

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 PROMULGATE A NEW RULE 8 TO PROVIDE FOR THE  
APPROVAL OF THE USE OF LINED PITS OR BELOW  
GRADE TANKS FOR DISPOSAL OR STORAGE OF PRODUCED  
WATER AND OTHER OIL FIELD FLUIDS.

CASE NO. 8644  
Order No. R-8002

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 (13) and (15), NMSA 1978, of the Oil and Gas Act authorizes the Oil Conservation Division, hereinafter referred to as the Division, to make rules, regulations and orders:

"to regulate the methods and devices employed for storage in this state of oil or natural gas or of any product thereof including subsurface storage;" and,

"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," respectively.

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(3) Periodically operators of production facilities, service operations, transportation facilities, and other facilities regulated by the Division under provisions of the Oil and Gas Act seek approval of the use of lined pits and below grade tanks for the disposal or storage of produced water or other regulated oil field fluids.

(4) The Division should be authorized to approve the use of lined pits and below grade tanks for such purposes in accordance with "Guidelines" which may be established and updated from time to time.

(5) Said "Guidelines" should cover requirements for location, design and construction, materials, leak detection, operation, maintenance, and contingency planning to prevent waste and to provide protection for fresh water and are exemplified by Exhibit No. 4 presented in this case.

(6) Adoption of the proposed new Division Rule 8 as set out on Exhibit "A" attached to this order will provide a proper vehicle for approval of the use of lined pits and below grade tanks and will serve to prevent waste and protect fresh water.

IT IS THEREFORE ORDERED THAT:

(1) A new Division Rule 8 is adopted as shown on Exhibit "A" attached to and made a part of this order.

(2) The effective date of this order and of the promulgation of said Rule 8 shall be September 23, 1985.

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

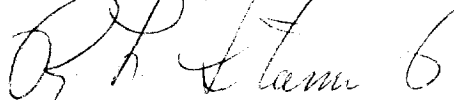
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman  
and Secretary

S E A L

RULE 8. LINED PITS/BELOW GRADE TANKS

After January 1, 1986, lined pits and below grade tanks may be used to contain produced water, sediment oil, tank bottoms, miscellaneous hydrocarbons, or other fluids subject to the jurisdiction of the Division under the Oil and Gas Act only upon prior approval of the Division. Applications for approval of lined pits or below grade tanks should be made in accordance with applicable special rules or, in the absence of special rules, in accordance with Division "Guidelines".

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EXHIBIT "A"