

CASE 5723: MARBOB ENERGY CORP.  
FOR AN EXCEPTION TO ORDER NO.  
R-3221, EDDY COUNTY, NEW MEXICO

CASE NO.

5723

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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. 5723 DE NOVO  
Order No. R-5249-A

APPLICATION OF MARBOB ENERGY  
CORPORATION 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, Marbob Energy Corporation, is the owner and operator of the Ellicott 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, 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 wells into an unlined surface pit located in Unit E of said Section 28.

(7) That applicant's Elliott Wells Nos. 1, 2, and 3 produce approximately 12 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-5249 was issued in Case No. 5723 on August 24, 1976, which order denied the application of Marbob Energy Corporation 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, Marbob Energy Corporation, filed application for hearing De Novo of Case No. 5723 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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Order No. R-5249-A

(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 wells on the above-described lease in an unlined surface pit located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, Marbob Energy Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Elliott Well No. 1 located in Unit E of Section 28, and the Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located in Unit E of said Section 28.

(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 herein-above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

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. 5723  
Order No. R-5249

APPLICATION OF MARBOB ENERGY CORPORATION  
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, Marbob Energy Corporation, is the owner and operator of the 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, 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 wells into an unlined surface pit located in Unit E of said Section 28.

(7) That applicant's Elliott Well Nos. 1, 2, and 3 produce approximately 12 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 Marbob Energy Corporation 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 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, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located in the vicinity of said wells is hereby denied.

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



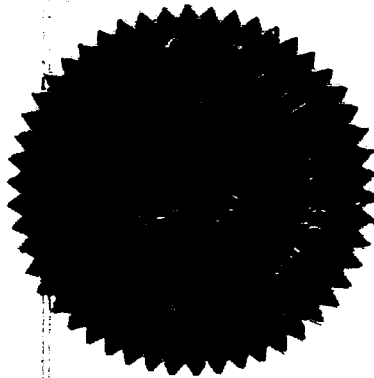
-3-

Case No. 5723

Order No. R-5249

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

dr/

Dockets Nos. 33-76 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.

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 MARBOB ENERGY CORPORATION :  
FOR AN EXCEPTION TO ORDER NO. R-3221, : CASE NO. 5723  
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-5249, 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-5249 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.

MARBOB ENERGY CORPORATION

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 MARBOB ENERGY CORPORATION :  
FOR AN EXCEPTION TO ORDER NO. R-3221, : CASE NO. 5723  
AS AMENDED, EDDY COUNTY, NEW MEXICO. :

APPLICATION FOR REHEARING

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

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(a) Contrary to Finding (8), there is no fresh water  
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ably foreseeable beneficial use is or will be made.

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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.

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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.

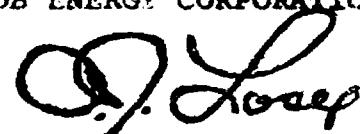
WHEREFORE, applicant prays:

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.

MARBOB ENERGY CORPORATION

By:   
A. J. Losee, for

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

Attorneys for Applicant





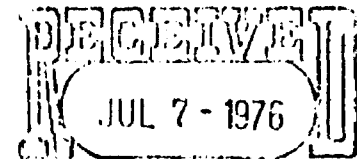
Dockets Nos. 22-76 and 23-76 are tentatively set for hearing on August 4 and August 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

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. Stanets, 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.



OIL CONSERVATION COMM.  
Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
HARVEY E. YATES COMPANY, GENE SNOW, :  
MARBOB 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, MARBOB  
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. Marbob 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: 

LOSPE & CARSON, P.A.

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicants

ROUGH 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. 5723

Order No. R-5249

APPLICATION OF MARBOB ENERGY CORPORATION

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,  
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, Marbob Energy Corporation, is  
the owner and operator of the Elliott Well No. 1  
and its Elliott Wells Nos. 2 and 3 located in Units H  
located in Unit E of Section 28, and G, respectively of Section 29  
all in 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 E of said Section 28.

(7) That applicant's Elliott Well Nos. 1, 2, and 3 produces approximately 12 barrels of water per day.

~~(8) That there appears to be no oil or gas 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 Elliott Well No. 1 located ~~and its Elliott Wells Nos. 2 and 3 located in Units H and G,~~ in Unit E of Section 28/ 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 Marbob Energy Corporation 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 Elliott Well No. 1 located in Unit E and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of <sup>of Section 28,</sup> ~~XXXXXX~~ Section 29, all in ~~the~~ Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in <sup>an</sup> unlined surface pit~~s~~ located in the vicinity of said wells 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.

DRAFT

dr/

*(Signature)*

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:

*LJ*

*(Signature)*

CASE NO. 5723 DE NOVO  
Order No. R-5249-A

APPLICATION OF MARBOB ENERGY CORPORATION  
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, Marbob Energy Corporation, is  
the owner and operator of the 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 Town-  
ship 13 South, Range 20 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.

*stet*  
*Am*  
(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~~ <sup>permission to dispose</sup> of salt water produced by applicant's above-described wells into an unlined surface pit located in Unit E of said Section 28.

(7) That applicant's Elliott Wells Nos. 1, 2, and 3 produce approximately 12 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-5249 was issued in Case No. 5723 on August 24, 1976, which order denied the application of Marbob Energy Corporation <sup>an</sup> for ~~said~~ exception to Order (3) of Commission Order No. R-3221.

(10) That such denial was predicated on said exist<sup>2</sup>ance 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, Marbob Energy Corporation, filed application for hearing De Novo of Case No. 5723 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 wells on the above-described lease in an unlined surface pit located on said lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, Marbob Energy Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from <sup>its</sup> ~~their~~ Elliott Well No. 1 located in Unit E of Section 28, and the Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, NEEM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in an unlined surface pit located on said lease.

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5723  
Case No. 5719 De Novo  
Order No. R-5248-A

(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 <sup>5</sup>re~~pe~~ission 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.

