



Exhibit I  
Case 9009

STATE OF NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS  
STATE ENGINEER

BATAAN MEMORIAL BUILDING  
STATE CAPITOL  
SANTA FE, NEW MEXICO 87503

July 10, 1985

Mr. Dick Stamets  
New Mexico Oil Conservation  
Division  
Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Stamets:

Pursuant to our conversation of July 9, 1985, I am revising my letter of May 15, 1985 to read as follows:

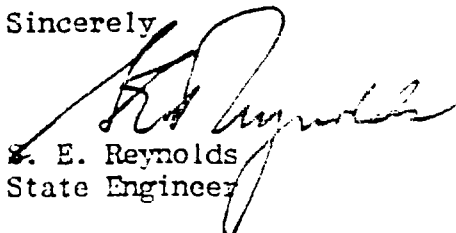
All underground waters in the State of New Mexico containing 10,000 milligrams/liter or less of dissolved solids are hereby designated by the State Engineer pursuant to Section 70-2-12-B.(15) NMSA, 1978; except that this designation shall not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination. This designation supersedes all previous designations pertaining to underground water.

The water in lakes and playas should not be contaminated even though they contain more than 10,000 milligrams/liter of total dissolved solids unless it can be shown that contamination of the lake or playa will not adversely affect ground water hydrologically connected to the lake or playa.

The surface waters of all streams within the State of New Mexico regardless of the quality of the water within any given reach are designated for protection.

The memorandum dated April 10, 1967, and the map mentioned therein which shows the areas and formations in which water of 10,000 parts per million or less commonly occur were furnished you in my May 15, 1985 letter.

Sincerely

  
S. E. Reynolds  
State Engineer

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CASE 9009  
EXHIBIT 1

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION DIVISION ON ITS OWN MOTION  
TO AMEND RULE 0.1 TO DEFINE FRESH WATER IN  
A MANNER CONSISTENT WITH THE DESIGNATION OF  
THE STATE ENGINEER.

CASE NO. 9009  
Order No. R-8335

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 4th day of November, 1986, 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) Section 70-2-12 B.(15), NMSA 1978, of the Oil and Gas Act requires the Oil Conservation Division, hereinafter referred to as the Division, to make rules, regulations and orders:

"to regulate the disposition of water produced or used in connection with the drilling for or producing of oil or gas, or both, and to direct surface or subsurface disposal of such water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the State Engineer."

(3) While the current definition of fresh water (to be protected) does not conflict with the designation of the State Engineer, it does not include lakes and playas, or specify that the surface waters of all streams regardless of the quality of the water within any given reach shall be protected.

(4) To carry out the intent of said Section 70-2-12 B. (15), Division Rule 0.1 should be amended to include a definition of fresh water consistent with the complete designation of the State Engineer.

(5) The proposed definition amendment as shown on Exhibit "A" attached to this order is consistent with the most recent designation by the State Engineer and should be adopted.

(6) The effective date of this order should be November 10, 1986.

IT IS THEREFORE ORDERED THAT:

(1) Division Rule 0.1 is hereby amended by the definition amendment of fresh water as shown on Exhibit "A" attached to and made a part of this order.

(2) The effective date of this order and of the definition promulgated hereby shall be November 10, 1986.

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

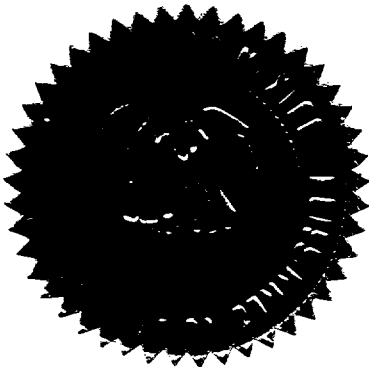
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JIM BACA, Member

*Ed Kelley*  
ED KELLEY, Member

*R. L. Stamets*  
R. L. STAMETS,  
Chairman and Secretary



S E A L

RULE 0.1 DEFINITIONS (Amended Fresh Water Definition)

Fresh water (to be protected) includes the water in lakes and playas, the surface waters of all streams regardless of the quality of the water within any given reach, and all underground waters containing 10,000 milligrams per liter (mg/l) or less of total dissolved solids (TDS) except for which, after notice and hearing, it is found there is no present or reasonably foreseeable beneficial use which would be impaired by contamination of such waters. The water in lakes and playas shall be protected from contamination even though it may contain more than 10,000 mg/l of TDS unless it can be shown that hydrologically connected fresh ground water will not be adversely affected.

CASE NO. 9009

ORDER NO. R-8335

EXHIBIT "A"