

State of New Mexico  
Energy, Minerals and Natural Resources Department

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## Notice

Based on recent information the OCD has received for SWD wells located in the Hobbs Channel area, it has been determined the original AOR assessments for disposal wells in this area may not be sufficient for the lifetime of the well/s and requires additional investigation. OCD's authority to conduct the following requirements of operators is based on the following laws, among other laws:

- (1) § 70-2-12(B)(14) and (15);
- (2) 19.15.26 NMAC, generally, but specifically 19.15.26.10(B) NMAC; and
- (3) 40 C.F.R. 146.6(b), which governs UIC activities, including, but not limited to, the following portions:

*“In this section (40 CFR 146.6 (b)) of the UIC regulations, EPA further defines “Fixed radius (1) In the case of application (s) for well permit(s) under § 122.38 a fixed radius around the well of not less than one-fourth (1/4) mile may be used. (2) In the case of an application for an area permit under § 122.39 a fixed width of not less than one-fourth (1/4) mile for the circumscribing area may be used. In determining the fixed radius, the following factors shall be taken into consideration: Chemistry of injected and formation fluids; hydrogeology; population and ground-water use and dependence; and historical practices in the area.”*

The OCD selected the use of the fixed-radius method to determine the AOR and a distance of one-half (1/2) mile for the radius to determine the area to be evaluated. This concept is presented in the UIC Class II Primacy Demonstration in the Program Description on Page 8 of this document.

*“As indicated in Rule 701.B. above, all applicants for permits to inject must submit Division Form C-108, complete with all attachments, signed by the applicant or his responsible employee, and indicate whether or not the application qualifies for administrative approval in the judgement [sic] of the applicant.*

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*Information on each well proposed for injection, as well as information on all other wells in the one-half mile area of review, and proof of notice and certification, must be submitted on Form C-108, which follows.*

On Page 29 of the UIC Class II Primacy Demonstration, the AOR requirements for an application are identified.

*“2. Area of Review*

*Form C-108 requires the following attachments relative to the area of review:*

*V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.*

*VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. The information is examined to determine which wells, if any, in the area of review may be cemented or plugged in such a manner as to permit the possible escape of fluid from the injection zone.”*

This use of the one-half mile AOR was additionally applied to the notification requirements for an application. This requirement was presented in Commission Order No. R-6702 (Case No. 7272), page 5.

*“B. Method of Making Application*

*(2) The applicant shall furnish, by certified or registered mail, a copy of the application to the owner of the surface of the land on which the injection or disposal well is to be located and to each leasehold operator within one-half mile or the well.”*

Therefore, the notification of operators of the original disposal application is limited to the one-half mile AOR. Any lateral migration of injected fluids over the operational life of the UIC Class II disposal well beyond this areal limit of notification would contradict the Commission's obligation of proper notice and the protection of correlative rights. Currently, any evaluation of the lateral migration of injected fluids is not reassessed to determine whether the original AOR presented in the well application remains valid or if the volume of injected fluids has exceeded this administrative boundary.”

**Therefore**, going forward for the following scenarios OCD is requiring additional information from operators permitting new Saltwater Disposal Wells (“SWDs”):

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For proposed SWD wells in the Hobbs channel portion of the San Andres formation, the applicant shall provide information showing the future estimated radius of the well's cumulative injection and appropriate AOR based on that radius. The applications will need to be amended with this information prior to OCD taking further action. Specific guidance and information request to be included in C-108 applications include:

- Information showing the future impacted radius of the well and associated AOR needed. It is recommended the demonstration includes the following information at a minimum for OCD's review:
  - Modeling demonstrating the projected injection radius of the well including all reservoir characteristics used for the model such as permeability, porosity, and pore pressure
  - Expected injection pressure based on nearby injection or other historical data such as drill-stem tests or step-rate tests.
  - Expected volumes to be injected into the future life of the well for the term of the UIC permit (currently 20 years).
- Based on the AOR review, provide a geologic evaluation showing a confining layer and no potential negatively impacted Oil or Gas production zones inside of the identified AOR. It is recommended the demonstration includes the following information at a minimum for OCD's review:
  - In addition to identifying designated operators, identification of all mineral owners identified in AOR for all formations.
  - Evaluation that there are no identified Oil or Gas zones that will be negatively impacted.
  - Geological and geophysical information demonstrating the proposed confining layers will prevent vertical migration of injected fluids.
- Operator shall update notice, as applicable, based on any needed expansion of the AOR.
- Note, OCD may ask for additional information following the review of the initial application package.

For Reference to similar actions involving additional investigations: *See Texas Railroad Commission NTO dated May 2025; primarily for DMG injection.*