

Called in by Perry Pearce
3/26/91
Memo
From
FLORENE DAVIDSON
OC Staff Specialist

To April 18, 1991

Knox Industries Inc.
Special Pool Rules for
Milnesand-Albo Pool
Lea and Roosevelt
Counties

E/2 - Section 33

S/2 - Section 34

T8S - R35E

NW/4 - 3-9S-35E

80

160-acre spacing

10250

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

RECEIVED

APR 12 1991

OIL CONSERVATION DIV.
SANTA FE

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING THE APPLICATION OF
KNOX INDUSTRIES, INC. FOR SPECIAL
POOL RULES, LEA AND ROOSEVELT COUNTIES,
NEW MEXICO

Case No. 10280

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of Knox Industries, Inc., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

Applicant: Knox Industries, Inc.

Contact
Person: Gordon Votaw
Knox Industries, Inc.
Post Office Box 3023
Midland, Texas 79702-3023

Attorney: W. Perry Pearce
Montgomery & Andrews, P.A.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873

APPLICANT'S STATEMENT OF THE CASE

Applicant in this case seeks special pool rules including 80 acre spacing for the Milnesand Abo Pool which straddles the Lea and Roosevelt County lines

APPLICANT'S PROPOSED EVIDENCE

Applicant expects to call one witness and present 10 or fewer exhibits. The direct case should take 30 minutes or less.


PROCEDURAL MATTERS

Applicant is not aware of any procedural matters which need to be resolved prior to the hearing of this case.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By


W. Perry Pearce
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for Knox Industries, Inc.

[WPP/156]

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

RECEIVED

APR 2 1991

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING THE APPLICATION OF
KNOX INDUSTRIES, INC. FOR
SPECIAL POOL RULES, LEA AND
ROOSEVELT COUNTIES, NEW
MEXICO

CASE NO. 10280

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of Knox Industries, Inc. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

Applicant: Knox Industries, Inc.
Post Office Box 3023
Midland, Texas 79702-3023
(915) 682-6261

Contact
Person: Gordon Votaw

Attorney: W. Perry Pearce
Montgomery & Andrews, P.A.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873

APPLICANT'S STATEMENT OF THE CASE

Applicant in this case seeks special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements.

APPLICANT'S PROPOSED EVIDENCE

Applicant expects to call one witness and present 10 or fewer exhibits. The direct case should take 30 minutes or less.


PROCEDURAL MATTERS

Applicant is not aware of any procedural matters which need to be resolved prior to the hearing of this case.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By


W. Perry Pearce
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for Knox Industries, Inc.

[WPP/184]

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

POST OFFICE BOX 2098
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
505/827-5800

MEMORANDUM

TO: INDUSTRY OPERATORS, PURCHASERS AND ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division

SUBJECT: ANNUAL STATE OF THE INDUSTRY MEETING - JUNE 7, 1991

DATE: MAY 28, 1991

This year's oil and gas State of the Industry meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on June 7, 1991 beginning at 9:00 AM. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of Industry meeting. It will be held on Thursday night, June 6, 1991, from 6:30 to 8:00 pm, in the New Mexico Room of the La Fonda Hotel. Cocktails and hor d'oeuvres will be served. This year's program has excellent speakers covering a variety of critical industry issues. The agenda is as follows:

9:00 - 9:10

WELCOME AND OPENING REMARKS

William J. LeMay, Director, Oil Conservation Division
Energy, Minerals and Natural Resources Department

9:10 - 9:30

THE DOMESTIC CRUDE OIL OUTLOOK

R. G. Bautch, Manager of Lease Crude Operations
Chevron, U.S.A.

9:30 - 9:50

INTERNATIONAL CRUDE OUTLOOK

Mike Mirabagheri, Vice President
Holly Corporation

MEMORANDUM

May 28, 1991

Page -2-

- 9:50 - 10:10** ***OIL AND GAS ISSUES FOR NEW MEXICO'S INDEPENDENTS***
Bob Bayless, Independent Producer
- 10:10 - 10:30** ***COFFEE BREAK***
- 10:30 - 10:50** ***REGULATORY UPDATE***
Jim Morrow, Chief Engineer
Oil Conservation Division
Energy, Minerals and Natural Resources Department
- 10:50 - 11:10** ***WHAT'S NEW FOR NEW MEXICO'S NATURAL GAS***
Ron Merrett, Director
Natural Gas Programs
Oil Conservation Division
Energy, Minerals and Natural Resources Department
- 11:10 - 11:30** ***ENVIRONMENTAL ISSUES IN NEW MEXICO'S OIL AND GAS INDUSTRY***
David G. Boyer, Environmental Bureau Chief
Oil Conservation Division
Energy, Minerals and Natural Resources Department
- 11:30 - 11:50** ***NEW MEXICO'S STATE LANDS' POLICY AND INITIATIVES***
Jim Baca, State Land Commissioner
- 11:50 - 12:00** ***CONCLUDING REMARKS***
William J. LeMay, Director
Oil Conservation Division
Energy, Minerals and Natural Resources Department

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

MEMORANDUM

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

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division *WJL*

SUBJECT: RECENT FEDERAL ENVIRONMENTAL ACTION REGARDING
EXPLORATION AND PRODUCTION WASTES

DATE: APRIL 25, 1991

This memo summarizes and provides information on three recent federal actions involving oil and gas exploration and production wastes.

1. On February 25, 1991, EPA Region 6, Dallas, issued final Clean Water Act NPDES General Permits for oil and gas facilities in the Onshore Subcategory of the Oil and Gas Extraction Point Source Category for the States of Louisiana, New Mexico, Oklahoma and Texas. These permits prohibit all discharges of pollutants to waters of the U.S. from these facilities consistent with the requirements codified at 40 CFR Part 435, Subpart C. The permits became effective on March 27, 1991. Under the New Mexico permit (NMG 320000), discharges to "waters of the United States" (e.g. watercourses, rivers, streams, lakes, and playas, etc.) are prohibited, and operators are directed to operate in accordance with OCD Rules and Regulations. The permit does not require the operator to make application or contact EPA unless a discharge actually occurs. In the event of bypass or upset discharge, 24-hour reporting to EPA is required. (Note: Discharges specifically authorized by EPA-issued NPDES permits under the Agriculture and Wildlife Water Use, or Stripper Subcategories are not affected by this rule).
2. In a legal opinion issued by letter from EPA Region 6 on March 26, 1991, Laguna Gatuna (a natural playa salt lake in western Lea County) is now considered to be a "water of the United States" for purposes of regulation under the Federal Clean Water Act, and discharges of oil and gas wastes to the playa are prohibited without a federal NPDES permit. The opinion was requested by the NM Environment Department as a result of information provided by the US Fish and Wildlife Service. In the opinion, EPA states that under EPA's current definition of "waters of the U.S.", "even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act." As a result of this action and the effect of the new NPDES General Permit discussed above, facilities discharging oilfield wastes to

MEMORANDUM

April 25, 1991

Page -2-

playas may not be in compliance with the federal Clean Water Act even though they have OCD-approved state permits. All operators discharging to such playas should review these developments with legal counsel familiar with federal environmental law and be prepared to modify discharge methods if necessary. This action does not change the status of OCD-approved permits; these permits remain in effect. Any modification to operations would be as a result of the requirements of federal law.

3. On April 2, 1991, EPA Washington, by letter, issued a preliminary determination that wastes generated by crude oil and tank bottom reclamation facilities are exempt from Subtitle C (Hazardous Waste) provisions of RCRA. This opinion was requested by several operators in southeast New Mexico and west Texas as a result of EPA's action, effective last fall, listing certain production-related wastes containing naturally occurring benzene as hazardous wastes. The April 2nd determination will be made final when published in the Federal Register, likely within the next 60 days. In the meantime, OCD believes the EPA letter serves as notification to treating plants and other reclamation facilities that they can again receive and treat these wastes under current OCD-approved permits. However, facilities can receive only production wastes for treatment (i.e. no used motor oils, or refined product tank bottoms) and no RCRA-regulated solvents may be used to treat production wastes (e.g. no chlorinated solvents or solvent mixtures containing xylenes, toluene and other mixtures as listed in 40 CFR Part 261.31).

Copies of all EPA documents mentioned in this memorandum are available at OCD district offices or through the Environmental Bureau in Santa Fe.

WJM/DGB/sl



BRUCE KING
GOVERNOR

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

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

October 11, 1991

MONTGOMERY & ANDREWS
Attorneys at Law
P. O. Box 2307
Santa Fe, New Mexico 87505

RE: CASE NO. 10280
ORDER NO. R-9595

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad and Roswell Offices