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NOTICE

ADDITIONAL BENEFICIAL USE CATEGORIES FOR WASTE RULE REPORTING

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As part of ongoing stakeholder engagement, the Oil Conservation Division (“OCD”) provides updates, 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 Update and Guidance specifically addresses waste rule, C-115B reporting, more specifically Beneficial Use reporting on the C-115B.

Going forward, OCD will release additional or updated FAQs and Guidance as necessary or appropriate. To help identify areas where such additional guidance would be helpful, please continue to submit questions to: OCD.Engineer@emnrd.nm.gov

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C-115B Additional Beneficial Use Categories for Part 27 and 28

Upon continuing stakeholder engagement OCD has determined it appropriate to add two additional Beneficial Use categories. This will provide more accurate reporting by Operators and provide the OCD with more accurate information regarding beneficial use of gas. The new categories are:

- J = Equipment Fuel Gas
- K = Flare, Combustor, or Incinerator Pilot Fuel

C-115B Beneficial Use Categories FAQ for Part 27 and Part 28 Production Practices

Question #1 What Beneficial Use category should the following items be reported in?

- Heater Treater fuel/pilot fuel
- Glycol Dehydrator reboiler fuel/pilot fuel
- Flare Pilot fuel
- Incinerator Pilot fuel
- Line Heater fuel/pilot fuel
- Pump Jack Engine fuel
- Wellhead Compressor fuel
- Gas Compressor fuel (facility - not wellhead)
- Stock tank heater fuel/pilot fuel
- Fired Separator fuel/pilot fuel
- Catalytic heater fuel
- Other (not listed above for fuel use)

Table 1 below contains a code crosswalk of the above-mentioned Traditional Beneficial Uses and the newly added C-115B Beneficial Use categories.

Table 2 below contains a complete list of C-115B Beneficial Use codes and descriptions, including the additional categories (red text).

Table 1: Part 27 and Part 28 Code Crosswalk	
Traditional Beneficial Uses, C-115 U code (“Used on Lease”)	C-115B Beneficial Use Reporting category
Heater Treater fuel	J = Equipment Fuel Gas
Glycol Dehydrator reboiler fuel	J = Equipment Fuel Gas
Amine treatment plant fuel	J = Equipment Fuel Gas
Flare Pilot fuel	K = Flare, Combustor, or Incinerator Pilot Fuel
Incinerator Pilot fuel	K = Flare, Combustor, or Incinerator Pilot Fuel
Line Heater fuel	J = Equipment Fuel Gas
Pump Jack Engine fuel	J = Equipment Fuel Gas
Wellhead Compressor fuel	J = Equipment Fuel Gas
Gas Compressor fuel (facility - not wellhead)	J = Equipment Fuel Gas
Vapor Recovery unit fuel	J = Equipment Fuel Gas
Other (not listed above for fuel use)	J = Equipment Fuel Gas
Stock tank heater fuel/pilot fuel	J = Equipment Fuel Gas
Fired Separator fuel/pilot fuel	J = Equipment Fuel Gas
Catalytic heater fuel	J = Equipment Fuel Gas

Table 2: Part 27 Alternative Beneficial Use (19.15.27.9.D.5.(a-i) NMAC

NOTE: All such alternate beneficial uses must be pre-approved by the OCD as described in 19.15.27.9.D.5 NMAC

Alternate Beneficial Use	C-115B Reporting Category
Fuel for an electric power generation or source used to power equipment on the lease where it is consumed	A = Power generation on lease
Fuel for an electric power generation source used to power equipment for transmission on an electric power grid (multi-lease micro-grid or a utility grid)	B = Power generation for grid
Fuel to power a compressor used to compress stranded natural gas for sales of compressed natural gas via truck or similar vehicle. The volumes of gas so compressed and transported should be reported as sold. Additionally, fuel to compress natural gas due to higher pipeline line pressure than wellhead pressure.	C = Compression on lease
Fuel to power a device used to condense heavier hydrocarbons from a raw natural gas stream into liquified petroleum gas for sales via truck or similar vehicle. The equivalent gas volumes of the liquified petroleum gas should be reported as sold using standard temperature and pressure (theoretical conditions). The remaining gas stream must be reported under its own proper category as appropriate.	D = Liquids removal on lease
Fuel to power compression (if needed) and gas volumes reinjected for underground storage. Both are considered beneficially used.	E = Reinjection for underground storage
Fuel to power compression (if needed) and gas volumes reinjected for temporary storage. Both are considered beneficially used.	F = Reinjection for temporary storage
Fuel to power compression (if needed) and gas volumes reinjected for enhanced oil recovery. Both are considered beneficially used.	G = Reinjection for enhanced oil recovery
Natural Gas used for Fuel Cell production	H = Fuel Cell Production
Other alternative beneficial uses approved by the division prior to submission.	I = Other alternative beneficial uses approved by the division
Natural Gas used for fueling equipment used in the production or transportation of oil and gas	J = Equipment Fuel Gas
Natural Gas used for maintaining a continuous pilot on a flare stack or Incinerator used in the production or transportation of oil and gas	K = Flare, Combustor, or Incinerator Pilot Fuel