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FOR IMMEDIATE RELEASE:

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Natural Gas Waste Rules Compliance Update *New Data Portal Increases Transparency*

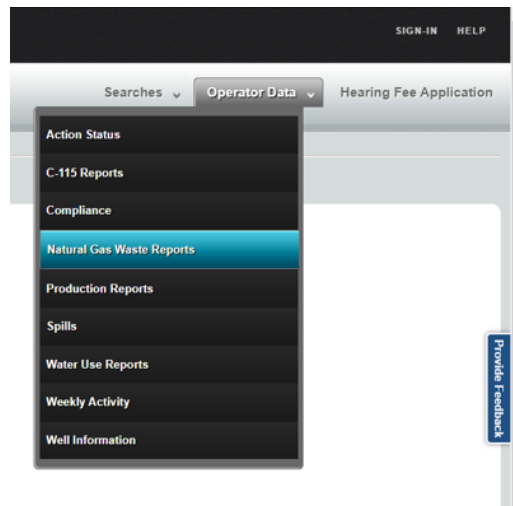
SANTA FE – On May 25, 2021, following two years of public outreach and technical research, the Energy Minerals and Natural Resources Department (EMNRD), [Oil Conservation Division's \(OCD's\) methane waste rules, 19.15.27 and 19.15.28 NMAC](#), went into effect. Those rules require oil and gas operators to capture 98 percent of their produced natural gas by the end of 2026. They also ban routine venting and flaring.

Phase 1 of the rules began in October 2021, requiring robust data collection and reporting to identify natural gas loss at every stage of the oil and gas production and midstream processes to establish a baseline for operators. Since that time, operators had several significant reporting deadlines. On February 15, 2022, and May 16, 2022, operators were required to provide quarterly data reports to the OCD for each covered well's or facility's volume of vented or flared natural gas as specified in 19.15.27.8.G(2) and 19.15.28.8.F(2).

These reports covered the 4th Quarter of 2021 and the 1st Quarter of 2022 and collectively serve to establish an operator's baseline gas capture percentage against which the 2026 target and other substantive requirements are measured. Operators will now enter Phase 2 of the rule which requires attainment of increasing gas capture percentages on an annual basis, culminating in 98 percent gas capture by the end of 2026.

The data required by OCD's rules, for the first time ever, provides the Division with a comprehensive picture of natural gas production and midstream natural gas use and loss across the state. It represents a substantial increase in available information that the OCD previously did not have access to, allowing the Division to better understand the realities of the oil and gas venting and flaring in the field and to investigate issues and anomalies in what is being reported. In connection with these important milestones, the OCD makes several follow-up announcements.

First, based on reported data, OCD is publishing operators' baseline gas capture percentages on our website. Baseline information, as well as the public data portal for access to waste rule data, is now available in the [e-Permitting system](#). This first-of-its-kind comprehensive dataset provides a more complete picture of oil and natural gas operations, which better enables OCD's oversight and enhances public transparency. The screen shot below shows where these reports can be accessed by the public using the link above.



As part of its ongoing review and due diligence with the newly reported data, the OCD has recognized various data integrity issues and is actively working to address them. Given the number of operators reporting greater than 100% gas capture, OCD has determined it was appropriate to invoke the third-party audit provisions in 19.15.27.9.C NMAC and require ten companies to perform a third-party audit of their data using an independent company approved by the Division. The results of any such audit will be provided to the OCD for further action. Additionally, OCD has sent out 74 letters to operators who reported over 100% gas capture on either their first or second quarterly report. If no independent actions are taken by the operators to correct their data, the Division may require additional third-party audits and take any other associated compliance actions as necessary. OCD determined these steps were necessary because it is simply not possible for an operator to achieve gas capture percentages over 100%.

In addition to the audit letters, OCD issued 9 Notices of Violations and 154 warning letters to operators who have failed to file the second quarterly report. As with the first round of quarterly reporting, OCD published an updated list of non-reporting and reporting operators on its website at this [link](#). Companies in receipt of a warning letter for failure to report may be subject to future enforcement if they fail to take corrective actions. While OCD remains concerned about the number of non-reporting operators, the operators who have reported account for more than 98.9% of all the gas produced in New Mexico. This means the data we are collecting is providing a comprehensive view of production.

Non-Reporting NOVs

Operator ID	OPERATOR NAME	Wells requiring reporting	Facilities requiring reporting	Operator Production in mcf	Statewide Production PERCENT	Statewide Wells Percent
Operators Who Failed to Report in Quarter 1, 2022 and Above 100,000mcf Total Production						
330238	SOLIS PARTNERS, L.L.C.	593	0	291,194	0.05%	1.00%
329319	LH OPERATING, LLC	548	0	179,699	0.03%	0.93%
36845	RODDY PRODUCTION CO INC	29	0	148,837	0.03%	0.05%
190595	ENDEAVOR ENERGY RESOURCES, LP	110	1	100,424	0.02%	0.19%
Top 5 Operators who have failed to report in both Combined Quarters by total production						
328741	WAPITI OPERATING, LLC	842	6	3,480,839	0.59%	1.43%
9974	HANSON OPERATING CO INC	36	0	12,744	0.00%	0.06%
119305	RAY WESTALL OPERATING, INC.	86	0	6,029	0.00%	0.15%
265378	GEORGE A CHASE JR DBA G AND C SERVICE	367	0	2,766	0.00%	0.62%
311845	ONSHORE ROYALTIES, LLC	22	0	46,656	0.01%	0.04%

Finally, OCD identified two operators with reported gas capture percentages less than 60%. OCD directed those operators to provide plans to come into compliance with the waste rules within 30 days, as required by its rules. Failure to do so will subject those operators to enforcement.

One year into rule implementation, the OCD continues to appreciate those operators that have reached out with questions and ultimately reported timely, accurate data. OCD encourages operators to continue reaching out if they have complications with submissions or with any questions or feedback to OCD.Engineer@state.nm.us. Individuals can also contact the OCD at OCD.Enviro@state.nm.us for any compliance concerns.

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The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

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