

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. 4240
Order No. R-3864

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 22, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of October, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Pan American Petroleum Corporation, is the owner and operator of the Smerhoff Federal Lease comprising the NW/4 NE/4 of Section 24 and the LaRue Federal Lease comprising all of Section 25, both in Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico.

(3) That 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

-2-

CASE No. 4240

Order No. R-3864

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 disposal of salt water produced by applicant's wells located and to be located on said Smernoff Federal and LaRue Federal Leases in two unlined surface pits located in Unit B of said Section 24 and Unit D of said Section 25.

(7) That there appears to be no 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 said pits.

(8) That the applicant should be permitted to dispose of salt water produced by its wells located and to be located on said Smernoff Federal and LaRue Federal Leases in the above-described surface pits.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its wells located and to be located on its Smernoff Federal Lease comprising the

-3-

CASE No. 4240

Order No. R-3864

NW/4 NE/4 of Section 24 and its LaRue Federal Lease comprising all of Section 25, both in Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in two unlined surface pits located in Unit B of said Section 24 and Unit D of said Section 25 until further order of the Commission.

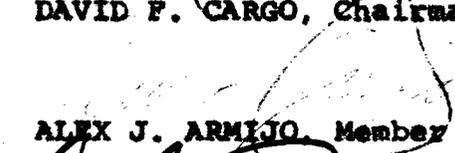
(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(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


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

