

**STATE OF NEW MEXICO
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**APPLICATION OF MEWBOURNE OIL COMPANY
TO REVOKE THE INJECTION AUTHORITY
GRANTED UNDER SWD-744 FOR THE WILLOW
LAKE WELL NO. 1 OPERATED BY PYOTE WELL SERVICE, LLC,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 15519
ORDER NO. R-14300-A**

ORDER ON MOTION TO STAY

This matter having come before the Oil Conservation Commission ("Commission") on the Motion to Stay Order No. R-14300 ("Motion") filed by David Baker, Receiver for the benefit of Pyote Water Solutions LLC and Pyote SWD II LLC ("Receiver"), and on the Joint Objection to Motion to Stay Order R-14300, filed by Mewbourne Oil Company, Oxy USA, Inc. and Kaiser-Francis Oil Company (collectively, "Objectors"). The Chair having considered the filings and the Order below, enters the following findings and Order:

1. The Oil Conservation Division entered Order No. R-14300 ("Division Order") on February 21, 2017. The Receiver filed an Application for Hearing De Novo with the Commission on March 22, 2017.

2. The Division Order found that: "Any disposal into the Bone Spring formation through perforations in the subject SWD well is causing waste of oil and associated gas in the surrounding wells and surrounding, undrilled sands." (Order R-14300 ¶19). The Division revoked the authority to inject previously granted by Order No. SWD-744, dated May 11, 1999 and ordered injection to cease by April 1, 2017.

3. Receiver argues that the termination of injection authority will cause the loss of revenues to the Receiver and the well owners, and will cause significant disruption for water haulers and producing operators in this area.

4. Objectors, who are operators of wells in the formation where injection is occurring, argue that the Motion did not provide anything to rebut the findings in the Division Order, and that no operator in the area has opposed the revocation of authority to inject.

5. The test for granting a stay of an order issued by an administrative agency was set forth in Tenneco Oil Company v. New Mexico Water Quality Control Comm'n, 105 N.M. 708, 736 P.2d 986 (Ct. App. 1986):

These conditions involve consideration of whether there has been a showing of: (1) a likelihood that applicant will prevail on the merits of the appeal; (2) a showing of irreparable harm to applicant unless the stay is granted; (3) evidence that no substantial harm will result to other interested persons; and (4) a showing that no harm will ensue to the public interest.
105 N.M. at 710.

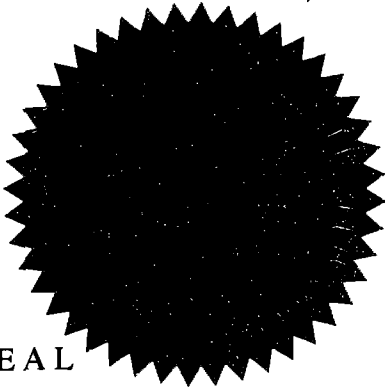
6. The Commission's Rules provide that the Director may grant a stay "if the stay is necessary to prevent waste, protect correlative rights, protect public health or the environment or prevent gross negative consequences to an affected party." 19.15.4.23(B) NMAC.

7. The Commission finds that the Motion has not provided a showing that the continued disposal through the well will not cause waste of oil and gas as determined in the Division Order. The Motion does not show that no substantial harm will result to other interested persons or to the public interest. Therefore, the Motion fails to meet the standards in the Tenneco test and in the Commission rule.

THEREFORE, the Motion to Stay Order No. R-14300 is hereby denied.

DONE at Santa Fe, New Mexico on this 7th day of April, 2017.

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID R. CATANACH, Chair