

Attachment 1
History of Permitting and Operation of Exxon State No. 8 Disposal Well

The Exxon State No. 8 has operated at a depth of 694 feet for 30 years, from 1978 until May 9, 2008, when the OCD issued an emergency order to shut-in the well. Prior to the issuance of permit SWD-180 in 1977, the Oil Conservation Commission approved sundry notices allowing the Exxon State No. 8 well to discharge produced water at a total depth of 694 feet. Permit SWD-180 allows the Exxon State No. 8 to discharge produced water at a maximum total depth of 600 feet. This application seeks a permit modification to formally reconcile discrepancies between the sundry notices approved by the Oil Conservation Commission allowing the Exxon State No. 8 to operate at a total depth of 694 feet and permit SWD-180, allowing the well to operate at a maximum depth of 600 feet.

On December 31, 1977,¹ the New Mexico Oil Conservation Commission issued permit SWD-180 allowing the Exxon State No. 8 well to dispose of salt water through injection. **Attachment 1(A)**. Permit SWD-180 provides that the salt water disposed of through the Exxon State No. 8 must be disposed of into the Yates formation. *Id.* The permitted depth of the Exxon State No. 8 well under SWD-180 is 570-600 feet. *Id.*

However, with the Oil Conservation Commission's knowledge and approval, A.H. Rains, who owned the well when Permit SWD-180 was issued, completed the Exxon State No. 8 to a total depth greater than 600 feet in 1977. The Exxon State No. 8 well has operated at a total depth of 694 feet for 30 years with the OCD's approval as expressed through the sundry notices.

- On February 8, 1977, A.H. Rains submitted an Application to Dispose of Salt Water by Injection into a Porous Formation and stated that the proposed intervals of injection were between 500 and 700 feet. **Attachment 1(B)**. The application also stated that there was no fresh water in the area. *Id.*
- On the same date, A.H. Rains, filed an Application for a Permit to Plug Back with the New Mexico Oil Conservation Commission and stated that the depth of the well's drill hole was 600 to 700 feet. **Attachment 1(C)**. On February 18, 1977, W.A.

¹ The year is difficult to read on the permit as "1977" is typed and handwritten over "1976." However, Mr. Rains submitted his application in February 1977, so the application could not have been granted in 1976.

Gressett, a District II Supervisor from the Oil Conservation Commission, approved Mr. Rains application without conditions. *Id.*

- On May 24, 1977, Mr. Rains filed a sundry notice for the Exxon State No. 8 stating his intention to drill to a depth of approximately 700 feet. **Attachment 1(D)**. On May 26, 1977, W.A. Gressett from the Oil Conservation Commission approved the sundry notice without conditions. *Id.*
- On October 14, 1977, A.H. Rains filed a sundry report and stated that the Exxon State No. 8 had been drilled to a depth of 694 feet. **Attachment 1(E)**. On November 28, 1977, W.A. Gressett again approved the sundry notice without conditions. *Id.*
- On November 28, 1977, the Well Completion or Recompletion Report and Log stated that the total depth of the Exxon State No. 8 was 694 feet. **Attachment 1(F)**.
- On December 31, 1977, the New Mexico Oil Conservation Commission issued permit SWD-180 allowing the Exxon State No. 8 well to dispose of salt water through injection at a depth of 570-600 feet. **Attachment 1(A)**. It is unclear if the depth stated in the permit was a mistake as the well had been drilled to a total depth of 694 feet pursuant to sundry notices approved on May 26, 1977 and November 28, 1977, and the Well Completion Log received on November 28, 1977. **Attachments 1(D), 1(E) and 1(F)**. Permit SWD-180 was issued by Secretary Joe D. Ramey. *Id.*
- A note to a Petroleum Information document stated that the Exxon State No. 8 was completed to a total depth of 694 feet in the Yates formation on June 19, 1978. **Attachment 1(G)**.

The Oil Conservation Commission granted permit SWD-180 for a total depth 570-600 feet after issuing three separate sundry notices approving the well's operation at a total depth of 694-700 feet. Mesquite SWD, Inc. now seeks to resolve this discrepancy by formally amending permit SWD-180 to allow the Exxon State No. 8 to operate at a total depth of 694 feet, as it has since 1978. The hydrology report, Attachment 3, demonstrates that the well is still discharging produced water within the Yates formation at a total depth of 694 feet.