



Oil Storage (Surface)

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Topics for Discussion



- Applicable Rules for Crude Oil Storage
 - All Surface Storage
 - On Lease Storage
 - Off Lease Storage
 - Storage at Commercial Facilities
- Prohibited Storage
- Other Requirements
- Other Regulators

Key Takeaways



1. The Commission does not issue permits for the above-ground storage of crude oil in tanks.
2. The requirements of the Natural Resources Code and Commission Rules (16 Texas Administrative Code §3) must be followed.
3. There are additional administrative requirements for off-lease storage (Forms P-17/ P-17A and T-1), or storage on a commercial facility.



16 Texas Administrative Code

- §3.1 Organization Report; Retention of Records; Notice Requirements
- §3.3 Identification of Properties, Wells, and Tanks
- §3.8 Water Protection
- §3.20 Notification of Fire Breaks, Leaks, or Blow-outs
- §3.21 Fire Prevention and Swabbing
- §3.22 Protection of Birds



For storage off lease, all rules on previous slide (§§ 3.1, 3.3, 3.8, 3.20, 3.21, and 3.22), and

- §3.26 Separating Devices, Tanks, and Surface Commingling of Oil
- § 3.59 Oil and Gas Transporter's Reports

Applicable Rules – All Storage



Storage of oil in tanks must comply with Commission regulations in 16 Texas Administrative Code Chapter 3





§3.1

Organization Report; Retention of Records; Notice Requirements

- Anyone performing operations under RRC jurisdiction must have an approved organization report (Form P-5) and financial security



§3.3

Identification of Properties, Wells, and Tanks



Photo credit: Webber Energy Group



A sign must be posted at the entrance to the property, which must show:

- Name of the property
- Name of the operator
- Number of acres in the property.



A sign must be posted or painted on each oil stock tank and on each remotely located satellite tank. Signs must show:

- All information required for the property identification
- The RRC lease # for the formation for the oil
- The RRC permit # that authorized the commingling of the oil, if oil from more than one formation is commingled in the same tank



§3.8

Water Protection

- No regulated activities may cause pollution of surface or subsurface water



- The storage of oil is regulated by the Railroad Commission.
- No regulated activities may cause pollution of surface or subsurface water.
- The use any pit for storage of oil or oil products is **prohibited**



§3.20

Notification of Fire Breaks, Leaks, or Blow-outs

- Operators of oil storage tanks must immediately notify the appropriate Railroad Commission District Office of a leak, spill, break or fire.



- The RRC district office must immediately be notified by phone of any fire, leak, or spill.
- Notice must be followed by a letter including:
 - A full description of the event
 - The volume of crude oil or other associated products lost
 - Location of incident including latitude/longitude coordinates and identification of affected tanks
 - Steps taken to remedy the situation



§3.21

Fire Prevention and Swabbing

- Tank requirements and spacing for fire prevention.



- Any field working hydrocarbon tank with a capacity of 10,000 barrels or more must be spaced at least 200 feet to any other like tank.
- No oil or associated products may be stored in open pits.
- All oil tanks where there is a gas hazard must be gas tight and provided with proper gas vents.



- Dikes must be constructed and maintained around all permanent oil tanks if:
 - Tanks are within city limits; or
 - Tanks are closer than 500 feet to a highway or dwelling, or closer than 1,000 feet to a school or church; or
 - Tanks are deemed by the commission to be an objectionable hazard.



§3.22

Protection of Birds

- Measures must be taken to protect birds including placing covers on open-top tanks.

Protection of Birds (2 of 2)



- An operator must screen, net, cover, or otherwise render harmless to birds
- Applies to open-top storage tanks that are eight feet or greater in diameter, which contain a continuous or frequent surface film or accumulation of oil

On Lease Storage



- On lease storage means one Lease ID No. and the oil does not leave the physical lease.
- Operators may store oil on-lease, subject to Railroad Commission rules.
- The Commission does not issue permits for the above-ground storage of crude oil in tanks.
- Individual Lease Contract/Agreement provisions regarding storage, if any, may also apply but are not subject to the Commission's jurisdiction.



Off Lease Storage Requirements

- §3.26 Separating Devices, Tanks, and Surface Commingling of Oil
- § 3.59 Oil and Gas Transporter's Reports



§3.26

Separating Devices, Tanks, & Surface Commingling of Oil

- Authorizes the surface commingling of oil when certain conditions are met or when authority is granted by Commission staff.
- Filing Form P-17/P-17A is required.



Question:

- If oil is to be taken off the producing lease for storage... is it going to be commingled with oil for another lease?



Case 1: Off lease storage in which the oil is moved off the physical lease but **is not** commingled with other oil

- Form P-17, Application for Permit Exception to Statewide Rules 26 and/or 27.
 - Notification of off lease storage
 - Will not receive a commingle permit number



Case 2: Off lease storage in which the oil is moved off the physical lease but **is** commingled with other oil

- Form P-17 or P-17A, Application for Permit Exception to Statewide Rules 26 and/or 27.
 - Will not receive a commingle permit number, unless Section 3(d) and any other letter in section 3 is selected

Form P-17/P-17A Class Description



- Form P-17
 - The royalty interest and working interest are not the same with respect to identity and percentage.
 - Notice must be sent by certified letter.
 - A \$375.00 fee is required, but
 - Fees are currently being waived until December 31, 2020 by Commission Order.
- Form P-17 A
 - Production is measured separately before commingling.
 - The royalty interest and working interest ownership is identical percentages.
 - This form does **not** require a fee.



§3. 59

Oil and Gas Transporter's Reports

- A Monthly Transportation and Storage Report (Form T-1) must be filed for each month
- Reports for the previous month must be received by the last day of the month



If oil will be stored at commercial reclamation or disposal facilities in amounts greater than allowed by their permit:

- Will require notice to Technical Permitting (Austin) & District Office
- Must be stored in a designated area*
- May require additional financial security.



For storage of additional oil at permitted commercial facilities:

- Up to 12 months – Requires a Letter of Authority. The tanks will be authorized as a separate storage area, which will have a separate financial security.
- Longer than 12 months – Requires a permit amendment.



Oil is prohibited from being stored in pits.

A pit is any structure with an open top that is used for storage, processing or disposal of oilfield fluids or oil and gas waste. This definition also includes:

- Buried tanks used for waste storage
- Concrete pads used for waste storage
- Structures built above and below grade
- Above ground “modular” style storage tanks

Other Requirements – Storm Water



- Storm water that comes into contact with oil is considered oil and gas waste and must be contained and disposed of in an authorized manner
- The RRC does not issue storm water discharge permits
- The discharge or release of contaminated storm water is **prohibited**

Other Regulators - TCEQ



- Air permit requirements under the jurisdiction of the TCEQ
- Permit-By-Rule (PBR) or Air New Source Review (NSR) permits may be required
- <https://www.tceq.texas.gov/assistance/industry/oil-and-gas/oilgas.html>



Other Regulators - EPA



- The federal Spill Prevention, Control and Countermeasure (SPCC) Rule, under the jurisdiction of the EPA.
- Applicable if facility stores more than 1,320 gallons (31.4 bbls) of oil
- <https://www.epa.gov/oil-spills-prevention-and-preparedness-regulations>

Conclusion



Questions

Environmental Permits and Support

512-463-3840

Production Audit

(Forms P-17 & T-1)

512-463-6726

Commissioner Contact Information



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