

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. 9140
Order No. R-8481

APPLICATION OF PERMIAN CORPORATION
FOR AN EXCEPTION TO 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 June 3, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of July, 1987, 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) Ordering Paragraph (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 any fresh water supplies and said disposal has not previously been prohibited.

(3) The aforesaid order 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.

(4) Pursuant to Section 70-2-12(15) NMSA 1978 the Division is authorized to regulate the disposition of water in order to protect that water which the State Engineer has designated 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) The applicant, Permian Corporation, seeks an exception to the provisions of said Order No. R-3221 to permit the commercial disposal of produced brine into a natural salt lake located in the NW/4 of Section 2, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

(6) The applicant proposes to dispose of a maximum of 1000 barrels of water per day originating from Morrow and Bone Spring producing wells in the area.

(7) The applicant further proposes to construct a facility at the site consisting of chemical separation tanks, surge tanks, skim oil storage tanks, solids storage tanks, and separators, all of sufficient size and capacity to prevent the movement of any oil or solids onto or into any of the salt lakes affected by such disposal.

(8) The evidence presented in this case indicates that this area has been the subject of intense hydrologic study and that there appears to be no shallow fresh water in the vicinity of the proposed facility for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject discharge.

(9) The area of the salt lakes is sufficient to provide for evaporation in excess of the volume of water currently being discharged in the area plus the applicant's proposed additional volume.

(10) The applicant should be required to closely monitor the operations at the facility in order to facilitate the detection of equipment malfunctions which might allow the accidental discharge of oils or solids onto or into the salt lakes.

(11) Should the applicant fail to prevent the movement of such oils or solids onto or into the salt lake, the Director of the Division should be empowered to

administratively suspend or rescind the authority for use of such lake for salt water disposal.

(12) The applicant should further be required to dispose of the solids obtained in the operation of the facility at a Division-approved site.

(13) Subject to the aforementioned conditions the application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Permian Corporation, is hereby granted an exception to Ordering Paragraph (3) of Division Order No. R-3221, as amended, to dispose of up to a maximum of 1000 barrels of salt water per day collected from Morrow and Bone Spring producing wells in the area into a commercial salt water disposal facility to be located in the NW/4 of Section 2, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) Upon the completion of construction of the proposed surface facility, the applicant shall notify the supervisor of the Division's Artesia district office in order that the Division may inspect said facility.

(3) The applicant shall further submit to the Santa Fe office of the Division a schematic diagram of the surface facility showing the location of skim tanks, surge tanks, storage tanks, separation equipment, and all other equipment located at said facility in order to confirm said facility is of acceptable design to prevent the discharge of oils or solids into the salt lake.

(4) The applicant shall closely monitor the operations at the disposal facility in order to detect any equipment malfunctions which may result in the accidental discharge of oils or solids into the salt lake.

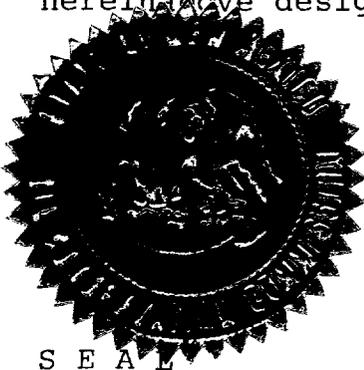
(5) The Director of the Division may by administrative order suspend or rescind such authority whenever it reasonably appears to the Director that such suspension or rescission would serve to protect fresh water supplies from contamination or if the applicant should permit the movement of oil or solids onto the ground surface or any natural salt lake.

(6) The applicant shall dispose of the solid material obtained in the operation of the facility at a Division-approved site.

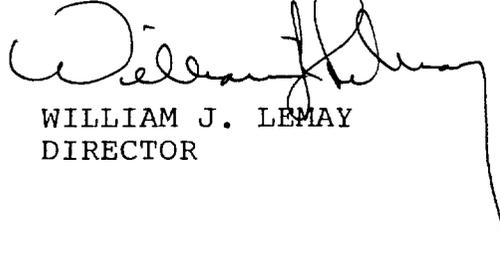
(7) The applicant shall file a monthly report of disposal volumes on Form C-120-A in accordance with Division Rule 1120.

(8) 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 DIVISION


WILLIAM J. LEMAY
DIRECTOR