

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9059  
Order No. R-8432

APPLICATION OF HARVEY E. YATES COMPANY  
FOR AN EXCEPTION TO ORDER NO. R-3221,  
AS AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 7, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of April, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Harvey E. Yates Company, is the owner and operator of the following described leases, all in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

<u>Lease Name</u>	<u>Land Description</u>	<u>Existing No. of Wells</u>	<u>Production Horizon</u>
Can Ken Fed.	Sec. 4: NE/4	1	N. Shugart Bone Spring
Hondo Fed.	Sec. 4: W/2 & SE/4	5	N. Shugart Bone Spring
Mesquite 3 Fed.	Sec. 3: All	2	N. Shugart Bone Spring
Mesquite 2 State	Sec. 2: All	5	Tamano Bone Spring

Case No. 9059  
Order No. R-8432  
-2-

Tamano Fed.	Sec. 1: All Sec. 12: W/2	0	
Hudson Fed.	Sec. 11: NE/4	0	
Taylor Fed.	Sec. 12: S/2 Sec. 13: N/2 N/2, N/2 NW/4, SW/4 NE/4, NW/4 SW/4	0	
S. Taylor "13" Fed.	Sec. 13: SE/4 NE/4, NE/4 SW/4, N/2 SE/4, S/2 S/2	1	East Shugart Delaware

(3) Water production from the above-described Bone Spring producing wells averages approximately 30 barrels of water per day per well and the East Shugart Delaware producing well averages 68 barrels of water per day.

(4) The applicant is proposing to drill approximately 12 additional wells to either the Bone Spring or Delaware formation in the aforementioned area.

(5) Maximum water production from any of the proposed wells at any time is not expected to exceed 70 barrels of water per day; neither the initial rate of flow nor sustained rate of flow of any well is expected to exceed 30 barrels of water per day.

(6) Ordering Paragraph No. (3) of Division Order No. R-3221, as amended, prohibits, subject to minor exceptions, in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which would constitute a hazard to any fresh water supplies.

(7) The aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(8) The State Engineer has designated, pursuant to Section 70-2-12 (15), N.M.S.A., 1978 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be

afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(9) The applicant seeks as an exception to the provisions of the aforesaid Ordering Paragraph No. (3) to permit the disposal of salt water produced by applicant's wells and any future wells drilled to either the Bone Spring or Delaware formations into the seven unlined surface pits in the following described manner:

<u>Pit Location</u>	<u>Lease(s) Served</u>
NE/4 SW/4 (Unit K) of Sec. 1	Tamano Federal
NW/4 SE/4 (Unit J) of Sec. 2	Mesquite "2" State
NW/4 NW/4 (Unit D) of Sec. 3	Mesquite "3" Federal
NW/4 SE/4 (Unit J) of Sec. 4	Can Ken Fed. & Hondo Fed.
NW/4 NE/4 (Unit B) of Sec. 11	Hudson Federal
SE/4 NW/4 (Unit F) of Sec. 12	Taylor Federal
SE/4 SE/4 (Unit P) of Sec. 13	South Taylor "13" Federal

All in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

(10) There appears to be no shallow fresh water in the vicinity of the subject pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pits.

(11) To prevent the economic loss caused by gathering and trucking the water produced on applicant's leases, authority to dispose of producing water in unlined surface pits on said leases should be granted.

(12) Approval of disposal as described above will not impair correlative rights nor cause waste, but will in fact protect correlative rights and may prevent waste by prolonging the producing life of the subject leases.

(13) The applicant should obtain final approval from the Director of the appropriate agency of the United States Department of Interior before constructing and operating any of those pits located on Federally designated leases.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Harvey E. Yates Company, is hereby granted an exception to Ordering Paragraph No. (3) of Division Order No. R-3221, as amended, to dispose of water produced in

Case No. 9059  
Order No. R-8432  
-4-

conjunction with the production of oil and gas, from its leases described in Finding Paragraph No. (2) of this order, into seven unlined surface pits in the following described manner.

<u>Pit Location</u>	<u>Lease(s) Served</u>
NE/4 SW/4 (Unit K) of Sec. 1	Tamano Federal
NW/4 SE/4 (Unit J) of Sec. 2	Mesquite "2" State
NW/4 NW/4 (Unit D) of Sec. 3	Mesquite "3" Federal
NW/4 SE/4 (Unit J) of Sec. 4	Can Ken Fed. & Hondo Fed.
NW/4 NE/4 (Unit B) of Sec. 11	Hudson Federal
SE/4 NW/4 (Unit F) of Sec. 12	Taylor Federal
SE/4 SE/4 (Unit P) of Sec. 13	South Taylor "13" Federal

All in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

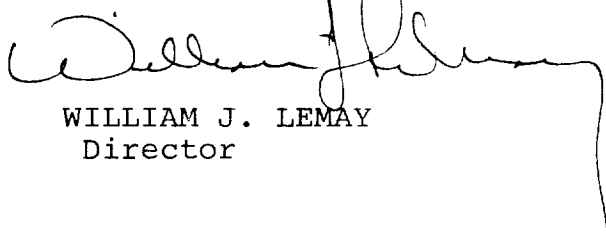
(2) The Director of the Division may by administrative order rescind such authority whenever it reasonably appears to the Director that such rescission would serve to protect fresh water supplies from contamination.

(3) Authority under this order for any individual pit, as described above and which is also located on a Federally designated Lease, shall become effective upon the approval by the Director of the appropriate agency of the United State Department of Interior.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

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