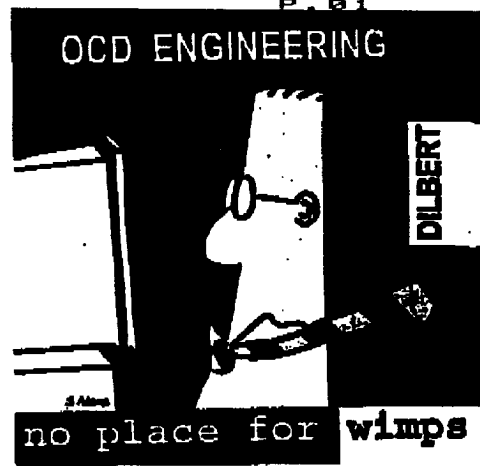


**TRANSMITTAL COVER SHEET**

**OIL CONSERVATION DIVISION  
ENGINEERING BUREAU  
(505) 827-7131 (OFFICE)  
(505) 827-1389 (FAX)**



**PLEASE DELIVER THIS FAX TO:**

**TO:** Ernie Busch  
**FROM:** Rand Carroll  
**SUBJECT:** Merrion - BHP  
**DATE:** 12/12/97  
**PAGES:** 3 (INCLUDING COVER SHEET)

**IF YOU HAVE ANY PROBLEMS RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.**

*Ernie -  
See attached AG's opinion. You may want to forward this opinion to Merrion and BHP.  
Note underlined/circled language.  
It looks like they will need a State Engineer permit besides an OCD permit.*

Control Number: 015941

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC  
801 CHERRY ST

FORT WORTH TX 76102

C-115 Filer Contact Name: \_\_\_\_\_ Phone: ( ) \_\_\_\_\_ FAX: ( ) \_\_\_\_\_

POD: 1577910 Product Type: OIL Facility Type: 03 Location: I 18 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577930 Product Type: GAS Facility Type: 01 Location: I 18 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577950 Product Type: WATER Facility Type: 05 Location: I 18 27N 10W County SAN JUAN

Description of POD (40 characters or less): \_\_\_\_\_

WELL COMPLETIONS

<u>Code</u>	<u>Pool Name</u>	<u>Code</u>	<u>Producing Property Name</u>	<u>API Well No.</u>	<u>Location</u>	<u>Well</u>
71629	BASIN FRUITLAND COAL (GAS)	007443	ROWLEY	30-045-06492	I 18 27N 10W	006



# Attorney General of New Mexico

PO Drawer 1508  
Santa Fe, New Mexico 87504-1508

505/827-6000  
Fax 505/827-5826

TOM UDALL  
Attorney General

MANUEL TLJERINA  
Deputy Attorney General

April 3, 1997

Mr. William Kalka  
Post Office Box 663  
Artesia, New Mexico 88211

Re: Use of Nonpotable Water from a Deep Aquifer for  
Agricultural Purposes

Dear Mr. Kalka:

I am writing at the request of Dr. William M. Turner, Natural Resources Trustee for the State of New Mexico. You have inquired whether highly saline water produced with oil and gas from deep underground aquifers may be used for agricultural purposes, and if so, what regulatory requirements might apply. Dr. Turner asked me to respond to your inquiry.

The State of New Mexico regulates the use of groundwater in "declared basins." Under NMSA § 72-12-1, the State Engineer may declare underground basins having "reasonably ascertainable boundaries" to be public waters subject to the regulatory jurisdiction of the State Engineer's Office. Most of the groundwater in the State lies within a "declared basin." Under NMSA § 72-12-1, any person, firm or corporation desiring to use groundwater from a declared basin must apply to the State Engineer and receive a permit. The applicant must demonstrate, in accordance with NMSA § 72-12-3, that it will put the water to a beneficial use. Beneficial use is the basis, the measure, and the limit of the right to the use of water. N.M. Const. art. XVI, § 3; NMSA § 72-12-2.

However, under NMSA § 72-12-25, a declared basin does not include nonpotable groundwater from a deep aquifer. This exception applies only to water containing dissolved solids at a level of 1000 parts per million or more, and only to water taken from an aquifer the top of which is 2500 feet or more below the ground surface.

Thus, if the water you wish to use meets both these conditions -- contains at least 1000 parts per million dissolved solids (and) comes from an aquifer the top of which is at least 2500 feet deep -- the use of such water is not subject to the State Engineer's regulatory jurisdiction. No permit from the State Engineer would be required, and no showing of beneficial

RECEIVED  
DEC 12 1997

OIL CON. DIV.  
DIST. 3

Control Number: 015940

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC  
801 CHERRY ST

FORT WORTH

TX 76102

C-115 Filer Contact Name: \_\_\_\_\_ Phone: ( ) \_\_\_\_\_ FAX: ( ) \_\_\_\_\_

POD: 1577810 Product Type: OIL Facility Type: 03 Location: K 17 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577830 Product Type: GAS Facility Type: 01 Location: K 17 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577850 Product Type: WATER Facility Type: 05 Location: K 17 27N 10W County SAN JUAN

Description of POD (40 characters or less): \_\_\_\_\_

WELL COMPLETIONS

Code Pool Name Code Producing Property Name API Well No. Location Well

71629 BASIN FRUITLAND COAL (GAS) 007443 ROWLEY  30-045-27278 K 17 27N 10W 155

- 2 -

use would be necessary.

The State of New Mexico also regulates the discharge of contaminants into underground waters. The Water Quality Control Act, and the Water Quality Control Commission regulations adopted thereunder, exempt the discharge of water for agricultural purposes. NMSA § 74-6-4(K); 20 NMAC § 6.3105(C). Thus, a discharge permit from the New Mexico Environment Department would not be required.

However, New Mexico does regulate discharges of water produced in connection with exploration for and production of oil or natural gas under the Oil and Gas Act, NMSA §§ 70-2-12(B)(15). Thus, a permit from the Oil Conservation Division of the Energy, Minerals, and Natural Resources Department would be necessary for any discharge of such water.

If you have any further questions on this issue, feel free to call me at (505) 827-6939.

Sincerely,



Charles de Saillan  
Assistant Attorney General  
Environmental Enforcement Division

cc: William M. Turner, Natural Resources Trustee

Control Number: 015939

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 014538 Operator Name: MERIDIAN OIL INC

801 CHERRY ST

FORT WORTH

TX 76102

C-115 Filer Contact Name: \_\_\_\_\_

Phone: ( ) \_\_\_\_\_

FAX: ( ) \_\_\_\_\_

POD: 1577710 Product Type: OIL Facility Type: 03 Location: L 08 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577730 Product Type: GAS Facility Type: 01 Location: L 08 27N 10W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): \_\_\_\_\_

POD: 1577750 Product Type: WATER Facility Type: 05 Location: L 08 27N 10W County SAN JUAN

Description of POD (40 characters or less): \_\_\_\_\_

WELL COMPLETIONS

Code Pool Name

Code Producing Property Name

API Well No. Location Well

71629 BASIN FRUITLAND COAL (GAS)

007443 ROWLEY

30-045-06643 L 08 27N 10W 002