

COMMITTEE REPORTS

REGULATORY PRACTICES COMMITTEE

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TEXAS

- Revised Flaring Data Sheet (new Form R-32) Approved: On November 4, the full Commission approved Staff's recommendation to adopt a new version of the flaring data sheet and name it Form R-32. The several trades and the Texas Methane & Flaring Coalition (TMFC) were heavily involved in the process. This revision will cause applicants to provide much more information when requesting a flare permit and to justify the need for an exception.
- Texas Methane & Flaring Coalition Update: The multi-organization TMFC group is meeting regularly and PBPA RPC members are active participants. The TMFC, with PBPA support, has provided comments to the RRC regarding the proposed SWR 32 flaring permit application, definitions of "routine flaring" and other support.
- Cementing: The cementing initiative seems to have abated. Several discussions have been held with RRC staff concerning Statewide Rule 13; industry is unanimously of the opinion the rule is working and does not need revising. No action is expected at this time.
- Flaring Reduction: A process was presented to RPC that may reduce flaring volumes and associated environmental and resource impacts that is especially applicable to gas-lifted horizontal shale wells. This process was conducted on multiple trials with the knowledge of RRC. The process is considered a production operation consistent with conserving natural resources during temporary interruptions to normal production which would otherwise cause flaring of gas. The review of the process will be conducted on the call for those present. Certain regulators are strongly supporting this process and support presenting this to the RPC membership
- TCEQ's "FIND IT AND FIX IT" Air Initiative in the Permian: The TCEQ is launching a new program in the Permian Basin to encourage oil and gas companies to comply with air quality rules and regulations. Effective now through January 31, 2021, TCEQ's Office of Compliance and Enforcement is implementing a "find it and fix it" initiative to help oil and gas facilities operating in the 61 counties of the Permian Basin meet air quality standards and come into compliance with state rules and regulations. Under the TCEQ's "find it and fix it" program, starting on the date an operator submits their notification form, they will have 180 days to return their facility to compliance as outlined in the compliance plan. The TCEQ has outlined other steps on how to participate in the temporary program, which have been provided to RPC members.

NEW MEXICO

Oil Conservation Division:

- NMOCC has agreed to hear a request by the Wild Earth Guardians for a rulemaking to amend 19.15.29.20 NMAC Spill Rule "to regulate the disposition, handling, transport, storage, recycling, treatment and disposal of produced water...in a manner that protects public health, the environment, and fresh water resources." The rules currently do not prohibit spills or releases of produced water. "The proposed rule would fill that glaring regulatory hole by specifically prohibiting the spilling or releasing of produced water". This hearing has been set for April 1, 2021.
- Waste Rules: NMED and NMOCD issued their preliminary methane and waste rules on July 20th. PBPA is finalized and filed comments on September 16th. The OCD has issued their waste rules and a hearing will be held beginning January 4th through the 15th to hear final comments and most likely send the final rule to the OCC for approval.

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REGULATORY PRACTICES COMMITTEE CONTINUED

As to the ED rule, we are hearing that nothing will be forthcoming before the end of the first quarter 2021. PBPA is reviewing for participation at the OCC waste rule hearing.

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State Land Office

- State Land Office: It has also been confirmed that the SLO is charging a fee for storage of salt water in the pore space under their lands from offsetting SWDs. This issue has mostly resolved itself as operators have either moved wells more than ½ mile from SLO surface or have agreed to pay the fees. One case is still unresolved that is waiting to go before the OCC.
- SLO will begin looking at Archeology rules again in early 2021. We continue to request the stipulations for arch surveys be identical to BLM's stipulations to maintain consistency.
- Bonding: Commissioner Garcia Richards believes bonding is inadequate to plug and reclaim all the wells on SLO land and believes "taxpayers and our state trust land beneficiaries are on the hook for potentially millions of dollars". SLO has established an advisory committee to discuss bonding on SLO lands. "The goal is to understand where there are gaps in energy bonding, where we should be sensitive to potential duplication, how bonding can best be accomplished, etc." First meeting was held on for September 29th with discussions around the purpose of bonds and the financial instruments that industry uses to gain compliance. Second meeting was held Friday October 30th. Discussion was around industry's need for the context of what the OCD is actually wanting to be bonded. SLO alluded to wanting P&A bond along with surface reclamation. Both industry and the OCD representatives agreed that OCD has that legal authority. SLO has asked industry to come up with reclamation costs on various scenarios to help them understand the actual cost of reclamation. The ultimate goal is to get authority to increase the bond for reclamation at the SLO.

Bureau of Land Management

- Dear Operator Letter regarding Venting and Flaring: A letter from the BLM was issued to operators clarifying the Waste Prevention Rule pertaining to the loss of gas through venting, flaring, and leaks, and to reinstating NTL-4A with respect to venting, flaring, and avoidably/unavoidably lost determinations.
- ROW Bond: BLM bonding for ROW continues to grind along. Carlsbad BLM wants to use a simple statewide bond for all ROWs, but no word yet if that will be done or bonds for individual ROWs will be required. Industry reps met with BLM staff from both NM and DC. DC staff has yet to respond to industry's questions and concerns.
- Wyoming court strikes Obama-era methane leak regulation: On October 8, 2020, a federal judge in Wyoming struck down an Obama-era regulation targeting methane leaks, arguing that the BLM "exceeded its statutory authority with the regulation."
- Carlsbad RMP: Carlsbad Resource Management Plan is still under review in Washington DC. No date on when it will be released.