

CASE 3998: Application of H. N.
SWEENEY & PAUL SLAYTON for an
exception to R-3221, as amended.

Case Number

3998

Application

Transcripts.

Small Exhibits

ETC.

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

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

December 18, 1968

REGULAR HEARING

IN THE MATTER OF:)
)
)

Application of H.N. Sweeney)
and Paul Slayton for an)
exception to Order No.)
R-3221, as amended, Chaves)
County, New Mexico.)

Case No. 3998

BEFORE: A. L. Porter, Jr., Secretary Director
Guyton Hays, Land Commissioner
Governor David F. Cargo, Chairman
George Hatch, Counsel

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 3998.

MR. HATCH: Case 3998, application of H. N. Sweeney and Paul Slayton for an exception to Order No. R-3221, as amended, Chaves County, New Mexico.

MR. MORRIS: If the Commission please, I am Dick Morris of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, New Mexico, appearing on behalf of the applicant in this case. We will have two witnesses, only one of whom is available at this time. I would like to call first to the stand, Mr. A. L. Dougherty.

(Witness sworn.)

A. L. DOUGHERTY

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Dougherty, please state your name for the record.

A A. L. Dougherty.

Q Where do you live, Mr. Dougherty?

A O'Brien Headquarters, northeast of Roswell.

Q Where is the O'Brien Headquarters located with respect to some of the communities in that area?

A It is ten miles south of Elkins.

Q Where is the headquarters located with respect to the Devonian and San Andres wells that are involved in Mr. Sweeney and Mr. Slayton's application?

A Well, approximately a mile northwest.

Q How long have you lived in this area?

A Thirty-eight years.

Q What is your position with the O'Brien Ranch?

A Ranch Foreman.

Q How long have you been Ranch Foreman?

A Four and a half years.

Q Approximately how large is the O'Brien Ranch?

A There are 80,000 acres.

Q And are the wells and tank batteries, and disposal pits that are the subject of this application, all located on the O'Brien Ranch?

A Yes, they are.

Q Do you run cattle on your ranch?

A Yes, sir.

Q How do you water those cattle?

A They are watered from pit-type dirt tanks.

MR. PORTER: From what?

THE WITNESS: Pit tanks, dirt tanks.

Q What is the source of the water?

A It is all runoff water, rain water.

Q Do you have any windmills at all on your ranch?

A Well, we have one windmill eight miles north of the headquarters.

Q It is eight miles north of the headquarters, and I believe you said the tank batteries and pits are approximately one mile south of your headquarters?

A That's right.

Q What is the source of water for your use around your headquarters?

A For drinking water, we use cistern water, and house water is from a pit tank a mile north of the house.

MR. PORTER: What do you use for drinking water?

THE WITNESS: Cistern water, rain water.

Q What is the closest windmill that you are aware of to the wells and tank batteries and disposal pits involved in this application?

A Approximately six miles west.

Q Is that located on the O'Brien Ranch?

A No, it isn't.

Q Do you know whose property that is located on?

A It is on the Lyman Graham Ranch.

Q That is approximately six miles west?

A Yes.

MR. PORTER: Do you know how deep that water is there?

THE WITNESS: It would be approximately 200 feet, in that neighborhood.

MR. HAYS: Is it good drinking water?

THE WITNESS: Might be for stock water, but not for humans.

Q (By Mr. Morris) Have there been any attempts that you are familiar with to develop some ground water in the area of your headquarters?

A There have been, no telling how many wells drilled.

Q Would you approximate how many have been drilled?

A Oh, 50. Forty, 50.

Q And has there been any success in developing ground water?

A The one well north of the house is all, eight miles north.

MR. HAYS: Is that sweet water, too?

THE WITNESS: Yes, sir, it is good water.

Q Is that well located in an area that is of different terrain than --

A It is in deep sand.

Q Now, you say approximately 50 wells have been drilled.
Were those all drilled seeking fresh water?

A Yes, sir.

Q Did some of them hit water?

A I know of two that hit salt water.

Q Was any attempt made to develop that water for stock
water?

A No, sir.

Q And what was the experience there?

A Cattle wouldn't drink it.

Q Were some of these wells drilled in connection with
seismograph explorations in this area?

A Well, some were. Most of them were drilled by
O'Brien.

Q Were some of them drilled as seismograph holes?

A Two of them were looked into, if they had water in.

Q How deep were those holes?

A About 80 feet. They was in a dry lake bed.

MR. PORTER: But the quality of the water wasn't
satisfactory?

THE WITNESS: No, it wasn't usable.

Q Does the O'Brien Ranch have any objection to the

application of Mr. Sweeney and Mr. Slayton to continue to dispose of salt water in surface pits around the wells on the O'Brien Ranch?

A No, they don't.

MR. MORRIS: That is all I have of the witness.

MR. PORTER: Does anyone have any questions of this witness? Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Dougherty, you mentioned the well that is eight miles north of the ranch house. Now, that is north of a topographical feature in this area known as Railroad Mountain, is it not?

A That's right.

Q What is Railroad Mountain?

A I'm not sure what it was. It is a long, narrow mountain that raises up above the ground.

Q Have you ever heard that described as being a dike?

A No.

Q It is a ridge of rock extending up above the surface of the ground? It is a long, narrow ridge of rock, and approximately how long is it, Mr. Dougherty?

A Well, it goes from north of Roswell into Texas, that

I know of.

Q And south of your ranch, there is another similar feature, is there not?

A Devils Racetrack, I believe.

Q And it is another long, narrow --

A But it doesn't stick up out of the ground very much.

Q Approximately where is the O'Brien Ranch with respect to these two Devils Racetracks? Is it in between the two of them?

A It would be in between the two of them.

Q And this is in between these two dikes is where the efforts to find this drinkable water has been so unsuccessful?

A Well, it has been on the north of Railroad Mountain, too.

Q Well, did you get a good well north of the mountain?

A Well, it is on a different ranch. We drilled 700 feet north of there, and drilled a hole 700 feet deep, and didn't get usable water.

MR. PORTER: Did you testify how deep that well is? I mean, eight miles north of the ranch, that one well?

THE WITNESS: 80-some, 83 feet, I believe.

Q Whereabouts is that from the town of Elkins?

A Three miles southwest.

Q And it is on the immediate south side of the highway, is it not?

A Yes, sir.

Q On the south of the railroad tracks?

A Yes.

Q Approximately 80-some feet?

A Yes.

O Now, the Highway Department quadrangle maps, Map No. 82 of this area, shows that in Section 35 of Township 8, Range 28 East, there is a ranch house, a windmill, and two lakes depicted on that map. Could you describe the status of those two lakes shown there on that map?

A I believe that would be where my house is, isn't it?

Q I believe you are right.

A The lake right south of the house has water in it, and the other lake is a dry lake bed.

Q That is a dry lake bed?

A Yes, sir.

Q Where does the water come from, as far as the water in that lake that does not have water in it?

A Runoff from the north, north and west.

Q From Palma Mesa?

A Yes, sir.

Q And the only source of water in that lake bed would be runoff from the north?

A Well, north and west.

Q How about the windmill shown on that map?

A Fifteen or twenty years ago they had a hand-dug well that was seepage out of the lake.

Q And that has since been abandoned?

A Not even a hole there any more.

Q Approximately two miles to the southeast, there is another lake bed shown with a windmill on that. What is the status there, please?

A Tanks would get baggy when they got low on water, and they fenced them and put a windmill, and pumped the water out of the lake into the tank.

Q So this windmill didn't reflect any underground water?

A It was a transfer from the lake into the tank.

Q And as far as the windmills shown on this map are concerned, then the nearest one would be the Graham windmill which is six or seven miles west?

A Yes, sir.

Q How about east, Mr. Dougherty, how far?

A Oh, ten miles, approximately.

Q Would that be over on the O'Brien Ranch?

A It would be on the Crosby Ranch.

Q That is getting over toward that Cato San Andres Pool?

A It is right in the middle of that field.

MR. NUTTER: That is all.

MR. PORTER: Does anyone else have a question?
The witness may be excused. You don't have any exhibits?

MR. MORRIS: No.

MR. PORTER: Mr. Morris, is it agreeable if we recess the hearing at this time until one-thirty, and give Mr. Sweeney time to come in?

MR. MORRIS: I would appreciate it very much.

(Whereupon, the hearing was recessed until 1:30 o'clock, P.M., at which time the hearing was resumed, and the following proceedings were held:)

(Whereupon, Applicant's Exhibits Numbers 1 through 6, inclusive, were marked for identification.)

H. N. SWEENEY

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Sweeney, will you state your name and where you

reside?

A My name is H. N. Sweeney, Roswell, New Mexico.

Q Mr. Sweeney, have you previously testified before the Commission or one of its Examiners, and had your qualifications as a geologist established as a matter of record?

A I have.

MR. MORRIS: Are the witness's qualifications acceptable?

MR. PORTER: Yes, they are.

Q Please refer to what has been marked as Exhibit Number 1 in this case, and point out what is shown by that exhibit.

A The areas outlined in red is present acreage controlled by me and by Mr. Slayton, and I've outlined, circled in red, the present producing wells in the Twin Lakes Field. The four wells in 36, and one well in Section 1 are San Andres wells. They are to the north. And the southernmost well is the Devonian well, which is producing.

Q And the wells shown in yellow?

A Are dry holes and temporarily abandoned wells in the area. Of those, I've drilled, oh, I've drilled ten wells altogether in the area. About five of those dry holes are mine.

Q Will you please refer to Exhibit Number 2, and point

out where the location of your tank batteries and surface pits are in this area?

A This is a more detailed map of the Twin Lakes Field, showing the present producing wells in the field and the location of the pits for each tank battery. Due to varying State leases, we only have two wells producing to a common tank battery. It has been necessary to set a separate battery and a separate pit, just primarily for tank bottoms on three of the wells.

We have four tank batteries for five wells on the San Andres. And then there is one well, the one Devonian well produces in the tank battery in the northwest-northwest of Section 1. I've marked on that what I would say would be the present maximum amount of water that would be produced per day on the average, but I think it would run somewhat less than those figures I've shown on the map.

Q Now, I notice that you have shown a pit over in Section 2, and zero barrels of water per day.

A There is no production now in the northeast quarter of Section 2, but the pit is in existence at the present time.

Q Your application in this case is to secure an exemption with respect to the pits located in Section 36 and in Section 1?

A That would be sufficient for our purposes.

Q So you are not seeking an exception with respect to the pits over in Section 2?

A No, I don't think the circumstances are any different, but we don't need it now.

MR. PORTER: Mr. Sweeney, apparently you have only four pits that you are now producing water into?

THE WITNESS: Five, including that Devonian pit.

Q One of your pits up in Section 36, the southernmost pit in Section 36, you show no disposal into that?

A Those two wells don't make any water at all. That pit is used for tank bottoms.

Q Mr. Sweeney, Mr. Dougherty previously testified where these wells were located with respect to his ranch headquarters. Could you state approximately where the headquarters of the ranch are with respect to some feature on either Exhibit 1 or 2?

A Oh, from the gas well there in Section 36 that I have marked, that Cities Service drilled, the headquarters is approximately three-quarters of a mile northwest of the gas well. That is in the northwest of the southwest of 36.

MR. PORTER: You say the ranch headquarters from there is what?

THE WITNESS: About three-quarters of a mile from that

closest well.

Q Please refer to Exhibit Number 3, the gas-oil ratio test, and point out the pertinent information shown on that exhibit.

A That is introduced primarily to show the amounts -- those are all recent tests that were made around the 1st of September of this year, and those are actual amounts of water under optimum producing conditions of those wells.

Now, the one San Andres well which shows the most amount of water is fifteen barrels a day. On leveled out production, it won't make as much as five barrels a day. It just happened conditions were such -- we also made 70 barrels of oil on that test. The well will average closer to 25 barrels. But it happened, due to the fact that it had been shut in shortly before the test, that it did make more than the normal production at this particular time, but none of the wells make an excessive amount of water.

Q With respect to your Devonian well, I note that the test shows 90 barrels of water. Is the same condition --

A Normally, that well will average less than 50 barrels a day. Of course, this test was made by Mobil, but since we took over the operation on November 11th, I would say during the ten days that we produced it, which we have good records, I would

say it averaged less than 40 barrels from the Devonian of water, and about the same amount of oil. It makes about the same amount of oil and water.

Q Mr. Sweeney, Mobil previously in Case 3757 made application to the Commission for an exception in this area, and then abandoned its application. As Exhibit Number 4, we have marked here a copy of Mobil's original application to the Commission. Would you comment with respect to the information that is stated in that application?

A Would you like for me to read the entire thing into the record, or would you just like to refer to it with my comments?

Q As you see fit.

Q It is not long, let me read it, and make a few comments on what they had to say.

MR. PORTER: All right, sir.

A Mobil Oil Corporation respectfully submits this request for an exception to Order No. R-3221, surface pit elimination, upon the grounds of hardship and the absence of fresh water bearing aquifers in the vicinity of the below described lands.

Mobil is the operator of the C. L. O'Brien "C" Well No. 1, located in the southwest-southwest of Section 1, Township

9, Range 28 East, Chaves County, New Mexico. I suppose it's been brought out that since then Mobil has sold that well, and Slayton and I are now the operators.

Said well is the only well currently producing from the Devonian Formation in the Twin Lakes Field. Average daily production during the month of January, 1968, was 31 barrels of oil and 39 barrels of water. The produced water is stored in a surface pit and disposed of by evaporation. The pit is located in the northwest-northwest of Section 1, Township 9, Range 28 East.

A recent investigation was conducted seeking a suitable underground disposal zone for the produced water. Based upon analysis of the log of Mobil's C. L. O'Brien "C" Well No. 2, originally drilled to the Devonian, but now a temporarily abandoned San Andres well, the basal Devonian appeared the most likely disposal zone. The quantity of produced water disposed of in the basal Devonian from the Knowles and East Cap Rock Fields clearly verifies the log analysis. However, the expenses of converting and equipping the C. L. O'Brien "C" Well No. 2 to dispose of produced water in the basal Devonian Formation is conservatively estimated at \$26,000. The reserves in the Twin Lakes Devonian Field make this expense prohibitive, since it is estimated that this lease will be wholly depleted in three or

four years.

We also sought other means of disposal. We found no other disposal well is situated in this area. The expenses involved in trucking the produced water from this remote location would be greater than the costs of conversion, and are thus also prohibited by reason of the low reserves. In order to protectively line the disposal pit and adequately maintain such lining, the cost figures would exceed \$30,000. It is also not economically feasible or mechanically desirable to inject this produced water into the basal Devonian Formation through the well bore.

It is submitted that the reserves recoverable from said lease will be lost to the economy unless some satisfactory means of disposing of the producing water is discovered.

Our investigation of the geology of the Twin Lakes Field area convinces us that surface pit evaporation disposal constitutes no pollution hazard to fresh water sands, since they are either non-existent in this area, or under impermeable formations. The following geological observations are offered in support of this view:

Surface rocks in the vicinity of this field are Triassic Red Beds and thin quaternary alluvium. Water in contact with Triassic rocks become saline because of the salts solution

from the rocks. The water, if any, in the alluvium is probably saline because of contact with the Triassic rocks. At present, Playa Lakes lie on the surface in contact with surface rocks, and the high evaporation rates result in saline waters. There are no tributary streams connected to or from the lakes which further concentrates the saline content of the water. Our findings indicate that all of the surface waters in the area are saline and have been for a considerable time. Thus, nature has contributed a polluted surface system.

I might comment that of the wells I drilled in the area, five of these wells we drilled a surface hole with air, with instructions to the driller to shut down and test any show of water, because we were looking for drilling water in the area, as well as a courtesy to the O'Briens. I told them I would try to find any water, if there was any there, and I think drilling with air we would have found it. There was only one well which had any show of water at a shallow depth at all. There is one of them that had a little water at 800 feet, but it was too deep to be of interest to anybody, and it appeared to be salty. But this one show of water at around 250 feet in the O'Brien No. 2 well, which was the dry hole in the area, we went in and perforated it and got well testers out there to test the water, and the volume was very low, less than 2 gallons

per minute. I mean it would be a poor windmill well, and on top of that it was salty. That was at 250 feet, and was the shallowest sand we encountered in there, so I wouldn't anticipate any fresh water. I think it is partly due to a certain amount of salt in those surface beds. It would be difficult to find any fresh water in the area.

The seepage of oil well brines from pits through several hundred feet of impermeable Triassic shales into the Santa Rosa water sand is so improbable as to constitute no real pollution hazard.

Now, I think that sand we tested was probably the Santa Rosa, and it outcrops, oh, about six miles west of this location, which is updepth, and the logs indicate it to be thoroughly capped at the outcrop with caliche, and it appears to be real shallow and relatively impermeable even in this area, from the logs.

The Santa Rosa recharge area is from a higher elevation to the west. Thus, any pollution hazard to the recharge system is not present because the subject pits are so situated, both geographically and topographically, as to remove the possibility.

I might mention this little field is in a shallow depression with higher elevations in all directions, so there is

no possible way that any surface waters in here could drain into any other surface system. We are twenty miles from the Pecos River, and every shallow subsurface formation in this area outcrops between us and the Pecos, which is updip. So we couldn't drain into anything we put in the subsurface here into the Pecos.

The volume of produced water requiring disposal is negligible in terms of time and accumulation.

The following items are attached for your information and evaluation.

These are the exhibits that they had, and I will go on.

Mobil Oil Corporation respectfully submits that surface pit evaporation disposal of produced water from the C. L. O'Brien "C" Well No. 1 is the only economically feasible way of disposal, and such method constitutes no pollution hazard in the Twin Lakes Field area.

We will put this in the record, that since Mobil no longer has any interest in this, I am introducing this as independent testimony at this time, and the same applies to Exhibit Number 5, which is the Cities Service concurrence with Mobil's conclusions.

Q Mr. Sweeney, is Exhibit Number 6 a waiver from the

landowners stating their concurrence in your application?

A Yes, I have discussed this with the surface owners, the O'Briens, who operate the O'Brien Company, and they say they have no objection whatsoever to our continuing to dispose of what little water we have through surface pit evaporation.

Q Do you have anything else you wish to add to your testimony?

A I think that just about covers it. If there are any questions, I have logs in the area that I can indicate some of these points I have made. But I am convinced that in this particular case, the surface pits can't damage anyone.

Q Were Exhibits 1 and 2 prepared by you?

A Yes.

MR. MORRIS: At this time, if the Commission please, we offer Exhibits 1 through 6 in evidence.

MR. PORTER: If there is no objection, the exhibits will be admitted.

(Whereupon, Applicant's Exhibits Numbers 1 through 6, inclusive, were admitted in evidence.)

MR. PORTER: Does anyone have any questions? If there are no questions, the witness may be excused. Mr. Morris, does this conclude the testimony of the applicant?

MR. MORRIS: Yes, it does.

MR. PORTER: Does anyone else desire to present testimony or offer anything further in this case? The Commission will take the case under advisement. The hearing is adjourned.

(Whereupon, the hearing was adjourned.)

I N D E X

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

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


COURT REPORTER

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE
December 23, 1968

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hanna & Morris
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 3998
Order No. R-3636
Applicant:
H. N. Sweeney & Paul Slayton

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC State Engineer Office - Santa Fe, New Mexico

Other

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. 3998
Order No. R-3636

APPLICATION OF H. N. SWEENEY AND
PAUL SLAYTON FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 18, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of December, 1968, 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 applicants, H. N. Sweeney and Paul Slayton, are the owners and operators of certain oil wells located in Section 36, Township 8 South, Range 28 East and in Section 1, Township 9 South, Range 28 East, NMPM, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression,

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CASE No. 3998

Order No. R-3636

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 applicants seek an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water, produced by applicants' wells located in said Section 36 and in said Section 1, in several unlined surface pits located in said Section 36 and in said Section 1.

(7) That the applicants are presently disposing of approximately 60 barrels of produced water per day in the subject pits.

(8) That the evidence presented indicates that there are no water wells within five miles of the subject pits.

(9) That 40 to 50 unsuccessful attempts to develop water wells have been made in the subject area.

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

(11) That approval of the subject application will not cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicants, H. M. Sweeney and Paul Slayton, are hereby granted an exception to Order (3) of Commission Order

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CASE No. 3998

Order No. R-3636

No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by their wells located in Section 36, Township 8 South, Range 28 East and in Section 1, Township 9 South, Range 28 East, NMPM, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico, in the unlined surface pits located in said Sections 36 and 1 until further order of the Commission.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

esr/

(Case 3997 continued)

White Ranch Well No. 1 located in Unit A of Section 1, Township 12 South, Range 28 East, West White Ranch-Devonian Pool, Chaves County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located in the aforesaid quarter-quarter section.

CASE 3998: Application of H. A. Sweeney and Paul Slayton for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases in Section 36 of Township 8 South, Range 28 East, and in Section 1 of Township 9 South, Range 28 East, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in unlined surface pits located in said Sections 1 and 36.

CASE 3999: Southeastern nomenclature case calling for an order for the creation, extension, and contraction of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Cindy-Wolfcamp Pool comprising the following:

TOWNSHIP 11 SOUTH, RANGE 36 EAST, NMPM
Section 22: SW/4

Further, for the assignment of approximately 49,590 barrels of oil discovery allowable to the discovery well, the Meadco Properties, Ltd., and Chambers and Kennedy Phillips-State Well No. 1 located in Unit N of said Section 22.

(b) Contract the Eumont Gas Pool in Lea County, New Mexico, by the deletion of the following area:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

(c) Extend the Galmat Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

DOCKET: REGULAR MEETING - WEDNESDAY - DECEMBER 18, 1968

OIL CONSERVATION COMMISSION - 2 P.M. - MORGAN BALL, STATE LAND OFFICE
SANTA FE - SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for January, 1969;
- (2) Consideration of the allowable production of gas for January, 1969, from thirteen prorated pools in Lea, Eddy, and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for January, 1969. Consideration of purchaser's nominations for the six-month period beginning February 1, 1969, for that area.

CASE 3859: (Rehearing)*Jan 17*

In the matter of the rehearing requested by Wilson Oil Company for reconsideration by the Commission of Case No. 3859, Order No. R-3517, which was an application seeking permission for the Wilson Oil Company to continue to dispose of produced salt water in seven unlined surface pits on the applicant's leases in Sections 13, 23, and 24 of Township 21 South, Range 34 East and Sections 7 and 18 of Township 21 South, Range 35 East, Wilson Yates-Seven Rivers Pool, Lea County, New Mexico, in exception to Order No. R-3221, as amended.

CASE 3996:*Jan 1, 1969*

Application of Martin Yates, III for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the applicant's Cordie King Well No. 1 located in Unit 1 of Section 22, Township 23 South, Range 26 East, Dark Canyon (Delaware) Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located in the aforesaid quarter-quarter section.

CASE 3997:*Mr. Hill*

Application of Reading & Bates Offshore Drilling Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the applicant's

(Case 3997 continued)

White Ranch Well No. 1 located in Unit A of Section 1, Township 12 South, Range 28 East, West White Ranch-Devonian Pool, Chaves County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located in the aforesaid quarter-quarter section.

CASE 3998: Application of H. N. Sweeney and Paul Slayton for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases in Section 36 of Township 8 South, Range 28 East, and in Section 1 of Township 9 South, Range 28 East, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in unlined surface pits located in said Sections 1 and 36.

CASE 3999: Southeastern nomenclature case calling for an order for the creation, extension, and contraction of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Cindy-Wolfcamp Pool comprising the following:

TOWNSHIP 11 SOUTH, RANGE 36 EAST, NMPM
Section 22: SW/4

Further, for the assignment of approximately 49,590 barrels of oil discovery allowable to the discovery well, the Meadco Properties, Ltd., and Chambers and Kennedy Phillips-State Well No. 1 located in Unit N of said Section 22.

(b) Contract the Eumont Gas Pool in Lea County, New Mexico, by the deletion of the following area:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

(c) Extend the Jalmat Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

(d) Extend the Bar-U Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 1: NE/4

(e) Extend the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:

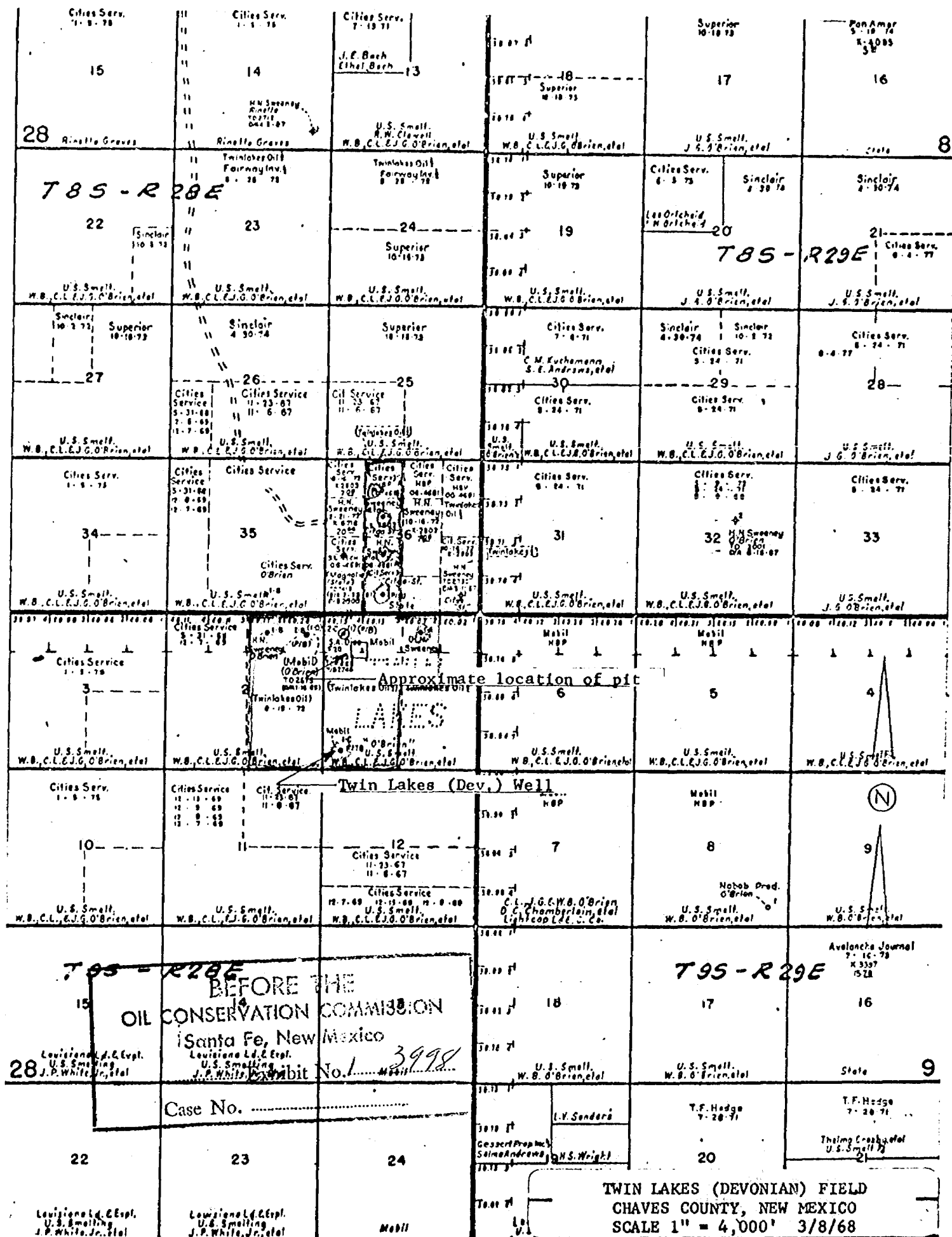
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 29: E/2

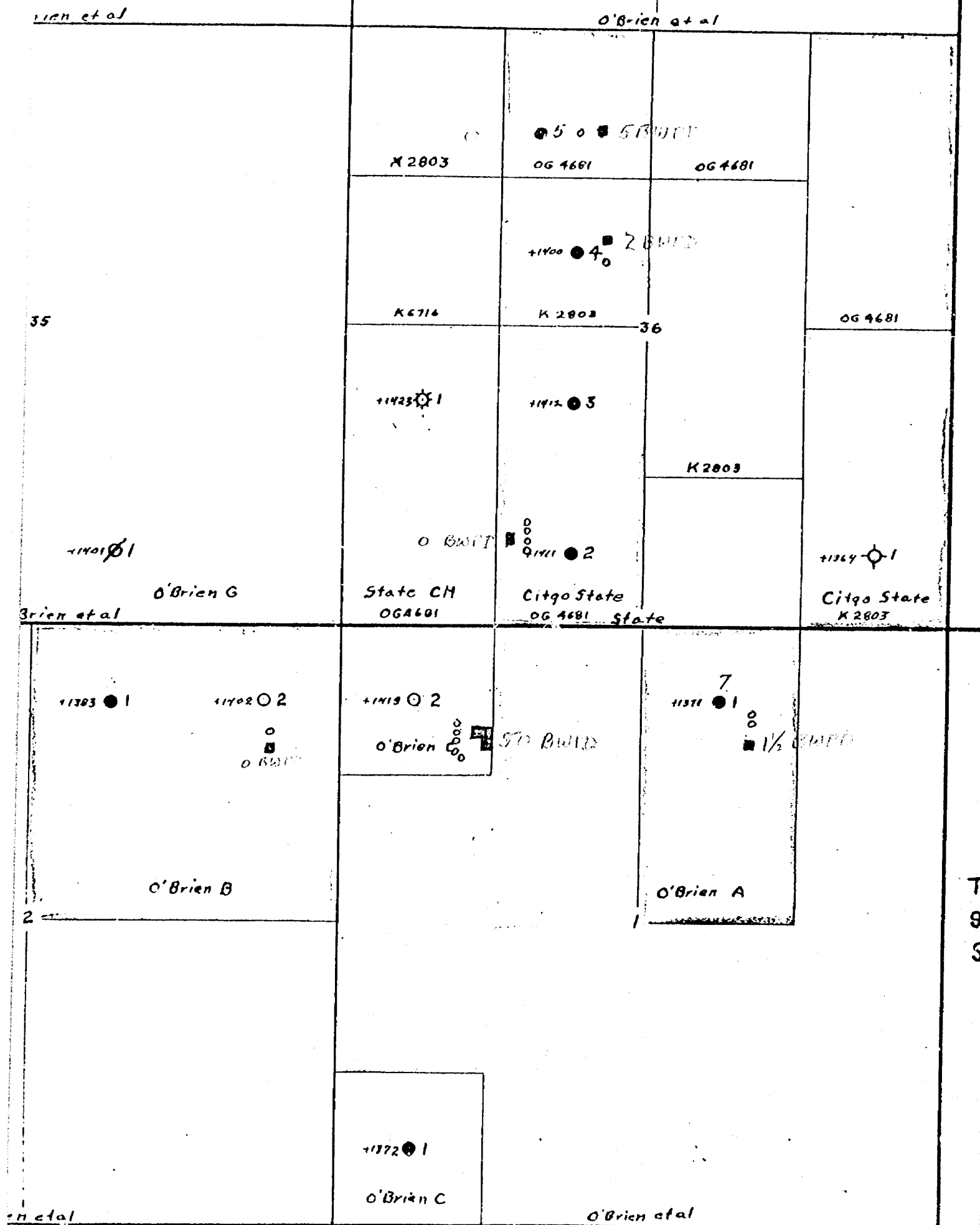
(f) Extend the East EK-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 23: NW/4

(g) Extend the North Vacuum-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 34: E/2 SE/4
Section 35: SW/4





BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 2
Case No. 3998

TWIN LAKES FIELD
Chaves County, N.M.
San Juan Pit

T.
8
S.

T.
9
S.

NEW MEXICO OIL CONSERVATION COMMISSION
GAS - OIL RATIO TESTS

C-116
Revised 1-1-65

Operator Twinlakes Oil Company				Pool Twin Lakes San Andres				County Chaves								
Address BOX 1582, Roswell, N. M. 88201						TYPE OF TEST - (X)		Scheduled <input checked="" type="checkbox"/>		Completion <input type="checkbox"/>		Special <input type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	SYSTEM	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT/BBL
		U	S	T	R							WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
Citgo State	4	P	36	8S	28E	9-1-68	P	-	-	17	24	2	24°	17	5.7	336/1
Citgo State A	2	N	36	8S	28E	9-2-68	F	12/64	180	29	24	-	24°	22	78	3545/1
	3	K	36	8S	28E	8-31-68	F	12/64	295	49	24	-	24°	45	129	2067/1
	5	C	36	8S	28E	8-30-68	F	16/64	0.80	29	24	15	24°	70	36	514/1
O'Brien A	1	B	1	9S	28E	9-1-68	P	-	-	10	24	1.5	24°	7.5	TSTM	-

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure for any well producing through casing.

Well operator must report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

**BEFORE THE
OIL CONSERVATION COMMISSION**

Santa Fe, New Mexico

Exhibit No. 3

Case No. 2998

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

/s/ H. N. Sweeney

(Signature)

Vice President

(Title)

September 3, 1968

(Date)

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator <i>Mobile Oil Corp</i>		Pool <i>Twin Lakes Devonian</i>				County <i>CHAVES</i>										
Address <i>Box 6-33 Midland, Texas 79701</i>						TYPE OF TEST - (X) <input checked="" type="checkbox"/>		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TUBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL.
		U	S	T	R							WATER BBL.S.	GRAV. OIL	OIL BBL.S.	GAS M.C.F.	
<i>C.W. O'BRIEN "C"</i>	<i>1</i>	<i>M</i>	<i>1</i>	<i>95</i>	<i>REE</i>	<i>8-5-68</i>		<i>2"</i>	<i>46</i>	<i>39</i>	<i>24</i>	<i>90</i>	<i>51</i>	<i>56</i>	<i>95</i>	<i>1960</i>
<i>Request Allowable INCREASE</i>																

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

A. H. Pennington
(Signature)

(Title)

(Date)

Mobil Oil Corporation

P.O. BOX 833
MIDLAND, TEXAS 79701

April 10, 1968

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Exhibit No. 4

Case No. 3998

New Mexico Oil Conservation - 3
Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

REQUEST FOR EXCEPTION
TO ORDER NO. R-3221
(SURFACE PIT ELIMINATION)
C. L. O'BRIEN "C" LEASE
TWIN LAKES (DEVONIAN) FIELD
CHAVES COUNTY, NEW MEXICO

Gentlemen:

Mobil Oil Corporation respectfully submits this request for an exception to Order No. R-3221 (surface pit elimination) upon the grounds of hardship and the absence of fresh water bearing aquifers in the vicinity of the below described lands. Mobil is the operator of the C. L. O'Brien "C" Well No. 1 located in the SW/SW of Sec. 1, T9S, R28E, Chaves County, New Mexico. Said well is the only well currently producing from the Devonian formation in the Twin Lakes Field. Average daily production during the month of January, 1968, was 31 barrels of oil and 39 barrels of water. The produced water is stored in a surface pit and disposed of by evaporation. The pit is located in the NW/NW of Sec. 1, T9S, R28E.

A recent investigation was conducted seeking a suitable underground disposal zone for the produced water. Based upon analysis of the log of Mobil's C. L. O'Brien "C" Well No. 2 (originally drilled to the Devonian but now a temporarily abandoned San Andres well), the basal Devonian appeared the most likely disposal zone. The quantity of produced water disposed of in the basal Devonian from the Knowles and East Cap Rock Fields clearly verifies the log analysis. However, the expenses of converting and equipping the C. L. O'Brien "C" Well No. 2 to dispose of produced water in the basal Devonian formation is conservatively estimated at \$26,000. The reserves in the Twin Lakes (Devonian) Field make this expense prohibitive, since it is estimated that this lease will be wholly depleted in three or four years.

We also sought other means of disposal. We found no other disposal well is situated in this area. The expenses involved in trucking the produced water from this remote location would be greater than the costs of

conversion and are thus also prohibited by reason of the low reserves. In order to protectively line the disposal pit and adequately maintain such lining, the cost figures would exceed \$40,000. It is also not economically feasible or mechanically desirable to inject this produced water into the basal Devonian formation through the well bore.

It is submitted that the reserves recoverable from said lease will be lost to the economy unless some satisfactory means of disposing of the producing water is discovered.

Our investigation of the geology of the Twin Lakes Field area convinces us that surface pit evaporation disposal constitutes no pollution hazard to fresh water sands, since they are either non-existent in this area, or under impermeable formations. The following geological observations are offered in support of this view:

1. Surface rocks in the vicinity of the Twin Lakes Field are Triassic redbeds and thin quaternary alluvium. Water in contact with Triassic rocks becomes saline because of the salts solution from the rocks. The water, if any, in the alluvium is probably saline because of contact with the Triassic rocks. At present, playa lakes lie on the surface in contact with surface rocks and the high evaporation rates result in saline waters. There are no tributary streams connected to or from the lakes which further concentrates the saline content of the water. Our findings indicate that all of the surface waters in the area are saline and have been for a considerable time. Thus, nature has contributed a polluted surface system.
2. The seepage of oil well brines from pits thru several hundred feet of impermeable Triassic shales into the Santa Rosa water sand is so improbable as to constitute no real pollution hazard.
3. The Santa Rosa re-charge area is from a higher elevation to the west. Thus, any pollution hazard to the re-charge system is not present because the subject pits are so situated, both geographically and topographically, as to remove the possibility.
4. Any pollution hazard to the Ogallala aquifer lying to the east is impossible. The Ogallala is topographically higher and does not outcrop in the Twin Lakes Field area.
5. The volume of produced water requiring disposal is negligible in terms of time and accumulation.

The following items are attached for your information and evaluation:

- (1) Three copies of map showing ownership and wells in the Twin Lakes Field and surrounding area.

- (2) Three geological cross section and topographic maps of the vicinity of the Twin Lakes Field.
- (3) Three copies of letter waiving objection from Land Owner.
- (4) Three copies of letter of concurrence from Joint Interest Owner.

A fence enclosing the pit will be maintained and only water produced from Mobil's lease would be disposed of in this pit. C. L. O'Brien "C" Well No. 1 is the only producing well currently operated by Mobil in this area.

Mobil Oil Corporation respectfully submits that surface pit evaporation disposal of produced water from the C. L. O'Brien "C" Well No. 1 is the only economically feasible means of disposal and such method constitutes no pollution hazard in the Twin Lakes Field area. Mobil respectfully requests that this exception to Order No. R-3221 be granted administratively.

If additional evidence or information is required, please so advise us.

Yours very truly,

Original Signed By:

B. J. Hobbs

Ira B. Stitt

Division Operations Engineer

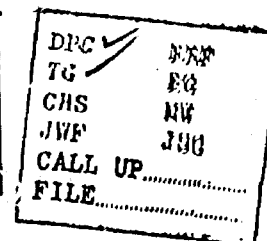
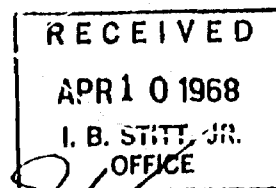
ADB/vp/nab
Attachments

bcc: D. B. Cooper
R. C. Elmore w/Attachments less Geol. Map
James Sperling w/Attachments less Geol. Map
General Accounting w/Attachments less Geol. Map
A. J. Monzingo - Hobbs
Glen Barb

CITIES SERVICE OIL COMPANY



April 8, 1968



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

Attention: Mr. A. L. Porter, Jr.

Re: Exception to Order R-3221
O'Brien "C" Twin Lake Devonian,
Chaves County, New Mexico

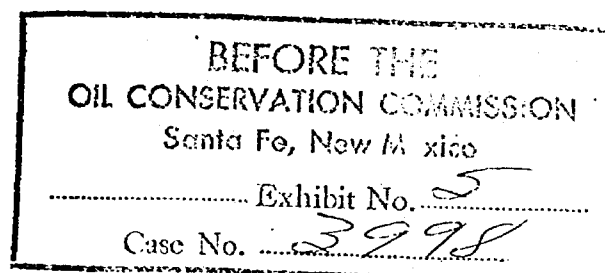
Gentlemen:

Cities Service Oil Company is a joint owner of the Mobil Oil Corporation C. L. O'Brien "C" Lease Twin Lake Devonian Field, Chaves County, New Mexico.

Cities concurs with Mobil's application for exception to Order R-3221 (elimination of surface pits) and respectfully requests continuance of disposing produced water into surface pits after January 1, 1969 on the subject lease. This area is outside of any designated fresh water basins and our investigation indicates there are no fresh water bearing aquifers which could be contaminated from surface disposal of oil field brines.

Unless an exception to the no pit order is issued, this will cause premature abandonment of the lease. This, in our opinion, is an economic waste and also deprives the State of New Mexico from future income derived from taxes.

Your favorable consideration of this matter will be appreciated.



Yours very truly,

E. F. Motter
E. F. Motter
Region Engineer
Western Region
Production Division

cc: Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

WAIVER

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

SALT WATER DISPOSAL
C. L. O'BRIEN "C" LEASE
TWIN LAKES (DEVONIAN) FIELD
CHAVES COUNTY, NEW MEXICO

Gentlemen:

The undersigned surface and royalty owners, in the lands covered by the subject lease, have examined a copy of Hank Sweeney's request for an exception to Order No. R-3221 (surface pit elimination) and approve same. Please be advised that the undersigned surface and royalty owners support the request by Hank Sweeney for said exception.

Yours very truly,

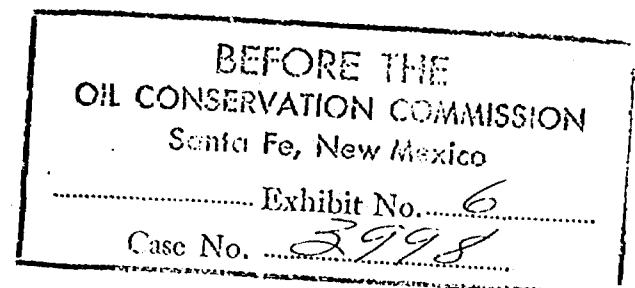
Date November 5, 1968

JOHN G. O'BRIEN

By J. G. O'Brien

W. B. O'BRIEN

By W. B. O'Brien



'68 Nov 8 PM 2 12

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF H. N. SWEENEY and
PAUL SLAYTON FOR AN EXCEPTION TO
ORDER NUMBER R-3221, AS AMENDED,
CHAVES COUNTY, NEW MEXICO

No. 3998
*Reg. No. 12/18*APPLICATION

Come now H. N. Sweeney and Paul Slayton, by their attorneys, and seek an exception to Order Number R-3221, as amended, in order to permit the disposal of produced salt water into unlined, open surface pits located in Section 36, Township 8 South, Range 28 East, and in Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, and in support of their application state:

1. Applicants are the owners of the O'Brian C Well No. 1, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, which well presently produces approximately 25-30 barrels of water per day in connection with the production of oil from the Twin Lakes-Devonian Pool. The said salt water production presently is being disposed of into an open unlined surface pit located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 1, and the applicants seek permission to continue to dispose of the produced salt water in this manner as an exception to Order Number R-3221, as amended.

2. The applicant H. N. Sweeney is the operator of the Citgo State A Wells Nos. 2, 3 and 5, and the Citgo State Well No. 4, all located in Section 36, Township 8 South, Range 28 East, Chaves County, New Mexico, and the O'Brian A Well No. 1, located in Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, which wells all are completed and producing from the Twin Lakes-San Andres Pool. In connection with the production of

DOCKET MAILED

Date 12-4-68

oil from these wells, small quantities of salt water also are produced, which water is being disposed of into open unlined pits located in the said Section 36, and the said Section 1. Applicant seeks permission to continue to dispose of the said produced salt water into the said open unlined pits as an exception to Order Number R-3221, as amended.

3. There is no fresh water and there are no windmills in the vicinity of the said salt water disposal pits, and therefore the exception that is sought to Order Number R-3221, as amended, if granted, will not injure any fresh water or present any threat of injury thereto.

4. Approval of this application will prevent waste, protect correlative rights, and prevent the premature abandonment of the subject wells.

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

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

By Richard S. Morris
P.O. Box 2307
Santa Fe, New Mexico 87501

Attorneys for H. N. Sweeney and
Paul Slayton.

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 3998

Order No. R 3636

GR *dsu*
APPLICATION OF H. N. SWEENEY AND
PAUL SLAYTON FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 18, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of December, 1968, 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 applicants, H. N. Sweeney and Paul Slayton, are the owners and operators of certain oil wells located in Section 36, Township 8 South, Range 28 East and in Section 1, Township 9 South, Range 28 East, NMPM, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression,

draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicants seek an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water, produced by applicants' wells located in said Section 36 and in said Section 1, in ~~the~~ ^{several} unlined surface pits located in ~~the~~ ^{the} ~~NE/4 NW/4 of~~ ^{the} said Section 36 and in ~~the~~ ^{the} ~~NE/4 NW/4 of~~ ^{the} said Section 1.

(7) That the applicants are presently disposing of approximately 60 barrels of produced water per day in the subject pits.

(8) That the evidence presented indicates that there are no water wells within five miles of the subject pits.

(9) That 40 to 50 unsuccessful attempts to develop water wells have been made in the subject area.

(10) That there appears to be no water in the vicinity of the subject unlined surface pits for which a present or reasonably

foreseeable beneficial use is or will be made that would be impaired by contamination.

(11) That approval of the subject application will not cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicants, H. N. Sweeney and Paul Slayton, are hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by their wells located in Section 36, Township 8 South, Range 28 East and in Section 1, Township 9 South, Range 28 East, NMPM, Twin Lakes-Devonian and Twin Lakes-San Andres Pools, Chaves County, New Mexico, in the unlined surface pits located in said Sections 36 and 1 until further order of the Commission.

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

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

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