



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

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MEMORANDUM

TO: OCD STAFF AND ATTORNEYS PRACTICING BEFORE
THE DIVISION

FROM: R. L. STAMETS, DIRECTOR

SUBJECT: HEARINGS FOR EXCEPTIONS TO ORDER NO. R-3221,
SOUTHEAST "NO-PIT" ORDER

DATE: OCTOBER 22, 1985

I have requested that David Boyer, our Environmental Bureau Chief, formalize the base position of the Division in any hearings for exceptions to R-3221 to clarify the burden of the applicant in any such case.

The attached draft is the result of Mr. Boyer's work and is hereby circulated for comment. Comments should be submitted to me by December 15, 1985.



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

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M E M O R A N D U M

TO: OCD STAFF, ATTORNEYS PRACTICING BEFORE
THE DIVISION, APPLICANTS

FROM: R. L. STAMETS, DIRECTOR

SUBJECT: HEARINGS FOR EXCEPTIONS TO ORDER NO. R-3221,
SOUTHEAST NEW MEXICO, "NO-PIT" ORDER

DATE: OCTOBER 22, 1985

Background

On May 1, 1967, the Oil Conservation Commission entered Order No. R-3221 which prohibits disposal of water produced in conjunction with the production of oil or gas on the surface of the ground, or in any other place or manner which will constitute a hazard to fresh water supplies in the area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties. The order was amended by Order No. R-3221-B on July 25, 1968, to define a large area in the vicinity of Clayton Basin and Nash Draw where high concentrations of chloride exist and where produced water could be disposed of while providing reasonable protection against contamination of fresh water supplies designated by the State Engineer. Since then 25 cases requesting exceptions to Order No. R-3221 have been approved while several others have been denied for various reasons. It is the purpose of this memorandum to outline some of the relevant concerns and provide a standardized procedure for applicants and hearing officers to follow in hearing and deciding such cases.

Legal Considerations

- (1) The Division is authorized by Section 70-2-12 B (15) of the Oil and Gas Act to make rules, regulations, and orders for the purpose of

regulating "the disposition of water produced or used in connection with the drilling for or producing of oil or gas, or both, and to direct surface or subsurface disposal of such water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the State Engineer".

- (2) The State Engineer by letter dated April 13, 1967, and pursuant to the above-named Section designated all underground water containing 10,000 milligrams per liter or less of total dissolved solids as water to be protected, "except that this designation shall not include any water for which there is no present or reasonably foreseeable* beneficial use that would be impaired by contamination."
- (3) By letter dated July 10, 1985, the State Engineer reaffirmed the designation regarding groundwater and further designated all surface waters of all streams within the state for protection regardless of the quality of the water within any given reach. The letter also directed that no lakes or playas be contaminated although they may contain greater than 10,000 mg/l TDS unless it can be shown that contamination of the lake or playa will not adversely affect ground water hydrologically connected to the lake or playa.
- (4) In finding (4) of Order No. R-3221, the CCC determined that fresh water supplies as designated by the State Engineer exist in substantially all areas where there is surface pit disposal and in substantially all the area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

*Although not formally defined, the term "reasonably foreseeable" has been taken to mean a time period of not less than 200 years in the future, and in other instances to mean much longer times (thousands of years).

- (5) Findings (5) and (6) of Order No. R-3221 determined that the disposal 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 other watercourse, constitutes a hazard to existing fresh water supplies, as designated by the State Engineer, in the vicinity of such disposal; and that such disposal, or any other disposal in any other place or manner which will constitute a hazard to any fresh water supplies should be prohibited in the above listed counties so as to afford reasonable production of fresh water supplies.
- (6) Finding (12) of Order No. R-3221 determined that produced water surface disposal of not more than one barrel per day per 40-acre tract served by the pits presented little hazard to fresh water.
- (7) Paragraph No. (3) of Order No. R-3221 prohibited the disposal of produced water in the manner described in paragraph (5) above in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (8) As an amendment to Order No. R-3221, Order No. R-3221-B excepted major portions of Clayton Basin and Nash Draw in Lea and Eddy Counties based (1) on the existence of a number of large surface ponds, or lakes, containing extremely high concentrations of chlorides within the area [Finding (8)] and (2) on the determination that the reasonable protection against contamination of fresh water supplies by surface disposal of produced water would not be advanced by the enforcement of Order No. R-3221 in that area [Finding (11)].

Exception Procedures

An exception will be granted only if an applicant demonstrates that potentially usable ground water will not be affected. The following procedures should be followed in review of application for exceptions to Order No. R-3221 as amended:

- (1) Based upon the Findings in Order No. R-3221, the Division must assume groundwater to be present at shallow depths throughout the area defined in

said order unless the applicant specifically documents otherwise. The absence of wells does not necessarily indicate lack of groundwater, since wells are drilled only when a water supply is needed. Likewise, the lack of a sufficient water supply to provide for commercial or industrial use does not mean that a supply sufficient to provide domestic or stock water does not exist. Also, the lack of groundwater at a site does not mean that the surface discharge could not impair other groundwater, since the discharged water could move down dip in the subsurface so as to commingle in the reasonably foreseeable future with an uncontaminated water supply and impair its use. The applicant must show that discharge in an area containing no groundwater will not cause impairment in an adjacent area with groundwater.

- (2) The Division must assume that any groundwater present that could be affected by surface disposal has 10,000 mg/l or less of total dissolved solids unless otherwise documented by the applicant. This includes shallow groundwater at the site, or groundwater that could be impaired by movement of contaminated groundwater.
- (3) The Division must further assume, unless the applicant demonstrates otherwise, that present or reasonably foreseeable beneficial use of water that has 10,000 mg/l or less of total dissolved solids would be impaired by contamination due to surface disposal of produced water. An applicant has several options to attempt to demonstrate lack of beneficial use:
 - (a) If water is of very poor quality nearing 10,000 mg/l, the applicant can present current water use, future projected use, availability of alternative supplies, etc., in an attempt to demonstrate that there is no reasonable relationship between the economic and social costs of failure to grant the exception and benefits to be gained from continuing to protect the water for domestic or agricultural use now or in the future. The water would be considered or judged to be already so contaminated that it would be economically or technologically impractical to treat the

water for use at present or in the reasonably foreseeable future using treatment methods reasonably employed in public water supply systems. Methods in common use include aeration, air stripping, carbon adsorption, chemical precipitation, chlorination, flotation, fluoridation and granular filtration. Methods known to be used under special circumstances include desalination, ion exchange, and ozonation.

- (b) The applicant can attempt to demonstrate for water currently contaminated, either by natural processes or human activity such that it cannot be beneficially used now or in the future, that the further addition of types and volumes of contaminants will not cause impairment of uncontaminated waters, beyond what would occur through natural movement.
- (c) The applicant can attempt to demonstrate that the groundwater present is not of sufficient volume to provide a reliable water supply for beneficial use, including domestic or stock use. This could occur if the shallow water was located in a discontinuous stratigraphic zone or lens of limited areal extent.

The above options are only examples; other alternatives can be considered as long as water that has future beneficial use is protected.

Summary

The burden of proof to demonstrate that an exception should be granted is on the applicant. It may be necessary for the applicant to prepare and submit a complete hydrologic report for the vicinity of the proposed surface disposal site. This has been done previously and successfully for sites near Eunice, Loco Hills and Laguna Plata. No application is ever to be granted simply because it is not opposed.

Exceptions to Order No. R-3221 granted pursuant to these procedures may be administratively rescinded by the Division Director whenever it reasonably appears to the director that such rescission would serve to protect fresh water supplies from contamination.

AMERADA HESS CORPORATION

P. O. DRAWER "D"
MONUMENT, NEW MEXICO 88265

December 9, 1985

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Case No. 8781 M.S.

RE: Application for approved Waste Disposal Site

As a member of the oil and gas producing community in Lea County, we recognize the importance of adequate waste disposal facilities to the future economic development of our industry in Southeast New Mexico. With only two approved waste disposal sites in the area, the need exists for additional environmentally safe and NMOCD approved facilities both to enhance competition in the disposal segment of the industry and to provide additional waste disposal capacity. Future drilling, secondary and tertiary recovery projects will depend on the existence of such facilities.

The Petro-Thermo Corporation proposal for a waste disposal site in the NE4 of Sec. 16, T-20S, R-32E, Lea County, will help meet the disposal requirements of the oil and gas industry in Southeast New Mexico. Your prompt consideration of their application will be appreciated.

Yours very truly,

S.W. Small

S.W. Small
District Superintendent

XC: Petro-Thermo Corp.
P.O. Box 2069
Hobbs, New Mexico 88240
ATTN: Mr. R.W. Abbott



BRAVO ENERGY, INC.

P.O. Box 2160
Hobbs, N.M. 88241
505-397-3970

December 5, 1985

Broadmoor Petro
Plaza - East
1401 N. Turner St.

Oil Conservation Division
P O. Box 2088
Santa Fe, NM 87504

ATTN: MR. DICK STAMETS

Dear Mr. Stamets:

Bravo Energy, Inc. and Moranco Drilling, Inc. are aware that Petro-Thermo Corporation has applied for approval of a waste solids disposal site located near 16-20-32, Lea County, New Mexico.

We operate both oil and gas properties and drilling rigs in the general area of this waste disposal site and feel there is a need for a waste disposal site.

We urge that you approve Petro-Thermo's application for this waste disposal site.

Yours very truly

A handwritten signature in black ink, appearing to read "K. D. McPeters". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

K. D. McPeters

KDM:vlb

cc: Petro-Thermo Corporation



December 16, 1985

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

*Case No. 8781
m.s.*

RE: Application for Solids and
Produced Water Disposal Site

Gentlemen:

We have been advised that Petro-Thermo Corporation has applied to the Oil Conservation Division for authorization to operate a disposal site for oil field related solids and liquids in Section 16, Township 20 South, Range 32 East.

We understand that Petro-Thermo Corporation will undertake the disposal of oil field related solids and liquids in a manner that will afford reasonable protection against contamination of fresh water supplies.

It is in the public interest, convenience, and necessity to grant Petro-Thermo Corporation's application. Presently, there are only two approved waste disposal sites of this kind serving the entire southeastern New Mexico area. There is a need for additional approved waste disposal sites convenient to our currently operated oil and gas properties. Petro-Thermo Corporation's proposal will meet this need.

We also believe that the waste of valuable energy resources can be avoided by approving Petro-Thermo Corporation's application. Properties which would, from the standpoint of the production of crude oil, be otherwise uneconomical, could be more efficiently operated given a conveniently located waste disposal site.

Please consider our endorsement of this proposal as a positive step forward in the continued development of New Mexico's important energy industry.

Sincerely yours,

Joe T. Janica, President
Natural Resources Engineering, Inc.

cc: chrono
B. Abbott

PETRO-THERMO CORPORATION

P.O. BOX 2069 PHONES (505) 393-2417 — 397-3557
HOBBS, NEW MEXICO 88241-2069



December 23, 1985

Mr. R. L. Stamets
Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Dear Mr. Stamets:

On October 21, 1985, a 90-day permit for temporary use of the emergency overflow pit located at the Blinebry-Drinkard SWD System Well No. A-22 was granted to Petro-Thermo Corporation.

As you are aware, Petro-Thermo Corporation has applied for authorization to dispose of produced water, associated waste hydrocarbons and other solids at a site in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East. A hearing to consider this application was held on December 18, 1985 before Examiner Michael E. Stogner.

At the conclusion of the hearing, Petro-Thermo Corporation respectfully requested that an Order be issued prior to the expiration of its temporary permit.

Nevertheless, our attorneys have advised us that there is a possibility of a hearing de novo. Given this circumstance, it is possible that a final decision will not be reached prior to January 19, 1986.

In view of these developments, Petro-Thermo Corporation again requests that it be authorized temporary use of the permit for one full year. Please contact our office if you require further information.

Yours Sincerely,

Petro Thermo Corporation

By: Robert W. Abbott
Robert W. Abbott
Vice-President

WGA/sfp

Testimony for NMOCB Hearings

My name is Fran Cherry and I am the Roswell District Manager for the Bureau of Land Management. As the District Manager, I am responsible for the management of all BLM lands in Lea, Chaves, Eddy, Roosevelt, Curry, Quay, Guadalupe, DeBaca, and Lincoln counties within the State of New Mexico.

BLM is concerned regarding Petro-Thermo Company's application for an oil field waste disposal facility on State land adjacent to the proposed Laguna Plata National Register Archaeological District. As you know, the proposed facility will be located in the E/2 NE/4, Section 16, T20S, R32E, directly adjacent to, and upstream from, surrounding Federal lands. We will delineate for your consideration, the value and sensitivity of the archaeological, wildlife, geologic, hydrological, economic, and visual resource contained within the Laguna Plata District, the probable effects of the present application on these resources, the history of BLM's management of this area, and our proposed future management of these resources.

A major concern is a surface sodium mining operation located on Laguna Plata in the SE/4, Section 10, T20S, R32E, NMPM. This operation is authorized under potash lease LC-068397 issued to the National Potash Company, a wholly owned subsidiary of the Mississippi Chemical Corporation. In this operation an independent contractor removes sodium chloride from the bottom of Laguna Plata and deposits it near the edge of the lake. At intervals the raw salt is transported by truck to market for industrial use, which includes use for water softeners, livestock, and roads. Production records of quantities sold are proprietary and confidential but can be obtained if the State wishes and is willing to bind itself to maintaining confidentiality.

Laguna Plata is the best preserved example of the Dune-Playa ecosystem within the region. As you know, Laguna Plata was formed by local subsidence in the Mescalero Pediment. The playa margins are formed by 40 ft. embankments on the north and west with a less distinct margin on the south and east. Stable and active dunes surround the playa margin extending up to the surrounding plain. Several springs are found on the margins of Laguna Plata. The water quality of these springs varies from briny to potable. In one instance, dune formation has blocked one spring's discharge into the playa, forming a small pond, which is used by local wildlife populations and migratory water fowl. In addition, there are several smaller playas on the southeastern margin of Laguna Plata which hold water on a seasonal basis.

Given the rich and varied nature of this ecosystem, the prehistoric peoples of southeastern New Mexico made extensive use of the Laguna Plata area. Taken together, the numerous sites surrounding the area form a mosaic of information about prehistoric lifeways which promise to add significantly to our present store of knowledge, if protected and properly studied. For this reason, the proposed Laguna Plata Archaeological District was determined eligible for the National Register of Historic Places by the Secretary of the Interior in 1975. Since that time, BLM has consistently acted to manage the area so as to protect the resource values at Laguna Plata. A brief synopsis of previous management decisions on Laguna Plata as well as relevant excerpts from the East Eddy-Lea Management Framework Plan are provided for your information. These documents demonstrate BLM's consistently protective stance regarding the natural and cultural values contained within Laguna Plata. The area is closed to the use of off-road vehicles and, in addition, no new roads are permitted. In 1982, a no-surface occupancy stipulation was included in five Federal oil and gas leases issued in Laguna Plata. A stipulation requiring the fullest consideration of cultural resource values is included in Federal potash leases in the area.

Recently, the Carlsbad Resource Area of the Bureau of Land Management has completed a Resource Management Plan (RMP) Draft EIS. As part of this plan, the Laguna Plata area has been identified as a Special Management Area with additional protective management stipulations to protect the archaeological, visual, wildlife and geologic values found there. The preferred alternative proposes acquisition of Sections 2 and 16, T20S, R32E from the State of New Mexico to consolidate land ownership within the proposed archaeological district. Consolidation of land ownership patterns within the Laguna Plata district would permit BLM to protect the cultural and environmental values in this district with maximum effectiveness. Consequently, approval of Petro-Thermo's application would hinder our management of the Laguna Plata District as a whole.

It is our understanding that the proposed facility is projected to become a major disposal site for oil field waste in Chaves, Lea, and Eddy Counties. The Bureau believes that this type of disposal facility with unlined pits aligned to channel by-products into the playa poses a significant environmental threat to surrounding Federal lands and resources. As you know, public lands surround Section 16. Downstream contamination of these lands may occur if the proposed facility is built. We are particularly concerned about the possible release to the air, surface water, or ground water of hazardous wastes, as listed in 40 CFR 261.30, by the Environmental Protection Agency that may be disposed of in the proposed site. We already know that in other areas of New Mexico, oil field wastes contain volatile organic compounds. Release of these compounds can be a threat to public health, wildlife, and the nearby salt mining operation. We are particularly concerned that any hazardous materials entering Laguna Plata could eventually enter both animal and human food chains via this commercial salt mining operation.

Given the natural resource values present at Laguna Plata and the potential for serious damage to those resources by the proposed facility, we are ~~very~~ concerned about damage to public lands, or injury to persons resulting from approval of Petro-Thermo's application.

BLM fully recognizes the need for adequate oil field disposal facilities in southeastern New Mexico. We further recognize that hydrologically closed basins, such as Laguna Plata, are rare in this area. Nevertheless, not only is there an extant disposal facility (Pollution Control, Inc.) within 4 miles of the proposed facility, but BLM is also currently considering a proposal for a similar facility at Williams Sink. In view of the current decline in oil and gas production, there is a serious question whether the location of three oil field waste disposal facilities within 6 miles of one another is environmentally and economically justifiable. Further, the natural and cultural resource values at Williams Sink and Laguna Gatuna have been significantly altered because of other land uses, and these areas are at least as accessible as Laguna Plata.

We believe it is in the best interests of the State of New Mexico and the BLM to work together in selecting an alternative location, which will serve the needs of industry without needlessly risking the public safety or damage to natural resources. We ask that the State of New Mexico deny Petro-Thermo's application in Section 16; however, if the State elects to grant the lease, then we strongly suggest that certain stipulations be included in the lease. ^{that we have previously suggested to the State Land Board CYNMOCD} ~~I am including a copy of these stipulations.~~ In addition, we feel the state should clearly outline responsibilities and liability for resource damages to public lands or injury to persons arising from the approval of Petro-Thermo's lease.

Disposition: D

End of Mail.

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MADDOX, RENFROW & SAUNDERS

PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

POST OFFICE BOX 5370

HOBBS, NEW MEXICO 88241

DON MADDOX
JAMES M. MADDOX
JOHN M. RENFROW
JAMES P. SAUNDERS, JR.

SCOTTY HOLLOMAN
JOHN PAUL WEBER
GARY L. CLINGMAN

THIRD FLOOR
BROADMOOR BUILDING
(505) 393-0505

December 26, 1985

Mr. Michael E. Stogner
Examiner
Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application of Petro-Thermo Corporation for an Exception to
Order No. R-3221, as amended, Lea County, New Mexico.

Dear Mr. Stogner:

Reference is made to the above-styled cause which came on for
hearing on December 18, 1985.

In accordance with your request, the enclosed proposed Order is
submitted for your consideration.

Very truly yours,



John Paul Weber

JPW:sfp

xc: Mr. W. Thomas Kellahin, Esq.
Petro-Thermo Corporation

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 8781
ORDER NO. R-

APPLICATION OF PETRO-THERMO CORPORATION
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on December 18, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on the _____ day of January, 1986, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) 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 of 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 water course, 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.

(3) That the aforesaid Order No. R-3221 was issued in order to avoid 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.

(4) That the State Engineer has designated, pursuant to Section 70-2-23(15), NMSA 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 reasonably foreseeable beneficial use that would be impaired by contamination.

(5) That the applicant, Petro-Thermo Corporation, seeks as an exception to the provisions of the aforesaid Order (3) to permit the commercial disposal of produced salt water, associated waste hydrocarbons and other solids obtained in conjunction with the drilling and production of oil and gas into unlined surface pits to be located in the E/2 N/4 of Section 16, Township 20 South, Range 32 East, N.M.P.M. Lea County, New Mexico.

(6) That the applicant proposes to install and operate an effective system, consisting of separating tanks, settling pits and skimming equipment, for the removal and reclamation of oil and basic sediment from the produced salt water to be disposed in said system.

(7) That the applicant proposes to install and operate an effective system consisting of shallow drying pits and dispersal areas to dispose of solid wastes.

(8) That Order (1) of Commission Order No. R-3221-B exempted Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico from the provision of Order (3) of Division Order No. R-3221 authorizing the operators of all oil and gas wells, both existing and prospective, to dispose of water produced in conjunction with the production of oil or gas, or both, from said wells in unlined surface pits. The Commission, in Finding (11) of Commission Order No. R-3221-B, determined that the purpose of Commission Order No. R-3221, to afford reasonable protection against contamination of fresh water supplies by surface disposal of produced water, would not be advanced by the enforcement of said Order as to the above-described Section 16, Township 20 South, Range 32 East.

(9) That Order (1) of Commission Order No. R-3725 granted an exception to Order (3) of Commission Order No. R-3221, as amended, authorizing the disposal of water produced in conjunction with the production of oil or gas, or both, in a natural salt lake located in Lea County, New Mexico, as follows:

Laguna Plata, sometimes referred to as Laguna Grande, located in Sections 2, 3, 9, 10 and 11, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

(10) That a portion of Laguna Plata, sometimes referred to as Laguna Grande, is located in Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

(11) That Order (1) of Division Order No. R-3725-A granted an exception to Order (3) of Commission Order R-3221, as amended, authorizing the disposal of solid oil-field wastes, including drilling mud and cuttings, into Laguna Gatuna, located in Section 7, 17, 18, 19 and 20, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

(12) That the hydrogeologic evidence presented in this case reaffirms or establishes that:

(a) Triassic redbeds, comprised of the Chinle Shale, Santa Rosa sandstone and the Dewey Lake formation, underlie the proposed water disposal site, Laguna Plata and Laguna Gatuna;

(b) Shales within triassic redbeds underlying the proposed waste disposal site, Laguna Plata and Laguna Gatuna are virtually impermeable and therefore prevent seepage from the site and lakes into sand stringers within the redbeds which may contain fresh water;

(c) The surface of the Triassic redbeds is depressed in the vicinity of the waste disposal site, Laguna Plata and Laguna Gatuna ("collapse feature");

(d) The water level elevation of Laguna Plata is approximately 60 feet lower than that of Laguna Gatuna;

(e) The major flow of surface and subsurface water within the boundaries of the "collapse feature" is toward Laguna Plata;

(f) There is no leakage of water from Laguna Plata into adjoining formations;

(g) Seepage from the impoundments at the proposed waste disposal site will infiltrate into the subsurface and migrate toward Laguna Plata;

(h) When the seepage from the impoundments reaches Laguna Plata, practically all will evaporate. The evaporation of Laguna Plata is more than 60 times the estimate average sustained rate of fluid waste disposal;

(i) The concentration of total dissolved solids in the seepage from the impoundments is less than that in the waters of Laguna Plata;

(j) The concentration of total dissolved solids in the waters of Laguna Plata is 335,108 parts per million. There is no present or reasonably foreseeable beneficial use of the waters of Laguna Plata.

(k) The utilization of the proposed Petro-Thermo Corporation disposal site adjacent to Laguna Plata for the disposal of water produced in conjunction with the production of oil or gas, or both, and oil-field waste products, including drill cuttings and drilling muds will not constitute a hazard to fresh water supplies.

(13) That the applicant should be authorized to utilize sites adjacent to Laguna Plata for the disposal of water produced in conjunction with the production of oil or gas, or both, and oil-field waste products, including drill cuttings and drilling muds.

(14) That the granting of this Application will not cause waste, impair correlative rights or endanger designated fresh water supplies.

(15) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Thermo Corporation is hereby granted an exception to Order (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, and oil-field waste products, including drill cuttings and drilling muds in unlined pits adjacent to Laguna Plata in the E/2 N/4 of Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

PROVIDED HOWEVER, that the total disposal rate at the site shall not exceed 30,000 barrels per day.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. L. STAMETS
Director

S E A L



United States Department of the Interior

IN REPLY REFER TO

3046 (932)

BUREAU OF LAND MANAGEMENT

NEW MEXICO STATE OFFICE
P.O. Box 1449

Santa Fe, New Mexico 87504-1449

JAN 06 1986

Mr. Richard L. Stamets
State of New Mexico
Energy and Minerals Department
Oil and Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Dear Mr. Stamets:

BLM was recently represented at a hearing before Michael Stogner on Wednesday, December 18, 1985 at the Oil Division Conference Room in Santa Fe. The BLM would like to express some concerns about Case 8171. This involves an application by Petro-Thermo Corporation for an exception to Division Order No. R-3221 and for authorization to dispose of produced salt water, associated waste hydrocarbons and other solids, obtained in conjunction with the drilling and production of oil and gas in a disposal site on the surface, Lea County, New Mexico. The applicant seeks authorization to dispose of these wastes onto the surface in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East.

This facility is projected to become the major disposal site for oil and gas wells in Chaves, Lea and Eddy counties. Although the operators initially expect to process 2,500 barrels a day at the plant, it is being designed to handle up to 30,000 barrels a day. Most of the liquid material will eventually seep into the Laguna Plata. Constructed facilities will include two access roads, a series of ten settling pits for salt water and solids waste disposal and processing, two large separating tanks, an oil storage tank and security fence.

The Bureau feels that this type of waste disposal site with its unlined pits designed to channel waste by-products into the Laguna Plata poses a significant environmental threat to surrounding Federal lands and resources. As you are aware, public lands completely surround Section 16 and any seepage or downstream flow from the pits would inevitably enter the Laguna Plata on public lands.


Such an operation could threaten wildlife in the area including several threatened and endangered species. We are also concerned about the effects of such an operation upon the local hydrology. There is the possibility that the release of chemicals into the Laguna Plata could adversely affect several nearby salt mining operations. Of concern also are hazardous substances

which can be found in associated wastes, brines, muds and produced waters. These include but are not limited to chromium asbestos, sodium hydroxide, formaldehyde, various phenols and sulfuric acid.

Furthermore, the release of large quantities of these chemicals could threaten the integrity of archaeological sites which surround the proposed facility and which ring the Plata. The Laguna Plata area was nominated in 1975 as a National Historic District because of the unusually high concentrations of well-preserved prehistoric sites it contains. The Bureau is interested in acquiring through land exchanges State lands around the Laguna Plata so that we can better manage the sensitive resource values here.

The Bureau strongly objects to the development of this facility as it seriously threatens surrounding Federal resources. If the State does eventually approve this project, it should do so only after the design is modified to include lined disposal pits, a monitoring system to check for seepage and proper sizing of the pits to prevent overflow so that absolutely no overland flow or seepage leaves the disposal site itself. In addition, appropriate stipulations or bonding conditions should be attached to the authorization so that the corporation is held liable for any environmental damage caused to public lands. Given these concerns, we strongly urge you to reopen this case and enter these objections into the record for full consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles W. Luscher".

Charles W. Luscher
State Director



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

January 7, 1986

Mr. Robert W. Abbott
Petro-Thermo Corporation
P. O. Box 2069
Hobbs, New Mexico 88241-2069

Re: Request for Extension of
Time for Temporary Use of
Pit

Dear Mr. Abbott:

We have received your request dated December 23, 1985 for an extension of your 90-day permit for temporary disposal of brine, fresh water-based drilling mud, and waste cement in the emergency overflow pit located at the Blinebry-Drinkard SWD System Well No. A-22 in 22-T22S-R37E. Your current temporary permit expires January 19, 1986.

Due to time restrictions associated with Case No. 8781 which was brought to hearing on December 18, 1985, you are hereby granted a 60-day extension for the specified temporary use of the pit. The extension carries the following restrictions:

- 1) The pit will not be enlarged or allowed to overflow or breach.
- 2) By March 20, 1986, solid and liquid waste will be removed from the pit and disposed of in an approved manner.
- 3) There will be no further extensions of time for the specified temporary use of the unlined pit. Tanks or a lined pit may be authorized for continued disposal of brine, fresh water-based drilling mud, or waste cement at that location.

Authorization for this temporary use of the pit may be rescinded if there is evidence that the pit has overflowed or if Water Quality Control Commission or Oil Conservation Division rules or regulations have been violated.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. L. Stamets", written in a cursive style.

R. L. STAMETS
Director

RLS/JB/dp

cc: Jerry Sexton
David Boyer
Michael Stogner

MADDOX, RENFROW & SAUNDERS

PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

POST OFFICE BOX 5370

HOBBS, NEW MEXICO 88241

DON MADDOX
JAMES M. MADDOX
JOHN M. RENFROW
JAMES P. SAUNDERS, JR.

SCOTTY HOLLOMAN
JOHN PAUL WEBER
GARY L. CLINGMAN

THIRD FLOOR
BROADMOOR BUILDING
(505) 393-0505

January 7, 1986

Mr. Michael Stogner
Examiner
Oil Conservation Commission
Energy and Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application of Petro-Thermo Corporation for an Exception to
Order No. R-3221, as amended, Lea County, New Mexico.

Dear Mr. Stogner:

This is to forward, as requested by telephone this morning, the
Laguna Plata disposal site design plan which was introduced by
Petro-Thermo Corporation as Exhibit No. 8.

By a copy of this letter, the design plan is also provided to
Jerry Sexton of the Hobbs District Office, Oil Conservation
Division.

Should you require any further information, please do not
hesitate to telephone.

Very truly yours,


John Paul Weber

JPW:sfp

xc: J. T. Sexton w/encl.

Petro-Thermo Corporation

RECEIVED

1985

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

December 30, 1985

NOISIAID NOUWABTSONO NO

DEC 30 1

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

RECEIVED

Re: Application of Petro-Thermo Corporation for
an Exception to Order R-3221, NMOCD Case 8781

Dear Mr. Stogner:

In accordance with your directions at the hearing on
December 18, 1985, and on behalf of Pollution Control and
Snyder Ranches, please find enclosed a copy of our
proposed order in this case.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: John P. Weber, Esq.
Maddon, Renfrow & Saunders
P. O. Box 5370
Hobbs, New Mexico 88214

Mr. Larry Squires
Pollution Control
P. O. Box 1060
Lovington, New Mexico 88260

Mr. Joe Ramey
P. O. Box 6016
Hobbs, New Mexico 88241

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 8781
ORDER NO. R-

APPLICATION OF PETRO-THERMO
CORPORATION FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED,
LEA COUNTY, NEW MEXICO.

POLLUTION CONTROL INC. AND
SNYDER RANCHES PROPOSED
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on
December 18, 1985, at Santa Fe, New Mexico, before
Examiner Michael E. Stogner.

NOW, on this _____ day of January, 1986, the
Division Director, 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 Division has jurisdiction of this
cause and the subject matter thereof.

(2) That Order (3) of the 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 of 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 water course, 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.

Case No. 8781

Order No. R-

(3) That the aforesaid Order No. R-3221 was issued in order to avoid 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.

(4) That the State Engineer has designated, pursuant to Section 70-2-23(15), NMSA 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.

(5) That the applicant, Petro-Thermo Corporation, seeks as an exception to the provisions of the aforesaid Order (3) to permit the commercial disposal of produced salt water, associated waste hydrocarbons and other solids obtained in conjunction with the drilling and production of oil and gas into unlined surface pits to be located in the E/2 N/4 of Section 16, Township 20 South, Range 32 East, N.M.P.M. Lea County, New Mexico.

(6) That the applicant proposes to install and operate a surface salt water disposal facility consisting of separating tanks, settling pits and skimming equipment, for the removal and reclamation of oil and basic sediment from the produced salt water to be disposed in said system.

(7) That the applicant also seeks authority to dispose of solid oil-field waste products, including drilling mud and cuttings at the subject site.

(8) That Order (1) of Commission Order No. R-3725 granted to Larry C. Squires an exception to Order (3) of Commission Order No. R-3221, as amended, authorizing the disposal of water produced in conjunction with the production of oil or gas, or both, in a natural salt lake located in Lea County, New Mexico, as follows:

Laguna Plata, sometimes referred to as Laguna Grande, located in Sections 2, 3, 9, 10 and 11, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Case No. 8781
Order No. R-

(9) That a portion of Laguna Plata, sometimes referred to as Laguna Grande, is located in Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

(10) That Order (1) of Division Order No. R-3725-A granted to Pollution Control Inc., an exception to Order (3) of Commission Order R-3221, amended, authorizing the disposal of solid oil-field wastes, including drilling mud and cuttings, into Laguna Gatuna, located in Section 7, 17, 18, 19 and 20, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

(11) That Division Order R-3725 does not authorize the use of Laguna Plata for oil-field solid wastes.

(12) That the Triassic redbeds, comprised of the Chinle Shale, Santa Rosa sandstone and the Dewey Lake formation, underlie the proposed water disposal site, Laguna Plata and Laguna Gatuna.

(13) That the Shales within triassic redbeds underlying the proposed waste disposal site, Laguna Plata and Laguna Gatuna are virtually impermeable and therefore low volume produced water disposed of at the site will be prevented from seeping from the site and lakes into sand stringers within the redbeds which may contain fresh water.

(14) That the surface of the Triassic redbeds is depressed in the vicinity of the waste disposal site, Laguna Plata and Laguna Gatuna ("collapse feature").

(15) That the major flow of surface and subsurface water within the boundaries of the "collapse feature" is toward Laguna Plata.

(16) That the seepage from the impoundments at the proposed waste disposal site will infiltrate into the subsurface and migrate off the site towards and into Laguna Plata.

(17) That neither the pit(s) nor the immediate underlying sediments are impervious and a percentage of the disposed water would leak into the subsurface to enter the Santa Rosa and Rustler Anhydrite formations.

Case No. 8781
Order No. R-

(18) That while the Santa Rosa formation contains no fresh water in the immediate vicinity of the proposed pit(s), it does contain fresh water at various locations both up-dip and down-dip therefrom.

(19) That clay zones within the Santa Rosa could contribute to the horizontal migration of waters percolating from said pits which waters could reach and contaminate down-dip fresh water supplies in said formation.

(20) That if the salt water from said pits should percolate vertically through the Santa Rosa formation, it would enter the Rustler formation.

(21) That insufficient data was presented relative to the long term effect of the disposal of salt water in the proposed pit(s) and its potential affect on surface and subsurface waters versus the economic need for the requested disposal volumes at this facility.

(22) That Applicant's request for 30,000 barrels a day disposal rate is ten times greater than applicant's actual need for this facility which applicant estimated to be 2,200 barrels a day.

(23) That the four proposed salt water disposal ponds being 100' x 24' in size have a total capacity of 11,131 barrels of water.

(24) That the applicant should be authorized, subject to limitations and conditions setforth below, to utilize the site for the disposal of not in excess of 3,000 barrels a day of water produced in conjunction with the production of oil or gas, or both.

(25) That Pollution Control Inc., pursuant to Order R-3725-A operates a satisfactory repository for solid oil-field waste products approximately 4 miles from the subject site.

(26) That applicant has failed to demonstrate that Pollution Control's site is inadequate to meet current needs of the industry.

(27) That the surface disposal of oil field solid waste materials as proposed by the applicant creates a potential environmental risk and effectively condemns some 40 acres of surface from any other future use.

Case No. 8781

Order No. R-

(28) That the surface disposal of oil field solid waste should be strictly limited to the fewest possible sites in order to prevent surface waste.

(29) That the applicant has failed to provide sufficient evidence that its proposed method of storage of solid waste materials on the pad surface at the facility is environmentally safe and will not result in surface waste.

(30) That applicant's request for surface disposal of oil field solid wastes should be denied.

IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Thermo Corporation is hereby granted an exception to Order (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, in unlined pits adjacent to Laguna Plata in a 600' x 600' area out of the SE/4NE/4 of Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico, subject to the following:

(a) That prior to commencing any construction, applicant shall have obtained and submit to the Division a business lease from the Commissioner of Public Lands of the State of New Mexico for the use of the subject site for disposal of produced waters;

(b) That prior to commencing any construction, applicant shall obtain and submit to the Division an archeological clearance certificate from the Historic Preservation Division of the State of New Mexico for the subject site;

(c) That the disposal facility shall be constructed and maintained in accordance with the schematic submitted as Exhibit 8 in Case 8781 and in accordance with such additional conditions and requirements as the Division may from time to time impose;

(d) That the facility shall be gated, cattle guards installed and fenced to a height of six feet with adequate fencing to preclude livestock from entering the facility;

Case No. 8781
Order No. R-

(e) That disposal at the facility shall be only during daylight business hours and only under the supervision of and in the presence of applicant's duly authorized employees; and

(f) That in no event shall disposal water in any of the surface ponds be closer than 3 feet to the top of any said pond.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

RICHARD L. STAMETS
Director

S E A L



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

February 14, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. John Weber
Maddox, Renfrow & Saunders
Attorneys at Law
Post Office Box 5370
Hobbs, New Mexico 88241

Re: Case No. 8781
Order No. R-8161
Petro-Thermo Corporation

Dear Mr. Weber:

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

Please note that decretory paragraph (2) provides for submittal of a satisfactory monitoring and sampling plan prior to operation of the facility approved by this order. I understand that such a plan has been worked out between Mr. Dave Boyer, OCD Environmental Bureau Chief, and Dr. Daniel Stephens. The details of the plan will be forwarded to you early next week.

Sincerely,

R. L. STAMETS
Director

RLS/fd

cc: Thomas Kellahin
Ernest L. Padilla
Nancy Wood
Fran Cherry BLM Carlsbad

ILLEGIBLE



STATE OF NEW MEXICO
OFFICE OF CULTURAL AFFAIRS
HISTORIC PRESERVATION DIVISION

TONEY ANAYA
GOVERNOR

VILLA RIVERA, ROOM 101
228 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87503
(505) 827-8320

CLARA APODACA
CULTURAL AFFAIRS OFFICER

THOMAS W. MERLAN
DIRECTOR

February 28, 1986

R.L. Stamets
Director, Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Dear Mr. Stamets:

This is in reference to the Oil Conservation Division's notice of decision for the Petro-Thermo Corporation's application for an exception to Division Order R-3221 (Case Number 8781; Order Number R-8161). This notice permitted the disposal of waste hydrocarbons on the edge of Laguna Plata, in Lea County (SW $\frac{1}{4}$, SE $\frac{1}{4}$, NE $\frac{1}{4}$ of Section 16, Township 20 South, Range 32 East).

As presented during the December 18, 1985 hearing, the Laguna Plata area contains a number of extremely significant archaeological resources. Those sites on federal land surrounding the salt lake have been determined eligible for the National Register of Historic Places as an archaeological district. It is likely that significant cultural resources may be present on the tract proposed for development.

We suggest that you add a stipulation to the order requiring that the developer conduct an archaeological inventory of the proposed area, and advising the developer that additional mitigative measures may be needed to protect archaeological values on State lands included in the development. Suggested wording of such a stipulation follows the format of the record of decision:

PROVIDED HOWEVER THAT, prior to initiating any surface-disturbing activities or construction, Petro-Thermo Corporation shall have conducted a professional cultural resources inventory of the proposed developments. Such inventory shall meet the standards of the State Cultural Properties Review Committee, and shall be submitted to the Historic Preservation Division for further review and comment. All construction and other surface modification shall be conducted in such a manner to avoid damage to cultural resource sites, unless additional mitigative actions are taken pursuant to a State Archaeological Excavation Permit.

During the hearing, the attorney for the applicant was informed by Nancy Wood of this staff and Steven Fosberg of the Bureau of Land Management of the possibility of encountering significant cultural resources in the vicinity. Nancy Wood recommended that an inventory be conducted. This verbal recommendation was also followed by a letter to the applicant's attorney.

I appreciate your attention to this matter. It may be appropriate for a member of this staff to conduct an inspection of the proposed location in conjunction with representatives of your office and the State Land Office to insure that the project does not damage archaeological sites on State Lands.

I look forward to hearing from you at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas W. Merlan".

Thomas W. Merlan
State Historic Preservation Officer

cc: Commissioner of Public Lands



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

March 5, 1986

Mr. Thomas W. Merlan
State Historic Preservation Officer
Office of Cultural Affairs
Historic Preservation Division
Villa Rivera, Room 101
228 East Palace Avenue
Santa Fe, New Mexico 87503


Dear Mr. Merlan:

This will acknowledge your letter of February 28, 1986, relative to the Petro-Thermo Corporation proposal for a waste disposal operation at Laguna Plata and our subsequent phone conversation.

Another party in the case has requested a hearing de novo before the Oil Conservation Commission. This means the case will be heard anew, probably on April 9 or 10. This will provide any interested party another opportunity to be heard in this matter.

As the statute under which we operate, the Oil and Gas Act, primarily deals with preventing waste, protecting correlative rights, and protecting fresh water, it is difficult for us to deal with your concerns relative to protection of archeological resources. I would suggest that you could perhaps achieve the goals you have in mind by contacting Petro-Thermo or its attorneys directly before the de novo hearing. Further, as the facility is on State land, perhaps the State Land Office could be helpful in this matter. I am also aware that the BLM has some of your same concerns and I expect they will participate in the hearing.

Sincerely,



R. L. STAMETS
Director

RLS:dp

cc: Case File ✓



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

March 21, 1986

Mr. Robert W. Abbott
Petro-Thermo Corporation
P. O. Box 2069
Hobbs, N.M. 88241-2069

Case No. 8781
m. 2

Re: Request for Extension of Time
for Temporary Use of Pit

Dear Mr. Abbott:

This letter is to confirm a telephone conversation today between Jamie Bailey, OCD Field Representative, and John Weber regarding an extension of the permit for temporary disposal of brine, fresh water-based drilling mud, and waste cement in the emergency overflow pit located at the Blinebry-Drinkard SWD System Well No. A-22 in 22-T22S-R37E. Your latest temporary permit expired March 20, 1986.

Due to time restrictions associated with Case No. 8781 which was brought to hearing on December 18, 1985, and will be heard De Novo before the Commission on April 9, 1986, you are hereby granted an extension until April 10, 1986, for the specified temporary use of the pit.

An inspection of the area will be made on April 3, by OCD personnel, and they are authorized to order immediate closure of the pit if conditions warrant.

Authorization for the temporary use of this pit may be rescinded at anytime if there is evidence that the pit has overflowed or if Water Quality Control Commission or Oil Conservation Division rules or regulations have been violated.

Sincerely,

R. L. Stamets
R. L. STAMETS
Director

RLS:dp

cc: Jerry Sexton
David Boyer
Michael Stogner