

## **Operator Guidance Summary and Structure**

### State/Fee Land Lease Application for Permit to Drill (APD)

The Oil Conservation Division (“OCD”) Operator guidance is designed to outline the base line of which documents, file types, and parameters are needed for the submission type listed in the header of this document. This guidance is written to be a high-level guide and is not intended to be all inclusive as there are times when variables occur outside the scope covered herein and may require additional information or steps. The structure of these documents utilizes a bulleted system and is formatted as follows:

Introduction summary of the form and applicable rules.

- Prerequisites
  - Compliance
  - Any Pre Notifications as applicable
- Section
  - Information needed
    - [Parameter here] I.E. Must not be duplicate API #
  - List of additional attachments (information helpful but not required in most cases)
    - File D
      - ❖ [Parameter here] I.E. Must not be duplicate API #

\*\*\*\*\* End of Structure \*\*\*\*\*

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### **State/Fee Land Lease Application for Permit to Drill (APD)**

A State/Fee Land Lease Application for Permit to Drill (APD) is a required submission for operators seeking to drill a well on lands not subject to federal and or tribal jurisdiction within New Mexico. This application ensures that all drilling activities adhere to state regulations while addressing environmental, safety, and operational standards. The APD submission process is designed to ensure compliance with the New Mexico Oil Conservation Division, commonly referred to as the OCD, before any drilling activity begins.

Below are some of the applicable NMAC rules associated with the APD process, an Operator should be familiar with the rules below as well as any rules that may not be listed.

- 19.15.14.8 PERMIT TO DRILL, DEEPEN OR PLUG BACK:
- 19.15.14.9 APPLICATIONS
- 19.15.14.10 APPROVAL OR DENIAL OF A PERMIT TO DRILL, DEEPEN OR PLUG BACK:
- 19.15.14.11 APPROVED FORM C-101 AT WELL SITE
- 19.15.16.8 SIGN ON WELLS
- 19.15.16.9 SEALING OFF STRATA
- 19.15.16.10 CASING AND TUBING REQUIREMENTS
- 19.15.16.11 DEFECTIVE CASING OR CEMENTING
- 19.15.16.12 BLOWOUT PREVENTION
- 19.15.16.13 PULLING OUTSIDE STRINGS OF CASING
- 19.15.16.14 DEVIATION TESTS AND WELLBORE SURVEYS; VERTICAL, DEVIATED AND DIRECTIONAL WELLS
- 19.15.16.15 HORIZONTAL WELLS
- 19.15.16.16 MULTIPLE COMPLETIONS; BRADENHEAD GAS WELLS
- 19.15.5.11 ENFORCEABILITY OF PERMITS AND ADMINISTRATIVE ORDERS
- 19.15.7.12 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK (Form C-101)

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- **Prerequisite Submissions:**
  - Compliance with 19.15.5.9 NMAC
  - City notification, if applicable, confirming municipal approval when drilling within city limits
  - Compliance with 19.15.27 NMAC
  
- **Section One – General Information**
  - Well name and number
    - Must comply with well naming convention [\\_link](#)
  - Well type
  - Tract number
  - Directional Status
  - Multi-lateral
  - Ground Elevation
  - Proposed Total Depth
    - Input measured depth
  - Deepest formation of interest
  - Proposed Spud date
  - Contact information
  
- **Section Two – Surface location**
  - Lease type
  - Close loop selection
    - If box is selected = Closed loop system
    - If not selected = Using Pit
      - If using Pit you must submit a C-144 [\\_link](#)
  - Legal description (ULSTR)
  - Latitude and Longitude
    - Minimum five decimal places
    - Must use NAD 83
  - Site description
  - Potash Area (for wells with SHL proposed within a potash area)
    - Operator must supply OCD with:
      1. A statement indicating whether there are any potash leases within a 1 mile radius of proposed well
        - a. If yes, requires a plat showing all potash leases and lessees with in the 1 mile radius.
          - i. Certified receipts the lessees have been notified and provided with a copy of the proposed casing program.

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- b. If there are no lessees within the 1 mile radius. OCD requires a statement signed by a certified landman that there are no potash lessees within the 1 mile radius.
- Carlsbad Brine well
  - If well is located within the radius follow notice instruction [\\_ link](#)
- Surveyor information
  - Ensure date on C-102 corresponds with this date
- **Section Three bottom hole location**
  - Legal description (ULSTR)
  - Latitude and Longitude
    - Minimum five decimal places
    - Must use NAD 83
- **Section Four – completions**
  - Add new completion
    - Enter in pool name or code
      - **MUST select drop down arrow after Pool populates on screen**
    - Enter full legal description of the bottom hole location
    - If more than one pool, repeat above steps
      - A C-102 for each pool will need to be uploaded under (attach plat)
  - Consolidation code
    - If more than one lease of different ownership has been dedicated to the well, show the consolidation code from the following:
      - C Communitization
      - U Unitization
      - F Forced pooling
      - O Other
      - P Consolidation pending
      - N/A
  - OCD Order Information
    - Provide any orders that involve proposed well
      - NSL- Non Standard Location
      - NSP – Non Standard Proration
      - DHC – Down Hole Commingle
      - SC – Surface Commingle
      - UIC – SWD, Pressure Maintenance, injection
      - Unit Order
      - SD – Simultaneous dedication (spacing)
      - ETC
  - Dedicate Acreage
    - Ensure the boxes checked for dedicated acreage match with dedicated acreage on C-102 for each completion/pool
  - Upload C-102 ([link](#))
    - General Proposed C-102 guidance
      - **All boxes MUST be populated**
      - Submittal type

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- Well Location Information
  - API
    - If the API number for a well exists prior to the submittal of the C-102 it must be reported.
    - Leave blank if API number needs to be generated and assigned by the OCD.
  - Pool Code/ Pool name
    - If a pool name and code have been permitted for the subject well, they must be reported on the C-102.
    - If the pool is unknown prior to submittal of the C-102, at minimum please report the target formation of the well.
  - Property Code
    - If the property code for a corresponding property name exists prior to the submittal of the C-102 it must be reported.
    - Leave blank if property code needs to be generated and assigned by the OCD.
  - Property name
    - Must comply with well naming convention [link](#)
  - Well number
  - Ogrid
  - Operator name
  - Ground level elevation
    - Ground level
  - Surface owner / Mineral Owner
    - Surface and mineral owner must always be marked
- Surface location
  - ULSTR
- Bottom Hole Location
  - ULSTR
- Dedicated acres (Acreage assigned within a specified pool)
- Infill or defining well
  - Infill or Defining well must always be reported.
    - Should a well be reported as “Infill” the API number of the defining well **must** be reported.
    - Should the defining well currently be pending processing and is without an API at the time of submitting any infill wells then please report the well name and number of the defining well.
- Overlapping spacing unit
  - Overlapping spacing unit as well as setbacks under common ownership must always be answered either yes or no.
- Consolidation code

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- The consolidated code should be filled out appropriately for each well
  - If more than one lease of different ownership has been dedicated to the well, show the consolidation code from the following:
    - C Communitization
    - U Unitization
    - F Forced pooling
    - O Other
    - P Consolidation pending
- Order Numbers
  - Order numbers must but reported if available.
  - If no order number is available, please report either “N/A” or “pending” depending on the circumstance.
- Well setbacks under common ownership
  - If your well's setbacks qualify for common ownership, then you must attach a document on company letter head which is signed by an petroleum landman and contains the following information: (A) certification that the encroached upon tract(s) has identical ownership as the HSU; (B) provide a legal description of the HSU and encroached upon tract(s); and (C) an area map of the encroached upon tract(s). This information should be adjacent to the C-102 of the Application to permit to drill, C-101.
- Kick of point ULSTR
- First take point ULSTR
- Last take point ULSTR
- Unitized Area or Area of Uniform Interest
  - Enter Unit or Com identification code. If pending, enter “pending”
- Spacing Unit Type
- Ground floor Elevation
  - KB or DF Elevation (only big rig)
    - Notate: KB or DF
- Operator certifications
  - Must be signed and dated by operator
- Surveyor Certifications
  - Must be signed and stamped by certified surveyor
    - C-102 date of survey must match entered date
- Plat area instructions – Figure 1
  - *“This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole*

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*location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract. Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.”*

#### • **Section Five – Casing**

- Add each casing string by selecting the “add new casing option”
  - Casing type
  - Fluid type
    - What fluid type to be used when drilling?
    - Oil based mud cannot be used in freshwater zones
      - Prior approval from OCD is required to use oil-based muds above protected aquifers.  
Note: For surface casing – can only select Air or Fresh water
  - Hole size
    - Must meet minimum annular clearance (.422”)
  - Casing size
    - Must be smaller than hole size
  - Casing grade
    - Must be adequate for zonal protection and pass casing integrity requirements
  - Casing weight
  - Top MD (measured depth)
  - Setting Depth
  - Sacks of cement
  - Estimated top of cement
    - Ensure cement is circulated to surface on the first two casing strings, whether this is surface and intermediate, or surface and production
      - Top down/Bradenhead squeeze are not considered circulated.
    - For strings other than the first two, must have at minimum a 200ft tieback.
- Special considerations
  - Northwest casing program:
    - For wells 0’- 2,000’ vertical depth, surface casing  $\geq$  120’ deep.
    - For wells 2,001’- 5,000,’ vertical depth, surface casing  $\geq$  200’ deep.
    - For wells 5,001’-8,000,’ surface casing  $\geq$  320’ deep.
    - For wells  $>8,000$ ’, surface casing depth is at district discretion.

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- Southeast (Eddy, Lea, Chaves, Roosevelt, Curry, and De Baca) casing program:
  - Surface casing must be set at least
    - Minimum 25' into the Rustler Anhydrite (formation top should be listed on APD) where present or competent layer.
      - a. If salt is encountered while drilling casing shall be set and cemented above any salt
    - 50' below fresh water in the Roswell Artesian Aquifer Basin –
      - a. Defined limits – in rule 19.15.39.11
    - Assuming no identified aquifer is present; the surface casing shall be set to be protective of surface waters and above the first occurrence of salt and/or hydrocarbons.
  - Special casing requirements if well falls into Potash areas
    - OCC Order R-111Q –[link](#)
  - Pilot holes -Note: All logs ran will need to be submitted
    - Ensure proper plugging plan for pilot holes are submitted (form section)
      - Ensure the bottom of the hole is plugged with 100' plus 100% excess or 25 sxs of cement, whichever is greater.
      - If the Pilot hole penetrates any formation tops deeper than the proposed producing formation, ensure formation tops are plugged according to OCD P&A COAs - [link](#).
      - Top plug will be the kickoff plug.
    - Additional Information On The Proposed Casing/Cement Program:
      - Please input the anticipated or preferred drilling and casing design in the primary data table.
      - Additional contingent well plans can be briefly summarized or referenced citing the appropriate uploaded document in the additional information field.
    - BOP
      - Needs to be appropriate pressure rating for formations encountered
- **Section Six – Comments**
  - Add any pertinent information here
- **Section 7 Forms**
  - Upload – supporting documents
    - NGMP- see NGMP Operator Guidance
    - H2S Plan if applicable
    - Directional Survey
      - Required for all directional or horizontal wells
      - Ensure the proposed production depth is within the correct formation.
      - N/S, E/W offsets must match setbacks on C-102 (uploaded in completions section)
    - Wellbore Schematic

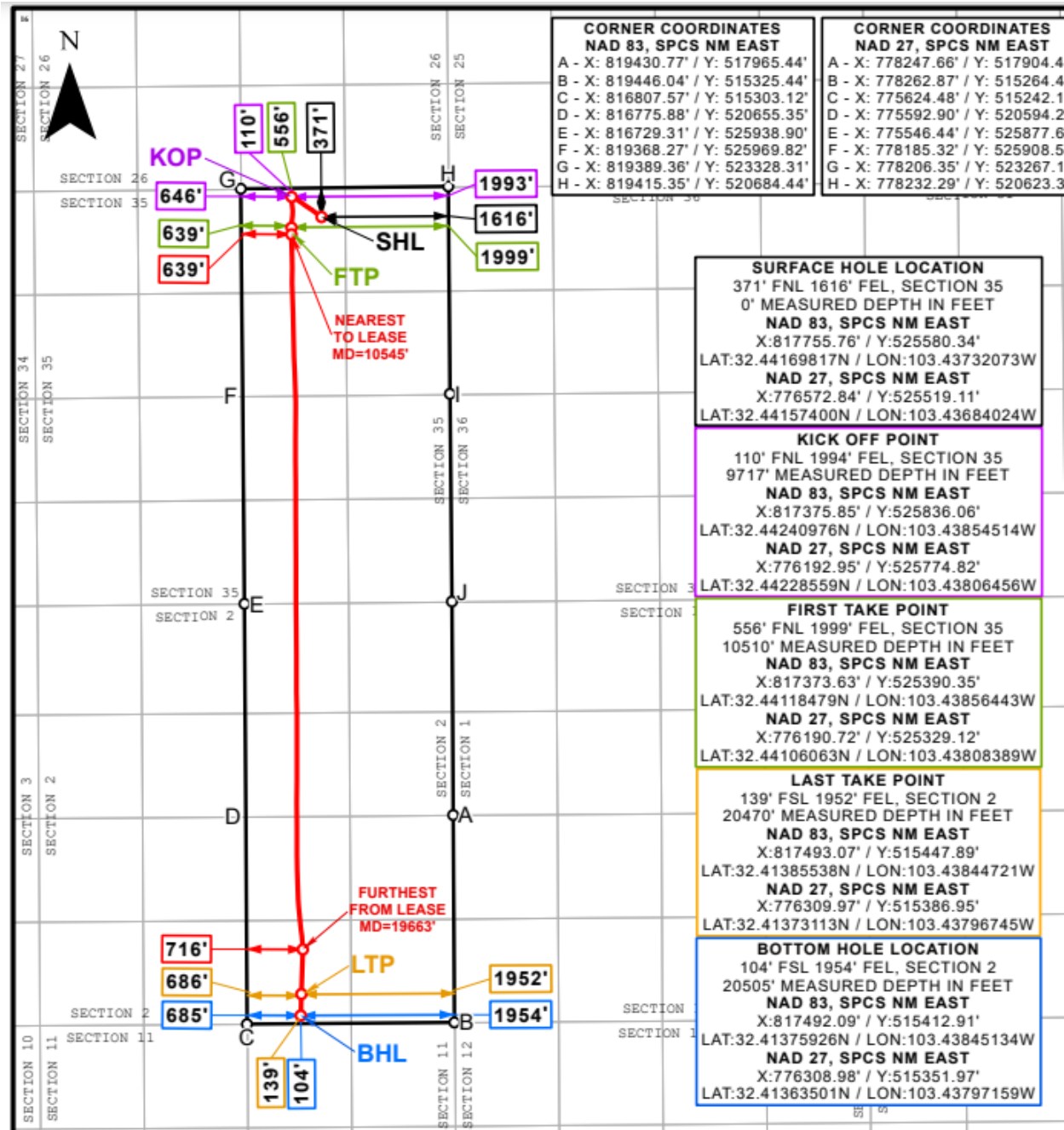
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- showing casing depths and intervals
    - Tools, packers, etc
  - BOP diagram
  - Drilling plan
    - All Formation tops and anticipated fluid types
    - Hole and casing information
    - Cementing information
    - Mud types
    - Description of contingency options if applicable
- **Select Submit**

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Distances/areas relative to NAD 83 Combined Scale Factor: 0.99989656 Convergence Angle: 0.48093056°

FIGURE 1