



SKELLY OIL COMPANY

P. O. BOX 1650

TULSA, OKLAHOMA 74102

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT
W. P. WHITMORE, MGR. PRODUCTION
W. D. CARSON, MGR. TECHNICAL SERVICES
BARTON W. RATLIFF, MGR. JOINT OPERATIONS
GEORGE W. SELINGER, MGR. CONSERVATION

January 18, 1968

Re: Case No. 3712
Hearing - January 24, 1968

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

This is to advise that Skelly Oil Company concurs in the proposed amendment to Rule 701 of the Commission Rules and Regulations and secondary recovery Order Nos. R-1244, R-1311, R-1456, R-1470, R-1505, R-2064, R-2178-B, R-2268-A, R-2269, R-2403, R-2541, R-2622, R-2664, R-2700, and R-2795, to delete all reference contained therein to the State Engineer or the State Engineer's office.

Yours very truly,

RJJ:br

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STATE OF NEW MEXICO
STATE ENGINEER OFFICE
SANTA FE

S. E. REYNOLDS
STATE ENGINEER

January 2, 1968

ADDRESS CORRESPONDENCE TO:
STATE CAPITOL
SANTA FE, NEW MEXICO 87501

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Dear Pete:

The attached letter dated December 15, 1967 from Mr. Archie M. Spier, furnished the State Engineer Office a copy of an application to the Oil Conservation Commission for administrative approval of the alteration of the injection pattern on the South Redlake Grayburg waterflood project and requested appropriate approval by the State Engineer. Mr. Spier's letter has prompted renewed consideration of the Oil Conservation Commission's rules and regulations relating to water injection.

As I understand the statutes and the OCC rules and regulations, the State Engineer's approval of injection projects is not required. Section 65-3-11 (15) N.M.S.A., 1953 Comp., gives the OCC responsibility and authority to promulgate regulations that will "afford reasonable protection against contamination of fresh water supplies designated by the State Engineer."; but leaves with the OCC exclusive jurisdiction to prescribe and enforce the measures necessary to provide such reasonable protection. Chapter 190, Laws of 1967, reaffirms and somewhat extends the OCC's exclusive jurisdiction in matters relating to the possible pollution of water by oil and gas operations.

Nonetheless, there does seem to be some basis for Mr. Spier's request. Rule 701.B.5 provides that an application for authority

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to inject water or any other medium into any formation shall include "evidence that a copy of the application, complete with all attachments, has been sent to the State Engineer Office"; and Rule 701.E.5 provides that authorization for conversion of wells may be permitted without notice provided, among other things, that the State Engineer does not object to the proposed conversion within 15 days. A provision similar to the latter is made by Rule 701.C. These provisions permit an inference that the State Engineer may encroach on the exclusive jurisdiction of the OCC since they give the State Engineer at least a veto power over speedy action.

Perhaps most troublesome is the point that the rules permit the inference that the State Engineer approves an application if he does not object to it. Thus, there is implied a duplication of effort in the analysis of applications and some degree of redundancy of administration.

In view of the foregoing, I suggest that it might be wise to amend the OCC rules and regulations to require no more than the submission of a copy to the State Engineer for information. This information copy might be made available to the State Engineer through the OCC without provision therefor by regulation.

I am very proud of the record of the cooperative efforts of our agencies in matters related to the protection of our fresh water resources and I am most appreciative of all that you have done to keep the State Engineer informed in such matters. Of course, we remain anxious to provide any technical assistance that would be useful to the Oil Conservation Commission in discharging its responsibility to protect fresh water resources from pollution.

Please let me know if some further discussion of this matter would be helpful.

Sincerely,


S. E. Reynolds
State Engineer

SER/dma
Encl.

ARCHIE M. SPEIR
P. O. DRAWER 40
ARTESIA, NEW MEXICO -- 88210

December 15, 1967

BEST AVAILABLE COPY

State Engineer Office
State Capital Building
Santa Fe, New Mexico 87501

Dear Sir:

Enclosed is a copy of a request to the Oil Conservation Commission for administrative approval for altering the injection pattern of the South Red Lake Grayburg waterflood project.

Your appropriate approval is requested.

Yours very truly,



Archie M. Speir

AMS/lcb

encl.

BEST AVAILABLE COPY

ILLEGIBLE