe of the next larger diameter casing.

(5) The operator shall run cement bond logs acceptable to the division after each casing string is cemented, and file the logs with the appropriate division district office. For existing wells the casing and cementing program shall comply with 19.15.26.9 NMAC.

(6) The operator shall construct produced water transportation lines of corrosion-resistant materials acceptable to the division, and pressure test the water transportation lines to one and one-half times the maximum operating pressure prior to operation, and annually thereafter.

(7) The operator shall place tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment device having a capacity at least equal to one and one-third times the capacity of the largest tank, or, if the tanks are interconnected, of all interconnected tanks.

(8) The operator shall record injection pressures and volumes daily or in a manner acceptable to the division, and make the record available to the division upon request.

(9) The operator shall perform mechanical integrity tests as described in Paragraph (2) of Subsection A of 19.15.26.11 NMAC annually, shall advise the appropriate division district office of the date and time the operator is commencing a mechanical integrity test so that the division may witness the test and shall file the pressure chart with the appropriate division district office.

[19.15.39.8 NMAC - Rp, 19.15.1.21 NMAC, 12/1/2008]

#### **19.15.39.9 SPECIAL PROVISIONS FOR SANTA FE COUNTY AND THE GALISTEO BASIN:**

**A. Applicability.** The operator shall obtain division approval for an exploration and development plan prior to drilling, re-entering or deepening a well located in the Galisteo basin, and shall operate the wells covered by the exploration and development plan in accordance with the exploration and development plan's requirements until the exploration and development plan is specifically replaced by a special pool order. Approval of an exploration and development plan does not relieve an operator from its responsibility to obtain any permit required pursuant to the Oil and Gas Act for its activities conducted under the exploration and development plan. The operator shall renew an approved exploration and development plan every five years. The Galisteo basin includes:

(1) the surveyed portions of the following sections in Sandoval county:

(a) township 15 north, range 5 east, sections 13 and 25;

(b) township 15 north, range 6 east, sections 10 through 30 and 32 through 36;

26 and 35 and 36;

(c) township 14 north, range 6 east, sections 1 through 4, 9 through 15, 22 through 26 and 35 and 36;

(d) township 13 north, range 6 east, sections 1 and 2;

(2) the surveyed portions of the following sections in San Miguel county:

(a) township 15 north, range 12 east, sections 19 and 29 through 32;

(b) township 14 north, range 12 east, sections 4 through 10, 13 through 24, and 27 through 33;

(c) township 13 north, range 12 east, sections 4 through 9 and 16 through 21;

(3) the surveyed portions of the following sections in Santa Fe county:

(a) township 17 north, range 10 east, sections 35 and 36;

(b) township 17 north, range 11 east, sections 30 through 32;

(c) township 16 north, range 9 east, sections 26, 34 and 35;

(d) township 16 north, range 10 east, sections 1, 2, 10 through 17, 20 through 28 and 33 through 36;

(e) township 16 north, range 11 east, sections 5 through 8, 16 through 21 and 28 through 33;

(f) township 15 north, range 7 east, sections 7 through 9 and 14 through 36;

(g) township 15 north, range 8 east, sections 19 and 22 through 26;

(h) township 15 north, range 9 east, sections 2 through 4, 7 through 10, 14 through 23 and 25 through 36;

(i) township 15 north, range 10 east, sections 1 through 3, 11 through 13, 24, 25, 30 through 32 and 36;

(j) township 15 north, range 11 east, sections 3 through 36;

(k) township 14 north, range 7 east, sections 1 through 19, 21 through 24, 30 and 31;

(l) township 14 north, range 8 east, sections 1 through 10, 12 through 30 and 36;

(m) township 14 north, range 9 east, all sections;

(n) township 14 north, range 10 east, sections 1, 2 5 through 24, 29 and 30;

(o) township 14 north, range 11 east, sections 1 through 28 and 33 through 36;

(p) township 13 north, range 7 east, sections 6 and 7;

(q) township 13 north, range 8 east, sections 1, 12 through 14, 23 through 26, 35 and 36;

(r) township 13 north, range 9 east, all sections;

(s) township 13 north, range 11 east, sections 1 through 4, 9 through 16, 21 through 24, 27, 28, 33 and 34;

(t) township 12 north, range 8 east, sections 1, 2, 11 through 16, 21 and 22;

(u) township 12 north, range 9 east, sections 2 through 11, 13 through 15, 18, 23 and 24;

(v) township 12 north, range 10 east, sections 18 through 20, 29, 30 and 32 through 36;

(w) township 12 north, range 11 east, sections 3, 4, 9, 10, 15, 16, 21, 22, 28, 29 and 31 through 33;

(x) township 11 north, range 10 east, sections 1 through 4;

(4) the un-surveyed area in Santa Fe county bounded by the surveyed portions of township 14 north, range 8 east, sections 1 through 3, 10 and 12 through 15;

(5) the un-surveyed area in Santa Fe county bounded by:

(a) the surveyed portions of:

(i) township 16 north, range 10 east, sections 17, 20, 21, 28, 33 and 34;

(ii) township 15 north, range 10 east, sections 3, 2, 11 through 13, 24, 25 and 36;

(iii) township 14 north, range 10 east, sections 1, 2, 11, 10, 15, 22, 21, 16, 9, 8 and 5;

(iv) township 15 north, range 10 east, sections 32 through 30;

(v) township 15 north, range 9 east, sections 25, 26, 35, 26, 23, 14, 15, 10, 3 and 2;

(vi) township 16, north, range 9 east, sections 35 and 26;

(b) and then from the northeastern corner of the surveyed portion of township 16 north, range 9 east, section 26 to the northwestern corner of the surveyed portion of township 16 north, range 10 east, section 17;

- (6) the un-surveyed area in Santa Fe county bounded by the surveyed portions of:
- (a) township 14 north, range 11 east, sections 19 through 21, 28 and 33;
  - (b) township 13 north, range 11 east, sections 4, 9, 16, 21, 28 and 33;
  - (c) township 12 north, range 11 east, sections 4, 9, 16, 21, 28, 33, 32, 29 and 31;
  - (d) township 12 north, range 10 east, sections 36 through 32, 29 and 20 through 18;
  - (e) township 12 north, range 9 east, sections 24, 13, 14, 11 and 2;
  - (f) township 13 north, range 9 east, sections 36, 25, 24, 13, 12, 1 and 2;
  - (g) township 14 north, range 9 east, sections 35, 36, 25, 30, 29 and 20 through 24;

- (7) the un-surveyed area in Santa Fe county bounded by:

- (a) the surveyed portions of:
- (i) township 13 north, range 7 east, sections 7 and 6;
  - (ii) township 14 north, range 7 east, sections 31, 30, 19 through 16 and 21
  - (iii) township 14 north, range 8 east, sections 30 through 25 and 36;
  - (iv) township 13 north, range 8 east, sections 1, 12 through 14, 23, 26 and

through 24;

35;

- (v) township 12 north, range 8 east, sections 2, 11 and 14 through 16;

- (vi) township 12 north, range 8 east, sections 21 and 22; and

(b) and then from the northwest corner of the surveyed portion of township 12 north, range 8 east, section 16 to the northeast corner of the surveyed portion of township 12 north, range 7 east, and then to the southeast corner of the surveyed portion of township 13 north, range 7 east, section 7.

**B. Application for exploration and development plan.** An operator applying for approval of an exploration and development plan shall file two copies of the application with the division's Santa Fe office and file a copy of the application with the appropriate division district office or offices. The application shall include:

(1) the operator's name, address and telephone number, with an e-mail address and facsimile number if available;

(2) a legal description of the area to be covered by the exploration and development plan including at a minimum the area subject to surface disturbance by the wells or related facilities the operator proposes to install and the operator's good-faith estimate of the productive area, which in no case may be smaller than the applicable spacing unit or units for the proposed wells;

(3) identification of the target zone or zones;

(4) a topographic map of the area to be covered by the proposed exploration and development plan and one half mile beyond the boundary of that area;

(5) a map or maps of the area to be covered by the proposed exploration and development plan and one half mile beyond the boundary of that area plotting the following, with global positioning system coordinates to the sixth decimal point for un-surveyed areas:

(a) state, federal, private or tribal surface ownership;

(b) municipal and county boundaries;

(c) farms;

(d) all buildings and infrastructure including but not limited to highways and roads, railroads, pipelines, power lines, antennas, wind turbines, solar farms and mines (surface and subsurface);

(e) watercourses, sinkholes, playas and unstable areas;

(f) municipal fresh water well fields covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended;

(g) water wells and wellhead protection areas;

(h) all existing oil and gas wells regardless of status, including inactive wells, wells that have been plugged and wells that have been plugged and released; and

(i) the location of proposed exploratory wells and related facilities, including but not limited to tank batteries, gathering lines, waste disposal facilities, compressor stations and access roads;

(6) a hydrogeologic and site report that provides sufficient information and detail on the area's topography, soils, geology, surface hydrology and ground water hydrology to enable the division to evaluate the actual and potential effects on soils, surface water and ground water;

(7) proposed plans for:

- (a) installing monitor wells to determine depth to water and saturated thickness, obtain baseline water samples and detect releases;
- (b) a drilling program describing the air drilling program or mud program to be used;
- (c) a mud-logging program, including submission of a copy of the mud log sheet and a description of the mud-logger's daily report, which shall include at a minimum information on the total depth reached, the footage drilled in the preceding 24 hours, oil and gas intervals, fresh water zones and mud parameters including mud weight, chlorides, funnel viscosity and filtrate properties;
- (d) addressing wastes generated during the drilling and production processes;
- (e) minimizing pad size and consolidating facilities; and
- (f) developing the area if the exploratory wells are productive, including the operator's estimate of the number and location of development wells and related facilities;
- (8) a written contingency plan for all releases, with no exclusion for de minimus amounts, which shall include:
  - (a) best management practices for the prevention and detection of releases and procedures for early detection of releases;
  - (b) instructions for notifying appropriate responders, with a contact list including current names, telephone numbers, e-mail addresses, facsimile numbers and addresses;
  - (c) identification of applicable equipment, materials and supplies available locally or regionally to respond to releases, with advance arrangements for acquiring the equipment, materials and supplies; and
  - (d) response plans based on the severity and nature of the release;
- (9) if cultural resources listed in either the national register of historic places or the state register of cultural properties, known cemeteries or unmarked human burials are located in the area included in the proposed exploration and development plan or within one half mile of the area included in the exploration and development plan, the information in 4.10.7.9 NMAC including a description of the effects the proposed operations may have on these sites and proposed mitigation measures;
- (10) any proposed exceptions to the requirements set out in Subsection B of 19.15.39.10 NMAC and evidence that operating in accordance with the proposed exceptions will prevent waste, protect correlative rights, protect fresh water and protect human health and the environment;
- (11) a proposed legal notice complying with Subsection F of 19.15.39.9 NMAC;
- (12) other information that the division may require to demonstrate that the exploration and development plan will prevent waste, protect correlative rights, protect fresh water, protect human health and the environment, and will assure the division that operation of the exploration and development plan will comply with division rules and division or commission orders; and
- (13) certification by the operator that the information submitted in the application is true, accurate and complete to the best of the operator's knowledge, after reasonable inquiry.

**C. Amendments to exploration and development plans.** An operator shall obtain an approved amendment to its exploration and development plan prior to expanding the area covered by the plan, increasing the number or changing the locations of proposed wells or related facilities or changing the terms of the proposed exploration and development plan. An operator applying for an amendment to an exploration and development plan shall file two copies of the application with the division's Santa Fe office and file a copy of the application with the appropriate division district office or offices. The application shall:

- (1) describe the proposed amendment or amendments;
- (2) update the information provided in the original application pursuant to Subsection B of 19.15.39.9 NMAC; and
- (3) provide a proposed legal notice complying with Subsection F of 19.15.39.9 NMAC.

**D. Renewals of exploration and development plans.**

- (1) An operator applying for renewal of its exploration and development plan shall file two copies of the application with the division's Santa Fe office and file a copy of the application with the appropriate division district office or offices. The application shall:
  - (a) update the information provided pursuant to Subsection B of 19.15.39.9 NMAC; and
  - (b) provide a proposed legal notice complying with Subsection F of 19.15.39.9 NMAC.
- (2) The operator may combine an application to renew its exploration and development plan

with an application to amend the exploration and development plan.

**E. Replacement of an exploration and development plan with a special pool order.**

(1) An operator who has operated wells under an approved exploration and development plan may apply for approval to replace the exploration and development plan with a special pool order. The operator shall demonstrate to the division's satisfaction that the hydrology, geology and reservoir characteristics within the area that the exploration and development plan covers have been sufficiently defined to protect fresh water, human health and the environment.

(2) A special pool order replacing an approved exploration and development plan shall designate a pool applying to a specific producing formation or formations within the area included in the approved exploration and development plan it replaces.

(3) An operator may drill wells within the horizontal and vertical limits of the pool designated by the special pool order and conduct oil and gas operations within the horizontal limits of that pool without obtaining an approved exploration and development plan that would otherwise be required by 19.15.39.9 NMAC. The operator shall comply with the terms of the special pool order and obtain any permits required for its operations required by law.

(4) A well drilled outside the horizontal limits of the pool designated by the special pool order shall not be classified as a development well for the pool designated by the special pool order pursuant to 19.15.15.8 NMAC and is subject to the requirements of 19.15.39.9 NMAC.

(5) An operator applying for approval to replace the exploration and development plan with a special pool order shall file two copies of the application with the division's Santa Fe office and file a copy of the application with the appropriate division district office or offices. The application shall:

(a) describe provisions to be included in the special pool order to protect fresh water and to protect human health and the environment;

(b) update the information provided pursuant to Subsection B of 19.15.39.9 NMAC; and

(c) provide a proposed legal notice complying with Subsection F of 19.15.39.9 NMAC.

**F. Legal notice.** Legal notice of an application for a proposed exploration and development plan or an application to amend, renew or replace an existing exploration and development plan shall be written in English and Spanish and shall include:

(1) the operator's name, address and telephone number, and an e-mail address and facsimile number if available;

(2) a legal and a common description of the area that the exploration and development plan covers;

(3) in the case of an application for an exploration or development plan, a summary of the proposed plan including the number and location of proposed exploratory and development wells and related facilities;

(4) in the case of an application to amend an existing exploration and development plan, a summary of the existing exploration and development plan and a summary of the proposed amendment;

(5) in the case of an application to renew an existing exploration and development plan, a summary of the existing exploration and development plan;

(6) in the case of an application to replace an existing exploration and development plan, a summary of the provisions to be included in the special pool order to protect fresh water and protect human health and the environment;

(7) instructions for viewing the application on the division's website or at the appropriate division district office or offices;

(8) instructions for filing written public comments on the application with the division clerk in the division's Santa Fe office;

(9) if the application has been set for hearing, the date, time and location of the public hearing; and

(10) instructions for being placed on a division contact list to receive notice of future applications and legal notices related to the exploration and development plan.

**G. Application completeness.**

(1) Within 60 days of receiving an application for an exploration and development plan or an application to amend, renew or replace an existing exploration and development plan, the division shall notify the operator in writing of its determination on whether the application is complete. An application is complete if it

contains all the information required by 19.15.39.9 NMAC.

- (2) If the division determines that the application is complete, the division shall:
  - (a) notify the operator in writing that the application is complete;
  - (b) provide the operator with an approved legal notice;
  - (c) provide the operator with a copy of the current contact list of individuals and entities requesting notice of actions related to the exploration and development plan;
  - (d) distribute notice of the application with its next division or commission docket;
  - (e) post the approved legal notice and the application on the division's website, with information that is confidential under NMSA 1978, Section 18-6-11.1 redacted from the application; and
  - (f) provide a copy of the complete application to the state historic preservation officer with a request for review and comment.
- (3) If the division determines that the application is not complete, the division's written notification to the operator shall identify the deficiencies.
- (4) The operator may re-submit an application to correct deficiencies, correct errors or add information. The division's receipt of a re-submittal triggers a new 30 day period for the division to notify the operator of the division's determination on completeness.

**H. Public notice.** Within 20 days of receiving an approved legal notice and the division's determination that an application is complete, the operator shall:

- (1) publish the approved legal notice in English and Spanish in a display advertisement in a newspaper of general circulation in the affected county or counties;
- (2) mail the approved notice by certified mail, return receipt requested, to:
  - (a) holders of mineral interests in the area covered by the exploration and development plan and the area within one half mile of the boundary of the exploration and development plan if they have not already agreed to participate in the exploration and development plan;
  - (b) surface interest owners in the area covered by the exploration and development plan and the area within one half mile of the boundary of the exploration and development plan;
  - (c) the governor, chairperson or president of each tribe, pueblo and nation located in or partially located in New Mexico;
  - (d) the governments of counties and municipalities located within or partially located within the area covered by the exploration and development plan or the area within one half mile of the boundary of the exploration and development plan;
  - (e) the state historic preservation officer; and
  - (f) the department of game and fish; and
- (3) mail the approved notice of hearing by first class mail or transmit the notice of hearing by electronic mail to those individuals and entities on the division's contact list for the exploration and development plan.

**I. Public hearings.**

- (1) The division shall set all applications for approval of exploration and development plans for public hearing, with the public hearing to be set no sooner than 60 days after the operator serves public notice.
- (2) The division may hold a public hearing on an application to amend, renew or replace an existing exploration and development plan. The division may approve the amendment, renewal or replacement administratively unless the director determines that the amendment, renewal or replacement is sufficiently substantial that public notice and public participation are appropriate.
- (3) If the division acts administratively to deny an application to amend, renew or replace an existing exploration and development plan, or acts administratively to approve an amendment, renewal or replacement of an existing exploration and development plan with conditions or terms, the operator may, within 30 days of receipt of the administrative order, file an application for hearing on the application. The division shall set the application for public hearing.
- (4) If the division sets for public hearing an application to amend, renew or replace an existing exploration or development plan, the operator shall submit to the division's Santa Fe office for approval a notice of hearing containing the information required by Subsection F of 19.15.39.9 NMAC and, at least 30 days prior to the hearing date:
  - (a) publish the approved notice of hearing in a newspaper of general circulation in the county or counties in the area that the exploration and development plan covers and within one half mile of the boundary of the area that the exploration and development plan covers;
  - (b) mail the approved notice of hearing by to those persons and entities entitled to

public notice under Paragraph (2) of Subsection H of 19.15.39.9 NMAC; and

(c) mail the approved notice of hearing by first class mail or transmit the notice of hearing by electronic mail to those individuals and entities on the division's contact list for the exploration and development plan.

**J. Plan approvals, conditions, denials, amendments, revocations, renewals, transfers and replacements.**

(1) The division may approve an exploration and development plan for a period not to exceed five years. The division may renew an exploration and development plan for additional periods not to exceed five years.

(2) The division may approve an application for an exploration and development plan or an application to amend, renew or replace an existing exploration and development plan if the operator proves that:

(a) the operator is in compliance with Subsection A of 19.15.5.9 NMAC;  
(b) the application provides the information required by 19.15.39.9 NMAC;  
(c) the operator has provided the notice required by 19.15.39.9 NMAC; and  
(d) approval of the application will prevent waste, protect correlative rights, protect fresh water and protect human health and the environment.

(3) The division may impose conditions on its approval of an application for an exploration and development plan or an amendment or renewal of an exploration and development plan if the division determines that the conditions are necessary to prevent waste, protect correlative rights, protect fresh water and protect human health or the environment.

(4) The division may include provisions in a special pool order that replaces an exploration and development plan if the division determines that the provisions are necessary to prevent waste, protect correlative rights, protect fresh water or protect human health and the environment.

(5) After notice to the operator and hearing, the division may revoke approval of an exploration and development plan and require wells that the exploration and development plan covers to be shut-in if the operator is out of compliance with the exploration and development plan or is out of compliance with Subsection A of 19.15.5.9 NMAC.

(6) If an exploration and development plan expires and the operator has not filed an application to renew the exploration and development plan, the operator shall shut-in the wells that the exploration and development plan covers. If the operator has filed an application to renew the exploration and development plan prior to its expiration, the operator may continue to operate wells that the exploration and development plan covers until a final order is issued on the application for renewal.

(7) The exploration and development plan shall remain in effect until revoked, amended or replaced pursuant to 19.15.39.9 NMAC.

(8) In the event another operator becomes operator of record of wells subject to the exploration and development plan, the new operator shall be bound by the terms of the applicable approved exploration and development plan or special pool order.

(9) Approval of an exploration and development plan or an application to amend, renew or replace an exploration and development plan does not relieve an operator of responsibility for complying with any other applicable federal, state or local statutes, rules or regulations or ordinances.

[19.15.39.9 NMAC - N, 7/16/2009]

**19.15.39.10 ADDITIONAL REQUIREMENTS FOR APPLICATIONS TO DRILL, RE-ENTER OR DEEPEN WELLS SUBJECT TO AN EXPLORATION AND DEVELOPMENT PLAN:**

**A.** An application for permit to drill, re-enter or deepen a well that requires an exploration and development plan pursuant to 19.15.39.9 NMAC shall include the following in addition to meeting the requirements set out in 19.15.14 NMAC:

(1) a permit application pursuant to 19.15.17 NMAC;  
(2) global positioning system coordinates to the sixth decimal point to identify the location of a well to be drilled in an un-surveyed area; and  
(3) any additional information required by the operator's approved exploration and development plan.

**B.** Unless otherwise specified in an approved exploration and development plan, a permit to drill, re-enter or deepen a well that requires an exploration and development plan shall be subject to the following conditions:

(1) the operator shall drill the well using a closed loop system that uses above ground steel



tanks for the management of drilling or workover fluids without using below-grade tanks or pits;

(2) the operator shall not use the on-site closure methods identified in Subsection F of 19.15.17.13 NMAC;

(3) the operator shall run logs from total depth to surface that will determine porosity and water saturation;

(4) a mud-logger shall be on site during drilling from surface to total depth and shall submit the logs and a written report daily to the supervisor of the appropriate district office;

(5) the operator shall isolate all fresh water zones and aquifers throughout their vertical extent with at least two cemented casing strings;

(6) the operator shall circulate cement to surface on all casing strings, except that the smallest diameter casing shall have cement to at least 100 feet above the casing shoe of the next larger diameter casing;

(7) the operator shall run cement bond logs acceptable to the division after each casing string is cemented and file the logs with the appropriate district office; and

(8) the operator of a well awaiting gas pipeline connection shall place that well on approved temporary abandonment status, setting a drillable bridge plug above any open perforations.

[19.15.39.10 NMAC - N, 7/16/2009]

#### **19.15.39.11 SPECIAL PROVISIONS FOR A SELECTED AREA OF THE ROSWELL ARTESIAN BASIN:**

##### **A. Designated area.** The designated area shall comprise:

- (1) the area within the following townships and ranges in Chaves county:
  - (a) township 5 south, ranges 22 and 23 east;
  - (b) township 6 south, ranges 22 east through 24 east;
  - (c) township 7 south, ranges 22 east through 24 east;
  - (d) township 8 south, ranges 21 east through 25 east;
  - (e) township 9 south, ranges 21 east through 25 east;
  - (f) township 9½ south, range 24 east;
  - (g) township 10 south, ranges 21 east through 25 east;
  - (h) township 11 south, ranges 21 east through 26 east;
  - (i) township 12 south, ranges 21 east, 21½ east, and 22 east through 26 east;
  - (j) township 13 south, ranges 21 east through 27 east;
  - (k) township 14 south, ranges 21 east through 27 east;
  - (l) township 15 south, ranges, 21 east through 27 east;
  - (m) township 18 south, range 20 east;
  - (n) township 19 south, range 20 east; and
- (2) the area within the following townships and ranges in Eddy county:
  - (a) township 16 south, ranges 21 east and 23 east through 27 east;
  - (b) township 17 south, ranges 21 east and 23 east through 27 east;
  - (c) township 18 south, ranges 21 east and 23 east through 27 east;
  - (d) township 19 south, ranges 21 east and 23 east through 27 east;
  - (e) township 20 south, ranges 21 east and 23 east through 27 east;
  - (f) township 20½ south, ranges 21 east through 23 east;
  - (g) township 21 south, ranges 22 east through 25 east;
  - (h) township 22 south, ranges 22 east through 24 east; and
  - (i) township 23 south, ranges 22 east and 23 east.

**B. Applicability.** All well drilling commenced after August 29, 2017 from surface locations within the designated area, or which will penetrate the designated area above the base of the San Andres formation, shall be permitted, drilled and operated in accordance with 19.15.39.11 NMAC.

**C. Wells that penetrate the designated area.** For wells that will penetrate the designated area defined in Subsection A of 19.15.39.11 NMAC, the operator shall include in the casing program at least the following.

(1) If a conductor pipe is used, it shall be adequately cemented in place to prevent drainage of fluids from the surface to shallow formations.

(2) The operator shall set a surface casing string, at a minimum, 50 feet below the base of the artesian aquifer, provided:

(a) in areas where the artesian aquifer is not present at depth, or if the well will not be drilled through the artesian aquifer, the hole shall be drilled to the first show of hydrocarbons on a mud log, and the surface casing set no more than 50 feet above the first show;

(b) in areas where the artesian aquifer is present, and the well will be drilled through the artesian aquifer, the operator shall determine the depth for setting of the surface casing string with the concurrence of the district supervisor of the division's Artesia district office; the operator, in its proposed casing program, shall identify the criteria utilized to locate the base of the artesian aquifer and the information supporting the criteria;

(c) the operator shall circulate to surface the cement for surface casing covering all aquifers;

(d) if the cement is not circulated to the surface, the operator shall furnish a cement bond log to the division's Artesia district office, and shall not proceed with drilling until the division approves the cementing;

(e) if the operator encounters significant loss of circulation during drilling within an aquifer, the operator shall immediately notify the division's Artesia district office;

(f) if the operator observes significant inflow of fresh water into the mud pit, the operator shall immediately notify the division's Artesia district office.

(3) If the well is equipped with an intermediate casing string, the operator shall circulate cement on the intermediate casing string to the surface. If the well is not equipped with an intermediate casing string, the operator shall circulate cement on the production casing string to the surface. If cement is not circulated to surface on the intermediate casing string or the production casing string, as applicable, the operator shall determine the cement top and report it to the division's Artesia district office.

**D. District supervisor discretion.** Notwithstanding Subsection C of 19.15.39.11 NMAC, the district supervisor of the division's Artesia district office may:

(1) require a modification of a casing program that provides for an additional water-protection casing string, if the district supervisor finds that the proposed casing program is not reasonably sufficient to prevent fluid movement into or out of the well bore from or to aquifers in the designated area; or

(2) approve a casing program that allows for the setting of the shoe for the water-protection casing string at a different depth than required in Paragraph (2) of Subsection C of 19.15.39.11 NMAC if the district supervisor finds, based on the information and data provided by the operator, that the proposed casing program will adequately protect all fresh water formations the well can reasonably be expected to encounter; and

(3) in either case, attach such conditions of approval as, in the district supervisor's judgment, are reasonably necessary to prevent such fluid movement.

**E. Compliance with statewide rules.** 19.15.39.11 NMAC shall not be construed to relieve the operator of any well from the obligation to comply with any applicable statewide rules, including, but not limited to 19.15.16.9, 19.15.16.10 and 19.15.16.11 NMAC.

**F. Transitional provisions.** Any APD for a proposed well within the designated area that was previously approved and suspended by emergency order of the division shall be reinstated if it meets the requirements of 19.15.39.11 NMAC. Any operator may amend any such APD within one year after the effective date of 19.15.39.11 NMAC to comply with 19.15.39.11 NMAC. If the division reinstates or approves as amended a previously suspended APD, the APD shall continue in force for two years from the date of original approval, plus the number of days that such APD was suspended.  
[19.15.35.11 NMAC - N, 8/29/2017]

## **HISTORY of 19.15.39 NMAC:**

**History of Repealed Material:** 19.15.1 NMAC, General Provisions and Definitions (filed 04/27/2001) repealed 12/1/2008 repealed 12/1/2008.

## **NMAC History:**

That applicable portion of 19.15.1 NMAC, General Provisions and Definitions (Section 21) (filed 07/22/2004) was replaced by 19.15.39 NMAC, Special Rules, effective 12/1/2008.