



Union Texas
Petroleum

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WELL FILE

March 27, 1985

New Mexico Oil Conservation
1000 Rio Brazos Road
Aztec, NM 87410

RE: Saiz No. 1 Well Basin Dakota pool
K 1840' FSL; 2310' FWL
Section 20, T29N, R11W, N.M.P.M.
San Juan County, New Mexico

RECEIVED
APR 08 1985
OIL CON. DIV.
DIST. 3

(See attached Schematic)

On March 15, 1985, Mr. Charles Gholson, Deputy Oil and Gas Inspector for the State of New Mexico, Energy and Minerals Department of the Oil Conservation Division, Division III called to report an oil seepage east of our Saiz No. 1 well. The seepage was directly adjacent to the east side of the location in a natural dry drainage area running north and south. The water course drains into a second dry water course running from northwest to southeast. The oil seepage had not yet entered into the northwest to southeast water course, but surface seepage indicated that the seepage had progressed about 300 feet and was within 50 feet of entering the second dry water course.

Upon receiving the call we immediately dispatched the roustabout crew to the location with a backhoe. Several test holes were dug to determine the depth and source, but we were unable to determine the source and we could not dig deep enough with the equipment on location.

We immediately shut the well in and pressure tested the pipeline from Gas Company of New Mexico dehydrator to the well tie in to the main gathering line while we were waiting for a truck from Gary Energy Corporation to arrive to pull the oil from the tank. After the truck was emptied our roustabout crews lifted the 500 BBL tank from its foundation and visually inspected the bottom for leakage and no leaks were found. The tank was re-set and the line from the wellhead to our separator was dug out and visually inspected. No leaks were found.

The line from the separator to the dehydrator was dug out and visually inspected. No leaks were found and the pipeline coating was found to be in excellent condition.

The Gas Company of New Mexico dehydrator had a scrubber on the dehydrator skid with an automatic dump valve which vented into an open, unlined pit adjacent to the oil seepage. This line from the scrubber to the open pit was removed and a new line was installed to dump back into the low pressure separator and into our stock tank.

The pressure test from the dehydrator to the well tie in to the main gathering line tie in held the pressure test with no leakage.

Gas Company of New Mexico had a pipeline traversing the north side of our location from a Pictured Cliffs well immediately adjacent to our Saiz No. 1 well. They also had an 8" and a 4" pipeline paralleling the east side of our location approximately 150 feet from the east boundary of our well location. We requested that they do a leak survey on all three of these lines for possible leakage problems. They subsequently did these leak detection surveys and reported that the surveys were all negative.

Mr. Gholson then recommended that we dig the entire seepage area up and burn any oil or gas encountered as it was dug up to remove the oil and gas. This was subsequently done for the entire area of oil contamination to a depth of 10 feet. It was subsequently determined that the contamination source appeared to be from the open, unlined pit installed by Gas Company of New Mexico and used to dump oil into from the scrubber on their dehydrator. This pit was removed and the area dug up and the contamination burned.

It is estimated that approximately 50 BBLs of oil were lost into this pit causing the seepage.

The Saiz No. 1 separator dumped the water from the well into a fiberglass lined pit and the water was drained off of the stock tank into this same lined pit.

The Pictured Cliffs well on the same location is operated by another operator and the water from that well was being dumped into an open, unlined pit. The pit did not appear to have any produced oil in it, however, it did appear to be making a good quantity of salt water.

We have left two open holes in the area which has been dug out and will be monitored by Mr. Gholson and ourselves for assurance that the seepage has been stopped.



R. D. Motto
Area Operations Manager

RDM:svr

cc: BLM-Minerals Management Dept.
Mr. W. N. Hahne
Mr. K. E. Roddy
Mr. B. E. Brown
Mr. C. E. Smith

