

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date JULY 11, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Les Clements	O.C.D.	ARTESA, N.M.
William L. Jan	Campbell and Black	Santa Fe
Bob Huhner	Bryann	Santa Fe
Larry Brooks	O.C.D.	Artesia N.M.
R. E. Johnson	O.C.D.	Santa Fe
Joe T. Garcia	Roadero	Roswell
G.W. Vander	GETTY	Denver
Paul W. Benchell	El Paso Natural Gas Co.	El Paso, TX
Allen H. Hopson	Hinkle Law Firm	Santa Fe
Scott Hall	Campbell & Black	ST
W. V. Kellaher	Kellaher & Kellaher	Santa Fe
James Bruce	Hinkle Law Firm	Santa Fe
Wm. O. LeWitt	Petroleum Oper. Co	Dallas
Bob Enfield	SCIF	Santa Fe
Dave Bureau	YATES PETROLEUM	ARTESIA
Robert H. Strand	Atwood Malore	Roswell
Robert W. Langford	alpha 21 Prod. Co.	Midland
Wm. P. Aycok	Wm. P. Aycok & Assoc.	Midland

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NAME	REPRESENTING	LOCATION
M. Stogner	OCD	Santa Fe
Joe Chifonde	ALPHA-21 Production Co.	Midland TX
ROD SCHUMACHER	ATWOOD, MALONE	ROSWELL
R. G. MEILINNEY	TRANS PECOS RESOURCES	HOUSTON
J. J. GAWRON	"	"
RED WALSH	Walsh Engineering Co	Farmington NM
A. J. FORE	M. S. BRAWN	Houston TX
BILL LANCASTER	Shell Western E&P	Houston TX
Eddie Whitford	Shell Western E&P	Artesia NM
Chad Dickerson	Yates Petroleum	"
Thomas J. Van Akkeren	Loose Count + Dickerson	Artesia NM
Kent Darr	Shell Western E&P Inc	Houston TX
Jim O'Brien	Trans Pecos Resources	Houston, TX.
Tommy Sanders	GAS COMPANY OF NM	ALB
DAN NUTTER	"	"
Quinn Reno	CONSULTING ENGR	SANTA FE
Larry C. McCarter	Southern Union Exploration	Dallas
TIMOTHY O'GORMAN	Getty Oil Co.	Midland, TX
Don Steinnerd	SHELL WESTERN E&P INC.	Houston, TX.
	Getty Oil Co.	Hobbs, NM

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6
7 11 July 1984

8 EXAMINER HEARING

9 IN THE MATTER OF

10 The hearing called by the Oil
11 Conservation Division on its own
12 motion to consider the rescission
13 of Order No. R-2788.

CASE
8240

14 BEFORE: Richard L. Stamets, Examiner

15
16 TRANSCRIPT OF HEARING

17
18 A P P E A R A N C E S

19 For the Oil Conservation
20 Division:

W. Perry Pearce
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

21 For the Applicant:
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I N D E X

LESLIE CLEMENTS

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3 MR. STAMETS: We'll call next
4 Case 8240, which is in the matter of the hearing called by
5 the Oil Conservation Division on its own motion to consider
6 the rescission of Order Number R-2788.

7 MR. PEARCE: May it please the
8 Examiner, I am W. Perry Pearce, appearing in this matter on
9 behalf of the New Mexico Oil Conservation Division.

10 I have one witness who needs to
11 be sworn.

12 MR. STAMETS: Any other appear-
13 ances in this case?

14 (Witness sworn.)

15 LESLIE CLEMENTS,
16 being called as a witness and being duly sworn upon his
17 oath, testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. PEARCE:

21 Q Thank you, sir. For the record would you
22 please state your name, your employer and position of em-
23 ployment?

24 A Leslie Clements. Supervisor District
25 Two. New Mexico Oil Conservation Division in Artesia, New
Mexico.

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2 Q Mr. Clements, how long have you worked
3 for the Oil Conservation Division?

4 A Twenty-four years and nine months.

5 Q And is that area affected by Order R-2788
6 within your area of responsibility in that district?

7 A Yes, sir.

8 Q Mr. Clements, to speed this proceeding a-
9 long, I'm going to ask that you take the packet of exhibits
10 which you have prepared and briefly run through those exhi-
11 bits, commenting on each for the Examiner and those in at-
12 tendance at this hearing, and as you go through, if you
13 would please briefly describe what the Division seeks in
14 this matter.

15 A Okay. The exhibits I have prepared here
16 begins with what I have marked as OCD Exhibit Number One,
17 which is a letter that I wrote Deanie Lou on June the 7th,
18 198--

19 Anyway, I wrote this letter to them
20 directing them to cease putting water in a pit and that we
21 were going to set this matter for a show cause hearing why
22 Order 2788 should not be rescinded and thereafter all waters
23 be handled under Division Rule R-3221.

24 Q And as I understand it, sir, for the re-
25 cord in this proceeding, that disposal pit operated by
Deanie Lou is now covered by the provisions of R-2788.

A That is right.

Q All right, sir, would you please proceed?

1 A Exhibit Two is just a copy of Order R-
2 2788, which was issued back on the 21st day of October,
3 1964.

4 It states that prior to use that these
5 pits will be inspected by the State Engineer's Office out of
6 Roswell and in checking with the State Engineer's Office in
7 Roswell, they informed me that they had never inspected any
8 pits in the area covered by this order.

9 Q Okay. As to the disposal and pit proce-
10 dures, sir, what does Order R-2788 provide?

11 A It provides for two townships, Township 6
12 and 7 South, Range 26 East, Chaves County, New Mexico, that
13 they are allowed to pit waters within two miles of the Pecos
14 River and in a lined pit, I'm sorry.

15 Q All right, sir, and is there some provi-
16 sion for how that lined pit is to be constructed?

17 A Yes, sir.

18 Q Thank you, go ahead, please.

19 A Okay. The next exhibit I have, I have
20 marked as OCD Exhibit Number Three-A. It's just a cover, a
21 xeroxed corner of a quadrangle map and I have included it
22 only to show what quadrangle map that I have presented as
23 Exhibit marked OCD Exhibit Three-B.

24 This exhibit was submitted to show that
25 the pit sets upon the left or the west bank, I'm sorry, of
the Pecos River, some -- about a half a mile or three-quar-
ters of a mile away from the Peco River, and to show the

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2 terrain of this part of the country drops off real rapidly
3 towards the Pecos River; therefore it would cause a natural
4 drainage into the springs and the river itself.

5 Q All right, sir. While we have Exhibit
6 Three, Three-B before us, are there other disposal facilities
7 of which you're aware which are currently regulated by
8 the provision of R-2788?

9 A Yes, sir. Yates Petroleum Company operates
10 a salt water disposal well in Unit -- or Section 36.

11 Q Okay, any other pit?

12 A Yes, sir. There is a pit on the east
13 side of the river in Section 28.

14 Q All right, sir, please go ahead.

15 A Okay. OCD Exhibit Number Four is a
16 sample or analysis of a sample taken by Mr. Weaver on May
17 the 4th, 1984, and run by Mr. Brooks of our office to show
18 that chlorides was 127,350 parts per million.

19 Q Okay.

20 A Okay, Exhibit Number Five is a field trip
21 report by Mr. Williams, which I was along that day that we
22 -- that he went there and it's intended to show that Penroc
23 Oil Company has a line laid from their lease to this -- it
24 is to show that there is a water line from Penroc Oil Company's
25 lease to the England Federal battery operated by
Deanie Lou.

Q And the England Federal battery operated
by Deanie Lou is the pit in question.

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A Yes, sir.

Q Thank you, sir.

A The following exhibits marked OCD Six-A through Six-E are field reports of Mr. B. W. Weaver taken at random dates that are submitted just to show the condition of this pit.

Q Okay, Mr. Clements, you mentioned that there was another pit operated in Section 28 under the provisions of this order.

Is it fair to say that field -- a collection of field trip reports to that facility would show substantially the same types of problems encountered at this operation?

A Yes, sir.

Q All right, sir, thank you. Go ahead with Seven, please.

A Okay. OCD Exhibit Number Seven is a copy of the latest C-115 submitted to us by Deanie Lou. It is intended to show what production, or water production that they are indicating, which seems to be some discrepancy according to their pumper.

They show somewhere around one barrel a day on their C-115 and their pumper claims that they're making at least eight barrels per well.

Q Okay. In your opinion the amount of water that is collected in this pit at the present time, would that be possible if those wells were only producing a

1
2 barrel a day?

3 A No, sir.

4 Q Okay, thank you, sir. Please proceed.

5 A Okay. The next exhibit is marked OCD
6 Number Eight, and it is the latest C-115 from Penroc Oil
7 Corporation to show that -- the amount of water that they
8 are also putting in this pit.

9 The Cooper Lease shows, or indicates, 806
10 barrels per month and the Elliott Federal 725 barrels per
11 month.

12 Q Okay, and those -- those volumes are more
13 in line with what you would expect judging by the volume
14 contained in the pit at the present time?

15 A Yes, sir.

16 Q All right, sir, please go ahead with
17 Nine.

18 A OCD Nine is just a page from the
19 Engineering Committee stat book, Volume 1-A, page 329, 1983,
20 and it's some general information as the reported volumes
21 for the year of 1983.

22 Q Mr. Clements, in this case the Oil Con-
23 servation Division is requesting that Order R-2788 be
24 rescinded and that the disposal provisions of R-3221 be made
25 applicable to the area previously covered by the rescinded
order.

Would you briefly describe for the Exami-
ner the difference in disposal procedures between those two

1
2 orders?

3 A The procedures under R-2788 did not in-
4 clude any leak protection devices for any lined pits. It
5 was only to be inspected by the State Engineers, which I
6 have stated before was not inspected by the State Engineers.

7 Division Order R-3221 requires that any
8 volumes of water over one barrel per day be properly dis-
9 posed of either in a disposal well or in a lined pit that
10 has proper leak protection devices under the provisions of
11 R-3221-C.

12 It is my recommendation that this Order
13 R-2788 be abolished and the waters handled under the provi-
14 sions as provided by R-3120.

15 Q Mr. Clements, in your opinion will the
16 disposal procedures specified under R-3221 better protect
17 the surface and underground waters within the State of New
18 Mexico from contamination of the waters in questions?

19 A Yes, sir.

20 Q And do you believe that if Order 2788 is
21 rescinded that you have the authority and the ability to get
22 the operator of this facility to properly clean and dispose
23 of the fluids presently on site?

24 A Yes, sir.

25 Q Thank you, sir.

MR. PEARCE: Mr. Examiner, I
have nothing further on direct at this time.

I would move the admission of

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OCD Exhibits One through Nine.

MR. STAMETS: The exhibits will
be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Clements, are there some lined pits
in this area now as a result of this original order?

A Yes, sir.

Q How many are there?

A Two.

Q And who are the owners?

A Okay, Deanie Lou owns this one that we
were talking about here, and the other one is owned by --
just a minute, I've got that wrote down here somewhere.

MR. PEARCE: If I may, Mr. Examiner, I believe the name of the company is Nichols and
Brady, B-R-A-D-Y.

A Yes.

Q Would it be your recommendation that
those lined pits be dug up, carted off, the area leveled and
returned to its natural condition?

A Yes, sir.

Q It should be allowed to be dried and then
the material removed.

A In the letter I wrote to Deanie Lou I re-
quested them to haul this water to a proper disposal system

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that was in the pit because the pit lining is nonexistent in some places.

MR. STAMETS: Any other questions of the witness? He may be excused.

Anything further in this case?

MR. PEARCE: Nothing, sir.

MR. STAMETS: This case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8240
heard by me on 7-11 19 54.

Richard L. Stum, Examiner
Oil Conservation Division