

Entered January 31, 1978  
JHR

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 6089  
Order No. R-5636

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION COMMISSION ON ITS OWN MOTION  
TO CONSIDER THE AMENDMENT OF RULES 701, 702,  
703, 704 AND 705 OF THE COMMISSION RULES GOVERNING  
APPLICATIONS FOR APPROVAL OF INJECTION WELLS AND  
PROJECTS, WELL CONSTRUCTION AND OPERATION STANDARDS,  
REPORTS AND RECORDS REQUIREMENTS, AND AUTOMATIC  
TERMINATION OF AUTHORIZATION FOR ABANDONED WELLS  
OR PROJECTS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1977,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 31st day of January, 1978, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, and being fully  
advised in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That this case was called by the Commission in an effort  
to bring its rules up to date with current policy and technology  
with respect to injection wells and projects and to coincide its  
rules with pending underground injection control regulations of  
the United States Environmental Protection Agency which are being  
promulgated pursuant to the national Safe Drinking Water Act.

(3) That at the hearing of this case, motions were made to  
continue the case to January 4, 1978, "...to allow the operators  
more time to absorb and understand the effect on their operations"  
of the proposed rules and rules changes.

(4) That the motions for continuance were denied, but the  
record in this case was left open until December 30, 1977.

(5) That statements received at the hearing and during the  
period the record in this case stood open indicate that certain  
of the proposed amendments of Rules 701 and 702 may be premature  
in view of certain delays in the promulgation of underground  
injection control regulations by the United States Environmental  
Protection Agency.

(6) That despite the prematurity of certain of the proposed amendments of Rules 701 and 702, the evidence establishes that certain other amendments of said rules and of Rules 703, 704, and 705 are not contingent upon the EPA injection control regulations and should be adopted.

(7) That in the interest of coherence and to avoid confusion, the adoption of any amendments to Rules 701 and 702 should be deferred until all of the necessary amendments to said rules, including those amendments which will be necessary for coincidence with the EPA injection control regulations, can be made.

(8) That that portion of Case No. 6089 relating to the amendment of Rules 701 and 702 should be dismissed without prejudice and should be reconsidered by the Commission at a later date.

(9) That the proposed amendments to Rules 703, 704 and 705 of the Commission Rules and Regulations should be considered herein.

(10) That in the interest of more efficient administration of the rules governing injection projects and wells, and to facilitate the keeping of records concerning same, Rule 703 of the Commission Rules and Regulations should be amended to provide for automatic termination of authority to inject after some reasonable period of time following cessation of injection operations.

(11) That six months is a reasonable period of time to ascertain the viability of an injection project or well, and the authority for injection should terminate automatically after a six-month period of non-injection, provided however, that the Secretary-Director of the Commission should have authority to extend the injection authority beyond said six-month period for good cause shown.

(12) That Rule 703 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 703. COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT  
OF INJECTION OPERATIONS.

The following provisions shall apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:

A. Notice of Commencement and Discontinuance

- (1) Immediately upon the commencement of injection operations in any well, the operator shall notify the Commission of the date such operations began.

- (2) Within 30 days after the discontinuance of injection operations in any well, the operator shall notify the Commission of the date of such discontinuance and the reasons therefor.
- (3) Before any injection well is plugged, the operator shall obtain approval for the well's plugging program from the appropriate District Office of the Commission in the same manner as when plugging oil and gas wells or dry holes.

B. Abandonment of Injection Operations

- (1) Whenever there is a continuous six-month period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.
- (2) For good cause shown, the Secretary-Director of the Commission may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) above."

(13) That by Order No. R-5505, dated August 9, 1977, the Commission revised its Form C-115, Operator's Monthly Report and Form C-115-EDP, Operator's Monthly Report (electronic data processing) and provided space on said forms for the inclusion of enhanced recovery injection volumes and pressures, abolishing the use of Commission Form C-120, Monthly Injection Report, effective February 1, 1978.

(14) That in keeping with the foregoing revision and abolishment of certain Commission forms, Rule 704 of the Commission Rules and Regulations should be amended to correctly reflect the proper forms to be filed by operators of injection wells in secondary recovery injection wells and salt water disposal wells.

(15) That by Order No. R-5635, entered by the Commission in Case No. 6091 on January 31, 1978, the Commission adopted Form C-131, Monthly Gas Storage Report, and promulgated Rule 1131 governing the filing of said report.

(16) That Rule 704 of the Commission Rules and Regulations should be amended to correctly reflect the proper forms to be filed by operators of gas storage projects.

(17) That Rule 704 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 704. RECORDS AND REPORTS

The operator of an injection well or project for secondary recovery or pressure maintenance, natural gas storage, salt water disposal, or injection of any other fluids shall keep accurate records and shall report monthly to the Commission gas or fluid volumes injected, stored, and/or produced as required on the appropriate form listed below:

- (1) Secondary Recovery on Form C-115;
- (2) Pressure Maintenance on a form prescribed by the Commission;
- (3) Salt Water Disposal on Form C-120-A;
- (4) Natural Gas Storage on Form C-131; and
- (5) Injection of other fluids on a form prescribed by the Commission."

(18) That there is need for the revision of Rule 705 of the Commission Rules and Regulations in order to up-date the administrative process for obtaining approval for the construction and operation of underground storage facilities for liquefied petroleum gas or other liquid hydrocarbons in secure caverns within massive salt beds.

(19) That Rule 705 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 705. STORAGE WELLS

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701-A for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds.

Applicant shall furnish each operator within a one-half mile radius of the proposed well with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within said half-mile radius of the proposed well have been properly notified. The Secretary-Director of the Commission shall wait at least ten days before approving any such application, and shall approve any such application only in the absence of objection from any notified operator. In the event that an operator objects to the application the Commission shall consider the matter only after proper notice and hearing.

In addition to the filing requirements of Rule 701 B, the applicant for approval of a storage well under this rule shall file the following:

A. With the Secretary-Director:

- (1) A plugging bond in accordance with the provisions of Rule 101;

B. With the appropriate district office of the Commission in TRIPLICATE:

- (1) Form C-101, Application for Permit to Drill, Deepen, or Plug Back;
- (2) Form C-102, Well Location and Acreage Dedication Plat; and,
- (3) Form C-105, Well Completion or Recompletion Report and Log."

(20) That an order embodying the above-described amendments is in the interest of conservation, will not impair correlative rights, and will not cause but will prevent waste and should be adopted by the Commission.

IT IS THEREFORE ORDERED:

(1) That Rule 703 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 703. COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT OF INJECTION OPERATIONS.

The following provisions shall apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:

A. Notice of Commencement and Discontinuance

- (1) Immediately upon the commencement of injection operations in any well, the operator shall notify the Commission of the date such operations began.
- (2) Within 30 days after the discontinuance of injection operations in any well, the operator shall notify the Commission of the date of such discontinuance and the reasons therefor.
- (3) Before any injection well is plugged, the operator shall obtain approval for the well's plugging program from the appropriate District Office of the Commission in the same manner as when plugging oil and gas wells or dry holes.

B. Abandonment of Injection Operations

- (1) Whenever there is a continuous six-month period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.
- (2) For good cause shown, the Secretary-Director of the Commission may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) above."

(2) That Rule 704 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 704. RECORDS AND REPORTS

The operator of an injection well or project for secondary recovery or pressure maintenance, natural gas storage, salt water disposal, or injection of any other fluids shall keep accurate records and shall report monthly to the Commission gas or fluid volumes injected, stored, and/or produced as required on the appropriate form listed below:

- (1) Secondary Recovery on Form C-115;
- (2) Pressure Maintenance on a form prescribed by the Commission;
- (3) Salt Water Disposal on Form C-120-A;
- (4) Natural Gas Storage on Form C-131; and
- (5) Injection of other fluids on a form prescribed by the Commission."

(3) That Rule 705 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 705. STORAGE WELLS

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701-A for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds.

Applicant shall furnish each operator within a one-half mile radius of the proposed well with a copy of the application to the Commission, and applicant shall include with his application a

-7-

Case No. 6089  
Order No. R-5636

written stipulation that all operators within said half-mile radius of the proposed well have been properly notified. The Secretary-Director of the Commission shall wait at least ten days before approving any such application, and shall approve any such application only in the absence of objection from any notified operator. In the event that an operator objects to the application the Commission shall consider the matter only after proper notice and hearing.

In addition to the filing requirements of Rule 701 B, the applicant for approval of a storage well under this rule shall file the following:

A. With the Secretary-Director:

- (1) A plugging bond in accordance with the provisions of Rule 101;

B. With the appropriate district office of the Commission in TRIPLICATE:

- (1) Form C-101, Application for Permit to Drill, Deepen, or Plug Back;
- (2) Form C-102, Well Location and Acreage Dedication Plat; and,
- (3) Form C-105, Well Completion or Recompletion Report and Log."

(4) That that portion of this case relating to the proposed amendment of Rules 701 and 702 of the Commission Rules and Regulations is hereby dismissed without prejudice.

(5) That the effective date of this order and all of the amendments contained herein shall be 7 o'clock a.m. February 1, 1978.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-8-

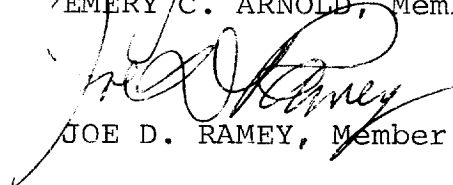
Case No. 6089  
Order No. R-5636

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

S E A L

jr/