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U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C.

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, : CASE NO. _____
AND LARUE & MUNCY, FOR AN EXCEPTION :
TO ORDER NO. R-3221 AS AMENDED, EDDY :
COUNTY, NEW MEXICO. :
_____ :

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: 

LOSEE & CARSON, P.A.

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicants

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. 5719
Order No. R-5245

APPLICATION OF LA RUE AND MUNCY 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, La Rue and Muncy, is the owner and
operator of the McClay Federal Wells Nos. 9 and 10, located in
Units G and F, respectively, of Section 33, Township 18 South,
Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy
County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as
amended, prohibits in that area encompassed by Lea, Eddy, Chaves,
and Roosevelt Counties, New Mexico, the disposal, subject to
minor exceptions, of water produced in conjunction with the
production of oil or gas, or both, on the surface of the ground,
or in any pit, pond, lake, depression, draw, streambed, or arroyo,
or in any watercourse, or in any other place or in any manner
which would constitute a hazard to any fresh water supplies and
said disposal has not been previously 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 unlined surface pits located in Units F and G of said Section 33.

(7) That said McClay Federal Wells Nos. 9 and 10 produce approximately 6 barrels of water per day.

(8) That there is fresh water in the vicinity of the above-described unlined pits 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 pits 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 pits 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 pits the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of La Rue and Muncy 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 their McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells is hereby denied.

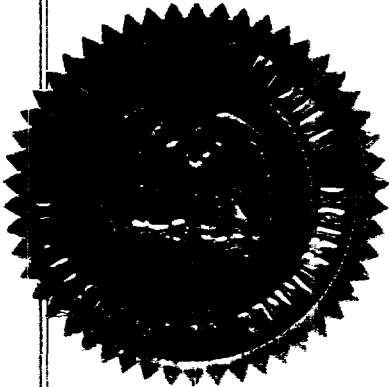
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5719
Order No. R-5245

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

jr/