New Mexico Coalbed Methane

• Development started in late 1980’s

• 1999 CBM production = 620 bcf

• 2002 CBM production = 497 bcf

• Production from - San Juan Basin
  - Raton Basin
CBM Water Production

• Approx. 20 million barrels/year

• Quality range = 400 – 20,000 ppm (TDS)

• Average - > 10,000 ppm (TDS) in San Juan Basin
  - 3,500 ppm (TDS) in Raton Basin

• Injection - 99% of San Juan Basin water
  - 95% of Raton Basin water
CBM Produced Water Issues

- Water Disposal
- Beneficial Use
- 2004 Legislation
- New Pit and Below-Grade Tank Rule
Water Disposal
Injection Facility
Centralized Lined Pit
Commercial Lined Pond
Encroaching Development
Beneficial

Uses
Make-up Water For Drilling, Facturing and Well Completion
Right of Way Re-vegetation
Well Pad Re-vegetation
Road Construction
Other Beneficial Uses of CBM Water

- Dust control for coal mine haul roads
- Wildlife watering
- Surface water discharge/Supplemental Stream Flow (none currently discharging)
- Power Plant Cooling Water (under discussion)
2004 Legislation
Senate Bill 313

• Added new provisions on water rights permitting
• New definition of produced water
• Clarified OCD authority over produced water
New Water Rights Provision

“No permit shall be required from the state engineer for the disposition of produced water in accordance with rules promulgated pursuant to Section 70-2-12 NMSA 1978 by the oil conservation division”
“produced water means water that is an incidental byproduct from drilling or production of oil and gas”
Clarified OCD Powers

To direct disposal of produced water including disposition by use in:

- Drilling for or production of oil or gas
- Construction and maintenance (roads and other)
- Generation of electricity
- Industrial processes
New Pit and Below-Grade Tank Rule
OCD Rule 50

• Adopted – December 2003
• Effective – April 15, 2004
• Covers all pits and below-grade tanks (drilling, production, etc.)
Rule 50 Requirements

- Permitting of all pits/below-grade tanks
- Expanded prohibition of unlined pits
- Sets design, construction and operational standards
- Sets closure deadlines
Permit Filing

- New pits - prior to construction
- Notification of existing pits – April 15, 2004
- Continued use of existing pits
  - September 30, 2004 Application
- Cease use unlined pits
  - June 30, 2005
Draft Guidelines

• Issued for public comment - March 16, 2004

• Farmington Public Meeting
  - 5:30 pm April 1, 2004 (San Juan College)

• Close comments – Friday April 9, 2004