



# Regulatory History

## Burton Flats Morrow Field

- Pool was created on March 1, 1973 by Order No. R-4486.
- Pool became prorated on April 1, 1974 by Order No. R-4706.
- Horizontal limits have been extended from time to time by order of the Commission.
- Fasken attempted to terminate prorationing in January, 1985. Request was denied.
- In October, 1989 OXY requested increases in the pool allowable. Request was granted, 380,000 Mcf and 340,000 Mcf were added in October, 1989 and November, 1989.

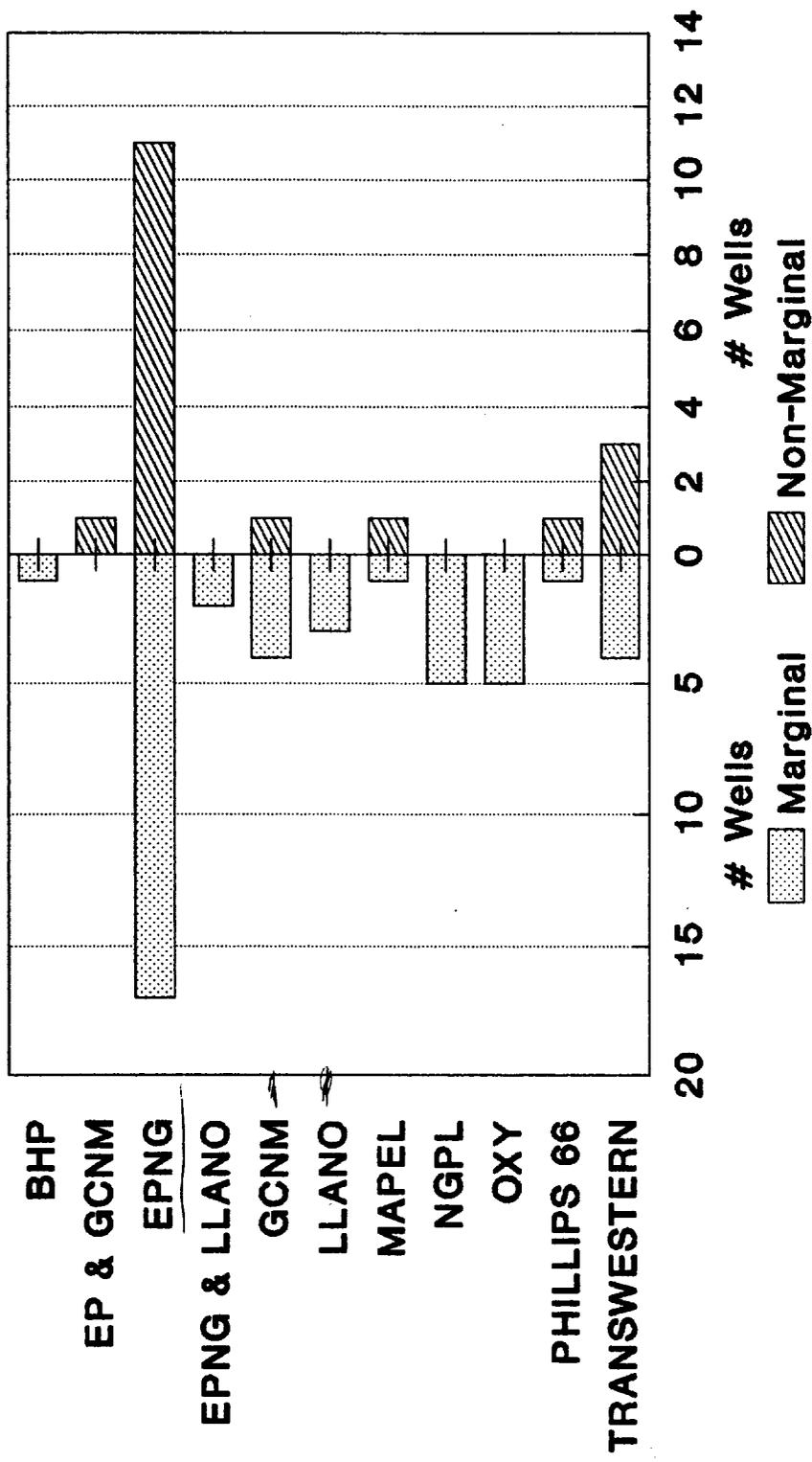
*\* Based on approval  
March 1989 of  
Fasken - due to  
Fasken's  
Yellowknife*

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 9872

# Current Pipeline Connections Burton Flats Morrow Field

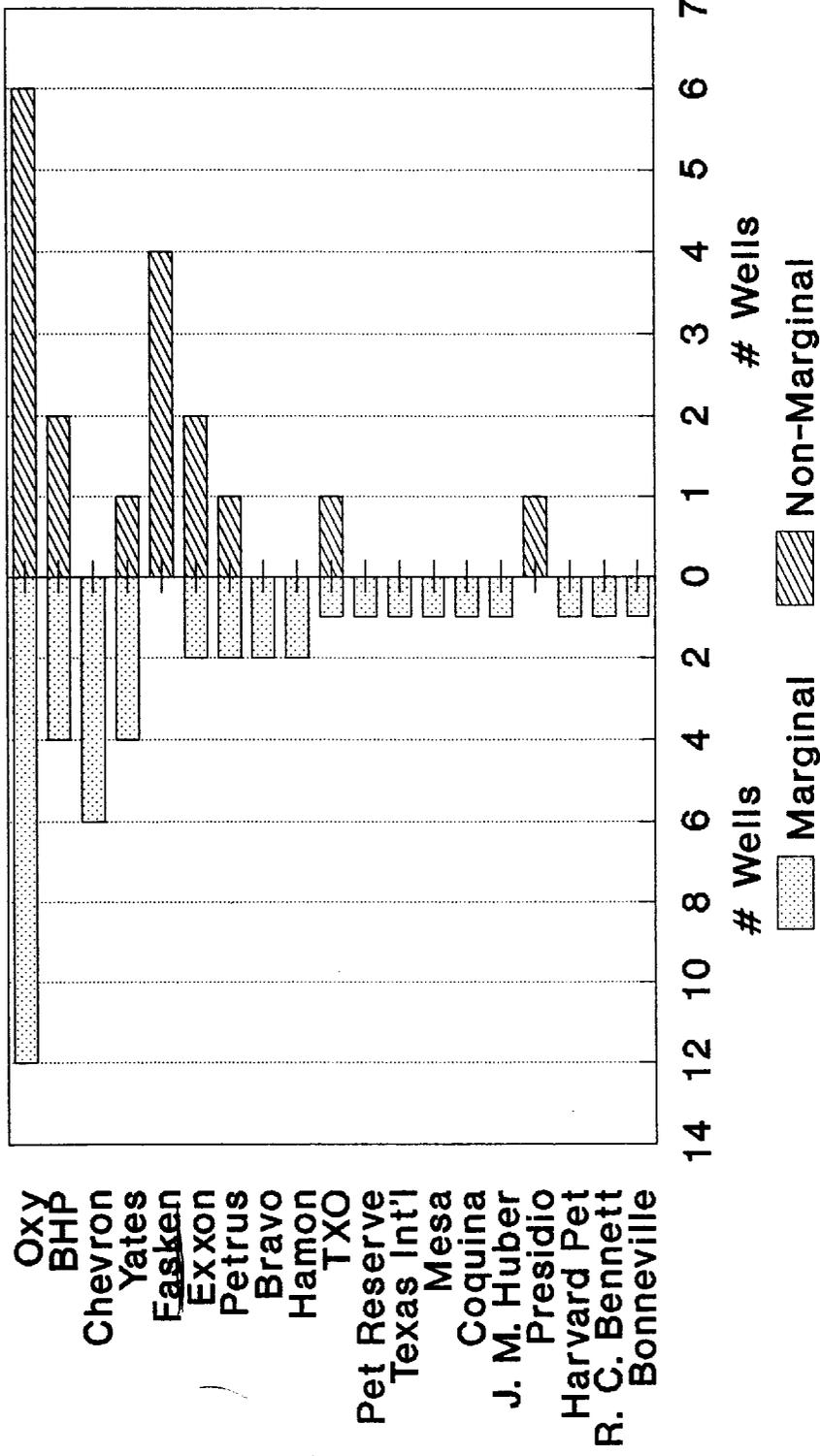


Source: February 1990 Proration Schedule

BEFORE EXAMINER SIGNATURE  
OIL CONSERVATION DIVISION  
OXY EXHIBIT NO. 3  
CASE NO. 9872

# Current Producers by Well Type

## Burton Flats Morrow Field



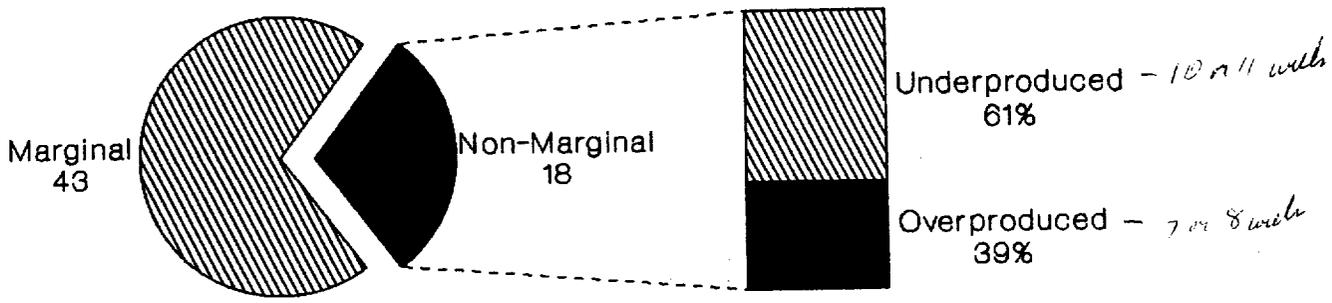
19  
*Handwritten signature*

Source: February 1990 Proration Schedule

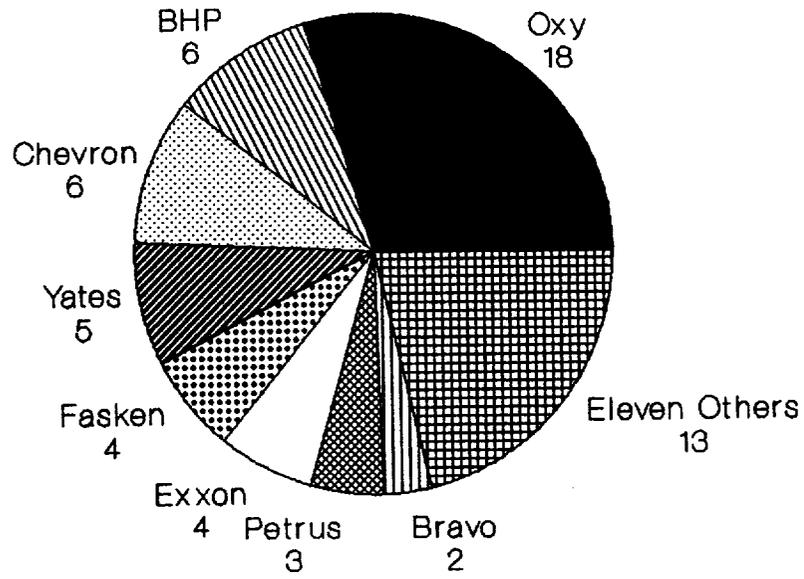
BEFORE EXAMINER'S OFFICE  
 OIL CONSERVATION DIVISION  
 OXY EXHIBIT NO. 4  
 CASE NO. 9872

*Pool  
162,000 MCF  
Under Production  
(via Feb sch)*

# FIELD FACTS



## Number of Wells Per Operator



*30  
183  
- 4*

*3  
183  
- 61*

Source: February 1990 Proration Schedule

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>OXY</u>	EXHIBIT NO: <u>5</u>
CASE NO:	<u>9872</u>

as of Feb. 1990

NON-MARGINAL WELLS *& Operators*  
BURTON FLATS MORROW FIELD

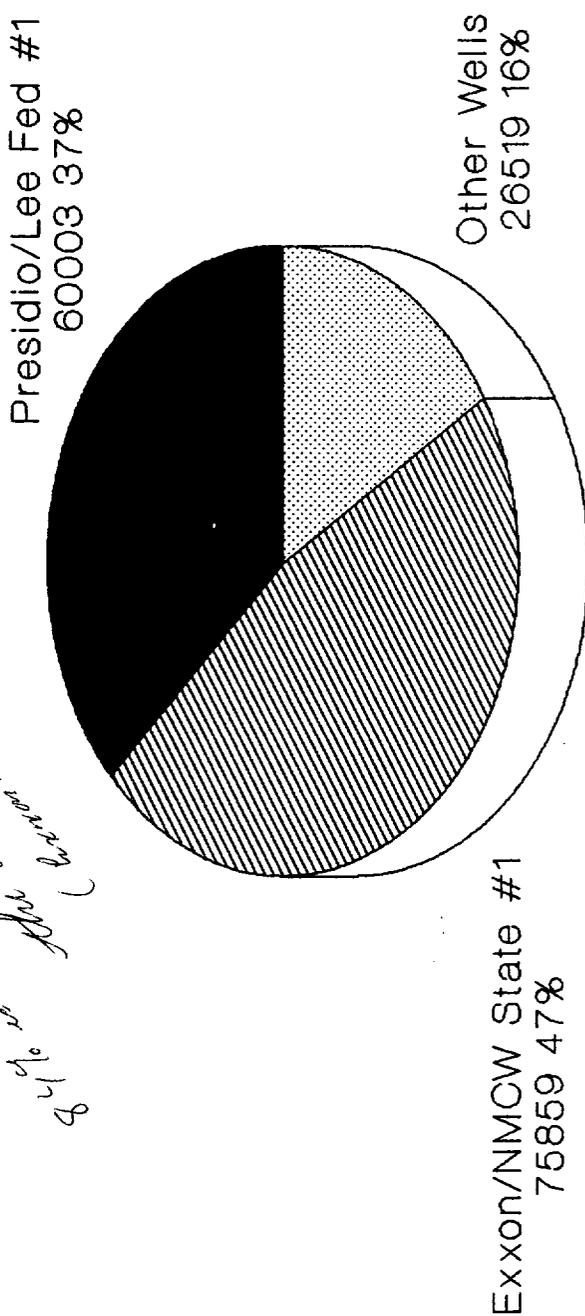
OPERATOR/WELL	JANUARY 1, 1990 STATUS	
	UNDERPRODUCED	OVERPRODUCED
OXY USA Inc.		
Cawley "A" Com #1	19,502	
Elizando "A" Fed #3	1,704	
Elizando "A" Fed #4		-36,005
Government "AD" Com #3		-78,589
Government "AG" #1		-27,881
Government "AO" Com #1	18,354	
Yates Petroleum Corp.		
Avalon Federal #2	20,079	
Barbara Fasken		
El Paso Fed Com #5		-10,467
Gulf Federal Com #1		-27,583
Maralo Federal #1	42,564	
Maralo Federal #2		-10,239
BHP Petroleum, Inc.		
Burton Flat Deep Unit #6	58,608	
Cerf Federal Com #2	14,835	
EXXON Corporation		
New Mexico "CW" State Com #1	60,003	
Yates Federal "C" #1	35,219	
Petrus Oil Co., L.P.		
Federal 12 Com #1		-43,080
TXO Production Corporation		
McCord "A" #1	49,498	
Presidio Exploration Inc.		
Lee Federal #1	75,859	
TOTALS	396,225	-233,844

SOURCE: February, 1990 Proration Schedule

DEPT. OF REVENUE	
OIL CONSERVATION DIVISION	
<u>OXY</u>	EXHIBIT NO. <u>6</u>
CASE NO. <u>9872</u>	

# Underproduction Analysis Burton Flats Morrow Field

*8/21/90 is production on the (burton flats) & morrow (presidio/lee fed #1)*

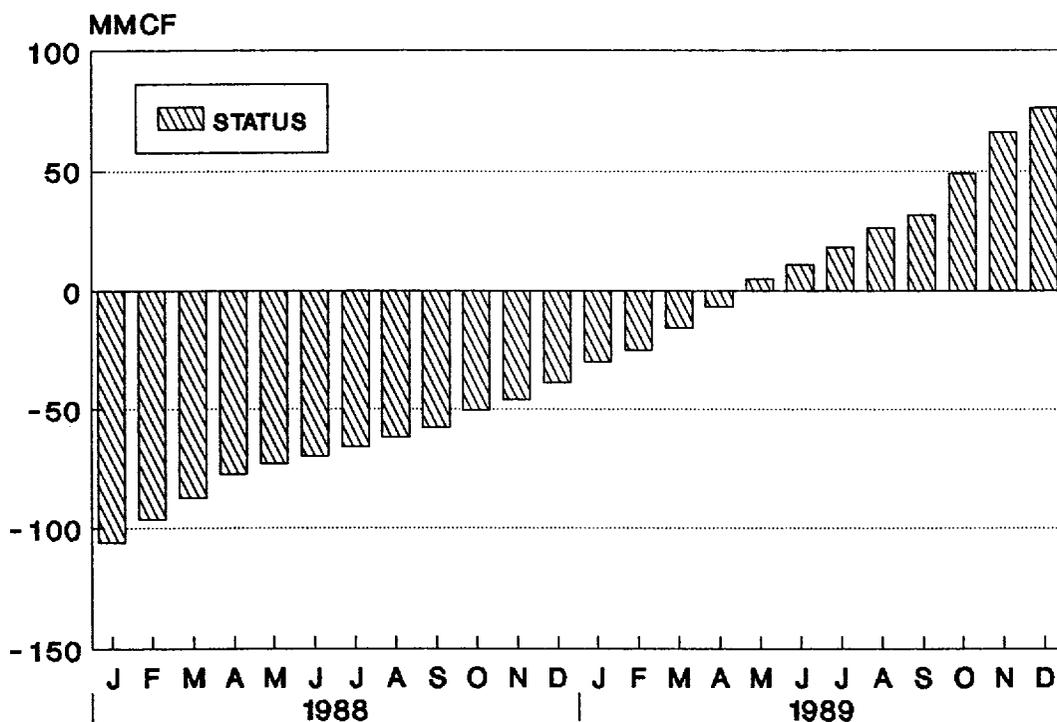
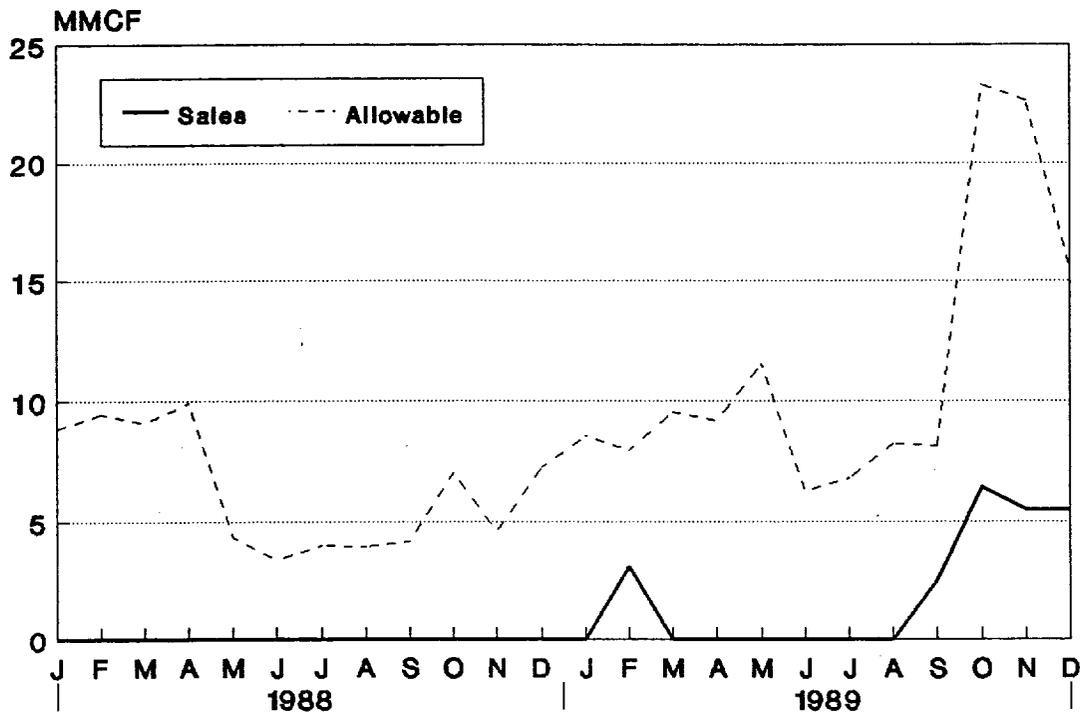


**Current Field Status - 162381**

**Source: February 1990 Proration Schedule**

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OKY	EXHIBIT NO: 7
CASE NO:	9872

# Presidio/Lee Federal #1



Source: OCD Proration Schedules

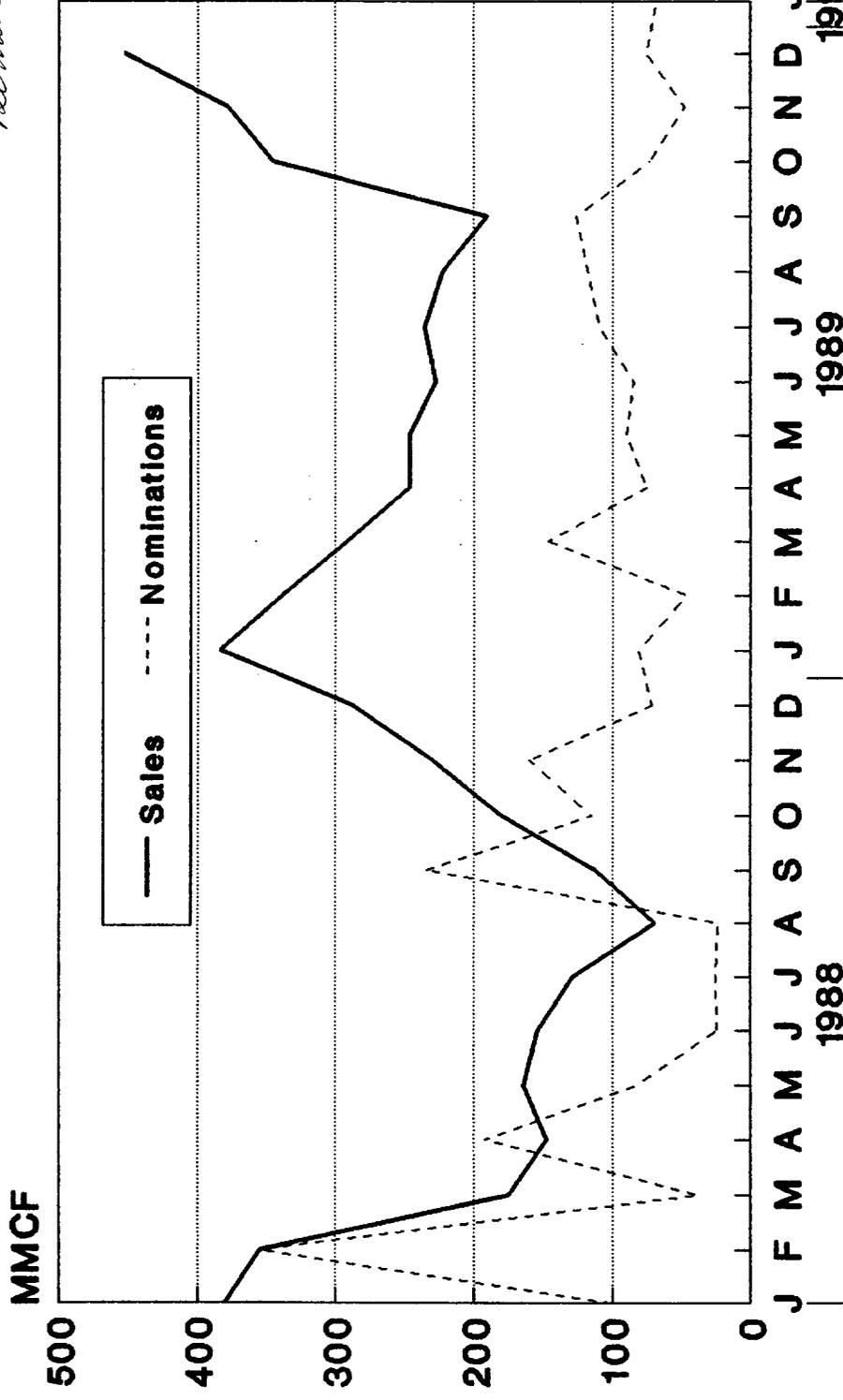
BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
OXY EXHIBIT NO: 8  
 CASE NO: 9872



# Production vs Nominations

*do not reflect Market Demand*

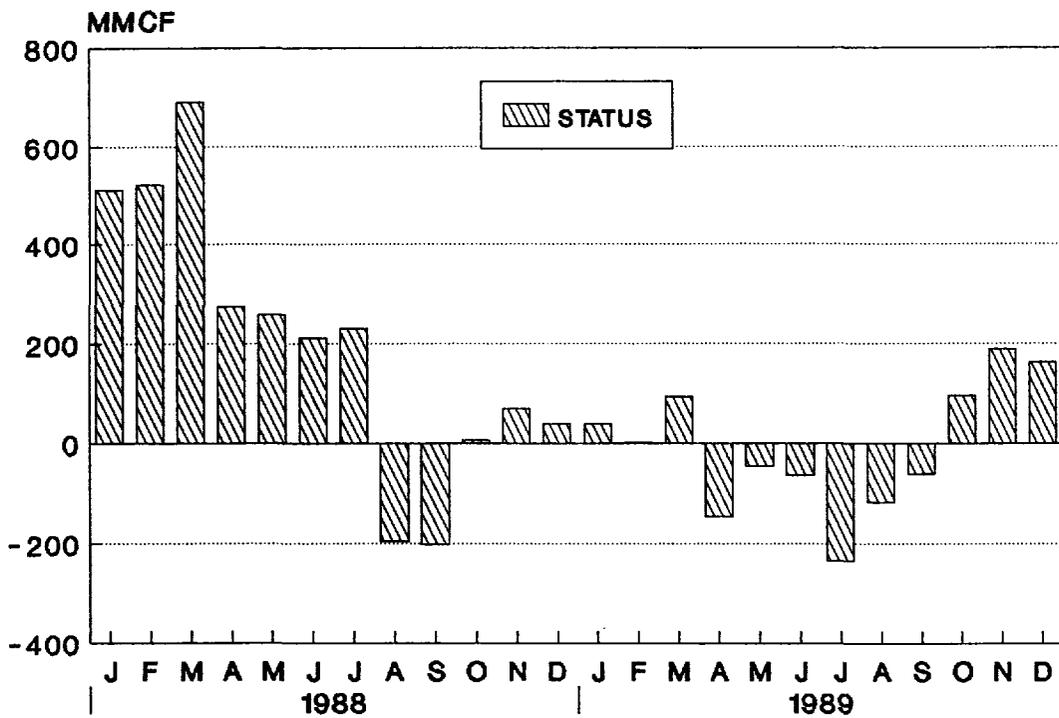
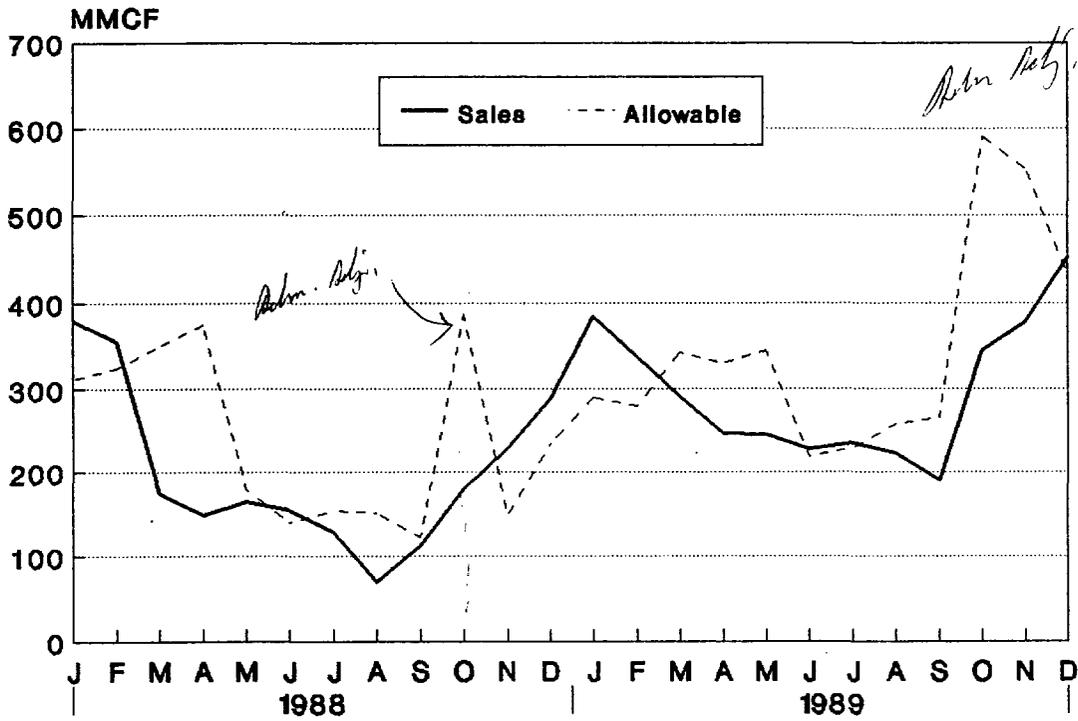
## Burton Flats Morrow



Source:OCD Proration Schedules

BEFORE EXAMINER STOOGER  
 OIL CONSERVATION DIVISION  
 EXHIBIT NO. 10  
 CASE NO. 9872

# Field Production and Allowable



Source: OCD Proration Schedules

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

OKY EXHIBIT NO: 11

CASE NO: 9872

# NON-STANDARD PRORATION UNITS

Burton Flats Morrow Field

<u>Operator / Well</u>	<u>Acresage Factor</u>	<u>1-1-90 Status</u>
BHP/Avalon Hills #1	.98	Marginal
Fasken/Gulf Fed #1	.88	Non-Marginal, 27583
Petrus/Fed State #1	.86	Marginal
Petrus/Fed 4 Com #1	.93	Marginal
Exxon/Yates C Fed #1	.93	Marginal
Exxon/Yates C Fed #2	.94	Marginal

*10% of total  
unit is in Prod.*

Source: February 1990 Proration Schedule

BEFORE EXAMINER SIGNATURE  
OIL CONSERVATION DIVISION

OKY EXHIBIT NO. 12

CASE NO. 9872

# WE DON'T NEED PRORATIONING SAY THE OPERATORS

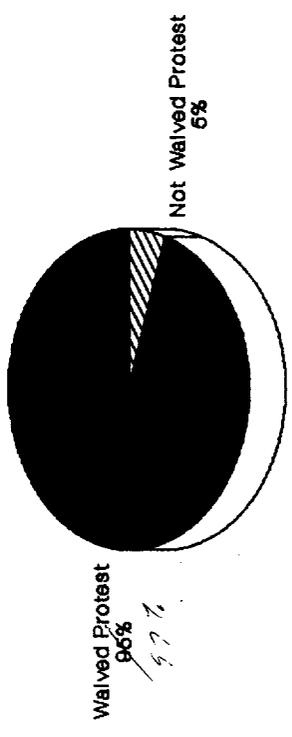
## Have Signed Waivers

Barbara Fasken  
 BHP Petroleum  
 Chevron  
 Exxon (Includes Mesa)  
 Petrus  
 TXO  
 Presidio  
 Bonneville Fuels  
 Petroleum Reserve  
 R. C. Bennett  
 Harvard Petroleum  
 OXY  
 Hamon Operating  
 Bravo Operating  
 Yates

## Have Not Signed Waivers

Texas International → *Bundbrumdt*  
 Coquina  
 J. M. Huber → *add to Bill H. Paul*

*waived*  
 2/20/90



Well Basis

BEFORE EXAMINER STOCHNER  
 OIL CONSERVATION DIVISION  
 OXY EXHIBIT NO. 13  
 CASE NO. 9872

\* \* WAIVER OF PROTEST \* \* JAN 8 1990

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

BARBARA FASKEN  
COMPANY NAME

*James F. Groce*  
REPRESENTATIVE'S SIGNATURE

*Manager - Engineering/Operations*  
REPRESENTATIVE'S TITLE

*1/10/90*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

BHP PETROLEUM, INC.  
COMPANY NAME

  
REPRESENTATIVE'S SIGNATURE

Dr. Ing. Oper. Engr  
REPRESENTATIVE'S TITLE

1/18/90  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

CHEVRON USA  
COMPANY NAME

*Alan W. Bohling*  
REPRESENTATIVE'S SIGNATURE

*Special Projects Engineer*  
REPRESENTATIVE'S TITLE

*February 5, 1990*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

Exxon Company, U.S.A.  
COMPANY NAME

J.W. Widman Sr. M.W. Andrews  
REPRESENTATIVE'S SIGNATURE

Regulatory Compliance Coordinator  
REPRESENTATIVE'S TITLE

Feb 16, 1990  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

PETRUS OIL COMPANY, L.P.  
COMPANY NAME

*Mark R. Kuhlmann*  
REPRESENTATIVE'S SIGNATURE

VICE-PRESIDENT WEST REGION  
REPRESENTATIVE'S TITLE

JANUARY 18, 1990  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

TXO PRODUCTION CORPORATION  
COMPANY NAME

*Jim Anderson*  
REPRESENTATIVE'S SIGNATURE

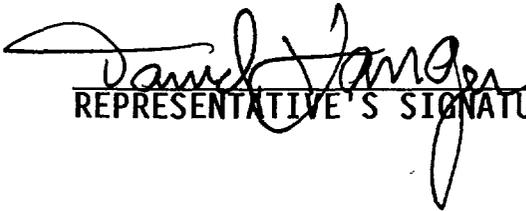
*DIST. PRODUCTION ENGINEER*  
REPRESENTATIVE'S TITLE

*JANUARY 9, 1990*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

PRESIDIO EXPLORATION INC.  
COMPANY NAME

  
REPRESENTATIVE'S SIGNATURE

District Operations Engineer  
REPRESENTATIVE'S TITLE

January 26, 1990  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

BONNEVILLE FUELS CORPORATION  
COMPANY NAME

*Sharon L. Rock*  
REPRESENTATIVE'S SIGNATURE

*Manager Fuel Supply*  
REPRESENTATIVE'S TITLE

*1-10-90*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

PETROLEUM RESERVE CORPORATION  
COMPANY NAME

*J. Stout*  
REPRESENTATIVE'S SIGNATURE

*President*  
REPRESENTATIVE'S TITLE

*9 Jan. 190*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

R. C. BENNETT  
COMPANY NAME

  
REPRESENTATIVE'S SIGNATURE

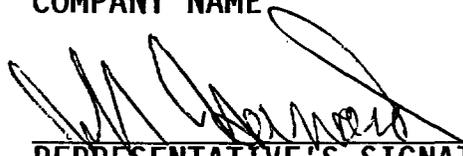
*Pres.*  
REPRESENTATIVE'S TITLE

*1-8-90*  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

HARVARD PETROLEUM CORPORATION  
COMPANY NAME

  
REPRESENTATIVE'S SIGNATURE

VICE PRESIDENT  
REPRESENTATIVE'S TITLE

1/16/90  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

HAMON OPERATING COMPANY  
COMPANY NAME

B. J. Ladas  
B. J. Ladas  
REPRESENTATIVE'S SIGNATURE

Vice President  
REPRESENTATIVE'S TITLE

9 February 1990  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S  
REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW  
PRORATED GAS POOL, EDDY COUNTY, MEXICO.

Bravo Energy / Operating  
COMPANY NAME

[Handwritten Signature]  
REPRESENTATIVE'S SIGNATURE

VP  
REPRESENTATIVE'S TITLE

2-6-90  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW PRORATED GAS POOL, EDDY COUNTY, MEXICO.

COQUINA OIL CORP.  
COMPANY NAME

*Shawn B. Clark*  
REPRESENTATIVE'S SIGNATURE

Vice President - Engineering  
REPRESENTATIVE'S TITLE

2/19/90  
DATE SIGNED

\* \* WAIVER OF PROTEST \* \*

THE UNDERSIGNED COMPANY HAS NO OBJECTION TO OXY USA INC.'S REQUEST TO TERMINATE PRORATIONING IN THE BURTON FLATS-MORROW PRORATED GAS POOL, EDDY COUNTY, MEXICO.

Yates Petroleum waives any protest to Oxy's request for termination of prorationing in the Burton Flat Morrow Gas Pool as to Yates interest in the wells in such pool.

YATES PETROLEUM CORPORATION  
COMPANY NAME

Dave Bonlan  
REPRESENTATIVE'S SIGNATURE

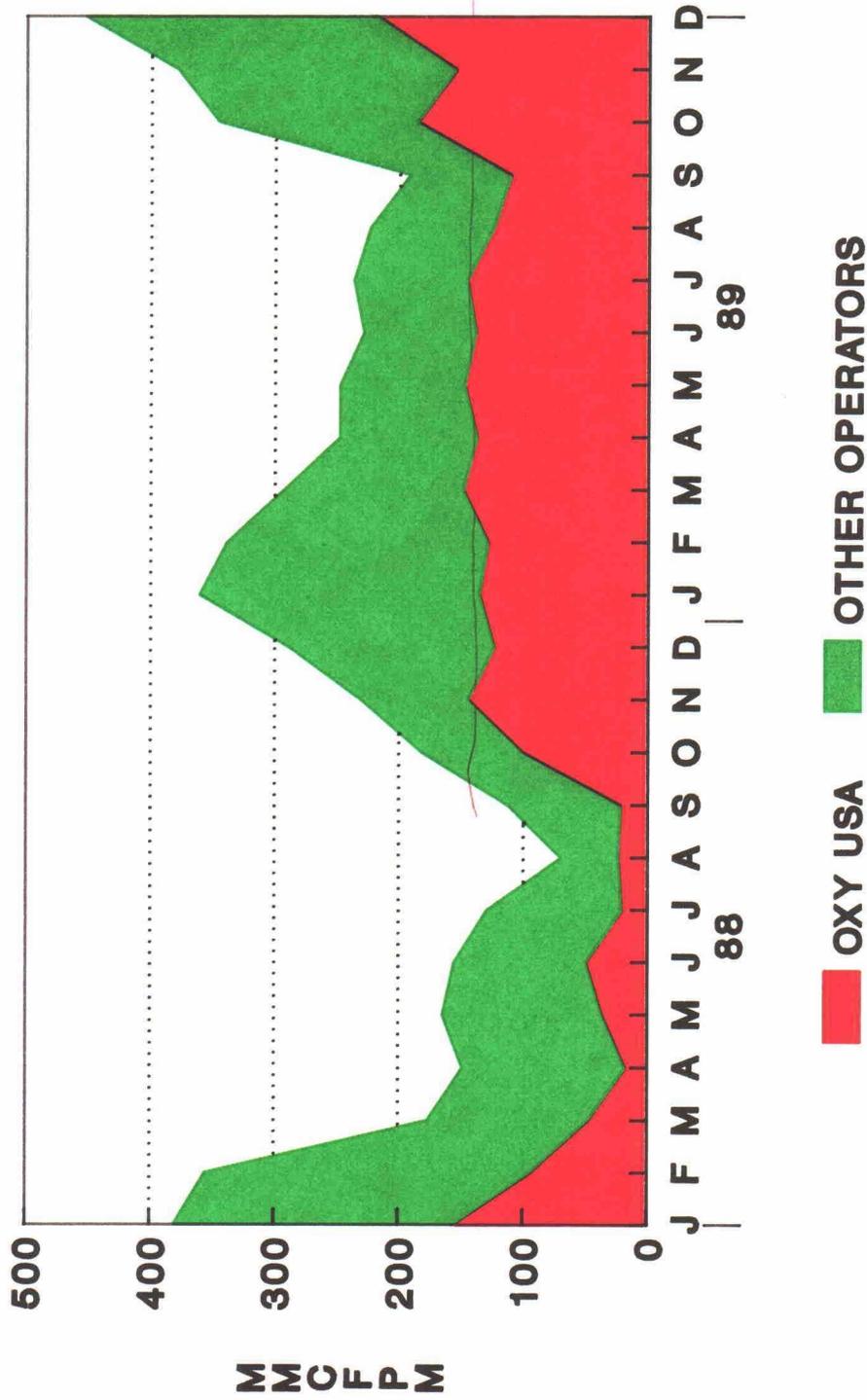
Engineering Manager  
REPRESENTATIVE'S TITLE

February 20, 1990  
DATE SIGNED

# Let's Terminate Prorationing Because:

- ✓ It will prevent waste by removing a major disincentive for drilling new wells, reworking old wells and other activities that increase the ultimate recovery of gas from this pool.
- ✓ Correlative rights will not be adversely affected. Market demand exceeds the pool deliverability, the non-marginal wells have limited drainage areas, the few non-standard proration units are mostly marginal, and multiple well units are not an<sub>2</sub> problem.
- ✓ The potential for non-ratable takes by the pipelines no longer exists. Most gas is now transported instead of purchased by the pipelines.
- ✓ Most of the pool operators have waived any protest to this action, and none have indicated any objection.

# BURTON FLAT MORROW GAS PRODUCTION



SOURCE : OCD PRORATION SCHEDULES

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

OXY EXHIBIT NO. 15

CASE NO. 9872

# BURTON FLAT (MORROW) FIELD DRAINAGE AREA CALCULATIONS FOR OXY OPERATED NON-MARGINAL WELLS

*Calculation of  
reserves over 750 MCF  
PJ*

	<u>ØHSg</u>	RECOVERABLE RESERVES (MMCF)	DRAINAGE AREA (ACRES)
* CAWLEY A #1	1.4707	4070	254
* ELIZONDO FED A #3	2.3753	7582	293
ELIZONDO FED A #4	2.0795	4287	189
* GOVERNMENT AD #3	2.8811	1250	40
GOVERNMENT AG #1	0.7735	1752	208
GOVERNMENT AO #1	0.9617	1535	147

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

OXY EXHIBIT NO: 16

CASE NO: 9872

# ELIZONDO FEDERAL A #3 DRAINAGE AREA CALCULATIONS

GIVEN :

RECOVERABLE RESERVES - 7582 MMCF

AVERAGE  $\emptyset$ HSg - 2.3753

Bg - 250

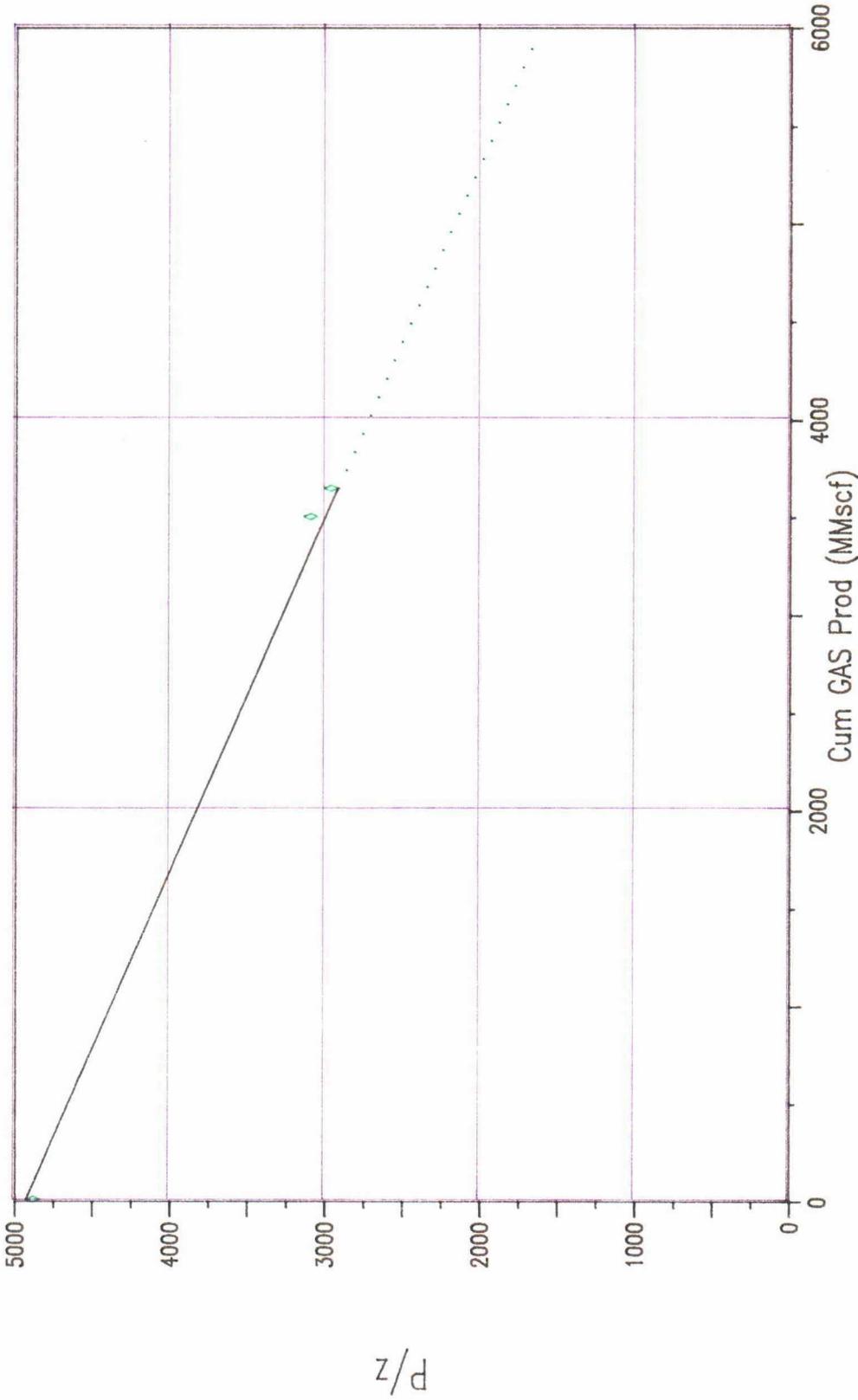
$$\text{DRAINAGE AREA} = \frac{\text{RECOVERABLE RESERVES (SCF)}}{43560 * \emptyset\text{HSg} * Bg}$$

$$\text{DRAINAGE AREA} = \frac{7,582,000,000}{43560 * 2.3753 * 250} = 293 \text{ ACRES}$$

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

oxy EXHIBIT NO: 17  
CASE NO: 9872

ELIZONDO FEDERAL A #3

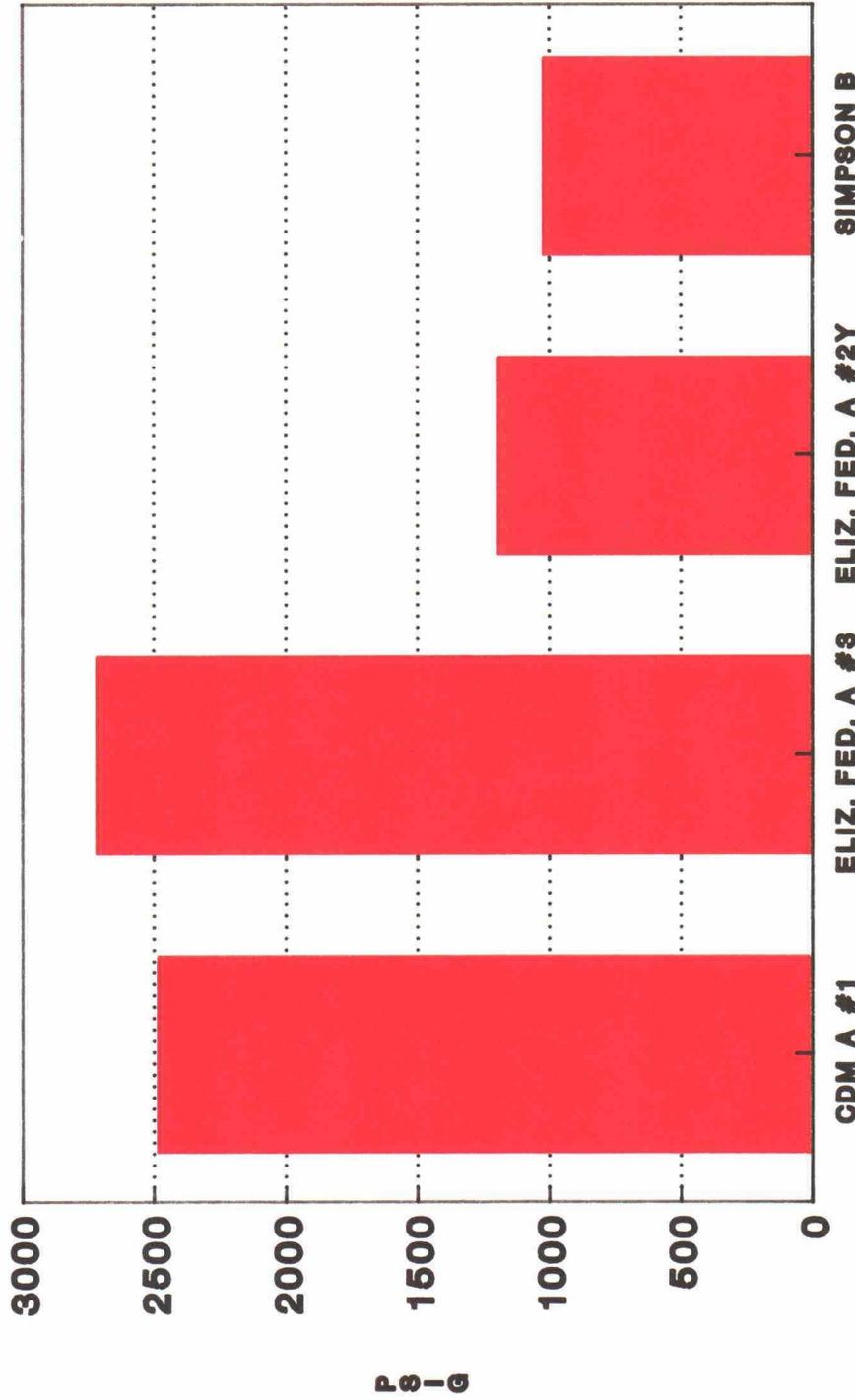


P/Z vs Cum. Gas slope:  $-0.55192672$  psi/MMscf  
Current P/Z: 2924.3 psi  
Abandonment P/Z: 750.0 psi  
Cumulative Gas Produced: 3653.90 MMscf  
Remaining Reserves: 3927.6 MMscf  
Total Reserves: 7581.5 MMscf

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
EXY EXHIBIT NO. 18  
CASE NO. 9872

# ELIZONDO FEDERAL A #3

BHP COMPARISON



**SIMPSON B**

**ELIZ. FED. A #2Y**

**ELIZ. FED. A #3**

**CDM A #1**

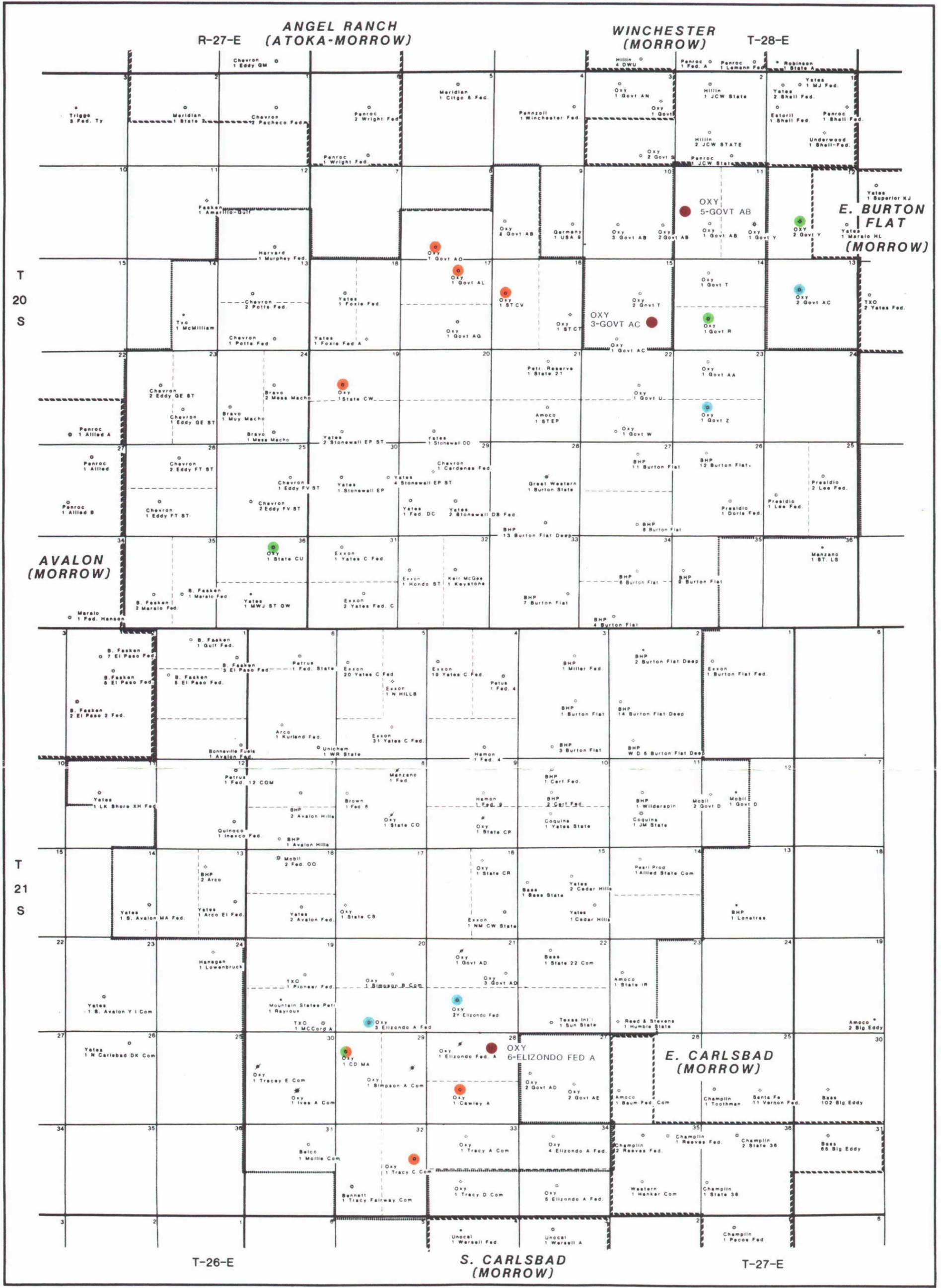
**■ BOTTOM HOLE PRESSURE**

*21 - 215-27E*

*10-215-27E*

*21*

BEFORE EXAMINER STOOGNER  
 OIL CONSERVATION DIVISION  
*OK* EXHIBIT NO. 19  
 CASE NO. 9872

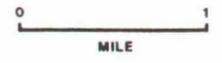


- COMPLETED WORKOVERS SINCE OCT., 1989
- PROPOSED 1990 DRILLING WELLS
- COMPRESSORS ADDED
- PROPOSED 1990 WORKOVERS
- OUTLINE OF BURTON FLAT (MORROW) FIELD
- OUTLINE OF OTHER MORROW FIELDS



**BURTON FLAT (MORROW) FIELD**

EDDY CO., NEW MEXICO



FEB., 1990

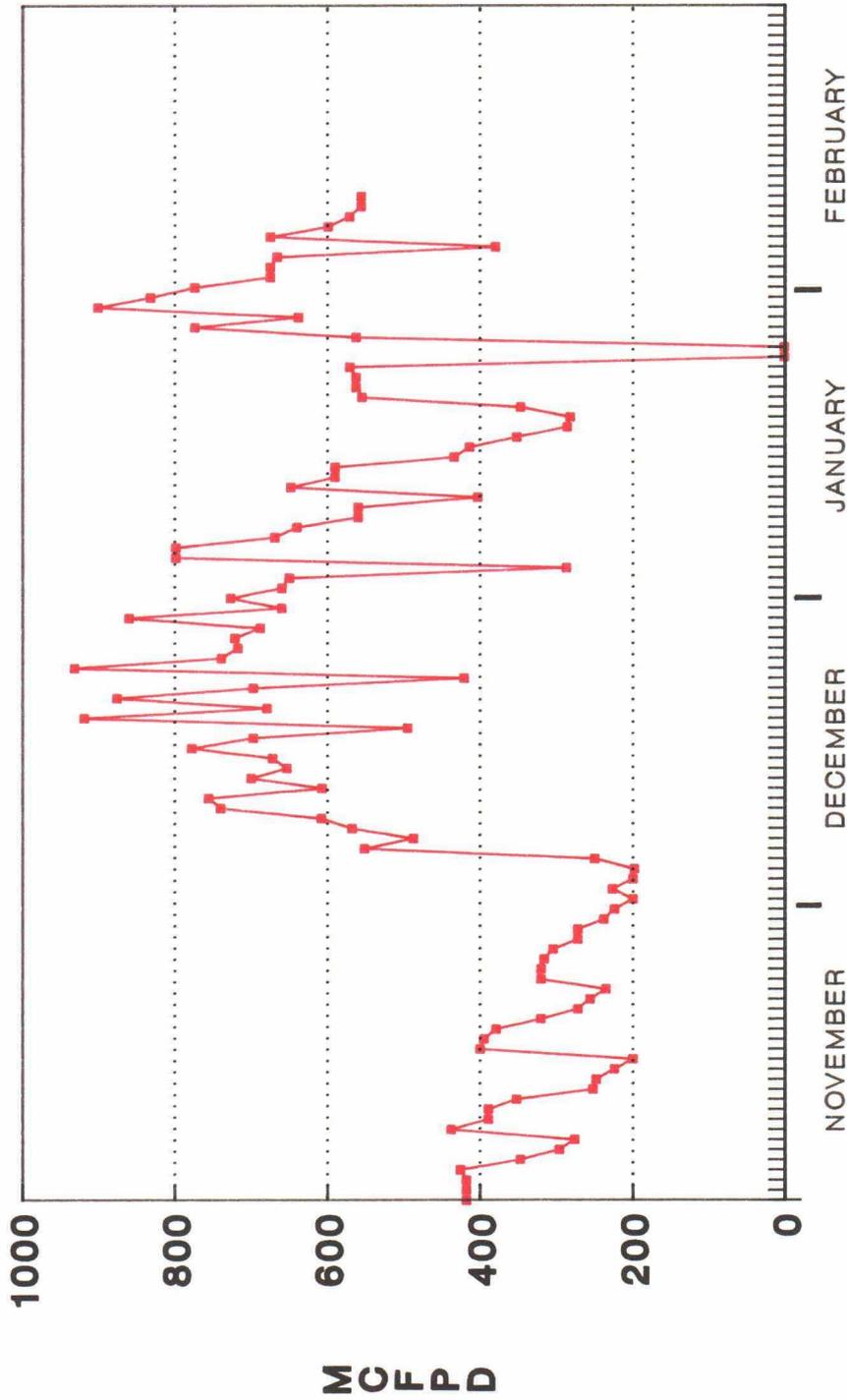
R-27-E      ANGEL RANCH  
                  (ATOKA-MORROW)

WINCHESTER      T-28-E  
(MORROW)

REGISTRATION	
OIL COMPANY	
CX 4	EXPIRES 20
CASE NO. 9872	

# TRACY C #1

*Classified Nonpublic*



—■— GAS PRODUCTION

BEFORE EXAMINER SIGNATURE  
OIL CONSERVATION DIVISION

OKY EXHIBIT NO. 21

CASE NO. 9872

# TYPICAL WELL ECONOMICS BURTON FLAT (MORROW)

	<u>CASE I PRORATED</u>	<u>CASE II PRORATED</u>	<u>CASE III NO PRORATION</u>
DRILLING COST	\$685,000	\$685,000	\$685,000
PRESENT WORTH @ 15%	-\$ 10,000	\$521,000	\$582,000
RETURN ON INVESTMENT	15%	78%	164%
PAYOUT PERCENT (BFIT)	227%	301%	296%
PAYBACK PERIOD (YEARS)	7.1	2.1	1.5

*1.3 MCF/D*

*750 MCF/D  
after about  
a year or  
so.*

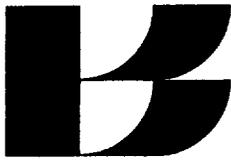
- CASE I - AVERAGE ALLOWABLE OF 220 MCFPD
- CASE II - AVERAGE ALLOWABLE OF 750 MCFPD
- CASE III - NON-PRORATED

*Oxy Bonus Allowable*

*3 or 4 or 5 Oxy are  
available*

*- 3 or 4 could pool over this  
liquid Pool Unit*

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>OXY</u>	EXHIBIT NO. <u>22</u>
CASE NO. <u>9872</u>	



**BRIDGE OIL (U.S.A.) INC.**

Manager for  
PETRUS OIL COMPANY, L.P.  
PIN OAK JOINT VENTURE

October 2, 1989

Mr. Richard E. Foppiano  
OXY USA Inc.  
Box 3908  
Tulsa, OK 74102

RE: Non-Marginal Wells Allowable  
Burton Flat Morrow (Prorated Gas) Pool  
Eddy County, New Mexico

BEFORE EXAMINER STODNER	
OIL CONSERVATION DIVISION	
<u>OXY</u>	EXHIBIT NO: <u>23</u>
CASE NO:	<u>9872</u>

Dear Mr. Foppiano:

Petrus Oil Company, L.P. will not be able to have a representative attend the meeting that you have scheduled on October 4, 1989 with the New Mexico Oil & Gas Commission to raise the non-marginal allowable for the above captioned gas pool. As a substitute for not having anyone present, please submit this letter as evidence of our support in raising the allowable.

Petrus Oil Company, L.P. has had to severely curtail the production of their Federal 12 Com #1 well strictly due to allowable nominations. This well is capable of producing 1,500,000 standard cubic feet of gas per day with the use of the existing compressor. We are also able to market or sale one-hundred percent of all of the gas that this well is capable of producing. However, after producing the well for approximately three months last winter, we rapidly approached an overage equal to six times our monthly allowable. The well has been shut-in for the past six months to reduce the excess production or overage. Having a compressor sit idle for six months is a very inefficient use of capital funds.

Petrus Oil Company, L.P. also operates marginal wells in the same pool. However, there is no economic incentive to rework those wells to increase the production because the allowable constraints would not allow us to produce sufficient volumes to justify the proposed work.

Petrus Oil Company, L.P. supports your effort to either raise the field nomination to a much greater level or reclassify the field to a Non-prorated Gas Pool.

Sincerely,

*Donald E. Spence*  
Donald E. Spence (sic)  
West Texas Engineer

DES:sjc

12377 MERIT DRIVE, SUITE 1600 • DALLAS, TEXAS 75251  
TELEPHONE: (214) 788-3300 • FAX: (214) 788-3399

RECEIVED  
OCT 07 1989  
E&P REGULATORY AFFAIRS

**A**

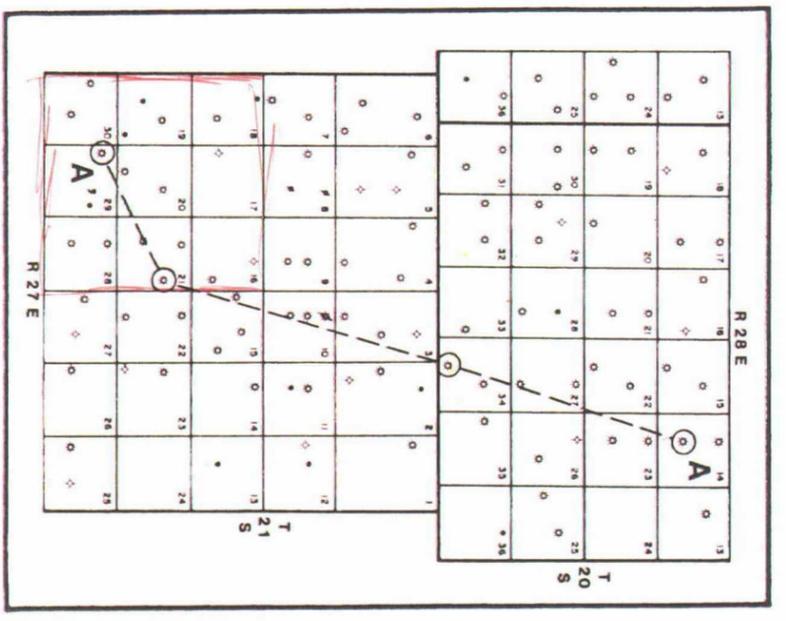
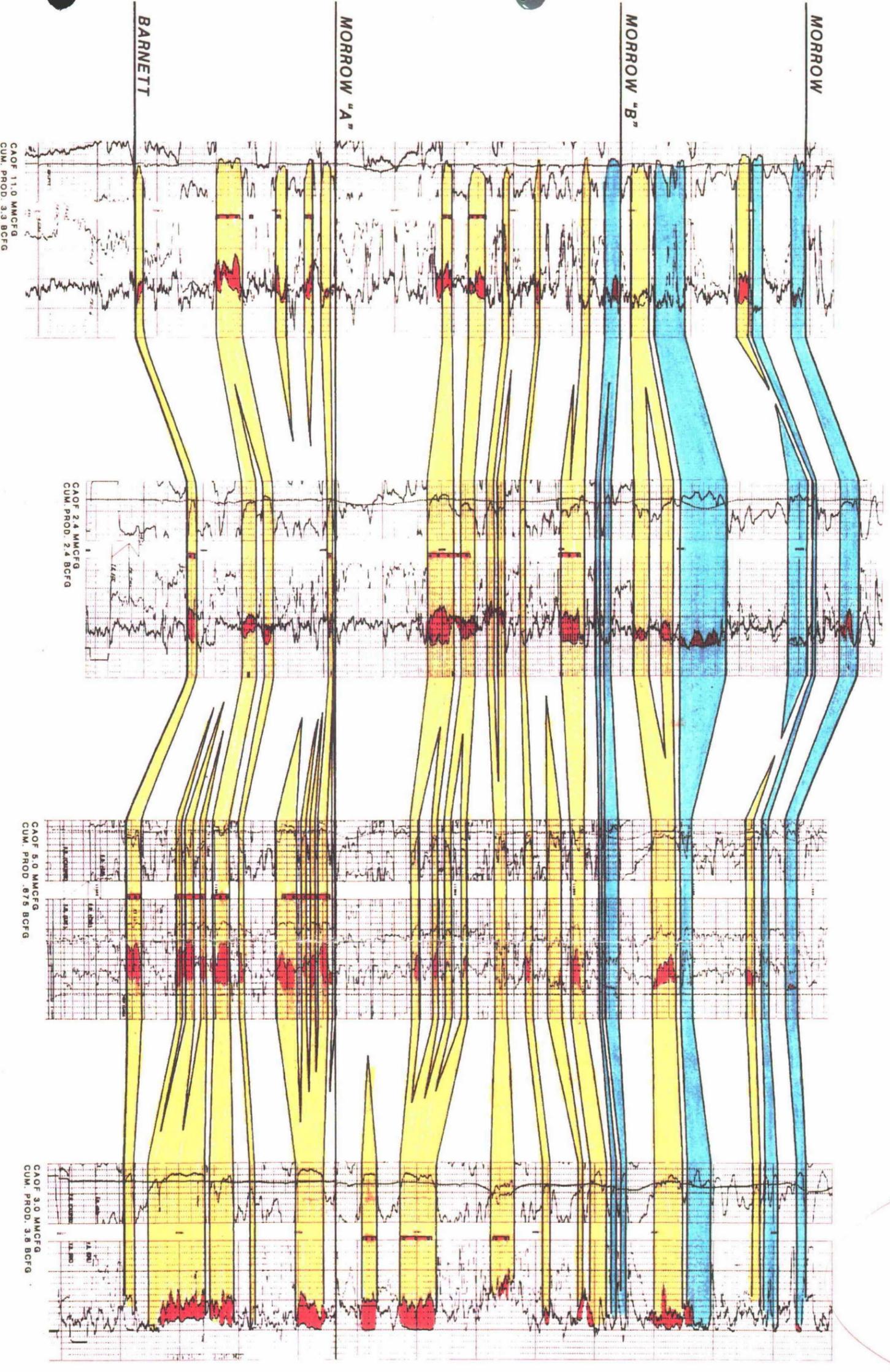
OXY USA INC.  
 GOVERNMENT "R" #1  
 1980' FSL & 1980' FWL,  
 Sec. 14, T20S, R28E  
 Eddy Co., New Mexico

BHP PETROLEUM  
 BURTON FLAT #4  
 660' FSL & 1980' FWL,  
 Sec. 34, T20S, R28E  
 Eddy Co., New Mexico

OXY USA INC.  
 GOVERNMENT "AD" #3  
 1980' FNL & 660' FEL,  
 Sec. 21, T21S, R27E  
 Eddy Co., New Mexico

OXY USA INC.  
 CDM "A" #1  
 990' FNL & 660' FWL,  
 Sec. 29, T21S, R27E  
 Eddy Co., New Mexico

**A'**



**BURTON FLAT (MORROW) FIELD**  
 EDDY COUNTY, NEW MEXICO  
**A-A' STRATIGRAPHIC CROSS SECTION**

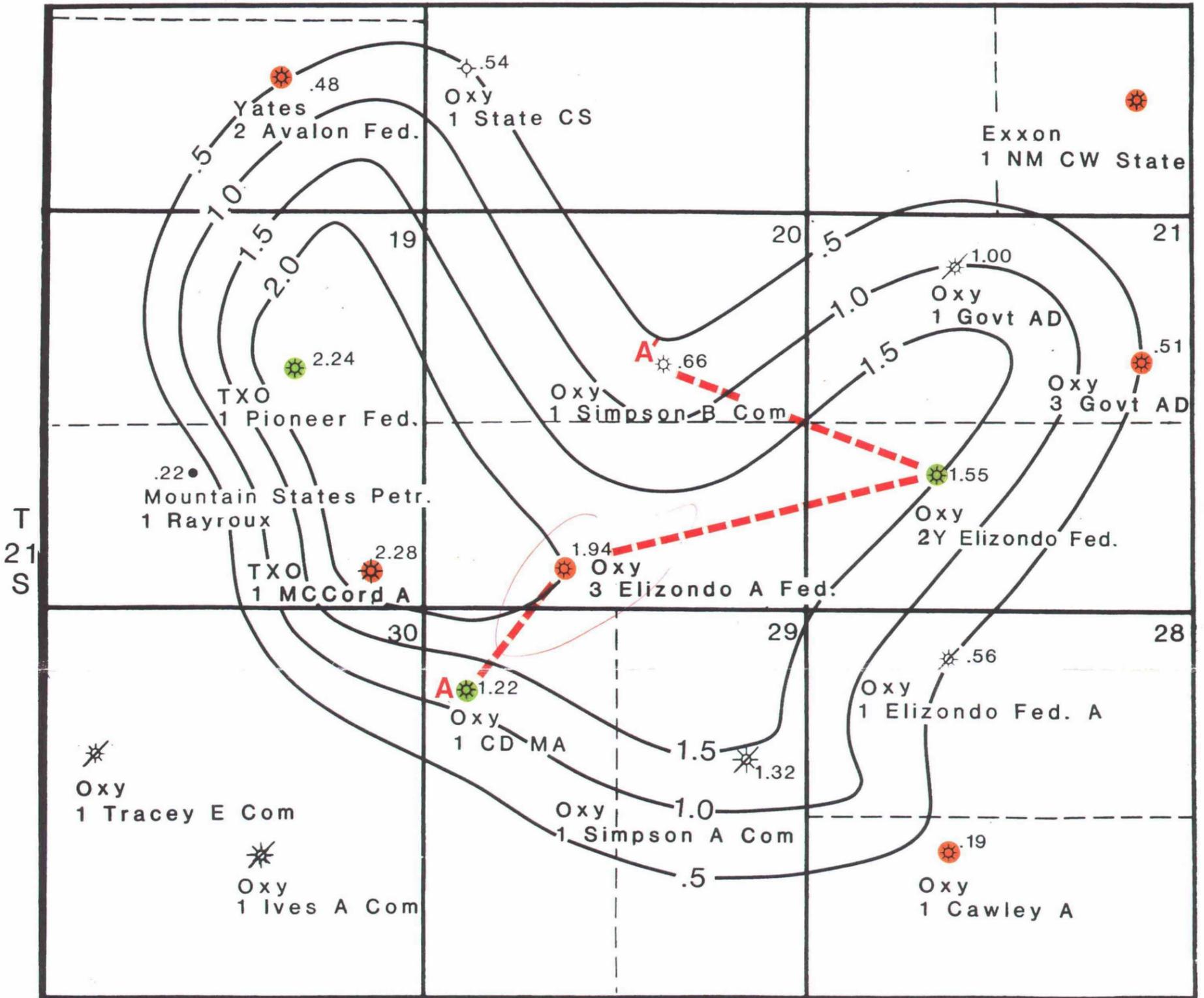
AUG., 1989



OXY USA INC.

CLASSIFICATION  
SECURITY INFORMATION  
OXY IDENT NO. 24  
CASE NO. 9872

R27E



T  
21  
S

● MARGINAL WELL, FEB., 1990  
PRORATION SCHEDULE

● NON-MARGINAL WELL



BURTON FLAT (MORROW) FIELD  
 EDDY CO., N.M.  
 3 ELIZONDO A FED  
 B-2 SAND  
 $\phi_h$

C.I. .5'  
J. CARROLL

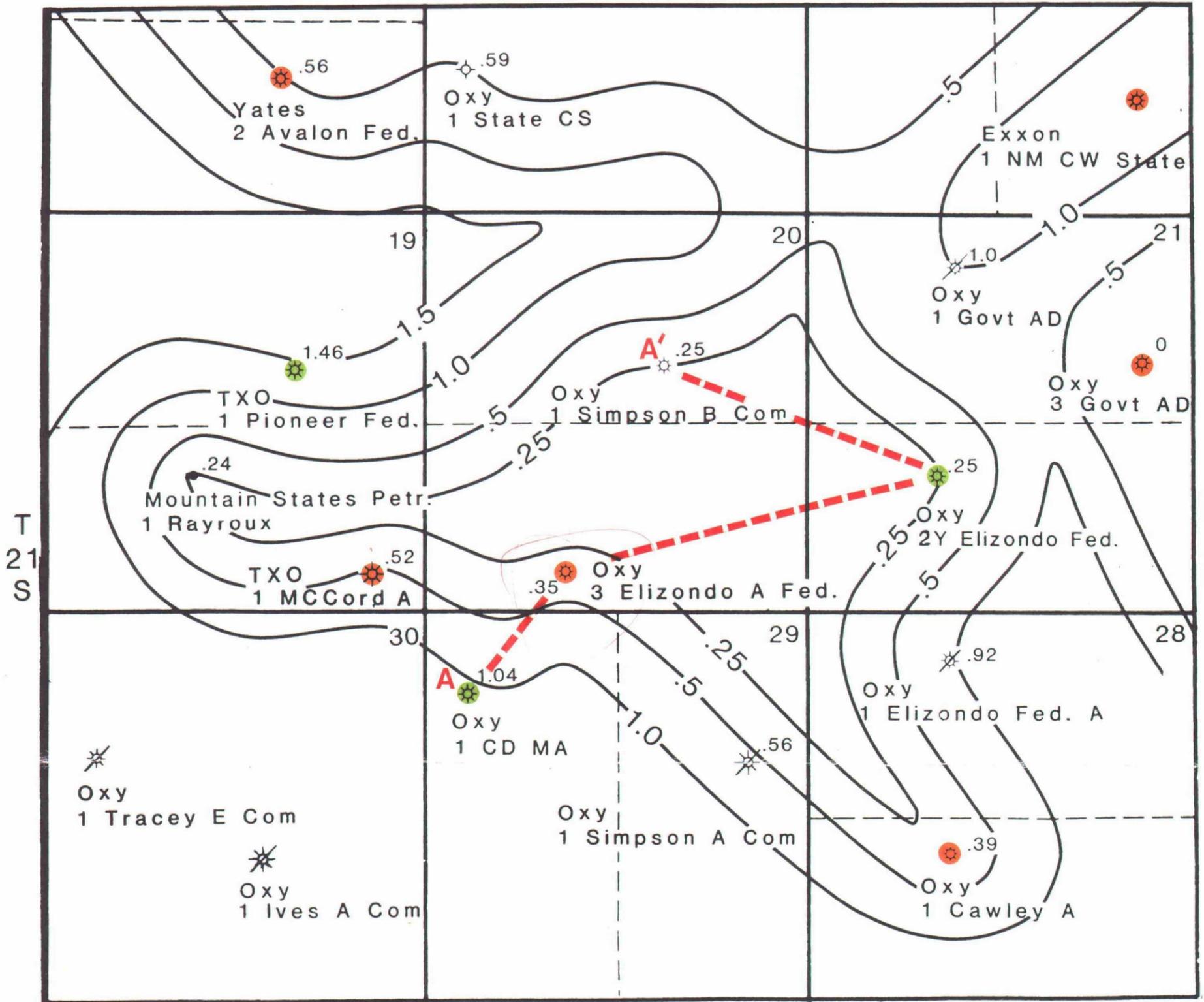
Avg. SW 18%  
FEB. 1990

BEFORE BOARD OF SUPERVISORS  
OIL CONSERVATION DIVISION

OXY EXHIBIT NO. 25

CASE NO. 9872

R27E



● MARGINAL WELL, FEB., 1990  
 PRORATION SCHEDULE

● NON-MARGINAL WELL



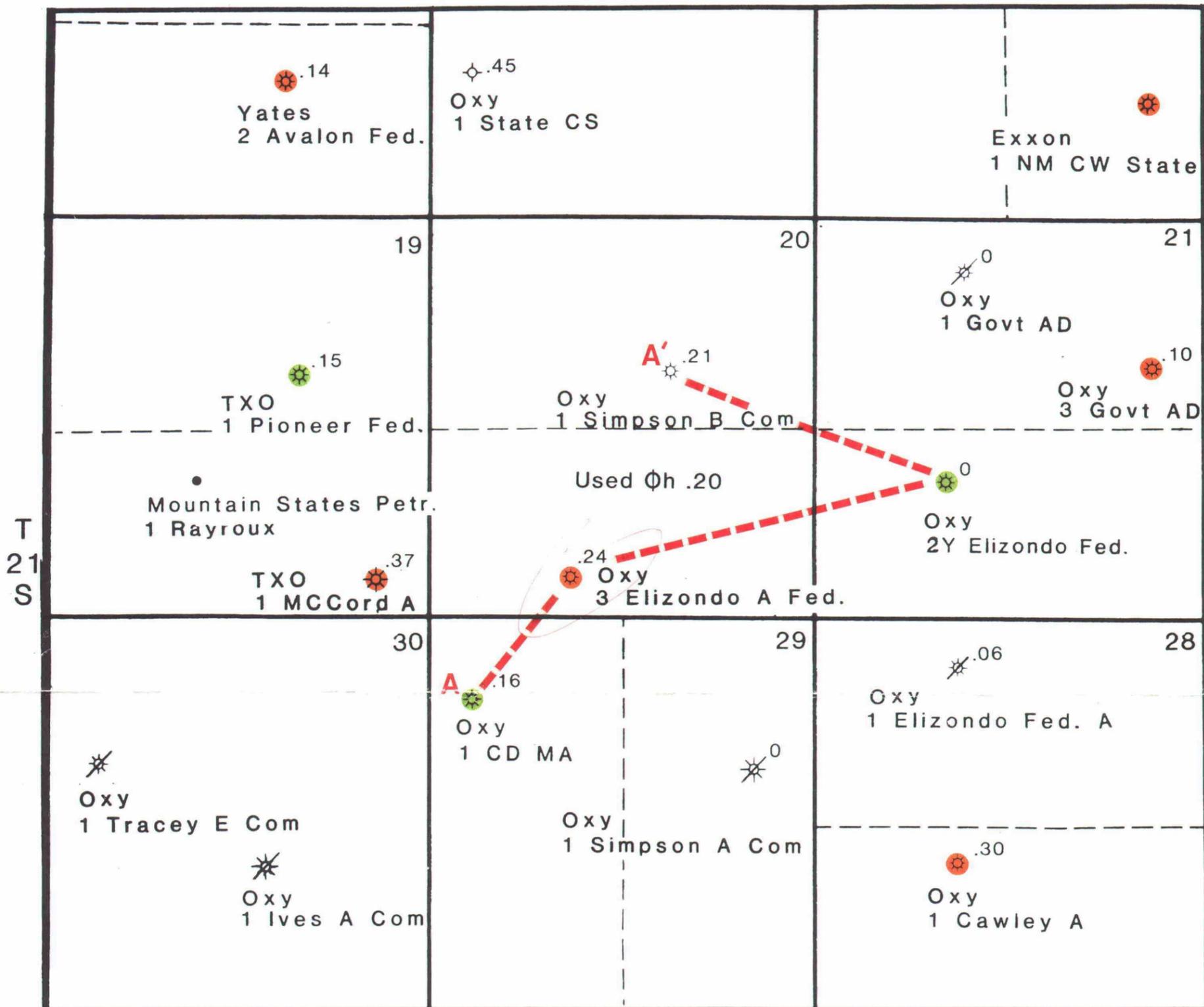
**BURTON FLAT (MORROW) FIELD**  
 EDDY CO., N.M.  
**3 ELIZONDO A FED**  
**B-3 SAND**  
 Øh

C.I. .5' & .25'  
 J. CARROLL

Avg. SW 32%  
 FEB. 1990

BEFORE EXAMINATION BY  
OIL CONSERVATION DIVISION  
OKY EXHIBIT NO. 26  
CASE NO. 9872

R27E



● MARGINAL WELL, FEB., 1990 PRORATION SCHEDULE

● NON-MARGINAL WELL



BURTON FLAT (MORROW) FIELD  
EDDY CO., N.M.

3 ELIZONDO A FED

B-4 SAND

$\Phi h$

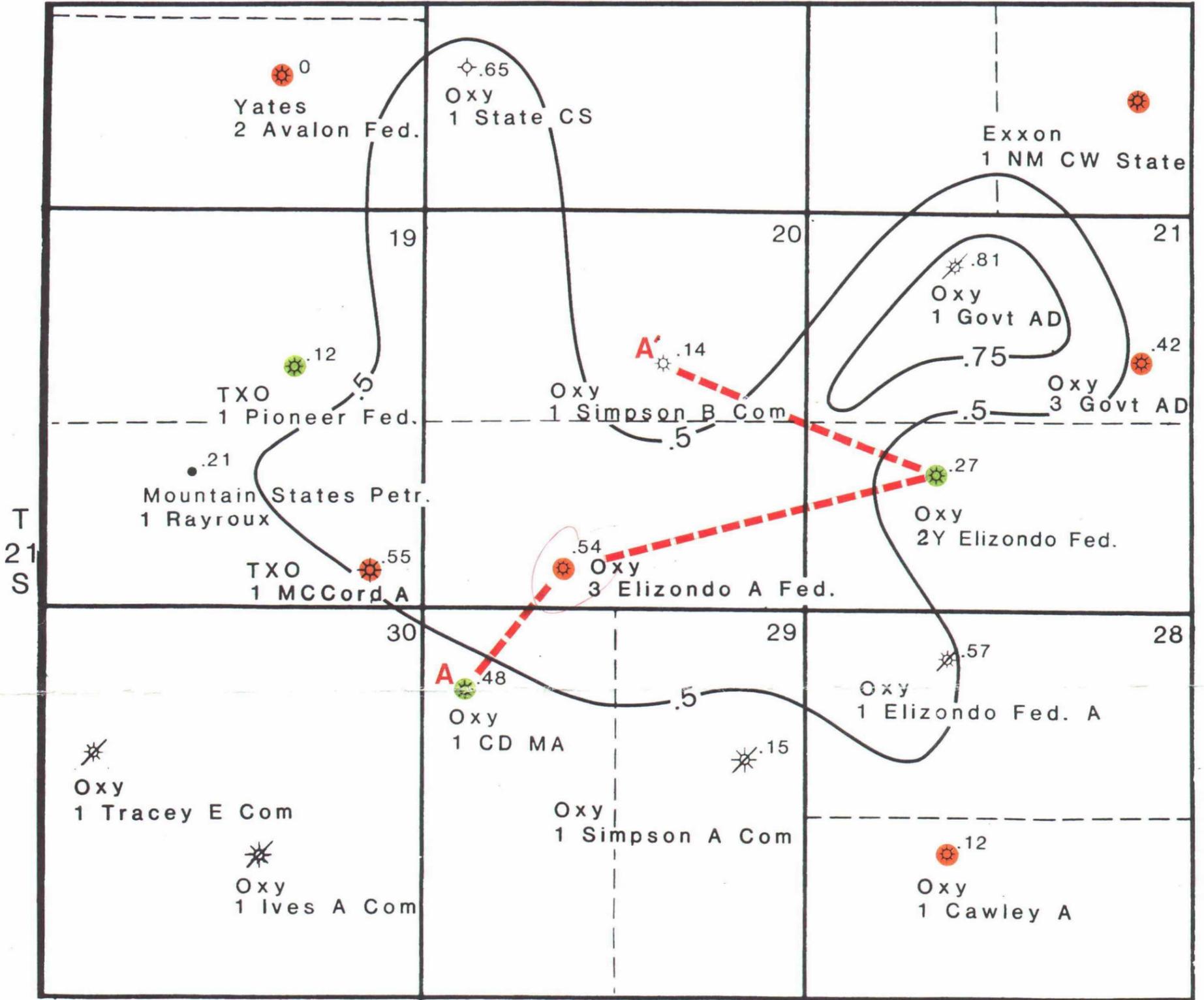
Avg. SW 22%

J. CARROLL

FEB. 1990



R27E



● MARGINAL WELL, FEB., 1990  
PRORATION SCHEDULE

● NON-MARGINAL WELL



BURTON FLAT (MORROW) FIELD  
EDDY CO., N.M.

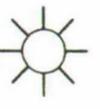
3 ELIZONDO A FED  
B-5 SAND  
Φh

C.I. .25'  
J. CARROLL

Avg. SW 22%  
FEB. 1990

BEFORE EXAMINER STOCHER  
OIL CONSERVATION DIVISION  
OX4 EXHIBIT NO. 28  
CASE NO. 9872

A  
SOUTH



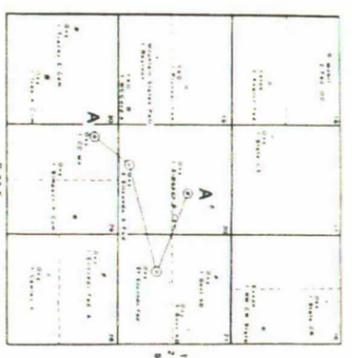
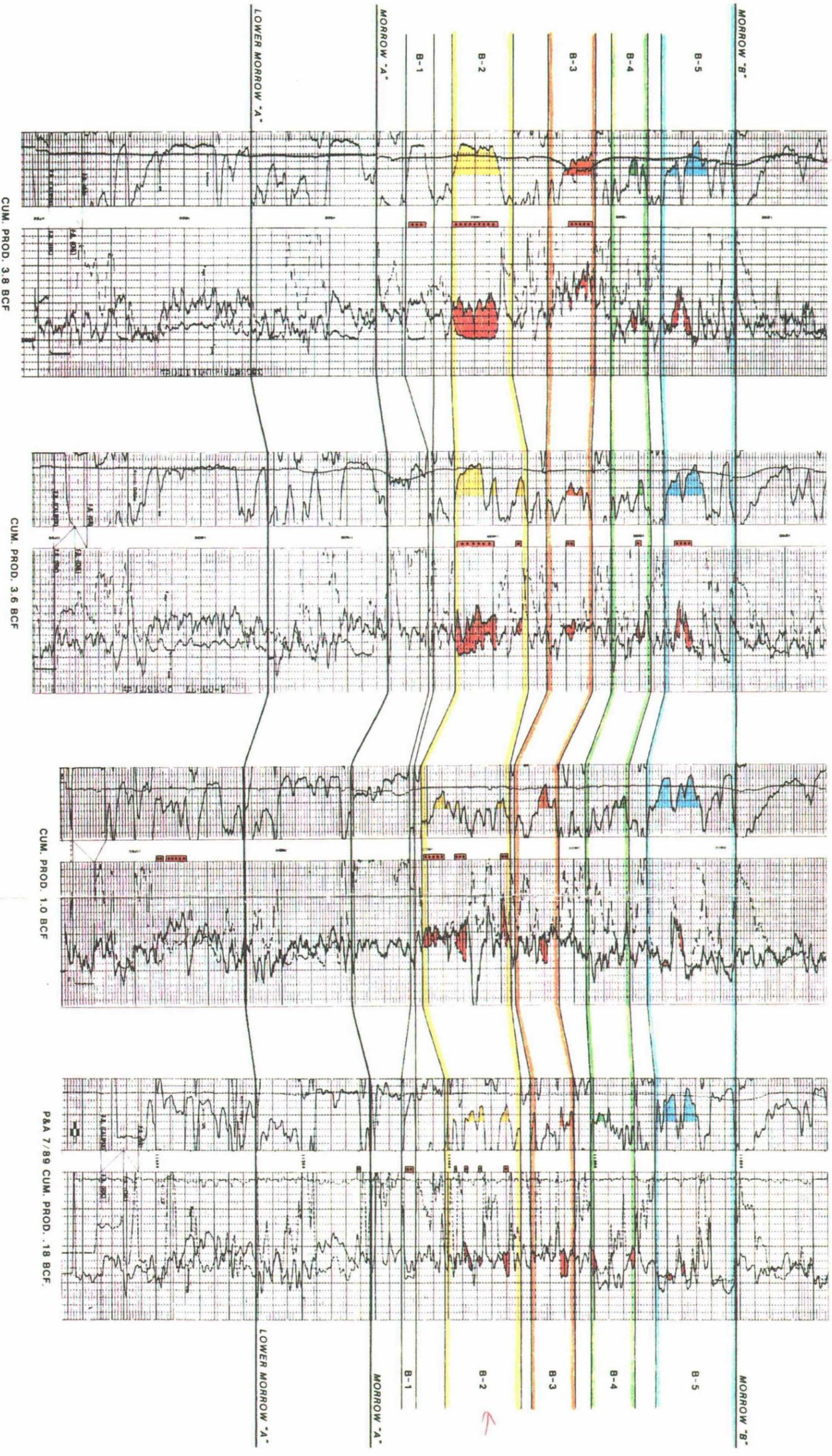
A'  
NORTH

OXY USA INC.  
CDM "A" #1  
990' FNL & 660' FWL,  
Sec. 29, T21S, R27E

OXY USA INC.  
ELIZONDO FED. "A" #3  
660' FSL & 1980' FWL,  
Sec. 20, T21S, R27E

OXY USA INC.  
ELIZONDO FED. "A" #2Y  
1880' FSL & 1780' FWL,  
Sec. 21, T21S, R27E

OXY USA INC.  
SIMPSON "B" #1  
1980' FNL & 1980' FWL,  
Sec. 20, T21S, R27E



BURTON FLAT (MORROW) FIELD  
EDDY COUNTY, NEW MEXICO

ELIZONDO FED. "A" #3  
STRATIGRAPHIC CROSS SECTION

GEOLOGIST: J. CARROLL  
FEB., 1980

CUM. PROD. 3.8 BCF

CUM. PROD. 3.6 BCF

CUM. PROD. 1.0 BCF

P&A 7/89 CUM. PROD. .18 BCF

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
OKY EXHIBIT NO. 29  
CASE NO. 9872



9822	05/10
30	OKY

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

OXY EXHIBIT NO: 31

CASE NO: 9872

BURTON FLAT MORROW FIELD

NOTIFICATION LIST BY TRACT

Tract No.	Description	Status
1	20S-28E-11: All	OXY USA, Inc. Operated
2	20S-28E-10: All	OXY USA, Inc. Operated
3	20S-28E- 9: NW $\frac{1}{4}$	OXY USA, Inc. Operated
4	20S-28E- 9: SW $\frac{1}{4}$	OXY USA, Inc. Operated
5	20S-28E- 8: S $\frac{1}{2}$	OXY USA, Inc. Operated
6	20S-27E-12: S $\frac{1}{2}$	Harvard and Lemay Exploration Co. H. Lee Lemay P.O. Box 936 Roswell NM 88201  Esther L. Kelly P.O. Box 310 Roswell NM 88201  Edward E. Merriman P.O. Box 48 Lubbock TX 79408  Gerald L. Davis P.O. Box 6870 Lubbock TX 79412  Mary Beth Boyd 2714 Chrysler Drive Roswell NM 88201  Enerloc Resources, Inc. 1221 Mecham Drive, Suite 5, Ruidoso NM 88345  Southwest Resources Tom Boyd Drilling Company P.O. Box 1756 Roswell NM 88201  Western Oil Producers, Inc. P.O. Box 2055 Roswell NM 88201  TXO Production Corporation 1700 Pacific Avenue Dallas TX 75201-4696

	20S-27E-14: SE $\frac{1}{4}$ ,SE $\frac{1}{4}$ SW $\frac{1}{4}$	Same Ownership as Tract 6
7B	20S-27E-14: SW $\frac{1}{4}$ SW $\frac{1}{4}$	Open Federal Acreage Bureau of Land Management P.O. Box 1449 Santa Fe NM 88705
7C	20S-27E-14: N $\frac{1}{4}$ SW $\frac{1}{4}$ ,N $\frac{1}{4}$ Etal	OXY USA, Inc.  Richard S. Brooks Estate 303 West Wall Suite 608 Midland TX 79701  Barbara Fasken 303 West Wall, Suite 1900 Midland TX 79701
8	20S-27E-13: N $\frac{1}{4}$	Chevron USA, Inc. Operated P.O. Box 1150 Midland TX 79702
9	20S-27E-13: S $\frac{1}{4}$	Chevron Lease NM 13410
10	20S-28E-18: W $\frac{1}{4}$	PENROC Oil Corporation Operator P.O. Drawer 831 Midland TX 79702
11	20S-28E-17: N $\frac{1}{4}$	OXY USA, Inc. Operated
12	20S-28E-17: S $\frac{1}{4}$	OXY USA, Inc. Operated
13	20S-28E 16: W $\frac{1}{4}$	OXY USA, Inc. Operated
14	20S-28E-16: E $\frac{1}{4}$	OXY USA, Inc. Operated
15A	20S-28E-15: W $\frac{1}{4}$ NW $\frac{1}{4}$ ,E $\frac{1}{4}$ NE $\frac{1}{4}$ ,SE $\frac{1}{4}$	OXY USA, Inc. Operated
15B	20S-28E-15: SW $\frac{1}{4}$	OXY USA, Inc. Operated
16A	20S-28E-15: SE $\frac{1}{4}$ NW $\frac{1}{4}$	Mobil Oil Corporation P.O. Box 633 Midland TX 79702
16B	20S-28E-15: NE $\frac{1}{4}$ NW $\frac{1}{4}$ ,W $\frac{1}{4}$ NE $\frac{1}{4}$	UNOCAL P.O. Box 671 Midland TX 79702
17	20S-28E-14: All	OXY USA, Inc. Operated
18	20S-28E-23: N $\frac{1}{4}$	OXY USA, Inc. Operated
--	20S-28E-23: S $\frac{1}{4}$	OXY USA, Inc. Operated
20	20S-28E-22: N $\frac{1}{4}$	OXY USA, Inc. Operated

20S-28E-22: S½  
22 20S-28E-21: N½  
23 20S-28E-21: S½  
24 20S-28E-20: NE¼

OXY USA, Inc. Operated  
Petroleum Reserve Company  
4815 South Harvard, Suite 305  
Tulsa OK 74135  
Pennzoil Company  
P.O. Drawer 1828  
Midland TX 79702  
Amoco Production Company  
P.O. Box 3092  
Houston TX 77001  
OXY USA, Inc. Operated  
Yates Petroleum Corporation  
Mesa Operating Limited Partnership  
Claremont Corporation  
Mobil Oil Corporation  
Flag Redfern Oil Company  
Pennzoil Company  
Edward R. Hudson, Jr.,  
William A. Hudson, II,  
Mary Hudson Ard  
1000 First National Bank Building  
Fort Worth TX 76102  
Oryx Energy Company  
P.O. Box 2880  
Dallas TX 75221  
MWJ Producing Company  
400 West Illinois, Suite 1100  
Midland TX 79701  
North American Royalties  
306 West Wall, Suite 1400  
Midland TX 79701  
Hondo Oil & Gas Company  
P.O. Box 2208  
Roswell NM 88202  
Elizabeth M. Webster  
Rt. #5 Mountain View  
Princeton NJ 08540  
Sanford J. Nosce, III  
c/o V.N. Zoller  
First City Center, Suite 910  
Midland TX 79701

Dr. Isaac A. Kawasaki  
1232 South King Street  
Honolulu HI 96814

Vernon Monroe  
c/o White & Case  
14 Wall Street  
New York NY 10005

Stephen B. Palmer  
63 Joanne Way  
Short Hills NJ 07078

Bank of California, Trust # 20450  
550 South Flower Street  
Los Angeles CA 90017

Bank of California Trust # 20651  
550 South Flower Street  
Los Angeles CA 90017

Mrs. Frances B. Dunn  
2493 Makiki Heights  
Honolulu HI 96822

David Goodnow  
230 Ridgefield Road  
Wilton CT 06597

Joseph W. Hodge  
c/o V.N. Zoller  
First City Center, Suite 910  
Midland TX 79701

Bureau of Land Management  
P.O. Box 1449  
Santa Fe NM 88705

Frederick Van Vranken  
665 5th Avenue, 10th Floor  
New York NY 10022

American National Petroleum Company  
P.O. Box 27725  
Houston TX 77227-7725

E.G. Holden Testamentary Trust,  
Betsy N. Keller  
2524 Union Street  
San Francisco CA 94123

Charles Cline Moore  
138 Harvard Avenue  
Mill Valley CA 94941

Estate of W.N. Oliver  
c/o Pat Fisher  
P.O. Box 241  
Dallas TX 75221

Adolph P. Schuman  
2701 16th Street  
San Francisco CA 94104

Bank of California Trust # 22110430  
550 South Flower Street  
Los Angeles CA 90017

Ernie Bello  
3325 Ala Akulikuli  
Honolulu HI 96818

J.W. Gendron  
2989 Eucalyptus Hill  
Santa Barbara CA 93108

Edward C. Hallock  
18 Frier Tuck Circle  
Summit NJ 07901

Estate of William D. Oliver  
c/o Pat Fisher  
P.O. Box 241  
Dallas TX 75221

25	20S-28E-20: NW $\frac{1}{4}$	Same Owners as Tract 24 Stonewall WIU
26	20S-28E-20: S $\frac{1}{2}$	Yates Petroleum Corporation Operated
27	20S-28E-19: N $\frac{1}{2}$	OXY USA, Inc. Operated
28	20S-28E-19: S $\frac{1}{2}$	Same Owners as Tract 24 Stonewall WIU
29	20S-27E-24: E $\frac{1}{2}$	Bravo Energy, Inc. P.O. Box 2160 Hobbs NM 88241
30	20S-27E-24: W $\frac{1}{2}$	Bravo Energy, Inc.
31	20S-27E-23: E $\frac{1}{2}$	Chevron USA, Inc.
32	20S-27E-23: W $\frac{1}{2}$	Chevron USA, Inc.
33	20S-27E-26: N $\frac{1}{2}$	Chevron USA, Inc.
34	20S-27E-26: S $\frac{1}{2}$	Chevron USA, Inc.

	20S-27E-25: W½	Chevron USA, Inc. Amoco Production Co. Pennzoil Company
36	20S-27E-25: E½	Chevron USA, Inc. Operated
37	20S-28E-30: W½	Yates Petroleum Corporation Operated
38	20S-28E-30: E½	Yates Petroleum Corporation Operated
39	20S-28E-29: NW¼	Yates Petroleum Corporation Owner
40	20S-28E-29: NE¼	Open Federal Acreage Bureau of Land Management
41	20S-28E-29: S½	Yates Petroleum Corporation Operated
42	20S-28E-28: N½	Tom Brown, Inc. P.O. Drawer 10970 Midland TX 70702
		Mitchel E. Cheney P.O. Box 8511 Midland TX 79702
		Richard Barr P.O. Box 8511 Midland TX 79702
		Scott E. Wilson 500 North Loraine Street, Suite 1070 Midland TX 79701
43	20S-28E-28: SW¼	Yates Petroleum Company Yates Drilling Company Abo Petroleum Company Myco Industries 207 South 4th Street Artesia NM 88210
44	20S-28E-28: SE¼ 27: All 26: W½ 35: W½ 34: All 33: E½ 21S-27E- 2: All 21S-27E- 3: All	Burton Flat Deep Unit BHP Petroleum, Inc. 6 Desta Drive, Suite 3200 Midland TX 7975-5510
45	20S-28E-26: E½	OXY USA, Inc. HBP NM 15873
	20S-28E-25: W½	OXY USA, Inc. HBP NM 15873

	20S-28E-25: E½	Liberty Oil & Gas Corp. Operated P.O. Drawer 430 Livonia LA 70755
48A	20S-28E-33: W½NW¼	Arco Oil & Gas Company P.O. Box 1610 Midland TX 79702
48B	20S-28E-33: S½SW¼, NE½SW¼, SE½NW¼	Exxon USA, Inc. P.O. Box 1600 Midland TX 79702-1600
48C	20S-28E-33: NE½NW¼	Yates Petroleum Corp. Yates Drilling Co. MYCO Industries Abo Petroleum Co.
48D	20S-28E-33: NW½SW¼	Arco Oil & Gas Company
49	20S-28E-32: E½	Harper Oil Company P.O. Box 5928 Denver CO 80217
		Clayton Chapel Kennedy 9421 Thornberry Lane Dallas TX 75220
		Hamon Operating Company 8411 Preston Road, Suite 800-LB33 Dallas TX 75225
		Donald Clayton Chapell Chapell 1974 Trust Indenture Lisa Kennedy Hicks 3025 RepublicBank Tower Dallas TX 75201
		Flag-Redfern Oil Company, Redfern Enterprises, Inc. Rosalind Redfern P.O. Box 11050 Midland TX 79702 Coquina Oil Corporation P.O. Drawer 2960 Midland TX 79702
		Yates Petroleum Corporation Yates Drilling Company MYCO Industries John A. Yates Los Chico, A Partnership 207 South 4th Street Artesia NM 88201

Seventy-Seven Corporation  
201 Western United Life Building  
Midland TX 79701

50	20S-28E-32: W $\frac{1}{2}$	Mesa Operating Limited Partnership Operated P.O. Box 2009 Amarillo TX 79182-2009
51	20S-28E-31: N $\frac{1}{2}$	Exxon USA Operated
52	20S-28E-31: S $\frac{1}{2}$	Exxon USA Operated
53	20S-27E-36: N $\frac{1}{2}$	OXY USA, Inc. Owner
54	20S-27E-36: S $\frac{1}{2}$	MWJ Producing Company Owner 400 West Illinois, Suite 1100 Midland TX 79701
55	20S-27E-35: E $\frac{1}{2}$	David Fasken Richard S. Brooks  Maralo, Inc. P.O. Box 832 79702-0832
56	20S-27E-35: W $\frac{1}{2}$	Same Ownership as Tract 55
57	21S-26E- 1: Lots 1-8	Barbara Fasken Operated
58	21S-26E- 1: Lots 9-16	Barbara Fasken Operated
59	21S-26E- 1: S $\frac{1}{2}$	Bonneville Fuels Operated 1600 Broadway, Suite 1110 Denver CO 80202
60	21S-27E 6: Lots 1-8	Mobil Oil Company Operated
61	21S-27E-6: Lots 11-14,17,18,E $\frac{1}{2}$ SW $\frac{1}{2}$	Hondo Oil & Gas Company P.O. Box 2208 Roswell NM 88202
62	21S-27E-6: Lots 9,10,15,16,SE $\frac{1}{2}$	Harvey E. Yates Company Owner P.O. Box 1933 Roswell NM 88201
63	21S-27E- 5: Lots 3-6, 11-14	Exxon USA Operated
64	21S-27E- 5: Lots 1,2,7-10,15,16	Exxon USA Operated
65	21S-27E- 5: S $\frac{1}{2}$	Exxon USA Operated
66	21S-27E- 4: Lots 3-6, 11-14	Exxon USA Operated

	21S-27E- 4: Lots 1,2,7-10,15,16	Mobil Oil Company Operated
68	21S-27E- 4: S½	Hamon Operating Company
69	21S-27E- 1: Lots 3-6, 11-14	Exxon Co., USA Mobil Oil Company Liberty Oil & Gas Company
70	21S-27E-11: All	J.M. Huber Corporation 2000 West Loop South Houston TX 77027  BHP Petroleum, Inc. 6 Desta Drive, Suite 3200 Midland TX 7975-5510  J.C. Davis, Jr. Metro Building Midland TX 79701  Bill H. Pearl Production, Inc. P.O. Box 2179 Alice TX 78333  Chevron USA, Inc. Coquina Oil Corporation
71	21S-27E-10: N½	BHP Petroleum, Inc. Chevron USA, Inc.
72	21S-27E-10: S½	Coquina Oil Corporation Harvey E. Yates Company  Shinnery Investment Company 112 North First Street Artesia NM 88210  Jack O. McCall P.O. Box 931 Midland TX 79702  Estate of William D. Oliver  Charles Cline Moore  American National Petroleum Company  Petroleum Acquisitions, Inc. 501 NW Expressway Oklahoma City OK 73118  Tenison Oil Company 601 One Glen Lakes 8140 Walnut Hill Lane Dallas TX 75231

	21S-27E- 9: N $\frac{1}{2}$	Hamon Operating Company Operated
74A	21S-27E- 9: SW $\frac{1}{4}$	Yates Petroleum Corporation Owners Yates Drilling Company
74B	21S-27E- 9: SE $\frac{1}{4}$	OXY USA, Inc. Owners  Ray Westall P.O. Box 4 Loco Hills NM 88255
75	21S-27E- 8: SE $\frac{1}{4}$	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Co. Myco Industries, Inc.
76	21S-27E- 8: NE $\frac{1}{4}$	Santa Fe Energy 500 West Illinois, 5th Floor Midland TX 79701
77	21S-27E- 8: NW $\frac{1}{4}$	H.L. Brown, Jr. Operated P.O. Box 2237 Midland TX 79702
78	21S-27E- 8: N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ 17: NE $\frac{1}{4}$ SE $\frac{1}{4}$	H.L. Brown, Jr. Operated
79	21S-27E- 7: N $\frac{1}{2}$	BHP Petroleum, Inc. Operated
80	21S-27E- 7: S $\frac{1}{2}$	BHP Petroleum, Inc. Operated
81	21S-26E-12: N $\frac{1}{2}$	Mobil Oil Company Operated
82	21S-26E-12: S $\frac{1}{2}$	Bonneville Fuels Corporation TXO Production Company  Western Reserves Oil Company P.O. Box 993 Midland TX 79702
83	21S-26E-14: E $\frac{1}{2}$	Yates Petroleum Corporation Operated
84	21S-26E-13: W $\frac{1}{2}$	Yates Drilling Company MYCO Industries, Inc. John A. Yates  Peyton Yates 207 South 4th Street Artesia NM 88201
	21S-26E-13: E $\frac{1}{2}$	Yates Drilling Company MYCO Industries, Inc. John A. Yates Peyton Yates

	21S-27E-18: N½	Petrus Oil Company 400 West Illinois, Suite 940 Midland TX 79701
87	21S-27E-18: S½	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Co. Myco Industries, Inc.
88	21S-27E-17: N½ 21S-27E- 8: SW¼SW¼	OXY USA, Inc. Owner
89	21S-27E-17: SW¼, W¼SE¼, SE¼SE¼	US Companies, Inc. 5950 Berkshire Ln., Ste 300 Dallas, TX 75225
90	21S-27E-16: W½	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Co. Myco Industries, Inc. Oxy USA, Inc. Exxon Co., USA Ray Westall
91	21S-27E-16: E½	Exxon Co., USA Operated
	21S-27E-15: W½	Bass Enterprises Prod. Co. Operated 201 Main Street, Suite 300 Fort Worth TX 76102
93	21S-27E-15: E½	Harvey E. Yates Company Exxon Company, USA  Texaco, USA P.O. Box 3109 Midland TX 79702  Coronado Exploration Corporation 1007 Marquette NW Albuquerque NM 87102
94	21S-27E-14: N½	J.M. Huber Operated
95	21S-27E-22: N½	Bass Enterprises Prod. Co. Operated
96A	21S-27E-22: S½S½, NW¼SW¼, NW¼SE¼,	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Co. Myco Industries, Inc.
	21S-27E-22: NE¼SW¼, NE¼SE¼	Bass Enterprises Prod. Co. Operated
97	21S-27E-21: N½	OXY USA, Inc. Operated
98	21S-27E-21: S½	OXY USA, Inc. Operated

99A	21S-27E-20: NE $\frac{1}{4}$	OXY USA, Inc. Operated
99B	21S-27E-20: NW $\frac{1}{4}$	OXY USA, Inc. Operated
100	21S-27E-20: N $\frac{1}{2}$	OXY USA, Inc. Operated
101	21S-27E-19: Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$	TXO Production Corp. Operated
102	21S-27E-19: Lots 3,4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$	TXO Production Corp. Operated
103	21S-27E-30: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$	OXY USA, Inc. Operated
104	21S-27E-30: E $\frac{1}{2}$	OXY USA, Inc. Operated
105	21S-27E-29: W $\frac{1}{2}$	OXY USA, Inc. Operated
106A	21S-27E-29: NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	OXY USA, Inc. Operated
106B	21S-27E-29: S $\frac{1}{2}$ SE $\frac{1}{4}$	Ferman Garcia Owner 1417 Tokay Avenue Carlsbad NM 88220
		Mr. & Mrs. William E. Pickens Owner Route 2, Box 9-D Carlsbad NM 88220
		Mr. & Mrs. Fred Russell Owner 1008 Bonbright Carlsbad NM 88220
		Francis G. Tracy, Jr. Owner P.O. Box 700 Carlsbad NM 88220
		Mr. & Mrs. Myrl Dean Reynolds Owner P.O. Box 938 Carlsbad NM 88220
		Mr. & Mrs. Kenneth O. Monk Owner P.O. Box 6312 Navajo Dam NM 87419
		William A. Wood Owner 2375 Rosedale Las Cruces NM 88001
		Mr. & Mrs. Kiel Bonnell Owner P.O. Box 266 Carlsbad NM 88220
		Mr. & Mrs. Felipe Hernandez Owner 2425 Oscar Lane Gilroy CA 95020

Elizabeth Bruhl Owner  
Route 2, Box 9-H  
Carlsbad NM 88220

Mr. & Mrs. Manuel Elizandro Owner  
P.O. Box 548  
Carlsbad NM 88220

Josephine T. Eddy Owner  
601 West Orchard Lane  
Carlsbad NM 88220

Wayne Ray Jones Owner  
P.O. Box 94  
Carlsbad NM 99220

Elizabeth M. Coleman Owner  
6801 Waterhen Circle  
Las Vegas NV 89108

Mr. & Mrs. Roscoe J. Melvin Owner  
Route 2, Box 5H  
Carlsbad NM 88220

107 21S-27E-28: N½

Mesa Operating Limited Partnership

Kerr McGee Corporation  
P.O. Box 25861  
Oklahoma City OK 73125

Claremont Corporation  
P.O. Box 549  
Claremore OK 74017

Flag-Redfern Oil Company,  
Redfern Enterprises, Inc.  
Rosalind Redfern  
P.O. Box 11050  
Midland TX 79702

108 21S-27E-28: S½

OXY USA, Inc. Operated  
J.M. Huber  
Mesa Operating Limited Partnership  
Claremont Oil & Gas  
Kerr McGee Corporation  
Redfern Enterprises, Inc.

J.C. Davis, Jr.

J. Hiram Moore  
404 Century Plaza  
Midland TX 79701

Bristol Resources 1987-1  
Acquisitions Program  
3601 East 51st Street, Suite B  
Tulsa OK 74135

Mrs. Martina Jinenez  
Last Known Address in  
Carlsbad NM 88220

109 21S-27E-34: N½

OXY USA, Inc. Operated

110 21S-27E-33: N½

OXY USA, Inc. Operated

111 21S-27E-32: E½

OXY USA, Inc. Operated

112 21S-27E-32: E½

R.C. Bennett Operated  
1 Marienfeld Place, Suite 595  
Midland TX 79701

Bristol Resources 1987-1  
Acquisitions Program  
3601 East 51st Street, Suite B  
Tulsa OK 74135

Mrs. Martina Jinenez  
Last Known Address in  
Carlsbad NM 88220

109	21S-27E-34: N½	OXY USA, Inc. Operated
110	21S-27E-33: N½	OXY USA, Inc. Operated
111	21S-27E-32: E½	OXY USA, Inc. Operated
112	21S-27E-32: E½	R.C. Bennett Operated 1 Marienfeld Place, Suite 595 Midland TX 79701
113	20S-28E-18: E½	Penroc Oil Company Yates Petroleum Company Texaco, Inc.  Damson Oil Corporation P.O. Box 50460 Midland TX 79702  Dwayne Hamilton P.O. Box 50204 Midland TX 79710  Texaco, Inc. Robert N. Enfield Edward R. Hudson, Jr. Mary Hudson Ard Willian A. Hudson
114A	20E-28E-24: NE¼NE¼, S¼NE¼, SE¼SW¼, SE¼	Unocal
114B	N¼NW¼, NW¼NE¼, N¼SW¼	OXY USA, Inc.  Barber Oil, Inc. P.O. Box 1658 Carlsbad NM 88221
114C	SE¼NW¼	Santa Fe Energy Operating Partnership
114D	SW¼NW¼	Mobil Oil Corporation
1	SW¼SW¼	Pacific Enterprises Oil Co. 5 Greenway Plaza, Suite 300 Houston TX 77046
115	21S-26E-11: N½	Yates Petroleum Corp. Operated

116	21S-27E-12: W½	Mobil Oil Corporation
117A	21S-27E-14: N½S½	Bank of California, Trust # 20450 Bank of California Trust # 22110430 Bank of California Trust # 20651 Ernie Bello Mrs. Frances B. Dunn J.W. Gendron David Goodnow Joseph W. Hodge Space Building Corporation Frederick Van Vranken Elizabeth M. Webster American National Petroleum Company Sanford J. Hodge, III E.G. Holden Testamentary Trust, Dr. Isaac A. Kawasaki Charles Cline Moore Vernon Monroe Estate of W.N. Oliver Adolph P. Schuman Bill H. Pearl Production, Inc. Tenison Oil Company
117	SW¼SE¼	American Exploration Acquisition Co. 4500 RepublicBank Center 700 Louisiana Street Houston TX 77002
117C	S½SW¼, SE¼SE¼	Texaco, Inc.
118	21S-27E-23: W½	Amoco Production Company
119	21S-27E-31: N½	Enron Oil & Gas Company Operated P.O. Box 1188 Houston TX 77251-1188

OPERATORS OF WELLS IN  
BURTON FLATS MORROW FIELD AND  
WITHIN ONE MILE OF FIELD LIMITS

ENRON OIL AND GAS COMPANY  
P. O. Box 1188  
Houston, Texas 77251-1188

ESTORIL PRODUCING CORPORATION  
400 W. Illinois, Suite 1600  
Midland, Texas 79701

HILLIN PRODUCTION COMPANY  
P. O. BOX 152  
Odessa, Texas 79760

MARALO, INC.  
223 West Wall, Ninth Floor  
Midland, Texas 79702

PENROC OIL CORPORATION  
P. O. Box 5970  
Hobbs, New Mexico 88241

QUINOCO PETROLEUM, INC.  
P. O. BOX 378111  
Denver, Colorado 80237

UNION OIL COMPANY OF CALIFORNIA  
500 Executive Plaza East  
4615 SW Frwy  
Houston, Texas 77027

UNION PACIFIC RESOURCES COMPANY  
ATTN: Jerry Carter  
1000 Louisiana, Suite 3000  
Houston, Texas 77002-5016

HOWARD C. BOATRIGHT  
1406 Dront  
Odessa, Texas 79762

H. C. BOATRIGHT COMPANY  
P. O. BOX 1229  
ODESSA, TEXAS 79762

PETROLEUM CORPORATION OF DELAWARE  
3131 Turtle Creek Blvd., Suite 400  
Dallas, Texas 75219

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>OXY</u>	EXHIBIT NO. <u>32</u>
CASE NO:	<u>9872</u>

Page - 2

WESTERN OIL PRODUCTION COMPANY  
P. O. Box 1498  
Roswell, New Mexico 88202

PETROLEUM CORPORATION OF TEXAS  
P. O. Box 911  
Breckinridge, Texas 76024

YATES PETROLEUM CORPORATION  
ATTN: Dave Bonneau  
105 South 4th  
Artesia, New Mexico 88210

CHEVRON USA  
ATTN: Alan Bohling  
P. O. Box 670  
Hobbs, New Mexico 88240

PETRUS OIL COMPANY, L.P.  
ATTN: Don Spence  
12377 Merit Drive, Suite 1600  
Dallas, Texas 75251

PRESIDIO EXPLORATION INC.  
ATTN: Tom Sprinkle  
3131 Turtle Creek Blvd., Suite 400  
Dallas, Texas 75219

HAMON OPERATING COMPANY  
ATTN: Bill Ladis  
8411 Preston Road, Suite 800, LB33  
Dallas, Texas 75225

R. C. BENNETT  
P. O. Box 264  
Midland, Texas 79702

BRAVO OPERATING COMPANY  
P. O. Box 2160  
Hobbs, New Mexico 88241-2160

HARVARD PETROLEUM CORPORATION  
P. O. Box 936  
Roswell, New Mexico 88201

TEXAS INTERNATIONAL PETROLEUM CORPORATION  
P. O. Box 1566  
Houston, Texas 77251-1566

J. M. HUBER CORPORATION  
2000 West Loop South  
Houston, Texas 77027

NOMINATORS FOR BURTON FLAT-MORROW

Gas Company of New Mexico  
P.O. Box 26400  
Albuquerque, NM 87125

Phillips 66 Natural Gas Company  
4001 Penbrook  
Odessa, TX 79762

Transwestern Pipeline Company  
P.O. Box 1188  
Houston, TX 77251-1188

TRANSPORTERS

El Paso Natural Gas Company  
P.O. Box 1492  
El Paso, TX 79978

Llano, Inc.  
921 W. Sanger  
Hobbs, NM 88240-4917

Mapel Gas Corp. (Cabot)  
P.O. Box 50020  
Amarillo, TX 79106

Natural Gas Pipeline Company of America  
701 East 22nd Street  
Lombard, IL 60148



OIL CONSERVATION DIVISION  
RECEIVED  
OXY USA INC.  
Box 50250, Midland, TX 79710  
'90 FEB 12 AM 9 38

February 6, 1990

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attention: William J. Lemay, Director

Re: October 1989 and November, 1989  
Administrative Adjustments to  
Allowable - Burton Flats Morrow  
Prorated Gas Pool  
Eddy County, New Mexico

Dear Bill,

This is a letter to follow up on our meeting in September, 1989 when we requested that the OCD raise the pool allowable of the subject field because actual market demand was in excess of the allowable, and drilling and workover activity was severely curtailed by the past low allowables. The non-marginal allowable was increased administratively by 380,000 MCF in October, 1989, and 340,000 MCF in November, 1989. Accordingly, OXY increased production on all of their wells from 107,850 MCF in September, 1989 to 182,811 MCF in October, 1989, 151,878 MCF in November, 1989 and 214,782 MCF in December, 1989.

More importantly from a conservation point of view, we reworked three (3) wells, recompleted two (2) wells from other fields to the Burton Flats Morrow, installed compression on seven (7) wells and started drilling a new well, the Government "AB" No. 5. We also have plans to drill two (2) additional wells and workover several more wells this year in the Burton Flats Morrow Field.

Attached is a table that gives more detail about the activities we have undertaken since the allowable was increased. It also gives you some idea of the magnitude of the investment we have made in such a short period of time.

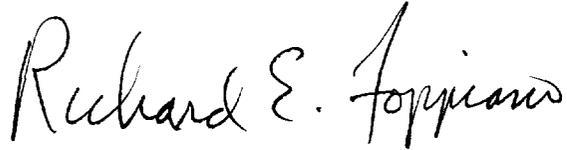
This volume of activity would not have been possible had not the allowables been high enough to economically justify this work. I understand other Operators in the field have increased their production and activity in a similar fashion.

An Occidental Oil and Gas company

BEFORE EXAMINER STOGNER
Oil Conservation Division
OXY Exhibit No. 34
Case No. 9872

We are deeply grateful that the OCD, once they were made aware of a difficult situation, took immediate and effective action that undoubtedly will allow for a greater ultimate recovery of hydrocarbons from this reservoir.

Very truly yours,



Richard E. Foppiano  
Regulatory Affairs Advisor  
Western Region - Midland

REF:cm  
XC: File

<u>WORKOVERS</u>	<u>COSTS</u>	<u>PRIOR MCF/D</u>	<u>CURRENT MCF/D</u>
Elizando Federal "A" #2Y	\$156,000	0	200
"A" #3	\$ 74,000	750/0	175
Government "AL" #1	\$ 48,000	0	150

<u>RECOMPLETIONS</u>			
Government "AC" #2	\$ 36,000	0	in progress
Government "Z" #1	\$ 38,000	0	750

<u>COMPRESSORS</u>			
Cawley "A" #1	\$2,250/Mo.	350	600
Government "AL"	\$1,650/Mo.	150	300
Government "AO"	\$2,250/Mo.	225	275
State "CV"	\$2,250/Mo.	250	400
State "CW"	\$1,650/Mo.	50	125
Tracy "C"	\$2,250/Mo.	300	700
CDM "A"	\$2,050/Mo.	150	260

<u>NEW WELLS</u>		
Government "AB" #5	Estimated AFE Cost \$677,000	in progress

*Exhibits 1 through 28*

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NEW MEXICO OIL CONSERVATION COMMISSION

CASE NO. 9672

EXHIBITS INTRODUCED INTO THE RECORD

EXHIBIT  
NUMBER

- 1 Exhibit Docket No. 15-89 giving notice of Commission Hearing of Case 9672 (measures to prevent loss of migratory waterfowl from contact with oil waste).
- 2 Application of the Oil Conservation Division (OCD) to Consider Amendments to Rules 8, 312, 313 and 711 to Require Appropriate Measures to Be Taken to Prevent Loss of Migratory Waterfowl Resulting from Contact with Oil Waste from Oil Field Operations.
- 3 November 4, 1988 letter to Dr. Tom Bahr from Mike Spear, U. S. Department of Interior, Fish and Wildlife Service.
- 4 November 21, 1988 letter to Mike Spear from W. R. Humphries, Commissioner of Public Lands.
- 5 Memo No. 4-88; November 11, 1988; to "All Operators" from William J. LeMay; Re: December 15, 1988 Meeting to Address the Waterfowl Losses from Contact With Oil on Pits and Other Related Oil Field Structures.

EXHIBIT  
NUMBER

- 6            Agenda for Industry Meeting Concerning Waterfowl Losses  
             in the Oil Field; Morgan Hall, State Land Office,  
             December 15, 1988.
  
- 7            Participant List for New Mexico Oil Conservation  
             Commission Waterfowl Meeting; Santa Fe, New Mexico,  
             December 15, 1988.
  
- 8            Minutes of Industry Meeting Concerning Waterfowl Losses  
             in the Oil Fields.
  
- 9            List of Volunteers For Committee to Study Waterfowl  
             Losses.
  
- 10           December 23, 1989, Memorandum to Industry Committee on  
             Migratory Birds Loss in the Oil Field from William J.  
             LeMay; Committee Tasks.
  
- 11           January 16, 1989, Report on the Industry Committee on  
             the Migratory Bird Problem Meeting of January 11, 1989.
  
- 12           January 18, 1989, letter to Joe King, Texaco, from  
             David Boyer, OCD Hydrogeologist.

EXHIBIT  
NUMBER

- 13            January 25, 1989, letter with attachments from C. R. Mitchell, OXY USA Inc. to Industry Committee on Migratory Bird Losses.
- 14            February 22, 1989, letter to William J. LeMay, from Joe King, Texaco.
- 15            Memo No. 2-89; March 3, 1989; to "All Operators" from William J. LeMay; Re: Proposed Rules Revisions recommended by the Industry Advisory Committee.
- Industry Comments on Proposed Rules Revisions recommended by the Industry Advisory Committee:
- 16            March 1, 1989:            U.S. Department of Interior, Fish and Wildlife Service, John Peterson, Field Supervisor.
- 17            March 6, 1989:            Walsh Engineering and Production Corporation, Ewell Walsh, P.E., President.
- 18            March 7, 1989:            Conoco, David Wacker, Division Manager.



EXHIBIT  
NUMBER

- 26 April 17, 1989: U.S. Department of Interior, Bureau  
of Land Management, Leslie Pointer,  
Chief of Biological Resources.
- 27 House Business and Industry Committee Substitute for  
House Bill 575; 39th Legislature - State of New Mexico,  
First Session, 1989
- 28 Oil Conservation Proposal for Changes to Rules 8, 312,  
313, 711 and 105 (New) Relating to Migratory Birds.

at a location which is standard for the Morrow zone and unorthodox for the Atoka zone, 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 34. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 3 miles west-southwest of the junction of Old State Highway No. 128 and County Road No. 2.

**CASE 9670:** Application of Stevens Operating Corporation to amend Division Order No. R-8917, directional drilling and an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8917 to allow for the re-entry of the currently plugged and abandoned Philtex Honolulu Federal Well No. 1 located 1980 feet from the South and West lines (Unit K) of Section 9, Township 14 South, Range 29 East, NMPM, North King Camp-Devonian Pool, in lieu of drilling a new well at the unorthodox location approved by said order. Applicant further seeks approval to directionally drill said Philtex Honolulu Federal Well No. 1 to a depth of approximately 9894 feet, and to bottom said well at an unorthodox bottomhole location within 500 feet west of a point 1980 feet from the South line and 2475 feet from the West line of said Section 9. A 160-acre non-standard proration unit consisting of the E/2 W/2 of said Section 9 (Approved By Order No. R-8917) is to be dedicated to the above described well. Said location is approximately 17 miles east of Hagerman, New Mexico.

**CASE 9671:** Application of Benson-Montin-Greer Drilling Corporation to amend Division Order No. R-8344, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-8344, which order statutorily unitized, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, of lands located in all or portions of Townships 24, 25, and 26 North, Ranges 1 East and 1 West, to include an additional 320 acres comprising the E/2 of Section 12, Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool. Among the matters to be considered at the hearing will be the necessity of expansion of unit operations; the determination of a fair, reasonable and equitable allocation of production and costs of production to each of the various tracts in the expanded unit area; the determination of credits and charges to be made among the various owners in the expanded unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations. Said expansion area is located approximately 16 miles north by west of Regina, New Mexico.

Docket 15-89

**DOCKET: COMMISSION HEARING - THURSDAY - MAY 18, 1989**

**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO**

**CASE 9672:** Application of the Oil Conservation Division to consider amendments to Division Rules 8, 312, 313, and 711 to require appropriate measures be taken to prevent loss of migratory waterfowl resulting from contact with oily waste in oil field operations.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Serial No. 1  
Submitted by: OCD  
Hearing Date 5/18/89

STATE OF NEW MEXICO  
BEFORE THE OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF THE OIL CONSERVATION DIVISION  
TO CONSIDER AMENDMENTS TO DIVISION  
RULES 8, 312, 313 and 711 TO REQUIRE  
APPROPRIATE MEASURES TO BE TAKEN  
TO PREVENT LOSS OF MIGRATORY WATER  
FOWL RESULTING FROM CONTACT WITH OILY  
WASTE FROM OILFIELD OPERATIONS.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> EXH. No. <u>2</u> Submitted by <u>OC</u> Hearing Date <u>5/18/89</u>
--

Case No.

COMES NOW the Oil Conservation Division and requests that the Oil Conservation Commission conduct a hearing to consider whether amendments should be made to Division Rules 8, 312, 313 and 711 to require appropriate measures to be taken to prevent the loss of migratory water fowl as a result of contact with oily waste from oilfield operations. In support of this application, the Division states:

1. The United States Fish and Wildlife Service has advised the Division that they have determined that certain migratory birds protected by the Migratory

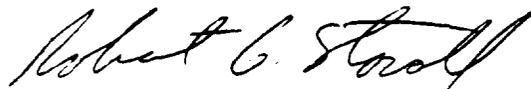
Bird Treaty Act have died due to contact with oil and gas and its by-products in Eastern New Mexico.

2. A meeting was held by the Division on December 15, 1988, at which the problem was discussed with members of industry, the Division, The State Game & Fish Department, U.S. Fish and Wildlife Service and the Bureau of Land Management.
3. As a result of the December meeting, a Committee was formed to propose solutions to the problem. The Committee has recommended certain changes to the Division rules identified above, which changes are attached hereto as Exhibit 15.
4. The proposed rule changes have been submitted to the public for comment and copies of written comments which have been received are attached hereto as Exhibits ~~15~~-26.
5. The rules of the Commission require that a hearing be held before rules are amended or adopted, and a hearing should be held in this matter to receive testimony and comment with respect to these proposed rule changes.

WHEREFORE, the Division requests that the Oil Conservation Commission:

1. Set this application for hearing at the next regular hearing date of the Commission to consider the proposed rule changes to Rules 8, 312, 313 and 711; and
2. That the Commission take testimony of the comments regarding the proposed rule changes or any other suggested solutions to the problem identified by the U.S. Fish and Wildlife Report; and
3. That the Commission adopt such Rules or Amendments as it sees necessary to prevent losses of migratory birds resulting from contact with oily waste from oilfield operations.

Respectfully submitted,



ROBERT G. STOVALL,

General Counsel

Oil Conservation Division



United States Department of the Interior

FISH AND WILDLIFE SERVICE

POST OFFICE BOX 1306

ALBUQUERQUE, N.M. 87103

NOV 4 1988

In Reply Refer To:  
Region 2/RF

Dr. Tom Bahr  
Secretary  
Energy, Minerals, and Natural Resources Department  
Villagra Building  
Santa Fe, New Mexico 87503

Dear Dr. <sup>Tom</sup> Bahr:

It was a pleasure to meet with you earlier this week, and learn of your willingness to help resolve the issue of waterfowl losses on oil pits, tanks and ponds in New Mexico.

Biologists estimate that 100,000 ducks and many other wildlife are lost annually in the high plains of West Texas and Eastern New Mexico as a result of their unfortunate contact with oil and oil by-products. This is a serious problem and it adversely affects both the hunting and nonhunting public. Potentially, there are costly criminal consequences to such an illegal take of waterfowl.

As we discussed, there are several ways to reach the goal of eliminating, or at least severely reducing, waterfowl and other wildlife losses from oil pits and tanks. Included are fencing and screening, eliminating open pits, and enforcing and/or improving existing rules and regulations. A cooperative effort between our agencies and the oil and gas producers will best achieve the goal. I was very pleased with your mutual interest in resolution of the problem as soon as possible.

Members of my staff and I will be available to meet with you and representatives of the oil and gas industry at your earliest convenience.

Thank you, and we look forward to working with you in the future.

Sincerely,

*Mark Green*  
Regional Director

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>3</u>
Submitted by <u>OCD</u>
Hearing Date <u>5/18/89</u>

NATURAL RESOURCES DEPT  
RECEIVED

NOV 09 1988

OFFICE OF THE SECRETARY

XC: Bill Montoya  
Bill Lerney



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

WILLIAM R. HUMPHRIES  
COMMISSIONER

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504 1148

November 21, 1988

Mike Spear, Regional Director  
U.S. Fish and Wildlife Service  
Box 1306  
Albuquerque, NM 87103

Dear Mike:

In response to your letter and our meeting regarding waterfowl losses associated with oil and gas production, I hope we are able to make dramatic progress over the next few years. The suggestions that came out of the meeting I think are useful in first getting the industry together and developing both industry awareness and cooperation as well as to inform them of potential criminal consequences. At the meeting there may be some extremely useful suggestions for effective projects and methods that will help stop the losses.

The area where I think Fish and Wildlife could be of the most help in finding a permanent, practical, and effective solution would be in suggesting and/or developing high tech, low cost solutions. This may be able to be done through one of your research units. Ultimately this will be most effective, especially when addressing the larger areas.

Obviously, one of the first major steps is to attempt to keep all oil off of the pits and/or ponds or keep the liquids containing oil enclosed or hauled away. Hopefully Fish and Wildlife can find some control solutions and make recommendations to the industry. Once they become aware of the problem and the consequences, most companies and operators will diligently attempt to correct the problem.

I will see you at the next meeting. At this point, I believe Bill LeMay is planning something in early December.

Sincerely,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

WRH:smd

cc: Bill LeMay  
Tom Bahr

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>4</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87504  
(505) 827-5800

Memo No. 4-88

M E M O R A N D U M

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR

SUBJECT: DECEMBER 15, 1988 MEETING TO ADDRESS THE WATERFOWL  
LOSSES FROM CONTACT WITH OIL ON PITS AND OTHER  
RELATED OILFIELD STRUCTURES

Biologists estimate that 100,000 ducks and other wildlife are lost each year in the high plains of West Texas and Eastern New Mexico as a result of their contact with oil. There is documentation that migratory waterfowl are attracted to pits and playa lakes that have oil films on top of water. Once the birds contact oil they cannot fly and, therefore, they die. One water disposal lake in New Mexico contained 544 dead birds.

We have scheduled an industry meeting Thursday, December 15, 1988 at 10 o'clock a.m. in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, to review the evidence, discuss the problem and form an industry committee to address this unfortunate situation. Representatives from the Fish and Wildlife Service and Fish and Game Department will be there and I urge operators of leases and disposal systems to attend.

November 22, 1988  
fd/

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>5</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

INDUSTRY MEETING CONCERNING  
WATERFOWL LOSSES IN THE OIL FIELDS

Morgan Hall, State Land Office Building  
December 15, 1988

- 10:00 AM Opening Remarks . . . . . William J. LeMay, Director  
Oil Conservation Division
- 10:15 AM Discussion of the Waterfowl Problems. . . Mike Spear, Regional Director  
U.S. Fish & Wildlife Service
- 11:00 AM Federal Policy on Waterfowl Protection. . Larry Woodard, State Director  
Bureau of Land Management
- 11:15 AM District Field Reports. . . . . Jerry Sexton, Supervisor  
Hobbs District Office
- Mike Williams, Supervisor  
Aztec District Office
- 11:30 AM Additional Comments from Agencies and Operators
- 11:45 AM Recommended Action
- 12:00 PM Adjourn

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>6</u>
Submitted by <u>OCD</u>
Hearing Date <u>5/18/89</u>

NEW MEXICO OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico

WATERFOWL MEETING

Case No. 9672 Sub. No. 7

Submitted by OCB

SANTA FE, NEW MEXICO

Hearing Date 5/18/89

Hearing Date

DECEMBER 15, 1988

Time: 10:00 A.M.

NAME	REPRESENTING	LOCATION
EARL CHANLEY	AMOCO	Hobbs, NM
Wayne Price	Paraboo	Eunice, N.M.
Hugh Ingeman	Conoco	Hobbs
Robert Sonnemaker	Paraboo	Eunice, NM
Mike Scaton	YATES	Artesia
Darrell Atkins	Yates	Artesia
Wade Shipley	Laguna Gatuna	Houston, TX
Jim Collier	Amoco	Farmington, N.M.
Chuck Badsgard	SUNCO TRUCKING	Hobbs, NM
Harry Squires	SNYDER RANCHES	Tulsa, OK
Charles T. Mitchell	Oxy OLA Inc	MIDLAND TX
Jersey Silcford		
Andy Dennis	Vilma Santa Fe NM	
Edna ...		
John Spruel	El Paso National Gas	El Paso, TX
...	SLC	

**ILLEGIBLE**

NEW MEXICO OIL CONSERVATION COMMISSION

WATERFOWL MEETING

SANTA FE, NEW MEXICO

Hearing Date DECEMBER 15, 1988 Time: 10:00 A.M.

NAME	REPRESENTING	LOCATION
Donald Williams	Woodhill Water Dept	Woodhill NM
Mina Kouri	TEXACO	Heard
Colin Williams	"	"
Chris Williams	NMOC	Albuquerque
Frank Williams	Cherokee	Albuquerque
J. S. Senter	SLO	
Rice Montoya	Game & Fish	SANTA FE
Dan DeWitt	NMOC	Santa Fe
David Bayer	NMOC	Santa Fe
Bob Strall	NMOC	Santa Fe
Larry Woodard	BLM	Santa Fe
Vic Lyon	CCD	Santa Fe
Terry McMillin	Meridian OIL	Escondido
Bill Humphreys	SLO	S.F.
CLAYTON TAYLOR	Phillips Petroleum Co.	Oklahoma City
Alan Tracy	IPF NM	SF

ILLEGIBLE

NEW MEXICO OIL CONSERVATION COMMISSION

WATERFOWL MEETING

SANTA FE, NEW MEXICO

Hearing Date DECEMBER 15, 1988 Time: 10:00 A.M.

NAME	REPRESENTING	LOCATION
Mike Williams	OLD	Alfalfa
Tommy [unclear]	2. N. Game + Fish	Santa Fe
Clyde [unclear]	Berkeley Resources	Santa Fe
D. [unclear]	[unclear]	Santa Fe
Ken [unclear]	TRANSPORTATION	[unclear]
Ray [unclear]	Market Energy Corp	Artesia NM
[unclear]	[unclear]	[unclear]
[unclear]	[unclear]	[unclear]
[unclear]	[unclear]	[unclear]
Bill [unclear]	[unclear]	[unclear]

**ILLEGIBLE**

MINUTES OF THE INDUSTRY MEETING  
CONCERNING WATERFOWL LOSSES IN THE OIL FIELDS

A meeting was held on December 15, 1988, at 10 o'clock a.m. in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, to discuss the waterfowl losses in the oil fields.

William J. LeMay, Director of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, explained that he was approached by New Mexico Game and Fish personnel who told him of the problem of ducks being trapped and dying in oil and gas pits and ponds with oil on the surface. This meeting was called to get some suggestions on how to solve the problem.

Mike Spear, Regional Director of the U. S. Fish and Wildlife Service, said that in the fall of 1987 one of his agents in Lubbock, Texas, determined that losses were occurring in pits he visited in West Texas. He documented the losses and set about trying to bring legal action against the companies involved. He explored the situation in New Mexico and found similar problems. Last summer the Fish and Wildlife Service decided the best way to approach the problem was not to take legal action but to work with industry in both Texas and New Mexico. He estimates that 100,000 waterfowl are being lost in this way and waterfowl seasons have been restricted this year because of this loss. He stated that the Service will require oil and gas operators to either get rid of the liquid surfaces or install some sort of physical barrier. He hopes to get the problem solved by October 1, 1989, prior to the next waterfowl season.

Tom Lane, an agent for the U. S. Fish and Wildlife Service, presented a video of several disposal sites for produced water, a playa lake, and various tank sites in Southeast New Mexico, showing dead birds in the associated pits and ponds. He said it doesn't matter if the surface is heavily oiled or only has a skim on it, the birds get into it and die. He showed the single worse site he had found which was on the Chaves-Lea County line, where 544 dead birds were found.

Larry Woodard, State Director of the Bureau of Land Management, stated that in 1980 or 1981 he visited several federal sites in the same area and recognized the problem. He stated that for the last six or seven years the BLM has tried to correct the problem on federal land by requiring the following: if tanks have an open top, it must be netted or screened; if pits are used on a short-term basis, they must be cleaned up as soon as possible; and if used on a long-term basis, they must be netted. He believes a cooperative effort, rather than the legal approach, is the best way to resolve this problem.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>8</u>
Submitted by <u>OCD</u>
Hearing Date <u>5/18/89</u>

Mr. LeMay pointed out there is no problem in the northwest portion of the State at this time and then asked the two district supervisors from the southeastern portion of the State to report on the problem in their districts.

Jerry Sexton, District Supervisor of the Hobbs District of the Oil Conservation Division, explained that the worse case shown on the video was on private land and the produced water went into a salt lake on the land. He foresees a problem with emergency pits since most of them are lined and cannot be pumped out. He stated that there are a lot of pits in Lea County which can be filled in at this time. He believes that industry should be able to come up with a solution to be presented to Game and Fish for acceptance.

Mike Williams, District Supervisor of the Artesia District of the Oil Conservation Division, stated that there are five major disposal systems in his district. He said most operators in his district will be willing to eliminate their unnecessary pits and net the pits they keep. He explained that the oil on pits cannot be injected back into the formation.

There was a question and answer session in which the following points were brought up: the potash area is a big generator of salt water and it should be determined if salt water is a problem before arriving at any solutions for oil only; drilling sites do not attract ducks because of noise and activity and should be left alone; and alternative methods to netting or screening were discussed such as exploders, shell crackers, or twirling propellers, all of which are high maintenance items.

Mr. Spear pointed out that a potential fine will be \$10,000 for each dead duck but if an operator can show that a good faith effort has been made to remedy the situation but it does not work, no legal action will be taken but another method will have to be found. He agreed that limited losses will occur but he does not know at this time what amount will be acceptable.

Mr. LeMay summarized the efforts made to date to resolve the problem. He asked that both the New Mexico Oil and Gas Association and the Independent Petroleum Association of New Mexico inform their members of the points covered at this meeting. Mr. LeMay asked for volunteers for a committee to address the problem, make recommendations, and institute hearing proceedings at the proper time. He suggested that this committee be made up of industry members with each concerned agency providing staff to act as advisors. A list of volunteers for the committee is attached.

It was agreed that this presentation should be given in other cities in New Mexico where necessary.

The meeting was adjourned at 11:55 a.m.



---

WILLIAM J. LEMAY, Director  
Oil Conservation Division

---

Date

VOLUNTEERS FOR COMMITTEE TO STUDY WATERFOWL LOSSES

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Larry Squires	Snyder Ranches	703 E. Clinton Hobbs, New Mexico 88240
Dick Maloney	Loco Hills Water Disposal	Box 68 Loco Hills, New Mexico 88255
Dan Girand	Harvey E. Yates	Box 1933 Roswell, New Mexico 88201
Alan Bohling	Chevron, U.S.A.	P. O. Box 670 Hobbs, New Mexico 88240
Mike Keim	Texaco	P. O. Box 728 Hobbs, New Mexico 88240
Jerry Sillerud	OXY USA Inc.	P. O. Box 50250 Midland, Texas 79710
Charles Mitchell	OXY USA Inc.	Box 3908 Tulsa, Oklahoma 74102
Darrell Atkins	Yates Petroleum Corporation	105 S. Fourth Street Artesia, New Mexico 88210
Bob Sonnamaker	Parabo, Inc.	P. O. Box 1737 Eunice, New Mexico 88231
Wayne Price	Unichem International	P. O. Box 1499 Hobbs, New Mexico 88240
Phil Withrow	B & E, Inc.	Box 2292 Hobbs, New Mexico 88240
Raye P. Miller	Marbob Energy Corp.	P. O. Drawer 217 Artesia, New Mexico 88211- 0217
Mike Ford	Phillips Petroleum Company	4001 Penbrook Odessa, Texas 79762
Joe King	Texaco	Box 728 Hobbs, New Mexico 88240

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>9</u>
Submitted by <u>OLD</u>	
Hearing Date <u>5/18/89</u>	

## ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

## M E M O R A N D U M

TO: INDUSTRY COMMITTEE ON MIGRATORY BIRD LOSSES  
IN THE OIL FIELD

FROM: WILLIAM J. LEMAY *WJL*

SUBJECT: COMMITTEE TASKS

The Oil Conservation Division appreciates your volunteering to be on the committee being formed to provide input to 'correct the problem of migratory birds landing on oil field pits.

This committee is charged with making recommendations pertaining to the following items:

1. Small pits
2. Emergency pits
3. Open top tanks
4. Large BS pits and settling pits
5. Drilling operations
6. Any additional problems that the committee feels contributes to the death of migratory birds in the oil field
7. The role industry would recommend that OCD play in this problem

I would like to see the committee's first draft by March 15th.

The drafts should be circulated for discussion to BLM, State Land Office, Fish and Wildlife Service, and State Game and Fish Department for comments.

By April 15th, the committee would present their proposals to industry and solicit their comments on any proposed rule additions and/or changes. Any rule changes would be advertised on the Oil Conservation Division docket for hearing June 15, 1989, anticipating a signed order by July 15.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>10</u>
Submitted by: <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

Page 2  
Memorandum to Industry Committee  
December 23, 1988

The Federal Fish and Wildlife Service, New Mexico Game and Fish Department, BLM, State Land Office, and Oil Conservation Division have staff that could be called on for advice and expertise.

The first meeting will be in Roswell on January 11, 1989, where we can discuss the objectives and the tentative time table. I plan to attend this first meeting.

Committee Chairman

Joe King - Texaco

Committee Members

Wayne Price - Roland  
Dan Girand - Heyco  
Darrell Atkins - Yates  
Ray Miller - Marbob  
Larry Squires - Snyder Ranches  
Charles Mitchell - Oxy  
Al Boling - Chevron

I would like for Mike Williams and Jerry Sexton to attend your meetings so I can be updated on the direction the committee is headed.

Thanks for your commitment to this very important project.

December 23, 1988  
fd/

cc: Tom Bahr  
BLM  
Federal Wildlife Service  
State Land Office  
New Mexico Game and Fish Department



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. 9672 Exhibit No. 11

Submitted by OCD

Hearing Date 5/18/89

January 16, 1989



Persons on the Attached List

Re: Report on the Meeting of January 11, 1989

Gentlemen:

The Industry Committee on the Migratory Bird Problem met in the Heyco office, Roswell, New Mexico, January 11, 1989. Mr. Bill LeMay, Director of the OCD, Santa Fe, New Mexico, summarized the magnitude of the problem, indicating that there had been one major waterfowl loss and several other incidents of minor waterfowl losses. He also indicated that it would be preferable for our committee to develop a proposal to amend an appropriate OCD rule by the hearings process. He would like these recommendations to be completed before April 1989. It was a general consensus of opinion that the industry is fortunate to have until October 1989 to take corrective action before the U.S. Fish and Wildlife Service will begin initiating court action on loss of waterfowl that die in pits used for oil and gas operations.

The Committee decided to review the regulations of California and Colorado as well as the BLM recommended practice. We also plan for available members of the committee to meet with Mr. Tom Lane from the Fish & Wildlife office in Albuquerque to hear an update on southwest New Mexico surveys and recommended practices that may be applicable to large pits. Mr. Mike Williams, Director of OCD, Artesia Office, will arrange for the committee to meet with Mr. Lane on January 25 or 26, 1989.

COMMITTEE ASSIGNMENTS

Dave Boyer Will review OCD rules to determine the rules  
OCD, Santa Fe, NM that could be affected by the waterfowl  
problem.

Charles R. Mitchell To obtain copy of Colorado pit regulations  
Oxy USA Inc., and waterfowl protection requirements.  
Tulsa, OK

Please forward the information to me, I will obtain copies of the California pit regulations as well as recommended policies of the Texaco Environmental Improvement Groups. I will also distribute these regulations and recommendations to committee members for review prior to the next meeting. The next committee meeting will be held February 2, 1989 in the Texaco U.S.A. Hobbs District First Floor Conference Room, 1401 North Turner, beginning at 9:00 A.M. I hope that we will be able to complete our task during

January 16, 1989

this meeting. We should furnish a final draft of the proposed rule amendments and recommendations to Mr. LeMay who will schedule the hearing before the OCD. Please plan to work late if necessary.

If I have omitted any pertinent details, please advise with copies to other committee members.

Yours very truly,



JOE E. KING  
District Manager

JEK/pdh  
Attachment

cc: R. H. Koerner, Texaco  
D. Van De Graaf, Santa Fe  
P. M. Bohannon, Midland

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P.O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girand  
P.O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P.O. Drawer 217  
Artesia, NM 88210-0217

OXY USA Inc.  
Attn: Mr. Charles Mitchell  
Box 3908  
Tulsa, OK 74102

Parabo, Inc.  
Attn: Mr. Wayne Price  
P.O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
703 E. Clinton  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

January 18, 1989

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Mr. Joe King  
Texaco Inc.  
P. O. Box 728  
Hobbs, New Mexico

Dear Mr. King:

As promised at the January 11 meeting on birds and oily ponds, I am providing a list of Oil Conservation Division rules for consideration by the committee for possible amendments. These rules are:

- RULE 3. General Operations/Waste Prohibited
- RULE 312. Treating Plants
- RULE 313. Emulsion, Basic Sediments and Tank Bottoms
- RULE 710. Disposition of Transported Produced Water
- RULE 711. Commercial Surface Waste Disposal Facilities

Other rules may wish to be considered by the committee for changes if a problem is documented (e.g. reserve pits - RULE 105. Pit for Clay, Shale, Drill Fluid, and Drill Cuttings). I have attached copies of all these rules for your use.

Also attached is a copy of the Fish and Wildlife Proposal. OCD staff neither endorses nor opposes these changes and is merely making you aware of the proposal.

If I can provide any additional information, please call me at 827-5812.

Sincerely,

David G. Boyer, Hydrogeologist  
Environmental Bureau Chief

DGB/sl

Attachments

cc: Bill LeMay, OCD Director  
Jerry Sexton, OCD Hobbs Office  
Mike Williams, OCD Artesia Office

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>12</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	



RECEIVED

OXY USA INC.

Box 3908, Tulsa, OK 74102

JAN 21 1989

January 25, 1989

OIL CONSERVATION DIVISION

TO: PERSONS ON ATTACHED LIST

SUBJECT: Industry Committee on Migratory Bird Losses  
in the Oil Field in New Mexico

In accordance with Joe King's request, attached are the following:

1. Letter dated January 24, 1989 from Mr. Bill Smith, Director of the Colorado Oil & Gas Conservation Commission, discussing Colorado rules and regulations, policy, and forms concerning pits and ponds
2. Rules and Regulations (Statewide Rule 325 and 328)
3. Application for Permit to use Earthen Pit (Form 15)
4. Request for Information
5. Lease Inspection Form
6. Tank Marking Letter
7. Request Card
8. Letter dated January 19, 1988 from Amanda Jones to C. R. Mitchell discussing BLM Regulations on Pits, Ponds and Open Tanks in Colorado.

Please review the rules and regulations prior to the meeting February 2, 1989. If I can be of assistance or you need additional information, please give me a call at (918) 561-1739. See you in Hobbs on February 2, 1989.

Sincerely,

C. R. Mitchell  
Director Regulatory Affairs

CRM:plb  
Attachment

cc: William J. LeMay, OCD Director  
Jerry Sexton, OCD, Hobbs Office  
Mike Williams, OCD, Artesia Office  
David G. Boyer, OCD, Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>13</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

Industry Committee on Migratory Birds

Joe E. King - Chairman  
Texaco Inc.  
P. O. Box 728  
1401 N. Turner  
Hobbs, New Mexico 88240

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P. O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girard  
P. O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P. O. Drawer 217  
Artesia, NM 88210-0217

Parabo, Inc.  
Attn: Mr. Wayne Price  
P. O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
703 E. Clinton  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210

STATE OF COLORADO  
**OIL AND GAS CONSERVATION COMMISSION**

DEPARTMENT OF NATURAL RESOURCES  
SUITE 380 LOGAN TOWER BUILDING

1580 LOGAN STREET

**DENVER, COLORADO 80203**

WILLIAM R. SMITH  
Director

DENNIS R. BICKNELL  
Deputy Director

(303) 894-2100

ROY ROMER  
Governor

January 24, 1989

Mr. Charles R. Mitchell  
Director Regulatory Affairs  
OXY USA INC.  
Box 3908  
Tulsa, Oklahoma 74102

Dear Charley,

I am happy to respond to your request of January 19, 1989 since the problem of wildlife on pits was one that Colorado faced in the 1970s. As a result of that experience, our rules and regulations were upgraded at that time to more clearly address the issue and since then we have been rather diligent about problems that could result in oil accumulation in pits. That is one of our area engineer's primary responsibilities.

I have enclosed a copy of our rules and regulations as well as the different forms or report documents that assist us in administering this phase of our responsibilities. I will explain each of the documents separately.

Rules and Regulations-

Rule 325 (p.30) This is the general rule governing the application for and use of earthen or other surface disposal facilities. Your particular attention is called to the second paragraph which specifically requires that pits be kept free of oil accumulation. Rule 328 further reinforces the requirement for separation of oil from the water before it enters the final disposal pit. This rule really sets the requirements for the final separation and we require that it be covered with small mesh wire screen or some similar material to prevent wildlife or stock from access to the water or oil in this structure.

Application For Permit To Use Earthen Pit (OGCC Form 15)-

This is the form that is submitted for any surface disposal of produced water. With the plan attached, we can determine if the facility will be so constructed as

to prevent oil accumulation on any uncovered portion of the facility. Jim Kenney, the Senior Engineer responsible for the pit program, reviews the application and prepares a report which includes Conditions of Approval. I have enclosed a typical report and you will notice that conditions 3 and 4 specifically make reference to the skim pit. The primary purpose of this application and review is to assure no pollution will result from the use of the facility; but, the wildlife protection is included in that review.

Request for Information-

This form letter is for the purposes of obtaining additional information which may have been inadvertently left off of the application. We only require analysis of close fresh water if for some reason we think there is an unusual situation since most of that information is readily available from hydrologic reports.

Lease Inspection Form-

This is the form our field engineers use in inspecting producing facilities. The next form is the follow up to the operator in the event a problem is discovered.

Tank Marking Letter-

At the time we had our difficulties in the 1970s it was decided that we should establish a lease identification system that would allow a person to note the lease location from a road or a plane. In this way if there was oil on a pit, a leak or some other problem the observer could relate the numbers to us and we could immediately identify the lease. I have eliminated the requirement for placing the number on the top of the tank since that could be dangerous and the numbers are big enough so that they can be observed by a small plane such as those used by the wildlife personnel.

Request Card:

This card is used for routine requests and would be sent to an operator where water was being produced, disposed of on the surface and no pit permit had been approved.

I hope that the above information will assist you in your review. We are quite proud of our system and feel that it gets the job done without unnecessary burden on the operators. If you have any questions or need clarification of any part of the rules please contact me or Jim Kenney.

Yours very truly,



William R. Smith, P.E.  
Director

WRS/clk  
6362C

If, within thirty (30) days after publication of the notice, the Commission receives a hearing request which indicates there is a significant degree of public interest in a hearing on the designation of an aquifer or a portion thereof as exempted, the Commission shall hold such a hearing in accord with the provisions of C.R.S. 1973, 34-60-108, as amended, and shall make a final determination regarding designation.

**325. DISPOSAL OF WATER PRODUCED WITH OIL AND GAS OPERATIONS OR OTHER OIL FIELD WASTE (INCLUDES RETAINING PITS)**

No water produced from an oil or gas well or other oil field waste other than that disposed of in a commercial facility shall be disposed of in any manner other than as set forth on this rule or by subsurface injection as provided for in Rule 326 and Rule 401; however, the Director may approve other methods of disposal of other materials which will not cause pollution as defined in Rule 119.

Retaining pits for the storage and disposal of produced water shall have adequate storage capacity and be kept free of oil or other liquid hydrocarbon substances to the extent reasonably possible. Surface accumulations of oil or liquid hydrocarbon substances found in a retaining pit must be removed within ten (10) days of discovery thereof if required by the Director.

If the Director finds that the waters to be contained in any retaining pit is of such a quality as to cause pollution, as defined in Rule 119, if they were to reach any waters of the State, the pit shall be constructed, maintained and operated so as to prevent any surface discharge that directly or indirectly may reach the waters of the State, unless a discharge permit has been obtained from the Water Quality Control Division, and shall be constructed so as to prevent pollution as determined by the Director where the underlying soil conditions are such as to permit such seepage to reach subsurface domestic water supplies.

If the Director shall determine that domestic water supplies immediately underlie significant geographical areas and are not separated from the surface by a confining layer, he shall identify such areas, and shall propose to the Commission that they adopt a rule to require all retaining pits including those pits otherwise exempted in this rule, located in those areas be lined and properly constructed so as to prevent pollution. Such information shall be made available to interested parties upon action of the Commission.

Whenever applicable, the Commission, on its own motion, or on application of an operator in a field, may issue field-wide rules covering retaining pit construction and operation. In the interest of saving both time and expense for the operators and the Commission, wherever possible or applicable the first operator in a field or area to file an application will seek the cooperation of other interested operators and present a field-wide or area-wide plan.

The following provisions shall apply to the construction and use of all retaining pits or surface disposal facilities constructed and operated by one or more of the oil and gas operators on the property or in the field in which facilities are to be utilized for the storage and/or disposal of produced water and oil field wastes. These requirements shall not apply to facilities for temporary storage and disposal of substances produced in the initial completion and testing or workover of wells drilled for oil and/or gas for a period of time not in excess of ninety (90) days or producing facilities where the volume of water to be disposed of does not exceed five (5) barrels per day on a monthly basis, or commercial facilities, and/or blowdown pits used only for clearing lines. An operator shall submit an application as otherwise required in these regulations in the event that such facility begins to produce in excess of five (5) barrels per day on a monthly basis. The period of time for temporary storage and disposal may be extended by the Director for testing and completion purposes provided such operation does not result in pollution.

The following additional information must be included with all applications submitted in accord with Rule 315:

1. A legal description of the location of the proposed pit or facilities to the nearest ten (10)-acres.

2. Schematic sketch or plan showing the complete battery for storage or metering and producing system used in connection with the proposed retaining pit, including the land and location of final separation facilities required in Rule 328, for an on-site pit; or, the unloading, separating, storage and evaporation facilities for a central disposal facility.

3. A map showing the location of all natural streams, lakes or ponds, all man-made ditches, wells and irrigation systems within one-half (1/2) mile of the proposed facility. The area mapped should be of sufficient size and detail to determine the surface drainage system. Use of a USGS or similar topographic map upon which to depict the information requested is usually acceptable and desirable for this

requirement; however, the scale shall be no smaller than 1:24000. A list of wells including location, depth and yield can be obtained at the Colorado Division of Water Resources.

4. A general description of the nature of the soil on which the pit is to be constructed and of the strata between the bottom of the pit and the top of the nearest domestic water supply below the pit, if one exists, whether such source is actually currently being used or not. Percolation tests may be required by the Director in some cases.

5. A statement of the amount and source of water or waste to be received daily by the facility, both initially and at full capacity, together with an estimate of the evaporation rate for the area compensated for by annual rainfall. Calculations used in design of the various structures shall be submitted.

6. A chemical analysis of the water to be stored and of the domestic water supply next below the pit or facilities if not separated by a natural impermeable barrier. This requirement may be waived where similar analyses have been previously submitted to the Commission for water produced from the same formation or domestic water supply, provided such analyses are within a radius of five miles. The chemical analysis of water shall include all of the information specified on API Form 45-1, API Water Analysis Report Form, and shall be made by a qualified laboratory. Note: The Director's office has analyses of many of the State's waters produced from oil and gas operations, as well as domestic water supplies, which are available).

7. The operator of any facility, whether on-site or central field facility which at full capacity, will receive in excess of one hundred (100) barrels of fluid per day, and with a total dissolved solids content of five thousand (5,000) milligrams per liter, or greater, shall furnish in addition to the above the following information:

(a) In the event the underlying soil is permeable, the type of material to be used in lining and constructing the pit and the method of construction. The material used in lining pits, when such lining is required, must be impervious, weather-resistant, and resistant to

deterioration when contacted by hydrocarbons, aqueous acids, alkalies, fungi or other substances likely to be contained in the produced water or waste.

(b) The method to be employed for the detection of leaks and plans for corrective action should a leak occur in the liner. The method may be an underlying gravel-filled sump and lateral system, or other suitable devices for the detection of leaks, and shall include monitoring wells, or provide such other suitable devices for the detection of leaks.

(c) Notify the Commission forty-eight (48) hours prior to placing any fluids into the pit so that the Director or the Director's representative may have the opportunity to inspect the leak detection system prior to installation of the liner, and to inspect the liner and cover material after installation

(d) The method for periodic disposal of precipitated solids.

(e) A copy of the application with all additional information required shall be forwarded by the applicant to the county in which the facility is to be located. The County Commissioners may submit to the Commission within thirty (30) days after receipt of such material, their comments with respect to the application. If the comments include a requirement that a Certificate of Designation is required rather than being waived, the comments shall include the specific reasons for such requirement. If a Certificate of Designation is to be required, the Commission shall not issue a permit until such Certificate of Designation has been issued or until the expiration of ninety (90) days from the date of receipt of application by the county, whichever comes first. Comments on applications for which a Certificate of Designation is not required shall be reviewed by the Commission within thirty (30) days of receipt.

A variance from the provisions of (a) thru (d) may be granted if the applicant can provide sufficient information which shows that a facility will not cause pollution without meeting such requirements.

8. Any other pertinent information showing that anticipated operation of the proposed facility will not violate the provisions of the Colorado Water Quality Control Act, C.R.S. 1973, sections 25-8-101, et. seq.

9. Any operator of a facility proposing to discharge fluids into waters of the State, shall first obtain from the Water Quality Control Division a discharge permit for such operation.

Operators of central disposal facilities in operation March 19, 1984, may continue with such operation, but must apply to the Director for a permit before May 1, 1984. Such application shall conform with all the requirements of the application for new facilities as set out above, and such facilities shall conform to all standards for new facilities and must be brought into compliance with the standards for new facilities no later than July 1, 1984; except that operation not in compliance with such standards may continue until, but not beyond September 1, 1984, unless extended by the Director for good cause, so long as such non-compliance does not cause or contribute to pollution of any state waters.

All transporters of produced water or other field wastes shall register with the Commission listing their name, address and phone number, the capacity and type of equipment used, the PUC number, if one has been issued, and the general area in which they intend to operate.

No person shall close an approved central disposal facility without notifying the Director, in writing, at least sixty (60) days in advance of the closure date. The closure shall be in a manner determined by the Director to prevent pollution or nuisance conditions beyond the site boundary.

If, after review of the information and plan of operations submitted in accord with this section, the Director determines that the operations of such pit or facility will not cause pollution as defined in Rule 119, he may issue the permit; however, on request by any interested party, the Commission shall hold hearings on a permit application.

The Director may require such modification or changes in the owner's plans as he deems necessary to insure compliance with the requirements of the regulations including, but not limited to, adding requirements for lining or waterproofing of treatment and retaining pits, chemical or other water treatment, installation of monitoring wells or systems, and provisions for reporting and any other reasonable requirements that will assure or promote the accomplishment of the overall objectives of the regulations.

The Commission may establish forms as are needed for the reporting as required above, and modify such forms from time to time, as experience dictates.

(5) in lieu of (1)-(4), any other test or combination of tests considered effective by the Director.

c. For purposes of this rule, a "new well" is a well into which fluids may be injected pursuant to authorization granted on or after July 12, 1982. An "existing well" is a well into which fluids may be injected pursuant to authorization granted prior to July 12, 1982.

d. No person shall inject fluids into a new well unless a mechanical integrity test on the well has been performed and supporting documents including OGCC Form 14B submitted and approved by the Director. Verbal approval may be granted for continuous injection following the test.

e. No person shall inject fluids into an existing well on or after July 12, 1987 unless prior to that date a mechanical integrity test has been performed on the well and supporting documents including OGCC Form 14B, are submitted and approved by the Director. Verbal approval may be granted for continuous injection following the test.

f. Following the performance of the initial mechanical integrity test required by paragraphs (d) and (e), additional mechanical integrity tests shall be performed on each well, as long as it is used for the injection of fluids, at the rate of not less than one test every five (5) years. The first five (5) year period shall commence on the date the initial mechanical integrity test is performed.

g. Not less than ten (10) days prior to the performance of any mechanical integrity test required by this rule, any person required to perform the test shall notify the Director, in writing, of the scheduled date on which the test will be performed.

h. Gas Storage wells are exempt from the provisions of this rule.

#### 328. TREATMENT FACILITIES

All effluent from any well shall be treated to separate, to the extent reasonably possible, any oil or gas from any other liquids or impurities and, unless such separation is complete, the discharge therefrom as well as any storage tank bottoms drawn off, or the discharge of water from any other source containing any oil, must pass through a final separation tank, pits or baffling system so designed as to keep oil or other hydrocarbon substances from reaching any retaining pit or the waters of the State. If such final separation system shall constitute a portion of any retaining pit, it shall be encompassed in a baffling system so designed as to keep the oil or other hydrocarbon substances from reaching the balance of the retaining pit. Unless covered, these separation tanks, system, pits or portion of any

retaining pit used for such final separation shall be of minimum size consistent with the proper functioning for the volumes involved. Water discharge from this final separation facility to any retaining pit must come from the bottom of the final separation facility by siphon or otherwise, and water depth above the inlet of the water discharge siphon or outlet line shall always be sufficient to prevent oil and hydrocarbon liquids from entering the discharge line. Unnecessarily large accumulations of oil or liquid hydrocarbons on the surface of these separation facilities shall be considered as waste. Any earthen excavation used for conducting such treatment or final separation shall comply with all rules and regulations governing the construction of retaining pits and shall require a permit as is provided for under Rule 325.

**329. OPEN FLOWS, CONTROL OF "WILD" WELLS AND SPILLS**

The owner shall take all reasonable precautions in addition to fully complying with Rule 317 to prevent any oil, gas or water well from blowing uncontrolled or "wild" and shall take immediate steps and exercise due diligence to bring under control any such wild well, burning oil or gas well, or spill and shall report such occurrence to the Director immediately if public health or safety is jeopardized. Within fifteen (15) days after all occurrences the operator shall submit a report giving all details.

**330. MEASUREMENT OF OIL**

The volume of production of oil shall be computed in terms of barrels of clean oil on the basis of properly calibrated meter measurements or tank measurements of oil-level differences, made and recorded to the nearest one-quarter (1/4) inch of 100% capacity tables, subject to the following corrections:

a. Correction for Impurities. The percentage of impurities (water, sand and other foreign substances not constituting a natural component part of the oil) shall be determined to the satisfaction of the Director, and the observed gross volume of oil shall be corrected to exclude the entire volume of such impurities.

b. Temperature Correction. The observed volume of oil corrected for impurities shall be further corrected to the standard volume of 60°F. in accordance with A.S.T.M. D-1250 Table 7, or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.

c. Gravity Determination. The gravity of oil at 60° F. shall be determined in accordance with A.S.T.M. D-1250 Table 5, or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.

STATE OF COLORADO  
**OIL AND GAS CONSERVATION COMMISSION**  
Department of Natural Resources

**APPLICATION FOR PERMIT TO USE EARTHEN PIT**

1. CHECK ONE

NEW PIT

EXISTING PIT

RECEPTACLE

OTHER

2. NAME OF OPERATOR

3. ADDRESS OF OPERATOR

4. LEASE NAME

5. PRODUCING FORMATION(S)

6. PRODUCING OIL, COND., GAS

7. LOCATION-nearest 10 acres, 1/4 1/4 Sec. T. R.

8. COUNTY

9. FIELD NAME

10. SIZE OF PIT(S) or RECEPTACLE

1. Length

Ft. Width

Ft. Depth

Ft. 2. Length

Ft. Width

Ft. Depth

Ft.

11. CAPACITY

12. ESTIMATED INFLOW

13. DISTANCE IN FEET TO CLOSEST  
STEAM, CREEK, POND, IRRIGA-  
TION DITCH

1. PIT

BBLs. 2. PIT

BBLs.

BBLs/DAY

Ft.

14. MAXIMUM FLUID LEVEL  
ABOVE AVG. GROUND LEVEL

Ft.

15. SURFACE SOIL TYPE

16. DISPOSAL OF PIT CONTENT:

EVAPORATION

, HAULED (PIT LOC.)

, DISPOSAL WELL (LOC).

17. TYPE OF SEALING MATERIAL (including specifications)

18. ADDITIONAL INFORMATION (By attachment include detailed plan and drawing of operation, chemical analysis of produced water, maps, logs, retaining pits or receptacles and other information as may be required by Rules 328 and 329 of the Rules and Regulations of the Oil and Gas Conservation Commission.)

19. I HEREBY CERTIFY THAT THE FOREGOING IS TRUE AND CORRECT

SIGNED \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

THIS SPACE FOR COMMISSION USE

APPROVED BY \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

January 13, 1989

REVIEW OF EXISTING PERMIT

Operator:  
Lease:  
Location:

Discussion:

The original permit stated there was no measurable water production. Therefor the permit was issued with the condition that a water analysis be submitted at the time the well began producing 5 bbl/day of water.

Subsequently a water analysis was submitted and water production of 70 bbl/day reported.

Water of 6,075 mpl TDS is disposed of by earthen pits. The evaporative capacity of these pits is 560 bbl/mo., therefor approximately 1540 bbl/mo. is percolating into the ground.

These pits are situated in the Quaternary Verdos alluvium, which consists primarily of gravel. The Verdos overlies the White River Fm., a known aquifer of generally limited productivity and relatively poor water quality.

There are no registered water wells within the section, supporting the premise of a limited potential groundwater supply. However, water wells within the township have shown high productivity, with yields of 1200 gpm for irrigational use.

There is potential for utilizable groundwater at this site, therefor the amount of water allowed to percolate should be reduced. This can be accomplished by increasing the evaporative capacity of the pits.

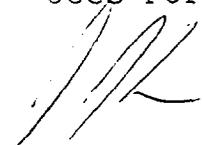
Since there is no evidence of a significant groundwater supply within the section, the installation of an impermeable liner should not be required, but this permit should remain open to review.

Based on the facts available and the guidelines of Rule 325 the following Conditions of Approval must be met to validate this permit.

Conditions of Approval:

1. Existing pit size must be expanded to a minimum of 20,000 ft.<sup>2</sup> of surface area to meet evaporative needs.

2. A diagram of the production facility must be submitted immediately.
3. A concrete, metal, or fiberglass skim tank must be installed if one has not yet been installed.
4. Pit must be kept free of oil accumulations. All oil spills must be cleaned up within 10 days of occurrence.
5. Discharge from the pit is forbidden unless a copy of a valid Discharge Permit from Division of Water Quality has been filed with the OGCC.
6. Further expansion of existing pit or addition of other pits must be applied for, in writing, and approved by the Director.
7. A freeboard of one foot must be maintained at all times.
8. Additional water production from other wells or producing horizons must be applied for, in writing, and approved by the Director prior to disposal into this pit(s). A water analysis is required.
9. Report water production on a monthly basis, as provided for on OGCC Form 7.



James Kenney  
Sr. Petr. Engr.

Doc. 0151J

STATE OF COLORADO  
DEPARTMENT OF NATURAL RESOURCES  
OIL AND GAS CONSERVATION COMMISSION  
Suite 380 Logan Tower Building  
1580 Logan Street  
Denver, Colorado 80203

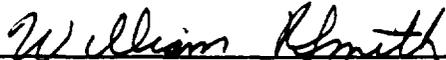
Gentlemen:

Your "Application For Permit To Use Earthen Pit" has been reviewed and found to be lacking necessary information for approval required by Rule 325 as checked below:

- Legal location of pit (10-acre spot).
- Schematic sketch of facilities and area.
- Retaining pit plan.
- Log at pit area (Nature of soil in pit bottom.
- Present and anticipated amount of produced water.
- Chemical analysis of produced water, including the Total Dissolved Solids (TDS).
- Chemical analysis of close fresh water (water well, lake, irrigation system, etc.), including the Total Dissolved Solids (TDS).
- Other

Please submit the required information to this office as soon as possible.

OIL AND GAS CONSERVATION COMMISSION

  
\_\_\_\_\_  
William R. Smith, Director

LEASE INSPECTION FORM

Date \_\_\_\_\_

Operator \_\_\_\_\_ Field \_\_\_\_\_

Lease Name & No. \_\_\_\_\_ County \_\_\_\_\_

Type of Inspection \_\_\_\_\_

Water Inflow \_\_\_\_\_ (Bbls. per Day)

RESULTS OF INSPECTION

(Est. Pit Dimensions, CVD, Lined, Oil of Surface, etc.)  
 Type of Tank

SKIM TANK \_\_\_\_\_

PIT No. 1 \_\_\_\_\_

PIT NO. 2 \_\_\_\_\_

PIT NO. 3 \_\_\_\_\_

ADDITIONAL PITS \_\_\_\_\_

CONDITION OF LEASE (Describe - Oil CVD. or Sat. Gr., Any Leaking, Safety  
 Conditions, Etc.)

RECOMMENDED ACTION (If Required) \_\_\_\_\_

INSPECTOR \_\_\_\_\_

STATE OF COLORADO  
OIL AND GAS CONSERVATION COMMISSION  
Department of Natural Resources  
Suite 380, Logan Tower Building  
1580 Logan Street  
Denver, Colorado 80203

Lease  
Field  
County  
Location

Gentlemen:

An inspection was made of the lease(s) shown above. The following conditions were observed to exist at the time of the inspection:

- Oil accumulation on the water in the retaining pit.
- Skim pit in need or repairs.
- Skim pit or tank should be constructed.
- No. I.D. number on tank.

Remarks: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The above condition(s) should be corrected immediately. Any surface accumulation of oil in the retaining pits must be cleaned off within ten (10) days after receipt of this notice (Rule 328), and a report submitted to this office within thirty (30) days after the work was accomplished, advising us of the date and manner in which the correction was made. Any person who fails to comply with this request is in violation of this Commission's Rules and Regulations and is subject to the penalties as provided for under 34-6-121 of the Oil and Gas Conservation Act.

  
\_\_\_\_\_  
William R. Smith, Director

COLORADO OIL AND GAS CONSERVATION COMMISSION  
Room 721, State Centennial Building  
1313 Sherman Street  
Denver, Colorado 80203

June 7, 1977

TO: All Owners and Operators of Producing Oil and Gas Properties in the State of Colorado

Gentlemen:

In order to identify producing leases from the air, it is necessary that such leases be adequately marked.

You are therefore notified to mark both the top and side of a storage tank on each lease with an identification number. This number will be based on the legal description according to the governmental survey of the land where the tank is located and is explained as follows:

Example Number: 2S52P36

The first number followed by the letter S or N indicates the township (South or North) in which the tank is located. The following numbers are the range. The next letter locates the tank in the quarter-quarter of the section, based on a system shown below. The last number indicates the section.

These numbers and letters should be in block form at least 15 inches high and 3 inches thick. The color should contrast to that of the tank in order to be easily visible. Black is preferred on those tanks that are white or silver. If necessary, the series of numbers and letters can be placed on two lines. Those locations in ranges of 100 and over, eliminate the 1 and use only the last two numbers in order to save space.

The identification number is to be placed on the top of the tank and on the side of the tank facing the road entrance to the lease.

Operators are also reminded of Rule 210 of the Rules and Regulations Well Designations, which states that, "the owner shall mark each and every well in a conspicuous place, with his name, name of lease, number of the well and legal description of the well, and shall take all necessary means and precautions to preserve those markings."

(over)

Date \_\_\_\_\_

Gentlemen:

We have not received reports as checked below, for the following well(s):

- ( ) OGCC Form 4 Sundry Notices and Reports on Wells
- ( ) OGCC Form 5 Well Completion or Recompletion Report
- ( ) OGCC Form 10 Certificate of Clearance (If producing or change of operator)
- ( ) LOGS
- ( ) Cement Verification (If plugged)
- ( ) Other:
- ( ) STATUS REQUEST ON EXPIRED PERMIT
  - .If completed - Form 5, Form 10(if producing) and logs.
  - If plugged - Form 4, Form 5, logs and cement verification.
  - If never drilled - Form 4 indicating abandoned location.

You are in violation of Rule 305, Rules and Regulations of the Oil and Gas Conservation Commission if the required forms are not received within 30 days after work.

(303) 866-3531

\_\_\_\_\_  
Field Engineer

**ILLEGIBLE**



**MEMORANDUM**  
**OCCIDENTAL OIL AND GAS**

January 19, 1989

TO: C. R. Mitchell  
FROM: Amanda Jones   
SUBJECT: BLM Regulations  
Pits, Ponds and Open Tanks in Colorado

According to BLM personnel, Don Englishman and Greg Shoop, there are no specific BLM regulations regarding protecting migratory birds from oil film that might collect on pits used in oil field operations.

During the evaluation of permit to drill applications, if operations are to take place in a major migratory fly-way or wetlands, the BLM may ask that a pit be flagged in an attempt to discourage birds from landing on the pit. Likewise, in such a case, an operator would be asked to remove any oil accumulation on a pit.

Don Englishman is located in the BLM office in Durango, phone number, 303-247-4082. Greg Shoop is located in the Denver BLM office, phone number, 303-236-1787.

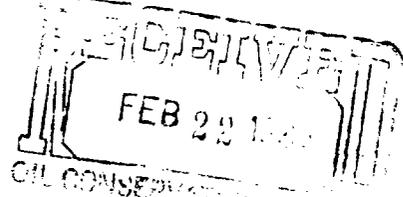


Joe E King

Texaco USA

February 20, 1989

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504  
Attention: Mr. William J. LeMay  
Director



Dear Mr. LeMay:

The Advisory Committee regarding protection of the birds in the Migratory Bird Treaty Act is recommending revision to the OCD Rules 8, 312, 313 and 711 in order to alleviate damage to bird life from oily waste in New Mexico.

Proposed amendments are attached with the revisions underlined. In general, we are recommending that all pits and/or ponds utilized in oil production operations shall be screened, netted, or otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds. It was the opinion of both the committee and Mr. Tom Lane with The Fish and Wildlife Service that drilling and workover pits are nonhazardous to birds in the Migratory Bird Treaty Act, and for this reason these pits were not included in our proposed rule amendments.

If our proposed revisions will in your opinion alleviate the problem, it is recommended that these draft revisions be circulated to the industry. Pending industry comments, you may either set hearings to act upon the proposed revisions to the OCD rules or refer the replies to our committee for further action.

If you feel there are other points that we should consider, I will be happy to handle the matter either through correspondence with the committee members or hold additional meetings as necessary.

Yours very truly,

JEK/pdh  
Attachments

cc: Persons on the Attached List  
RHK, Texaco

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>14</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

OIL CONSERVATION DIVISION RULES FOR REVIEW

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P.O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girand  
P.O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P.O. Drawer 217  
Artesia, NM 88210-0217

OXY USA Inc.  
Attn: Mr. Charles Mitchell  
Box 3908  
Tulsa, OK 74102

Parabo, Inc.  
Attn: Mr. Wayne Price  
P.O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
P.O. Box 2158  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 97504  
(505) 827-5800

Memo No. 2-89

M E M O R A N D U M

TO: ALL OPERATORS  
FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR *WJL*  
SUBJECT: PROPOSED RULE REVISIONS

Attached are proposed revisions to Oil Conservation Division Rules 8, 312, 313 and 711 recommended by the Advisory Committee regarding protection of birds covered by the Migratory Bird Treaty Act. These revisions are being proposed in order to alleviate damage to bird life caused by oily waste in pits and ponds in New Mexico.

Please review the proposed rule revisions and submit any comments you may have to the Santa Fe office of the Oil Conservation Division by April 15, 1989. A hearing will be scheduled on this matter after all comments have been reviewed and evaluated.

March 3, 1989  
fd/

Attachment

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>15</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

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. To protect birds covered under the Migratory Bird Treaty Act, all exposed pits, including lined pits and below grade tanks approved under this rule, shall be either screened, netted, otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds. 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".

RULE 312. TREATING PLANTS

- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, ponds, lined pits or below grade tanks used at the site must meet Division requirements for ground water protection and shall be screened, netted or otherwise rendered nonhazardous or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.)

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair and shall be screened, netted or otherwise rendered nonhazardous or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

- A. 3. A description of the facility with a diagram indicating location of fences and cattleguards, and detailed engineering construction/installation diagrams of any pits, liners, dikes, piping, sprayers, and tanks on the facility, prepared in accordance with Division "Guidelines for Permit Application, Design and Construction of Waste Storage/Disposal Pits;"

(Note: Any pits, ponds, lined pits or below grade tanks used at the site must meet Division requirements for groundwater protection and shall be screened, netted, or otherwise rendered nonhazardous, or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.)

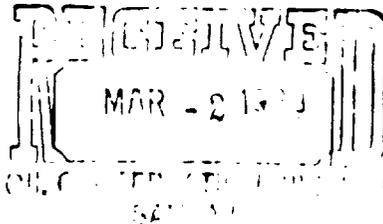
COMMENTS ON ADVISORY COMMITTEE'S PROPOSAL



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE

Ecological Services  
Suite D, 3530 Pan American Highway, NE  
Albuquerque, New Mexico 87107

March 1, 1989



Mr. William J. Lemay, Director  
Oil Conservation Division  
State Land Office Building  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Dear Mr. <sup>Bill</sup> Lemay:

This responds to the public notice dated February 24, 1989, in which several proposed groundwater discharge plans were described. We have reviewed all of the plans and have identified resource issues of concern to our agency in the following:

- GW-47 Sunterra Gas Processing Company, Lybrook Gas Plant. John Renner, General Manager, P.O. Box 1869, Bloom Field, NM 87143.
- GW-7 El Paso Natural Gas Co., Jal #4 Gas Processing Plant, John C. Bridges Manager, Environmental Engineering Group, P.O. Box 1492 El Paso, Texas 79978.
- GW-48 Davis Gas Processing Company, Donald K. Judd, Agent., 211 N. Colorado, Midland, Texas 79971.

Our concern is that any surface water discharges resulting from these operations should not have visible traces of oil or gas. If migratory birds were to come in contact with the contaminated waters and perish, violations of the Migratory Bird Treaty Act would have occurred. The Migratory Bird Treaty Act prohibits the taking, except by permit, of individual migratory birds (16 U.S.C. 703). The Migratory Bird Treaty Act prohibits unpermitted taking "by any means or in any manner" of the protected species. Case law has found that unintentional kills of migratory birds, by poisoning or other circumstances is prohibited. Fines of up to \$10,000 have been levied against violators.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>16</u> Submitted by <u>OCD</u> Hearing Date <u>5/18/89</u>
---

These comments represent the views of the Fish and Wildlife Service. If you have any questions concerning our comments, please contact Tom O'Brien or Richard Roy at (505) 883-7877 or FTS 474-7877.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John C. Peterson", with a long horizontal flourish extending to the right.

John C. Peterson  
Field Supervisor

cc:

Director, New Mexico Department of Game and Fish, Santa Fe, New Mexico  
Regional Administrator, Environmental Protection Agency, Attn: Kathy Hollar,  
Office of Ground Water, Dallas, Texas  
Regional Director, U.S. Fish and Wildlife Service, Fish and Wildlife  
Enhancement and Law Enforcement, Albuquerque, New Mexico



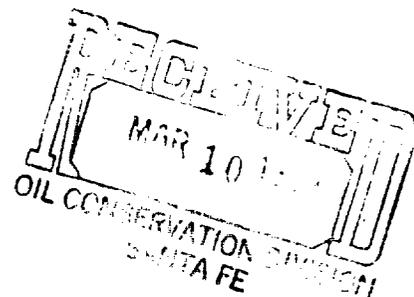
**WALSH** ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

3001 Northridge Drive  
P.O. Drawer 419  
Farmington, New Mexico 87401  
(505) 327-4892

March 6, 1989

Mr. William J. LeMay, Division Director  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504



REF: Memorandum, Memo No. 2-89

Dear Mr. LeMay:

Revising the above-referred-to rules, as indicated, would put another undue expensive restriction on the depressed Oil and Gas Industry.

There are probably some limited small size areas that contain pits, ponds or below grade tanks that might be considered hazardous to migratory birds.

Revision of the rules, as indicated, to include all pits, ponds or below grade tanks would not be deemed to be practical.

The above may be referred to in the revised portion "or deemed to be nonhazardous to migratory birds", however, no explanation is provided for review as to how some installations are to be deemed to be nonhazardous.

A meeting, for input of additional comments and/or additional comments by the Commission may be warranted prior to having a hearing.

Very truly yours,

Ewell N. Walsh, P.E.  
President

ENW:rr

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	EXHIBIT No. <u>17</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

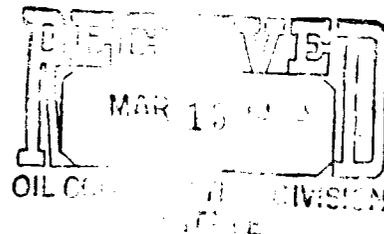


David L. Wacker  
Division Manager  
Production Department  
Hobbs Division  
North American Production

Conoco Inc.  
726 East Michigan  
P.O. Box 460  
Hobbs, NM 88241  
(505) 397-5800

March 7, 1989

Mr. William J. Lemay  
New Mexico Oil Conservation Division  
P. o. Box 2088  
Santa Fe, New Mexico 87504



Dear Mr. Lemay:

Proposed Rule Revisions - Protection of  
Birds Covered Under the Migratory Bird  
Treaty Act

Please refer to your Memo No. 2-89 dated March 3, 1989 pertaining to the above subject. Conoco Inc. wishes to commend you for taking the lead in addressing this issue brought forth by the U.S. Fish and Wildlife Service. We also commend the Advisory Committee on the way in which they addressed the rules revisions.

Conoco would like to offer one suggestion in regard to Rule 8. It is noted that drilling pits are not specifically addressed either by inclusion or by exception. We therefore assume that they could be included under "other fluids subject to the jurisdiction of the Division", and it would be interpreted that they require covering. It is our recommendation that temporary pits such as drilling pits be (1) specifically excluded from the installation of protective screening, or (2) named under the category "deemed to be nonhazardous to migratory birds." We believe such wording would clarify the intent of the Division.

Conoco appreciates the opportunity afforded by the Division to comment on this proposal. If we can be of assistance in this matter, please let me know.

Yours very truly,

*for*

David L. Wacker  
Division Manager

HAI:jd

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>18</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

**BURNETT OIL CO., INC.**

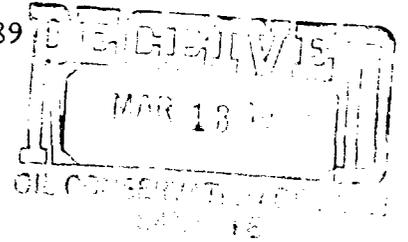
801 CHERRY STREET SUITE 1500

**FORT WORTH, TEXAS 76102**

(817) 332-5108

BURNETT OIL CO., INC.  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 19  
Submitted by: OCD  
Hearing Date 5/18/89

March 8, 1989



State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay, Division Director

Re: Proposed Rule Revisions,  
oily waste in pits.

Dear Mr. LeMay:

In regard to your memorandum No. 2-89 concerning the protection of migratory birds by netting all pits within the state that may or may not be hazardous to the birds' health and happiness, my first inclination was not to comment due to the fact that Burnett has only two small permanent type pits in existence, one an emergency containment pit at our waterflood station and the other an evaporation pit for one barrel of produced water per day. However, we do some occasional development drilling and some infrequent remedial work on injection wells, both of which necessitate temporary pits, so I will comment briefly on the NMOCD'S proposed rule revisions.

(1) In discussing the need for screening or netting with two fieldmen, it may be revealing that in all of our combined years in the oilfields of southeastern New Mexico, which total 105, we have seen two doves, one duck, and six ravens succumb to the hazard of the slush pits. Now many of these years were years when each tank battery, and each well had some type of adjacent pit. How this fact of life sets with the findings of the advisory committee remains to be seen.

(2) In this same discussion, it was reiterated several times that on almost all occasions one could observe birds and wildlife slaking their thirst by drinking rainwater from the pits, which at times was their only source of drinking water for hundreds of miles. It would be a monumental statistical nightmare to accurately weigh the benefits to all wildlife against the hazards to all wildlife as a result of open pits in southeastern New Mexico, but my estimate is that the benefits outweigh the hazards about 1,000,000 to 1.

(3) The economics for producing a barrel of oil in the old oilfields of southeastern New Mexico for less than cost is a continuing concern for all producers. The added thousands of dollars expended for netting in the hopes that one or two birds might live to fly another day is, if it were not so serious, ludicrous.

(4) Where do we draw the line? Buildings, cars, trucks, power lines, poachers... civilization? All of these are more of a threat to birds than unnetted pits.

Yours truly,

A handwritten signature in cursive script that reads "John C. McPhaul".

John C. McPhaul  
PRODUCTION SUPERINTENDENT

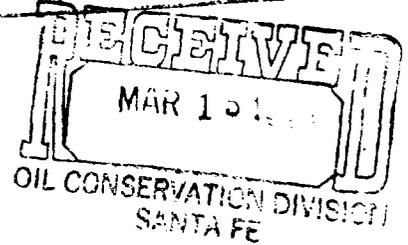
JCM:jlm

# GAS COMPANY OF NEW MEXICO

March 14, 1989

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 20  
Submitted by OCD  
Hearing Dates 5/18/89

Energy Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504



Attention: Mr. William J. LeMay  
Division Director

RE: Proposed Rule Revision to Rule #8, #312, #313 and #711

Dear Mr. LeMay:

Pursuant to your letter of March 3, 1989, regarding proposed revisions to the referenced rules, please be advised that Gas Company of New Mexico opposes the proposed revisions as suggested by Advisory Committee.

As state wide operators in the producing areas where the rules are of effect, we submit as explanation of our position the following.

1. The revisions would result in higher costs for an already struggling industry.
2. The consensus of opinion of field people with many years experience in the affected areas is that few mitigatory birds frequent the ponds and pits covered by the referenced rules. Undoubtedly and regrettably some are damaged, but rivers, ranch and farm tanks along the fly-way tend to draw migratory birds.
3. The fencing recently initiated at substantial cost for pits and ponds prevents migratory birds from landing and taking off of smaller pits.
4. Many operators will discontinue installing marginal types of pits, such as separator and field dehydrator emergency overflow pits and initiate more expensive pick-up schedules for tanks or simply allow overflow to existing terrain.
5. There are many thousands of pits and ponds. Covering would require significant expense. Maintenance of vandalism and deterioration would be difficult and expensive, and many pits would not meet the needs after a few years, requiring additional standards, rules and penalties.

While it is commendable that the OCD rules reflect the concern we all feel regarding protecting a national asset represented by Migratory Birds and we are aware of many declines in the bird

Energy Minerals and Natural Resources Department  
March 14, 1989  
Page 2

population for failure to enact rules for industry, it is our belief that if these rules were enacted, it would be regulatory overkill as we view the problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "W.J. Orbison".

W.J. Orbison  
Director, Gas Acquisitions  
(505) 888-8314

cjc

# Mobil Exploration & Producing U.S. Inc.

March 23, 1989

P.O. BOX 633  
MIDLAND, TEXAS 79702

MIDLAND DIVISION

William J. Lemay, Division Director  
State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division  
P. O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

APR 11 1989

Dear Mr. Lemay:

**PROPOSED RULE REVISION  
RULES 8, 312, 313, AND 711  
PROTECTION OF BIRDS**

Thank you for the opportunity to provide comments on the proposed rule revisions regarding the protection of birds covered under the Migratory Bird Treaty Act. We understand and support your concerns to alleviate unnecessary damage to bird life related to oily waste in pits and ponds in New Mexico.

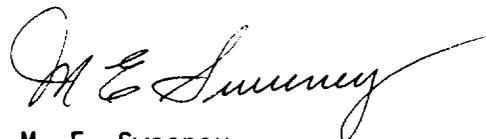
We would suggest however, that small diameter and emergency pits be exempted from the proposed rule revisions. Small diameter pits between 10 to 20 feet do not represent a significant danger to migratory birds. Our experiences in the San Juan basin indicate that the small diameter pits prevalent in the area demonstrate no history of a problem with bird kills. Emergency pits are used for only short duration, less than 72 hours. These pits are seldom used and do not warrant the precautions outlined in the proposed rule revisions.

Regarding the use of netting and fencing, we would suggest the use of flagging be included as an acceptable method. Flagging, which is recommended in BLM rule NTL 2B, has been shown to be an effective deterrent. In addition, flagging reduces operational problems as well as problems associated with big game becoming trapped in netting.

Your consideration of our comments is appreciated.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>21</u> Submitted by <u>OCD</u> Hearing Date <u>5/18/89</u>
---

Sincerely,



M. E. Sweeney  
Environmental & Regulatory Manager



United States Department of the Interior

FISH AND WILDLIFE SERVICE

POST OFFICE BOX 1306

ALBUQUERQUE, N.M. 87103



APR 6 1989

7. Contaminants  
Oil & Gas

In Reply Refer To:  
Region 2/RF/CL-3-81

Mr. William J. Lemay  
Division Director  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Bldg.  
Santa Fe, New Mexico 87504

Dear Mr. <sup>Bill</sup>Lemay:

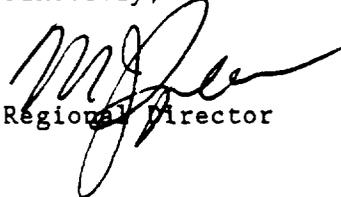
Thank you for the opportunity to review the Proposed Rule Revisions. You are to be commended for the leadership role that you are playing in this important conservation effort. Also, it has been reported to me that your field staff has been very cooperative and helpful in this endeavor.

We have made a few suggestions on the proposed revisions which are enclosed. These changes would help streamline and strengthen the rules and we request that they be adopted.

Also, we suggest that you investigate the possibilities of authorizing law enforcement officers in the New Mexico Game and Fish Department to assist with the reporting and enforcement of "screening, netting, or otherwise rendered nonhazardous to wildlife including birds" provisions in the regulations. This mutual arrangement has been very effective in some other states, such as California. This added help would effectively increase the surveillance capability of the Oil Conservation Division, a deficiency you pointed out earlier.

Thank you again, and let us know if we may be of further assistance.

Sincerely,



Regional Director

Enclosure

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>22</u>
Submitted by <u>OC</u>	
Hearing Date <u>5/18/89</u>	

PITS AND TANKS

RULE 8. [REDACTED]

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. To protect <sup>wildlife resources</sup> [REDACTED]

[REDACTED], all exposed pits, <sup>with oily waste</sup> including lined pits and [REDACTED] tanks approved under this rule, shall be either screened, netted, <sup>or</sup> otherwise rendered nonhazardous, <sup>to wildlife, including birds</sup> [REDACTED]

[REDACTED] 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".

ILLEGIBLE

RULE 312. TREATING PLANTS

- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, ponds, lined pits or [REDACTED] tanks used at the site must meet Division requirements for ground water protection and shall be screened, netted or otherwise rendered nonhazardous

[REDACTED]  
[REDACTED]

to wildlife including birds.

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair and shall be screened, netted or otherwise rendered nonhazardous to wildlife including birds.

[REDACTED]

[REDACTED]

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

- A. 3. A description of the facility with a diagram indicating location of fences and cattleguards, and detailed engineering construction/installation diagrams of any pits, liners, dikes, piping, sprayers, and tanks on the facility, prepared in accordance with Division "Guidelines for Permit Application, Design and Construction of Waste Storage/Disposal Pits;"

(Note: Any pits, ponds, lined pits or [REDACTED] tanks used at the site must meet Division requirements for groundwater protection and shall be screened, netted, or otherwise rendered nonhazardous, [REDACTED]

[REDACTED]  
to wildlife, including birds.

# MERIDIAN OIL

April 12, 1989

Mr. William J. LeMay  
Oil Conservation Division  
State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
Post Office Box 2088  
Santa Fe, New Mexico 87504

RECEIVED

APR 14 1989

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

Thank you for the opportunity to comment on the proposed revisions to the Oil Conservation Division Rules 8, 312 and 313. We strongly support the Oil Conservation Division's concerns for maintaining and protecting the environment, and feel that our operations in the San Juan Basin represent conscientious efforts to produce oil and gas in the safest and most environmentally responsible manner possible.

Meridian's San Juan Basin operations currently account for more than 5,000 well locations, including production pits numbering in excess of 7,500. Drilling activities scheduled for 1989 will add an additional 300-plus pits to the operations. We are concerned about the increased costs these proposed rules will create due to initial material investment and maintenance costs.

Before these rules are promulgated, a study of the Northwest Four Corners Area should be undertaken to determine if a migratory bird killing problem exists. This particular area of the State of New Mexico is repleting with water bodies such as Navajo Reservoir, Animas, San Juan and Chaco Rivers. Production pits do not seem to be an attractive alternative (probably due to their small size) to these birds. Operators in this, the Pacific Flyway Area, have never experienced migratory bird kills in pits anywhere near equal numbers printed in your notices or displayed in the video tape shown at the December Oil Conservation Division, B.L.M., U. S. Fish and Wildlife Service and industry meeting. We are concerned that a blanket rule like this, if implemented incorrectly, will further raise production and drilling costs in this area without just cause or benefit to migratory birds or the environment.

At the meeting in December, drilling pits were exempted by the Oil Conservation Division from these proposed rules, in part, due to the noise associated with drilling operations and human presence in such close proximity. The proposed rules do not address nor exempt drilling pits; therefore, we can only assume these pits are also covered by the rules.

Drilling reserve pits are quite large and would be extremely difficult to cover or net, and due to the aforementioned, should be exempt from these proposed rules.

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Case No. 9672 Exhibit No. 23

Submitted by OC

Hearing Date 5/18/89

William J. LeMay  
April 12, 1989  
Page Two

The proposed rules use the language "deemed nonhazardous". Operators should be allowed the option to "deem" pits as "nonhazardous" when such pits do not represent a hazard to migratory birds. However, a gradation enforcement policy should be implemented in the event that an occasional kill takes place in a pit or pond. An immediate fine of \$10,000, as stated in the Migratory Bird Treaty Act, would be harsh and unjust.

Flagging or noise guns should be alternatives to covers and/or netting. Covers become a safety concern if gases are carried over into the pit. Increased gas concentrations in these enclosed pits represent explosion and exposure problems, especially in fields where hydrogen sulfide is present. Netting could capture birds as well as keep them from entering pits.

In summary, the San Juan Basin Area has not been an area where migratory birds have been attracted to production and drilling pits. Netting and covers represent excessive costs while providing little to no protection to migratory birds and in some instances, increasing operational hazards. Final rules should be flexible enough to allow operators to choose protective measures where such measures are needed.

Again, thank you for the opportunity to comment. If you have any questions concerning these comments, please let me know.



CRO:TGM:cr

GOVERNOR  
GARREY CARRUTHERS

State of New Mexico

STATE GAME COMMISSION

GERALD MAESTAS, CHAIRMAN  
ESPANOLA

RICHARD A. ALLGOOD  
SILVER CITY

CHRISTINE DIGREGORIO  
GALLUP

THOMAS P. ARVAS, O.D.  
ALBUQUERQUE

BOB JONES  
DELL CITY, TX

DIRECTOR AND SECRETARY  
TO THE COMMISSION

BILL MONTOYA



DEPARTMENT OF GAME AND FISH

VILLAGRA BUILDING  
SANTA FE  
87503

April 13, 1989

RE: Memo No. 2-89

*Received by  
Alicia for David  
April 14 at 5:45 PM*

Mr. William Lemay, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

Dear Mr. Lemay: *Bill*

Thank you for affording the Department of Game and Fish the opportunity to comment on the proposed revisions to the Oil Conservation Division Rules 8, 312, 313 and 711, regarding oily waste pits and ponds in New Mexico. The proposed changes address only those birds covered by the Migratory Bird Treaty Act, and therefore do not adequately protect the wildlife of the State of New Mexico. Furthermore, the phrase "deemed to be non-hazardous" is unclear because it does not specify by whom or what standards are to be used.

Unprotected pits, ponds, and tanks containing toxic substances associated with oil and gas drilling and production activities, pose a serious hazard to many species of wildlife, including non-migratory birds, small mammals and reptiles (some of which are threatened and endangered). Given this, we recommend the above mentioned rules be amended to read "... and shall be screened, netted or otherwise rendered non-hazardous to wildlife."

If you have any questions, please contact Jon Klingel (827-9912) of this department.

Sincerely,



Bill Montoya  
Director

BM/jtk

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>24</u>
Submitted by <u>OCD</u>
Hearing Date <u>5/18/89</u>

ARCO Oil and Gas Company  
Central District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 688 5200



April 17, 1989

**RECEIVED**

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

APR 20 1989  
OIL CONSERVATION DIV.  
SANTA FE

Dear Mr. LeMay:

Subject: Comments on Regulatory Revisions  
Protection of Migratory Birds

ARCO Oil and Gas Company (ARCO) supports industry and government efforts to reduce the problem of damage to migratory birds due to contact with oily waste in pits and ponds found in the oil field. If regulatory amendments are deemed necessary to address the migratory bird concern, please consider the attached changes the language proposed in your letter of March 3, 1989.

These changes are necessary to specifically address the perceived problem of oil on pits. ARCO believes if pits and ponds containing no oil, oil sheen or oil waste are otherwise not "hazardous" to birds.

Use of the undefined term "non-hazardous" and the clause "[pits]...deemed to be non-hazardous" instills vagueness into the rule.

In addition, ARCO assumes reserve and workover pits are not covered by these rules, therefore, would not be required to be netted. Due to their temporary nature, these pits should not pose any significant problem to migratory birds.

Sincerely,

*C. T. Stilwell*  
*by pjk*  
C. T. Stilwell  
Environmental Coordinator

CTS:pjk

cc: L. L. Trout MIO 327  
M. D. Schall MIO 1129  
E. S. Bush MIO 219  
S. D. Smith HOO  
D. R. McKelvey MIO 367

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>25</u> Submitted by <u>CCD</u> Hearing Date <u>5/18/89</u>
---



# United States Department of the Interior

IN REPLY REFER TO:

6514 (931)

BUREAU OF LAND MANAGEMENT  
NEW MEXICO STATE OFFICE  
Post Office and Federal Building  
P.O. Box 1449  
Santa Fe, New Mexico 87504-1449

APR 17 1989

**RECEIVED**

APR 20 1989

OIL CONSERVATION DIV.  
SANTA FE

Mr. William Lemay  
Division Director  
New Mexico Energy, Minerals, and  
Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

Dear Mr. Lemay:

The Bureau of Land Management applauds your efforts to address wildlife mortality resulting from liquid waste disposal pits developed in conjunction with oil and gas development activities. As you know, we have been concerned about this issue for several years and have taken a number of actions to remedy this situation on public lands under our jurisdiction.

The proposed changes to Rules 8, 312, 313, and 711 recommended by the Advisory Committee represent significant progress in resolving the issue on State and fee title lands in New Mexico. The following comments are intended for your consideration to further support remedies to the wildlife mortality issue.

o Above ground, open top tanks appear not to be addressed. If this is the case, it is recommend that these tanks be closed, since open, netted tanks are suspected of resulting in bird mortality from birds perching on the netting and being killed by toxic fumes.

\* { o We recommend the words ". . . otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds" be replaced by the words ". . . or otherwise rendered nonhazardous to wildlife."

o Federal requirements do not allow emulsions, oil, basic sediments, or tank bottoms in disposal pits; we recommend the State should follow suit.

o We recommend the Oil Conservation Division consider not allowing open disposal pits but require operators to utilize screen-wire-covered tanks for temporary disposal of fluid wastes.

Again, thank you for the opportunity to comment on these proposed rules.

Sincerely,

Leslie L. Pointer  
Chief, Branch of Biological Resources

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>26</u>
Submitted by <u>GLD</u>
Hearing Date <u>5/18/89</u>

## 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. To protect birds covered under the Migratory Bird Treaty Act, all exposed pits, including lined pits and below grade tanks approved under this rule, shall use netting or other devices to prevent protected birds from landing on the oily fluids in the pit. 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".

Similar language should be inserted in Rules 312(4), 313, and 711.

HOUSE BUSINESS AND INDUSTRY COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 575

39TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1989

AN ACT

RELATING TO THE DISPOSITION OF WASTE; DEFINING THE POWERS AND DUTIES OF  
THE ENVIRONMENTAL IMPROVEMENT DIVISION OF THE HEALTH AND ENVIRONMENT  
DEPARTMENT AND THE OIL CONSERVATION DIVISION OF THE ENERGY, MINERALS  
AND NATURAL RESOURCES DEPARTMENT; AMENDING CERTAIN SECTIONS OF THE NMSA  
1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 70-2-12 NMSA 1978 (being Laws 1978, Chapter  
71, Section 1, as amended) is amended to read:

"70-2-12. ENUMERATION OF POWERS.--

A. Included in the power given to the oil conservation divi-  
sion is the authority to collect data; to make investigations and in-  
spections; to examine properties, leases, papers, books and records; to  
examine, check, test and gauge oil and gas wells, tanks, plants, re-  
fineries and all means and modes of transportation and equipment; to

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 27  
Submitted by OCD  
Hearing Date 5/18/89

underscored material = new  
[bracketed material] = deletion

1 hold hearings; to provide for the keeping of records and the making of  
2 reports and for the checking of the accuracy of the records and re-  
3 ports; to limit and prorate production of crude petroleum oil or  
4 natural gas or both as provided in the Oil and Gas Act; to require  
5 either generally or in particular areas certificates of clearance or  
6 tenders in connection with the transportation of crude petroleum oil or  
7 natural gas or any products of either or both oil and products or both  
8 natural gas and products.

9 B. Apart from any authority, express or implied, elsewhere  
10 given to or existing in the oil conservation division by virtue of the  
11 Oil and Gas Act or the statutes of this state, the division is autho-  
12 rized to make rules, regulations and orders for the purposes and with  
13 respect to the subject matter stated in this subsection:

14 (1) to require dry or abandoned wells to be plugged in  
15 a way to confine the crude petroleum oil, natural gas or water in the  
16 strata in which it is found and to prevent it from escaping into other  
17 strata; the division shall require a cash or surety bond in a sum not  
18 to exceed fifty thousand dollars (\$50,000) conditioned for the perfor-  
19 mance of such regulations;

20 (2) to prevent crude petroleum oil, natural gas or  
21 water from escaping from strata in which it is found into other strata;

22 (3) to require reports showing locations of all oil or  
23 gas wells and for the filing of logs and drilling records or reports;

24 (4) to prevent the drowning by water of any stratum or  
25 part thereof capable of producing oil or gas or both oil and gas in

1 paying quantities and to prevent the premature and irregular encroach-  
2 ment of water or any other kind of water encroachment which reduces or  
3 tends to reduce the total ultimate recovery of crude petroleum oil or  
4 gas or both oil and gas from any pool;

5 (5) to prevent fires;

6 (6) to prevent "blow-ups" and "caving" in the sense  
7 that the conditions indicated by such terms are generally understood in  
8 the oil and gas business;

9 (7) to require wells to be drilled, operated and pro-  
10 duced in such manner as to prevent injury to neighboring leases or  
11 properties;

12 (8) to identify the ownership of oil or gas producing  
13 leases, properties, wells, tanks, refineries, pipelines, plants, struc-  
14 tures and all transportation equipment and facilities;

15 (9) to require the operation of wells with efficient  
16 gas-oil ratios and to fix such ratios;

17 (10) to fix the spacing of wells;

18 (11) to determine whether a particular well or pool is  
19 a gas or oil well or a gas or oil pool, as the case may be, and from  
20 time to time to classify and reclassify wells and pools accordingly;

21 (12) to determine the limits of any pool producing  
22 crude petroleum oil or natural gas or both and from time to time rede-  
23 termine the limits;

24 (13) to regulate the methods and devices employed for  
25 storage in this state of oil or natural gas or any product of either,

1 including subsurface storage;

2 (14) to permit the injection of natural gas or of any  
3 other substance into any pool in this state for the purpose of repres-  
4 suring, cycling, pressure maintenance, secondary or any other enhanced  
5 recovery operations;

6 (15) to regulate the disposition of water produced or  
7 used in connection with the drilling for or producing of oil or gas or  
8 both and to direct surface or subsurface disposal of the water in a  
9 manner that will afford reasonable protection against contamination of  
10 fresh water supplies designated by the state engineer;

11 (16) to determine the limits of any area containing  
12 commercial potash deposits and from time to time redetermine the  
13 limits;

14 (17) to regulate and, where necessary, prohibit drill-  
15 ing or producing operations for oil or gas within any area containing  
16 commercial deposits of potash where the operations would have the  
17 effect unduly to reduce the total quantity of the commercial deposits  
18 of potash which may reasonably be recovered in commercial quantities or  
19 where the operations would interfere unduly with the orderly commercial  
20 development of the potash deposits;

21 (18) to spend the oil and gas reclamation fund and do  
22 all acts necessary and proper to plug dry and abandoned oil and gas  
23 wells in accordance with the provisions of the Oil and Gas Act and the  
24 Procurement Code, including disposing of salvageable equipment and  
25 material removed from oil and gas wells being plugged by the state;

1           (19) to make well price category determinations pur-  
2 suant to the provisions of the Natural Gas Policy Act of 1978 or any  
3 successor act and, by regulation, to adopt fees for such determina-  
4 tions, which fees shall not exceed twenty-five dollars (\$25.00) per  
5 filing. Such fees shall be credited to the account of the oil conser-  
6 vation division by the state treasurer and may be expended as autho-  
7 rized by the legislature; [~~and~~]

8           (20) to regulate the construction and operation of oil  
9 treating plants and to require the posting of bonds for the reclamation  
10 of treating plant sites after cessation of operations;

11           (21) to regulate the disposition of nondomestic wastes  
12 resulting from the exploration, development, production or storage of  
13 crude oil or natural gas to protect public health and the environment;  
14 and

15           (22) to regulate the disposition of nondomestic wastes  
16 resulting from the oil field service industry, the transportation of  
17 crude oil or natural gas, the treatment of natural gas or the refine-  
18 ment of crude oil to protect public health and the environment in-  
19 cluding administering the Water Quality Act as provided in Subsection E  
20 of Section 74-6-4 NMSA 1978."

21           Section 2. Section 74-1-7 NMSA 1978 (being Laws 1971, Chapter  
22 277, Section 10, as amended) is amended to read:

23           "74-1-7. ENVIRONMENTAL IMPROVEMENT AGENCY--DUTIES.--

24           A. The agency is responsible for environmental management  
25 and consumer protection programs. In that respect, the agency shall

1 maintain, develop and enforce regulations and standards in the fol-  
2 lowing areas:

- 3 (1) food protection;
- 4 (2) water supply, and water pollution as provided in  
5 the Water Quality Act;
- 6 (3) liquid waste and solid waste sanitation and refuse  
7 disposal, except nondomestic wastes resulting from the exploration,  
8 development, production, transportation, storage, treatment or refine-  
9 ment of crude oil or natural gas or geothermal energy;
- 10 (4) air quality management as provided in the Air Qual-  
11 ity Control Act;
- 12 (5) radiation control as provided in the Radiation Pro-  
13 tection Act;
- 14 (6) noise control;
- 15 (7) nuisance abatement;
- 16 (8) vector control;
- 17 (9) occupational health and safety as provided in the  
18 Occupational Health and Safety Act;
- 19 (10) sanitation of public swimming pools and public  
20 baths;
- 21 (11) plumbing, drainage, ventilation and sanitation of  
22 public buildings in the interest of public health; ~~and~~
- 23 (12) medical radiation, health and safety certification  
24 and standards for radiologic technologists as provided in the Medical  
25 Radiation Health and Safety Act; and

1                   (13) hazardous wastes and underground storage tanks as  
2 provided in the Hazardous Waste Act.

3                   B. Nothing in Subsection A of this section imposes require-  
4 ments for the approval of subdivision plats in addition to those re-  
5 quired elsewhere by law. Nothing in Subsection A of this section pre-  
6 empts the authority of any political subdivision to approve subdivision  
7 plats."

8                   Section 3. Section 74-1-8 NMSA 1978 (being Laws 1971, Chapter  
9 277, Section 11, as amended) is amended to read:

10                   "74-1-8. ENVIRONMENTAL IMPROVEMENT BOARD--DUTIES.--

11                   A. The board is responsible for environmental management and  
12 consumer protection. In that respect, the board shall promulgate regu-  
13 lations and standards in the following areas:

- 14                   (1) food protection;
- 15                   (2) water supply;
- 16                   (3) liquid waste and solid waste sanitation and refuse  
17 disposal, except nondomestic waste resulting from the exploration,  
18 development, production, transportation, storage, treatment or refine-  
19 ment of crude oil or natural gas or geothermal energy;
- 20                   (4) air quality management as provided in the Air Qual-  
21 ity Control Act;
- 22                   (5) radiation control as provided in the Radiation Pro-  
23 tection Act;
- 24                   (6) noise control;
- 25                   (7) nuisance abatement;

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- (8) vector control;
- (9) occupational health and safety as provided in the Occupational Health and Safety Act;
- (10) sanitation of public swimming pools and public baths;
- (11) plumbing, drainage, ventilation and sanitation of public buildings in the interest of public health; [~~and~~]
- (12) medical radiation, health and safety certification and standards for radiologic technologists as provided in the Medical Radiation Health and Safety Act; and
- (13) hazardous wastes and underground storage tanks as provided in the Hazardous Waste Act.

B. Nothing in Subsection A of this section imposes requirements for the approval of subdivision plats in addition to those required elsewhere by law. Nothing in Subsection A of this section preempts the authority of any political subdivision to approve subdivision plats."

OIL CONSERVATION DIVISION  
PROPOSAL FOR  
CHANGES TO RULES 8, 312, 313, 711 AND 105 (NEW)  
RELATING TO MIGRATORY BIRDS

Prepared For  
Oil Conservation Commission Hearing  
May 18, 1989

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>28</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

RULE 8. EXPOSED PITS/LINED PITS/BELOW GRADE TANKS

- (a) 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".
- (b) To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

RULE 312. TREATING PLANTS

(h) To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

(h) i

(i) j

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

I. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

F.J

G.K.

H.L.

New proposal; needs to be advertised:

RULE 105. PIT FOR CLAY, SHALE, DRILL FLUID, and DRILL CUTTINGS

- a. In order to assure a supply of proper material for mud-laden fluid to confine oil, gas, or water to their native strata during the drilling of any well, operators shall provide before drilling is commenced an adequate pit for the accumulation of drill cuttings. Drilling fluids and drill cuttings must be disposed of at the well site in a manner to prevent contamination to surface of subsurface waters. Removal of drilling fluids or drill cuttings for offsite disposal will be permitted only by approval of the appropriate Division district supervisor.
  
- b. To protect migratory birds, oil must be removed from the surface of pits used for drilling, completion, blowdown, workover or an emergency immediately after the cessation of each activity.

NEW MEXICO OIL CONSERVATION COMMISSION

CASE NO. 9672

EXHIBITS INTRODUCED INTO THE RECORD

EXHIBIT  
NUMBER

- 1 Exhibit Docket No. 15-89 giving notice of Commission Hearing of Case 9672 (measures to prevent loss of migratory waterfowl from contact with oil waste).
- 2 Application of the Oil Conservation Division (OCD) to Consider Amendments to Rules 8, 312, 313 and 711 to Require Appropriate Measures to Be Taken to Prevent Loss of Migratory Waterfowl Resulting from Contact with Oil Waste from Oil Field Operations.
- 3 November 4, 1988 letter to Dr. Tom Bahr from Mike Spear, U. S. Department of Interior, Fish and Wildlife Service.
- 4 November 21, 1988 letter to Mike Spear from W. R. Humphries, Commissioner of Public Lands.
- 5 Memo No. 4-88; November 11, 1988; to "All Operators" from William J. LeMay; Re: December 15, 1988 Meeting to Address the Waterfowl Losses from Contact With Oil on Pits and Other Related Oil Field Structures.

EXHIBIT  
NUMBER

- 6            Agenda for Industry Meeting Concerning Waterfowl Losses  
             in the Oil Field; Morgan Hall, State Land Office,  
             December 15, 1988.
  
- 7            Participant List for New Mexico Oil Conservation  
             Commission Waterfowl Meeting; Santa Fe, New Mexico,  
             December 15, 1988.
  
- 8            Minutes of Industry Meeting Concerning Waterfowl Losses  
             in the Oil Fields.
  
- 9            List of Volunteers For Committee to Study Waterfowl  
             Losses.
  
- 10           December 23, 1989, Memorandum to Industry Committee on  
             Migratory Birds Loss in the Oil Field from William J.  
             LeMay; Committee Tasks.
  
- 11           January 16, 1989, Report on the Industry Committee on  
             the Migratory Bird Problem Meeting of January 11, 1989.
  
- 12           January 18, 1989, letter to Joe King, Texaco, from  
             David Boyer, OCD Hydrogeologist.

EXHIBIT  
NUMBER

13 January 25, 1989, letter with attachments from C. R. Mitchell, OXY USA Inc. to Industry Committee on Migratory Bird Losses.

14 February 22, 1989, letter to William J. LeMay, from Joe King, Texaco.

15 Memo No. 2-89; March 3, 1989; to "All Operators" from William J. LeMay; Re: Proposed Rules Revisions recommended by the Industry Advisory Committee.

Industry Comments on Proposed Rules Revisions recommended by the Industry Advisory Committee:

16 March 1, 1989: U.S. Department of Interior, Fish and Wildlife Service, John Peterson, Field Supervisor.

17 March 6, 1989: Walsh Engineering and Production Corporation, Ewell Walsh, P.E., President.

18 March 7, 1989: Conoco, David Wacker, Division Manager.



EXHIBIT  
NUMBER

- 26 April 17, 1989: U.S. Department of Interior, Bureau  
of Land Management, Leslie Pointer,  
Chief of Biological Resources.
- 27 House Business and Industry Committee Substitute for  
House Bill 575; 39th Legislature - State of New Mexico,  
First Session, 1989
- 28 Oil Conservation Proposal for Changes to Rules 8, 312,  
313, 711 and 105 (New) Relating to Migratory Birds.

L

XI

at a location which is standard for the Morrow zone and unorthodox for the Atoka zone, 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 34. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 3 miles west-southwest of the junction of Old State Highway No. 128 and County Road No. 2.

**CASE 9670:** Application of Stevens Operating Corporation to amend Division Order No. R-8917, directional drilling and an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8917 to allow for the re-entry of the currently plugged and abandoned Philtex Honolulu Federal Well No. 1 located 1980 feet from the South and West lines (Unit K) of Section 9, Township 14 South, Range 29 East, NMPM, North King Camp-Devonian Pool, in lieu of drilling a new well at the unorthodox location approved by said order. Applicant further seeks approval to directionally drill said Philtex Honolulu Federal Well No. 1 to a depth of approximately 9894 feet, and to bottom said well at an unorthodox bottomhole location within 500 feet west of a point 1980 feet from the South line and 2475 feet from the West line of said Section 9. A 160-acre non-standard proration unit consisting of the E/2 W/2 of said Section 9 (Approved By Order No. R-8917) is to be dedicated to the above described well. Said location is approximately 17 miles east of Hagerman, New Mexico.

**CASE 9671:** Application of Benson-Montin-Greer Drilling Corporation to amend Division Order No. R-8344, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-8344, which order statutorily unitized, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, of lands located in all or portions of Townships 24, 25, and 26 North, Ranges 1 East and 1 West, to include an additional 320 acres comprising the E/2 of Section 12, Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool. Among the matters to be considered at the hearing will be the necessity of expansion of unit operations; the determination of a fair, reasonable and equitable allocation of production and costs of production to each of the various tracts in the expanded unit area; the determination of credits and charges to be made among the various owners in the expanded unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations. Said expansion area is located approximately 16 miles north by west of Regina, New Mexico.

Docket 15-89

**DOCKET: COMMISSION HEARING - THURSDAY - MAY 18, 1989**

**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO**

**CASE 9672:** Application of the Oil Conservation Division to consider amendments to Division Rules 8, 312, 313, and 711 to require appropriate measures be taken to prevent loss of migratory waterfowl resulting from contact with oily waste in oil field operations.

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Serial No. <u>1</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

2

STATE OF NEW MEXICO  
BEFORE THE OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF THE OIL CONSERVATION DIVISION  
TO CONSIDER AMENDMENTS TO DIVISION  
RULES 8, 312, 313 and 711 TO REQUIRE  
APPROPRIATE MEASURES TO BE TAKEN  
TO PREVENT LOSS OF MIGRATORY WATER  
FOWL RESULTING FROM CONTACT WITH OILY  
WASTE FROM OILFIELD OPERATIONS.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> E.O.S. No. <u>2</u> Submitted by <u>OLD</u> Hearing Date <u>5/18/89</u>
---

Case No. 9672

COMES NOW the Oil Conservation Division and requests that the Oil Conservation Commission conduct a hearing to consider whether amendments should be made to Division Rules 8, 312, 313 and 711 to require appropriate measures to be taken to prevent the loss of migratory water fowl as a result of contact with oily waste from oilfield operations. In support of this application, the Division states:

1. The United States Fish and Wildlife Service has advised the Division that they have determined that certain migratory birds protected by the Migratory

Bird Treaty Act have died due to contact with oil and gas and its by-products in Eastern New Mexico.

2. A meeting was held by the Division on December 15, 1988, at which the problem was discussed with members of industry, the Division, The State Game & Fish Department, U.S. Fish and Wildlife Service and the Bureau of Land Management.
3. As a result of the December meeting, a Committee was formed to propose solutions to the problem. The Committee has recommended certain changes to the Division rules identified above, which changes are attached hereto as Exhibit 15.
4. The proposed rule changes have been submitted to the public for comment and copies of written comments which have been received are attached hereto as Exhibits ~~16~~-26.
5. The rules of the Commission require that a hearing be held before rules are amended or adopted, and a hearing should be held in this matter to receive testimony and comment with respect to these proposed rule changes.

WHEREFORE, the Division requests that the Oil Conservation Commission:

1. Set this application for hearing at the next regular hearing date of the Commission to consider the proposed rule changes to Rules 8, 312, 313 and 711; and
2. That the Commission take testimony of the comments regarding the proposed rule changes or any other suggested solutions to the problem identified by the U.S. Fish and Wildlife Report; and
3. That the Commission adopt such Rules or Amendments as it sees necessary to prevent losses of migratory birds resulting from contact with oily waste from oilfield operations.

Respectfully submitted,



ROBERT G. STOVALL,

General Counsel

Oil Conservation Division





United States Department of the Interior

FISH AND WILDLIFE SERVICE  
POST OFFICE BOX 1306  
ALBUQUERQUE, N.M. 87103

NOV 4 1988

In Reply Refer To:  
Region 2/RF

Dr. Tom Bahr  
Secretary  
Energy, Minerals, and Natural Resources Department  
Villagra Building  
Santa Fe, New Mexico 87503

Dear Dr. <sup>Tom</sup> Bahr:

It was a pleasure to meet with you earlier this week, and learn of your willingness to help resolve the issue of waterfowl losses on oil pits, tanks and ponds in New Mexico.

Biologists estimate that 100,000 ducks and many other wildlife are lost annually in the high plains of West Texas and Eastern New Mexico as a result of their unfortunate contact with oil and oil by-products. This is a serious problem and it adversely affects both the hunting and nonhunting public. Potentially, there are costly criminal consequences to such an illegal take of waterfowl.

As we discussed, there are several ways to reach the goal of eliminating, or at least severely reducing, waterfowl and other wildlife losses from oil pits and tanks. Included are fencing and screening, eliminating open pits, and enforcing and/or improving existing rules and regulations. A cooperative effort between our agencies and the oil and gas producers will best achieve the goal. I was very pleased with your mutual interest in resolution of the problem as soon as possible.

Members of my staff and I will be available to meet with you and representatives of the oil and gas industry at your earliest convenience.

Thank you, and we look forward to working with you in the future.

Sincerely,

*Mark Green*  
Regional Director

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 3  
Submitted by: OCD  
Hearing Date 5/18/89

NATURAL RESOURCES DEPT  
RECEIVED

NOV 09 1988

OFFICE OF THE SECRETARY

XC: Bill Montoya  
Bill Letney

4



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

WILLIAM R. HUMPHRIES  
COMMISSIONER

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504 1148

November 21, 1988

Mike Spear, Regional Director  
U.S. Fish and Wildlife Service  
Box 1306  
Albuquerque, NM 87103

Dear Mike:

In response to your letter and our meeting regarding waterfowl losses associated with oil and gas production, I hope we are able to make dramatic progress over the next few years. The suggestions that came out of the meeting I think are useful in first getting the industry together and developing both industry awareness and cooperation as well as to inform them of potential criminal consequences. At the meeting there may be some extremely useful suggestions for effective projects and methods that will help stop the losses.

The area where I think Fish and Wildlife could be of the most help in finding a permanent, practical, and effective solution would be in suggesting and/or developing high tech, low cost solutions. This may be able to be done through one of your research units. Ultimately this will be most effective, especially when addressing the larger areas.

Obviously, one of the first major steps is to attempt to keep all oil off of the pits and/or ponds or keep the liquids containing oil enclosed or hauled away. Hopefully Fish and Wildlife can find some control solutions and make recommendations to the industry. Once they become aware of the problem and the consequences, most companies and operators will diligently attempt to correct the problem.

I will see you at the next meeting. At this point, I believe Bill LeMay is planning something in early December.

Sincerely,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

WRH:smd

cc: Bill LeMay  
Tom Bahr

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>4</u>
Submitted by: <u>OCD</u>	
Hearing Date: <u>5/18/89</u>	

5



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87504  
(505) 827-5800

Memo No. 4-88

M E M O R A N D U M

TO: ALL OPERATORS  
FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR  
SUBJECT: DECEMBER 15, 1988 MEETING TO ADDRESS THE WATERFOWL  
LOSSES FROM CONTACT WITH OIL ON PITS AND OTHER  
RELATED OILFIELD STRUCTURES

Biologists estimate that 100,000 ducks and other wildlife are lost each year in the high plains of West Texas and Eastern New Mexico as a result of their contact with oil. There is documentation that migratory waterfowl are attracted to pits and playa lakes that have oil films on top of water. Once the birds contact oil they cannot fly and, therefore, they die. One water disposal lake in New Mexico contained 544 dead birds.

We have scheduled an industry meeting Thursday, December 15, 1988 at 10 o'clock a.m. in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, to review the evidence, discuss the problem and form an industry committee to address this unfortunate situation. Representatives from the Fish and Wildlife Service and Fish and Game Department will be there and I urge operators of leases and disposal systems to attend.

November 22, 1988  
fd/

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>5</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

6

INDUSTRY MEETING CONCERNING  
WATERFOWL LOSSES IN THE OIL FIELDS

Morgan Hall, State Land Office Building  
December 15, 1988

- 10:00 AM Opening Remarks . . . . . William J. LeMay, Director  
Oil Conservation Division
- 10:15 AM Discussion of the Waterfowl Problems. . . Mike Spear, Regional Director  
U.S. Fish & Wildlife Service
- 11:00 AM Federal Policy on Waterfowl Protection. . Larry Woodard, State Director  
Bureau of Land Management
- 11:15 AM District Field Reports. . . . . Jerry Sexton, Supervisor  
Hobbs District Office  
  
Mike Williams, Supervisor  
Aztec District Office
- 11:30 AM Additional Comments from Agencies and Operators
- 11:45 AM Recommended Action
- 12:00 PM Adjourn

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>6</u>
Submitted by <u>OCD</u>
Hearing Date <u>5/18/89</u>

7

OFFICE OF THE  
 OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. 9672 Sub. No. 7  
 Submitted by OCD  
 Hearing Date 5/18/89

NEW MEXICO OIL CONSERVATION COMMISSION  
 WATERFOWL MEETING  
 SANTA FE, NEW MEXICO

Hearing Date DECEMBER 15, 1988 Time: 10:00 A.M.

# ILLEGIBLE

NAME	REPRESENTING	LOCATION
EARL CHANLEY	AMOCO	HOBBS
WAYNE PRICE	PARABO	EUNICE N.M.
HUGH INGRAHAM	AMOCO	HOBBS
Robert Sornamaker	Parabo	Eunice N.M.
Mike SCATEN	YATES	ARTOSIA
Darrell Atkins	Yates	ARTOSIA
WADE SHIPLEY	LIGONIA GATON	HOUSTON, TX.
JIM COLLIER	AMOCO	FARMINGTON N.M.
CHUCK BADSGARD	SUNCO TRUCKING	HOBBS N.M.
LARRY SQUIRES	SNYDER KRACHES	TULSA, OK
Charles T. Mitchell	Oxy O-LA Inc	MIDLAND TX
JERRY SILVERD		
Andy Dennis	VILMA Santa Fe NM	
Edna		
John Spradell	El Paso National Gas	El Paso, TX
EMILY	SLC	

NEW MEXICO OIL CONSERVATION COMMISSION

WATERFOWL MEETING

SANTA FE, NEW MEXICO

Hearing Date DECEMBER 15, 1988 Time: 10:00 A.M.

NAME	REPRESENTING	LOCATION
<i>Donald Williams</i>	<i>Wash. State Dept.</i>	<i>Wash. Hills NM</i>
<i>Mike Kerner</i>	<i>TEXAS</i>	<i>Meers</i>
<i>Colin ...</i>	<i>"</i>	<i>"</i>
<i>Chris ...</i>	<i>N.M.O.C.D.</i>	<i>Albuquerque</i>
<i>Alvin ...</i>	<i>Cherokee</i>	<i>Albuquerque</i>
<i>J. ...</i>	<i>...</i>	
<i>Rico Montoya</i>	<i>Game &amp; Fish</i>	<i>SANTA FE</i>
<i>Dan ...</i>	<i>NMCGA</i>	<i>Santa Fe</i>
<i>David Bayer</i>	<i>NMOCB</i>	<i>Santa Fe</i>
<i>Bob Strall</i>	<i>NMOCB</i>	<i>Santa Fe</i>
<i>Larry Woodard</i>	<i>BLM</i>	<i>Santa Fe</i>
<i>Vic Lyon</i>	<i>OCD</i>	<i>Santa Fe</i>
<i>Terry McMillin</i>	<i>Meridian O.L.</i>	<i>Farmington</i>
<i>Bill Humphreys</i>	<i>SLO</i>	<i>S.F.</i>
<i>CLAYTON TAYLOR</i>	<i>Phillips Petroleum Co.</i>	<i>Oklahoma City</i>
<i>Alvin Baca</i>	<i>IPIT</i>	<i>SF</i>

**ILLEGIBLE**

NEW MEXICO OIL CONSERVATION COMMISSION

WATERFOWL MEETING

SANTA FE, NEW MEXICO

Hearing Date DECEMBER 15, 1988 Time: 10:00 A.M.

NAME	REPRESENTING	LOCATION
Mike Williams	OLD	Alfalfa
Lynn [unclear]	A. M. [unclear] + Fish	Santa Fe
John [unclear]	Berkeley Resources	Santa Fe
David [unclear]	[unclear]	Santa Fe
K. [unclear]	Transportation	[unclear]
Ray [unclear]	Market Energy Corp	Artesia, NM
[unclear]	[unclear]	[unclear]
[unclear]	[unclear]	[unclear]
[unclear]	[unclear]	[unclear]
Bill [unclear]	[unclear]	[unclear]

**ILLEGIBLE**



MINUTES OF THE INDUSTRY MEETING  
CONCERNING WATERFOWL LOSSES IN THE OIL FIELDS

A meeting was held on December 15, 1988, at 10 o'clock a.m. in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, to discuss the waterfowl losses in the oil fields.

William J. LeMay, Director of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, explained that he was approached by New Mexico Game and Fish personnel who told him of the problem of ducks being trapped and dying in oil and gas pits and ponds with oil on the surface. This meeting was called to get some suggestions on how to solve the problem.

Mike Spear, Regional Director of the U. S. Fish and Wildlife Service, said that in the fall of 1987 one of his agents in Lubbock, Texas, determined that losses were occurring in pits he visited in West Texas. He documented the losses and set about trying to bring legal action against the companies involved. He explored the situation in New Mexico and found similar problems. Last summer the Fish and Wildlife Service decided the best way to approach the problem was not to take legal action but to work with industry in both Texas and New Mexico. He estimates that 100,000 waterfowl are being lost in this way and waterfowl seasons have been restricted this year because of this loss. He stated that the Service will require oil and gas operators to either get rid of the liquid surfaces or install some sort of physical barrier. He hopes to get the problem solved by October 1, 1989, prior to the next waterfowl season.

Tom Lane, an agent for the U. S. Fish and Wildlife Service, presented a video of several disposal sites for produced water, a playa lake, and various tank sites in Southeast New Mexico, showing dead birds in the associated pits and ponds. He said it doesn't matter if the surface is heavily oiled or only has a skim on it, the birds get into it and die. He showed the single worse site he had found which was on the Chaves-Lea County line, where 544 dead birds were found.

Larry Woodard, State Director of the Bureau of Land Management, stated that in 1980 or 1981 he visited several federal sites in the same area and recognized the problem. He stated that for the last six or seven years the BLM has tried to correct the problem on federal land by requiring the following: if tanks have an open top, it must be netted or screened; if pits are used on a short-term basis, they must be cleaned up as soon as possible; and if used on a long-term basis, they must be netted. He believes a cooperative effort, rather than the legal approach, is the best way to resolve this problem

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. 9672 Exhibit No. 8

Submitted by OCB

Hearing Date 5/18/89

Mr. LeMay pointed out there is no problem in the northwest portion of the State at this time and then asked the two district supervisors from the southeastern portion of the State to report on the problem in their districts.

Jerry Sexton, District Supervisor of the Hobbs District of the Oil Conservation Division, explained that the worse case shown on the video was on private land and the produced water went into a salt lake on the land. He foresees a problem with emergency pits since most of them are lined and cannot be pumped out. He stated that there are a lot of pits in Lea County which can be filled in at this time. He believes that industry should be able to come up with a solution to be presented to Game and Fish for acceptance.

Mike Williams, District Supervisor of the Artesia District of the Oil Conservation Division, stated that there are five major disposal systems in his district. He said most operators in his district will be willing to eliminate their unnecessary pits and net the pits they keep. He explained that the oil on pits cannot be injected back into the formation.

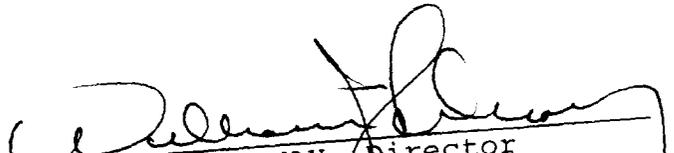
There was a question and answer session in which the following points were brought up: the potash area is a big generator of salt water and it should be determined if salt water is a problem before arriving at any solutions for oil only; drilling sites do not attract ducks because of noise and activity and should be left alone; and alternative methods to netting or screening were discussed such as exploders, shell crackers, or twirling propellers, all of which are high maintenance items.

Mr. Spear pointed out that a potential fine will be \$10,000 for each dead duck but if an operator can show that a good faith effort has been made to remedy the situation but it does not work, no legal action will be taken but another method will have to be found. He agreed that limited losses will occur but he does not know at this time what amount will be acceptable.

Mr. LeMay summarized the efforts made to date to resolve the problem. He asked that both the New Mexico Oil and Gas Association and the Independent Petroleum Association of New Mexico inform their members of the points covered at this meeting. Mr. LeMay asked for volunteers for a committee to address the problem, make recommendations, and institute hearing proceedings at the proper time. He suggested that this committee be made up of industry members with each concerned agency providing staff to act as advisors. A list of volunteers for the committee is attached.

It was agreed that this presentation should be given in other cities in New Mexico where necessary.

The meeting was adjourned at 11:55 a.m.

  
WILLIAM J. LEMAY, Director  
Oil Conservation Division

\_\_\_\_\_  
Date

9

VOLUNTEERS FOR COMMITTEE TO STUDY WATERFOWL LOSSES

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Larry Squires	Snyder Ranches	703 E. Clinton Hobbs, New Mexico 88240
Dick Maloney	Loco Hills Water Disposal	Box 68 Loco Hills, New Mexico 88255
Dan Girand	Harvey E. Yates	Box 1933 Roswell, New Mexico 88201
Alan Bohling	Chevron, U.S.A.	P. O. Box 670 Hobbs, New Mexico 88240
Mike Keim	Texaco	P. O. Box 728 Hobbs, New Mexico 88240
Jerry Sillerud	OXY USA Inc.	P. O. Box 50250 Midland, Texas 79710
Charles Mitchell	OXY USA Inc.	Box 3908 Tulsa, Oklahoma 74102
Darrell Atkins	Yates Petroleum Corporation	105 S. Fourth Street Artesia, New Mexico 88210
Bob Sonnamaker	Parabo, Inc.	P. O. Box 1737 Eunice, New Mexico 88231
Wayne Price	Unichem International	P. O. Box 1499 Hobbs, New Mexico 88240
Phil Withrow	B & E, Inc.	Box 2292 Hobbs, New Mexico 88240
Raye P. Miller	Marbob Energy Corp.	P. O. Drawer 217 Artesia, New Mexico 88211- 0217
Mike Ford	Phillips Petroleum Company	4001 Penbrook Odessa, Texas 79762
Joe King	Texaco	Box 728 Hobbs, New Mexico 88240

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>9</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

10

## ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87504  
(505) 827-5800

## M E M O R A N D U M

TO: INDUSTRY COMMITTEE ON MIGRATORY BIRD LOSSES  
IN THE OIL FIELD

FROM: WILLIAM J. LEMAY *WJL*

SUBJECT: COMMITTEE TASKS

The Oil Conservation Division appreciates your volunteering to be on the committee being formed to provide input to correct the problem of migratory birds landing on oil field pits.

This committee is charged with making recommendations pertaining to the following items:

1. Small pits
2. Emergency pits
3. Open top tanks
4. Large BS pits and settling pits
5. Drilling operations
6. Any additional problems that the committee feels contributes to the death of migratory birds in the oil field
7. The role industry would recommend that OCD play in this problem

I would like to see the committee's first draft by March 15th.

The drafts should be circulated for discussion to BLM, State Land Office, Fish and Wildlife Service, and State Game and Fish Department for comments.

By April 15th, the committee would present their proposals to industry and solicit their comments on any proposed rule additions and/or changes. Any rule changes would be advertised on the Oil Conservation Division docket for hearing June 15, 1989, anticipating a signed order by July 15.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>10</u>
Submitted by: <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

Page 2  
Memorandum to Industry Committee  
December 23, 1988

The Federal Fish and Wildlife Service, New Mexico Game and Fish Department, BLM, State Land Office, and Oil Conservation Division have staff that could be called on for advice and expertise.

The first meeting will be in Roswell on January 11, 1989, where we can discuss the objectives and the tentative time table. I plan to attend this first meeting.

Committee Chairman

Joe King - Texaco

Committee Members

Wayne Price - Roland  
Dan Girand - Heyco  
Darrell Atkins - Yates  
Ray Miller - Marbob  
Larry Squires - Snyder Ranches  
Charles Mitchell - Oxy  
Al Boling - Chevron

I would like for Mike Williams and Jerry Sexton to attend your meetings so I can be updated on the direction the committee is headed.

Thanks for your commitment to this very important project.

December 23, 1988  
fd/

cc: Tom Bahr  
BLM  
Federal Wildlife Service  
State Land Office  
New Mexico Game and Fish Department

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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. 9672 Exhibit No. 11

Submitted by OCD

Hearing Date 5/18/89

January 16, 1989



Persons on the Attached List

Re: Report on the Meeting of January 11, 1989

Gentlemen:

The Industry Committee on the Migratory Bird Problem met in the Heyco office, Roswell, New Mexico, January 11, 1989. Mr. Bill LeMay, Director of the OCD, Santa Fe, New Mexico, summarized the magnitude of the problem, indicating that there had been one major waterfowl loss and several other incidents of minor waterfowl losses. He also indicated that it would be preferable for our committee to develop a proposal to amend an appropriate OCD rule by the hearings process. He would like these recommendations to be completed before April 1989. It was a general consensus of opinion that the industry is fortunate to have until October 1989 to take corrective action before the U.S. Fish and Wildlife Service will begin initiating court action on loss of waterfowl that die in pits used for oil and gas operations.

The Committee decided to review the regulations of California and Colorado as well as the BLM recommended practice. We also plan for available members of the committee to meet with Mr. Tom Lane from the Fish & Wildlife office in Albuquerque to hear an update on southwest New Mexico surveys and recommended practices that may be applicable to large pits. Mr. Mike Williams, Director of OCD, Artesia Office, will arrange for the committee to meet with Mr. Lane on January 25 or 26, 1989.

COMMITTEE ASSIGNMENTS

Dave Boyer Will review OCD rules to determine the rules  
OCD, Santa Fe, NM that could be affected by the waterfowl  
problem.

Charles R. Mitchell To obtain copy of Colorado pit regulations  
Oxy USA Inc., and waterfowl protection requirements.  
Tulsa, OK

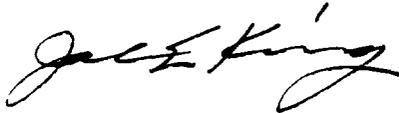
Please forward the information to me, I will obtain copies of the California pit regulations as well as recommended policies of the Texaco Environmental Improvement Groups. I will also distribute these regulations and recommendations to committee members for review prior to the next meeting. The next committee meeting will be held February 2, 1989 in the Texaco U.S.A. Hobbs District First Floor Conference Room, 1401 North Turner, beginning at 9:00 A.M. I hope that we will be able to complete our task during

January 16, 1989

this meeting. We should furnish a final draft of the proposed rule amendments and recommendations to Mr. LeMay who will schedule the hearing before the OCD. Please plan to work late if necessary.

If I have omitted any pertinent details, please advise with copies to other committee members.

Yours very truly,



JOE E. KING  
District Manager

JEK/pdh  
Attachment

cc: R. H. Koerner, Texaco  
D. Van De Graaf, Santa Fe  
P. M. Bohannon, Midland

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P.O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girand  
P.O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P.O. Drawer 217  
Artesia, NM 88210-0217

OXY USA Inc.  
Attn: Mr. Charles Mitchell  
Box 3908  
Tulsa, OK 74102

Parabo, Inc.  
Attn: Mr. Wayne Price  
P.O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
703 E. Clinton  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

January 18, 1989

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87504  
(505) 827-5800

Mr. Joe King  
**Texaco Inc.**  
P. O. Box 728  
Hobbs, New Mexico

Dear Mr. King:

As promised at the January 11 meeting on birds and oily ponds, I am providing a list of Oil Conservation Division rules for consideration by the committee for possible amendments. These rules are:

- RULE 3. General Operations/Waste Prohibited
- RULE 312. Treating Plants
- RULE 313. Emulsion, Basic Sediments and Tank Bottoms
- RULE 710. Disposition of Transported Produced Water
- RULE 711. Commercial Surface Waste Disposal Facilities

Other rules may wish to be considered by the committee for changes if a problem is documented (e.g. reserve pits - RULE 105. Pit for Clay, Shale, Drill Fluid, and Drill Cuttings). I have attached copies of all these rules for your use.

Also attached is a copy of the Fish and Wildlife Proposal. OCD staff neither endorses nor opposes these changes and is merely making you aware of the proposal.

If I can provide any additional information, please call me at 827-5812.

Sincerely,

David G. Boyer, Hydrogeologist  
Environmental Bureau Chief

DGB/sl

Attachments

cc: Bill LeMay, OCD Director  
Jerry Sexton, OCD Hobbs Office  
Mike Williams, OCD Artesia Office

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>12</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

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RECEIVED

JAN 20 1989

OXY USA INC.

Box 3908, Tulsa, OK 74102

January 25, 1989

OIL CONSERVATION DIVISION

TO: PERSONS ON ATTACHED LIST

SUBJECT: Industry Committee on Migratory Bird Losses  
in the Oil Field in New Mexico

In accordance with Joe King's request, attached are the following:

1. Letter dated January 24, 1989 from Mr. Bill Smith, Director of the Colorado Oil & Gas Conservation Commission, discussing Colorado rules and regulations, policy, and forms concerning pits and ponds
2. Rules and Regulations (Statewide Rule 325 and 328)
3. Application for Permit to use Earthen Pit (Form 15)
4. Request for Information
5. Lease Inspection Form
6. Tank Marking Letter
7. Request Card
8. Letter dated January 19, 1988 from Amanda Jones to C. R. Mitchell discussing BLM Regulations on Pits, Ponds and Open Tanks in Colorado.

Please review the rules and regulations prior to the meeting February 2, 1989. If I can be of assistance or you need additional information, please give me a call at (918) 561-1739. See you in Hobbs on February 2, 1989.

Sincerely,

C. R. Mitchell  
Director Regulatory Affairs

CRM:plb  
Attachment

cc: William J. LeMay, OCD Director  
Jerry Sexton, OCD, Hobbs Office  
Mike Williams, OCD, Artesia Office  
David G. Boyer, OCD, Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>13</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

Industry Committee on Migratory Birds

Joe E. King - Chairman  
Texaco Inc.  
P. O. Box 728  
1401 N. Turner  
Hobbs, New Mexico 88240

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P. O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girand  
P. O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P. O. Drawer 217  
Artesia, NM 88210-0217

Parabo, Inc.  
Attn: Mr. Wayne Price  
P. O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
703 E. Clinton  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210

STATE OF COLORADO  
**OIL AND GAS CONSERVATION COMMISSION**

DEPARTMENT OF NATURAL RESOURCES  
SUITE 380 LOGAN TOWER BUILDING

1580 LOGAN STREET

**DENVER, COLORADO 80203**

(303) 894-2100

WILLIAM R. SMITH  
Director  
DENNIS R. BICKNELL  
Deputy Director

ROY ROMER  
Governor

January 24, 1989

Mr. Charles R. Mitchell  
Director Regulatory Affairs  
OXY USA INC.  
Box 3908  
Tulsa, Oklahoma 74102

Dear Charley,

I am happy to respond to your request of January 19, 1989 since the problem of wildlife on pits was one that Colorado faced in the 1970s. As a result of that experience, our rules and regulations were upgraded at that time to more clearly address the issue and since then we have been rather diligent about problems that could result in oil accumulation in pits. That is one of our area engineer's primary responsibilities.

I have enclosed a copy of our rules and regulations as well as the different forms or report documents that assist us in administering this phase of our responsibilities. I will explain each of the documents separately.

Rules and Regulations-

Rule 325 (p.30) This is the general rule governing the application for and use of earthen or other surface disposal facilities. Your particular attention is called to the second paragraph which specifically requires that pits be kept free of oil accumulation. Rule 328 further reinforces the requirement for separation of oil from the water before it enters the final disposal pit. This rule really sets the requirements for the final separation and we require that it be covered with small mesh wire screen or some similar material to prevent wildlife or stock from access to the water or oil in this structure.

Application For Permit To Use Earthen Pit (OGCC Form 15)-

This is the form that is submitted for any surface disposal of produced water. With the plan attached, we can determine if the facility will be so constructed as

to prevent oil accumulation on any uncovered portion of the facility. Jim Kenney, the Senior Engineer responsible for the pit program, reviews the application and prepares a report which includes Conditions of Approval. I have enclosed a typical report and you will notice that conditions 3 and 4 specifically make reference to the skim pit. The primary purpose of this application and review is to assure no pollution will result from the use of the facility; but, the wildlife protection is included in that review.

Request for Information-

This form letter is for the purposes of obtaining additional information which may have been inadvertently left off of the application. We only require analysis of close fresh water if for some reason we think there is an unusual situation since most of that information is readily available from hydrologic reports.

Lease Inspection Form-

This is the form our field engineers use in inspecting producing facilities. The next form is the follow up to the operator in the event a problem is discovered.

Tank Marking Letter-

At the time we had our difficulties in the 1970s it was decided that we should establish a lease identification system that would allow a person to note the lease location from a road or a plane. In this way if there was oil on a pit, a leak or some other problem the observer could relate the numbers to us and we could immediately identify the lease. I have eliminated the requirement for placing the number on the top of the tank since that could be dangerous and the numbers are big enough so that they can be observed by a small plane such as those used by the wildlife personnel.

Request Card:

This card is used for routine requests and would be sent to an operator where water was being produced, disposed of on the surface and no pit permit had been approved.

I hope that the above information will assist you in your review. We are quite proud of our system and feel that it gets the job done without unnecessary burden on the operators. If you have any questions or need clarification of any part of the rules please contact me or Jim Kenney.

Yours very truly,



William R. Smith, P.E.  
Director

WRS/clk  
6362C

If, within thirty (30) days after publication of the notice, the Commission receives a hearing request which indicates there is a significant degree of public interest in a hearing on the designation of an aquifer or a portion thereof as exempted, the Commission shall hold such a hearing in accord with the provisions of C.R.S. 1973, 34-60-108, as amended, and shall make a final determination regarding designation.

**325. DISPOSAL OF WATER PRODUCED WITH OIL AND GAS OPERATIONS OR OTHER OIL FIELD WASTE (INCLUDES RETAINING PITS)**

No water produced from an oil or gas well or other oil field waste other than that disposed of in a commercial facility shall be disposed of in any manner other than as set forth on this rule or by subsurface injection as provided for in Rule 326 and Rule 401; however, the Director may approve other methods of disposal of other materials which will not cause pollution as defined in Rule 119.

Retaining pits for the storage and disposal of produced water shall have adequate storage capacity and be kept free of oil or other liquid hydrocarbon substances to the extent reasonably possible. Surface accumulations of oil or liquid hydrocarbon substances found in a retaining pit must be removed within ten (10) days of discovery thereof if required by the Director.

If the Director finds that the waters to be contained in any retaining pit is of such a quality as to cause pollution, as defined in Rule 119, if they were to reach any waters of the State, the pit shall be constructed, maintained and operated so as to prevent any surface discharge that directly or indirectly may reach the waters of the State, unless a discharge permit has been obtained from the Water Quality Control Division, and shall be constructed so as to prevent pollution as determined by the Director where the underlying soil conditions are such as to permit such seepage to reach subsurface domestic water supplies.

If the Director shall determine that domestic water supplies immediately underlie significant geographical areas and are not separated from the surface by a confining layer, he shall identify such areas, and shall propose to the Commission that they adopt a rule to require all retaining pits including those pits otherwise exempted in this rule, located in those areas be lined and properly constructed so as to prevent pollution. Such information shall be made available to interested parties upon action of the Commission.

Whenever applicable, the Commission, on its own motion, or on application of an operator in a field, may issue field-wide rules covering retaining pit construction and operation. In the interest of saving both time and expense for the operators and the Commission, wherever possible or applicable the first operator in a field or area to file an application will seek the cooperation of other interested operators and present a field-wide or area-wide plan.

The following provisions shall apply to the construction and use of all retaining pits or surface disposal facilities constructed and operated by one or more of the oil and gas operators on the property or in the field in which facilities are to be utilized for the storage and/or disposal of produced water and oil field wastes. These requirements shall not apply to facilities for temporary storage and disposal of substances produced in the initial completion and testing or workover of wells drilled for oil and/or gas for a period of time not in excess of ninety (90) days or producing facilities where the volume of water to be disposed of does not exceed five (5) barrels per day on a monthly basis, or commercial facilities, and/or blowdown pits used only for clearing lines. An operator shall submit an application as otherwise required in these regulations in the event that such facility begins to produce in excess of five (5) barrels per day on a monthly basis. The period of time for temporary storage and disposal may be extended by the Director for testing and completion purposes provided such operation does not result in pollution.

The following additional information must be included with all applications submitted in accord with Rule 315:

1. A legal description of the location of the proposed pit or facilities to the nearest ten (10)-acres.

2. Schematic sketch or plan showing the complete battery for storage or metering and producing system used in connection with the proposed retaining pit, including the land and location of final separation facilities required in Rule 328, for an on-site pit; or, the unloading, separating, storage and evaporation facilities for a central disposal facility.

3. A map showing the location of all natural streams, lakes or ponds, all man-made ditches, wells and irrigation systems within one-half (1/2) mile of the proposed facility. The area mapped should be of sufficient size and detail to determine the surface drainage system. Use of a USGS or similar topographic map upon which to depict the information requested is usually acceptable and desirable for this

requirement; however, the scale shall be no smaller than 1:24000. A list of wells including location, depth and yield can be obtained at the Colorado Division of Water Resources.

4. A general description of the nature of the soil on which the pit is to be constructed and of the strata between the bottom of the pit and the top of the nearest domestic water supply below the pit, if one exists, whether such source is actually currently being used or not. Percolation tests may be required by the Director in some cases.

5. A statement of the amount and source of water or waste to be received daily by the facility, both initially and at full capacity, together with an estimate of the evaporation rate for the area compensated for by annual rainfall. Calculations used in design of the various structures shall be submitted.

6. A chemical analysis of the water to be stored and of the domestic water supply next below the pit or facilities if not separated by a natural impermeable barrier. This requirement may be waived where similar analyses have been previously submitted to the Commission for water produced from the same formation or domestic water supply, provided such analyses are within a radius of five miles. The chemical analysis of water shall include all of the information specified on API Form 45-1, API Water Analysis Report Form, and shall be made by a qualified laboratory. Note: The Director's office has analyses of many of the State's waters produced from oil and gas operations, as well as domestic water supplies, which are available).

7. The operator of any facility, whether on-site or central field facility which at full capacity, will receive in excess of one hundred (100) barrels of fluid per day, and with a total dissolved solids content of five thousand (5,000) milligrams per liter, or greater, shall furnish in addition to the above the following information:

(a) In the event the underlying soil is permeable, the type of material to be used in lining and constructing the pit and the method of construction. The material used in lining pits, when such lining is required, must be impervious, weather-resistant, and resistant to

deterioration when contacted by hydrocarbons, aqueous acids, alkalies, fungi or other substances likely to be contained in the produced water or waste.

(b) The method to be employed for the detection of leaks and plans for corrective action should a leak occur in the liner. The method may be an underlying gravel-filled sump and lateral system, or other suitable devices for the detection of leaks, and shall include monitoring wells, or provide such other suitable devices for the detection of leaks.

(c) Notify the Commission forty-eight (48) hours prior to placing any fluids into the pit so that the Director or the Director's representative may have the opportunity to inspect the leak detection system prior to installation of the liner, and to inspect the liner and cover material after installation

(d) The method for periodic disposal of precipitated solids.

(e) A copy of the application with all additional information required shall be forwarded by the applicant to the county in which the facility is to be located. The County Commissioners may submit to the Commission within thirty (30) days after receipt of such material, their comments with respect to the application. If the comments include a requirement that a Certificate of Designation is required rather than being waived, the comments shall include the specific reasons for such requirement. If a Certificate of Designation is to be required, the Commission shall not issue a permit until such Certificate of Designation has been issued or until the expiration of ninety (90) days from the date of receipt of application by the county, whichever comes first. Comments on applications for which a Certificate of Designation is not required shall be reviewed by the Commission within thirty (30) days of receipt.

A variance from the provisions of (a) thru (d) may be granted if the applicant can provide sufficient information which shows that a facility will not cause pollution without meeting such requirements.

8. Any other pertinent information showing that anticipated operation of the proposed facility will not violate the provisions of the Colorado Water Quality Control Act, C.R.S. 1973, sections 25-8-101, et. seq.

9. Any operator of a facility proposing to discharge fluids into waters of the State, shall first obtain from the Water Quality Control Division a discharge permit for such operation.

Operators of central disposal facilities in operation March 19, 1984, may continue with such operation, but must apply to the Director for a permit before May 1, 1984. Such application shall conform with all the requirements of the application for new facilities as set out above, and such facilities shall conform to all standards for new facilities and must be brought into compliance with the standards for new facilities no later than July 1, 1984; except that operation not in compliance with such standards may continue until, but not beyond September 1, 1984, unless extended by the Director for good cause, so long as such non-compliance does not cause or contribute to pollution of any state waters.

All transporters of produced water or other field wastes shall register with the Commission listing their name, address and phone number, the capacity and type of equipment used, the PUC number, if one has been issued, and the general area in which they intend to operate.

No person shall close an approved central disposal facility without notifying the Director, in writing, at least sixty (60) days in advance of the closure date. The closure shall be in a manner determined by the Director to prevent pollution or nuisance conditions beyond the site boundary.

If, after review of the information and plan of operations submitted in accord with this section, the Director determines that the operations of such pit or facility will not cause pollution as defined in Rule 119, he may issue the permit; however, on request by any interested party, the Commission shall hold hearings on a permit application.

The Director may require such modification or changes in the owner's plans as he deems necessary to insure compliance with the requirements of the regulations including, but not limited to, adding requirements for lining or waterproofing of treatment and retaining pits, chemical or other water treatment, installation of monitoring wells or systems, and provisions for reporting and any other reasonable requirements that will assure or promote the accomplishment of the overall objectives of the regulations.

The Commission may establish forms as are needed for the reporting as required above, and modify such forms from time to time, as experience dictates.

(5) in lieu of (1)-(4), any other test or combination of tests considered effective by the Director.

c. For purposes of this rule, a "new well" is a well into which fluids may be injected pursuant to authorization granted on or after July 12, 1982. An "existing well" is a well into which fluids may be injected pursuant to authorization granted prior to July 12, 1982.

d. No person shall inject fluids into a new well unless a mechanical integrity test on the well has been performed and supporting documents including OGCC Form 14B submitted and approved by the Director. Verbal approval may be granted for continuous injection following the test.

e. No person shall inject fluids into an existing well on or after July 12, 1987 unless prior to that date a mechanical integrity test has been performed on the well and supporting documents including OGCC Form 14B, are submitted and approved by the Director. Verbal approval may be granted for continuous injection following the test.

f. Following the performance of the initial mechanical integrity test required by paragraphs (d) and (e), additional mechanical integrity tests shall be performed on each well, as long as it is used for the injection of fluids, at the rate of not less than one test every five (5) years. The first five (5) year period shall commence on the date the initial mechanical integrity test is performed.

g. Not less than ten (10) days prior to the performance of any mechanical integrity test required by this rule, any person required to perform the test shall notify the Director, in writing, of the scheduled date on which the test will be performed.

h. Gas Storage wells are exempt from the provisions of this rule.

#### 328. TREATMENT FACILITIES

All effluent from any well shall be treated to separate, to the extent reasonably possible, any oil or gas from any other liquids or impurities and, unless such separation is complete, the discharge therefrom as well as any storage tank bottoms drawn off, or the discharge of water from any other source containing any oil, must pass through a final separation tank, pits or baffling system so designed as to keep oil or other hydrocarbon substances from reaching any retaining pit or the waters of the State. If such final separation system shall constitute a portion of any retaining pit, it shall be encompassed in a baffling system so designed as to keep the oil or other hydrocarbon substances from reaching the balance of the retaining pit. Unless covered, these separation tanks, system, pits or portion of any

retaining pit used for such final separation shall be of minimum size consistent with the proper functioning for the volumes involved. Water discharge from this final separation facility to any retaining pit must come from the bottom of the final separation facility by siphon or otherwise, and water depth above the inlet of the water discharge siphon or outlet line shall always be sufficient to prevent oil and hydrocarbon liquids from entering the discharge line. Unnecessarily large accumulations of oil or liquid hydrocarbons on the surface of these separation facilities shall be considered as waste. Any earthen excavation used for conducting such treatment or final separation shall comply with all rules and regulations governing the construction of retaining pits and shall require a permit as is provided for under Rule 325.

**329. OPEN FLOWS, CONTROL OF "WILD" WELLS AND SPILLS**

The owner shall take all reasonable precautions in addition to fully complying with Rule 317 to prevent any oil, gas or water well from blowing uncontrolled or "wild" and shall take immediate steps and exercise due diligence to bring under control any such wild well, burning oil or gas well, or spill and shall report such occurrence to the Director immediately if public health or safety is jeopardized. Within fifteen (15) days after all occurrences the operator shall submit a report giving all details.

**330. MEASUREMENT OF OIL**

The volume of production of oil shall be computed in terms of barrels of clean oil on the basis of properly calibrated meter measurements or tank measurements of oil-level differences, made and recorded to the nearest one-quarter (1/4) inch of 100% capacity tables, subject to the following corrections:

a. Correction for Impurities. The percentage of impurities (water, sand and other foreign substances not constituting a natural component part of the oil) shall be determined to the satisfaction of the Director, and the observed gross volume of oil shall be corrected to exclude the entire volume of such impurities.

b. Temperature Correction. The observed volume of oil corrected for impurities shall be further corrected to the standard volume of 60°F. in accordance with A.S.T.M. D-1250 Table 7, or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.

c. Gravity Determination. The gravity of oil at 60° F. shall be determined in accordance with A.S.T.M. D-1250 Table 5, or any revisions thereof and any supplements thereto or any close approximation thereof approved by the Director.

STATE OF COLORADO  
**OIL AND GAS CONSERVATION COMMISSION**  
Department of Natural Resources

**APPLICATION FOR PERMIT TO USE EARTHEN PIT**

1. CHECK ONE  
NEW PIT                      EXISTING PIT                      RECEPTACLE                      OTHER

2. NAME OF OPERATOR

3. ADDRESS OF OPERATOR

4. LEASE NAME                      5. PRODUCING FORMATION(S)                      6. PRODUCING OIL, COND., GAS

7. LOCATION-nearest 10 acres, ¼ ¼ Sec. T. R.                      8. COUNTY                      9. FIELD NAME

10. SIZE OF PIT(S) or RECEPTACLE

1. Length                      Ft. Width                      Ft. Depth                      Ft. 2. Length                      Ft. Width                      Ft. Depth                      Ft.  
11. CAPACITY                      12. ESTIMATED INFLOW                      13. DISTANCE IN FEET TO CLOSEST STEAM, CREEK, POND, IRRIGATION DITCH

1. PIT                      BBLS. 2. PIT                      BBLS.                      BBLS/DAY                      Ft.

14. MAXIMUM FLUID LEVEL ABOVE AVG. GROUND LEVEL                      Ft.                      15. SURFACE SOIL TYPE

16. DISPOSAL OF PIT CONTENT:  
EVAPORATION                      , HAULED (PIT LOC.)                      , DISPOSAL WELL (LOC).

17. TYPE OF SEALING MATERIAL (including specifications)

18. ADDITIONAL INFORMATION (By attachment include detailed plan and drawing of operation, chemical analysis of produced water, maps, logs, retaining pits or receptacles and other information as may be required by Rules 328 and 329 of the Rules and Regulations of the Oil and Gas Conservation Commission.)

19. I HEREBY CERTIFY THAT THE FOREGOING IS TRUE AND CORRECT

SIGNED \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

THIS SPACE FOR COMMISSION USE

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

January 13, 1989

REVIEW OF EXISTING PERMIT

Operator:  
Lease:  
Location:

Discussion:

The original permit stated there was no measurable water production. Therefor the permit was issued with the condition that a water analysis be submitted at the time the well began producing 5 bbl/day of water.

Subsequently a water analysis was submitted and water production of 70 bbl/day reported.

Water of 6,075 mpl TDS is disposed of by earthen pits. The evaporative capacity of these pits is 560 bbl/mo., therefor approximately 1540 bbl/mo. is percolating into the ground.

These pits are situated in the Quaternary Verdos alluvium, which consists primarily of gravel. The Verdos overlies the White River Fm., a known aquifer of generally limited productivity and relatively poor water quality.

There are no registered water wells within the section, supporting the premise of a limited potential groundwater supply. However, water wells within the township have shown high productivity, with yields of 1200 gpm for irrigational use.

There is potential for utilizable groundwater at this site, therefor the amount of water allowed to percolate should be reduced. This can be accomplished by increasing the evaporative capacity of the pits.

Since there is no evidence of a significant groundwater supply within the section, the installation of an impermeable liner should not be required, but this permit should remain open to review.

Based on the facts available and the guidelines of Rule 325 the following Conditions of Approval must be met to validate this permit.

Conditions of Approval:

1. Existing pit size must be expanded to a minimum of 20,000 ft.<sup>2</sup> of surface area to meet evaporative needs.

2. A diagram of the production facility must be submitted immediately.
3. A concrete, metal, or fiberglass skim tank must be installed if one has not yet been installed.
4. Pit must be kept free of oil accumulations. All oil spills must be cleaned up within 10 days of occurrence.
5. Discharge from the pit is forbidden unless a copy of a valid Discharge Permit from Division of Water Quality has been filed with the OGCC.
6. Further expansion of existing pit or addition of other pits must be applied for, in writing, and approved by the Director.
7. A freeboard of one foot must be maintained at all times.
8. Additional water production from other wells or producing horizons must be applied for, in writing, and approved by the Director prior to disposal into this pit(s). A water analysis is required.
9. Report water production on a monthly basis, as provided for on OGCC Form 7.



James Kenney  
Sr. Petr. Engr.

Doc. 0151J

STATE OF COLORADO  
DEPARTMENT OF NATURAL RESOURCES  
OIL AND GAS CONSERVATION COMMISSION  
Suite 380 Logan Tower Building  
1580 Logan Street  
Denver, Colorado 80203

Gentlemen:

Your "Application For Permit To Use Earthen Pit" has been reviewed and found to be lacking necessary information for approval required by Rule 325 as checked below:

- Legal location of pit (10-acre spot).
- Schematic sketch of facilities and area.
- Retaining pit plan.
- Log at pit area (Nature of soil in pit bottom.
- Present and anticipated amount of produced water.
- Chemical analysis of produced water, including the Total Dissolved Solids (TDS).
- Chemical analysis of close fresh water (water well, lake, irrigation system, etc.), including the Total Dissolved Solids (TDS).
- Other

Please submit the required information to this office as soon as possible.

OIL AND GAS CONSERVATION COMMISSION

  
\_\_\_\_\_  
William R. Smith, Director

LEASE INSPECTION FORM

Date \_\_\_\_\_

Operator \_\_\_\_\_ Field \_\_\_\_\_

Lease Name & No. \_\_\_\_\_ County \_\_\_\_\_

Type of Inspection \_\_\_\_\_

Water Inflow \_\_\_\_\_ (Bbls. per Day)

RESULTS OF INSPECTION

(Est. Pit Dimensions, CVD, Lined, Oil of Surface, etc.)  
 Type of Tank

SKIM TANK \_\_\_\_\_

PIT No. 1 \_\_\_\_\_

PIT NO. 2 \_\_\_\_\_

PIT NO. 3 \_\_\_\_\_

ADDITIONAL PITS \_\_\_\_\_

CONDITION OF LEASE (Describe - Oil CVD. or Sat. Gr., Any Leaking, Safety  
 Conditions, Etc.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RECOMMENDED ACTION (If Required) \_\_\_\_\_

INSPECTOR \_\_\_\_\_

STATE OF COLORADO  
OIL AND GAS CONSERVATION COMMISSION  
Department of Natural Resources  
Suite 380, Logan Tower Building  
1580 Logan Street  
Denver, Colorado 80203

Lease  
Field  
County  
Location

Gentlemen:

An inspection was made of the lease(s) shown above. The following conditions were observed to exist at the time of the inspection:

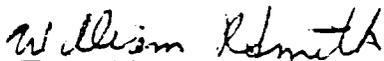
- Oil accumulation on the water in the retaining pit.
- Skim pit in need or repairs.
- Skim pit or tank should be constructed.
- No. I.D. number on tank.

Remarks: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The above condition(s) should be corrected immediately. Any surface accumulation of oil in the retaining pits must be cleaned off within ten (10) days after receipt of this notice (Rule 328), and a report submitted to this office within thirty (30) days after the work was accomplished, advising us of the date and manner in which the correction was made. Any person who fails to comply with this request is in violation of this Commission's Rules and Regulations and is subject to the penalties as provided for under 34-6-121 of the Oil and Gas Conservation Act.

  
\_\_\_\_\_  
William R. Smith, Director

COLORADO OIL AND GAS CONSERVATION COMMISSION  
Room 721, State Centennial Building  
1313 Sherman Street  
Denver, Colorado 80203

June 7, 1977

TO: All Owners and Operators of Producing Oil and Gas Properties in the State of Colorado

Gentlemen:

In order to identify producing leases from the air, it is necessary that such leases be adequately marked.

You are therefore notified to mark both the top and side of a storage tank on each lease with an identification number. This number will be based on the legal description according to the governmental survey of the land where the tank is located and is explained as follows:

Example Number: 2S52P36

The first number followed by the letter S or N indicates the township (South or North) in which the tank is located. The following numbers are the range. The next letter locates the tank in the quarter-quarter of the section, based on a system shown below. The last number indicates the section.

These numbers and letters should be in block form at least 15 inches high and 3 inches thick. The color should contrast to that of the tank in order to be easily visible. Black is preferred on those tanks that are white or silver. If necessary, the series of numbers and letters can be placed on two lines. Those locations in ranges of 100 and over, eliminate the 1 and use only the last two numbers in order to save space.

The identification number is to be placed on the top of the tank and on the side of the tank facing the road entrance to the lease.

Operators are also reminded of Rule 210 of the Rules and Regulations Well Designations, which states that, "the owner shall mark each and every well in a conspicuous place, with his name, name of lease, number of the well and legal description of the well, and shall take all necessary means and precautions to preserve those markings."

(over)

Date \_\_\_\_\_

Gentlemen:

We have not received reports as checked below, for the following well(s):

- ( ) OGCC Form 4 Sundry Notices and Reports on Wells
- ( ) OGCC Form 5 Well Completion or Recompletion Report
- ( ) OGCC Form 10 Certificate of Clearance (If producing or  
change of operator)
- ( ) LOGS
- ( ) Cement Verification (If plugged)
- ( ) Other:
- ( ) STATUS REQUEST ON EXPIRED PERMIT
  - .If completed - Form 5, Form 10(if producing) and logs.
  - If plugged - Form 4, Form 5, logs and cement verification.
  - If never drilled - Form 4 indicating abandoned location.

You are in violation of Rule 305, Rules and Regulations of the Oil and Gas Conservation Commission if the required forms are not received within 30 days after work.

(303) 866-3531

\_\_\_\_\_  
Field Engineer

**ILLEGIBLE**



MEMORANDUM  
OCCIDENTAL OIL AND GAS

January 19, 1989

TO: C. R. Mitchell  
FROM: Amanda Jones   
SUBJECT: BLM Regulations  
Pits, Ponds and Open Tanks in Colorado

According to BLM personnel, Don Englishman and Greg Shoop, there are no specific BLM regulations regarding protecting migratory birds from oil film that might collect on pits used in oil field operations.

During the evaluation of permit to drill applications, if operations are to take place in a major migratory fly-way or wetlands, the BLM may ask that a pit be flagged in an attempt to discourage birds from landing on the pit. Likewise, in such a case, an operator would be asked to remove any oil accumulation on a pit.

Don Englishman is located in the BLM office in Durango, phone number, 303-247-4082. Greg Shoop is located in the Denver BLM office, phone number, 303-236-1787.

14





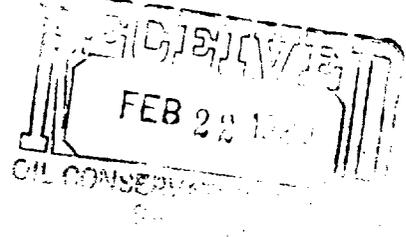
Joe E King  
President

Texaco USA

10000  
10000  
10000

February 20, 1989

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504  
Attention: Mr. William J. LeMay  
Director



Dear Mr. LeMay:

The Advisory Committee regarding protection of the birds in the Migratory Bird Treaty Act is recommending revision to the OCD Rules 8, 312, 313 and 711 in order to alleviate damage to bird life from oily waste in New Mexico.

Proposed amendments are attached with the revisions underlined. In general, we are recommending that all pits and/or ponds utilized in oil production operations shall be screened, netted, or otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds. It was the opinion of both the committee and Mr. Tom Lane with The Fish and Wildlife Service that drilling and workover pits are nonhazardous to birds in the Migratory Bird Treaty Act, and for this reason these pits were not included in our proposed rule amendments.

If our proposed revisions will in your opinion alleviate the problem, it is recommended that these draft revisions be circulated to the industry. Pending industry comments, you may either set hearings to act upon the proposed revisions to the OCD rules or refer the replies to our committee for further action.

If you feel there are other points that we should consider, I will be happy to handle the matter either through correspondence with the committee members or hold additional meetings as necessary.

Yours very truly,

JEK/pdh  
Attachments

cc: Persons on the Attached List  
RHK, Texaco

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>14</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

OIL CONSERVATION DIVISION RULES FOR REVIEW

Chevron U.S.A.  
Attn: Mr. Alan Bohling  
P.O. Box 670  
Hobbs, NM 88240

Harvey E. Yates Co.  
Attn: Mr. Dan Girand  
P.O. Box 1933  
Roswell, NM 88201

Marbob Energy Corp.  
Attn: Mr. Raye P. Miller  
P.O. Drawer 217  
Artesia, NM 88210-0217

OXY USA Inc.  
Attn: Mr. Charles Mitchell  
Box 3908  
Tulsa, OK 74102

Parabo, Inc.  
Attn: Mr. Wayne Price  
P.O. Box 1737  
Eunice, NM 88231

Snyder Ranches  
Attn: Mr. Larry Squires  
P.O. Box 2158  
Hobbs, NM 88240

Yates Petroleum Corporation  
Attn: Mr. Darrell Atkins  
105 S. Fourth Street  
Artesia, NM 88210

15



## ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Memo No. 2-89

M E M O R A N D U M

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR *WJL*

SUBJECT: PROPOSED RULE REVISIONS

Attached are proposed revisions to Oil Conservation Division Rules 8, 312, 313 and 711 recommended by the Advisory Committee regarding protection of birds covered by the Migratory Bird Treaty Act. These revisions are being proposed in order to alleviate damage to bird life caused by oily waste in pits and ponds in New Mexico.

Please review the proposed rule revisions and submit any comments you may have to the Santa Fe office of the Oil Conservation Division by April 15, 1989. A hearing will be scheduled on this matter after all comments have been reviewed and evaluated.

March 3, 1989  
fd/

Attachment

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>15</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

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. To protect birds covered under the Migratory Bird Treaty Act, all exposed pits, including lined pits and below grade tanks approved under this rule, shall be either screened, netted, otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds. 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".

RULE 312. TREATING PLANTS

- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, ponds, lined pits or below grade tanks used at the site must meet Division requirements for ground water protection and shall be screened, netted or otherwise rendered nonhazardous or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.)

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair and shall be screened, netted or otherwise rendered nonhazardous or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

- A. 3. A description of the facility with a diagram indicating location of fences and cattleguards, and detailed engineering construction/installation diagrams of any pits, liners, dikes, piping, sprayers, and tanks on the facility, prepared in accordance with Division "Guidelines for Permit Application, Design and Construction of Waste Storage/Disposal Pits;"

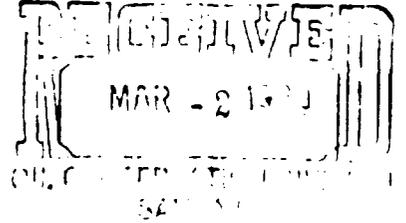
(Note: Any pits, ponds, lined pits or below grade tanks used at the site must meet Division requirements for groundwater protection and shall be screened, netted, or otherwise rendered nonhazardous, or deemed to be nonhazardous to birds covered by the Migratory Bird Treaty Act.)

16



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE  
Ecological Services  
Suite D, 3530 Pan American Highway, NE  
Albuquerque, New Mexico 87107

March 1, 1989



Mr. William J. Lemay, Director  
Oil Conservation Division  
State Land Office Building  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Dear Mr. <sup>Bill</sup> Lemay:

This responds to the public notice dated February 24, 1989, in which several proposed groundwater discharge plans were described. We have reviewed all of the plans and have identified resource issues of concern to our agency in the following:

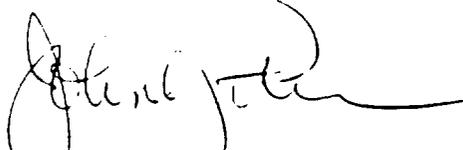
- GW-47 Sunterra Gas Processing Company, Lybrook Gas Plant. John Renner, General Manager, P.O. Box 1869, Bloom Field, NM 87143.
- GW-7 El Paso Natural Gas Co., Jal #4 Gas Processing Plant, John C. Bridges Manager, Environmental Engineering Group, P.O. Box 1492 El Paso, Texas 79978.
- GW-48 Davis Gas Processing Company, Donald K. Judd, Agent., 211 N. Colorado, Midland, Texas 79971.

Our concern is that any surface water discharges resulting from these operations should not have visible traces of oil or gas. If migratory birds were to come in contact with the contaminated waters and perish, violations of the Migratory Bird Treaty Act would have occurred. The Migratory Bird Treaty Act prohibits the taking, except by permit, of individual migratory birds (16 U.S.C. 703). The Migratory Bird Treaty Act prohibits unpermitted taking "by any means or in any manner" of the protected species. Case law has found that unintentional kills of migratory birds, by poisoning or other circumstances is prohibited. Fines of up to \$10,000 have been levied against violators.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>16</u> Submitted by <u>OCD</u> Hearing Date <u>5/18/89</u>
---

These comments represent the views of the Fish and Wildlife Service. If you have any questions concerning our comments, please contact Tom O'Brien or Richard Roy at (505) 883-7877 or FTS 474-7877.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John C. Peterson", with a long horizontal flourish extending to the right.

John C. Peterson  
Field Supervisor

cc:

Director, New Mexico Department of Game and Fish, Santa Fe, New Mexico  
Regional Administrator, Environmental Protection Agency, Attn: Kathy Hollar,  
Office of Ground Water, Dallas, Texas  
Regional Director, U.S. Fish and Wildlife Service, Fish and Wildlife  
Enhancement and Law Enforcement, Albuquerque, New Mexico

COMMENTS ON ADVISORY COMMITTEE'S PROPOSAL

17



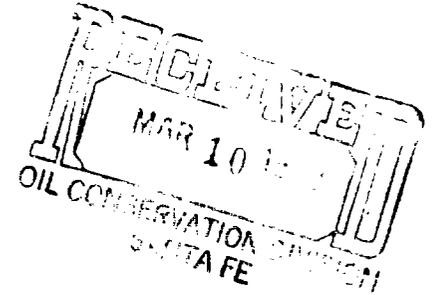
**WALSH** ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

3001 Northridge Drive  
P.O. Drawer 419  
Farmington, New Mexico 87401  
(505) 327-4892

March 6, 1989

Mr. William J. LeMay, Division Director  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504



REF: Memorandum, Memo No. 2-89

Dear Mr. LeMay:

Revising the above-referred-to rules, as indicated, would put another undue expensive restriction on the depressed Oil and Gas Industry.

There are probably some limited small size areas that contain pits, ponds or below grade tanks that might be considered hazardous to migratory birds.

Revision of the rules, as indicated, to include all pits, ponds or below grade tanks would not be deemed to be practical.

The above may be referred to in the revised portion "or deemed to be nonhazardous to migratory birds", however, no explanation is provided for review as to how some installations are to be deemed to be nonhazardous.

A meeting, for input of additional comments and/or additional comments by the Commission may be warranted prior to having a hearing.

Very truly yours,

Ewell N. Walsh, P.E.  
President

ENW:rr

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>17</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

18

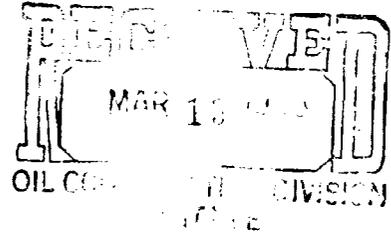


David L. Wacker  
Division Manager  
Production Department  
Hobbs Division  
North American Production

Conoco Inc.  
726 East Michigan  
P.O. Box 460  
Hobbs, NM 88241  
(505) 397-5800

March 7, 1989

Mr. William J. Lemay  
New Mexico Oil Conservation Division  
P. o. Box 2088  
Santa Fe, New Mexico 87504



Dear Mr. Lemay:

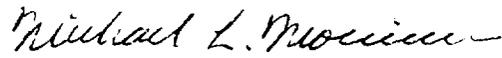
Proposed Rule Revisions - Protection of  
Birds Covered Under the Migratory Bird  
Treaty Act

Please refer to your Memo No. 2-89 dated March 3, 1989 pertaining to the above subject. Conoco Inc. wishes to commend you for taking the lead in addressing this issue brought forth by the U.S. Fish and Wildlife Service. We also commend the Advisory Committee on the way in which they addressed the rules revisions.

Conoco would like to offer one suggestion in regard to Rule 8. It is noted that drilling pits are not specifically addressed either by inclusion or by exception. We therefore assume that they could be included under "other fluids subject to the jurisdiction of the Division", and it would be interpreted that they require covering. It is our recommendation that temporary pits such as drilling pits be (1) specifically excluded from the installation of protective screening, or (2) named under the category "deemed to be nonhazardous to migratory birds." We believe such wording would clarify the intent of the Division.

Conoco appreciates the opportunity afforded by the Division to comment on this proposal. If we can be of assistance in this matter, please let me know.

Yours very truly,

*for* 

David L. Wacker  
Division Manager

HAI:jd

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>18</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	



**BURNETT OIL CO., INC.**

801 CHERRY STREET SUITE 1500

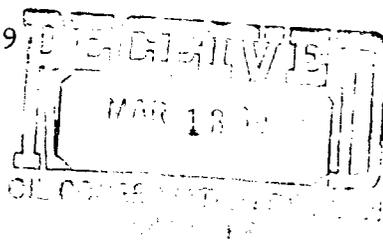
**FORT WORTH, TEXAS 76102**

(817) 332-5108

OFFICE OF THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. 9672 Exhibit No. 19  
Submitted by: OC  
Hearing Date 5/18/89

March 8, 1989



State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay, Division Director

Re: Proposed Rule Revisions,  
oily waste in pits.

Dear Mr. LeMay:

In regard to your memorandum No. 2-89 concerning the protection of migratory birds by netting all pits within the state that may or may not be hazardous to the birds' health and happiness, my first inclination was not to comment due to the fact that Burnett has only two small permanent type pits in existence, one an emergency containment pit at our waterflood station and the other an evaporation pit for one barrel of produced water per day. However, we do some occasional development drilling and some infrequent remedial work on injection wells, both of which necessitate temporary pits, so I will comment briefly on the NMOCD'S proposed rule revisions.

(1) In discussing the need for screening or netting with two fieldmen, it may be revealing that in all of our combined years in the oilfields of southeastern New Mexico, which total 105, we have seen two doves, one duck, and six ravens succumb to the hazard of the slush pits. Now many of these years were years when each tank battery, and each well had some type of adjacent pit. How this fact of life sets with the findings of the advisory committee remains to be seen.

(2) In this same discussion, it was reiterated several times that on almost all occasions one could observe birds and wildlife slaking their thirst by drinking rainwater from the pits, which at times was their only source of drinking water for hundreds of miles. It would be a monumental statistical nightmare to accurately weigh the benefits to all wildlife against the hazards to all wildlife as a result of open pits in southeastern New Mexico, but my estimate is that the benefits outweigh the hazards about 1,000,000 to 1.

(3) The economics for producing a barrel of oil in the old oilfields of southeastern New Mexico for less than cost is a continuing concern for all producers. The added thousands of dollars expended for netting in the hopes that one or two birds might live to fly another day is, if it were not so serious, ludicrous.

(4) Where do we draw the line? Buildings, cars, trucks, power lines, poachers... civilization? All of these are more of a threat to birds than unnetted pits.

Yours truly,

A handwritten signature in cursive script that reads "John C. McPhaul".

John C. McPhaul  
PRODUCTION SUPERINTENDENT

JCM:jlh

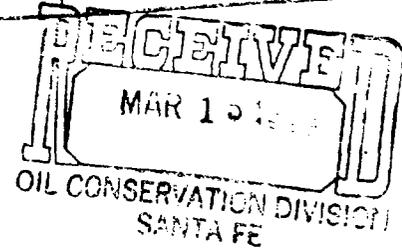
20

# GAS COMPANY OF NEW MEXICO

March 14, 1989

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 20  
Submitted by: OCD  
Hearing Dates: 18/89

Energy Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504



Attention: Mr. William J. LeMay  
Division Director

RE: Proposed Rule Revision to Rule #8, #312, #313 and #711

Dear Mr. LeMay:

Pursuant to your letter of March 3, 1989, regarding proposed revisions to the referenced rules, please be advised that Gas Company of New Mexico opposes the proposed revisions as suggested by Advisory Committee.

As state wide operators in the producing areas where the rules are of effect, we submit as explanation of our position the following.

1. The revisions would result in higher costs for an already struggling industry.
2. The consensus of opinion of field people with many years experience in the affected areas is that few mitigatory birds frequent the ponds and pits covered by the referenced rules. Undoubtedly and regrettably some are damaged, but rivers, ranch and farm tanks along the fly-way tend to draw migratory birds.
3. The fencing recently initiated at substantial cost for pits and ponds prevents migratory birds from landing and taking off of smaller pits.
4. Many operators will discontinue installing marginal types of pits, such as separator and field dehydrator emergency overflow pits and initiate more expensive pick-up schedules for tanks or simply allow overflow to existing terrain.
5. There are many thousands of pits and ponds. Covering would require significant expense. Maintenance of vandalism and deterioration would be difficult and expensive, and many pits would not meet the needs after a few years, requiring additional standards, rules and penalties.

While it is commendable that the OCD rules reflect the concern we all feel regarding protecting a national asset represented by Migratory Birds and we are aware of many declines in the bird

Energy Minerals and Natural Resources Department  
March 14, 1989  
Page 2

population for failure to enact rules for industry, it is our belief that if these rules were enacted, it would be regulatory overkill as we view the problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "W.J. Orbison".

W.J. Orbison  
Director, Gas Acquisitions  
(505) 888-8314

cjc

21

# Mobil Exploration & Producing U.S. Inc.

March 23, 1989

P.O. BOX 633  
MIDLAND, TEXAS 79702

MIDLAND DIVISION

William J. Lemay, Division Director  
State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division  
P. O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

APR 7 1989

Dear Mr. Lemay:

**PROPOSED RULE REVISION  
RULES 8, 312, 313, AND 711  
PROTECTION OF BIRDS**

Thank you for the opportunity to provide comments on the proposed rule revisions regarding the protection of birds covered under the Migratory Bird Treaty Act. We understand and support your concerns to alleviate unnecessary damage to bird life related to oily waste in pits and ponds in New Mexico.

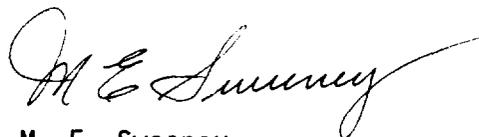
We would suggest however, that small diameter and emergency pits be exempted from the proposed rule revisions. Small diameter pits between 10 to 20 feet do not represent a significant danger to migratory birds. Our experiences in the San Juan basin indicate that the small diameter pits prevalent in the area demonstrate no history of a problem with bird kills. Emergency pits are used for only short duration, less than 72 hours. These pits are seldom used and do not warrant the precautions outlined in the proposed rule revisions.

Regarding the use of netting and fencing, we would suggest the use of flagging be included as an acceptable method. Flagging, which is recommended in BLM rule NTL 2B, has been shown to be an effective deterrent. In addition, flagging reduces operational problems as well as problems associated with big game becoming trapped in netting.

Your consideration of our comments is appreciated.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Encl. No. <u>21</u> Submitted by <u>OCD</u> Hearing Date <u>5/18/89</u>
---

Sincerely,



M. E. Sweeney  
Environmental & Regulatory Manager

22



# United States Department of the Interior

FISH AND WILDLIFE SERVICE

POST OFFICE BOX 1306

ALBUQUERQUE, N.M. 87103



APR 6 1989

7. Contaminants  
Oil & Gas

In Reply Refer To:  
Region 2/RF/CL-3-81

Mr. William J. Lemay  
Division Director  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Bldg.  
Santa Fe, New Mexico 87504

Dear Mr. <sup>Bill</sup> Lemay:

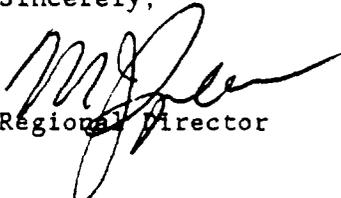
Thank you for the opportunity to review the Proposed Rule Revisions. You are to be commended for the leadership role that you are playing in this important conservation effort. Also, it has been reported to me that your field staff has been very cooperative and helpful in this endeavor.

We have made a few suggestions on the proposed revisions which are enclosed. These changes would help streamline and strengthen the rules and we request that they be adopted.

Also, we suggest that you investigate the possibilities of authorizing law enforcement officers in the New Mexico Game and Fish Department to assist with the reporting and enforcement of "screening, netting, or otherwise rendered nonhazardous to wildlife including birds" provisions in the regulations. This mutual arrangement has been very effective in some other states, such as California. This added help would effectively increase the surveillance capability of the Oil Conservation Division, a deficiency you pointed out earlier.

Thank you again, and let us know if we may be of further assistance.

Sincerely,

  
Regional Director

Enclosure

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	EXHIBIT No. <u>22</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

PITS AND TANKS

RULE 8. [REDACTED]

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. To protect <sup>wildlife resources</sup> [REDACTED]

[REDACTED] <sup>with oily waste</sup> all exposed pits, including lined pits and [REDACTED] tanks approved under this rule, shall be either screened, netted, <sup>or</sup> otherwise rendered nonhazardous, <sup>to wildlife, including bird</sup> [REDACTED]

[REDACTED] 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".

RULE 312. TREATING PLANTS

- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, ponds, lined pits or [REDACTED] tanks used at the site must meet Division requirements for ground water protection and shall be screened, netted or otherwise rendered nonhazardous

[REDACTED]  
[REDACTED]

to wildl  
includin  
birds.

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair and shall be screened, netted or otherwise rendered nonhazardous to wildlife including birds.

[REDACTED]

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

- A. 3. A description of the facility with a diagram indicating location of fences and cattleguards, and detailed engineering construction/installation diagrams of any pits, liners, dikes, piping, sprayers, and tanks on the facility, prepared in accordance with Division "Guidelines for Permit Application, Design and Construction of Waste Storage/Disposal Pits;"

(Note: Any pits, ponds, lined pits or [REDACTED] tanks used at the site must meet Division requirements for groundwater protection and shall be screened, netted, or otherwise rendered nonhazardous, [REDACTED]

[REDACTED]  
to wildlife, including birds.

23

# MERIDIAN OIL

April 12, 1989

Mr. William J. LeMay  
Oil Conservation Division  
State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
Post Office Box 2088  
Santa Fe, New Mexico 87504

RECEIVED  
APR 14 1989  
OIL CONSERVATION DIVISION

Dear Mr. LeMay:

Thank you for the opportunity to comment on the proposed revisions to the Oil Conservation Division Rules 8, 312 and 313. We strongly support the Oil Conservation Division's concerns for maintaining and protecting the environment, and feel that our operations in the San Juan Basin represent conscientious efforts to produce oil and gas in the safest and most environmentally responsible manner possible.

Meridian's San Juan Basin operations currently account for more than 5,000 well locations, including production pits numbering in excess of 7,500. Drilling activities scheduled for 1989 will add an additional 300-plus pits to the operations. We are concerned about the increased costs these proposed rules will create due to initial material investment and maintenance costs.

Before these rules are promulgated, a study of the Northwest Four Corners Area should be undertaken to determine if a migratory bird killing problem exists. This particular area of the State of New Mexico is repleting with water bodies such as Navajo Reservoir, Animas, San Juan and Chaco Rivers. Production pits do not seem to be an attractive alternative (probably due to their small size) to these birds. Operators in this, the Pacific Flyway Area, have never experienced migratory bird kills in pits anywhere near equal numbers printed in your notices or displayed in the video tape shown at the December Oil Conservation Division, B.L.M., U. S. Fish and Wildlife Service and industry meeting. We are concerned that a blanket rule like this, if implemented incorrectly, will further raise production and drilling costs in this area without just cause or benefit to migratory birds or the environment.

At the meeting in December, drilling pits were exempted by the Oil Conservation Division from these proposed rules, in part, due to the noise associated with drilling operations and human presence in such close proximity. The proposed rules do not address nor exempt drilling pits; therefore, we can only assume these pits are also covered by the rules. Drilling reserve pits are quite large and would be extremely difficult to cover or net, and due to the aforementioned, should be exempt from these proposed rules.

8/18/89  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 23  
Submitted by OC  
Hearing Date 5/18/89

William J. LeMay  
April 12, 1989  
Page Two

The proposed rules use the language "deemed nonhazardous". Operators should be allowed the option to "deem" pits as "nonhazardous" when such pits do not represent a hazard to migratory birds. However, a gradation enforcement policy should be implemented in the event that an occasional kill takes place in a pit or pond. An immediate fine of \$10,000, as stated in the Migratory Bird Treaty Act, would be harsh and unjust.

Flagging or noise guns should be alternatives to covers and/or netting. Covers become a safety concern if gases are carried over into the pit. Increased gas concentrations in these enclosed pits represent explosion and exposure problems, especially in fields where hydrogen sulfide is present. Netting could capture birds as well as keep them from entering pits.

In summary, the San Juan Basin Area has not been an area where migratory birds have been attracted to production and drilling pits. Netting and covers represent excessive costs while providing little to no protection to migratory birds and in some instances, increasing operational hazards. Final rules should be flexible enough to allow operators to choose protective measures where such measures are needed.

Again, thank you for the opportunity to comment. If you have any questions concerning these comments, please let me know.



CRO:TGM:cr

24

GOVERNOR  
GARREY CARRUTHERS

State of New Mexico

STATE GAME COMMISSION

GERALD MAESTAS, CHAIRMAN  
ESPAÑOLA

RICHARD A. ALLGOOD  
SILVER CITY

CHRISTINE DIGREGORIO  
GALLUP

THOMAS P. ARVAS, O.D.  
ALBUQUERQUE

BOB JONES  
DELL CITY, TX

DIRECTOR AND SECRETARY  
TO THE COMMISSION

BILL MONTOYA



DEPARTMENT OF GAME AND FISH

VILLAGRA BUILDING  
SANTA FE  
87503

April 13, 1989

RE: Memo No. 2-89

Mr. William Lemay, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

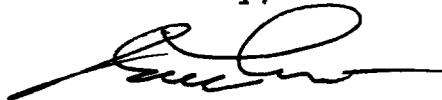
Dear Mr. Lemay: *Bill*

Thank you for affording the Department of Game and Fish the opportunity to comment on the proposed revisions to the Oil Conservation Division Rules 8, 312, 313 and 711, regarding oily waste pits and ponds in New Mexico. The proposed changes address only those birds covered by the Migratory Bird Treaty Act, and therefore do not adequately protect the wildlife of the State of New Mexico. Furthermore, the phrase "deemed to be non-hazardous" is unclear because it does not specify by whom or what standards are to be used.

Unprotected pits, ponds, and tanks containing toxic substances associated with oil and gas drilling and production activities, pose a serious hazard to many species of wildlife, including non-migratory birds, small mammals and reptiles (some of which are threatened and endangered). Given this, we recommend the above mentioned rules be amended to read "... and shall be screened, netted or otherwise rendered non-hazardous to wildlife."

If you have any questions, please contact Jon Klingel (827-9912) of this department.

Sincerely,



Bill Montoya  
Director

BM/jtk

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9672</u>	Exhibit No. <u>24</u>
Submitted by <u>OCD</u>	
Hearing Date <u>5/18/89</u>	

25

ARCO Oil and Gas Company  
Central District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 688 5200



April 17, 1989

**RECEIVED**

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

APR 20 1989  
OIL CONSERVATION DIV.  
SANTA FE

Dear Mr. LeMay:

Subject: Comments on Regulatory Revisions  
Protection of Migratory Birds

ARCO Oil and Gas Company (ARCO) supports industry and government efforts to reduce the problem of damage to migratory birds due to contact with oily waste in pits and ponds found in the oil field. If regulatory amendments are deemed necessary to address the migratory bird concern, please consider the attached changes the language proposed in your letter of March 3, 1989.

These changes are necessary to specifically address the perceived problem of oil on pits. ARCO believes if pits and ponds containing no oil, oil sheen or oil waste are otherwise not "hazardous" to birds.

Use of the undefined term "non-hazardous" and the clause "[pits]...deemed to be non-hazardous" instills vagueness into the rule.

In addition, ARCO assumes reserve and workover pits are not covered by these rules, therefore, would not be required to be netted. Due to their temporary nature, these pits should not pose any significant problem to migratory birds.

Sincerely,

*C. T. Stilwell*  
*by pjk*

C. T. Stilwell  
Environmental Coordinator

CTS:pjk

cc: L. L. Trout MIO 327  
M. D. Schall MIO 1129  
E. S. Bush MIO 219  
S. D. Smith HOO  
D. R. McKelvey MIO 367

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>25</u> Submitted by <u>CCD</u> Hearing Date <u>5/18/89</u>
---

26



# United States Department of the Interior

IN REPLY REFER TO:

6514 (931)

## BUREAU OF LAND MANAGEMENT NEW MEXICO STATE OFFICE

Post Office and Federal Building

P.O. Box 1449

Santa Fe, New Mexico 87504-1449

APR 17 1989

**RECEIVED**

APR 20 1989

OIL CONSERVATION DIV.  
SANTA FE

Mr. William Lemay  
Division Director  
New Mexico Energy, Minerals, and  
Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

Dear Mr. Lemay:

The Bureau of Land Management applauds your efforts to address wildlife mortality resulting from liquid waste disposal pits developed in conjunction with oil and gas development activities. As you know, we have been concerned about this issue for several years and have taken a number of actions to remedy this situation on public lands under our jurisdiction.

The proposed changes to Rules 8, 312, 313, and 711 recommended by the Advisory Committee represent significant progress in resolving the issue on State and fee title lands in New Mexico. The following comments are intended for your consideration to further support remedies to the wildlife mortality issue.

o Above ground, open top tanks appear not to be addressed. If this is the case, it is recommend that these tanks be closed, since open, netted tanks are suspected of resulting in bird mortality from birds perching on the netting and being killed by toxic fumes.

\* { o We recommend the words ". . . otherwise rendered nonhazardous, or deemed to be nonhazardous to migratory birds" be replaced by the words ". . . or otherwise rendered nonhazardous to wildlife."

o Federal requirements do not allow emulsions, oil, basic sediments, or tank bottoms in disposal pits; we recommend the State should follow suit.

o We recommend the Oil Conservation Division consider not allowing open disposal pits but require operators to utilize screen-wire-covered tanks for temporary disposal of fluid wastes.

Again, thank you for the opportunity to comment on these proposed rules.

Sincerely,

Leslie L. Pointer  
Chief, Branch of Biological Resources

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. <u>9672</u> Exhibit No. <u>26</u>
Submitted by <u>GLD</u>
Hearing Date <u>5/18/89</u>

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. To protect birds covered under the Migratory Bird Treaty Act, all exposed pits, including lined pits and below grade tanks approved under this rule, shall use netting or other devices to prevent protected birds from landing on the oily fluids in the pit. 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".

Similar language should be inserted in Rules 312(4), 313, and 711.

27

HOUSE BUSINESS AND INDUSTRY COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 575

39TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1989

AN ACT

RELATING TO THE DISPOSITION OF WASTE; DEFINING THE POWERS AND DUTIES OF  
THE ENVIRONMENTAL IMPROVEMENT DIVISION OF THE HEALTH AND ENVIRONMENT  
DEPARTMENT AND THE OIL CONSERVATION DIVISION OF THE ENERGY, MINERALS  
AND NATURAL RESOURCES DEPARTMENT; AMENDING CERTAIN SECTIONS OF THE NMSA  
1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 70-2-12 NMSA 1978 (being Laws 1978, Chapter  
71, Section 1, as amended) is amended to read:

"70-2-12. ENUMERATION OF POWERS.--

A. Included in the power given to the oil conservation divi-  
sion is the authority to collect data; to make investigations and in-  
spections; to examine properties, leases, papers, books and records; to  
examine, check, test and gauge oil and gas wells, tanks, plants, re-  
fineries and all means and modes of transportation and equipment; to

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 9672 Exhibit No. 27  
Submitted by OCD  
Hearing Date 5/18/89

underscored material = new  
[bracketed material] = deletion

1 hold hearings; to provide for the keeping of records and the making of  
2 reports and for the checking of the accuracy of the records and re-  
3 ports; to limit and prorate production of crude petroleum oil or  
4 natural gas or both as provided in the Oil and Gas Act; to require  
5 either generally or in particular areas certificates of clearance or  
6 tenders in connection with the transportation of crude petroleum oil or  
7 natural gas or any products of either or both oil and products or both  
8 natural gas and products.

9 B. Apart from any authority, express or implied, elsewhere  
10 given to or existing in the oil conservation division by virtue of the  
11 Oil and Gas Act or the statutes of this state, the division is autho-  
12 rized to make rules, regulations and orders for the purposes and with  
13 respect to the subject matter stated in this subsection:

14 (1) to require dry or abandoned wells to be plugged in  
15 a way to confine the crude petroleum oil, natural gas or water in the  
16 strata in which it is found and to prevent it from escaping into other  
17 strata; the division shall require a cash or surety bond in a sum not  
18 to exceed fifty thousand dollars (\$50,000) conditioned for the perfor-  
19 mance of such regulations;

20 (2) to prevent crude petroleum oil, natural gas or  
21 water from escaping from strata in which it is found into other strata;

22 (3) to require reports showing locations of all oil or  
23 gas wells and for the filing of logs and drilling records or reports;

24 (4) to prevent the drowning by water of any stratum or  
25 part thereof capable of producing oil or gas or both oil and gas in

1 paying quantities and to prevent the premature and irregular encroach-  
2 ment of water or any other kind of water encroachment which reduces or  
3 tends to reduce the total ultimate recovery of crude petroleum oil or  
4 gas or both oil and gas from any pool;

5 (5) to prevent fires;

6 (6) to prevent "blow-ups" and "caving" in the sense  
7 that the conditions indicated by such terms are generally understood in  
8 the oil and gas business;

9 (7) to require wells to be drilled, operated and pro-  
10 duced in such manner as to prevent injury to neighboring leases or  
11 properties;

12 (8) to identify the ownership of oil or gas producing  
13 leases, properties, wells, tanks, refineries, pipelines, plants, struc-  
14 tures and all transportation equipment and facilities;

15 (9) to require the operation of wells with efficient  
16 gas-oil ratios and to fix such ratios;

17 (10) to fix the spacing of wells;

18 (11) to determine whether a particular well or pool is  
19 a gas or oil well or a gas or oil pool, as the case may be, and from  
20 time to time to classify and reclassify wells and pools accordingly;

21 (12) to determine the limits of any pool producing  
22 crude petroleum oil or natural gas or both and from time to time rede-  
23 termine the limits;

24 (13) to regulate the methods and devices employed for  
25 storage in this state of oil or natural gas or any product of either,

1 including subsurface storage;

2 (14) to permit the injection of natural gas or of any  
3 other substance into any pool in this state for the purpose of repres-  
4 suring, cycling, pressure maintenance, secondary or any other enhanced  
5 recovery operations;

6 (15) to regulate the disposition of water produced or  
7 used in connection with the drilling for or producing of oil or gas or  
8 both and to direct surface or subsurface disposal of the water in a  
9 manner that will afford reasonable protection against contamination of  
10 fresh water supplies designated by the state engineer;

11 (16) to determine the limits of any area containing  
12 commercial potash deposits and from time to time redetermine the  
13 limits;

14 (17) to regulate and, where necessary, prohibit drill-  
15 ing or producing operations for oil or gas within any area containing  
16 commercial deposits of potash where the operations would have the  
17 effect unduly to reduce the total quantity of the commercial deposits  
18 of potash which may reasonably be recovered in commercial quantities or  
19 where the operations would interfere unduly with the orderly commercial  
20 development of the potash deposits;

21 (18) to spend the oil and gas reclamation fund and do  
22 all acts necessary and proper to plug dry and abandoned oil and gas  
23 wells in accordance with the provisions of the Oil and Gas Act and the  
24 Procurement Code, including disposing of salvageable equipment and  
25 material removed from oil and gas wells being plugged by the state;

1           (19) to make well price category determinations pur-  
2 suant to the provisions of the Natural Gas Policy Act of 1978 or any  
3 successor act and, by regulation, to adopt fees for such determina-  
4 tions, which fees shall not exceed twenty-five dollars (\$25.00) per  
5 filing. Such fees shall be credited to the account of the oil conser-  
6 vation division by the state treasurer and may be expended as autho-  
7 rized by the legislature; [and]

8           (20) to regulate the construction and operation of oil  
9 treating plants and to require the posting of bonds for the reclamation  
10 of treating plant sites after cessation of operations;

11           (21) to regulate the disposition of nondomestic wastes  
12 resulting from the exploration, development, production or storage of  
13 crude oil or natural gas to protect public health and the environment;  
14 and

15           (22) to regulate the disposition of nondomestic wastes  
16 resulting from the oil field service industry, the transportation of  
17 crude oil or natural gas, the treatment of natural gas or the refine-  
18 ment of crude oil to protect public health and the environment in-  
19 cluding administering the Water Quality Act as provided in Subsection E  
20 of Section 74-6-4 NMSA 1978."

21           Section 2. Section 74-1-7 NMSA 1978 (being Laws 1971, Chapter  
22 277, Section 10, as amended) is amended to read:

23           "74-1-7. ENVIRONMENTAL IMPROVEMENT AGENCY--DUTIES.--

24           A. The agency is responsible for environmental management  
25 and consumer protection programs. In that respect, the agency shall

1 maintain, develop and enforce regulations and standards in the fol-  
2 lowing areas:

3 (1) food protection;

4 (2) water supply, and water pollution as provided in  
5 the Water Quality Act;

6 (3) liquid waste and solid waste sanitation and refuse  
7 disposal, except nondomestic wastes resulting from the exploration,  
8 development, production, transportation, storage, treatment or refine-  
9 ment of crude oil or natural gas or geothermal energy;

10 (4) air quality management as provided in the Air Qual-  
11 ity Control Act;

12 (5) radiation control as provided in the Radiation Pro-  
13 tection Act;

14 (6) noise control;

15 (7) nuisance abatement;

16 (8) vector control;

17 (9) occupational health and safety as provided in the  
18 Occupational Health and Safety Act;

19 (10) sanitation of public swimming pools and public  
20 baths;

21 (11) plumbing, drainage, ventilation and sanitation of  
22 public buildings in the interest of public health; [and]

23 (12) medical radiation, health and safety certification  
24 and standards for radiologic technologists as provided in the Medical  
25 Radiation Health and Safety Act; and

1                   (13) hazardous wastes and underground storage tanks as  
2 provided in the Hazardous Waste Act.

3                   B. Nothing in Subsection A of this section imposes require-  
4 ments for the approval of subdivision plats in addition to those re-  
5 quired elsewhere by law. Nothing in Subsection A of this section pre-  
6 empts the authority of any political subdivision to approve subdivision  
7 plats."

8                   Section 3. Section 74-1-8 NMSA 1978 (being Laws 1971, Chapter  
9 277, Section 11, as amended) is amended to read:

10                   "74-1-8. ENVIRONMENTAL IMPROVEMENT BOARD--DUTIES.--

11                   A. The board is responsible for environmental management and  
12 consumer protection. In that respect, the board shall promulgate regu-  
13 lations and standards in the following areas:

- 14                   (1) food protection;
- 15                   (2) water supply;
- 16                   (3) liquid waste and solid waste sanitation and refuse  
17 disposal, except nondomestic waste resulting from the exploration,  
18 development, production, transportation, storage, treatment or refine-  
19 ment of crude oil or natural gas or geothermal energy;
- 20                   (4) air quality management as provided in the Air Qual-  
21 ity Control Act;
- 22                   (5) radiation control as provided in the Radiation Pro-  
23 tection Act;
- 24                   (6) noise control;
- 25                   (7) nuisance abatement;



28

OIL CONSERVATION DIVISION  
PROPOSAL FOR  
CHANGES TO RULES 8, 312, 313, 711 AND 105 (NEW)  
RELATING TO MIGRATORY BIRDS

Prepared For  
Oil Conservation Commission Hearing  
May 18, 1989

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>9672</u> Exhibit No. <u>28</u> Submitted by <u>OCD</u> Hearing Date <u>5/18/89</u>
---

RULE 8. EXPOSED PITS/LINED PITS/BELOW GRADE TANKS

- (a) 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".
- (b) To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

RULE 312. TREATING PLANTS

(h) To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

(h) i

(i) j

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

I. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

F. J

J. K.

K. L.

New proposal; needs to be advertised:

RULE 105. PIT FOR CLAY, SHALE, DRILL FLUID, and DRILL CUTTINGS

- a. In order to assure a supply of proper material for mud-laden fluid to confine oil, gas, or water to their native strata during the drilling of any well, operators shall provide before drilling is commenced an adequate pit for the accumulation of drill cuttings. Drilling fluids and drill cuttings must be disposed of at the well site in a manner to prevent contamination to surface of subsurface waters. Removal of drilling fluids or drill cuttings for offsite disposal will be permitted only by approval of the appropriate Division district supervisor.
  
- b. To protect migratory birds, oil must be removed from the surface of pits used for drilling, completion, blowdown, workover or an emergency immediately after the cessation of each activity.

OIL CONSERVATION DIVISION  
PROPOSAL FOR  
CHANGES TO RULES 8, 312, 313, 711 AND 105 (NEW)  
RELATING TO MIGRATORY BIRDS

Prepared For  
Oil Conservation Commission Hearing  
May 18, 1989

RULE 8. EXPOSED PITS/LINED PITS/BELOW GRADE TANKS

(a) 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".

(b) To protect migratory birds, <sup>all</sup> all exposed pits, ponds ~~(lined or unlined)~~, and open tanks shall be either kept free of oil, ~~or~~ screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

*exceeding 16 inches*  
*upon written approval*

RULE 312. TREATING PLANTS

(h) To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

(h) i

(i) j

RULE 313. EMULSION, BASIC SEDIMENTS, AND TANK BOTTOMS

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened, netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

RULE 711. COMMERCIAL SURFACE WASTE DISPOSAL FACILITIES

I. To protect migratory birds, all exposed pits, ponds (lined or unlined), and open tanks shall be either kept free of oil, or screened netted or covered. An exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that either an alternative method will protect migratory birds or a showing that the facility is not hazardous to migratory birds.

F.J

J.K.

K.L.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 15, 1989

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICOCase 9672: (Readvertised)

Application of the Oil Conservation Division to consider amendments to Division Rules 8, 105, 312, 313, and 711 to require appropriate measures be taken to prevent loss of migratory waterfowl resulting from contact with oily waste in oil field operations.

Case 9073: (De Novo) (Continued and Readvertised) (This Case will be Dismissed.)

Application of Mallon Oil Company for the reinstatement of oil production allowables and an exception to the provisions of Division General Rule 502 for certain wells located in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order reinstating the oil allowables which should have been assigned to the following described wells, all in Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool, for the months of January, February, March and April, 1986. Applicant further seeks an exemption to the provisions of Division General Rule 502 which limit the period of time an operator is given to make up any over-production of oil and casinghead gas:

Howard Federal "1" Well No. 8 located in Unit H of Section 1;  
Howard Federal "1" Well No. 11 located in Unit K of Section 1;  
Fisher Federal "2" Well No. 1 located in Unit A of Section 2;  
Ribeyowids Federal "2" No. 16 located in Unit P of Section 2; and  
Johnson Federal "12" Well No. 5 located in Unit E of Section 12.

The aforementioned wells are located in an area approximately 9 miles north by east of Lindrith, New Mexico. Upon application of Mallon Oil Company, this case will be heard DeNovo pursuant to the provisions of Rule 1220.

Case 9611: (De Novo)

Application of The Petroleum Corporation of Delaware for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 1, Township 20 South, Range 29 East, Undesignated East Burton Flat-Morrow Gas Pool, the S/2 of said Section 1 to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 3.5 miles west of the Eddy Potash Inc. Mine and Refinery. Upon application of The Petroleum Corporation of Delaware, this case will be heard DeNovo pursuant to the provisions of Rule 1220.

Case 9619: (De Novo)

Application of Santa Fe Exploration Company for an unorthodox gas well location, dual completion and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin Morrow-Gas Pool, underlying all of Section 8, Township 21 South, Range 23 East, forming a standard 640-acre gas spacing and proration unit for both pools. Production from both zones is to be from a dually completed well to be drilled at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 8. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant. Upon application of Marathon Oil Company this case will be heard DeNovo pursuant to the provisions of Rule 1220.

Case 9617: (De Novo)

Application of Curry and Thornton for an unorthodox oil well location and a non-standard proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1980 feet from the South line and 2475 feet from the West line (Unit K) of Section 9, Township 14 South, Range 29 East, Undesignated North King Camp-Devonian Pool, the E/2 W/2 of said Section 9 to be dedicated to a well forming a non-standard 160-acre oil spacing and proration unit for said pool. Said location is approximately 17 miles east of Hagerman, New Mexico. Upon application of Santa Fe Exploration Company and Curry and Thornton, this case will be heard DeNovo pursuant to the provisions of Rule 1220.