

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

AMENDED APPLICATION OF WILLIAMS PRODUCTION CO., LLC FOR APPROVAL OF A CLOSED-LOOP SYSTEM FOR THE ROSA SWD WELL NO. 2 AND FOR THE IN-PLACE BURIAL OF DRILLING WASTES AT ANOTHER WELL LOCATION, NEW MEXICO.

CASE NO. 14463

RECEIVED OCD
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ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 19.15.4.13 NMAC.

APPEARANCES

APPLICANT

Williams Production Co., LLC

APPLICANT'S ATTORNEY

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
Phone: (505) 988-4421
Fax: (505) 983-6043
Email: omundsdry@hollandhart.com

RESPONDENT

Oil Conservation Division

RESPONDENT'S ATTORNEY

Sonny Swazo
Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
Telephone:
Sonny Swazo (505) 476-3463
Gail MacQuesten (505) 476-3451
FAX: (505) 476-3462
Email:
Sonny.Swazo@state.nm.us
Gail.Macquesten@state.nm.us

STATEMENT OF THE CASE

Applicant Williams Production Co. LLC is asking for approval to use a closed-system at Well "A" and to dispose of the wastes generated from that closed-loop system at Well "B," some ten miles away.

The Oil Conservation Division opposes the approval for two reasons.

First, disposal of oilfield wastes at a site other than the site where the wastes were generated requires a permit for a surface waste management facility under 19.15.36 NMAC. Williams has not applied for a surface waste management facility permit, so approval cannot be granted under 19.15.36 NMAC.

Second, the approval Williams seeks cannot be granted under the Pit Rule, 19.15.17 NMAC. The Pit Rule governs on-site disposal of drilling wastes, and does not contemplate disposal of wastes at a remote location unless that location is an approved surface waste management facility. Because the relief Williams seeks cannot be granted under the Pit Rule, its application must be denied. However, if the examiners determine that an operator may obtain approval under the Pit Rule for disposal of oilfield wastes at a remote location, Williams' application fails on procedural grounds:

- Williams has not followed the permit application process set out in the Pit Rule. The C-144 Williams is asking the hearing examiner to approve was submitted on April 20, 2010 – after Williams' application for hearing and just days before the hearing date. The district has not acted on that application.
- Approval of the C-144 submitted by Williams would require granting exceptions to the Pit Rule. (One example is Williams' proposed testing protocols, which are not recognized by the Pit Rule.) Williams has not followed the procedure for obtaining exceptions to the Pit Rule, and no exceptions can be granted unless that procedure is followed.

RESPONDENT'S PROPOSED EVIDENCE

WITNESSES:

ESTIMATED TIME:

Brad Jones, OCD Environmental Bureau
Environmental Engineer

6 hours

Expertise in management of oilfield wastes; OCD
regulatory process; Pit Rule; Surface Waste Management Facilities Rule

Glenn von Gonten, OCD Acting Environmental Bureau Chief
Hydrologist

1 hour

Expertise in management of oilfield wastes; OCD
regulatory process; Pit Rule; Surface Waste Management Facilities Rule

Brandon Powell, OCD Aztec District Office
OCD Environmental Specialist
(Will testify by telephone)

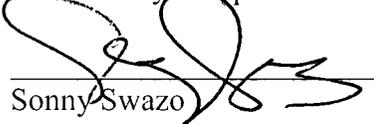
1 hour

PROCEDURAL MATTERS

There is a pending motion asking the case to be dismissed, and for the case to be reassigned to the Oil Conservation Commission if the motion to dismiss is denied.

Respectfully submitted

this 28th day of April 2010 by



Sonny Swazo
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax (505) 476-3462
Email: sonny.swazo@state.nm.us
Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following parties on April 28, 2010:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
Phone: (505) 988-4421
Fax: (505) 983-6043
Email: omundsdry@hollandhart.com

Attorney for Applicant Williams Production Co., LLC



Sonny Swazo