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WEEKLY REPORT OF THE OIL AND GAS LEASING ACTIVITIES IN THE STATE OF NEW MEXICO, TEXAS, OKLAHOMA AND KANSAS AS TAKEN FROM THE RECORDS IN THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT, STATE OFFICE, AND THE NEW MEXICO STATE LAND OFFICE, IN SANTA FE, NEW MEXICO.

Report No. 2702

March 18, 2016 thru March 25, 2016

BLM Extends Comment Period on Proposed Rule to Reduce Methane Emissions, Wasted Gas on Public, Tribal Lands

Bureau of Land Management
For release: March 22, 2016

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In response to requests from the public, the Bureau of Land Management (BLM) has extended the public comment period until April 22, 2016, for the recently proposed Methane and Waste Prevention Rule, which would update 30-year-old regulations to reduce the wasteful release of natural gas into the atmosphere from oil and gas operations on public and American Indian lands.

The BLM released the proposed rule on January 22, 2016, and provided the public 60 days to comment on the proposal from the date it appeared in the Federal Register on February 8, 2016. The BLM conducted public outreach meetings in 2014 during development of the proposed rule in Denver, Colo.; Albuquerque, N.M.; Dickinson, N.D., and Washington, D.C.

After receiving multiple communications from the public requesting an extension of the comment period or opposing such an extension, the BLM is extending the comment period from the original April 8 deadline. The public will now have an additional 14 days, until to April 22, 2016, to review and comment on the draft rule.

The proposed rule would require oil and gas producers to adopt currently available technologies, processes and equipment that would limit the rate of flaring at oil wells on public and tribal lands, and would require operators to periodically inspect their operations for leaks, and to replace outdated equipment that vents large quantities of gas into the air. Operators would also be required to limit venting from storage tanks and use best practices to limit gas losses when removing liquids from wells.

The new measures would also clarify when operators owe royalties on flared gas, and ensure that BLM's regulations provide congressionally authorized flexibility to set royalty rates at or above 12.5 percent of the value of production.

U.S. oil production is at its highest level in nearly 30 years and the nation is now the largest natural gas producer in the world, providing an abundant source of clean-burning fuel to power and heat American homes and businesses. At the same time, venting and leaks during oil and gas operations are major sources of harmful methane emissions, a powerful greenhouse gas about 25 times more potent than carbon dioxide. U.S. methane emissions are projected to increase substantially without additional steps to lower them. The proposal is consistent with the Obama Administration's goal to cut methane emissions from the oil and gas sector by 40-45 percent from 2012 levels by 2025.

Currently, vast amounts of natural gas from public and Indian lands are lost through venting, flaring and leaks from oil and gas operations. Between 2009 and 2014, enough natural gas was lost through venting, flaring and leaks to power more than five million homes for a year. States, Tribes and federal taxpayers also lose royalty revenues when natural gas is wasted – as much as \$23 million annually in royalty revenue for the Federal Government and the States that share it, according to a 2010 Government Accountability Office (GAO) report.

More information about the proposed rule, including its text, a fact sheet, the Regulatory Impact Analysis, the Environmental Analysis, and other information can be found on the web page [Public Events on Oil and Gas](#) at BLM.gov.

The BLM manages more than 245 million acres of public land, the most of any Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western states, including Alaska. The BLM also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's mission is to manage and conserve the public lands for the use and enjoyment of present and future generations under our mandate of multiple-use and sustained yield. In Fiscal Year 2014, the BLM generated \$5.2 billion in receipts from public lands.

***** New Mexico Legislative Wrap *****

The following bills were supported by the New Mexico Oil and Gas Association during the 2016 legislative session and signed by Gov. Susana Martinez:

HB 176 (David Gallegos/M. Padilla) Natural Gas Vehicle Definition

Relating to motor vehicles; making a definition for "natural gas vehicles"; increasing the weight limit for natural gas vehicles. It defines a "natural gas vehicle" as a vehicle operated by an engine that primarily uses natural gas. The weight limit increase will be based on the average weight differential of the natural gas tank and fuel system compared to the average weight of a comparable diesel tank and fuel system.

HB 283 (Larranaga) Unemployment Compensation Contribution Rates

Temporarily reducing the contribution rate of certain employers based on the employer's experience history; temporarily capping the percentage increase in an employer's year-to-year contribution and excess claims rates. For each year beginning with 2016 and through 2018, in spite of any provision of law to the contrary, an employer's contribution rate plus the employer's excess claims rate, if any, shall increase by no more than 2% from one calendar year to the next.

SB 19 (Payne) Disaster Response Tax & Licensure Exemptions

Relating to disaster response; amending and enacting sections of the NMSA 1978 to provide for temporary exemptions to taxation and professional licensure of nonresident persons in the state for disaster response. The main purpose of the bill is to not provide a disincentive to out-of-state workers to come to New Mexico to work on a declared state disaster or emergency by allowing a temporary exemption to paying income taxes on money earned while temporarily working the restoration of critical infrastructure and defined in the statute. Natural gas and natural gas liquids gathering, processing, storage, and transmission were added to the natural gas distribution language per input from NMOGA to the "critical infrastructure" definition.

SB 47 (Clemente Sanchez) Utility Facility Property Tax Valuation

Relating to taxation; requiring that a contribution made to a utility for the expansion, improvement or replacement of service or facility of the utility shall not be subject to valuation for property tax purposes. Increasing due to a contribution in aid of construction from a third party to expand, improve, or replace utility owned facilities.

The following State of New Mexico leases expired in March 2016:

LEASE	LESSEE NAME	SECT	TWP	RNG	DESC	EXPIRATION DATE
LH6519-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	2	23N	27E	Lots 1-4, S2N2, S2	March 7, 2016
V08900-1	THE ALLAR COMPANY	16	23S	23E	N2	March 7, 2016
V06659-0	YATES PETROLEUM CORPORATION	15	12S	38E	N2, NW4SW4, E2SW4	March 3, 2016
LH6512-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	2	23N	26E	Lots 1-4, S2N2, S2	March 1, 2016
LH6515-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	5	23N	26E	Lots 1-4, S2N2, S2	March 1, 2016
LH6516-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	6	23N	26E	Lots 1, 3, 4-7, SENW, S2NE, E2SW, SE4	March 1, 2016
LH6517-0	YATES PETROLEUM CORPORATION	16	23N	26E	ALL	March 1, 2016
LH6521-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	4	23N	27E	(N2) Lots 1-4, S2N2	March 1, 2016
LH6522-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	5	23N	27E	Lots 1-4, S2N2, S2	March 1, 2016
LH6527-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	14	23N	27E	N2	March 1, 2016
LH6535-0	YATES PETROLEUM CORPORATION	12	22N	27E	ALL	March 1, 2016
LH6536-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	13	22N	27E	ALL	March 1, 2016
LH6549-1	CONCHO OIL & GAS LLC/COG OPERATING LLC	36	22N	27E	ALL	March 1, 2016
LH6552-1	CHISOS, LTD	28	21S	19W	ALL	March 1, 2016
LH6553-1	CHISOS, LTD	32	21S	19W	ALL	March 1, 2016
LH6554-1	CHISOS, LTD	33	21S	19W	ALL	March 1, 2016
LH6555-1	CHISOS, LTD	34	21S	19W	ALL	March 1, 2016
V08899-0	MARSHALL & WINSTON INC	2	23S	23E	S2	March 1, 2016
V08901-0	CHASE OIL CORPORATION	16	26S	24E	N2	March 1, 2016
V08902-0	PEDERNALES PRODUCTION, LP	2	11S	36E	Lots 1, 2, 3, 4, 6	March 1, 2016
V08903-0	PEDERNALES PRODUCTION, LP	14	11S	36E	Lot 3, SWNW, SW4	March 1, 2016
V08904-0	PEDERNALES PRODUCTION, LP	36	11S	36E	E2	March 1, 2016
V08905-0	PEDERNALES PRODUCTION, LP	17	11S	37E	SW4	March 1, 2016
V08906-1	CIMAREX ENERGY CO.	12	12S	35E	W2	March 1, 2016
V08907-1	CIMAREX ENERGY CO.	24	12S	35E	W2	March 1, 2016
V08908-1	CIMAREX ENERGY CO.	7	12S	36E	Lots 1-4, E2W2	March 1, 2016
V08910-0	YATES PETROLEUM CORPORATION	30	19S	24E	Lot 1, NE4, NENW, E2SE4	March 1, 2016
V08911-0	CHASE OIL CORPORATION	2	23S	23E	N2	March 1, 2016
V08912-0	CHASE OIL CORPORATION	3	23S	23E	NE4, N2NW, SENW, NWSE, E2SE	March 1, 2016

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