

CASE 5721: H&S OIL COMPANY FOR
AN EXCEPTION TO ORDER NO. R-3221,
EDDY COUNTY, NEW MEXICO

CASE NO.

5721

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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. 5721 DE NOVO
Order No. R-5247-A

APPLICATION OF H & S OIL COMPANY 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 January 17, 1977, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 25th day of January, 1977, 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:

(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, H & S Oil Company, is the owner and operator of the McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy 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 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.

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(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 as an exception to the provisions of the aforesaid Order (3) permission to dispose of salt water produced by applicant's above-described well into an unlined surface pit located in Unit C of said Section 33.

(7) That applicant's McClay Well No. 7 produces approximately 15 barrels of water per day.

(8) That there is fresh water in the vicinity of the above-described unlined pit for which a present or reasonably foreseeable beneficial use is or will be made.

(9) That this matter came on for hearing before Examiner Richard L. Stamets on July 21, 1976, and pursuant to this hearing, Order No. R-5247 was issued in Case No. 5721 on August 24, 1976, which order denied the application of H & S Oil Company for an exception to Order (3) of Commission Order No. R-3221.

(10) That such denial was predicated on said existence of fresh water in the vicinity of said pit, the lack of evidence as to the direction of subsurface drainage or percolation of water from the proposed unlined pit, and the potential threat to said fresh water posed by such drainage or percolation.

(11) That on September 13, 1976, the applicant, H & S Oil Company, filed application for hearing De Novo of Case No. 5721 and the matter was set for hearing before a quorum of the Commission.

(12) That this matter came on for hearing De Novo on January 17, 1977.

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(13) That the evidence presented demonstrates that surface drainage from the area of the proposed unlined pit would not be toward nor affect fresh water.

(14) That the evidence presented demonstrates that sub-surface drainage from the area of the proposed unlined pit would not be toward nor affect fresh water.

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

(16) That the applicant should be permitted to dispose of water produced by the well on the above-described lease in an unlined surface pit located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, H & S Oil Company, 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, from its McClay Well No. 7 located in Unit C of Section 33, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located in Unit C of said Section 33.

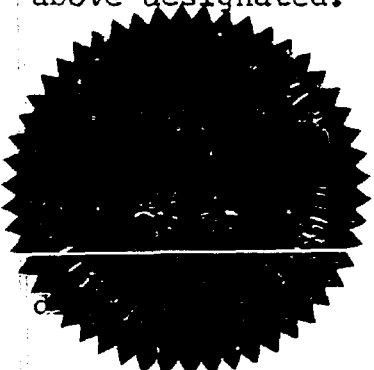
(2) That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to protect fresh water supplies from contamination.

(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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

DRAFT

dr/

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. 5721 DE NOVO
Order No. R-5247-A

APPLICATION OF H & S OIL COMPANY 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 January 17, 1977,
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of _____, 1977, 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:

(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, H & S Oil Company, is the owner and
operator of the McClay Well No. 7, located in Unit C of Section
33, Township 13 South, Range 30 East, NMPM, North Benson-Queen-
Grayling Pool, Eddy County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as amended,
which forbids the 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 as an exception to the provisions of the aforesaid Order (3) ~~to permit the disposal~~ ^{permission to dispose} of salt water produced by applicant's above-described well into an unlined surface pit located in Unit C of said Section 33.

(7) That applicant's McClay Well No. 7 produces approximately 15 barrels of water per day.

(8) That there is fresh water in the vicinity of the above-described unlined pit for which a present or reasonably foreseeable beneficial use is or will be made.

(9) That this matter came on for hearing before Examiner Richard L. Stamets on July 21, 1976, and pursuant to this hearing, Order No. R-5247 was issued in Case No. 5721 on August 24, 1976, which order denied the application of M & S Oil Company for ^{an} ~~said~~ exception to Order (3) of Commission Order No. R-3221.

(10) That such denial was predicated on said existence of fresh water in the vicinity of said pit, the lack of evidence as to the direction of subsurface drainage or percolation of water from the proposed unlined pit, and the potential threat to said fresh water posed by such drainage or percolation.

(11) That on September 13, 1976, the applicant, H & S Oil Company, filed application for hearing De Novo of Case No. 5721 and the matter was set for hearing before a quorum of the Commission.

(12) That this matter came on for hearing De Novo on January 17, 1977.

(13) That the evidence presented demonstrates that surface drainage from the area of the proposed unlined pit would not be toward nor affect fresh water.

(14) That the evidence presented demonstrates that subsurface drainage from the area of the proposed unlined pit would not be toward nor affect fresh water.

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

(16) That the applicant should be permitted to dispose of water produced by the well on the above-described lease in an unlined surface pit located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, H & S Oil Company, ^{is} ~~xxx~~ 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, from its McClay Well No. 7 located in Unit C of Section 33, Township 13 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located on ~~said lease~~. *with 1/2*

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(2) That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such ⁴re_Acission 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 herein-
above designated.

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. 5721
Order No. R-5247

APPLICATION OF H&S OIL COMPANY 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 July 21, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of August, 1976, 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, H&S Oil Company, is the owner and
operator of the McClay Well No. 7, located in Unit C of Section
33, Township 18 South, Range 30 East, NMPM, North Benson-Queen
Grayburg Pool, Eddy County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as amended,
prohibits in that area encompassed by Lea, Eddy, Chavez 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's above-described well into an unlined surface pit located in Unit C of said Section 33.

(7) That applicant's McClay Well No. 7 produces approximately 15 barrels of water per day.

(8) That there is fresh water in the vicinity of the above-described unlined pit for which a present or reasonably foreseeable beneficial use is or will be made.

(9) That the evidence presented at the hearing demonstrates that surface drainage from the area of the proposed pit is away from the area wherein said fresh water is located.

(10) That no evidence was presented to demonstrate that subsurface drainage or percolation of water from the proposed unlined pit would not be toward nor affect said fresh water.

(11) That to protect said fresh water from the potential harmful affects of the surface disposal of produced salt water in said pit the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of H&S Oil Company for 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 McClay Well No. 7 in Unit C of Section 33, Township 18 South, Range 30 East, NMPM, North Benson-Queen Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located in the vicinity of said well is hereby denied.

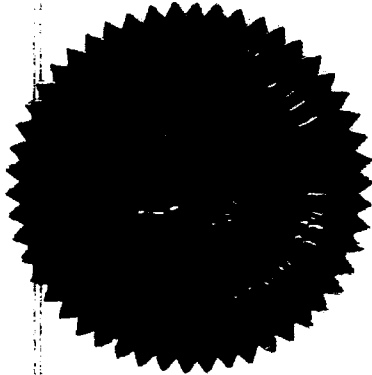
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5721
Order No. R-5247

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

Dockets Nos. 22-76 and 23-76 are tentatively set for hearing on August 4 and August 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 21, 1976

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5715: Application of Marathon Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northeast Anderson Ranch Unit Area comprising 2,720 acres, more or less, of State lands in Township 15 South, Range 32 East, Lea County, New Mexico.
- CASE 5716: Application of Atlantic Richfield Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 33, Township 17 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5717: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Petroleum Development Corporation, Commercial Union Assurance Companies, and all other interested parties to appear and show cause why the Vaughn State Well No. 1, located in Unit E of Section 16, Township 6 North, Range 17 East, Guadalupe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5718: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Morad Oil & Mining Company, Western Surety Company, and all other interested parties to appear and show cause why the Campbell Well No. 1, located in Unit A of Section 25, Township 28 North, Range 35 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- CASE 5721: Application of H & S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson-Queen Grayburg Pool, Eddy County, New Mexico.
- CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
HARVEY E. YATES COMPANY, GENE SNOW, :
HARBOR OIL COMPANY, SIMMS & REESE, :
AND LARUE & MUNCY, FOR AN EXCEPTION :
TO ORDER NO. R-3221 AS AMENDED, EDDY :
COUNTY, NEW MEXICO. :

CASE NO. _____

APPLICATION

COME NOW HARVEY E. YATES COMPANY, GENE SNOW, HARBOR OIL COMPANY, SIMMS & REESE, and LARUE & MUNCY, by and through their attorneys, and in support hereof respectfully state:

1. That applicants are the owners and operators of the following leases located in Eddy County, New Mexico:

A. Harvey E. Yates Company -

Yates State Nos. 1, 2, 3, 4, and 6, located in the NE/4, N/2 SE/4, Section 32, Township 18 South, Range 30 East, N.M.P.M.

B. Gene Snow -

Elk No. 1, located in the NW/4 SW/4, Section 32, Township 18 South, Range 30 East, N.M.P.M.

C. Harbor Oil Company -

Elliott Nos. 1, 2, and 3, located in the SW/4 NW/4, Section 28, Township 18 South, Range 30 East, N.M.P.M., and the S/2 NE/4, Section 29, Township 18 South, Range 30 East, N.M.P.M.

D. Simms & Reese -

McClay No. 7, located in the NE/4 NW/4, Section 33, Township 18 South, Range 30 East, N.M.P.M.

E. LaRue & Muncy -

McClay No. 9, located in the SW/4 NE/4,
Section 33, Township 18 South, Range 30
East, N.M.P.M., and

McClay No. 10, located in the SE/4 NW/4,
Section 33, Township 18 South, Range 30
East, N.M.P.M.

2. Applicants seek an exception to the provisions of Oil Conservation Commission Order No. R-3221 as amended to permit the disposal of saltwater produced by the above mentioned wells in unlined surface pits of said lessees.

3. That there is no shallow fresh water in the vicinity of the above described wells for which a present or reasonably foreseeable beneficial use is or will be impaired by contamination from unlined surface pits located in the vicinity of said wells.

4. That the approval of this Application will prevent waste.

WHEREFORE, applicants pray:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law;

B. That upon hearing the Commission enter its order granting applicants an exception to Oil Conservation Commission Order No. R-3221 as amended to permit utilization of unlined surface pits for the disposal of saltwater produced by the above described wells; and

C. For such other and further relief as may be just
in the premises.

HARVEY E. YATES COMPANY,
GENE SNOW, MARBOB OIL COMPANY,
SIMMS & REESE, LARUE & MUNCY

By: _____
LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicants

Dockets Nos. 5-77 and 6-77 are tentatively set for hearing on February 2 and February 16, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - JANUARY 17, 1977

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases are continued from the December 1, 1976, Commission Hearing.

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H & S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H & S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Gene Snow, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 4-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 19, 1977

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for February, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for February, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 34-76 and 1-77 are tentatively set for hearing on December 15, 1976 and January 5, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - DECEMBER 1, 1976

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

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H&S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H&S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Gene Snow, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

I. GENERAL RULES AND REGULATIONS FOR ONE ASSOCIATED POOLS OF SOUTHEASTERN AND NORTHWESTERN NEW MEXICO

(See Special Pool Rules in each pool for orders applicable to those pools only. Special Pool Rules will be found in the same classification order as in the General Section, and, unless the special rules conflict with the general rule, the general rule is also applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1: Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2: After the effective date of this order each well drilled or recompleted on a standard proration unit within an associated pool regulated by this order shall be located as provided below:

OIL WELLS - SOUTHEAST NEW MEXICO

| Standard Proration Unit | Location-Requirements |
|-------------------------|--|
| 40 Acres | Not closer than 330 feet to the boundary of the tract |
| 80 and 160 acres | Must be located within 150 feet of the center of the quarter-quarter section wherein located |

GAS WELLS - SOUTHEAST NEW MEXICO

| Standard Proration Unit | Location Requirements |
|-------------------------|--|
| 160 acres | Must be located within 150 feet of the center of the quarter-quarter section wherein located. |
| 320 acres | Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit. |

ALL WELLS - NORTHWEST NEW MEXICO

| Standard Proration Unit | Location Requirements |
|-------------------------|--|
| 40 Acres | Not closer than 330 feet to the boundary of the tract |
| 80, 160 and 320 acres | Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line. |

RULE 3: (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special pool rules therefor.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special pool rules therefor.

RULE 4: (a) The District supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than

75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

- (1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and
- (2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively,) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the foregoing operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5: A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6: That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7: An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8: The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under

a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement as long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9: Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the first 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 15th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well produces no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10: An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11: Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

E. GAS PRORATIONING

RULE 12: The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13: No associated gas underproduction may be carried forward into any proration month. (See ALTERNATIVE PROPOSED RULE 13 following Rule 21)

RULE 14: Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15: The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16: The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. RESUMPTION OF PRODUCTION

RULE 17: The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 on or before the 15th day of the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18: Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

G. FAILURE TO COMPLY

RULE 19: Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the time of allowable cancellation and the reason therefor.

RULE 20: All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21: Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-117) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

Alternative Proposed Rule 13

RULE 13: (a) Any associated gas well which has an underproduced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward. For purposes of this Rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with paragraphs (a) and (b) above.

Please note, alternatives of 1, 2, and 3 times the current monthly allowable will be considered with Alternative Proposed Rule 13(b). Comments by interested operators or transporters are solicited.

It will be proposed to reclassify the Jennings-Delaware and the North Paduca-Delaware Pools from associated pools to oil pools.

It will further be proposed to reclassify the Northeast Todd-San Andres Pool from an associated pool to an oil pool; however, special pool rules providing for 80-acre oil well spacing will be retained.

Dockets Nos. 29-76 and 30-76 are tentatively set for hearing on October 27 and November 10, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 20, 1976

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

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H&S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H&S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Gene Snow, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF H & S OIL COMPANY :
FOR AN EXCEPTION TO ORDER NO. R-3221, : CASE NO. 5721
AS AMENDED, EDDY COUNTY, NEW MEXICO. :
:

APPLICATION FOR REHEARING

Applicant, by its attorneys, and in support hereof respectfully states:

1. That on August 24, 1976, the Oil Conservation Commission of New Mexico ("Commission") entered its Order No. R-5247, to which reference is here made, denying the application for an exception to Order (3) of Commission Order No. R-3221, as amended.

2. That Order No. R-5247 is erroneous, as follows:

(a) Contrary to Finding (8), there is no fresh water in the vicinity of the unlined pit for which a present or reasonably foreseeable beneficial use is or will be made.

(b) Contrary to Finding (10), there was evidence that subsurface drainage or percolation of water from the proposed unlined pit would not be toward nor affect fresh water, if any is present in the vicinity of the unlined pit.

(c) Contrary to Finding (11) and Order (1), applicant should have been permitted to dispose of salt water produced from its wells in an unlined surface pit located in the vicinity of said wells.

WHEREFORE, applicant prays:

A. That the Commission grant a rehearing and that notice of said rehearing be given as required by law;

B. That upon rehearing the Commission enter an order granting applicant an exception to Commission Order No. R-3221, as amended, to permit applicant to dispose of water produced from its wells in an unlined surface pit located in the vicinity of said wells; and

C. For such other and further relief as may be just in the premises.

H & S OIL COMPANY

By: 
A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF H & S OIL COMPANY :
FOR AN EXCEPTION TO ORDER NO. R-3221, : CASE NO. 5721
AS AMENDED, EDDY COUNTY, NEW MEXICO. :
:

APPLICATION FOR REHEARING

Applicant, by its attorneys, and in support hereof
respectfully states:

1. That on August 24, 1976, the Oil Conservation
Commission of New Mexico ("Commission") entered its Order No.
R-5247, to which reference is here made, denying the application
for an exception to Order (3) of Commission Order No. R-3221, as
amended.

2. That Order No. R-5247 is erroneous, as follows:

(a) Contrary to Finding (8), there is no fresh water
in the vicinity of the unlined pit for which a present or reason-
ably foreseeable beneficial use is or will be made.

(b) Contrary to Finding (10), there was evidence that
subsurface drainage or percolation of water from the proposed
unlined pit would not be toward nor affect fresh water, if any
is present in the vicinity of the unlined pit.

(c) Contrary to Finding (11) and order (1), appli-
cant should have been permitted to dispose of salt water pro-
duced from its wells in an unlined surface pit located in the
vicinity of said wells.

THEREFORE, applicant prays:

A. That the Commission grant a rehearing and that notice of said rehearing be given as required by law;

B. That upon rehearing the Commission enter an order granting applicant an exception to Commission Order No. R-3221, as amended, to permit applicant to dispose of water produced from its wells in an unlined surface pit located in the vicinity of said wells; and

C. For such other and further relief as may be just in the premises.

H & S OIL COMPANY

By: 

A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF E & S OIL COMPANY :
FOR AN EXCEPTION TO ORDER NO. R-3221, : CASE NO. 5721
AS AMENDED, EDDY COUNTY, NEW MEXICO. :
:

APPLICATION FOR REHEARING

Applicant, by its attorneys, and in support hereof
respectfully states:

1. That on August 24, 1976, the Oil Conservation
Commission of New Mexico ("Commission") entered its Order No.
R-5247, to which reference is here made, denying the application
for an exception to Order (3) of Commission Order No. R-3221, as
amended.

2. That Order No. R-5247 is erroneous, as follows:

(a) Contrary to Finding (8), there is no fresh water
in the vicinity of the unlined pit for which a present or reason-
ably foreseeable beneficial use is or will be made.

(b) Contrary to Finding (10), there was evidence that
subsurface drainage or percolation of water from the proposed
unlined pit would not be toward nor affect fresh water, if any
is present in the vicinity of the unlined pit.

(c) Contrary to Finding (11) and Order (1), appli-
cant should have been permitted to dispose of salt water pro-
duced from its wells in an unlined surface pit located in the
vicinity of said wells.

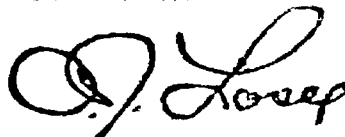
WHEREFORE, applicant prays:

A. That the Commission grant a rehearing and that notice of said rehearing be given as required by law;

B. That upon rehearing the Commission enter an order granting applicant an exception to Commission Order No. R-3221, as amended, to permit applicant to dispose of water produced from its wells in an unlined surface pit located in the vicinity of said wells; and

C. For such other and further relief as may be just in the premises.

N & S OIL COMPANY

By: 
A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICOdr/
in

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5721

Order No. R-5247

APPLICATION OF H & S OIL COMPANY

FOR AN EXCEPTION TO ORDER NO. R-3221,

AS AMENDED, EDDY COUNTY, NEW MEXICO.ORDER OF THE COMMISSIONBY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 21,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this August day of July, 19 76, 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, H & S Oil Company, is
the owner and operator of the McClay Well No. 7,
located in Unit C of Section 33, Township 18 South,
Range 30 East, NMPM, North Benson-Queen Grayburg Pool,
Eddy 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
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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's above-described well into an unlined surface pit located in Unit C of said Section 33.

(7) That applicant's McClay Well No. 7 produces approximately 15 barrels of water per day.

~~(8) That there appears to be no shallow fresh water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.~~

(9) That the nature of the reservoir of said North Benson-Queen Grayburg Pool is such that reinjection of produced water into said reservoir would result in greater ultimate recovery of oil and gas therefrom thereby preventing waste.

(10) That to prevent the waste of oil and gas in said North Benson-Queen Grayburg Pool, permanent authority to dispose of produced water from applicant's McClay Well No. 7 in an unlined surface pit on said lease should not be granted.

(8) That there is fresh water in the vicinity of the above-described unlined pit~~s~~ for which a present or reasonably foreseeable beneficial use is or will be made.

(9) That the evidence presented at the hearing demonstrates that surface drainage from the area of the proposed pit~~s~~ is away from the area wherein said fresh water is located.

(10) That no evidence was presented to demonstrate that subsurface drainage or percolation of water from the proposed unlined pit~~s~~ would not be toward nor affect said fresh water.

(11) That to protect said fresh water from the potential harmful affects of the surface disposal of produced salt water in said pit~~s~~ the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of H & S Oil Company for 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 McClay Well No. 7 in Unit C of

~~XXXXXX~~ Section 33, Township 18 South, Range 30
East, NMPM, North Benson-Queen Grayburg Pool, Eddy
County, New Mexico, in ^{an} unlined surface pit~~s~~ located in the vicinity of said well is hereby denied.

(2) 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.