

NM - 78

**GENERAL
CORRESPONDENCE**

YEAR(S):

1998-1997

Closed



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I Hobbs
PO BOX 1980
Hobbs, NM 88241-1981
(505) 393-6161

Jennifer A. Salisbury
CABINET SECRETARY

July 6, 1998

Mr. Mike Mooney
Stevens & Tull, Inc. (STI)
P.O. Box 11005
Midland, Texas 79702

RECEIVED

JUL 08 1998

Environmental Bureau
Oil Conservation Division

Re: Unlined Pit Closure Unit J Sec 16-Ts20s-R33e

Dear Mr. Mooney:

The New Mexico Oil Conservation Division is in receipt of the drilling report and analyticals for the above referenced pit. On June 25, 1998 STI drilled the center of the pit area, field observations noted that water was encountered at approximately 35 feet below ground surface, also there was H₂S being generated during the drilling operation.

In order to determine if natural occurring groundwater has been impacted, NMOCD requires that STI drill another investigation well up-gradient from the pit. Before drilling another monitor well please contact the New Mexico State Land office in Hobbs, NM. And give this office a 48 hour notification before drilling. During the drilling event your representative Mr. Roy Peugh requested copies of area groundwater information, please find attached copies of some data and maps of that area. Please note these are not NMOCD official documents and we recommend that you find additional research material for this area. A good source of information is the New Mexico State Engineer's office located in Roswell, NM.

The analyticals reflect low BTEX and Chlorides concentrations in the topsoil, however TPH levels were at 25,026 ppm which exceed the NMOCD guidelines for TPH. However, field observations indicated that some vegetation has been re-establish in the pit surface area. Please submit an action plan that will address this issue. Please note NMOCD will accept a long term performance based plan.

Please submit to the NMOCD within 60 days of receipt of this letter a plan of action for the top soil and the results of your findings in the additional investigation well.

If you have any questions please do not hesitate to call or write this office.

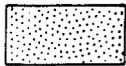
Sincerely Yours,

Wayne Price-Environmental Engineer

cc: Chris Williams- District I Supervisor
Martyne Kieling- NMOCD Envr. Bureau-SF
NM520 - HOBBS

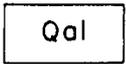
attachments- copy of maps, analysis

EXPLANATION



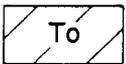
Sand

Thin cover of drift sand in most places; locally dunes 20-40 feet high



Alluvium

Sand and gravel along dry washes; silt and sand in lake beds; includes some wind-deposited sand around depressions



Ogallala formation

Chiefly sand, poorly to well-cemented with calcium carbonate; contains some clay, silt, and gravel; capped in most places by caliche

QUATERNARY

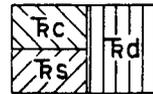
TERTIARY

Upper Triassic



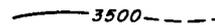
Ku

Cretaceous rocks, undifferentiated
Slumped blocks of buff, white fossiliferous lime



Dockum group

Rc-Chinle formation, red and gray minor siltstone, and fine-grained sandstone; **Rs**-Santa Rosa sandstone, red, poorly sorted, coarse-grained, sandstone; **Rd**-rocks of the Dockum group, undifferentiated



Contours on the red-bed series
*Dashed where approximate or
Contour interval 50 feet.
mean sea level*

EXPLANATION

$\frac{150}{252}$

Water well

Upper figure is depth to water; lower figure is depth of well. Open circles are wells finished in Tertiary or Quaternary rocks; solid circles are wells finished in Triassic rocks

- F = Flowing
- R = Reported
- P = Water level measured with piezometer
- D = Dry
- ? = Uncertainty as to aquifer
- > = More than
- < = Less than

(See tables 6 and 7 for detailed well data.)

3925

Water-table contour in Tertiary or Quaternary rocks

Dashed where inferred or uncertain. Contour interval 25 feet. Datum mean sea level

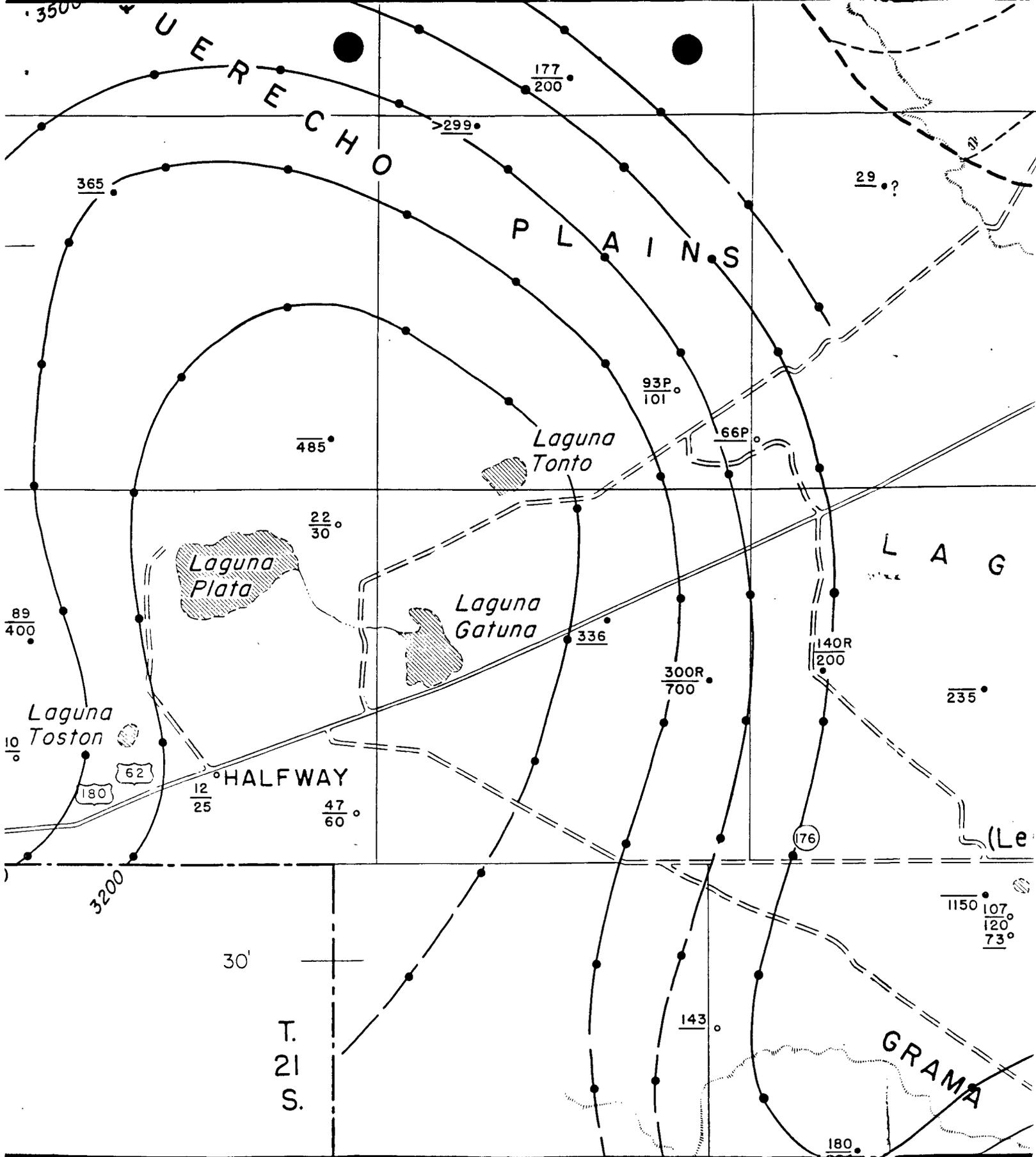
3500

Water-table or piezometric contour on water body in Triassic aquifers

Appr
betwe
Ter

Dashed where inferred or uncertain. Contour interval 100 feet. Datum mean sea level

5 E. 3875
3850
1825
20'
R. 36 E.
3800
3775
3750
3725
R. 37 E.
3650
103°





PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
 STEVENS & TULL, INC.
 ATTN: KING ROY
 P. O. BOX 11005
 MIDLAND, TX 79702
 FAX TO: 915-699-1113

Receiving Date: 06/25/98
 Reporting Date: 06/26/98
 Project Number: NOT GIVEN
 Project Name: STATE BF SWD PIT
 Project Location: MILE 73, CARLSBAD HWY

Sampling Date: 06/25/98
 Sample Type: SOIL
 Sample Condition: COOL & INTACT
 Sample Received By: JS
 Analyzed By: BC/AH

LAB NO	SAMPLE ID	TPH (mg/Kg)	CI (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		06/25/97	06/25/97	06/25/97	06/25/97	06/25/97	06/25/97
H3699-1	5' to 7'	<10	474	<0.002	<0.002	<0.002	<0.006
H3699-2	10' to 12'	83	605	<0.002	<0.002	<0.002	<0.006
H3699-3	15' to 17'	<10	818	<0.002	<0.002	<0.002	<0.006
H3699-4	20' to 22'	<10	628	<0.002	<0.002	<0.002	<0.006
H3699-5	25' to 27'	97	569	<0.002	<0.002	<0.002	<0.006
H3699-6	30' to 32'	<10	664	<0.002	<0.002	<0.002	<0.006
H3699-7	40' to 42'	<10	569	0.002	<0.002	<0.002	<0.006
H3699-8	Topsoil Comp.	25026	379	<0.002	<0.002	<0.002	<0.006
Quality Control		271	1141	0.087	0.090	0.090	0.276
True Value QC		251	1355	0.100	0.100	0.100	0.300
% Accuracy		108	84.2	86.7	90.3	89.7	92.0
Relative Percent Difference		7	0.6	1.3	2.5	2.6	3.8

METHODS: TRPHC-EPA 600/4-79-020, 418.1; CI-EPA 600/4-79-020 325.3 BTEX-EPA SW-846-8020

Gayle A. Potter, Chemist



06/26/98
 Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **Cardinal** shall be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by **Cardinal**, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
 (915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page ____ of ____

Company Name: STEVENS T JAIL
 Project Manager: KING ROY

Address: P.O. Box 11005
 City: MIDLAND State: TX Zip: 79702

Phone #: _____
 Fax #: _____

Project #: _____
 Project Owner: _____

Project Name: STATE OF NEW DIT
 Project Location: ST BF DESERAV Q17

Company: STEVENS T JAIL
 Attn: _____
 Address: _____
 City: MIDLAND
 State: _____ Zip: _____

Phone #: _____
 Fax #: _____

LAB USE ONLY

LAB I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX						DATE	TIME	ANALYSIS REQUEST
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :			
K3699-1	51'-7'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	06/24/98	11:30	TOPH				
-2	10'-12'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11:39	11:39	BTEX				
-3	15'-17'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11:46	11:55	CHLORIDES				
-4	20'-22'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11:55	12:15					
-5	25'-27'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12:15	12:57					
-6	30'-32'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12:31	1:30					
-7	40'-42'	1	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12:57						
-8	Top Soic Comp.	2	2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1:30						

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and /or other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profit incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

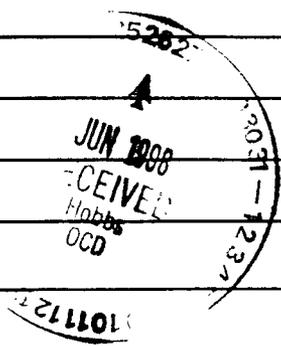
Sampler Relinquished By: *[Signature]*
 Date: _____
 Time: _____

Received By: *[Signature]*
 Date: _____
 Time: _____

Delivered By: (Circle One)
 UPS - Bus - Other: _____

Sample Condition
 Cool Intact
 Yes No
 Checked By: (Initials) *[Signature]*

REMARKS: _____



Kieling, Martyne

From: Price, Wayne
Sent: Thursday, May 14, 1998 2:48 PM
To: Martyne Kieling
Cc: Chris Williams; Roger Anderson
Subject: Stevans & Tull Pit

Dear Martyne:

This is the pit near the Half-way point between Hobbs & Carlsbad. They have covered pit but I am having hard time getting closure info. If they do not respond I might need your help! This is one of those that could have been classified as a 711 pit but they told you they would close through District.



S&TPIT1.WPD

<WP Attachment Enclosed>



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

DISTRICT I HOBBS
PO BOX 1980
Hobbs, NM 88241-1981
(505) 393-6161

Jennifer A. Salisbury
CABINET SECRETARY

May 14, 1998

Jesse Lawson
Stevens & Tull, Inc. (STI)
P.O. Box 11005
Midland, Texas 79702

Re: Unlined Pit Closure Unit J-Sec 16, Ts20s-R33e, Lea Co. NM

Dear Mr. Lawson:

On January 24, 1998 New Mexico Oil Conservation Division (NMOCD) sent STI a letter requesting additional information so as NMOCD may evaluate if this pit has been closed pursuant to NMOCD Guidelines. As of this date the NMOCD has not received your response.

Please note it is NMOCD's policy that all pits be closed properly. Please provide to NMOCD information pertaining to the vertical and horizontal extent of the contamination and the final clean-up levels as per the NMOCD guidelines. Please provide this information within 30 days of receipt of this letter.

Failure to comply with this request can be cause for NMOCD to request a show cause hearing against STI, requiring STI to appear and show cause why it should not be ordered to perform the above items and why it should not also be assessed civil penalties.

If you require any further information or assistance please do not hesitate to call (505-393-6161) or write this office.

Sincerely Yours,

Wayne Price-Environmental Engineer

cc: Chris Williams-NMOCD District I Supervisor
Roger Anderson-Environmental Bureau Chief, Santa Fe, NM
✓ Martyne Keeling-Environmental Bureau, Santa Fe, NM
NM State Land Office-Hobbs



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT



OIL CONSERVATION DIVISION
DISTRICT I HOBBS
PO BOX 1980, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

January 24, 1998

Jesse Lawson
Stevens & Tull, Inc. (STI)
P.O. Box 11005
Midland, Texas 79702

Re: Unlined Pit Closure Unit J-Sec 16, Ts20s-R33e, Lea Co. NM

New Mexico Oil Conservation Division (NMOCD) District I office is in receipt of STI's pit closure report for the above referenced facility. Please note after reviewing the submitted data it appears that the TPH levels exceed the NMOCD guideline levels. Also, STI has failed to supply BTEX analysis. In order for NMOCD to approve closure of site please supply the following information:

1. Analyticals for BTEX (EPA method 8020) and Chlorides (EPA general chemistry methods) from a composite sample of the top 2-3 feet of the surface soils. Chlorides will give an indication if levels are at such values that it will interfere with bio-remediation.
2. Provide an action plan to remove, treat or remediate the soils and/or provide a known and proven risk assessment method which will demonstrate this site can be restored as is and not be detrimental to the environment in the foreseeable future. Please include time schedules for either one of these choices.
3. The Pit Closure form did not include reference point information. Please submit this information.

The issue of reseeding will be considered a surface land management issue and NMOCD recommends that the land owner and/or land management agency be contacted for review.

NMOCD's position will be as long as STI can demonstrate that the contaminants that are left behind will not adversely impact the environment in the foreseeable future then STI will be issued an approved closure. It would be helpful for STI to obtain a written document from the land management agency approving of your restoration plan, but not required by the NMOCD.

If you require any further information or assistance please do not hesitate to call (505-393-6161) or write this office.

Sincerely Yours,

Wayne Price-Environmental Engineer

cc: Chris Williams-NMOCD District I Supervisor
Martyne Kieling-Environmental Bureau, Santa Fe, NM
Bill Olson-Environmental Bureau, Santa Fe, NM
NMSLO-Hobbs Office.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
PO BOX 1980, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

January 24, 1998

Jesse Lawson
Stevens & Tull, Inc. (STI)
P.O. Box 11005
Midland, Texas 79702

Re: Unlined Pit Closure Unit J-Sec 16, Ts20s-R33e, Lea Co. NM

New Mexico Oil Conservation Division (NMOCD) District I office is in receipt of STI's pit closure report for the above referenced facility. Please note after reviewing the submitted data it appears that the TPH levels exceed the NMOCD guideline levels. Also, STI has failed to supply BTEX analysis. In order for NMOCD to approve closure of site please supply the following information:

1. Analyticals for BTEX (EPA method 8020) and Chlorides (EPA general chemistry methods) from a composite sample of the top 2-3 feet of the surface soils. Chlorides will give an indication if levels are at such values that it will interfere with bio-remediation.
2. Provide an action plan to remove, treat or remediate the soils and/or provide a known and proven risk assessment method which will demonstrate this site can be restored as is and not be detrimental to the environment in the foreseeable future. Please include time schedules for either one of these choices.
3. The Pit Closure form did not include reference point information. Please submit this information.

The issue of reseeding will be considered a surface land management issue and NMOCD recommends that the land owner and/or land management agency be contacted for review.

NMOCD's position will be as long as STI can demonstrate that the contaminants that are left behind will not adversely impact the environment in the foreseeable future then STI will be issued an approved closure. It would be helpful for STI to obtain a written document from the land management agency approving of your restoration plan, but not required by the NMOCD.

If you require any further information or assistance please do not hesitate to call (505-393-6161) or write this office.

Sincerely Yours,

Wayne Price-Environmental Engineer

cc: Chris Williams-NMOCD District I Supervisor
Martyne Kieling-Environmental Bureau, Santa Fe, NM
~~Bill Olson-Environmental Bureau, Santa Fe, NM~~
NMSLO-Hobbs Office.

District I - (505) 393-6161
P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Originated 6/27/97

RECEIVED

OCT 28 1997

Submit Original
Plus 1 Copy
to Santa Fe

PIT INVENTORY FORM Oil Conservation Division

Operator: STEVENS & Tull, Inc.

Address: P.O. Box 11005
Midland, TX 79702

Phone Number: (915) 699-1410

Previous Operator(s): Charles B. Read

Is the pit permitted: Yes No

Unit Letter: J Section: 16 Township: 20S Range: 33E

County: Lea

Location Name: State "BF"

Number of wells to the pit: 1

Are the wells to the pit operated by one operator or multiple operators

Total daily volume (in barrels) to the pit: 0

Pit Type: Disposal of Produced Water
(Emergency, Production, Workover, Reserve/Drilling(greater than 6 months old), Flare, Blowdown, Separator, Dehydrator,
Line Drip, BS&W/Tank Bottoms, Compressor, Pigging, Washdown, or other)

What types of wastes are accepted in the pit (Exempt, Non-exempt, Both, None): Exempt

Pit age (years): 28

Is the pit lined or unlined

Type of liner (None, Synthetic, Clay) : None

Is leak detection present: Yes No

Is the pit netted: Yes No

Pit dimensions (LxWxD): 136'x86'x8'

CERTIFICATION

I hereby certify that the information submitted is true and correct to the best of my knowledge and belief.

Name: Jesse Lawson Title: Petroleum Engineer

Signature: Jesse Lawson Date: 10/13/97

A pit is defined as any below grade or surface feature which receives any materials other than fresh water.

MEMORANDUM OF MEETING OR

JERRY A. WEANT, C.P.L.
Landman
(915) 699-4916

P.O. Box 11005 (79702)
3316 Andrews Highway (79703)
Midland, Texas

<input type="checkbox"/> Telephone	<input checked="" type="checkbox"/> Personal	Time 8:30 Am	Date 9/4/97
<u>Originating Party</u> Roger Anderson; Mantyne Kieling		<u>Other Parties</u> Stevens & Tull, Inc. Jerry A. Weant (Landman) (915) 699-4916	

Subject
Unit J, Sec 16, T20S, R33E
Lea County, NM unlined pit

Discussion
Jerry W. of Stevens & Tull was in OCD offices in Santa Fe for a Salt water Disposal well Hearing unit A, S16, T20S, R33E State BF #4. S&T stopped putting water into the unlined Pit 10 days ago. ~~S&T~~ S&T plan on closing the Pit as soon as it Drys up. OCD told Jerry W. to call Wayne Price of OCD Distric office for Closure Aid. OCD gave Jerry a copy of the Pit Closure Guidelines and Report Form Along with the Rule 711 And C-137 Form. OCL

Conclusions or Agreements
OCD will Not send out the Compliance letter And Stevens & Tull will call Wayne Price and will close out Pit Properly. Contact Persons May Be Mike Mooney or Jessig Lawson

Distribution
Chris Williams
Wayne Price

Signed
Mantyne J Kieling



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 4, 1997

CERTIFIED MAIL

RETURN RECEIPT NO. P-326-936-332

Not Sent. Met in office

Mr.
Stevens & Tull
P.O. Box 11005
Midland, TX 79702

See Memo of Conversation

Myk 9/4/97

RE: Waste Disposal Pit

**Located south of the highway 180 ride-of-way in
Unit J of Section 16, Township 20 South, Range 33 East, NMPM
Lea County, New Mexico**

Dear Mr. :

On April 1, 1997 The New Mexico Oil Conservation Division (OCD), identified an unauthorized, unlined waste disposal pit located just south of highway 180 ride-of-way in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico. A location map and photo are attached.

OCD personnel performed an onsite inspection of the facility and noted the following: 1) An unauthorized, unlined pit is being utilized on land that according to county records is owned by the New Mexico State Land Office; 2) The unauthorized, unlined pit is accepting oilfield waste; 3) The pit was observed to have three fluid transfer pipes leading into the pit, 4) water with crude oil was contained within the berms (see photos 1); and 4) The pit was not screened or netted.

Pursuant to OCD rules and regulations, facilities that manage waste in unlined pits must be permitted pursuant to 19 NMAC 15.1.711 (as amended 1-1-96). **Therefor all discharges into the unauthorized pit must cease until such time the OCD can ascertain the pit status.**

The OCD is requiring the owner, Stevens & Tull, to submit the following information: 1) The names and addresses of who is utilizing the pit; 2) The names and addresses of all waste generators; 3) The names and addresses of all waste transporters; 4) The location of all waste generation (exact well locations); and 5) The total volume of waste from each location that has gone into the unauthorized pit. A response is required by Stevens & Tull to these deficiencies by October 6, 1997.

Upon OCD pit status determination the owner/operator of the pit must either permit or close the pit. For your use please find enclosed a copy of the Order amending Rule 711, a form C-137 and OCD's pit closure guidelines with closure form.

Mr.
September 4, 1997
Page 2

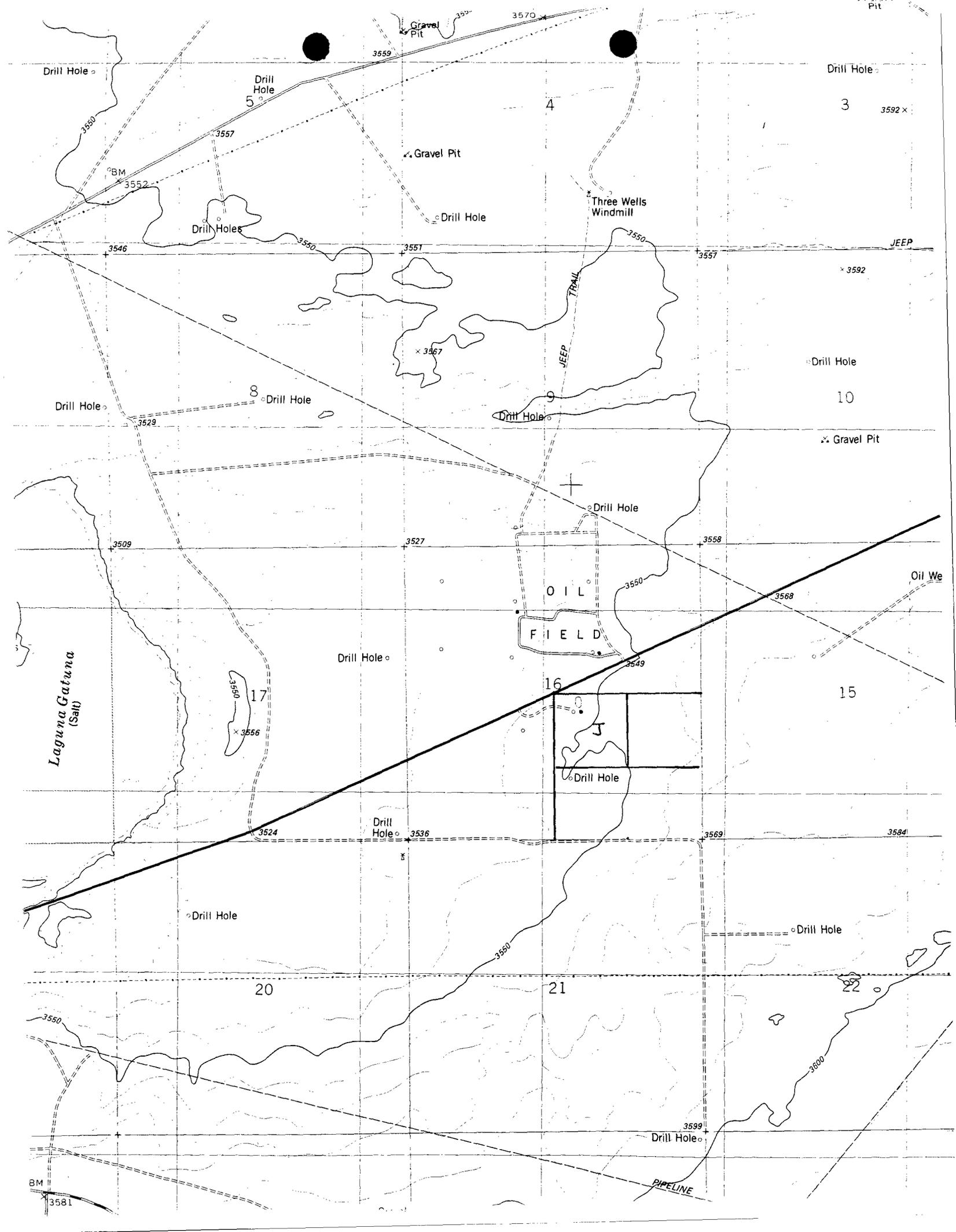
If you require any further information concerning permitting/closure procedures please contact me at (505) 827-7153.

Sincerely,

Martyne J. Kieling
Environmental Geologist

attachments- map, pictures, pit closure guidelines and form, Order R-10411-B, and C-137 form

xc: Hobbs OCD Office



Laguna Gatuna
(Salt)

OIL
FIELD

J

PIPELINE

JEEP
TRAIL

JEEP

Drill Hole

Drill Hole
5

Drill Hole

3

3592 x

Gravel Pit

Three Wells
Windmill

Drill Holes

Drill Hole

Drill Hole

10

Gravel Pit

Drill Hole

8

Drill Hole

Drill Hole

9

Drill Hole

3509

3527

3558

Oil We

OIL
FIELD

15

17

3550

3556

16

J

Drill Hole

Drill Hole

3568

3549

3584

Drill Hole

Drill Hole

3536

3569

Drill Hole

20

21

22

3550

3550

3600

BM

3581

3599

Drill Hole

STEVENS & TULL, INC. BF DISPOSAL PIT INSPECTION (PHOTOS BY OCD)



PHOTO NO. 1

DATE: 04/1/97



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

MEMORANDUM

TO: ALL OIL AND GAS OPERATORS

FROM: WILLIAM J. LEMAY
CHAIRMAN, OIL CONSERVATION COMMISSION *WJL*

SUBJECT: REVISED DIVISION GENERAL RULE 111 - DEVIATION TESTS
AND DIRECTIONAL WELLS

DATE: AUGUST 22, 1997

On July 14, 1997 the New Mexico Oil Conservation Commission revised Division General Rule 111 by approving Order No. R-10817 in Case 11762. Attached is a copy of REVISED RULE 111 which replaces the former Rule 111.

Besides simplifying the process significant changes were made that:

- (a) broaden the definition of a "project area" to include secondary recovery projects;
- (b) define such "project area" on the OCD Form C-102 for approval by the Director;
- (c) allow for a 50-foot tolerance when a producing interval encroaches on the outer boundary of a "project area" but require that the normal process for unorthodox locations be followed if this 50-foot tolerance is exceeded;
- (d) require a directional survey when wellbores could possibly be located outside the drilling tract; and
- (e) delete the formal application process in most cases and empower the Division's District offices to act on such request.

To facilitate the transition from Santa Fe to District approval please submit copies of all directional drilling applications to Santa Fe until year end. Thank you for your cooperation in this matter.

Exhibit "B"
Case No. 11762
Order No. R-10817

RULE 111 - DEVIATION TESTS AND DIRECTIONAL WELLS

111.A. Definitions: The following definitions shall apply to this Rule only:

- (1) Azimuth - the deviation in the horizontal plane of a wellbore expressed in terms of compass degrees.
- (2) Deviated Well - any wellbore which is intentionally deviated from vertical but not with an intentional azimuth. Any deviated well is subject to Rule 111.B.
- (3) Directional Well - a wellbore which is intentionally deviated from vertical with an intentional azimuth. Any directional well is subject to Rule 111.C.
- (4) Kick-off Point - the point at which the wellbore is intentionally deviated from vertical.
- (5) Lateral - any portion of a wellbore past the point where the wellbore has been intentionally departed from the vertical.
- (6) Penetration Point - the point where the wellbore penetrates the top of the pool from which it is intended to produce.
- (7) Producing Area - the area that lies within a window formed by plotting the measured distance from the North, South, East and West boundaries of a project area, inside of which a vertical wellbore can be drilled and produced in conformity with the setback requirements from the outer boundary of a standard spacing unit for the applicable pool(s).
- (8) Producing Interval - that portion of the wellbore drilled inside the vertical limits of a pool, between its penetration point and its terminus.
- (9) Project Area - an area designated on Form C-102 that is enclosed by the outer boundaries of a spacing unit, a combination of complete spacing units, or an approved secondary, tertiary or pressure maintenance project.

(10) Project Well - any well drilled, completed, produced or injected into as either a vertical well, deviated well or directional well.

(11) Spacing Unit - the acreage that is dedicated to a well in accordance with Rule 104. Included in this definition is a "unit of proration for oil or gas" as defined by the Division and all non-standard such units previously approved by the Division.

(12) Terminus - the farthest point attained along the wellbore.

(13) Unorthodox - any part of the producing interval which is located outside of the producing area.

(14) Vertical Well - a well that does not have an intentional departure or course deviation from the vertical.

(15) Wellbore - the interior surface of a cased or open hole through which drilling, production, or injection operations are conducted.

111.B. Deviated Wellbores:

(1) Deviation Tests Required. Any vertical or deviated well which is drilled or deepened shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas.

(2) Excessive Deviation. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole. When the maximum possible horizontal displacement exceeds the distance to the nearest outer boundary line of the appropriate unit, the operator shall run a directional survey to establish the location of the producing interval(s).

(3) Unorthodox Locations. If the results of the directional survey indicate that the producing interval is more than 50 feet from the approved surface location and closer than the minimum setback requirements to the outer boundaries of the applicable unit, then the well shall be considered unorthodox. To obtain authority to produce such well, the operator shall file an application with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104 (F) (3) to obtain approval of the unorthodox location.

(4) Directional Survey Requirements. Upon request from the Division Director, any vertical or deviated well shall be directionally surveyed. The appropriate Division District Office shall be notified of the approximate time any directional surveys are to be conducted. All directional surveys run on any well in any manner for any reason must be filed with the Division upon completion of the well. The Division shall not assign an allowable to the well until all such directional surveys have been filed.

111.C. Directional Wellbores:

(1) Directional Drilling Within a Project Area. A permit to directionally drill a wellbore may be granted by the appropriate Division District Office if the producing interval is entirely within the producing area or at an unorthodox location previously approved by the Division. Additionally, if the project area consists of a combination of spacing units and includes any State or Federal acreage, a copy of the OCD Form C-102 shall be sent to the State Land Office or the Bureau of Land Management.

(2) Unorthodox Wellbores. If all or part of the producing interval of any directional wellbore is projected to be outside of the producing area, the wellbore shall be considered unorthodox. To obtain approval for such wellbore, the applicant shall file a written application in duplicate with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104 (F) (3).

(3) Allowables for Project Areas With Multiple Spacing Units. The maximum allowable assigned to the project area within a prorated pool shall be based upon the number of standard spacing units (or approved non-standard spacing units) that are developed or traversed by the producing interval of the directional wellbore or wellbores. Such maximum allowable shall be applicable to all production from the project area, including any vertical wellbores on standard spacing units inside the project area.

(4) Directional Surveys Required. A directional survey shall be required on each well drilled under the provisions of this section. The appropriate Division District Office shall be notified of the approximate time all directional surveys are to be conducted. All directional surveys run on any well in any manner for any reason must be filed with the Division upon completion of the well. The Division shall not assign an allowable to the well until all such directional surveys have been filed. If the directional survey indicates that any part of the producing interval is outside of the producing area, or, in the case of an approved unorthodox location, less than the approved setback requirements from the outer boundary of the applicable unit, then the operator shall file an application with the Division Director, copy to the appropriate Division District Office, and shall otherwise follow the normal process outlined in Rule 104 (F) (3) to obtain approval of the unorthodox location.

(5) Re-entry of Vertical or Deviated Wellbores for Directional Drilling Projects. These wellbores shall be considered orthodox provided the surface location is orthodox and the location of producing interval is within the tolerance allowed for deviated wellbores under Rule 111.B.(3).

111.D. Additional Matters:

(1) Directional surveys required under the provisions of this rule shall have shot points no more than 200 feet apart and shall be run by competent surveying companies that are approved by the Division Director. Exceptions to the minimum shot point spacing will be allowed provided the accuracy of the survey is still within acceptable limits.

(2) The Division Director, may, at his discretion, set any application for administrative approval whereby the operator shall submit appropriate information and give notice as requested by the Division Director. Unprotested applications may be approved administratively within 20 days of receipt of the application and supporting information. If the application is protested, or the Division Director decides that a public hearing is appropriate, the application may be set for public hearing.

(3) Permission to deviate or directionally drill any wellbore for any reason or in any manner not provided for in this rule shall be granted only after notice and opportunity for hearing.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 4, 1997**8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico**

Dockets Nos 28-97 and 29-97 are tentatively set for September 18, 1997 and October 9, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11839: Application of Odessa Oil Investments, Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to re-enter the existing Lakewood State Com Well No. 1 (formerly the Monsanto Company Lakewood State Com Well No. 1), located 1980 feet from the North and West lines (Unit F) of Section 30, Township 19 South, Range 26 East, and utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 10,300 feet to 10,700 feet. Said well is located approximately 3 miles west of Lakewood, New Mexico.

CASE 11840: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the S/2 NE/4, and in all formations developed on 40-acre spacing underlying the SE/4 NE/4, from the surface to the base of the Pennsylvanian formation, Undesignated Leslie Spring-Pennsylvanian Gas Pool, in Section 20, Township 7 South, Range 26 East. Said units are to be dedicated to the proposed Bean Com Well No. 2 which will be drilled at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles north-northeast of the intersection of US Highway 70 and the Pecos River in New Mexico.

CASE 11821: (Continued from August 7, 1997, Examiner Hearing.)

Application of Paloma Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet) located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

CASE 11826: (Readvertised)

Application of Quay Valley, Inc. for amendment of Division Order No. R-4629 to authorize a tertiary recovery project by the injection of carbon dioxide in its North El Mar-Delaware Unit Waterflood Project Area, and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its North El Mar-Delaware Unit Waterflood Project Area by the injection of carbon dioxide into the Delaware formation in the El Mar-Delaware Pool. The North El Mar-Delaware Unit Waterflood Project Area encompasses portions of Sections 24, 25, 26, 27, 34, 35 and 36 of Township 26 South, Range 32 East; and Sections 19, 30, and 31 of Township 26 South, Range 33 East. Applicant also seeks reapproval of the injection wells within the project area and an increase in the approved surface injection pressure for carbon dioxide injection in this project area to 1160 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 26 miles west-southwest of Jal, New Mexico.

CASE 11841: Application of Yates Petroleum Corporation for pool contraction and expansion, Eddy County, New Mexico. Applicant seeks the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete Section 6, Township 22 South, Range 24 East, and the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool to include this acreage. Said area is located approximately 18 miles west of Carlsbad, New Mexico.

CASE 11807: (Readvertised)

Application of Stevens & Tull, Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of water produced from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation of the West Teas Yates-Seven Rivers Pool in the interval from 2989 feet to 3212 feet in its State "BF" Well No. 4 located 330 feet from the North and East lines (Unit A) of Section 16, Township 20 South, Range 33 East. In addition, applicant seeks approval of a surface injection pressure of 1,000 psi and an administrative procedure for obtaining further increases in said limitation. Said well is located approximately 3 ½ miles northeast of the intersection of U.S. Highway 180 and New Mexico Highway 176 in New Mexico.

CASE 11842: Application of Kaiser-Francis Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its proposed State "8" Well No. 9 at an unorthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 8, Township 16 South, Range 35 East, to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow formations, including but not limited to the Townsend-Morrow Gas Pool and, if productive, to be dedicated to a 320-acre gas spacing unit consisting of the N/2 of said Section 8. Said location is located approximately 7 miles southwest of Lovington, New Mexico.

CASE 11843: Application of Conoco Inc. for compulsory pooling and a non-standard gas proration and spacing unit, San Juan County, New Mexico. Applicant seeks an order pooling all uncommitted mineral owners, including working interest and royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the base of the Pre-Cambrian aged formation underlying all of Irregular Section 1, Township 27 North, Range 8 West, forming a non-standard 641.12-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to Conoco's Stove Canyon Well No. 1 which is to be drilled at a standard gas well location 1940 feet from the South line and 1320 feet from the West line (Unit K) of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles south of Navajo City, New Mexico.

CASE 11844: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the North line and 2370 feet from the East line (Unit G) of Section 19, Township 16 South, Range 36 East, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4 NE/4 of said Section 19. Said location is located approximately 3 ½ miles southwest of Lovington, New Mexico.

CASE 11803: (Continued from August 7, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and a non-standard oil proration and spacing unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Springs formation underlying Lot 4 and the SE/4 SW/4 (S/2 SW/4 equivalent) of Irregular Section 31, Township 18 South, Range 34 East, forming a non-standard 78.09-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the EK-Bone Spring Pool, and forming a non-standard 38.09-acre oil spacing and proration unit underlying Lot 4 (SW/4 SW/4 equivalent) of said Section 31 for any and all formations/pools developed on 40-acre oil spacing. Said unit(s) is to be dedicated to its McElvain "31" Federal Well No. 1 to be drilled and completed at a standard well location in Unit M of said Section 31. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 14 miles southeast of Maljamar, New Mexico.

CASE 11845: Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 14 wells drilled or to be drilled on its Federal Leases NM 89156, LC 070678-A, NM 29273, and NM 0758, covering parts of Sections 8 and 17, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 8 miles southeast of Artesia, New Mexico.

CASE 11846: Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 20 wells drilled or to be drilled on its Federal Leases NM 031186, NM 025604, and LC 065478-B, covering part of Section 9, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 9 miles southeast of Artesia, New Mexico.

Examiner Hearing - September 4, 1997

Docket No. 27-97

Page 3 of 4

CASE 11847: **Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 14 wells drilled or to be drilled on its Federal Leases NM 033825, NM 025530, NM 29278, LC 055465, and LC 055383-A, covering parts of Sections 4 and 5, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 8 miles southeast of Artesia, New Mexico.

CASE 11831: (Continued from August 21, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from 500 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 28 East, and in the following manner: Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) equivalent to form a standard 320.36-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools spaced on 160-acre spacing within said vertical extent; and the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. Said units are to be dedicated to its Scoggin Draw "4" State Com Well No. 1, located 2310 feet from the South line and 660 feet from the West line (Unit L) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles southeast of Artesia, New Mexico.

CASE 11832: (Continued from August 21, 1997, Examiner Hearing.)

Application of UMC Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Strawn clastics to the base of the Woodford formation underlying the W/2 of Section 10, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to its Carlisle State Com Well No. 1, located at an orthodox location in said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles west-southwest of Lovington, New Mexico.

CASE 11848: **Application of Santa Fe Energy Resources, Inc. for salt water disposal, Eddy County, New Mexico.** Applicant seeks authority to dispose of produced water from the Cisco-Canyon formation (Indian Basin-Upper Pennsylvanian Associated Pool) into the Devonian and Montoya formations in selected intervals from 10,600 feet to 11,400 feet in its Jones Canyon "4" Fed. Well No. 2, located 1505 feet from the South line and 2381 feet from the East line (Unit J) of Section 4, Township 22 South, Range 24 East, while simultaneously producing oil and gas from the well. Said well is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11849: **Application of Chevron U.S.A. Inc. for an unorthodox gas well location, simultaneous dedication, and to reinstate Division Order No. R-1084-B, Lea County, New Mexico.** Applicant seeks to reinstate Division Order No. R-1084-B, dated May 23, 1991, which authorized a 440-acre non-standard gas spacing and proration unit ("GPU") in the Eumont Gas Pool comprising the SW/4 of Section 1 and the NE/4, N/2 NW/4, and SE/4 NW/4 of Section 12, both in Township 22 South, Range 36 East, which is located approximately 4 miles west-southwest of Eunice, New Mexico. Applicant further seeks approval of an unorthodox Eumont gas well location for said 440-acre GPU of its existing H. T. Mattern (NCT-E) Well No. 3 (API No. 30-025-08880), located 660 feet from the North and West lines (Unit D) of said Section 12. Eumont gas production attributed to said 440-acre GPU is to be simultaneously dedicated to said H. T. Mattern (NCT-E) Well No. 3 and its H. T. Mattern (NCT-E) Well Nos. 10, 11, and 13 located in Unit "N" of said Section 1 and Units "B" and "H" of said Section 12, respectively. In the absence of objection, this application will be taken under advisement.

CASE 11850: **Application of Diamond Head Properties, L. P., et al, for clarification of Division Order No. R-10731-B, Eddy County, New Mexico.** Applicants, Diamond Head Properties, L. P. and its joint interest owners, Grover Family, L.P., Dugan Production Corp., Pennant Petroleum Inc. and Glenn S. Brant, (collectively the "Diamond Head Group") seek clarification of Order No. R-10731-B, issued February 2, 1997, and request that the Division order KCS Medallion Resources, Inc. ("KCS") to distribute to Diamond Head Properties and its joint owners their proportionate share of any nonconsenting working interest owner's share of production plus the 200% risk factor penalty. Said pooled unit is located approximately 10 miles north of Carlsbad, New Mexico.

CASE 11827: (Continued from August 7, 1997, Examiner Hearing.)

Application of Gillespie-Crow, Inc. to amend Order No. R-10448-A and to amend the special pool rules for the West Lovington-Strawn Pool, Lea County, New Mexico. Applicant requests that the special pool rules for the West Lovington-Strawn Pool be amended to provide for a gas:oil ratio of 5000:1. Applicant further requests that Order No. R-10448-A be amended to reinstate a project allowable for the West Lovington-Strawn Unit. Said pool and/or unit covers all or parts of Sections 28, 32, 33, and 34, Township 15 South, Range 35 East; Sections 1 and 2, Township 16 South, Range 35 East; and Section 6, Township 16 South, Range 36 East. Said pool and unit are located approximately 4.5 miles west-northwest of Lovington, New Mexico.

Wayne Price

JUL 31 1997

From: Wayne Price
Sent: Tuesday, July 29, 1997 11:30 AM
To: Martyne Kieling
Cc: Chris Williams
Subject: Stevans & Tull BF Disposal Pit #15594
Importance: High

Dear Martyne,

In response to your inquiry and request for info on the above ref. location:

Land owner appears to be the ST. of NM NMSLO.

The address for Stevans & Tull:

P.O. Box 11005
Midland, Tx 79702
tele: 915-699-1410
OGRID #. 21602

Please note I am dropping in the mail today the in-part contents of the NMOCD I file.

The NMSLO made an inquiry on this operation in March of 96. I am sending you this correspondence. I have included the two orders for this area R-3682 unit J (same location as pit) and order R-3683 unit C across the HWY north side which were additional exceptions to the general R-3221 "no pit order".

I have reviewed the well files and it appears that all wells in unit J is either abandoned or P&A. The specific well Snyder Well No. 1 in which the order R-3682 was approved for has been P&A. Therefore the fluids that are being disposed of into the pit is coming from some other unit or units or off-lease sources.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Martyne Kieling

From: Wayne Price
Sent: Friday, July 25, 1997 2:39 PM
To: Chris Williams; Roger Anderson
Cc: Martyne Kieling
Subject: Complaint
Importance: High

Dear Team,

Re: Stevens & Tell Inc.-Disposal Pit J-sec 16-Ts20s-R33e.

Mr. Marsh of CRI has called again concerning the possible illegal disposal pit referenced above. This is his third complaint and he is concerned that such a complaint is taking so long to determine if this operation is legal.

However, he insist it is not a big deal and still wishes to remain anonymous!

My question is if he wishes to remain anonymous how do we handle the filing of the complaint?

Also I know that we have inspected the facility and we are working on, I have relayed that to Mr. Marsh.

His main complaint is why it takes so long to determine if any action is required

1. Address
2. LAND owner

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-8161

March 1, 1996

Mr. Eric Nelson-Land Use Specialist
New Mexico State Land Office
3830 N. Grimes, STE.C
Hobbs, NM 88240

Dear Eric,

Re: Area sec 16-Ts 20s-R33e
Unlined produced water pits.

Per your request, I have researched our records and have found two Orders R-3682 unit J and R-3683 unit C which lies in the above referenced section and allows this type of operation. I have enclosed a copy for your review.

Please note, Jerry Sexton our District supervisor indicated that there has been some activity in this area and thinks that either these orders or another one has been re-applied for in this area.

If an operator is discharging produced water into an unlined pit outside of the units mentioned above then the operator should have an approved exception to order No. R-3221.

If you require any further assistance concerning this matter please do not hesitate to call (505-393-6161) or write.

Sincerely yours,



Wayne Price-Environmental Engineer

cc: Jerry Sexton-NMOCD District I Supervisor

attachments-2

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4021
Order No. R-3682

APPLICATION OF CHARLES B. READ
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, 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:

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

(2) That the applicant, Charles B. Read, is the owner and operator of the Synder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

THIS WELL IS PTA.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, 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 and said disposal has not previously been prohibited.

(4) That 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.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 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.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Snyder Well No. 1 in an unlined surface pit located in Unit J of said Section 16.

(7) That there are five producing shallow water wells located approximately 3 3/4 to 4 1/2 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately four miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 3/4 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately 3/4 of a mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 3/8 miles west of the subject pit.

CASE No. 4021
Order No. R-3682

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Snyder Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Charles B. Read, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Snyder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit J until further order of the Commission.

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

(3) That 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

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4022
Order No. R-3683

APPLICATION OF ERNEST A. HANSON
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, 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:

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

(2) That the applicant, Ernest A. Hanson, is the owner and operator of the Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, 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 and said disposal has not previously been prohibited.

(4) That 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.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 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.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Atlantic State Well No. 1 in an unlined surface pit located in Unit C of said Section 16.

(7) That there are 5 producing shallow water wells located approximately 3 3/4 to 4 1/4 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately 3 1/2 miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 1/2 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately one mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 1/8 miles west of the subject pit.

-3-

CASE No. 4022
Order No. R-3683

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Atlantic State Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ernest A. Hanson, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit C until further order of the Commission.

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

(3) That 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

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

Unit C P+A
Unit E P+A / P+A
H P+A

Unit J ~~Unit I~~ P+A

F ~~Shackel/pt #1~~

O P+A

J similar st for 6019 ABANDONED?

D P+A

G ~~Stewart + TULL INC~~
AVASAZI 16 st - dupl book

ST BF

K J+T SL BF "

L #3 J+T SL BF

#4 " "

A

B ~~HEADST~~ P+A

~~Handwritten~~

D	C	B	A
E	F	G	H
L	K	J	I
M	N	O	P

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

2/15/76

Name WAYNE PRICE Date ~~2/15/76~~ Miles _____ District I
Time of Departure 7 AM Time of Return 4 PM Car No. G 0472

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

Signature *Wayne Price*

INSPECTION
CLASSIFICATION
FACILITY
HOURS
QUARTER
HOURS

REQUEST BY ST LAND OFFER TO CHECK
pit -

pit ≈ 75' x 75' x (4'-10') DEEP
STEVARS & TULL INC.

ST BF DISPOSAL pit

UNIT 3 SEC 16 - T20S - R33E

LFA CO. N.M. # 15594

LOCATED SOUTH of US 62/180 HIGHWAY - BLACK PE
LINES COMING FROM PRODUCTION ON PLANT
SIDE - NO PRODUCTION ON S. SIDE?
pit full of WATER - only SIDE WALLS / NO FEE

<u>Mileage</u>	<u>Per Diem</u>	<u>Hours</u>
UIC _____	UIC _____	UIC _____
RFA _____	RFA _____	RFA _____
Other _____	Other _____	Other _____

- | TYPE INSPECTION PERFORMED | INSPECTION CLASSIFICATION | NATURE OF SPECIFIC WELL OR FACILITY INSPECTED |
|--|--|--|
| <ul style="list-style-type: none"> H = Housekeeping P = Plugging C = Plugging Cleanup T = Well Test R = Repair/Workover F = Waterflow M = Mishap or Spill W = Water Contamination O = Other | <ul style="list-style-type: none"> U = Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SWD, 2ndry injection and production wells, water flows or pressure tests, surface injection equipment, plugging, etc.) R = Inspections relating to Reclamation Fund Activity O = Other - Inspections not related to injection or The Reclamation Fund | <ul style="list-style-type: none"> D = Drilling P = Production I = Injection C = Combined prod. inj. operations S = SWD U = Underground Storage G = General Operation F = Facility or location M = Meeting O = Other |
| <p>E = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)</p> | | |