

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)

CASE NO. 12,707

APPLICATION OF BP/AMOCO PRODUCTION)
COMPANY FOR PERMIT MODIFICATION AND AN)
EXEMPTION TO CERTAIN PROVISIONS OF OIL)
CONSERVATION DIVISION RULE 711, SAN JUAN)
COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 23rd, 2001

Santa Fe, New Mexico

OIL CONSERVATION DIV.
01 SEP -6 PM 11:09

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 23rd, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

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Examiner Hearing
CASE NO. 12,707

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID BROOKS
Attorney at Law
Energy, Minerals and Natural Resources Department
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

ALSO PRESENT:

ROGER C. ANDERSON
Environmental Bureau Chief
New Mexico Oil Conservation Division

* * *

1 WHEREUPON, the following proceedings were had at
2 9:00 a.m.:

3 EXAMINER STOGNER: Hearing will come to order.

4 Call next case, Number 12,707, which is the
5 Application of BP/Amoco Production Company for a permit
6 modification and an exemption to certain provisions of Oil
7 Conservation Division Rule 711, San Juan County, New
8 Mexico.

9 Call for appearances.

10 MR. CARR: May it please the Examiner, my name is
11 William F. Carr with the Santa Fe law firm Holland and
12 Hart, L.L.P. We represent BP/Amoco Production Company in
13 this matter. I have no witnesses.

14 EXAMINER STOGNER: Any other appearances?

15 Considering Mr. Feldewert is the only other one
16 in the room --

17 MR. FELDEWERT: Merely an observer.

18 EXAMINER STOGNER: Mr. Carr, you may proceed.

19 MR. CARR: May it please the Examiner, I first
20 want to thank you for letting us present this by affidavit.

21 BP/Amoco, as you are aware, operates the Crouch
22 Mesa Centralized Waste Management Facility. It's located
23 in the southwest quarter of the southeast quarter of
24 Section 2, Township 29 North, Range 12 West, San Juan
25 County, New Mexico. They conduct land-farming operations

1 at this facility, and their operations were approved by Oil
2 Conservation Division Rule 711 permit approval NM-020003.
3 A copy of that approval with the conditions that were
4 imposed by the Division is attached to the affidavit of
5 Buddy Shaw, which is marked as our Exhibit Number 1.

6 The facility was approved November 30th, 1998,
7 and BP was approved to accept at that facility exempt and
8 certain exempt -- or nonhazardous, nonexempt oilfield
9 wastes. The rule and the permit provide that it may accept
10 product or soils generated in New Mexico, and that is the
11 one thing that we're requesting a relief from and asking
12 that the permit be modified to permit the landfarming at
13 this plant of certain non-New Mexico-generated waste.

14 BP acquired what is called the former Line 90
15 crude oil pipeline. This is a pipeline that was operated
16 by ARCO, and it runs from Bisti, New Mexico, to Laguna
17 Beach, California.

18 Attached to our Exhibit Number 2, which is an
19 affidavit from a man named Colin Wasteney, who is with a
20 consulting firm that works for BP and advises them on the
21 management and the operations of this particular facility,
22 but attached to Mr. Wasteney's affidavit is a plat that
23 shows the location of this pipeline.

24 You'll note in the lower right-hand corner, Mr.
25 Examiner, that it says that it is a Questar pipeline. The

1 pipeline has recently been sold. It is no longer a crude
2 oil line but is being converted to a natural gas pipeline.

3 The Crouch Mesa facility is used for and is going
4 to be used to landfarm certain oil-stained soils that are
5 located now at certain pump stations on this line, and
6 those pump stations are highlighted in yellow on the plat
7 attached to our Exhibit 2.

8 And what we're doing is, we are seeking
9 authorization to, at the same time we landfarm these oil-
10 stained soils from the Shiprock station and the Chaco
11 plant, which are located in New Mexico, also landfarm soils
12 from the Red Mesa station which is shown on the plat
13 located in the State of Utah, the Tonalea station and the
14 Cameron pump station, both of which are located in the
15 State of Arizona and are shown on the plat.

16 The three non-New Mexico pump stations are in
17 areas where remediation currently would be overseen by the
18 Navajo EPA. We can assure the Division, and the affidavits
19 so indicate, that all conditions of Rule 711 and the
20 approval permit will be met. BP has met the financial
21 assurance provisions of Rule 711.

22 I think it's important to note, too, that the oil
23 that we're talking about that actually did escape and was
24 produced in New Mexico is production that initially was
25 subject to the New Mexico Oil and Gas Conservation Tax Act,

1 and I reference that because, in fact, that is one of the
2 standards in Rule 711.

3 I have been advised that there's less than 1000
4 yards of soil total -- that's at all five of the pump
5 stations -- and what we're trying to do is bring that in,
6 landfarm and conduct those operations in accordance with
7 the provisions of Rule 711.

8 If you look at Rule 711, when it talks about
9 modification of permits, it provides that notice may be
10 required, but it is a matter within the discretion of the
11 Division. Here the Division has not required additional
12 notice.

13 It is my understanding that the OCD Environmental
14 Bureau supports the Application. Mr. Anderson is here and
15 can speak to that if there's any question.

16 And so what we're doing here today is, BP Amoco
17 is requesting that OCD Rule 711 permit approval NM-020003
18 be modified to permit it to accept crude oil-contaminated
19 soil from five pump stations on the Line 90 crude oil
20 pipeline, that they be permitted to bring these soils to
21 the Crouch Mesa Waste Management Facility for the purpose
22 of landfarming these soils along with oil-stained soils
23 from other pump stations on this line.

24 We would like to, if it meets with your approval,
25 prepare a proposed order. I have one partially completed.

1 I would have had it but yesterday afternoon I had to shift
2 gears all of a sudden and work on something else. I would
3 like to present to the Division a proposed order. It's the
4 first time in my recollection that a case of this nature
5 has come before an Examiner, and before we submit it to
6 you, I would also like to submit it to the Environmental
7 Bureau to assure that what we are recommending is
8 consistent with their desires.

9 With that, I would move the admission of BP/Amoco
10 Exhibits 1 and 2.

11 EXAMINER STOGNER: Exhibits 1 and 2 will be
12 admitted into evidence.

13 MR. CARR: And that concludes my comments. If
14 there are questions I can answer, I'd be happy to try to do
15 so.

16 EXAMINER STOGNER: I've got one little quick
17 question, Mr. Carr.

18 MR. CARR: Yes, sir.

19 EXAMINER STOGNER: On that map of the pipeline --

20 MR. CARR: Yes, sir.

21 EXAMINER STOGNER: -- where exactly does the site
22 fall on this map? It's near Farmington, isn't it?

23 MR. CARR: Yes, sir, it is. And I'm not sure I
24 can place it on the map, because the map doesn't show
25 sections, townships and ranges.

1 The last page of the affidavit of Mr. Shaw does
2 contain a schematic drawing of it, but again that does not
3 locate it in a way that it can be placed on that map. I'd
4 be happy to do that and add it to the map for you to --

5 EXAMINER STOGNER: No, that's okay, I was just
6 trying for my own reference up here at this point.

7 (Off the record)

8 EXAMINER STOGNER: I believe there's no
9 questions, Mr. Carr, at this time. And you have a proposed
10 draft order, you say?

11 MR. CARR: I don't have it with me now, but we
12 will have it here, well, between now and next Tuesday. It
13 is in draft form, and with your permission I will submit a
14 copy also to the Environmental Bureau.

15 EXAMINER STOGNER: In fact, I would suggest that
16 you send it to them first and work with them and then --

17 MR. CARR: And I can tell you that the
18 modification that we're seeking in the draft order, we're
19 proposing, does recite that it is New Mexico production
20 that was utilized and upon which the Oil Conservation Tax
21 did apply to that production, and that is the oil that
22 actually stained these soils at this point.

23 EXAMINER STOGNER: Will the soils be returned
24 back to the respective states?

25 MR. CARR: Maybe we could do an exchange

1 agreement if there's -- I don't know. Modeled after some
2 water compact or something, we might work out some later
3 returns in soil.

4 EXAMINER STOGNER: If there's nothing further in
5 this matter, I will keep the record open pending the rough
6 draft and any conversations you may have with the Division
7 staff.

8 MR. CARR: If I'm allowed to do that.

9 EXAMINER STOGNER: Yes, if you're allowed to do
10 that.

11 Anything further in this matter?

12 MR. CARR: Nothing further.

13 EXAMINER STOGNER: Okay, then the hearing is
14 adjourned today. Thank you.

15 (Thereupon, these proceedings were concluded at
16 9:10 a.m.)

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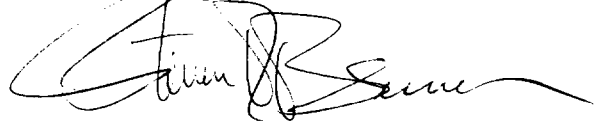
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL August 23rd, 2001.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002

I do hereby certify that the foregoing is a true and accurate transcript of the proceedings before me as reported by me.
12707
23 August 2001
Oil Conservation Division

STEVEN T. BRENNER, CCR
(505) 989-9317