

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
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MARK F. SHERIDAN
WILLIAM P. SLATTERY
ANNIE-LAURIE COOGAN

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 23, 1991

HAND-DELIVERED

RECEIVED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

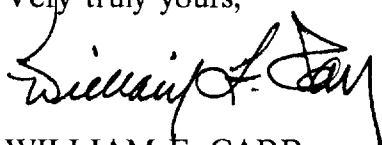
APR 23 1991
OIL CONSERVATION DIVISION

Re: In the Matter of the Application of Stevens Operating Corporation for Pool
Creation, Special Pool Rules, and a Discovery Allowable, Chaves County,
New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Stevens Operating Corporation in the above-referenced case. Stevens Operating Corporation respectfully requests that this matter be placed on the docket for the May 16, 1991 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Don Stevens
Stevens Operating Corporation
Post Office Box 2408
Roswell, New Mexico 88201

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May 6, 1991

Robert Stovall, Esq.
General Counsel
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87501

VIA HAND-DELIVERY

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MAY 6 1991

OIL CONSERVATION DIVISION

Re: **Application of Stevens Operating Corporation for Pool
Creation, Special Pool Rules and a Discovery Allowable
Chaves County, New Mexico**

Case 10308

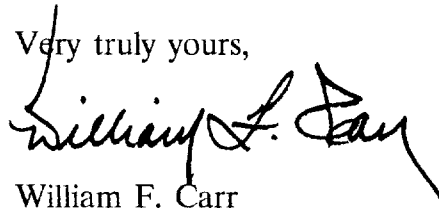
Dear Mr. Stovall:

Enclosed is an amended Application for the above-referenced case which we are filing with the Division on behalf of Stevens Operating Corporation. This Application has been amended to change the location of the McClellan Federal No. 1 Well from a point 1,990 feet from the East line of Section 28, Township 13, South Range 29 East, NMPM Chaves County, New Mexico to the correct footage location 990 feet from the East line of said Section 28.

Pursuant to our discussion of May 3, I have advised Mr. Stevens that, since this well is at a standard location and the location of the well is not material to the subject of this application, further advertisement of this matter will not be required and that we will proceed to hearing on this case on May 16, 1991.

Your assistance with this matter has been appreciated.

Very truly yours,


William F. Carr

WFC:mtb

Enclosure

cc: Donald G. Stevens
Stevens Operating Corporation
Post Office Box 2408
Roswell, New Mexico 88201

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10308

RECEIVED

APPLICATION OF STEVENS OPERATING
CORPORATION FOR POOL CREATION, SPECIAL
POOL RULES, AND DISCOVERY ALLOWABLE, CHAVES
COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This prehearing statement is submitted by Campbell & Black, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Stevens Operating Corporation_____
Post Office Box 2408_____
Roswell, New Mexico 88201_____
Attn: Don Stevens_____

(505) 622-7273_____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq._____
Campbell & Black, P.A._____
Post Office Box 2208_____
Santa Fe, New Mexico 87504_____

(505) 988-4421_____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Stevens Operating Corporation applicant in the above-captioned case, seeks the creation of a new oil pool for Devonian production comprising the NE/4 of Section 28, Township 13 South, Range 29 East, and the promulgation of special rules therefore including provisions for 160-acre spacing and designated well location requirements whereby wells would be no closer than 330 feet to the outer boundary of a spacing unit. Applicant further seeks the assignment of a discovery allowable for its McClellan Federal Well No. 1 located 2190 feet from the North line and 1990 feet from the East line (Unit H) of said Section 28, as provided by Division (General) Rule 509.

Stevens will request that the Special Pool Rules be made temporary for a one year period of time.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

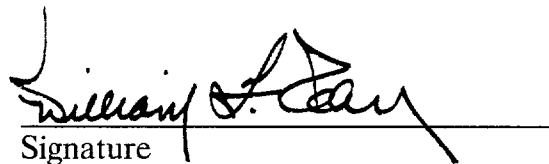
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Greg Vujovich, Petroleum Engineer	20 Min.	Approximately 7

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10308

APPLICATION OF STEVENS OPERATING
CORPORATION FOR POOL CREATION, SPECIAL
POOL RULES, AND A DISCOVERY ALLOWABLE,
CHAVES COUNTY, NEW MEXICO

RECEIVED

10 16 1991

OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MARATHON OIL
COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT
(name, address, phone
and contact person)

ATTORNEY

Stevens Operating Corp.

William F. Carr, Esq.
CAMPBELL & BLACK, P.A.
P.O. Box 2208
Santa Fe, NM 87504
(505) 988-4421

Pre-hearing Statement
NMOCD Case No. 10308
Page 2

INTERESTED PARTY
(name, address, phone
and contact person)

Marathon Oil Company
P.O. Box 552
Midland, TX 79702
Attn: Tom Lowry
(915) 687-8148

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

STATEMENT OF CASE

INTERESTED PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Marathon Oil Company is opposed to making the rules permanent. Marathon would acquiesce to temporary rules for not more than 12 months.

PROPOSED EVIDENCE

INTERESTED PARTY

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
R.W. Tracy (P.E.)	15 Min.	Unknown at this time
T.A. Goudeau (P.E.)	15 Min.	Unknown at this time
G.A. Wilson (geologist)	15 Min.	Unknown at this time

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

None.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

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

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

MEMORANDUM

April 25, 1991

Page -2-

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

P 756 666 882

Certified Mail Receipt

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

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McClellan Oil Corporation	
Street & No.	
P. O. Drawer 730	
P.O. State & ZIP Code	
Roswell, NM 88202-0730	
Postage	\$
Certified Fee	
Special Delivery Fee	
Registered Mail Fee	
Return Receipt (if desired)	
Insurance (if desired)	
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PS Form 3811, Mar. 1988

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

3. Article Addressed to: McClellan Oil Corporation Post Office Drawer Roswell, New Mexico 88202-0730		4. Article Number P 756 666 882	
5. Signature - Address X		Type of Service: <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature - Agent X <i>Stewart - Mve</i>		Always obtain signature of addressee agent and DATE DELIVERED.	
7. Date of Delivery		Addressee's Address (ONLY if requested and fee paid)	

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)



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

BRUCE KING
GOVERNOR

April 24, 1992

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

McClellan Oil Corporation
Post Office Drawer 730
Roswell, New Mexico 88202-0730

Gentlemen:

In accordance with the provisions of Division Order No. R-9514 entered on May 16, 1991, the Oil Conservation Division is reopening Case No. 10308 in order to give all operators in the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, the opportunity to appear and show cause why the temporary rules promulgated for said pool should not be rescinded.

This case will be heard before an examiner on May 14, 1992, in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, at 8:15 a.m. A copy of the advertisement for this hearing is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

enc.