

CASE 4146: Application of V. S.
WELCH for an exception to R-3221,
as amended, Eddy County, N.M.

Case Number.

4146

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 4, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of V. S. Welch
for an exception to Order No.
R-3221, as amended, Eddy County,
New Mexico.

Case 4146

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

RECEIVED

JUL 23 AM 8 27

MR. HATCH: Case 4146, application of V. S. Welch for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. JENNINGS: I am James T. Jennings, Jennings and Copple, Roswell, appearing on behalf of the Applicant, and I have one witness, Mr. B. M. Keohane.

(Thereupon, Applicant's Exhibit No. 1 was marked for identification.)

B. M. KEOHANE

called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name to the Examiner, please?

A My name is B. M. Keohane.

Q What is your occupation?

A Oil Producer.

Q Are you familiar with the application that has been filed here on behalf of Mr. V. S. Welch?

A Yes, I am.

Q Basically, it is an application to dispose of

produced salt water in unlined open pits in the northeast quarter section of Section 28, Township 18 South, Range 31 East?

A Yes.

Q Mr. Keohane, what is the nature of this production?

A Well, this production is on a farm-out the man got from Gulf, and his production today is on two wells, and he is drilling the third, just because he wants to be doing something, I think. The first two wells that he has there now make 84 barrels of water per day, and 90 barrels of oil.

Q The No. 1 well is located in the northeast quarter of the northeast quarter of Section 28?

A That's right.

Q Was that completed about December, 1968?

A I believe that's right.

Q Where is the No. 2 well?

A It is a direct offset to the south, which is in the northeast of the southeast of the northeast. They are both 330 foot locations.

Q And the No. 3 well?

A It is in the northeast of the northwest of the northeast, 330 foot location, 330 feet from the north line

and 1,650 feet from the east line of Section 28.

Q It has not yet been completed?

A No, it is in the process of being drilled.

Q I believe the No. 2 well was completed in April?

A That's right.

Q Mr. Keohane I hand you what has been marked as Exhibit No. 1, and ask you to explain briefly what this exhibit reflects.

A Well, this exhibit reflects the northeast quarter of Section 28, and is the 160 that we are asking for the exception at this time. It is adjoining the two 40-acre exceptions that was granted to Mr. V. S. Welch in January, I believe January 15th, in the same section.

Q Was that the Hearing that was held in January in Case 4024, in which Order R-3670 was entered?

A I believe that is right. And the yellow area down to the southwest there is the exempt area, but it is called the Potash area which is exempted from the Order. And the drainage from the area that we are asking about now goes south and west toward the Potash area. And the closest surface wells in there are stock wells, and they are probably in the Triassic, and they are not very

strong wells, either. It is about five miles northeast, and a well about four miles west, and about six miles southwest which is in the exempt area. The ranchers in there obtain their water from the Potash company, just gratis, and before the Potash company laid the lines from the cap rock to the Potash mines to take water through there, the only time they could graze that country is when they had tank water.

Q Referring to Exhibit 1, there is an area that has been marked in blue. I believe that is the west half of section -- east half of Section 27?

A The east half of Section 27 is the Stanolin or the Stanolin has deeper wells. Under that lease in Section 27, we own the rights to 4,500 feet, and Pan-Am owns the rights below 4,500 feet.

Q Do you know if an exception to the No-Pit Rule has been granted as to that area?

A I understand that it has.

Q Mr. Keohane, where is the pit in which the production will be disposed of located?

A It would be by the No. 1 Well, which would be in the northeast quarter of the northeast quarter. It would be by No. 1, which is the southeast corner of that

40.

Q Do you know of any fresh or potable water in the vicinity?

A No, I don't. In fact, we have drilled over 60 wells in that general area. We have turned some over to Atlantic for waterflood, some to the Shenendoah with cable tools, and have not encountered any fresh water.

Q Do you feel that this disposal of the water into unlined pits will injure the fresh water or present any threat to any of the fresh water?

A I don't believe it will. I believe the evaporation would be enough to take care of it.

Q Mr. Keohane, you testified in Case No. 4024, did you not?

A I did.

Q Mr. Keohane, was this Exhibit No. 1 prepared by you or under your supervision?

A My engineers.

Q Under your supervision?

A I prepared it, yes.

MR. JENNINGS: We would like to offer Applicant's Exhibit No. 1, and we would also like to offer the testimony which was heretofore presented in Case 4024 on January 15, 1969, and also the testimony which was offered on May 21st

in connection with the Pan American application in Case No. 4132.

MR. NUTTER: Exhibit No. 1 will be admitted in evidence in this Case, and the record in Case 4024, the application of V. S. Welch, will be incorporated by reference in this Case, as will the record in Case No. 4132, the application of Pan American.

(Thereupon, Applicant's Exhibit No. 1 was admitted into evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Keohane, at the January Hearing of Case 4024, you mentioned that there was a water well at your old camp which was in this immediate vicinity. What was the location again of that?

A This well is down in the northwest quarter of the southwest quarter of Section 35, which is about a mile-and-a-half diagonally southeast. It is a light well for domestic use at the lease house, which we don't have a leaseman there now, and they are not using the well now.

Q Now, I don't recall the depth of that well.

What was that again?

A I believe it is producing from probably about 180 feet, or something like that, 180 to 200 feet. It is real shallow, comparatively.

Q But that water is not being used at the present time?

A No. We used to have a man who lived down there but we don't now.

Q In any event, the application that you have today is for an exception which would be farther away from that well than the other one was?

A Yes. It is a mile farther away than the Pan-American.

Q And these wells shown on your exhibit are all the deep wells?

A Yes, ranch wells. They really have tried, I guess, at sometime or other in the past to find water, but never could.

MR. NUTTER: Any other questions of Mr. Keohane? You may be excused. Do you have anything further?

MR. JENNINGS: Nothing.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4146? We will take the Case under

advisement, and call Case 4147.

I N D E XWITNESSPAGE

B. M. KEOHANE

Direct Examination by Mr. Jennings

2

Cross Examination by Mr. Nutter

7

EXHIBITSMARKEDADMITTED IN
EVIDENCEApplicant's Exhibit
No. 1

2

7

STATE OF NEW MEXICO)
) SS.
 COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and
 for the County of Bernalillo, State of New Mexico, do
 hereby certify that the foregoing and attached Transcript
 of Hearing before the New Mexico Oil Conservation
 Commission was reported by me, and that the same is a
 true and correct record of the said proceedings, to the
 best of my knowledge, skill and ability.

Samuel P. Mortelette

I do hereby certify that the foregoing is
 a true and correct copy of the original
 the same was filed on 6/4 1969
 before me at Albuquerque, New Mexico
James H. [Signature], Examiner
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

June 10, 1969

Mr. James T. Jennings
Jennings & Copple
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4146
Order No. R-3778
Applicant:
V. S. Welch

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other State Engineer Office

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. 4146
Order No. R-3778

APPLICATION OF V. S. WELCH FOR AN
EXCEPTION TO ORDER NO. R-3221, AS
AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 4, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of June, 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, V. S. Welch, is the operator of a
lease comprising the NE/4 of Section 28, Township 18 South, Range
31 East, NMPM, Shugart Field, Eddy 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

-2-

CASE No. 4146

Order No. R-3778

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 completed or to be completed in said quarter section, in unlined surface pits on said lease.

(7) That wells presently completed on the subject lease produce approximately 84 barrels of water per day.

(8) That there appears to be no shallow fresh water wells within a radius of four miles of the subject lease.

(9) That there appears to be no shallow fresh water in the vicinity of the subject unlined pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination.

(10) That the applicant should be permitted to dispose of salt water produced by wells completed or to be completed on the subject lease in unlined surface pits located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, V. S. Welch, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended,

-3-

CASE No. 4146

Order No. R-3778

to dispose of water produced in conjunction with the production of oil or gas, or both, by his wells completed or to be completed in the NE/4 of Section 28, Township 18 South, Range 31 East, NMPM, Shugart Field, Eddy County, New Mexico, in unlined surface pits located in said quarter section 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.

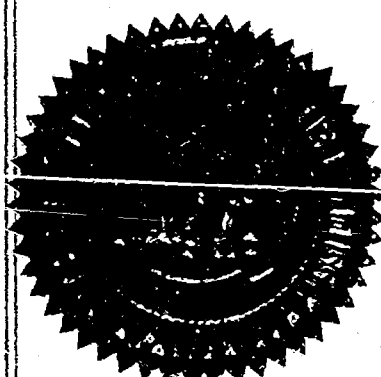
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 4, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

- CASE 4121: (Continued from the May 7, 1969, Examiner Hearing)
Application of Roger C. Hanks for special pool rules, Lea County,
New Mexico. Applicant, in the above-styled cause, seeks the
promulgation of special pool rules for the Bar U-Pennsylvanian
Pool, Lea County, New Mexico, including a provision for 160-
acre spacing and proration units and the assignment of 80-acre
allowables.
- CASE 4143: (Continued from the May 21, 1969, Examiner Hearing)
Application of Amerada Petroleum Corporation for downhole
commingling and special gas-oil ratio limitation, Lea County,
New Mexico. Applicant, in the above-styled cause, seeks
authority to commingle production from the Eumont Gas Pool and
the Skaggs-Grayburg Pool in the wellbore of its Fred Turner,
Jr., "A" Well No. 2, the Eumont completion of which is presently
classified as a gas completion, located in Unit K of Section 18,
Township 20 South, Range 38 East, Lea County, New Mexico. Appli-
cant, further seeks the establishment of a special gas-oil ratio
limitation for the subject well.
- CASE 3796: (Reopened)
In the matter of Case No. 3796 being reopened pursuant to the
provisions of Order No. R-3452, which order established 160-
acre spacing units for the Cerca-Upper Pennsylvanian Pool, Lea
County, New Mexico, for a period of one year. All interested
parties may appear and show cause why said pool should not be
developed on 40-acre or 80-acre spacing units.
- CASE 4093: (Reopened)
Application of BTA Oil Producers for salt water disposal, Lea
County, New Mexico. Order No. R-3727, dated April 15, 1969,
authorized the applicant to dispose of produced salt water into
the Devonian formation in the intervals from approximately
12,233 feet to 12,275 feet in its Max Pray State "E" Well No. 1
and from approximately 12,088 to 12,164 feet in its Max Pray
State "E" Well No. 2 located, respectively, in Units F and C of
Section 5, Township 10 South, Range 36 East, adjacent to the
West Crossroads-Devonian Pool, Lea County, New Mexico. Applicant
now seeks authority to extend said Devonian zones of disposal
to 12,233 feet to 12,500 feet in said Well No. 1 and 12,088
feet to such depth as is necessary in said Well No. 2.

Examiner Hearing

June 4, 1969

Docket No. 16-69

-2-

CASE 4144: Application of Sam G. Dunn Oil Operations for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 1910 feet to 1950 feet in its E. Faircloth "C" Well No. 1 located in Unit N of Section 32, Township 7 South, Range 27 East, Acme-San Andres Pool, Chaves County, New Mexico.

CASE 4138: (Continued and readvertised)

Application of Mallard Petroleum Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the open-hole interval from approximately 3700 feet to 3800 feet in its Milner Federal Well No. 4, located in Unit C of Section 20, Township 20 South, Range 34 East, Lynch (Yates) Pool, Lea County, New Mexico.

CASE 4145: Application of Tenneco Oil Company for an exception to Order No. R-3221, as amended, Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's Lusk Field leases comprising the SW/4 NW/4 of Section 19, Township 19 South, Range 32 East, Lea County, New Mexico, and the NE/4 of Section 24, Township 19 South, Range 31 East, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells completed on said leases in unlined surface pits on said leases.

CASE 4146: Application of V. S. Welch for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the applicants lease comprising the NE/4 of Section 28, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells completed or to be completed on said lease in unlined surface pits on said lease.

Examiner Hearing

June 4, 1969

-3-

Docket No. 16-69

CASE 4147: Application of Mobil Oil Corporation for pool reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to have the North Vacuum-Morrow Pool, Lea County, New Mexico, reclassified from an oil pool to a gas pool.

CASE 4148: Application of Fannie Lee Mitchell, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the perforated interval from approximately 10,450 feet to 10,550 feet in the former Southern Petroleum Exploration Co., Inc. Machris State 36-3 Well No. 1 located in Unit W of Section 3, Township 16 South, Range 35 East, Townsend-Wolfcamp Pool, Lea County, New Mexico.

CASE 4149: Application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's Harris Well No. 1 located in Unit P, Section 5, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in unlined surface pits in the vicinity of the well.

JAMES T. JENNINGS
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

May 8, 1969

TELEPHONE 622-8432
AREA CODE 505

5 MAY 1969

Case 4146

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

Attention: Ida Rodriguez

RE: APPLICATION OF V. S. WELCH

Dear Ida:

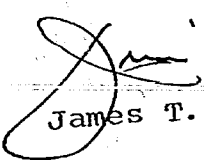
Enclosed herewith you will find an Application which we are filing on behalf of Mr. V. S. Welch for an exception to Order No. R-3221. Please place this on the June 4 Examiner's Docket. I discussed the matter briefly with Mr. Porter and he indicated that if we got the Application in by the 15th of May we could have the hearing on June 4. If there is a possibility of having it at an earlier date, we would like to do so.

We will probably want to offer the testimony presented in Case No. 4024 in support of our applicant's position in this case, and I am wondering if the testimony has been transcribed and if so if it would be possible for me to borrow a copy of the transcript for a few days.

Sent

Yours very truly,

JENNINGS & COPPLE


James T. Jennings

JTJ/mb

Encl.

cc: V. S. Welch

DOCKET MARKED

Date 5-22-69

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF V. S. WELCH FOR AN EXCEPTION TO
ORDER NO. R-3221 TO PERMIT THE
DISPOSAL OF PRODUCED SALT WATER INTO
UNLINED OPEN SURFACE PITS IN EDDY
COUNTY, NEW MEXICO.

Case 4146

APPLICATION

COMES NOW V. S. WELCH, by his attorneys, Jennings & Copple, and seeks an exception to Order R-3221, as amended, to permit the disposal of produced salt water into unlined open surface pits located in the NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support of his application states:

1. Applicant is the Operator of a lease covering the NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M., upon which two wells have been completed and are producing from the Shugart Pool.

2. That the No. 1 (A) Well located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M., was completed on December 26, 1968, and at all times has produced its oil allowable. That the No. 2 (H) Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M., was completed April 22, 1969, and was initially potentialized for 72 barrels of oil per day. That the Operator has made a location for his No. 3 (B) Well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$, being 330 feet from the North line and 1650 feet from the East line of Section 28, Township 18 South, Range 31 East, N.M.P.M.

3. In connection with the production of oil from the two wells, there is produced about 70 barrels of salt water per day, which water is being disposed of in an open unlined surface tank located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M.

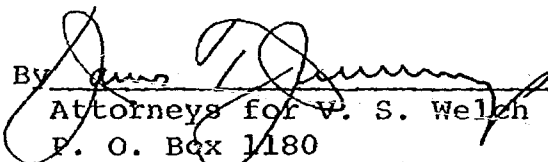
4. Applicant seeks permission to dispose of the produced salt water produced from the above mentioned wells and other wells that the applicant may drill upon his lease into open unlined pits located in the NE $\frac{1}{4}$ Section 28, Township 18 South, Range 31 East, N.M.P.M., as an exception to Order R-3221, as amended.

5. That there is no fresh or potable water in the vicinity and the only water available in the vicinity for any purpose is from the pipeline serving the potash mines in the area. That there are no salt water disposal facilities available in the area and it is not economical to truck the produced salt water to a disposal facility.

6. Approval of this application for an exception to Order R-3221, as amended, will prevent waste, protect correlative rights and will not injure any fresh water or present any threat of such injury.

WHEREFORE, Applicant requests that this application be set for hearing before the Commission or one of its examiners and that the Commission enter its Order granting Applicant an exception to Order R-3221, as amended, in accordance with this application.

JENNINGS & COPPLE

By 
Attorneys for V. S. Welch
P. O. Box 1180
Roswell, New Mexico, 88201

DRAFT

GMH/ear

⑨

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. 4146

Order No. R-3778

APPLICATION OF V. S. WELCH FOR AN
EXCEPTION TO ORDER NO. R-3221, AS
AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 4, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this June day of June, 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, V. S. Welch, is the ^{operator of a} ~~owner of certain~~
~~wells on its~~ lease comprising the NE/4 of Section 26, Township 18
South, Range 31 East, NMPM, Shugart Field, Eddy 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 applicant's wells completed or to be completed ~~on said lease~~ *in said quarter section,* in unlined surface pits on said lease.

(7) That wells presently completed on the subject lease produce approximately 84 barrels of water per day.

(8) That there appears to be no shallow fresh water well within a radius of four miles of the subject lease.

(9) That there appears to be no shallow fresh water in the vicinity of the subject unlined pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination.

(10) That the applicant should be permitted to dispose of salt water produced by wells completed or to be completed on the subject lease in unlined surface pits located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, V. S. Welch, 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 his wells completed or to be completed in the NE/4 of Section 28, Township 18 South, Range 31 East, NMPM, Shugart ^{Field} Pool, Eddy County, New Mexico, in unlined surface pits located in said quarter section 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.