

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS OWN
MOTION TO AMEND RULE 0.1, RULE 2, RULE 3,
RULE 7, RULE 709, AND RULE 710 TO DEFINE
FRESH WATER AND PRODUCED WATER AND TO PROVIDE
FOR PROTECTION OF FRESH WATER.

CASE NO. 8643
Order No. R-8001

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on July 10, 1985, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of September, 1985, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) Section 70-2-12 B.(15), NMSA 1978, of the Oil and Gas Act requires the Oil Conservation Division, hereinafter referred to as the Division, to make rules, regulations and orders:

"to regulate the disposition of water produced or used in connection with the drilling for or producing of oil or gas, or both, and to direct surface or subsurface disposal of such water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the state engineer."

(3) While this statute was adopted in 1961 and while several specific orders on the subject have been entered, no general operational rules have been promulgated relative to this matter.

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(4) The State Engineer has designated all surface waters of the State as fresh waters under the section of the Statute cited above.

(5) The State Engineer has designated all underground water in the State containing 10,000 milligrams per liter or less of total dissolved solids as fresh waters except for any such water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) Produced water has been defined in specific orders and in Division Rule 709.

(7) To carry out the intent of said Section 70-2-12 B.(15), Division Rule 0.1 should be amended to include a definition of fresh water consistent with the designation of the State Engineer and a definition of produced water; Division Rule 1, Rule 2, Rule 3, Rule 7, and Rule 710 should each be amended to include provisions for protection of fresh water; and, Rule 709 should be amended to reflect the removal of the definition of produced water to Rule 0.1.

(8) Each of these proposed amendments is shown on Exhibit "A" attached to and made a part of this order.

(9) The proposed rule changes are necessary to protect fresh water supplies designated by the State Engineer.

IT IS THEREFORE ORDERED THAT:

(1) Division Rule 0.1 is hereby amended by the addition of the definitions of fresh water and produced water, each as shown on Exhibit "A" attached to and made a part of this order.

(2) Division Rule 1, Rule 2, Rule 3, Rule 7, Rule 709, and Rule 710 are each hereby amended to read in their entirety as shown on Exhibit "A" attached to and made a part of this order.

(3) The effective date of this order and of the definitions and rule changes promulgated hereby shall be September 23, 1985.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member

Ed Kelley

ED KELLEY, Member

R. L. Stamets

R. L. STAMETS, Chairman and
Secretary

S E A L

RULE 0.1 DEFINITIONS

Additional Definitions

FRESH WATER (to be protected) includes all surface waters and includes all underground waters containing 10,000 milligrams per liter or less of total dissolved solids except for which, after notice and hearing, it is found there is no reasonably foreseeable beneficial use which would be impaired by contamination of such waters.

PRODUCED WATER shall mean those waters produced in conjunction with the production of crude oil and/or natural gas and commonly collected at field storage, processing, or disposal facilities including but not limited to: lease tanks, commingled tank batteries, burn pits, LACT units, and community or lease salt water disposal systems and which may be collected at gas processing plants, pipeline drips and other processing or transportation facilities.

RULE 1. SCOPE OF RULES AND REGULATIONS

(a) The following General Rules of statewide application have been adopted by the Oil Conservation Division of the New Mexico Energy and Minerals Department to conserve the natural resources of the State of New Mexico, to prevent waste, to protect correlative rights of all owners of crude oil and natural gas, and to protect fresh waters. Special rules, regulations and orders have been and will be issued when required and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply.

(b) The Division may grant exceptions to these rules after notice and hearing, when the granting of such exceptions will not result in waste but will protect correlative rights or prevent undue hardship.

RULE 2. ENFORCEMENT OF LAWS, RULES AND REGULATIONS DEALING WITH CONSERVATION OF OIL AND GAS

The Division, its agents, representatives and employees are charged with the duty and obligation of enforcing all rules and statutes of the State of New Mexico relating to the conservation of oil and gas, including the related protection of fresh waters. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas and protection of fresh waters before operations have begun.

RULE 3. GENERAL OPERATIONS/WASTE PROHIBITED

(a) The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such a manner or under such conditions or in such amount as to constitute or result in waste is hereby prohibited.

(b) All operators, contractors, drillers, carriers, gas distributors, service companies, pipe pulling and salvaging contractors, treating plant operators or other persons shall at all times conduct their operations in or related to the drilling, equipping, operating, producing, plugging and abandonment of oil, gas, injection, disposal, and storage wells or other facilities in a manner that will prevent waste of oil and gas, the contamination of fresh waters and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment.

RULE 7. AUTHORITY TO COOPERATE WITH OTHER AGENCIES

The Division may from time to time enter into arrangements with State and Federal governmental agencies, industry committees and individuals, with respect to special projects, services and studies relating to conservation of oil and gas and the associated protection of fresh waters.

RULE 709. REMOVAL OF PRODUCED WATER FROM LEASES AND FIELD FACILITIES.

(a) Transportation of any produced water by motor vehicle from any lease, central tank battery, or other facility, without an approved Form C-133 (Authorization to Move Produced Water) is prohibited.

(b) Authorization to transport produced water may be obtained by filing three copies of Form C-133 with the Director of the Division in Santa Fe.

(c) No owner or operator shall permit produced water to be removed from its leases or field facilities by motor vehicle except by a person possessing an approved Form C-133.

RULE 710. DISPOSITION OF PRODUCED WATER

(a) No person, including any transporter, may dispose of produced water on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place in any manner which will constitute a hazard to any fresh water supplies.

Delivery of produced water to approved salt water disposal facilities, secondary recovery or pressure maintenance injection facilities, or to a drillsite for use in drilling fluid will not be construed as constituting a hazard to fresh water supplies provided the produced waters are placed in tanks or other impermeable storage at such facilities.

(b) The supervisor of the appropriate district office of the Division may grant temporary exceptions to paragraph (a) above for emergency situations for use of produced water in road construction or maintenance or for use of produced waters for other construction purposes upon request and a proper showing by a holder of an approved Form C-133 (Authorization to Move Produced Water).

(c) Vehicular movement or disposition of produced water in any manner contrary to these rules shall be considered cause, after notice and hearing, for cancellation of Form C-133.

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EXHIBIT "A"