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| **NTL 92-3A**  Notice to Lessees and Operators of Onshore Federal and Indian  Oil and Gas Leases Within the Jurisdiction  of the Albuquerque and Farmington Districts  (NTL 92-3A ADO/FDO)    **Limits for Accumulation of Oil in Water Disposal Pits and Tanks (ADO/FDO)**     |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | I. Background  The Bureau has monitored lined and unlined 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 mount removed is more than what is considered incidental oil. The cumulative losses to the operator and government are potentially significant.  II. Purpose  Federal regulations and Onshore Order No. 7, III, Part F.8, 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. This amendment establishes standards for the Farmington and Albuquerque District Offices and replaces NTL 92-3 New Mexico.  III. Authority  Title 43 CFR Part 3162.7-1 and Onshore Order No. 7. Disposal of Produced Water.  IV. Definitions  **Oil** means any hydrocarbon that exists as a liquid at atmospheric pressure.  **Reasonably free of oil**means three (3) barrels or less of oil in the tank or pit.  **Incidental oil** means one (1) barrel or less of oil.  **Lined Pit** means an excavated and/or bermed area that is required to be lined with natural or manmade material that will prevent seepage. Such pit shall also include a leak detection system.  **Unlined Pit** means an excavated and/or bermed area that is not required to be lined or any pit that is lined but does not contain a leak detection system. This includes all tanks, fiberglass or steel, that do not meet the requirements of Onshore Order No. 3 and 4 for storage/sales of oil, or other vessels used to contain produced water.  V. Requirements  The operator is responsible for maintaining production equipment in a condition that prevents oil accumulating in lined and unlined water disposal pits, which must be kept reasonably oil free. Incidental oil accumulations in lined and unlined water disposal pits qualifies as waste oil and up to one (1) barrel of oil, cumulative, may be removed and disposed of once per calendar quarter. Oil accumulations of three (3) or more barrels require the operator to initiate actions that either returns the oil to the regular treating system and stock tanks for sale, or removes the oil from the lined or unlined water disposal pit for disposal.  Removal and disposal of oil volumes exceeding incidental amounts (one barrel or more) require an approved waste oil determination from the Authorized Officer (AO). An application for a waste oil determination shall be on Sundry Notice Form 3160-5 and must demonstrate to the AO that the oil is of such quality that it cannot be treated economically and put in marketable condition with existing or modified lease facilities or portable equipment and cannot be sold to reclaimers.  VI. Documentation  When removing and disposing of water and incidental or waste oil from lined and unlined disposal pits, the volumes must be recorded on a trucking manifest. This manifest must include the well name and/or number, lease number, location (quarter-quarter, section, township, range), source, amount of oil and amount of water, and disposal destination. Per 43 CFR 3162.7-1(f), these records must be maintained by the operator for a period of 6 years and will be provided to the Authorized Officer upon request.   |  |  |  | | --- | --- | --- | | APPROVED: | Date: 11-1-93 | Michael J. Pool  Farmington District Manager | |  | Date: 11-1-93 | Michael R. Ford Albuquerque District Office | | | |