

State of New Mexico  
Energy, Minerals and Natural Resources Department

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## **NOTICE**

# **INFORMATION ON C-115Bs and C-115s INCLUDING FREQUENTLY ASKED QUESTIONS, REPORTING CODES AND CALCULATION METHODS.**

**April 19, 2022**

As part of ongoing stakeholder engagement, the Oil Conservation Division (“OCD”) provides guidance, information, and answers Frequently Asked Questions (“FAQs”) regarding the Natural Gas Waste Rules, 19.15.27 and 19.15.28 NMAC, which went into effect on May 25, 2021. This FAQ and Guidance specifically addresses C-115B reporting and its relationship to C-115 reporting.

Going forward, OCD will release additional and/or updated FAQs and Guidance as necessary. To help identify areas where such additional guidance would be helpful, please continue to submit questions to: [OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)

### **Disclaimer**

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### **C-115 Production Reporting**

#### **Question #1 What should be reported as gas produced on the C-115?**

All gas produced from the well is required to be reported on the C-115 and is regulated by 19.15.19.9 NMAC. The disposition codes may vary depending on how the gas is being used. All Disposition Codes should be accurately reported and accounted for on the production side of the C-115. Balancing of the total production and disposition codes is crucial when reporting the C-115 as it affects both the C-115 and the C-115B reporting, which ultimately informs operator baselines and compliance with our rules.

There are no exceptions, all gas types should be properly reported on both the production and disposition side of the C-115.

Example: Gas reported as vented from pneumatics, maintenance, gas lift and stock tanks needs to be included in both the Production side (Column 14) and the Disposition side of the C-115 (Columns 16, 17, 18, 20 and 22). An example of the proper columns is highlighted below.

<u>Production Side of C115</u>					<u>Disposition Side of C115</u>										
INJECTION		PRODUCTION			DISPOSITION OF OIL, GAS, AND WATER										
8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
	Volume	Pressure	Oil/condensate produced	Barrels of water produced	MCF Gas Produced	Days Produced		Point of Disposition	Gas BTU or Oil API Gravity	Oil on hand at beginning of month	Volume (Bbls/acre)	Transporter (Grid)	Oil on hand at end of month		

### Rule Citation

#### 19.15.19.9 GAS FROM GAS WELLS TO BE MEASURED:

*A. The transporter of gas produced shall account for the gas by metering or other division-approved method and report it to the division. The owner or operator of the gas transportation facility shall report gas produced from a gas well and delivered to a gas transportation facility. The well operator shall report gas produced from a gas well and required to be reported by 19.15.19.9 NMAC that is not delivered to and reported by a gas transportation facility.*

### C-115 and C-115B Reporting Correlation

#### Question #2: How should pneumatics and Stock tank vapors be reported on the C-115?

Gas reporting of pneumatic devices and tank vapors on the C-115 is regulated by 19.15.19.9 NMAC. All gas produced from the well is required to be reported. The disposition codes may vary depending on how the gas is being used. Gas from pneumatics should be reported on the disposition code “used on lease” and gas vented from tanks should be reported as “gas vented”.

#### Question #3: How should Gas lift be reported on the C-115B and C-115?

For reporting on the C-115, all gas produced from the well is required to be reported, both on the production side and the disposition side. Gas from Gas Lift should be properly reported as produced gas from the well and then properly reported on the “Gas Lift” disposition code. If any gas from the gas lift is vented or flared during the process, the gas should be reported on the G disposition code in the C-115. Any gas that is part of the gas lift that is not reinjected should then be accurately reported in the C-115B.

### Reporting to Other Agencies

**Question #4: How should an Operator report to the State Land Office (SLO) pursuant to 19.15.27.8.G(4) NMAC?**

Operators should work with the SLO to understand the format they would like the information submitted.

**Reporting Gas volumes.**

**Question #5: How should operators round gas volumes on the C-115B that are less than 1 MCF?**

We understand that operators may be utilizing standard rounding principles when they report. That approach is fine in the interim; however, OCD is looking at this issue and will provide additional guidance, if necessary.

**Question #6: How is the OCD going to handle gas volumes that are amended on the C-115 or C-115B after the baseline percentages are established, specifically if that amendment will change the baseline percentage?**

OCD is evaluating potential long-term solutions that will require written verifications prior to changing a baseline percentage. Once finalized, OCD will announce the change and any associated process.

**Question #7 If an operator doesn't vent or flare gas do they still need to file a C-115B?**

Yes. The reporting obligation applies to any New Mexico operator with qualifying wells or facilities, regardless of if sites vented or flared in the covered reporting period. Operators should report 0 for a well or facility reporting category if there has been no venting or flaring during the reporting time period. However, prior to reporting zeros ensure your operations do not vent or flare, including from sources like stock tanks, maintenance events, pneumatics, etc. See Well and Facility Reporting Rules in the appropriate user guide <https://www.emnrd.nm.gov/ocd/ocd-e-permitting/>.

**Question #8 Where is the change of custody point for C-115Bs for Upstream vs Midstream**

Custody transfer occurs at the sales meter at which taxes and royalties are paid. Operations upstream of the sales meter are regulated under Part 27; Operations downstream of the sales meter are regulated under Part 28.

**Question #9 How do operators report on the C-115B, or where can we access the form?**

Please see the appropriate user guide <https://www.emnrd.nm.gov/ocd/ocd-e-permitting/>

**Question #10 What are OCD's guidelines on methods used to estimate volumes?**

The OCD rules state Operators "may estimate the volume of vented or flared natural gas using a methodology that can be independently verified". OCD recommends using methods that are accepted in industry and independently verifiable by a third-party

reviewer. Some methodologies may be standards or formulas from organizations such as API, EPA, or other similar tools.

### C-115 and C-115B Reporting Code Crosswalks

Below is a basic description of the C-115 Non-Transported Disposition codes and a crosswalk on how the disposition codes relate between the C-115 and C-115B.

C-115 Non-Transported Disposition Codes.

Code	Code Title	Brief Description
F	Flaring	For gas that is flared
G	Gas Lift	For gas from Gas Lift
L	Lost	Gas unintentionally vented (Typically due to a malfunction or emergency)
R	Repressurizing	When repressurizing a well or system
U	Used on Property	Gas used beneficially onsite
V	Venting	Gas intentionally vented onsite
O	Other	Any item not described above.

Code Crosswalk

C-115B Codes	C-115 Gas Disposition Codes
<b>Beneficial Use</b>	Used on Property
<b>Emergency: 19.15.27.8(G)(2)(a) NMAC</b>	Lost
<b>Natural Gas Not Suitable for Transportation or Processing (N<sub>2</sub>, H<sub>2</sub>S, or CO<sub>2</sub>): 19.15.27.8(G)(2)(h)(i) NMAC</b>	Venting or Flared
<b>Venting as Result of Normal Operations of Pneumatic Controllers and Pumps: 19.15.27.8(G)(2)(i) NMAC</b>	Used on Property
<b>Venting And Flaring From an Exploratory Well: 19.15.27.8(G)(2)(l) NMAC</b>	Venting or Flared
<b>Other Surface Waste: 19.15.27.8(G)(2)(m) NMAC</b>	Venting or Flared

<b>Non-Scheduled Maintenance or Malfunction: 19.15.27.8(G)(2)(b) NMAC</b>	Venting or Flared- for Maintenance, Lost- for a Malfunction.
<b>Routine Repair and Maintenance: 19.15.27.8(G)(2)(c) NMAC</b>	Venting or Flared
<b>Routine Downhole Maintenance: 19.15.27.8(G)(2)(d) NMAC</b>	Venting or Flared
<b>Manual Liquid Unloading: 19.15.27.8(G)(2)(e) NMAC</b>	Venting or Flared
<b>Storage Tanks: 19.15.27.8(G)(2)(f) NMAC</b>	Venting or Flared
<b>Insufficient Availability or Capacity: 19.15.27.8(G)(2)(g) NMAC</b>	Venting or Flared
<b>Natural Gas Not Suitable for Transportation or Processing (O2): 19.15.27.8(G)(2)(h)(i) NMAC</b>	Venting or Flared
<b>Improperly Closed or Maintained Thief Hatches: 19.15.27.8(G)(2)(j) NMAC</b>	Lost
<b>Venting or Flaring in Excess of Eight Hours: 19.15.27.8(G)(2)(k) NMAC</b>	Venting or Flared

## C-115B Visual Equations based on 19.15.27 and 19.15.28 NMAC

### Rule Citation

#### 19.15.27.8(G)(3) “Upstream”

- (a) To calculate the *lost natural gas on a volumetric basis*, the operator shall deduct the volume of natural gas sold, used for beneficial use, vented or flared during an emergency, and vented or flared because it was not suitable for transportation or processing due to N<sub>2</sub>, H<sub>2</sub>S, or CO<sub>2</sub> concentrations, vented as a result of normal operation of pneumatic controllers and pumps if reported pursuant to Subparagraph (i) of Paragraph (2) of Subsection G of 19.15.27.8 NMAC, or vented or flared from an exploratory well with division approval from the natural gas produced.
- (b) To calculate the *natural gas captured on a percentage basis*, the operator shall deduct the volume of lost gas calculated in Subparagraph (a) of Paragraph (3) of Subsection G of 19.15.27.8 NMAC from the total volume of natural gas produced and divide by the total volume of natural gas produced.

**Equation:**

(a) **Lost Natural Gas (Volumetric)** = OGRID total produced gas volume – gas sold – beneficial use – emergency use – not suitable for transport (excludes O2) – normal operations (pneumatics) – exploratory well volumes

(b) **Natural Gas Captured (Percentage)** = 
$$\frac{\text{OGRID total produced gas volume (Imported from C-115)} - \text{Lost Natural Gas (Volumetric)}}{\text{OGRID total produced gas volume (Imported from C-115)}}$$

**Table View:**

<b>Excluded from Lost Natural Gas Equation</b>	<b>Included in Lost Natural Gas Equation</b>
Volume Natural Gas Sold	Other Surface Waste: 19.15.27.8(G)(2)(m) NMAC
Beneficial Use	Non-Scheduled Maintenance or Malfunction: 19.15.27.8(G)(2)(b) NMAC
Emergency: 19.15.27.8(G)(2)(a) NMAC	Routine Repair and Maintenance: 19.15.27.8(G)(2)(c) NMAC
Natural Gas Not Suitable for Transportation or Processing (N2, H2S, or CO2): 19.15.27.8(G)(2)(h)(i) NMAC	Routine Downhole Maintenance: 19.15.27.8(G)(2)(d) NMAC
Venting as Result of Normal Operations of Pneumatic Controllers and Pumps: 19.15.27.8(G)(2)(i) NMAC	Manual Liquid Unloading: 19.15.27.8(G)(2)(e) NMAC
Venting And Flaring From an Exploratory Well: 19.15.27.8(G)(2)(l) NMAC	Storage Tanks: 19.15.27.8(G)(2)(f) NMAC
	Insufficient Availability or Capacity: 19.15.27.8(G)(2)(g) NMAC
	Natural Gas Not Suitable for Transportation or Processing (O2): 19.15.27.8(G)(2)(h)(i) NMAC
	Improperly Closed or Maintained Thief Hatches: 19.15.27.8(G)(2)(j) NMAC
	Venting or Flaring in Excess of Eight Hours: 19.15.27.8(G)(2)(k) NMAC

**Rule Citation**

**19.15.28.8 (F)(3) “Midstream”**

(a) To calculate the **lost natural gas on a volumetric basis**, the operator shall sum the volume of natural gas reported under Subparagraphs (b), (c), (e), (f), (g), (i) and (j) of Paragraph (2) of Subsection F of 19.15.28.8 NMAC.

(b) To calculate the **natural gas captured on a percentage basis**, the operator shall deduct the volume of lost gas calculated in Subparagraph (a) of Paragraph (3) of Subsection F of 19.15.28.8 NMAC from the total volume of natural gas gathered and divide by the total volume of natural gas gathered.

**Equation:**

(a) **Lost Natural Gas (Volumetric)** = non-scheduled maintenance or malfunction + routine repair and maintenance + gathering pipeline blowdown and purging + gathering pipeline pigging + storage tanks + improperly closed or maintained thief hatches + other surface waste

(b) **Natural Gas Captured (Percentage) =**  

$$\frac{\text{OGRID total gathered gas volume} - \text{Lost Natural Gas (Volumetric)}}{\text{OGRID total gathered gas volume}}$$

**Table View:**

<b>Excluded from Lost Natural Gas Equation</b>	<b>Included in Lost Natural Gas Equation</b>
<b>Emergency:</b> 19.15.28.8(F)(2)(a) NMAC	<b>Non-Scheduled Maintenance or Malfunction:</b> 19.15.28.8(F)(2)(b) NMAC
<b>Beneficial Use:</b> 19.15.28.8(F)(2)(d) NMAC	<b>Routine Repair and Maintenance:</b> 19.15.28.8(F)(2)(c) NMAC
<b>Venting as Result of Normal Operation of Pneumatic Controllers and Pumps:</b> 19.15.28.8(F)(2)(h) NMAC	<b>Gathering Pipeline Blowdown and Purging:</b> 19.15.28.8(F)(2)(e) NMAC
	<b>Gathering Pipeline Pigging:</b> 19.15.28.8(F)(2)(f) NMAC
	<b>Storage Tanks:</b> 19.15.28.8(F)(2)(g) NMAC
	<b>Improperly Closed or Maintained Thief Hatches:</b> 19.15.28.8(F)(2)(i) NMAC
	<b>Other Surface Waste:</b> 19.15.28.8(F)(2)(j) NMAC