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| **NTL 92-3**  Notice to Lessees and Operators of Onshore Federal and Indian  Oil and Gas Leases Within the Jurisdiction  of the New Mexico State Office  (NTL 92-3 New Mexico)    **Limits for Accumulation of Oil in Water Disposal Pits and Tanks**     |  |  |  |  | | --- | --- | --- | --- | | I. Background:  The Bureau has monitored tanks and pits used for holding water for disposal. When water is removed from the lease for disposal, oil that has accumulated is often removed but not accounted for. In many cases, the amount removed is more than what is considered "incidental oil." The cumulative losses to the operator and the government are significant.  II. Purpose:  Federal regulations and Notice to Lessees (NTL) 2-B Part V.4, require that water disposal pits be kept reasonably free of oil. This Notice establishes standards for "reasonably free" and "incidental oil" that is allowed to accumulate.  III. Authority:  Title 43 CFR part 3162.7-1, 3164.2, and NTL-2B, Disposal of Produced Water  IV. Definitions:  **Oil** means any hydrocarbon that exists as a liquid at atmospheric pressure.  **Free oil** means oil that has separated from the produced water and has accumulated on the surface. This includes any oil-water emulsion.  **Reasonably free of oil** means 0.2 percent or less of the volume contained in a tank or pit.  **Disposal pit or tank** means any container used to hold water, for disposal or is used to hold water prior to disposal.  V. Requirements:  The operator is responsible for maintaining equipment that prevents oil accumulating in water disposal pits and tanks. When water is removed from the lease for disposal, oil that has accumulated in the disposal pit or tank must be placed back into the production/sales system before the water is removed. All pits or tanks used for disposal or holding of produced water that are not subject to sealing requirements of Onshore Order No. 3 shall be kept reasonably free of oil (0.2 percent by volume). For example, a full 300 bbl capacity tank, 16' high (approximately 1.56 bbls/inch) may contain no more than 0.6 bbls. or 0.38 inches (16'X 12" X .002) of free oil. The same tank, half full of water (8 feet) may contain no more than 0.3 bbls. or 0.19 inches of free oil.  Tanks holding produced water that are in a closed system (no outlet other than the injection system) where the water is injected on lease, are exempt from the 0.2% requirement. However, the oil pad on these tanks must be kept to a level that prevents oil from entering the injection system.  Violations of this Notice will result in the issuance of a Notice of Incident of Noncompliance pursuant 43 CFR part 3163.1.  VI. Recommended Volume Determination Method:  The Bureau will determine the volume of free oil using water finding paste and a gauge tape. The free oil volume indicated by tape measurements will be compared to the total volume contained in the tank. The/volume of oil must not exceed the 0.2 percent of the measured volume. The amount of suspended oil in the water is normally insignificant, therefore, this measurement is not required. Other methods that yield similar accuracy are acceptable.   |  |  |  | | --- | --- | --- | | APPROVED: | Date: 12-24-91 | Larry L. Woodard New Mexico State Director | | | |