

## Valentine, Velvet, EMNRD

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**From:** Davidson, Florene, EMNRD  
**Sent:** Tuesday, January 5, 2021 2:17 PM  
**To:** Valentine, Velvet, EMNRD  
**Subject:** FW: [EXT] Comment - Methane Rule Hearing - Case 21528  
**Attachments:** 2021.01.05 - Synergy Methane Letter.pdf

Case 21528

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**From:** Tom Mullins <tom.mullins@synergyoperating.com>  
**Sent:** Tuesday, January 5, 2021 1:13 PM  
**To:** Davidson, Florene, EMNRD <florene.davidson@state.nm.us>  
**Cc:** Winchester, Jim <jimwinchester@ipanm.org>; 'Ryan Davis' <rdavis@merrion.bz>; Papp, Glen <gpapp@synergyoperating.com>; Thompson, Paul <paul@walsheng.net>  
**Subject:** [EXT] Comment - Methane Rule Hearing - Case 21528

Florene,  
Thank you for you many years of service to all of us in the oil and gas industry and to all New Mexicans.

Please find attached Synergy's comments for the Methane Rule Hearing, Case 21528.

Warm regards,

- Tom

**Thomas E. Mullins**  
**WSI Enterprises, Inc. / Synergy Operating, LLC**  
505-320-1751 - Cell  
"Choosing to be positive and having a grateful attitude is  
going to determine how you are going to live your life."  
- Joel Osteen



# Synergy Operating, LLC

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January 05, 2021

Oil Conservation Commission  
New Mexico Oil Conservation Division  
Attn: Ms. Davidson  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
(e-mail submittal)

**RE: Case No. 21528 - Oil Conservation Division's  
Application to Adopt 19.15.27 NMAC and 19.15.28 NMAC and  
to Amend 19.15.7 NMAC, 19.15.18 NMAC and 19.15.19  
NMAC (aka Methane Rules)**

Ms. Davidson:

Synergy Operating, LLC (Synergy) is a Farmington, New Mexico based small (micro) independent oil and gas producer. We are a member company of the Independent Petroleum Association of New Mexico (IPANM) and support their comments and recommendations/amendments regarding this this important rule.

Our small business is struggling in this current low natural gas commodity price environment. We are requesting that reasonable and responsible marginal well exemptions (less than 10 BOPD equivalent) be included in these new methane regulations and possibly enhanced by minimizing the reporting requirements within the proposed rule for marginal wells.

As a New Mexico registered professional engineer in the discipline of Petroleum Engineering, who has been working for nearly thirty (30) years, I have participated in numerous OCD rule making hearings and as a small business owner, I have personally experienced the cost impacts from the incremental regulatory efforts and often unintended consequences to raise the environmental bar, often with limited actual real world environmental benefit. I see these proposed Methane regulations as ripe for causing waste (leaving recoverable resources in the ground), unless reasonable marginal well exemptions and variances can be authorized under this rule.

Our company currently operates marginal/stripper oil wells with rod pumping units that vent a minor amount of casinghead gas (unavoidably lost), but vent only when they actually operate intermittently (a couple of days per week on average). We operate these wells intermittently to maximize the oil production, while minimizing waste. The closest gathering pipeline facility for these wells is located more than 5 miles away, and it has historically been cost prohibitive to recover this deminimus gas volume. It is imperative that these marginal/stripper oil wells be allowed to continue to operate without imposition of the costly installation of metering or flare/combuster equipment that would only be infrequently utilized, or these wells could be prematurely plugged and abandoned.

Similar to the waste minimization optimization associated with liquid loading for plunger lift systems, Synergy specifically recommends the inclusion of the words, “pumping unit” in paragraph 19.15.27.8(D)(3)(c), to read now:

**(c) for a well equipped with a plunger lift, pumping unit or automated control system, the operator optimizes the system to minimize the venting of natural gas; or**

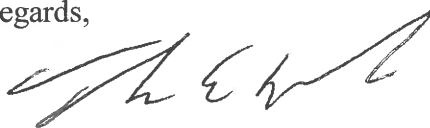
Some regulators and many members of the general public misunderstand the concept of waste as it relates to oil and gas development. Waste is created by regulations, rule makings and operational decisions that unnecessarily cause oil and gas resources to no longer be economically recoverable and left in the ground. We can all agree that regulations increase the cost of doing business, and as Oil Conservation Commissioners (OCC), you have a duty to balance these regulations with the true recoverability of the resource. When new methane regulations are placed upon existing marginal oil and gas producing wells that dramatically change the profitability of the wells and also subjugate a producing company to potential civil penalty fines due to potential record keeping and/or reporting errors, it causes responsible operators to prematurely plug and abandon wells (wasting resources) and leave New Mexico. We would suggest reducing the frequency of reporting of inspections and vented volumes on marginal wells due to the burdensome administrative reporting costs.

Operators are currently self-incentivized to reduce leaks and repair (LDAR) them to recover the maximum amount of saleable product. Audio, Visual and Olfactory (AVO) LDAR efforts are clearly reasonably and done on all wells. It should be recognized in the language of any rule proposed for actual implementation that where it is not practical from an engineering standpoint to actually measure natural gas vented or flared/combusted, that a reasonable estimate of the gas volume vented, or combusted should be acceptable for reporting purposes where required, if that is the primary goal. Measuring gas volumes at low pressures is often a challenging and cost prohibitive exercise.

As a technical professional working daily to produce clean burning natural gas and oil, while protecting the environment, I respectfully recommend that the OCC adopt a balanced methane regulation that permits reasonable exceptions for marginal wells and includes the language suggestion to account for intermittent venting by marginal pumping wells without a pipeline connection.

I can be reached at (505) 599-4905, or [tom.mullins@synergyoperating.com](mailto:tom.mullins@synergyoperating.com).

Kind regards,

A handwritten signature in black ink, appearing to read 'T E Mullins', with a stylized flourish at the end.

Thomas E. Mullins, P.E.  
Engineering Manager