

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10282
ORDER NO. R-9504

APPLICATION OF WOODBINE PETROLEUM,
INC. FOR AN EXCEPTION TO DIVISION ORDER
NO. R-3221, AS AMENDED, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of May, 1991, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Woodbine Petroleum, Inc., is the owner and operator of the Hadson Federal and Yates Federal Leases, comprising the S/2 NE/4 and SE/4 and the SW/4, respectively, of Section 11, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) Decretory Paragraph No. (3) of Division 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 fresh water supplies and said disposal has not previously been prohibited.

(4) 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) The State Engineer has designated, pursuant to Section 70-2-12 (15), N.M.S.A. (1978) 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 reasonable foreseeable beneficial use that would be impaired by contamination.

(6) The applicant, Woodbine Petroleum, Inc., seeks an exception to the provisions of said Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from the Shugart Pool on said Hadson and Yates Federal Leases into an unlined surface pit to be located in the SW/4 SE/4 (Unit O) of said Section 11.

(7) Currently there are four active wells (two on each lease) producing approximately 78 barrels of water per day. With future development on both leases the applicant anticipates a maximum water disposal rate of 300 barrels of water per day before decline of production occurs.

(8) There appears to be no shallow fresh water in the vicinity of the subject leases for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the proposed disposal pits.

(9) The applicant should be authorized to utilize an unlined surface pit to be constructed as to the specifications as shown on Exhibit No. 9 presented as evidence at the time of the hearing on a site within the SW/4 SE/4 (Unit O) of said Section 11.

(10) The maximum fill level in the proposed pit should be limited to a plane two feet below the crest of the dike surrounding the pit in order to preclude over-tapping of the dike.

(11) The facility should have adequate fencing, gates and cattle guards installed and maintained in order to preclude livestock and unauthorized persons from entering or utilizing the facility.

(12) Said pit should be screened, netted or otherwise rendered non-hazardous to wildlife including migratory birds pursuant to Division Order No. R-8952.

(13) Approval of disposal as described above will not impair correlative rights nor cause waste, but will in fact protect correlative rights and may prevent waste by prolonging the producing life of the subject leases.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Woodbine Petroleum, Inc., is hereby granted an exception to Decretory Paragraph No. (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Hadson Federal and Yates Federal Leases, both comprising the S/2 NE/4 and S/2 of Section 11, Township 19 South, Range 31 East, NMPM, Shugart Pool, Eddy County, New Mexico, into an unlined surface pit to be constructed as to the specifications as submitted on Exhibit No. 9 presented as evidence at the time of the hearing on a site within the SW/4 SE/4 (Unit O) of said Section 11.

PROVIDED HOWEVER THAT, prior to initiating disposal operations, the facility shall be inspected by a representative of the Artesia district office of the Division in order to determine the adequacy of fences, gates and cattleguards necessary to preclude livestock and unauthorized persons from entering and/or utilizing said facility, and also to determine the adequacy of dikes and berms needed to assure safe operation.

(2) The maximum fill level in the subject unlined surface pit shall be limited to a plane two feet below the crest of the dike surrounding the pit in order to preclude over-tapping of the dike.

(3) Authority for operation of the disposal facility shall be suspended or rescinded whenever such suspension or rescission should appear necessary to protect human health or property, to protect fresh water supplies from contamination, to prevent waste, or for non-compliance with the terms and conditions of this order or Division Rules and Regulations.

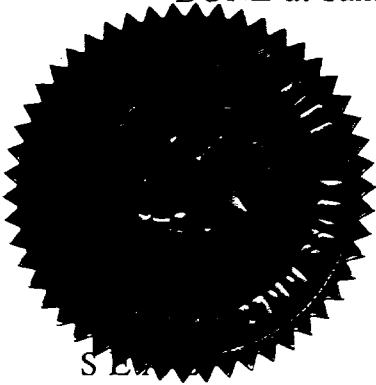
(4) The maximum amount of produced water placed within the subject unlined surface pit shall not exceed 300 barrels per day.

(5) Said pit shall be screened, netted or otherwise rendered non-hazardous to wildlife including migratory birds pursuant to Division Order No. R-8952.

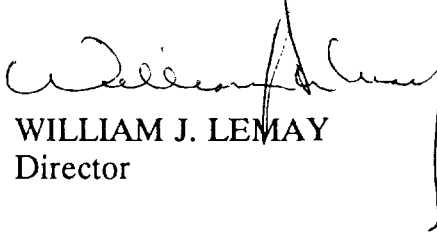
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director