

Called in by Perry Pearce  
3/26/91

# Memo

From  
FLORENE DAVIDSON  
OC Staff Specialist

To April 18, 1991

Knox Industries Inc.  
Special Pool Rules for  
Milnesand-Albo Pool  
Lea and Roosevelt  
Counties

E/2 - Section 33

S/2 - Section 34

T85 - R35E

NW/4 - 3-95-35E

80

160-acre spacing

10250

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

**RECEIVED**

APR 12 1991

OIL CONSERVATION DIV.  
SANTA FE

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING THE APPLICATION OF  
KNOX INDUSTRIES, INC. FOR SPECIAL  
POOL RULES, LEA AND ROOSEVELT COUNTIES,  
NEW MEXICO

Case No. 10280

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of Knox Industries, Inc., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

Applicant: Knox Industries, Inc.

Contact  
Person:

Gordon Votaw  
Knox Industries, Inc.  
Post Office Box 3023  
Midland, Texas 79702-3023

Attorney:

W. Perry Pearce  
Montgomery & Andrews, P.A.  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 982-3873

APPLICANT'S STATEMENT OF THE CASE

Applicant in this case seeks special pool rules including 80 acre spacing for the Milnesand Abo Pool which straddles the Lea and Roosevelt County lines

APPLICANT'S PROPOSED EVIDENCE

Applicant expects to call one witness and present 10 or fewer exhibits. The direct case should take 30 minutes or less.

PROCEDURAL MATTERS

Applicant is not aware of any procedural matters which need to be resolved prior to the hearing of this case.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By

  
\_\_\_\_\_  
W. Perry Pearce  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873

Attorneys for Knox Industries, Inc.

[WPP/156]

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

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
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KNOX INDUSTRIES, INC. FOR  
SPECIAL POOL RULES, LEA AND  
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MEXICO

CASE NO. 10280

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of Knox Industries, Inc. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

Applicant: Knox Industries, Inc.  
Post Office Box 3023  
Midland, Texas 79702-3023  
(915) 682-6261

Contact  
Person: Gordon Votaw

Attorney: W. Perry Pearce  
Montgomery & Andrews, P.A.  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 982-3873

APPLICANT'S STATEMENT OF THE CASE

Applicant in this case seeks special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements.

APPLICANT'S PROPOSED EVIDENCE

Applicant expects to call one witness and present 10 or fewer exhibits. The direct case should take 30 minutes or less.

PROCEDURAL MATTERS

Applicant is not aware of any procedural matters which need to be resolved prior to the hearing of this case.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 

W. Perry Pearce  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873

Attorneys for Knox Industries, Inc.

[WPP/184]

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

POST OFFICE BOX 2098  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87504  
505/327-5900

MEMORANDUM

TO: INDUSTRY OPERATORS, PURCHASERS AND ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division

SUBJECT: ANNUAL STATE OF THE INDUSTRY MEETING - JUNE 7, 1991

DATE: MAY 28, 1991

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This year's oil and gas State of the Industry meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on June 7, 1991 beginning at 9:00 AM. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of Industry meeting. It will be held on Thursday night, June 6, 1991, from 6:30 to 8:00 pm, in the New Mexico Room of the La Fonda Hotel. Cocktails and hor d'oeuvres will be served. This year's program has excellent speakers covering a variety of critical industry issues. The agenda is as follows:

- 9:00 - 9:10**                    **WELCOME AND OPENING REMARKS**  
William J. LeMay, Director, Oil Conservation Division  
Energy, Minerals and Natural Resources Department
- 9:10 - 9:30**                    **THE DOMESTIC CRUDE OIL OUTLOOK**  
R. G. Bautch, Manager of Lease Crude Operations  
Chevron, U.S.A.
- 9:30 - 9:50**                    **INTERNATIONAL CRUDE OUTLOOK**  
Mike Mirabagheri, Vice President  
Holly Corporation

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- 9:50 - 10:10**            ***OIL AND GAS ISSUES FOR NEW MEXICO'S INDEPENDENTS***  
Bob Bayless, Independent Producer
- 10:10 - 10:30**            ***COFFEE BREAK***
- 10:30 - 10:50**            ***REGULATORY UPDATE***  
Jim Morrow, Chief Engineer  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department
- 10:50 - 11:10**            ***WHAT'S NEW FOR NEW MEXICO'S NATURAL GAS***  
Ron Merrett, Director  
Natural Gas Programs  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department
- 11:10 - 11:30**            ***ENVIRONMENTAL ISSUES IN NEW MEXICO'S OIL AND GAS  
INDUSTRY***  
David G. Boyer, Environmental Bureau Chief  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department
- 11:30 - 11:50**            ***NEW MEXICO'S STATE LANDS' POLICY AND INITIATIVES***  
Jim Baca, State Land Commissioner
- 11:50 - 12:00**            ***CONCLUDING REMARKS***  
William J. LeMay, Director  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

MEMORANDUM

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division *WJL*

SUBJECT: RECENT FEDERAL ENVIRONMENTAL ACTION REGARDING  
EXPLORATION AND PRODUCTION WASTES

DATE: APRIL 25, 1991

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This memo summarizes and provides information on three recent federal actions involving oil and gas exploration and production wastes.

1. On February 25, 1991, EPA Region 6, Dallas, issued final Clean Water Act NPDES General Permits for oil and gas facilities in the Onshore Subcategory of the Oil and Gas Extraction Point Source Category for the States of Louisiana, New Mexico, Oklahoma and Texas. These permits prohibit all discharges of pollutants to waters of the U.S. from these facilities consistent with the requirements codified at 40 CFR Part 435, Subpart C. The permits became effective on March 27, 1991. Under the New Mexico permit (NMG 320000), discharges to "waters of the United States" (e.g. watercourses, rivers, streams, lakes, and playas, etc.) are prohibited, and operators are directed to operate in accordance with OCD Rules and Regulations. The permit does not require the operator to make application or contact EPA unless a discharge actually occurs. In the event of bypass or upset discharge, 24-hour reporting to EPA is required. (Note: Discharges specifically authorized by EPA-issued NPDES permits under the Agriculture and Wildlife Water Use, or Stripper Subcategories are not affected by this rule).
2. In a legal opinion issued by letter from EPA Region 6 on March 26, 1991, Laguna Gatuna (a natural playa salt lake in western Lea County) is now considered to be a "water of the United States" for purposes of regulation under the Federal Clean Water Act, and discharges of oil and gas wastes to the playa are prohibited without a federal NPDES permit. The opinion was requested by the NM Environment Department as a result of information provided by the US Fish and Wildlife Service. In the opinion, EPA states that under EPA's current definition of "waters of the U.S.", "even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act." As a result of this action and the effect of the new NPDES General Permit discussed above, facilities discharging oilfield wastes to

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playas may not be in compliance with the federal Clean Water Act even though they have OCD-approved state permits. All operators discharging to such playas should review these developments with legal counsel familiar with federal environmental law and be prepared to modify discharge methods if necessary. This action does not change the status of OCD-approved permits; these permits remain in effect. Any modification to operations would be as a result of the requirements of federal law.

3. On April 2, 1991, EPA Washington, by letter, issued a preliminary determination that wastes generated by crude oil and tank bottom reclamation facilities are exempt from Subtitle C (Hazardous Waste) provisions of RCRA. This opinion was requested by several operators in southeast New Mexico and west Texas as a result of EPA's action, effective last fall, listing certain production-related wastes containing naturally occurring benzene as hazardous wastes. The April 2nd determination will be made final when published in the Federal Register, likely within the next 60 days. In the meantime, OCD believes the EPA letter serves as notification to treating plants and other reclamation facilities that they can again receive and treat these wastes under current OCD-approved permits. However, facilities can receive only production wastes for treatment (i.e. no used motor oils, or refined product tank bottoms) and no RCRA-regulated solvents may be used to treat production wastes (e.g. no chlorinated solvents or solvent mixtures containing xylenes, toluene and other mixtures as listed in 40 CFR Part 261.31).

Copies of all EPA documents mentioned in this memorandum are available at OCD district offices or through the Environmental Bureau in Santa Fe.

WJM/DGB/sl

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

October 11, 1991

MONTGOMERY & ANDREWS  
Attorneys at Law  
P. O. Box 2307  
Santa Fe, New Mexico 87505

RE: CASE NO. 10280  
ORDER NO. R-9595

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad and Roswell Offices