

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION COMMISSION FOR THE)
PURPOSE OF CONSIDERING:)
))
PROPOSED AMENDMENT TO 19.15.1 NMAC) CASE NO. 13,269
ADOPTING A NEW SECTION TO BE CODIFIED AS)
19.15.1.21 NMAC. THIS SECTION APPLIES)
TO THE CHIHUAHUAN DESERT AREAS OF OTERO)
AND SIERRA COUNTIES, NEW MEXICO,)
PROHIBITS THE USE OF PITS AND IMPOSES)
ADDITIONAL LOCATION, CONSTRUCTION,)
OPERATION AND TESTING REQUIREMENTS ON)
INJECTION WELLS AND RELATED FACILITIES)
USED TO DISPOSE OF PRODUCED WATER)
_____)

REPORTER'S TRANSCRIPT OF PROCEEDINGS
(1 of 2: Exhibits 1-16)
COMMISSION HEARING

BEFORE: MARK E. FESMIRE, CHAIRMAN
JAMI BAILEY, COMMISSIONER
FRANK T. CHAVEZ, COMMISSIONER

June 17th-18th, 2004

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, MARK E. FESMIRE, Chairman, on Thursday and Friday, June 17th and 18th, 2004, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

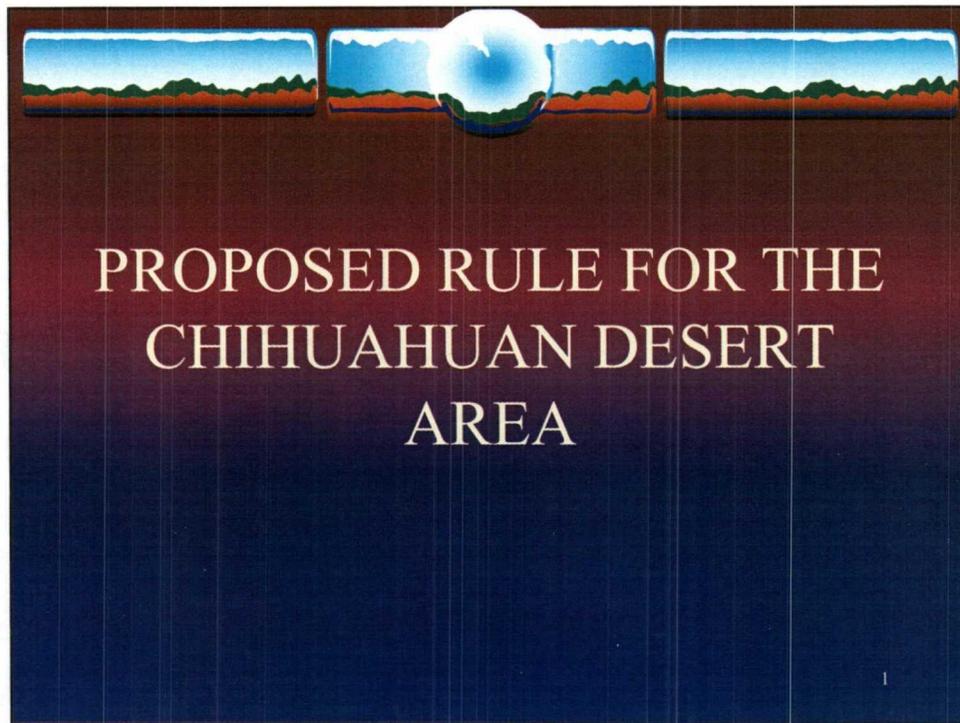
**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**CASE NO. 13269: APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION, THROUGH THE
ENVIRONMENTAL BUREAU CHIEF, FOR ADOPTION OF AN
AMENDMENT TO 19.15.1 NMAC ADDING NEW MATERIAL TO
BE CODIFIED AT 19.15.1.21 NMAC.**

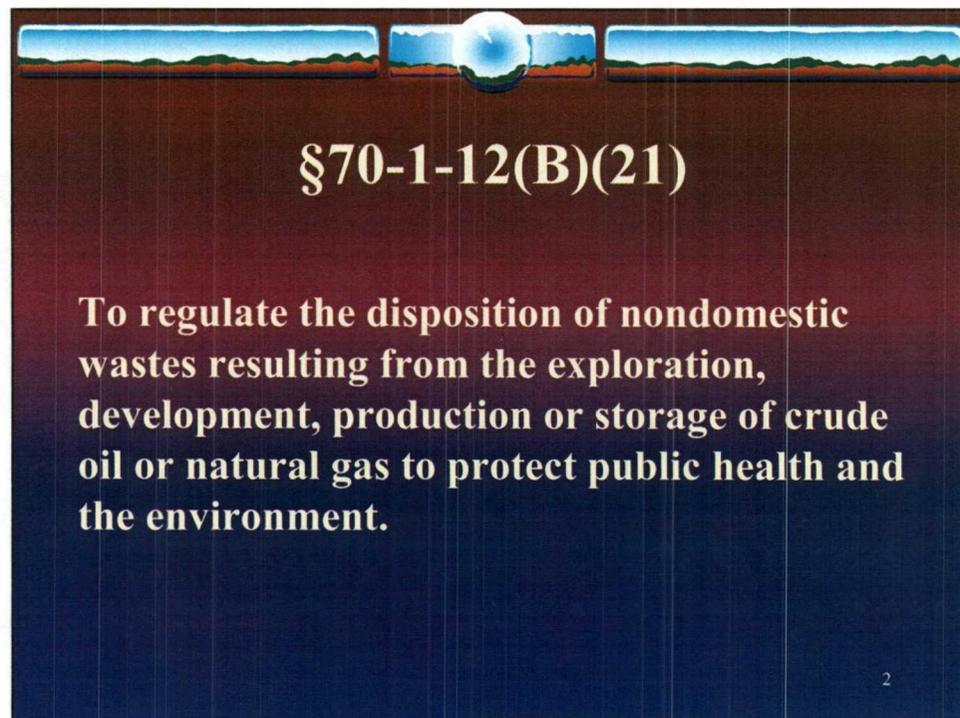
**INDEX OF EXHIBITS SUBMITTED BY
THE OIL CONSERVATION DIVISION**

6/17/04

- Exhibit 1:** Hard Copy of Power Point Presentation
- Exhibit 2:** Proposed Rule
- Exhibit 3:** Executive Order 2004-005
- Exhibit 4:** Map of Vegetation, Chihuahuan Desert Area
- Exhibit 5:** Map of Water Resources, Chihuahuan Desert Area
- Exhibit 6:** Map of Water Resources, Otero Mesa
- Exhibit 7:** Map of Surface Ownership, Chihuahuan Desert Area
- Exhibit 8:** Map of Drilling Restrictions, Chihuahuan Desert Area
- Exhibit 9:** Map of Drilling Restrictions, Otero Mesa
- Exhibit 10:** Map of Drilling Restrictions, Nutt Grasslands
- Exhibit 11:** Map of Wells, Sierra County
- Exhibit 12:** List of Wells, Sierra County
- Exhibit 13:** Map of Wells, Otero County
- Exhibit 14:** List of Wells, Otero County
- Exhibit 15:** Diagram of Injection Well
- Exhibit 16:** EPA Calculation: 40 CFR Part 146.6(a)



PROPOSED RULE FOR THE CHIHUAHUAN DESERT AREA



§70-1-12(B)(21)

To regulate the disposition of nondomestic wastes resulting from the exploration, development, production or storage of crude oil or natural gas to protect public health and the environment.



§70-2-12(B)(22)

To regulate the disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil or natural gas, the treatment of natural gas or the refinement of crude oil to protect public health and the environment, including administering the Water Quality Act as provided in Subsection E of Section 74-6-4 NMSA;

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§70-2-12(15)

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 sub-surface disposal of the water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the state engineer;

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§70-2-12(B)(2)

To prevent crude petroleum oil,
natural gas or water from escaping
from strata in which it is found into
other strata;

5



40 CFR § 147.1600
State-administered program
– Class II wells

The UIC program for Class II wells in the State of New Mexico, except for those on Indian lands, is the program administered by the New Mexico Energy and Minerals Department, Oil Conservation Division, approved by EPA pursuant to section 1425 of the SDWA.

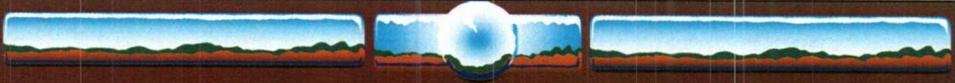
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EXECUTIVE ORDER 2004-005

- ❖ “The Chihuahuan Desert is among the globally significant ecoregions identified by the World Wildlife Fund as an area deserving protection...”
- ❖ “The remnant desert grasslands of the Otero Mesa and Nutt areas of Otero and Sierra Counties are valuable as unfragmented examples of the Chihuahuan Desert...”
- ❖ “The region has valuable underground water resources that should be protected from contamination...”

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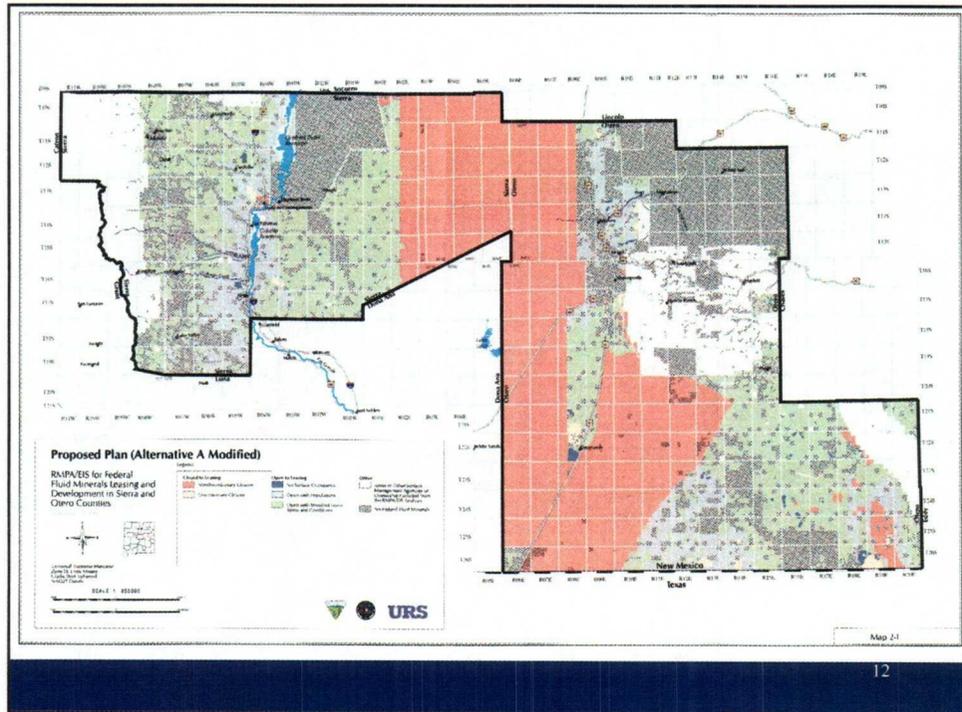
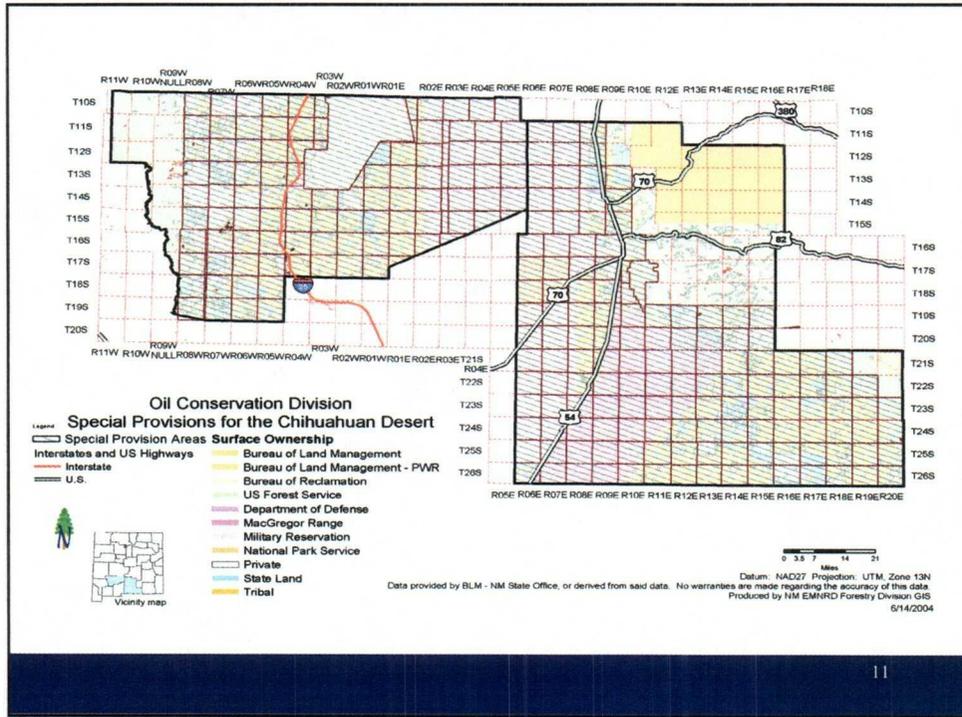


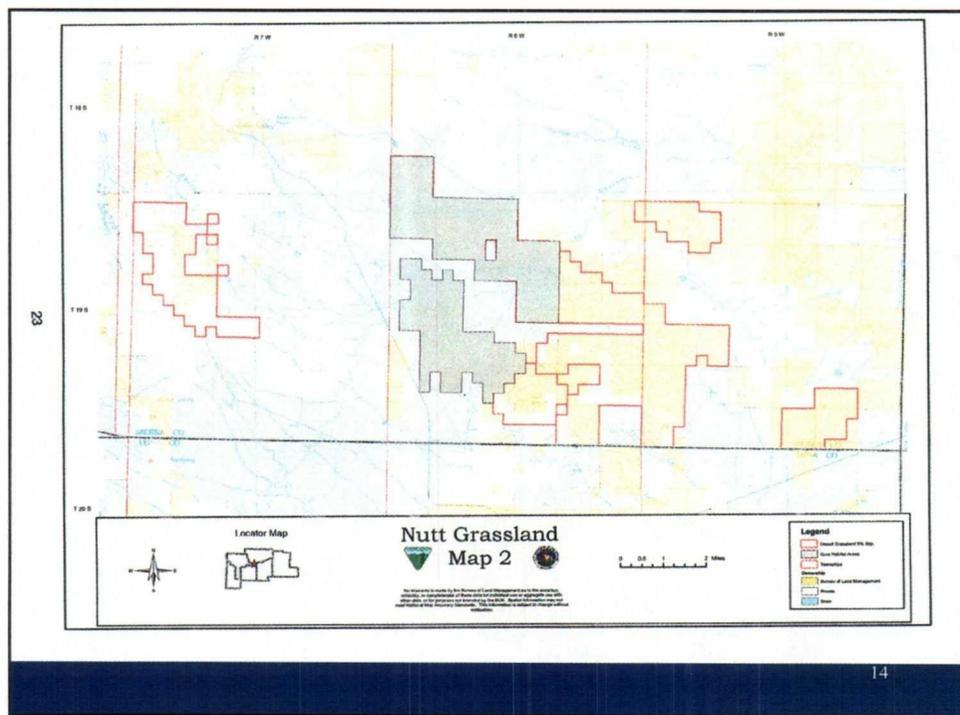
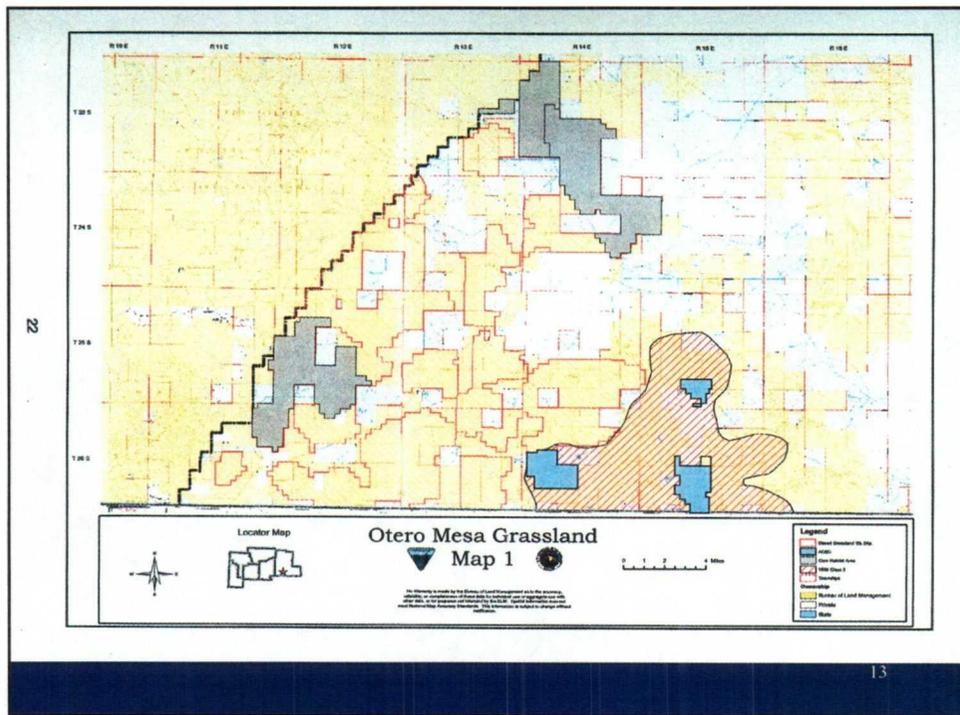
EXECUTIVE ORDER 2004-005

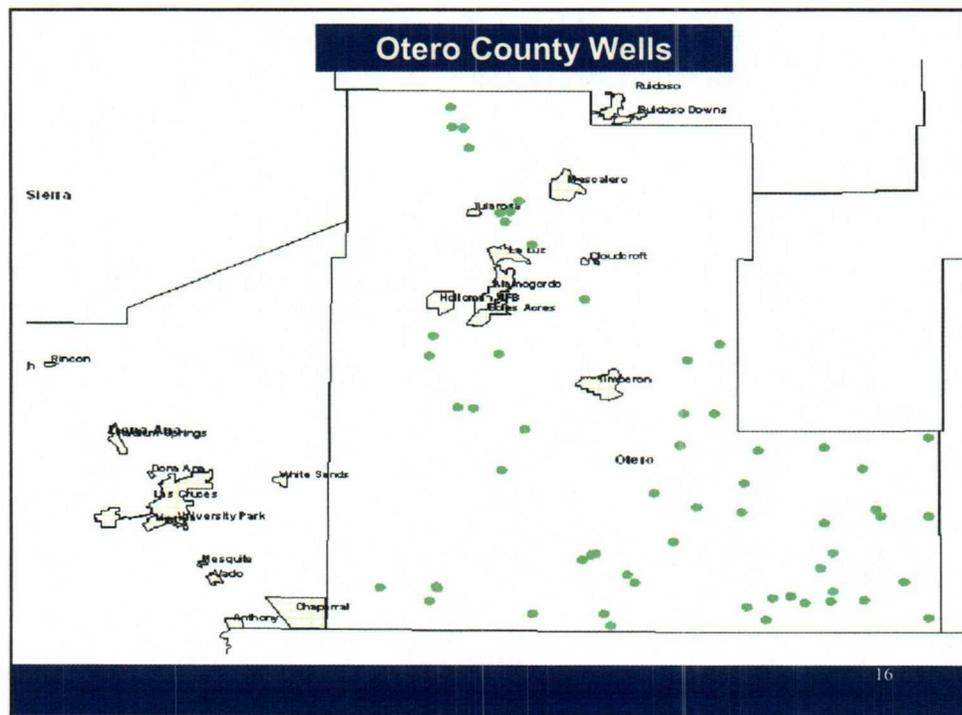
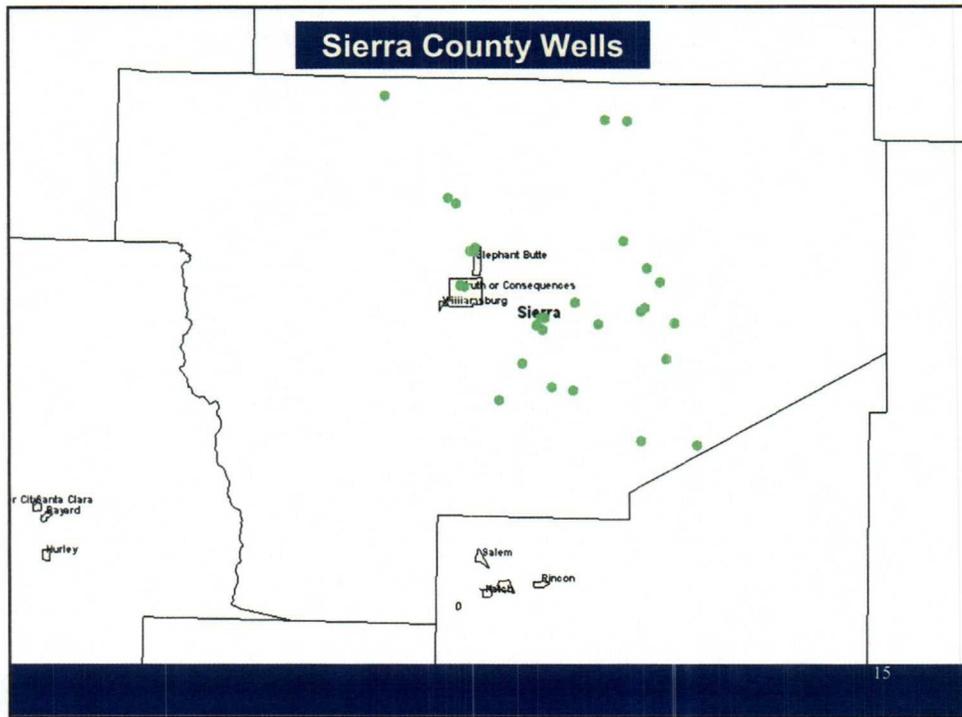
Immediately propose rules to prohibit pits

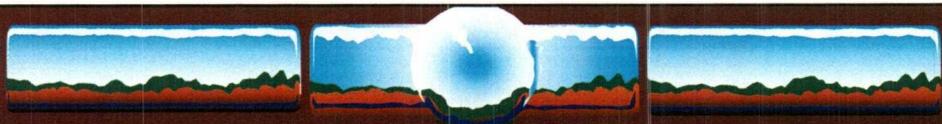
Propose rules to implement produced water re-injection standards and controls

8







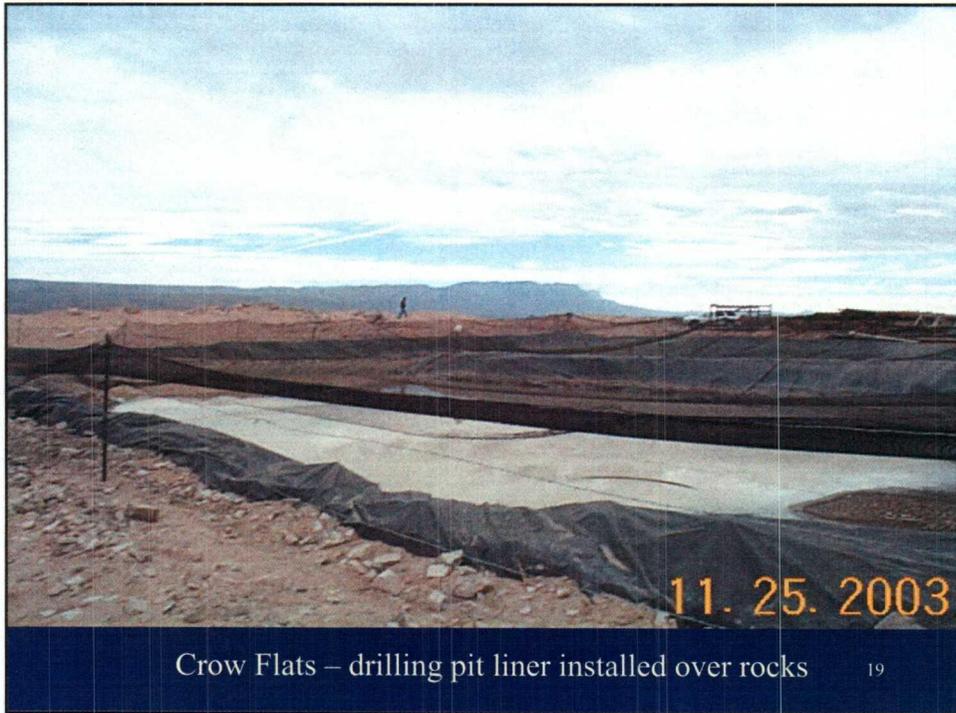


PIT CAUSED CONTAMINATION

<u>TYPE</u>	<u>NO.</u>	<u>GW</u>
DISPOSAL & STORAGE		
Location	6522	428
Facility	132	72
Transportation	21	21
Emergency	49	26
Unknown	10	8
DRILLING & WORKOVER	<u>14</u>	<u>2</u>
TOTAL	6748	557



Drilling pit with torn liner



Crow Flats – drilling pit liner installed over rocks 19

PITS VS. TANKS

❖ More likely to leak	❖ Less likely to leak
❖ Difficult to detect leaks	❖ Easier to detect leaks
❖ More danger to wildlife	❖ Less danger to wildlife
❖ Risks associated with burial on site	❖ Less long-term liability

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Produced water transportation line leak

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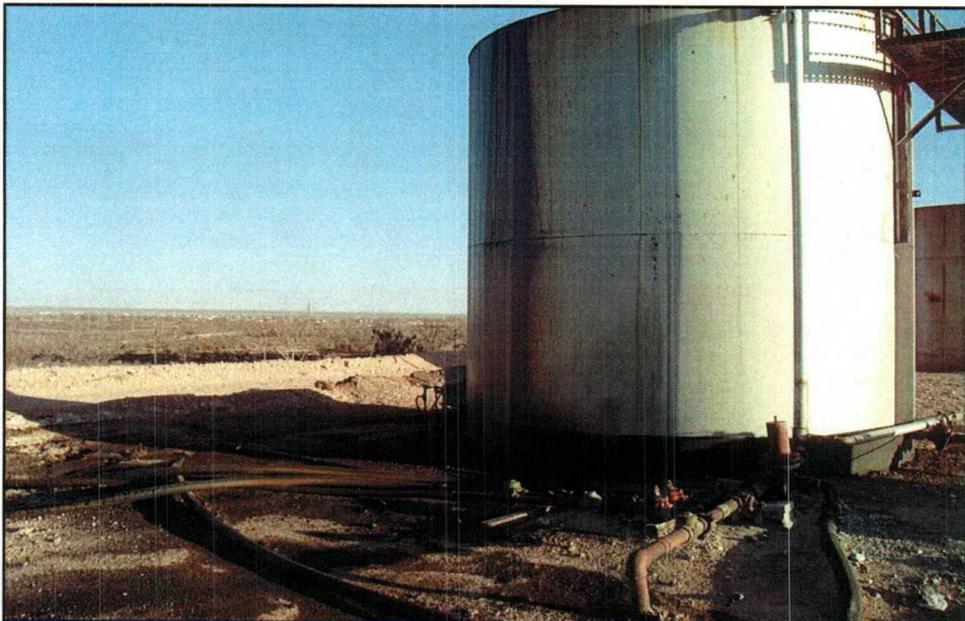
SLJU #9 – Produced water transportation line leak

22



SLJU #9 – Produced water transportation line leak

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Tank overflows

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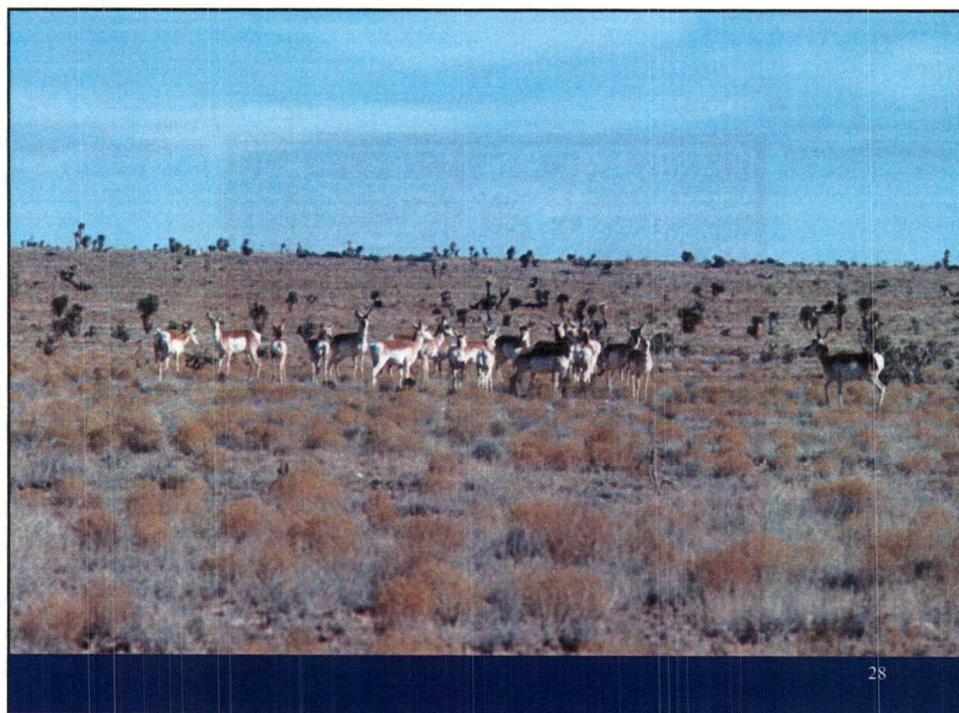
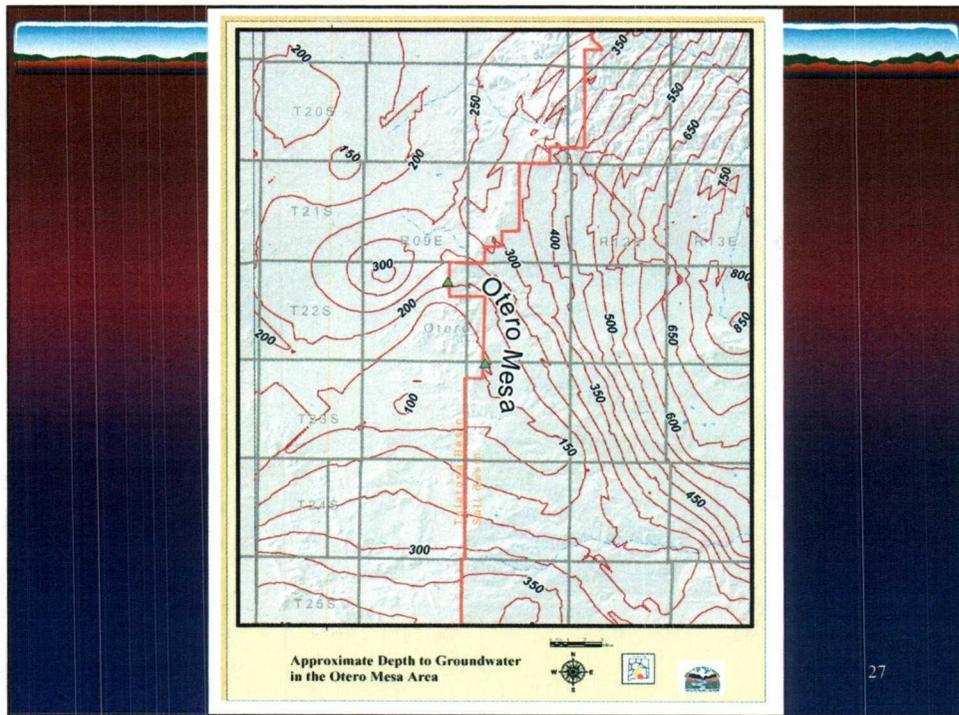
Tank battery spills

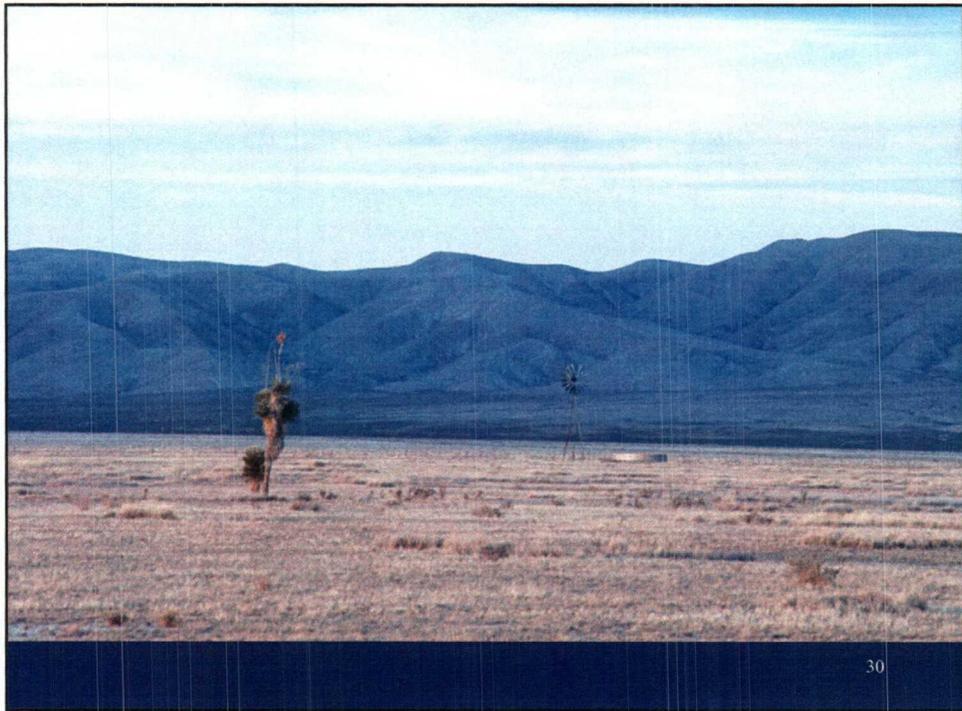
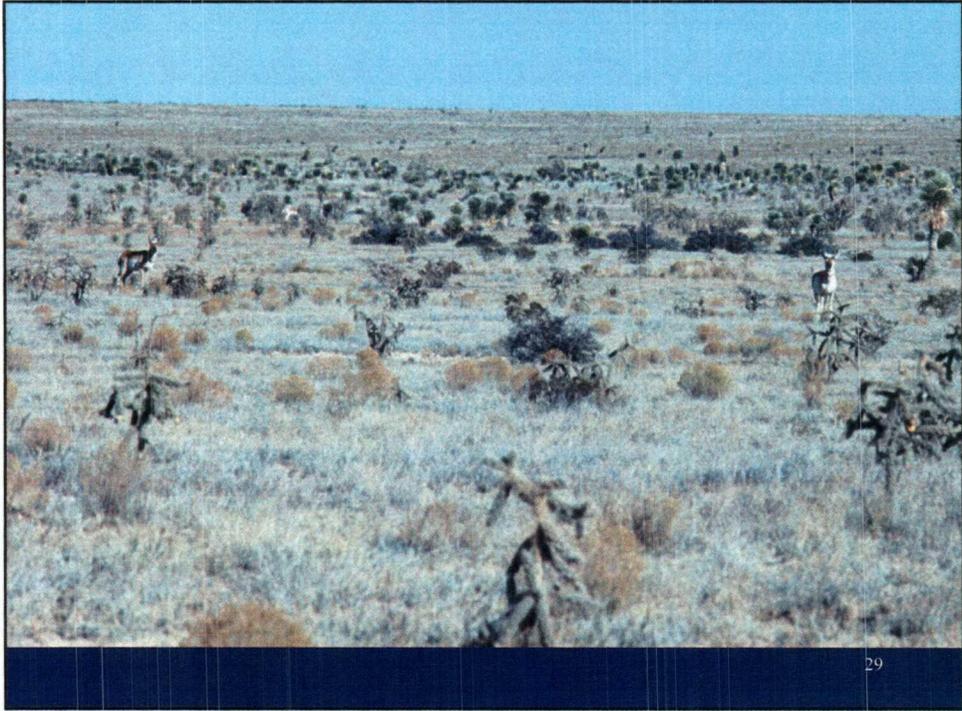
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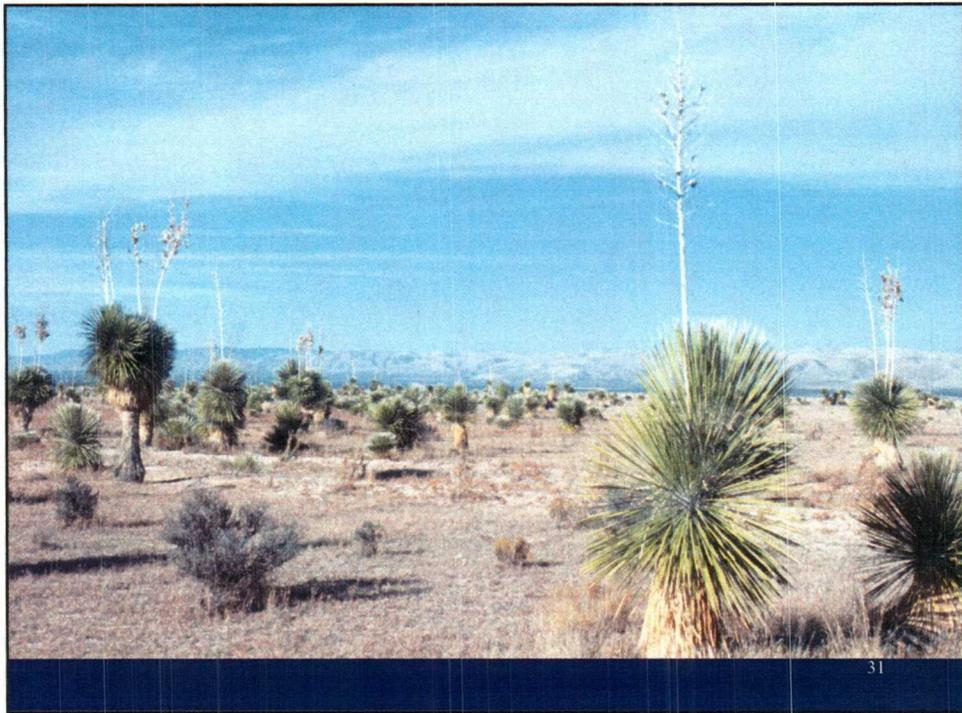


Ground water contamination from tank facility

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§70-2-12(A)

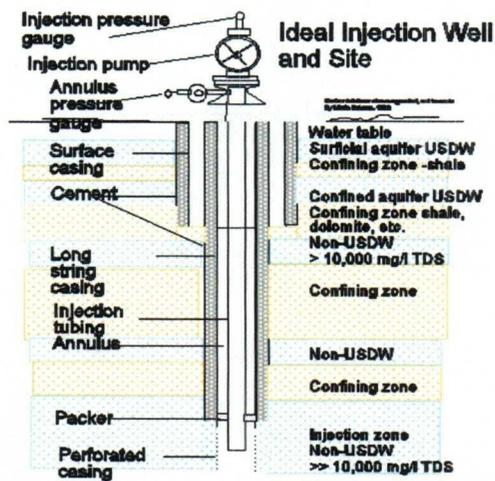
...authority to collect data;...to
examine...books and records;...to provide for
the keeping of records and the making of
reports and for the checking of the accuracy
of the records and reports...

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§70-2-12(B)(3)

...to require reports showing the locations of all oil or gas wells and for the filing of logs and drilling records or reports.

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