

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9786
ORDER NO. R-9052

APPLICATION OF HARVEY E. YATES
COMPANY FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 18, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of November, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Harvey E. Yates Company, is the owner and operator of the State Lusk Lease, comprising the S/2 of Section 16, Township 19 South, Range 32 East, NMPM, Eddy County, New Mexico.
- (3) Decretory Paragraph No. (3) of Division 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 fresh water supplies and said disposal has not previously been prohibited.

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(4) 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) The State Engineer has designated, pursuant to Section 70-2-12 (15), N.M.S.A. (1978) 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 reasonable foreseeable beneficial use that would be impaired by contamination.

(6) The applicant now seeks an exception to the provisions of the aforesaid Decretory Paragraph No. (3) of Order No. R-3221 to permit the disposal of produced brine from the West Lusk Delaware Pool by the applicant's Lusk "16" State Wells No. 1 and 2, located in Units M and L, respectively, of said Section 16, into an unlined surface pit located in the W/2 SW/4 of said Section 16.

(7) Said wells are currently producing a total of approximately 65 barrels of water per day.

(8) There appears to be no shallow fresh water in the vicinity of the subject leases for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the proposed disposal pits.

(9) To prevent the economic loss caused by gathering and trucking water produced by the applicant's Lusk "16" State Well Nos. 1 and 2, authority to dispose of the produced water in unlined surface pits on said leases should be granted.

(10) Approval of disposal as described above will not impair correlative rights nor cause waste, but will in fact, protect correlative rights and may prevent waste by prolonging the producing life of the subject leases.

IT IS THEREFORE ORDERED THAT:

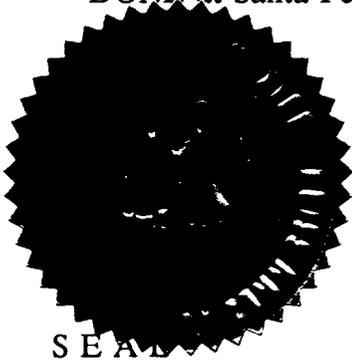
(1) The applicant, Harvey E. Yates Company, is hereby granted an exception to Decretory Paragraph No. (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its Lusk "16" State Well Nos. 1 and 2 located in Units M and L, respectively, of Section 16, Township 19 South, Range 32 East, NMPM, West Lusk Delaware Pool, Eddy County, New Mexico, in an unlined surface pit located in the W/2 SW/4 of said Section 16 until further order of the Division.

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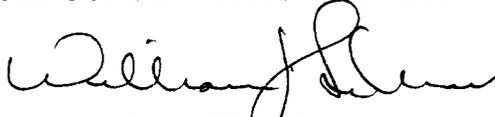
(2) The Director of the Division may, by administrative order, rescind such authority whenever it reasonably appears to the Director that such rescission would serve to protect fresh water supplies from contamination.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director