

CASE 5766: OCC ON ITS OWN MOTION
TO CONSIDER THE AMENDMENT OF RULE
116 OF THE COMMISSION RULES AND
REGULATIONS

CASE NO.

5766

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 15, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its own motion to consider the amendment of Rule 116.) CASE 5766

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

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I N D E X

Page

DAN NUTTER

Direct Examination by Mr. Carr

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EXHIBIT INDEX

Offered

Admitted

OCC Exhibit One, Proposed Rule Change

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1 MR. STAMPER: We will call next Case 5766.

2 MR. CARR: Case 5766 in the matter of the hearing
 3 called by the Oil Conservation Commission on its own motion to
 4 consider the amendment of Rule 116 of the Commission Rules and
 5 Regulations, NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS AND
 6 BLOWOUTS, to include the requirement for notification of breaks,
 7 blowouts and spills at fluid injection or disposal wells or at
 8 facilities related thereto, or other escape of injected water
 9 or other fluids.

10 William F. Carr appearing for the Commission and I
 11 have one witness to be sworn.

12 (THEREUPON, the witness was duly sworn.)

13
 14 DAN NUTTER

15 called as a witness, having been first duly sworn, was
 16 examined and testified as follows:

17
 18 DIRECT EXAMINATION

19 BY MR. CARR:

20 Q Will you state your name and position for the
 21 record, please?

22 A Dan Nutter, Chief Engineer for the Oil Conservation
 23 Commission.

24 Q How long have you held the position of Chief Engineer?

25 A Since 1957 or '58.

1 Q Mr. Mutter, have you previously testified before the
2 Commission or one of its examiners?

3 A Yes, I have.

4 Q Are you familiar with the subject matter of Case 5766?

5 A Yes, I am.

6 Q Will you please outline for the Examiner what the
7 Commission is seeking in this case?

8 A Rule 116 of the Commission Rules and Regulations
9 regards notification to the Commission of fire, breaks, leaks,
10 spills and blowouts.

11 I have prepared a Xerox copy of the present rule as
12 it exists. It's on the board over there for the audience to
13 pick up if they care to.

14 I have also prepared a two-page thing here that I
15 will identify as an exhibit which is the proposed rule change,
16 Rule 116, NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS AND
17 BLOWOUTS.

18 The main purpose of this proposed rule change today
19 is to bring under the requirement for notification, injection
20 and disposal facilities. The present rule requires, in the
21 first paragraph, it requires that the Commission be notified
22 of any fire, break, leak, spill or blowout occurring at
23 any oil or gas drilling, producing, transporting or processing
24 facility in the State of New Mexico by the person operating
25 or controlling such facility.

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1 This first paragraph would be amended by the inclusion
2 of the following words: Fire, breaks, leaks, spills or blowouts
3 occurring at any injection or disposal facility as well as the
4 other facilities that are described.

5 The second paragraph amends the definition of facility
6 to include any injection or disposal well, any drilling or
7 workover well. The word "workover" is inserted there, although
8 it wasn't in the previous rule. Any pipeline through which
9 crude oil, condensate, casinghead or natural gas and injection
10 or disposal fluid is gathered, piped or transported; any
11 receiving tank or holding tank or storage tank or receiving
12 and storing receptacle in which crude oil, condensate, injection
13 or disposal fluid are added is produced, received or stored;
14 any injection or disposal pumping station, including related
15 equipment.

16 I think that this should have an additional word
17 inserted here. It should be pumping and compression station
18 because in the case of injection of gas it would not be a
19 pumping station, it would be a compressing station.

20 It goes on to say: Any processing or refining
21 plant in which crude oil, condensate or casinghead or natural
22 gas is processed and any tank or drilling pit or slush pit
23 associated with oil or gas well or injection or disposal well
24 drilling operations and any tank, storage pit or pond associated
25 with oil or gas production or processing operations -- now an

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1 insert or with injection or disposal operations and
2 containing hydrocarbons or hydrocarbon waste or residue and
3 so forth.

4 Well blowouts, section one there, has an amendment
5 in that well blowout is defined. It has never been defined
6 before and while it is not a substantive change it is for
7 clarification purposes. "Well blowout", in quotes, is defined
8 as being loss of control over and subsequent eruption of any
9 drilling or workover well or the rupture of the casing,
10 casinghead or wellhead of any oil or gas well or injection or
11 disposal well, whether active or inactive, accompanied by the
12 sudden emission of fluids, gaseous or liquid from the well.

13 There has been some concern by the Commission over
14 the rupture of several wellheads and while they were not
15 drilling wells there has been a question in some peoples'
16 minds as to whether this amounted to a blowout or not. Some
17 people feel that a blowout occurs only with a drilling well
18 and so we have defined blowout here as being the eruption of
19 a drilling well after loss of control or the rupture of casing-
20 head or wellhead on an active or inactive gas or oil or
21 injection or disposal well with the emission of fluids.

22 Section two is the definition of "major" breaks,
23 spills or leaks which requires immediate notification of the
24 Commission. In the past it has been limited to notification
25 of breaks, spills or leaks of twenty-five barrels or more of

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1 crude oil or condensate, none of which reaches a watercourse
2 or enters a stream or lake; or breaks, spills or leaks in which
3 one or more barrels of crude or condensate does reach a
4 watercourse or enters a stream or lake; and breaks, spills and
5 leaks of any magnitude, without saying spills of what, which
6 may with reasonable probability endanger human health or result
7 in substantial property damage.

8 We have included in this immediate notification one
9 hundred barrels or more of salt water, none of which reaches a
10 watercourse or enters a stream or lake or leaks of one or more
11 barrels of crude oil or condensate or twenty-five barrels or
12 more of salt water that does enter a watercourse or does enter
13 a stream or lake.

14 We have also included here where the previous rule
15 simply said that leaks of any magnitude which might endanger
16 human health or result in substantial property damage would be
17 immediate notification. We have included leaks or spills of
18 any magnitude of what, of hydrocarbons or hydrocarbon wastes
19 or residue, salt water, strong caustics or strong acids, gases
20 or other deleterious chemicals or harmful contaminants that
21 might result in those hazards.

22 Under minor breaks for notification, subsequent
23 notification which wouldn't require immediate notification
24 but written report within ten days, we've included at least
25 twenty-five barrels of salt water but less than one hundred

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1 barrels of salt water and anything under twenty-five barrels,
2 of course, would not require any notification at all.

3 Section four, gas leaks and gas line breaks. The
4 previous rule says notification of gas pipeline breaks or
5 gas leaks in which natural gas or casinghead gas is escaping
6 or has escaped. We have changed that sentence by inclusion
7 of the words, "from any source". So it would say: Notifica-
8 tion of gas leaks from any source or of gas line breaks. This
9 would include, "from any source", it would include wellheads,
10 of course, or compression facilities or whatever.

11 Section five, "Tank Fires"; section six, Drilling
12 Pits, Slush Pits, and Storage Pits" is not amended.

13 The section entitled "Immediate Notification",
14 defining what "immediate notification" shall include is
15 unchanged and "Subsequent Notification" and "Content of
16 Notification" and "Watercourse" is unchanged.

17 We feel that these changes are necessary. We have
18 had several incidents since this rule was amended several years
19 ago. We have had several incidents of eruption or escape of
20 injection fluids from wells, either disposal or secondary
21 recovery or pressure maintenance in which notification should
22 have been given to the Commission and was not. I recall one
23 instance in which an operator had a very serious problem with
24 the escape of injected fluids and he did not notify the
25 Commission, he called up to say that he had a casing leak and

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1 he wanted to repair it and that was all that the Commission
2 knew about it until we heard about a lake.

3 So I would recommend that Rule 116 be amended as I
4 have proposed here today.

5 Q Do you have anything further to add to your testimony?

6 A No, I haven't.

7 MR. CARR: Mr. Examiner, the proposed change in
8 Rule 116 has been marked as Oil Conservation Commission
9 Exhibit Number One and I offer it into evidence at this time.

10 MR. STAMETS: Exhibit One will be admitted.

11 (THEREUPON, Oil Conservation Commission
12 Exhibit One was admitted into evidence.)

13 MR. CARR: I have nothing further, Mr. Examiner.

14 MR. STAMETS: I presume the exhibit marked "Present
15 Rule" is just for informational purposes only and need not
16 be admitted as an exhibit in this case?

17 MR. CARR: Right.

18 MR. STAMETS: Are there any questions of the witness?
19 He may be excused.

20 (THEREUPON, the witness was excused.)

21 MR. STAMETS: Is there anything further in this
22 case? The case will be taken under advisement.

23

24

25

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.

Sidney F. Morrish
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete and true record of the proceedings in
the Examiner hearing of Case No. 5766
heard by me on 9-15-1976
Richard L. Stamm, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN
MOTION TO CONSIDER THE AMENDMENT OF RULE 116
OF THE COMMISSION RULES AND REGULATIONS.

CASE NO. 5766
Order No. R-5292

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of September, 1976, 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 Rule 116 of the Commission Rules and Regulations requires that persons operating or controlling oil and gas drilling, producing, transporting, and processing facilities in the State of New Mexico shall notify the Commission of fires, breaks, leaks, spills, or blowouts occurring at such facilities.
- (3) That there is need for the amendment of said Rule 116 to also require notification to the Commission of breaks, leaks, spills, and blowouts at fluid injection or disposal wells or at facilities related thereto, or other escape of injected fluids.
- (4) That breaks, leaks, spills and blowouts at fluid injection facilities cause waste, constitute a hazard to neighboring leases and properties, and are not in the public interest.
- (5) That in the public interest and to prevent waste, Rule 116 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS
AND BLOWOUTS.

The Commission shall be notified of any fire,

break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, any injection or disposal well, and any drilling or workover well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid (gaseous or liquid) is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping or compression station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does reach a watercourse or enters a stream

or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, or 25 barrels or more but less than 100 barrels of salt water, none of which reaches a watercourse or enters a stream or lake, shall be "subsequent notification" described below.

4. Gas Leaks and Gas Line Breaks. Notification of gas leaks from any source or of gas pipe line breaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent notification" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as

described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notification" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report ("Subsequent Notification") of the incident shall also be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed."

IT IS THEREFORE ORDERED:

(1) That Rule 116 of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

"RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS,
AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, any injection or disposal well, and any drilling or workover well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid (gaseous or liquid) is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping or compression station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream

or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does reach a watercourse or enters a stream or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, or 25 barrels or more but less than 100 barrels of salt water, none of which reaches a watercourse or enters a stream or lake, shall be "subsequent notification" described below.

4. Gas Leaks and Gas Line Breaks. Notification of gas leaks from any source or of gas pipe line breaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent notification" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable probability endanger human health or result in substantial damage to such watercourse, stream, or lake,

or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notification" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report ("Subsequent Notification") of the incident shall also be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed."

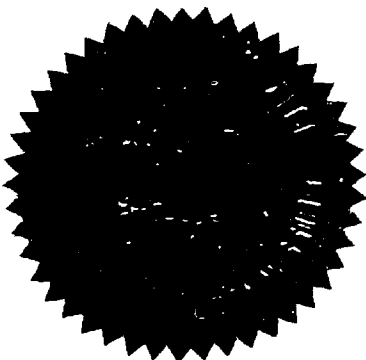
(2) That the effective date of this order shall be 7:00 a.m., October 1, 1976.

-8-
Case No. 5766
Order No. R-5292

(3) That 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



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

PROPOSED RULE CHANGE

RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, any injection or disposal well, and any drilling or workover well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does ~~enter~~ ^{reach} a watercourse or enters a stream or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, or 25 barrels or more but less than 100 barrels of salt water, shall be "subsequent notification" described below.

4. Gas Leaks and Gas Line Breaks. Notification of gas leaks from any source or of gas line breaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent ~~notice~~ notification" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent ~~notice~~ notification" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

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IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report ("Subsequent Notification") of the incident shall be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Occ	EXHIBIT NO. 1
CASE NO.	5766
Submitted by	Don Nutter
Hearing Date	9/15/76

Dockets Nos. 26-76 and 27-76 are tentatively set for hearing on September 29 and October 13, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stumets, Examiner, or Daniel S. Rutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for October, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5766: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 116 of the Commission Rules and Regulations, NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS, to include the requirement for notification of breaks, blowouts, and spills at fluid injection or disposal wells or at facilities related thereto, or other escape of injected water or other fluids.

CASE 5764: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Commission Form C-105, WELL COMPLETION OR RECOMPLETION REPORT AND LOG, to provide space for the reporting of depths of oil and/or gas sands or zones and important water sands.

CASE 5765: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the partial temporary suspension of Rule 202B of the Commission Rules and Regulations to permit approved temporarily abandoned wells to continue in such status without the requirement for notice and hearing pending the outcome of new bonding and plugging legislation to be proposed to the First Session of the 33rd New Mexico Legislature.

CASE 5753: Application of A. H. Rains for amendment of Order No. R-5217, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5217 to provide an administrative procedure for the approval of substitute or additional salt water disposal wells on applicant's Pure State Lease in Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5754: Application of Burleson & Huff for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, Township 25 South, Range 37 East, to form a 160-acre non-standard gas proration unit in the Jalmat Pool, Lea County, New Mexico, to be dedicated to applicant's Arco Well No. 2-Y located 1770 feet from the North line and 660 feet from the East line of Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5755: Application of Burleson & Huff for salt water disposal well, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation through the perforated interval from 4014 feet to 4290 feet in its Cinco de Mayo Well No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, Shinnery-Queen Pool, Lea County, New Mexico.

CASE 5756: Application of Burleson & Huff for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Rustler formation through the open-hole interval from approximately 937 feet to 1200 feet in its Arco Well No. 2 located in Unit H of Section 21, Township 25 South, Range 37 East, Jalmat Pool, Lea County, New Mexico.

CASE 5757: Application of Western Oil Producers, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Maljamar-Pennsylvanian Oil Pool, in Section 5, Township 17 South, Range 33 East, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

PRESENT RULE

RULE 118. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, or drilling well; any pipe line through which crude oil, condensate, or casinghead or natural gas is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storage receptacle into which crude oil, condensate, or casinghead or natural gas is produced, received, or stored; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any drilling pit or slush pit associated with oil or gas well drilling operations or any storage pit or pond associated with oil or gas production or processing operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below.

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate does reach a watercourse or enters a stream or lake; and breaks, spills, or leaks of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, none of which reaches a watercourse or enters a stream or lake, shall be "subsequent notification" described below.

4. Gas Line Breaks and Gas Leaks. Notification of gas pipe line breaks or gas leaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent notice" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, salt water, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable

probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notice" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report of the incident shall be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed.

PROPOSED RULE CHANGE

RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, any injection or disposal well, and any drilling or workover well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does enter a watercourse or enters a stream or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, or 25 barrels or more but less than 100 barrels of salt water shall be "subsequent notification" described below.

4. Gas Leaks and Gas Line Breaks. Notification of gas leaks from any source or of gas line breaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent notice" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notice" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report ("Subsequent Notification") of the incident shall be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed.

PRESENT RULE

RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, or drilling well; any pipe line through which crude oil, condensate, or casinghead or natural gas is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storage receptacle into which crude oil, condensate, or casinghead or natural gas is produced, received, or stored; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any drilling pit or slush pit associated with oil or gas well drilling operations or any storage pit or pond associated with oil or gas production or processing operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below.

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate does reach a watercourse or enters a stream or lake; and breaks, spills, or leaks of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

3. "Minor" Breaks, Spills or Leaks. Notification of breaks, spills, or leaks, of 5 barrels or more but less than 25 barrels of crude oil or condensate, none of which reaches a watercourse or enters a stream or lake, shall be "subsequent notification" described below.

4. Gas Line Breaks and Gas Leaks. Notification of gas pipe line breaks or gas leaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health nor of substantial damage to property shall be "subsequent notice" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, salt water, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable

probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notice" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report of the incident shall be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed.

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5766

Order No. R- 5292

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN
MOTION TO CONSIDER THE AMENDMENT OF RULE 116
OF THE COMMISSION RULES AND REGULATIONS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of September, 1976, 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 Rule 116 of the Commission Rules and Regulations
requires that persons operating or controlling oil and gas
drilling, producing, transporting, and processing facilities in
the State of New Mexico shall notify the Commission of fires,
breaks, leaks, spills, or blowouts occurring at such facilities.

(3) That there is need for the amendment of said Rule 116 to also require notification to the Commission of breaks, leaks, spills, and blowouts at fluid injection or disposal wells or at facilities related thereto, or other escape of injected fluids.

(4) That breaks, leaks, spills and blowouts at fluid injection facilities cause waste, constitute a hazard to neighboring leases and properties, and are not in the public interest.

(5) That in the public interest and to prevent waste, Rule 116 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

~~PROPOSED RULE CHANGE~~

" RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, shall include any oil or gas well, any injection or disposal well, and any drilling or work-over well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. A break, spill, or leak is defined as a break, spill, or leak which reaches a well, casinghead, or storage tank, or any other facility under the control of the operator, and which causes or has the potential to cause a fire, explosion, or other hazard to life or property.

Compression

~~Major Breaks, Spills, or Leaks.~~ NOTIFICATION OF BREAKS, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does ~~enter~~ a watercourse or enters a stream or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

(over)

none of which reaches a watercourse
or enters a stream or lake,

3. "Minor" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 5 barrels or more but less than 25 barrels of crude oil or condensate, or 25 barrels or more but less than 100 barrels of salt water, shall be "subsequent notification" described below.

4. Gas Leaks and Gas Line Breaks. Notification of gas leaks from any source or of gas line breaks in which natural or casinghead gas of any quantity has escaped or is escaping which may with reasonable probability endanger human health or result in substantial damage to property shall be "immediate notification" described below. Notification of gas pipe line breaks or leaks in which the loss is estimated to be 1000 or more MCF of natural or casinghead gas but in which there is no danger to human health, nor of substantial damage to property shall be "subsequent notification" described below.

5. Tank Fires. Notification of fires in tanks or other receptacles caused by lightning or any other cause, if the loss is, or it appears that the loss will be, 25 or more barrels of crude oil or condensate, or fires which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" as described below. If the loss is, or it appears that the loss will be at least 5 barrels but less than 25 barrels, notification shall be "subsequent notification" described below.

6. Drilling Pits, Slush Pits, and Storage Pits and Ponds. Notification of breaks and spills from any drilling pit, slush pit, or storage pit or pond in which any hydrocarbon or hydrocarbon waste or residue, strong caustic or strong acid, or other deleterious chemical or harmful contaminant endangers human health or does substantial surface damage, or reaches a watercourse or enters a stream or lake in such quantity as may with reasonable probability endanger human health or result in substantial damage to such watercourse, stream, or lake, or the contents thereof, shall be "immediate notification" as described below. Notification of breaks or spills of such magnitude as to not endanger human health, cause substantial surface damage, or result in substantial damage to any watercourse, stream, or lake, or the contents thereof, shall be "subsequent notification" described below, provided however, no notification shall be required where there is no threat of any damage resulting from the break or spill.

IMMEDIATE NOTIFICATION. "Immediate Notification" shall be as soon as possible after discovery and shall be either in person or by telephone to the district office of the Commission district in which the incident occurs, or if the incident occurs after normal business hours, to the District Supervisor, the Oil and Gas Inspector, or the Deputy Oil and Gas Inspector. A complete written report ("Subsequent Notification") of the incident shall be submitted in duplicate to the appropriate district office of the Commission within ten days after discovery of the incident.

SUBSEQUENT NOTIFICATION. "Subsequent Notification" shall be a complete written report of the incident and shall be submitted in duplicate to the district office of the Commission district in which the incident occurred within ten days after discovery of the incident.

CONTENT OF NOTIFICATION. All reports of fires, breaks, leaks, spills, or blowouts, whether verbal or written, shall identify the location of the incident by quarter-quarter, section, township, and range, and by distance and direction from the nearest town or prominent landmark so that the exact site of the incident can be readily located on the ground. The report shall specify the nature and quantity of the loss and also the general conditions prevailing in the area, including precipitation, temperature, and soil conditions. The report shall also detail the measures that have been taken and are being taken to remedy the situation reported.

WATERCOURSE, for the purpose of this rule, is defined as any lake-bed or gully, draw, stream bed, wash, arroyo, or natural or man-made channel through which water flows or has flowed. "

IT IS THEREFORE ORDERED:

(1) That Rule 116 of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

"RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS.

The Commission shall be notified of any fire, break, leak, spill, or blowout occurring at any injection or disposal facility or at any oil or gas drilling, producing, transporting, or processing facility in the State of New Mexico by the person operating or controlling such facility.

"Facility," for the purpose of this rule, ^(gaseous or liquid) shall include any oil or gas well, any injection or disposal well, and any drilling or work-over well; any pipe line through which crude oil, condensate, casinghead or natural gas, or injection or disposal fluid is gathered, piped, or transported (including field flow-lines and lead-lines but not including natural gas distribution systems); any receiving tank, holding tank, or storage tank, or receiving and storing receptacle into which crude oil, condensate, injection or disposal fluid, or casinghead or natural gas is produced, received, or stored; any injection or disposal pumping station including related equipment; any processing or refining plant in which crude oil, condensate, or casinghead or natural gas is processed or refined; and any tank or drilling pit or slush pit associated with oil or gas well or injection or disposal well drilling operations or any tank, storage pit, or pond associated with oil or gas production or processing operations or with injection or disposal operations and containing hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, or other deleterious chemicals or harmful contaminants.

Compression

Notification of such fire, break, leak, spill, or blowout shall be in accordance with the provisions set forth below:

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive, accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

2. "Major" Breaks, Spills, or Leaks. Notification of breaks, spills, or leaks of 25 or more barrels of crude oil or condensate, or 100 barrels or more of salt water, none of which reaches a watercourse or enters a stream or lake; breaks, spills, or leaks in which one or more barrels of crude oil or condensate or 25 barrels or more of salt water does ~~enter~~ ^{reach} a watercourse or enters a stream or lake; and breaks, spills, or leaks of hydrocarbons or hydrocarbon waste or residue, salt water, strong caustics or strong acids, gases, or other deleterious chemicals or harmful contaminants of any magnitude which may with reasonable probability endanger human health or result in substantial damage to property, shall be "immediate notification" described below.

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Newspapers: All

Case

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 116 of the Commission Rules and Regulations, Notification of Fire, Breaks, Leaks, Spills, and Blowouts, to include ~~notification of~~ the requirement for notification of breaks, blowouts, and spills at ^{fluid} injection or disposal ~~water~~ or ^{at} facilities ~~and defining~~ ~~ma~~ related thereto, or ^{other} ~~the~~ escape of injected water or other fluids.

Case 5766