

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**CASE NO. 13479
ORDER NO. R-12393**

**APPLICATION OF DOMINION EXPLORATION & PRODUCTION, INC., FOR
AN EXEMPTION TO THE PROVISIONS OF DIVISION RULE 310.A, CHAVES,
EDDY, AND LEA COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 19, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 22nd day of July, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division ("Division") has jurisdiction of this case and its subject matter.

(2) Dominion Exploration & Production, Inc. ("Dominion" or "Applicant") seeks an exception to the following fire wall capacity requirements of the Division specified in NMAC 19.15.5.310A.:

"Where fire walls are required, fire walls shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks."

(3) In addition to the Division's rules, the US Environmental Protection Agency ("USEPA") in 40 C.F.R. 112.7 - 112.10 lists requirements for Spill Prevention, Control, and Countermeasure Plans ("SPCC"). In part these federal regulations require the owner or operator of an onshore production facility to:

"Provide all tank battery, separation, and treating facility installations with a secondary means of containment of the entire capacity of the largest single container and sufficient freeboard to contain precipitation."

(4) Dominion seeks permission to construct the smaller, USEPA sized firewalls around the following 45 facilities:

No.	Facility Name	County	Unit	Section	Township	Range		
1	R & S Federal #1 Tank Battery	Chaves		17	15 S	28 E	33-00-51.2 N	104-09-35.2 W
2	R & S State #1 Tank Battery	Chaves	NW/NW	17	15 S	28 E	33-01-13.4 N	104-09-34.5 W
3	Abby Federal #5	Eddy		28	26 S	30 E	32-00-32.0 N	103-52-44.0 W
4	Aoudad Federal Central Tank Bat	Eddy		33	22 S	26 E	32-21-01.7 N	104-17-34.1 W
5	Artesia 21 State #2 Tank Battery	Eddy		21	18 S	28 E	32-44-9.5 N	104-10-32.0 W
6	Barbados State #1	Eddy	I	32	22 S	26 E	32-20-47.8 N	104-18-31.9 W
7	Big Eddy #117 SWD	Eddy		25	22 S	28 E	32-21-30.8 N	104-02-52.6 W
8	Dall Federal #1 Tank Battery	Eddy		33	22 S	26 E	32-20-47.9 N	104-18-01.6 W
9	Durango 10 Fed #1	Eddy		10	17 S	29 E	32-50-38.3 N	104-03-27.9 W
10	EV State #1 Tank Battery	Eddy	A	32	22 S	26 E	32-21-09.7 N	104-18-29.1 W
11	Geronimo 34 - 1 Y	Eddy	E	34	17 S	28 E	32-47-37.4 N	104-10-09.0 W
12	Geronimo 34 - 2	Eddy	H	34	17 S	28 E	32-47-39.3 N	104-09-33.4 W
13	Geronimo 36 State Com 1	Eddy	C	36	17 S	28 E	32-47-47.0 N	104-04-57.0 W
14	Happy Valley Fed Com #1 Tank Bat	Eddy		28	22 S	26 E	32-21-56.3 N	104-17-43.7 W
15	J.A. Tamamio Fed Com #1 Tank Bat	Eddy		27	22 S	26 E	32-21-41.1 N	104-17-16.3 W
16	Loco Hills 4 Fed Com 1	Eddy		4	18 S	29 E	32-46-44.8 N	104-04-35.8 W
17	Loco Hills 4 Fed Com 4	Eddy		4	18 S	29 E	32-46-51.0 N	104-04-28.0 W
18	Pinnacle State #1 Tank Battery	Eddy	L	36	22 S	28 E	32-20-50.3 N	104-02-53.9 W
19	Ram EWE Federal #4 Tank Battery	Eddy		33	22 S	26 E	32-20-50.1 N	104-17-47.9 W
20	Rio Cinco State 1	Eddy	D	26	17 S	28 E	32-48-33.9 N	104-03-12.1 W
21	Saragosa 16 State Com #1	Eddy		16	23 S	26 E	32-18-34.6 N	104-18-01.9 W
22	Saragosa 16 State Com #2	Eddy	C	16	23 S	26 E	32-18-34.5 N	104-17-34.0 W
23	Saragosa 17 State Com #1	Eddy		17	23 S	26 E	32-18-31.4 N	104-19-20.4 W
24	Saragosa 17 State Com #3	Eddy	L	17	23 S	26 E	32-18-07.8 N	104-19-19.7 W
25	Sheep Draw #2 Tank Battery	Eddy		33	22 S	26 E	32-21-14.5 N	104-17-49.2 W
26	Sheep Draw Federal 28-1 Tank Bat	Eddy		28	22 S	26 E	32-21-25.5 N	104-17-57.3 W
27	Sheep Draw Federal 28-13 Tank Bat	Eddy		28	22 S	26 E	32-21-39.4 N	104-18-20.1 W
28	Turkey Track 11-4 Tank Battery	Eddy		11	19 S	28 E	32-40-51.8 N	104-09-03.3 W
29	Electrolux 21 State Com 1	Lea		21	17 S	35 E	32-49-27.0 N	103-27-46.8 W
30	Harrod 7 State Com 1	Lea		7	16 S	35 E	32-23-40.1 N	103-10-02.5 W
31	Gulf State Tank Battery	Lea		16	22 S	37 E	32-56-31.8 N	103-29-31.3 W
32	Sharp Nose Federal #1 Tank Battery	Lea		13	20 S	33 E	32-34-21.5 N	103-36-54.5 W

33	State ETA #3 Tank Battery	Lea	H	8	16 S	35 E	32-56-18.0 N	103-28-25.6 W
34	State ETA #4 Tank Battery	Lea	C	8	16 S	35 E	32-56-32.2 N	103-28-58.9 W
35	Toro State 16-1	Lea	M	16	19 S	35 E	32-39-20.4 N	103-28-06.0 W
36	Toro 21 Com 1-Y Tank Battery	Lea	H	21	19 S	35 E	32-38-48.6 N	103-27-20.7 W
37	Toro 22 State Com #2	Lea	N	22	19 S	35 E	32-38-23.2 N	103-26-48.9 W
38	Toro 22 State Com #3	Lea	K	22	19 S	35 E	32-38-40.5 N	103-26-54.6 W
39	Toro 22 State Com #4	Lea	F	22	19 S	35 E	32-38-55.2 N	103-26-50.1 W
40	Toro 27 State Com #1	Lea		27	19 S	35 E	32-37-43.2 N	103-26-53.2 W
41	Toro 27 State Com #2	Lea	E	27	19 S	35 E	32-38-02.8 N	103-27-04.8 W
42	Toro 27 State Com #5	Lea		27	19 S	35 E	32-37-57.0 N	103-26-36.0 W
43	Toro 27 State Com #6	Lea	D	27	19 S	35 E	32-38-13.8 N	103-27-01.8 W
44	Toro State 33-1 Tank Battery	Lea	G	33	19 S	35 E	32-37-10.4 N	103-27-32.5 W
45	Vivian Tank Battery	Lea	F	30	22 S	38 E	32-21-53.8 N	103-06-08.9 W

(5) Dominion presented testimony from a District Operations Manager as follows:

(a) Dominion has constructed firewalls around a total of 84 facilities within the State of New Mexico.

(b) Dominion originally built firewall sizes in New Mexico to USEPA standards. During an internal audit in 2002, Dominion became aware that the New Mexico rule required a 30% excess capacity. Dominion has since reported the discrepancy to the Division.

(c) Dominion has upgraded all firewalls to the New Mexico standard except for the 45 firewalls in this application which are much less likely to pose a danger to ground water and are not in close proximity to washes or stream beds.

(d) All firewalls around facilities in Rio Arriba County have been upgraded primarily because of their proximity to Largo Canyon Wash.

(e) Increasing the size of firewalls is costly and causes additional surface disturbance. All facilities are monitored for leaking fluids on a daily basis.

(f) The majority of liquid spills into firewalls have been caused by lightning hitting the fiberglass water tanks. Dominion has not had a spill exceed a firewall.

(g) Dominion's tanks are generally newer and are replaced when holes are discovered.

(h) Notice has been provided to all surface owners including the US Bureau of Land Management. Notice was also placed in the newspapers of Lea, Eddy, and Chaves Counties. No objections were received.

(6) Granting Dominion an exception as requested will protect the environment and prevent waste.

(7) This application should be approved.

IT IS THEREFORE ORDERED THAT:

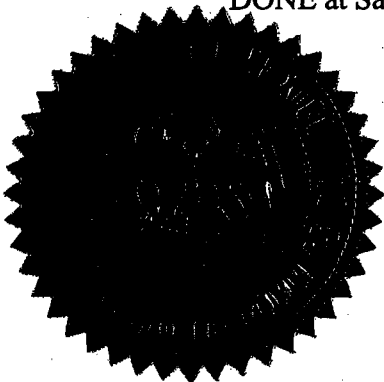
(1) Dominion Exploration & Production, Inc. ("Dominion" or "Applicant") is hereby granted an exception to the firewall capacity requirement of the Division as specified in NMAC 19.15.5.310A. for the following 45 facilities in Lea, Eddy, and Chaves Counties. For these 45 facilities, Dominion shall comply with the United States Environmental Protection Agency's ("USEPA") Spill Prevention, Control, and Countermeasure ("SPCC") plans pertaining to oil field facilities such that all tank battery, separation, and treating facility installations shall be provided with a secondary means of containment consisting of at least the entire capacity of the largest single container in addition to sufficient capacity to contain precipitation.

No.	Facility Name	County	Unit	Section	Township	Range		
1	R & S Federal #1 Tank Battery	Chaves		17	15 S	28 E	33-00-51.2 N	104-09-35.2 W
2	R & S State #1 Tank Battery	Chaves	NW/NW	17	15 S	28 E	33-01-13.4 N	104-09-34.5 W
3	Abby Federal #5	Eddy		28	26 S	30 E	32-00-32.0 N	103-52-44.0 W
4	Aoudad Federal Central Tank Bat	Eddy		33	22 S	26 E	32-21-01.7 N	104-17-34.1 W
5	Artesia 21 State #2 Tank Battery	Eddy		21	18 S	28 E	32-44-9.5 N	104-10-32.0 W
6	Barbados State #1	Eddy	I	32	22 S	26 E	32-20-47.8 N	104-18-31.9 W
7	Big Eddy #117 SWD	Eddy		25	22 S	28 E	32-21-30.8 N	104-02-52.6 W
8	Dall Federal #1 Tank Battery	Eddy		33	22 S	26 E	32-20-47.9 N	104-18-01.6 W
9	Durango 10 Fed #1	Eddy		10	17 S	29 E	32-50-38.3 N	104-03-27.9 W
10	EV State #1 Tank Battery	Eddy	A	32	22 S	26 E	32-21-09.7 N	104-18-29.1 W
11	Geronimo 34 - 1 Y	Eddy	E	34	17 S	28 E	32-47-37.4 N	104-10-09.0 W

12	Geronimo 34 - 2	Eddy	H	34	17 S	28 E	32-47-39.3 N	104-09-33.4 W
13	Geronimo 36 State Com 1	Eddy	C	36	17 S	28 E	32-47-47.0 N	104-04-57.0 W
14	Happy Valley Fed Com #1 Tank Bat	Eddy		28	22 S	26 E	32-21-56.3 N	104-17-43.7 W
15	J.A. Tamamio Fed Com #1 Tank Bat	Eddy		27	22 S	26 E	32-21-41.1 N	104-17-16.3 W
16	Loco Hills 4 Fed Com 1	Eddy		4	18 S	29 E	32-46-44.8 N	104-04-35.8 W
17	Loco Hills 4 Fed Com 4	Eddy		4	18 S	29 E	32-46-51.0 N	104-04-28.0 W
18	Pinnacle State #1 Tank Battery	Eddy	L	36	22 S	28 E	32-20-50.3 N	104-02-53.9 W
19	Ram EWE Federal #4 Tank Battery	Eddy		33	22 S	26 E	32-20-50.1 N	104-17-47.9 W
20	Rio Cinco State 1	Eddy	D	26	17 S	28 E	32-48-33.9 N	104-03-12.1 W
21	Saragosa 16 State Com #1	Eddy		16	23 S	26 E	32-18-34.6 N	104-18-01.9 W
22	Saragosa 16 State Com #2	Eddy	C	16	23 S	26 E	32-18-34.5 N	104-17-34.0 W
23	Saragosa 17 State Com #1	Eddy		17	23 S	26 E	32-18-31.4 N	104-19-20.4 W
24	Saragosa 17 State Com #3	Eddy	L	17	23 S	26 E	32-18-07.8 N	104-19-19.7 W
25	Sheep Draw #2 Tank Battery	Eddy		33	22 S	26 E	32-21-14.5 N	104-17-49.2 W
26	Sheep Draw Federal 28-1 Tank Bat	Eddy		28	22 S	26 E	32-21-25.5 N	104-17-57.3 W
27	Sheep Draw Federal 28-13 Tank Bat	Eddy		28	22 S	26 E	32-21-39.4 N	104-18-20.1 W
28	Turkey Track 11-4 Tank Battery	Eddy		11	19 S	28 E	32-40-51.8 N	104-09-03.3 W
29	Electrolux 21 State Com 1	Lea		21	17 S	35 E	32-49-27.0 N	103-27-46.8 W
30	Harrod 7 State Com 1	Lea		7	16 S	35 E	32-23-40.1 N	103-10-02.5 W
31	Gulf State Tank Battery	Lea		16	22 S	37 E	32-56-31.8 N	103-29-31.3 W
32	Sharp Nose Federal #1 Tank Battery	Lea		13	20 S	33 E	32-34-21.5 N	103-36-54.5 W
33	State ETA #3 Tank Battery	Lea	H	8	16 S	35 E	32-56-18.0 N	103-28-25.6 W
34	State ETA #4 Tank Battery	Lea	C	8	16 S	35 E	32-56-32.2 N	103-28-58.9 W
35	Toro State 16-1	Lea	M	16	19 S	35 E	32-39-20.4 N	103-28-06.0 W
36	Toro 21 Com 1-Y Tank Battery	Lea	H	21	19 S	35 E	32-38-48.6 N	103-27-20.7 W
37	Toro 22 State Com #2	Lea	N	22	19 S	35 E	32-38-23.2 N	103-26-48.9 W
38	Toro 22 State Com #3	Lea	K	22	19 S	35 E	32-38-40.5 N	103-26-54.6 W
39	Toro 22 State Com #4	Lea	F	22	19 S	35 E	32-38-55.2 N	103-26-50.1 W
40	Toro 27 State Com #1	Lea		27	19 S	35 E	32-37-43.2 N	103-26-53.2 W
41	Toro 27 State Com #2	Lea	E	27	19 S	35 E	32-38-02.8 N	103-27-04.8 W
42	Toro 27 State Com #5	Lea		27	19 S	35 E	32-37-57.0 N	103-26-36.0 W
43	Toro 27 State Com #6	Lea	D	27	19 S	35 E	32-38-13.8 N	103-27-01.8 W
44	Toro State 33-1 Tank Battery	Lea	G	33	19 S	35 E	32-37-10.4 N	103-27-32.5 W
45	Vivian Tank Battery	Lea	F	30	22 S	38 E	32-21-53.8 N	103-06-08.9 W

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director