



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

Vol 4., Issue No. 21



Members,

Welcome to December! In this version of the Standard, we wanted to provide you updates on several agency actions in Texas and New Mexico, as well as keep you informed of opportunities to impact your community (TxDOT survey) and your company (MC PPDC classes). As always, if you have any questions regarding the following, don't hesitate to let us know:

- TxDOT I-20 Survey
- RRC: Critical Designation of Infrastructure
- RRC: LoneStar Webinars
- OCD: Final ALARM Guidance & C-115B Reporting Notice
- OCD: Seismicity Protocols
- Midland College PPDC Training Courses

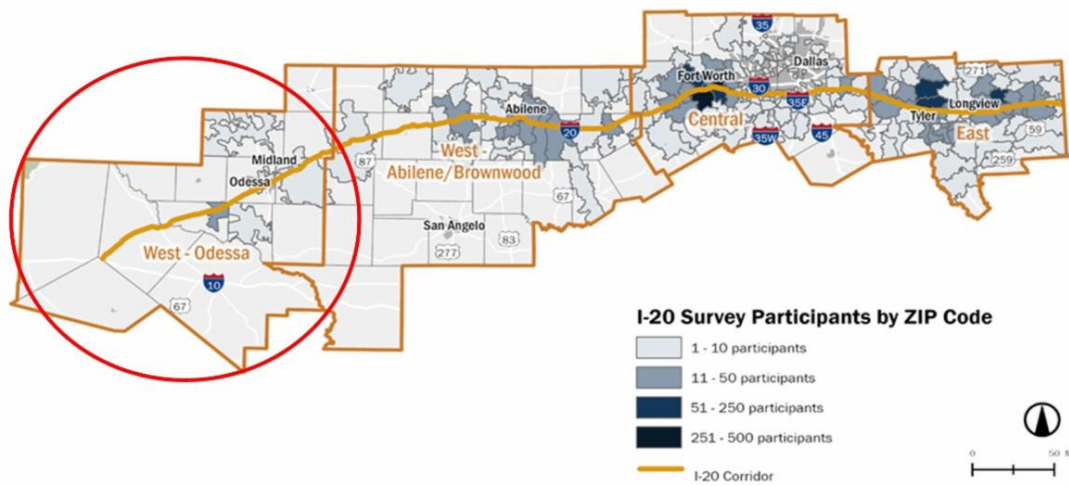
Regards,

Ben Shepperd



TxDOT I-20 Survey

The Texas Department of Transportation (TxDOT) has begun a study of the entire I-20 Corridor in Texas. This coincides with a lot of work now getting underway in the Midland-Odessa area also on the interstate. To make sure the Permian Basin is well represented in the survey, and in coordination with MOTRAN and the Permian Basin Coalition, we are encouraging everyone to participate in the survey. More participation is needed from our region as currently participation from folks in the Permian Basin is trailing participation from other regions.



The survey will take less than 5 minutes of your time, but could help tremendously with traffic congestion in the future.

I-20 Survey



Critical Designation of Natural Gas Infrastructure

On Tuesday, November 30, 2021, the Railroad Commission of Texas (RRC) adopted the following:

[Adoption of new 16 Texas Administrative Code §3.65, relating to Critical Designation of Natural Gas Infrastructure, and amendments to §3.107, relating to Penalty Guidelines for Oil and Gas Violations.](#)
[Adoption of corresponding Forms CI-D and CI-X.](#)

In addition, [the RRC shared a letter they have sent to the PUC](#) regarding proposed tiers of natural gas critical customers for load shed purposes.

This one pager summary of the rule might be helpful: [One Pager](#)

We have inquired with the Commission about holding compliance workshops. Note that the effective date of the rule is Dec. 20th and the deadline for the first filing is January 15th.

PBPA will be working through our committees to visit and discuss implementation and more next week. If you are interested in being part of those discussions, please let us know.

RRC Hosts Preparing for LoneSTAR Webinars in December & January

The RRC will also host two free webinars entitled *Preparing for LoneSTAR* on December 8, 2021, and January 5, 2022. Both webinars will begin at 10 a.m.

The webinars will inform and train oil and gas and pipeline operators on actions needed to prepare for the first release of the LoneSTAR application. Presentation topics include:

- what data is being collected for existing officers and filing agents to ease LoneSTAR account setup,
- how RRC's Access Management Process (RAMP) and RRC Online System accounts are different, and
- how RAMP access to LoneSTAR is related to RAMP access to RRC's Case Administration Service Electronic System (CASES) and Pipeline Inspection, Permitting, & Evaluation System (PIPES).

The first LoneSTAR release, scheduled to go live in early 2022, will include the process for filing a new Form P-5, *Organization Report*, which is required to become an oil or gas operator or pipeline operator under the jurisdiction of the RRC. Also included in the first release is the Form W-3C, for *Certification of Surface Equipment Removal for an Inactive Well*.

To register for one of the sessions, visit the RRC Zoom website at:

- Wednesday, December 8, 2021: https://www.zoomgov.com/webinar/register/WN_2_jKpbOfSoO4u0sn7ySqKA or,
- Wednesday, January 5, 2022: https://www.zoomgov.com/webinar/register/WN_z7ALSoR7Tte3-kWKlWjLqW.



OCD Final ALARM Guidance & C-115B Reporting Format Notice

On Monday, November 29, 2021, the New Mexico Oil Conservation Division (OCD) provided the following notices:

GUIDANCE FOR ALARM TECHNOLOGY APPROVAL AND ALARM CREDIT APPLICATION

In accordance with 19.15.27 and 19.15.28 NMAC, an operator may earn credits to offset a portion of its annual volume of lost gas by using a division-approved Advanced Leak and Repair Monitoring (ALARM) technology to identify, isolate, and repair natural gas leaks.

Operators or other companies may propose new, emerging, or proprietary monitoring technologies for the division to evaluate for approval as an ALARM technology. The Oil Conservation Division (OCD) received and has considered stakeholder feedback on a draft Technology Applications Guidance released in October 2021. As a result of this collaborative process, OCD is providing the finalized guidance, which has been posted to the OCD's Announcements web page. The Guidance describes suggested baseline information an Operator or other entity should provide to the OCD about a technology it proposes for approval as an ALARM technology.

An operator that successfully isolates and repairs a leak or release detected by an approved ALARM technology may apply to OCD to obtain offset credits against its annual volume of lost gas. In October, OCD sought and received stakeholder feedback on a draft Credit Application Guidance that described the information an Operator must provide to the division. As a result of this collaborative process, OCD is providing the finalized guidance, which has been posted to the OCD's Announcements web page. Operators may begin earning offset credits in April 2022. Offset credits are valid for 24 months after OCD approval. The OCD is developing electronic forms for both the ALARM Technology Approval application and the ALARM Credit application. Applications for OCD approval of an advanced monitoring technology can start being submitted once OCD posts the electronic Technology Approval application. Such entities may request a pre-application meeting with OCD in the interim if they wish. The Credit application will have similar format as OCD's Form C-129. OCD will provide notice when the electronic forms are available.

[ALARM Credit Application](#)

[ALARM Technology Application](#)

FORM C-115B MONTHLY NATURAL GAS WASTE REPORTING FORMAT

In accordance with 19.15.27 and 19.15.28 NMAC, beginning in April 2022, for each well or facility, the Operator shall separately report the volume of vented natural gas and volume of flared natural gas for each month in the categories specified in 19.15.27.8.G(2) and 19.15.28.8.F(2). The Operator shall report zero when

no venting or flaring has occurred. In an Operator's initial report, it shall provide the methodology used to report the volumes and shall report changes in the methodology on future forms. The Operator shall make and keep records of the measurements and estimates, including records showing how it calculated the estimates, for no less than five years and make such records available for inspection by the division upon request.

Since October 1, 2021, OCD has required Operators to gather data for quarterly reporting of volumes of natural gas vented or flared from each well or facility using the same categories specified for monthly reporting in 19.15.27.8.G(2) and 19.15.28.8.F(2). An Operator must submit its quarterly reports to OCD by February 15, 2022, for the fourth quarter of 2021 and May 15, 2022, for the first quarter of 2022.

On September 14, 2021, OCD published Notice of the Quarterly Reporting Requirements and released an Excel Spreadsheet template for operators to use to file their quarterly reports. [Part 27 Quarterly Venting and Flaring Report](#) and [Part 28 Quarterly Venting and Flaring Report](#).

OCD currently is developing an electronic C-115B form for Operators to use to report their monthly venting and flaring volumes in accordance with 19.15.27 and 19.15.28 NMAC.

OCD expects to release a draft electronic C-115B form for review and comment by December 15, 2021. OCD anticipates the electronic monthly reporting form will closely resemble the quarterly report Excel spreadsheet. The report format will be a flat file or individual entry using Graphic User Interface (GUI). Unlike the existing C-115 form, the new C-115B form will allow an operator to make line-item corrections without withdrawing and replacing the entire report. OCD will publish additional guidance, as appropriate, when it releases the new electronic C-115B reporting form.

OCD Seismicity Protocols

On Tuesday, November 23, the OCD released a guidance and protocol for responses to seismic events. By this guidance, the OCD hopes to prevent, mitigate and reduce seismic activity caused by UIC class II injection disposal wells for produced water and other fluids generated during oil and gas production. The notice outlines OCD immediate response protocols for UIC disposal well operators to follow, including both reporting and operational requirements, and the next steps the OCD will take if seismic activity continues in a given area.

The notice details the following actions taken by the OCD:

- Pending permits will require additional review in the area south of Malaga along the state line (referred to in the notice as County Line Seismic Response Area);
- A statewide response protocol that includes the following:
 - Category 1 reporting and monitoring measures will be required when two magnitude 2.5 events occur within 30 days and within a 10 mile radius: within 10 miles of the epicenter operators will be required to provide weekly reporting of daily injection volumes and average daily surface pressure, digitally measure injection volume and pressure, provide an analysis identifying the perforated injection interval and formation tops, and share monitor data with OCD when requested. Additional requirements may be added if determined appropriate by the OCD.
 - Category 2 goes into effect if one magnitude 3.0+ event occurs: for a magnitude 3+ event operators must follow all protocols of Category 1 plus implement a 50% injection rate reduction within 0-3 miles, and a 25% reduction between 3-6 miles. For a 3.5+ event operators must follow all protocols of Category 1 plus shut-in operations at 0-3 miles, and implement at 50% rate reduction at 3-6 miles, and a 25% rate reduction at 6-10 miles.

Pertinent documents include the following:

[Seismicity Guidance](#)

[Final Seismic Form](#)

[Induced Seismicity Immediate Response Plan](#)

PBPA has been working with our members, other trade associations, and the OCD on this matter. If you have any questions about the above, please let us know.



The Midland College Petroleum Professional Development Center (MC PPDC) provides quality training programs designed to keep oil and gas industry professionals current in their areas of expertise by offering the latest industry updates, as well as providing timely and pertinent educational opportunities. Click the below links for upcoming classes being offered by the MC PPDC in the coming months.

Please take special notice of a relatively new class being offered on Environmental, Social, and Corporate Governance (ESG). ESG has major business implications, while also causing the need for long-term financial sustainability and operational transparency planning. It is better for our industry to be pro-active in their reporting and telling their own story instead of being on the defense. For too long oil & gas has been the “guy in the black hat” and we need to be aggressive in sharing our environmental and community accomplishments instead of meekly announcing our accolades.

On Monday-Tuesday, December 13-14, 2021 MC PPDC will have a class on ESG.

Environmental, Social, and Corporate Governance (ESG) Fundamentals & Application will be held from 8AM-5PM. Registration is available online <https://mce.midland.edu> > Oil & Gas Training or by calling 432-683-2832.

All classes are held in-person at the PPDC unless designated “online” in the course description.

[Training Guide](#)

[Risk Management](#)

[ESG Fundamentals](#)

