

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 9012
Order No. R-8390

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO
CONSIDER THE AMENDMENT OF RULE
701 (B)2 AND (D)1.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 23 and November 20, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of January, 1987, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) The Oil Conservation Division (Division) seeks to amend General Rule Nos. 701 (B)2 and (D)1 concerning the disposition and notice requirements for salt water disposal well applications.

(3) The proposed amendment of Rule 701 (D)1 would allow administrative approval of salt water disposal wells that would be injecting into a formation which is productive of oil or gas within a radius of two miles.

(4) Currently, General Rule No. 701 (D)1 requires that all such applications for disposal into a producing formation be set for hearing.

(5) The vast majority of these applications that are set for hearing are unopposed and the applicant is not required to furnish any additional information or notify any additional party(s) for a hearing than would normally be required for administrative approval.

(6) The proposed amendment would only apply to those applications that are unopposed and would not preclude any affected party or interest owner from requesting a hearing.

(7) Adoption of the proposed amendment for unopposed applications would reduce unnecessary appearance and oral testimony expenses on the part of the applicant and hearing expenses for the Division.

(8) The proposed amendment would be in the best interest of conservation, would continue to protect correlative rights, and should be approved in the form shown on Exhibit "A", attached hereto and made a part hereof effective February 1, 1987.

(9) The amendment of Rule 701 (B)2 was proposed by an interested party at the hearing on October 23, 1986.

(10) The proposed amendment of Rule 701 (B)2 would require the applicant for a commercial or off-lease disposal well to furnish, by certified or registered mail, a copy of the application to the owner of the surface of the land on which the well is to be located and to each operator, or if the acreage is undeveloped, to each leaseholder within a radius of one mile of the proposed disposal well.

(11) The proposed amendment would further define a commercial disposal well as one which involves the disposition of produced water in exchange for compensation or which is available for public use and would define an off-lease disposal well as one which is utilized for the disposal of produced water not originating on the lease in which the disposal well is located.

(12) The proposed amendment would cause notice to be given to offset operators within a one-mile radius of the disposal well due to the larger volumes of water that would normally be disposed of into a commercial or off-lease disposal well.

(13) It is very difficult to determine how large an area will be affected by the injection of water into a disposal well.

(14) Any such determination of how large an area would be affected by the injection of water into a disposal well should be made on the basis of such factors as volume of water, porosity, saturation, thickness of the receiving formation, etc., and should not be made simply by a definitional change as proposed.

-3-

Case No. 9012
Order No. R-8390

(15) There is no evidence at this time which indicates that additional notice requirements should be imposed on applicants for commercial or off-lease disposal wells or that the present rules governing these matters are inadequate.

(16) General Rule 701 B(2) should not be amended as proposed at this time, and that portion of this case concerning said amendment should therefore be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) Division General Rule No. 701 (D)1 is hereby amended to read as shown on Exhibit "A" attached to and made a part of this order.

(2) The effective date of the amendment contained herein shall be February 1, 1987.

(3) The portion of this case concerning the proposed amendment of General Rule 701 (B)2 is hereby dismissed.

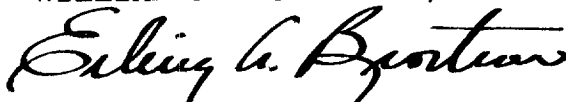
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

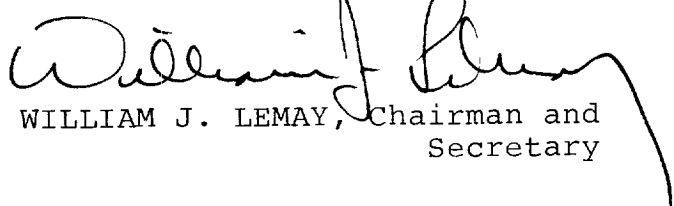
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



WILLIAM R. HUMPHRIES, Member



ERLING A. BROSTUEN, Member



WILLIAM J. LEMAY, Chairman and
Secretary

S E A L

fd/

EXHIBIT "A"
CASE NO. 9012
ORDER NO. R-8390

RULE 701 D 1.

The Division Director shall have authority to grant an exception to the requirements of Rule 701-A for water disposal wells only, without hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) and provided no objections are received pursuant to Rule 701-B 3.