

Independent Petroleum Association of New Mexico

Annual Meeting, August 3-4, 2017



BLM – New Mexico
August 3-4, 2017 – IPANM Annual Meeting



BLM-NM Onshore Oil and Gas Management Program Overview

BLM Nation Wide has:

- 245 million acres of land
- 700 million acres of subsurface estate
- Nearly 1/3 of the nation's mineral estate



BLM-NM Onshore Oil and Gas Management Program Overview

BLM-NM manages:

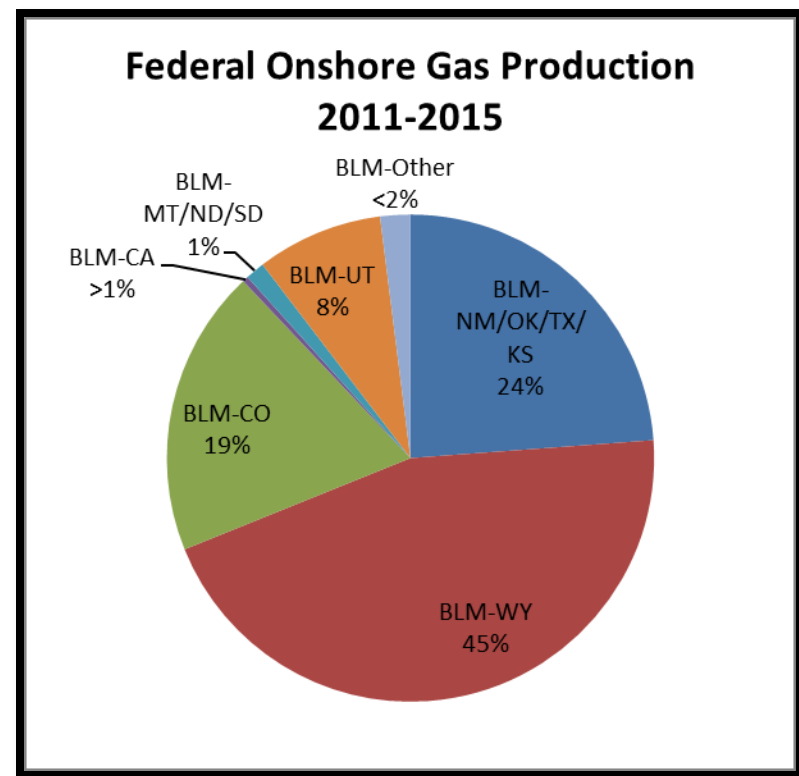
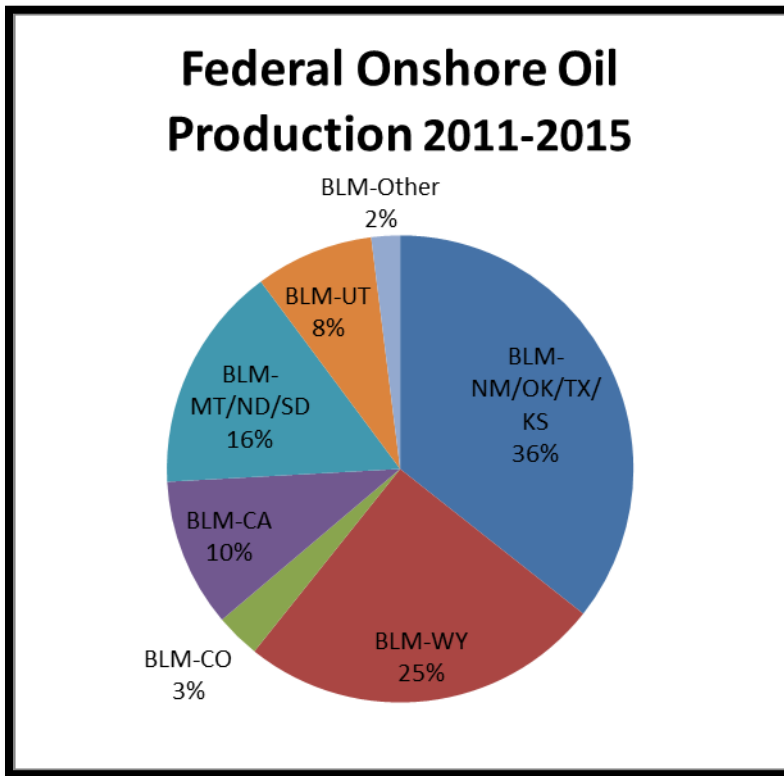
- One of the largest oil and gas programs in the Bureau
- Over 45 million acres of mineral estate
- Over 2 million acres of Native American (Indian) mineral estate



BLM-NM Onshore Oil and Gas Program Overview

Federal Onshore Oil Production (2011-2015)

Federal Onshore Gas Production (2011-2015)



NM Oil and Gas Lease Statistics

(As of July 11, 2017)

Office	Leases	Producing Leases	Leased Acres	Producing Leased Acres
Carlsbad	4,318	3,620	1,865,957.380	1,591,946.570
Farmington	2,559	2,368	1,942,337.464	1,692,955.364
Las Cruces	30	16	22,577.790	9,570.390
Rio Puerco	40	23	42,916.220	26,605.560
Roswell	827	557	528,100.530	395,508.520
Socorro ¹	10	0	14,783.420	0
Taos	115	113	83,436.830	82,239.970
Totals ²	7,899	6,697	4,500,109.634	3,798,826.374

Footnotes:

¹ Socorro had 70,000 acres of leases committed to the Cottonwood Canyon CO₂ Unit which was terminated 8/26/2015 with leases put in extended term. All leases were terminated 6/1/2016 due to non-payment of rentals during extended.

² About 85% of leases and leased acres are in producing status.



FY 2017 Lease Sale Proceeds

(As of June 30, 2017)

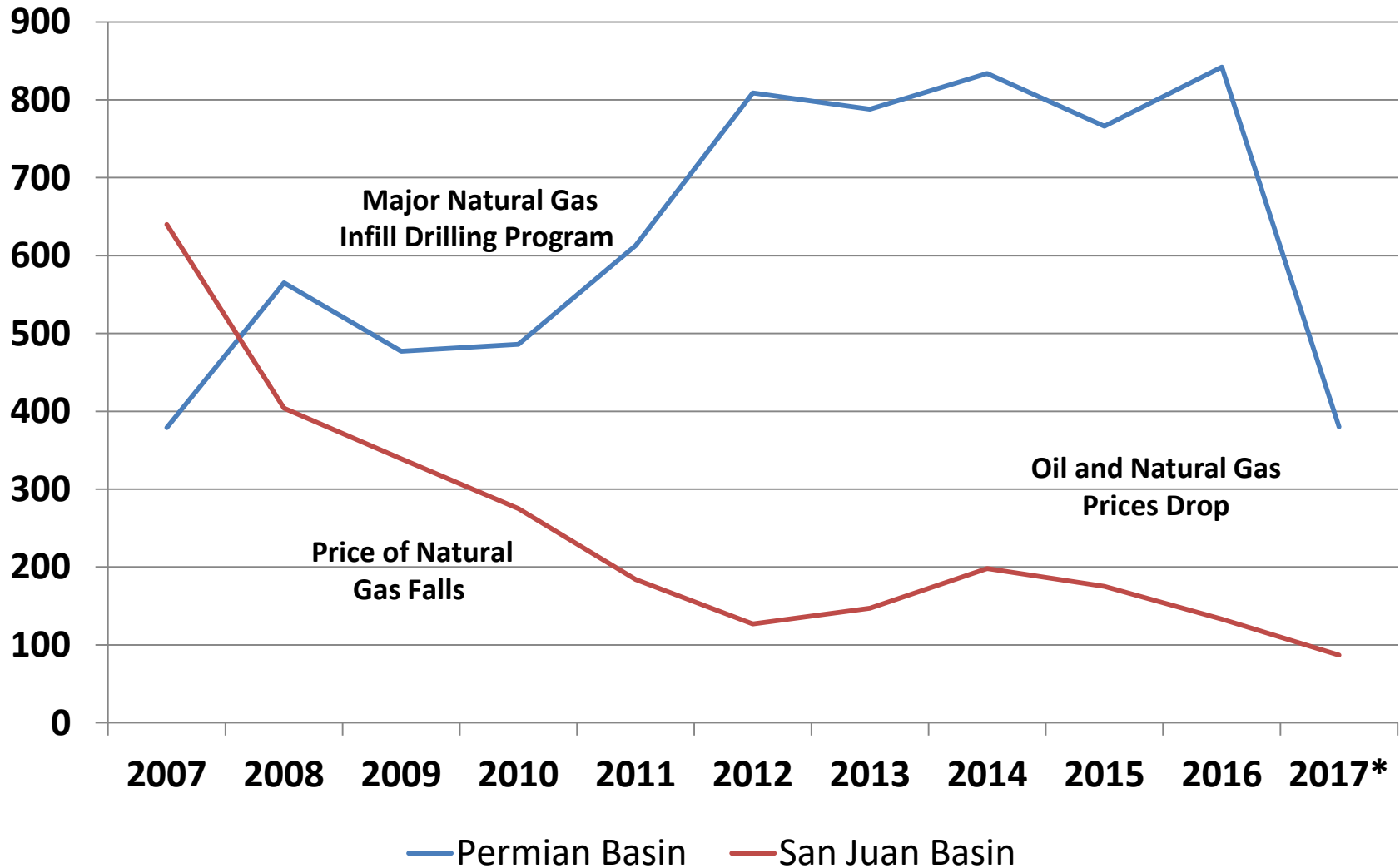
Region	Number of Sales*	Bonus Bid	Percent of Overall Bonus Bids Received
CO	3	\$2,865,661	0.93%
ES	4	\$6,899,450	2.25%
MT/DK	3	\$776,794	0.25%
NV	2	\$169,805	0.06%
NM	3	\$151,973,021	49.45%
UT	3	\$330,419	0.11%
<u>WY</u>	<u>4</u>	<u>\$144,289,593</u>	<u>46.95%</u>
Total	22	\$46,179,220	100.00%

* Lease Sales since last IPANM Meeting, July 18, 2016.



Approved APDs, FY 2007-2016

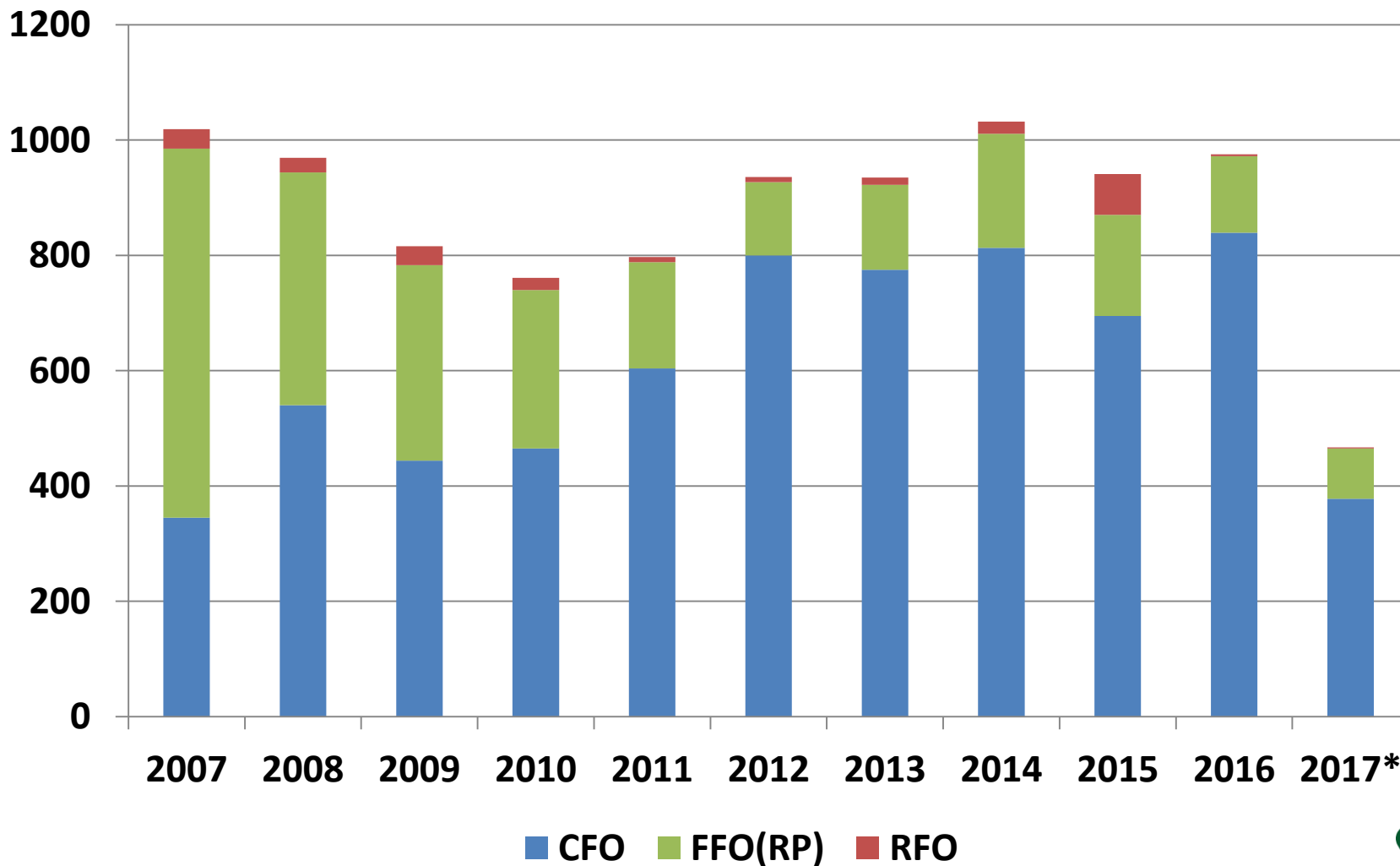
(*As of June 30, 2017)



In 2012, Oil Price rises; Bone Springs Play heats up; Start of Mancos-Gallup Horizontal Well Development in San Juan Basin

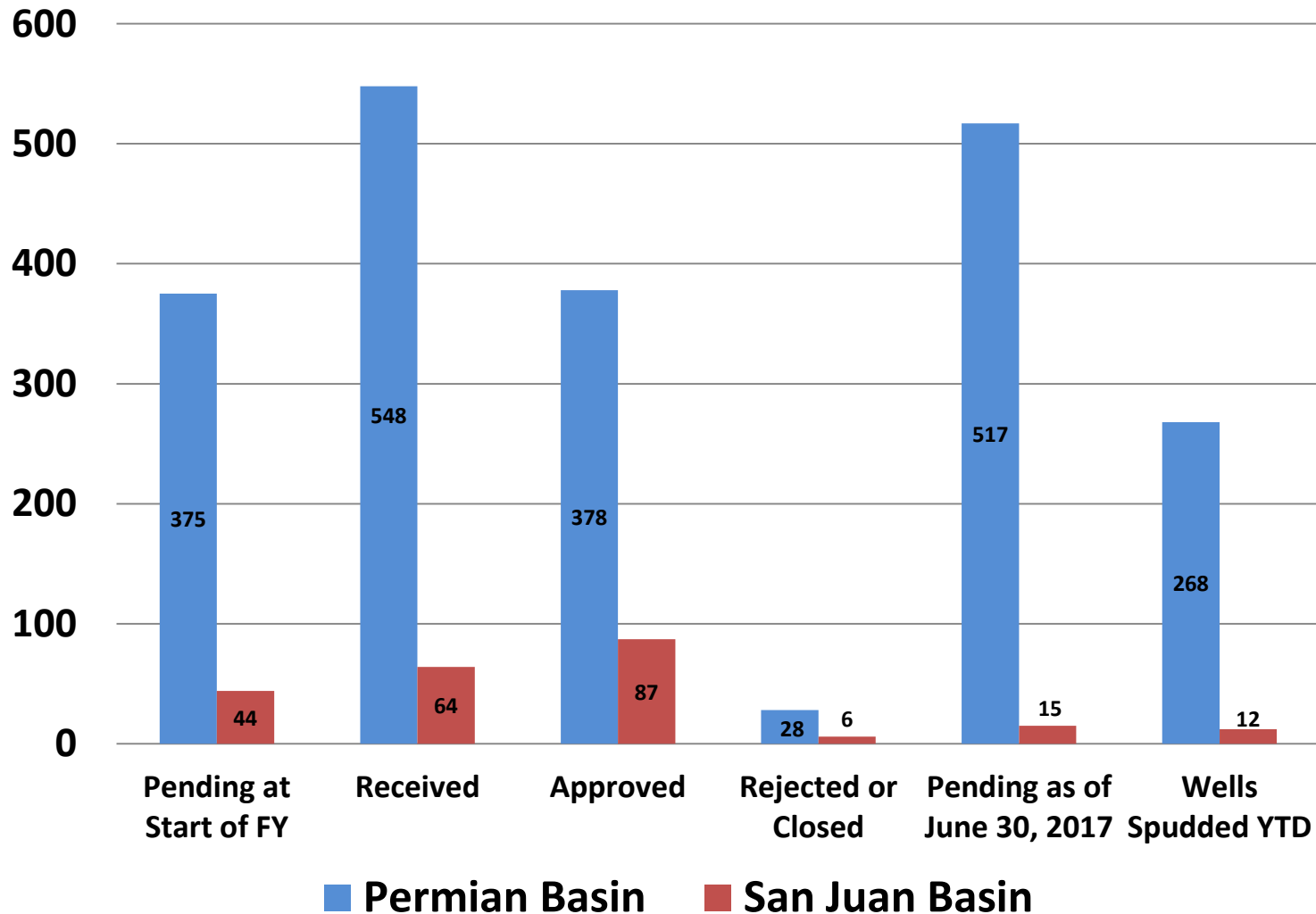
Approved APDs by Field Office

(*As of June 30, 2017)



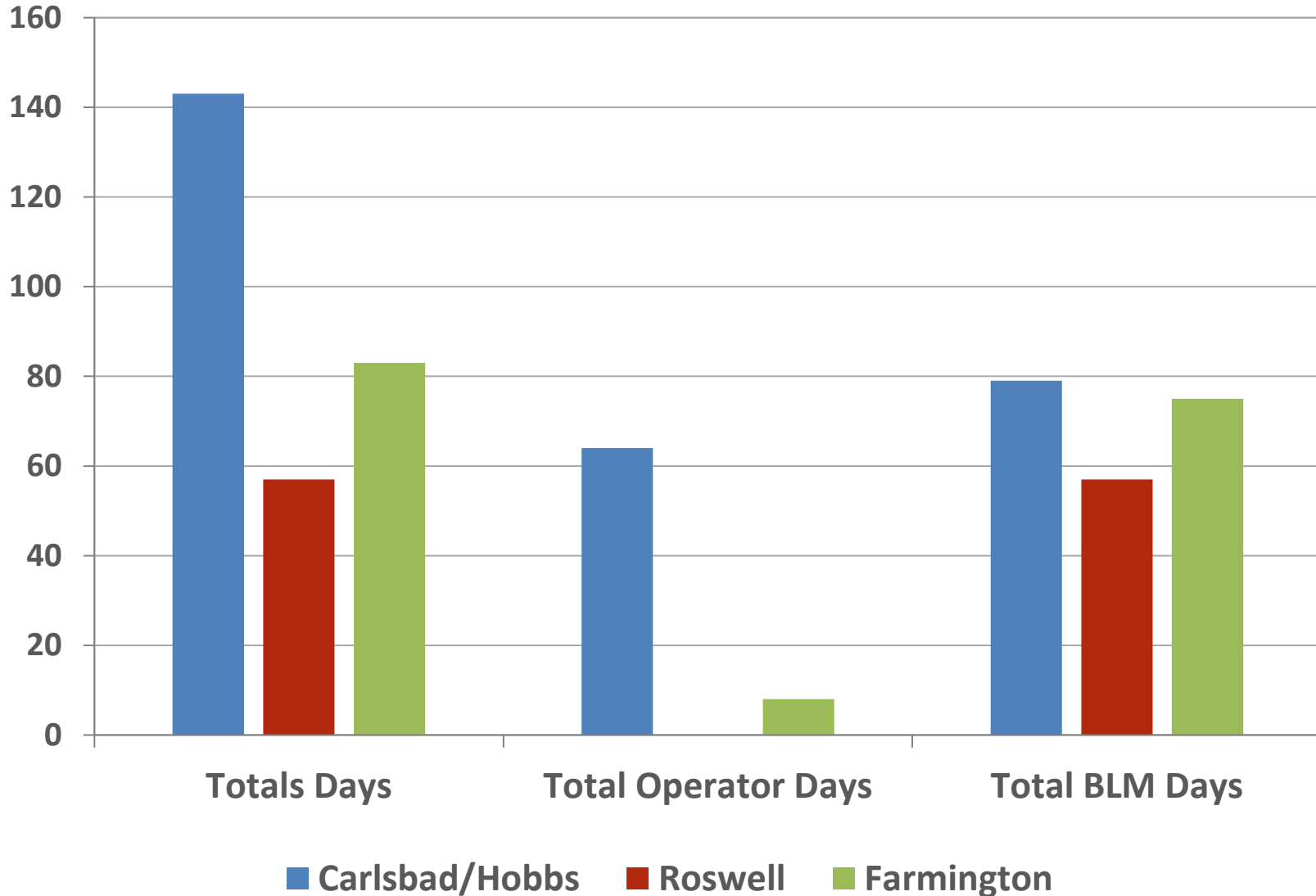
APD Statistics for FY 2017, YTD

(As of June 30, 2017)



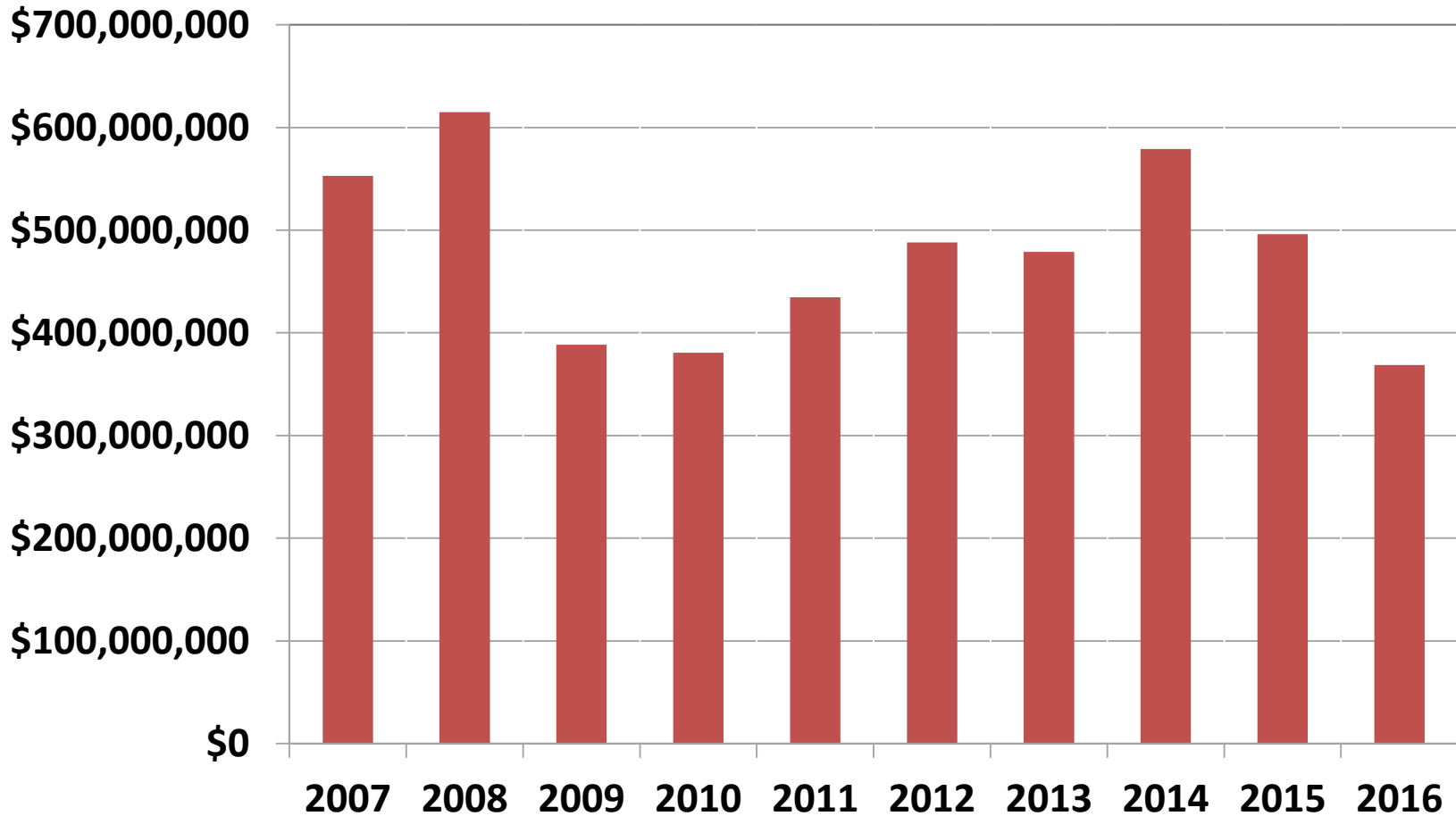
FY 2017 Average APD Approval Times

(As of June 30, 2017)



Total Disbursements to State of New Mexico

FY 2007-2016



- 96%+ Disbursements Associated with Oil and Gas Revenue
- FY 2016 does not include Sep 2016 Lease Sale Bonus Bids (\$145M)



Partnerships

Overcoming Challenges

- Permian Basin Programmatic Agreement
- 2012 Secretarial Potash Order
- Implementation of New 43 CFRs
 - § 3173: Site Security
 - § 3174: Oil Measurement
 - § 3175: Gas Measurement
- TA / Shut-in Well Policy Developed for BLM-NM and NM operators



Current BLM Initiatives

Executive and Secretarial Orders

- Executive Order 13783 – Promoting Energy Independence and Economic Growth (3/28/17)
- Secretarial Order (SO) 3349 – American Energy Independence (3/29/17)
- SO 3354 – Supporting and improving Federal onshore oil and gas and solid mineral leasing (7/6/17)



Current BLM Initiatives

Waste Prevention (Venting and Flaring) Final Rule

- Royalty-Free Use of Lease Production: § 3178 which replaced NTL-4a
- Waste Prevention and Resource Conservation: § 3179

Status:

- **Final Rule** published November 18, 2016 and effective on January 17, 2017
- FR published on June 15, 2017 postponed (pending judicial review) some parts of Waste Prevention Waste Prevention regulations
- Both regulations under review for undue burdens by Executive Order



Current BLM Initiatives

Hydraulic Fracturing (HF) Rule

- Proposal to rescind the HF Rule published in Federal Register on July 25, 2017.
- Oral arguments for appeal of 2015 HF Rule to the 10th Circuit Court held on July 27, 2017.



Current BLM Initiatives

Onshore Orders 3, 4, and 5

- Onshore Order 3: Site Security: § 3173
- Onshore Order 4: Oil Measurement: § 3174
- Onshore Order 5: Gas Measurement: § 3175

Status:

- **Final Rules** published November 17, 2016 and became effective on January 17, 2017
- Under review for undue burdens by Executive Order



Current BLM Initiatives

Onshore Order 1: Approval of Operations

- Electronic filing of NOS/APDs via AFMSS2

Status:

- Final Rule published December 21, 2016 and effective on January 20, 2017.
- Original effective date postponed for Administration review.
- **Final Rule** became effective on April 20, 2017.

The screenshot shows the AFMSS 'Notice of Staking' form. The header includes the AFMSS logo and the text 'U.S. Department of the Interior Bureau of Land Management'. The form is titled 'Notice of Staking' and is part of the 'Preliminary Information' section. The form contains the following fields and options:

- Would you like to clone the NOS from a prior NOS? Yes No
- The following information is required to begin this NOS
- BLM Office *
- Federal/Indian NOS * FEDERAL INDIAN
- Well Name *
- Well Type *
- Well Class * VERTICAL DIRECTIONAL HORIZONTAL SIDETRACK DUAL-COMPLETION MULTI-LATERAL
- NOS Operator
- Designated Agent? Yes No
- Well Number *
- Well Work Type * Drill Reenter
- Save

Current BLM Initiatives

AFMSS2 APD/NOS Module

Status:

- AFMSS 2 has been implemented Statewide and Nationally
- Currently working to refine AFMSS 2 APD module
- Full implementation of all modules anticipated by January 2018



Current BLM Initiatives

Shut-in Well Policy

- Addresses temporary abandonment procedures and shut in well requirements
- One consistent policy
- Guidance to field offices and operators



Status

- IM NM-2016-017 issued and effective on September 7, 2016

RMP Updates

Carlsbad Resource Management Plan (RMP) Revision

- Fall 2017 (September) - 90-day public comment period begins
- November 2017 through August 2018 - Public comment analysis and revisions (which includes Preliminary Proposed RMP/Final EIS preparation and a subsequent internal review and comment)
- September 2018 - Proposed RMP/Final EIS Publication begins
- May 2019 - ROD signed

Farmington RMP-A: Mancos-Gallup Amendment

- Draft RMPA/EIS for public review expected in Fall of 2018

Tri-County RMP: Supplemental Draft EIS

- February 2018 – Release Supplemental Draft EIS for public review



Questions?