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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

November 23, 1993

HAND DELIVERED

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: NMOCD Case 10772  
Application of Barber Oil Inc  
for Salt Water Disposal  
Eddy County, New Mexico

Dear Mr. Stogner:

On behalf of Snyder Ranches Inc., please find enclosed our proposed order which if adopted by the Division would deny the application of Barber Oil Inc.

Very truly yours,



W. Thomas Kellahin

cc: William F. Carr, Esq.  
cc: Larry Squires (Snyder Ranches Inc.)  
cc: J. W. Neal, Esq  
cc: Tim Kelly

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

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

CASE NO. 10772  
ORDER No. R-

APPLICATION OF BARBER OIL, INC.  
FOR SALT WATER DISPOSAL,  
EDDY COUNTY, NEW MEXICO.

SNYDER RANCHES INC.'S  
PROPOSED  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 4, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_ day of November, 1993, 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 case and the subject matter thereof.

(2) The applicant, Barber Oil Inc, seeks authority to utilize its Stovall-Wood Well No 5 ("the SWD Well") located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the

Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet.

(3) The opponent, Snyder Ranches Inc., is the owner of the NE/4NW/4 of said Section 20 which is known as the "Wood's Ranch" and is currently used for cattle operations.

(4) A domestic water well known as the "Wood's Ranch House Well" is located approximately 800 feet north-northeast from the SWD Well.

(5) Records of the New Mexico Bureau of Mines & Mineral Resources identify the Wood's Ranch House Well at location 20.30.20.130 and based upon data collected from that well on May 1, 1950, reported water used for domestic and stock purposes with a water level at 45 feet below land surface and analyzed to contain 3,050 ppm TDS.

(6) A pond known as the "Wood's Ranch Pond" is located approximately 500 feet south-southeast of the SWD Well.

(7) Eddy Potash Company has a surface disposal pond known as the "Brine Lake" the southern edge of which is approximately 6,500 feet north of the SWD Well.

(8) The New Mexico Oil & Gas Act (Section 70-2-12(15) NMSA-1978) requires the New Mexico Oil Conservation Division to regulate 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 the water in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the state engineer.

(9) "Fresh water" to be protected is defined by the Oil Conservation Division's Rules and Regulations to include all underground water containing 10,000 milligrams per liter (mg/l) or less of total dissolved solids (TDS) except for which, after notice and hearing, it is found there is no present or reasonably foreseeable beneficial use which would be impaired by contamination of such waters.

(10) Since 1951, the Division has authorized salt water disposal wells utilizing Rule 701 and Form C-108 to accomplish that objective.

(11) On May 28, 1963, the Commission issued Order R-2490 making certain changes to Rule 701 concerning the method for filing application (Form C-108) with accompanying data for salt water disposal wells ("SWD wells").

(12) On September 16, 1964, the Commission issued Order R-2761 again revising Form C-108.

(13) On February 14, 1968, the Commission issued Order R-3375, again revising Form C-108.

(14) On December 16, 1974 the "Safe Drinking Water Act" was signed into federal law (Public Law 93-523) and provides that any disposal well must have a permit and further provides that failure to obtain a permit, even for formerly authorized disposal wells, results in violations of the Act and potential for three years imprisonment in a federal penitentiary, \$250,000 fine to individuals and \$500,000 for corporation. (See 42 USC 300)

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(15) The "Safe Drinking Water Act" required the Administrator of the Environmental Protection Agency (EPA) to adopt minimum regulations for State programs to control the underground injection of fluids to protect underground sources of drinking water.

(16) The final EPA regulations were published in the spring of 1980.

(17) In order for the State of New Mexico through the Oil Conservation Division to apply for and obtain primary enforcement authority for control of oil and gas related injection wells in New Mexico under the Safe Drinking Water Act, it was necessary for the Division to amend Rule 701 and modify Form C-108.

(18) On June 17, 1981, the Commission issued Order R-6702 which revised Division Rule 700 and adopted Division Form C-108 and required all salt water disposal wells to have an approved permit for disposal.

(19) On \_\_\_\_\_, 1981, The EPA granted primacy to the State of New Mexico.

(20) There is no record that the Division has ever approved the subject SWD well for disposal and accordingly on \_\_\_\_\_, the Division notified Barber Oil Inc to submit an application on the current Division Form C-108 and obtain Division approval.

(21) In complying with the notice requirements of the Division rules, Barber Oil Inc. has notified Snyder Ranches Inc who was objected.

(22) The president of Barber Oil, Inc. testified that:

(a) The Salt Water Disposal Well was drilled in 1943 to a depth of 227 feet and had always been used as a salt water disposal well with disposal taking place in an open hole interval commencing at approximately 195 feet.

(b) Produced water had been disposal of into the Salt Water Disposal Well at average rates of 6,000 barrels of produced water per day (BPWPD).

(c) The Salt Water Disposal Well is currently being used for the disposal of some 6,000 BPWPD produced from some nine oil wells in the Barber Pool.

(d) a search of its records and the Division's records has failed to locate an approved permit obtained in accordance with the Division requirements for this Salt Water Disposal Well.

(e) Since 1943, the Salt Water Disposal well has been operating without an approved Division permit.

(f) In 1943 the SWD well was drilled to 227 feet and 195 feet of 8-5/8" casing was placed in the hole and set with 25 sacks of cement. Injection commenced at the rate of 5-6,000 BPWPD until 1986.

(g) In 1986, Barber Oil Inc began experiencing trouble with the SWD well back flowing and with a reduction in injection rates. A casing leak was discovered in the well.

(h) Without filing or obtaining Division approval, Barber Oil Inc. attempted to repair the SWD Well by installing 128 feet of 6" PVC pipe and then commencing injection.

(i) Prior to August, 1991, Barber Oil Inc did not monitor and could not monitor if the injected water was

going into the Rustler formation in the intended disposal interval commencing at 195 feet.

(j) In February, 1991, at a result of a Division inspection, the Division required Barber Oil Inc. to cease injection, to remove the PVC pipe, and to properly complete the well with new casing and tubing set in a packer.

(k) In March, 1991, Barber Oil Inc. undertook to repair the SWD Well and after encountering lost circulation problems eventually recompleted the well pursuant to requirements made by the OCD Supervisor (Artesia) and in August, 1991, the Division allowed injection to again commence in the well.

(23) currently Barber's the 9 oil wells produce a combined total of 50 BOPD with produced water constituting 99% of the total fluid produced.

(24) Barber Oil Inc has NOT conducted any geologic, engineering or hydrologic studies to determine:

1. the porosity, permeability, saturation, thickness of the receiving formation (injection zone);
2. how large an area has been or will be affected by injection into the SWD well;
3. if there is any barrier to vertical migration from the injection zone into any other zone or to the surface.

(25) Barber Oil Inc. failed to introduce any technical evidence to support its application.

(26) Snyder Ranches Inc. presented Mr. Tim Kelly, a recognized expert witness in the field of geo-hydrology who concluded that the SWD Well had contaminated the Wood's Ranch House Well and that continued use of the

SWD Well would pose further risks to the environment, fresh water, and health and safety.

(27) Mr. Kelly's professional conclusions were based upon (a) an extensive ground water study he had personally conducted for the BLM in 1978 in this area identifying some 30 sources of fresh water including the Wood's Ranch House Well; (b) New Mexico Bureau of Mines & Minerals Resources tabulation of reported ground water analysis in the area; (c) personal inspection of the area; (d) water analysis for water in the area; (e) the OCD file for the SWD well; and (f) specific study of the lithology.

(28) Mr. Kelly concluded that:

(a) In 1950, the Wood's Ranch Domestic Well was capable of producing fresh water from an underground sources of drinking water in amounts sufficient to domestic and stock needs;

(b) The SWD Well was injecting produced water into the Rustler formation which was in direct communication with the Wood's Ranch Well and with the Wood's Ranch Pond;

(c) The Rustler Formation is an aquifer used for domestic and stock purposes (Fresquez, 1991) and does contain zones of "fresh water" with less than 10,000 ppm TDS (Irby, 1967).

(d) The Salado Formation which occurs immediately below the Rustler Formation acts as an effective aquitard to trap the Rustler water.

(e) Because of the lithology of the Rustler formation, there is no integrity of the stratigraphic units of the Rustler and no continuous impermeable barriers to keep the produced water injected into the SWD Well from contaminating the Wood's Ranch Domestic Water Well.

(f) The Brine Lake was not the source of contamination of the Wood's Ranch House Well because the water table in the Brine Lake was some 13 feet below the water table in the Wood's Ranch House Well.

(g) An examination of the various water analysis supports the conclusion that the SWD Well has contaminated the Wood's Ranch House Well;

(h) With the exception of the SWD Well, all other potential sources for contamination of the Wood's Ranch House Well can be eliminated with reasonable scientific certainty.

(29) The SWD Well has contaminated the Wood's Ranch House Well and would continue to contaminate that water, but if injection ceased, there was a probability that the quality of the Wood's Ranch House water would improve over time and could once again be a source of fresh water in the area.

(30) The Division finds that the SWD has contaminated the Wood's Ranch House Water Well and that any further injection into the SWD will continue to pose a threat to ground water.

(31) There is a hydrologic connection between the disposal zone and the underground sources of fresh water in this area which has allowed the SWD Well to contaminate the fresh water.

(32) Any further injection into the SWD Well will pose a danger of contamination to other fresh water in the Rustler Formation in this area.

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(33) The application should be denied and any further injection into the SWD should cease immediately.

(34) That Barber Oil Inc. should be required to submit to the Division a plan clean-up including remediation of the ground water and the surface for the area.

IT IS THEREFORE ORDERED THAT:

(1) The Application of Barber Oil Inc. to utilize its Stovall-Woods No 5 Well for disposal of produced salt water into the Rustler Formation is hereby DENIED.

(2) Barber Oil Inc. is HEREBY ORDER TO immediately cease injection of produced water into this well.

(3) Within thirty days of this order, Barber Oil Inc. shall submit to the Division for approval a plan for clean up and remediation of the ground water and surface.

(4) 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

SEAL

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

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WILLIAM F. CARR  
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MARK F. SHERIDAN  
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November 22, 1993

**HAND-DELIVERED**

Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

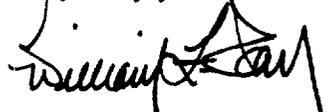
Re: Case No. 10772:  
Application of Barber Oil, Inc. for Salt Water Disposal, Eddy County, New  
Mexico

Dear Mr. Stogner:

Enclosed for your consideration is a copy of Barber Oil, Inc.'s proposed order of the  
Division in the above-captioned case.

If you desire anything further from Barber Oil, Inc., to proceed with your consideration of  
this matter, please advise.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosure:

cc: W. Thomas Kellahin, Esq. (w/enclosure)

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. 10772

Order No. R-\_\_\_\_\_

APPLICATION OF BARBER OIL, INC.  
FOR SALT WATER DISPOSAL,  
EDDY COUNTY, NEW MEXICO.

**BARBER OIL, INC.'S  
PROPOSED ORDER OF THE DIVISION**

**BY THE DIVISION**

This cause came on for hearing at 8:15 a.m. on November 4, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of November, 1993, 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, Barber Oil, Inc. ("Barber"), seeks an order authorizing it to continue utilizing its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, to dispose of produced salt water into the Rustler lime formation through the interval from approximately 195 feet to 255 feet.

(3) The Stovall-Wood Well No. 5 was drilled by Barber's predecessor in 1943 for the purpose of salt water disposal and has been used for this purpose since that time with 44,473,098 barrels of produced salt water having been disposed of in this well as of September 30, 1993. All volumes injected have been reported to the Division on its Forms C-115, and C-120.

(4) The Stovall-Wood Well No. 5 is located in the area covered by Oil Conservation Division Order No. R-3221-B which allows for the surface disposal of fluids because either no ground water is present, or ground water has in excess of 10,000 mg/l total dissolved solids.

(5) At the direction of the Oil Conservation Division, and under the direct supervision of the Supervisor of the Division's Artesia District Office, the Stovall-Wood Well No. 5 was extensively reworked during February, 1991 to isolate injection into the open hole interval below a depth of 195 feet.

(6) These workover operations were determined by the Division to be successful in confining injection fluids to the disposal depth and the Division concluded that "Continued use of the well should not present a threat to any underground source of drinking water in this area."

(7) On August 22, 1991, the Division "authorized the continued use of this well for disposal purposes." (See letter of William J. LeMay dated May 12, 1993).

(8) During a quarterly oversight visit on January 20, 1993, representatives of the United States Environmental Protection Agency ("EPA") discovered that this well, although approved by the Division for disposal, did not have a permit obtained pursuant to Division Rules 701 et seq. and Form C-108. By letter dated April 5, 1993, the EPA wrote the Oil Conservation Division concerning this well and asked the Division to advise of the actions it proposed to take.

(9) By letter dated May 12, 1993, the Division wrote to Barber, advised Barber that the Stovall-Wood No. 5 Well "was not authorized by permit to inject" (emphasis by the Division) and, in conformance with the EPA's directive, required that the well be permitted in accordance with Division Rule 701. The Division also advised Barber that since it had "authorized the continued use of this well for disposal purposes, [the Division would] not seek to take enforcement action against Barber Oil, Inc."

(10) On May 12, 1993 Barber filed OCD Form C-108 with the Division seeking a permit to use the Stovall-Wood No. 5 Well for disposal pursuant to Division Rule 701.

(11) An objection to this application was filed by Snyder Ranches, a surface owner in the area, and the application was set for hearing before a Division Examiner.

(12) The subject well is located in an area of active potash mining and oil and gas development where the disposal of produced waters from these activities has been permitted in unlined surface lakes and pits.

(13) The Rustler formation in this area is a water zone with high concentrations of total dissolved solids and Snyder Ranches' witness testified that recent water analyses on samples from this ranch showed concentrations of more than 17,000 mg/l total dissolved solids.

(14) Barber presented water analyses of the injection fluids and of samples taken from a well and pond in the area which show the waters being injected have a very different analysis pattern than other waters in the area, and, furthermore, Snyder failed to show that the water disposed of in the Stovall Wood No. 5 Well was the source of any water contamination on this ranch.

(15) No evidence was presented that there was potable ground water within the area of review which would be harmed by continued disposal in the Stovall-Wood Well No. 5.

(16) The continued use of the Stovall-Wood Well No. 5 for the injection of produced salt water into the Rustler lime formation should be approved.

(17) Injection should continue through 5 1/2 inch plastic coated tubing installed on a packer in 7 inch 26 pound casing set at 114 feet which is cemented to the surface. The casing-tubing annulus should be filled with packer fluid and monitored on a weekly basis in order to determine leakage in the casing, tubing or packer. Annually and at other times as requested by the Division, Barber should pressure test the well from the surface to the disposal interval to assure the integrity of the casing in accordance with a procedure approved by the Supervisor of the Division's Artesia District Office.

(18) The operator shall take all steps to insure that the injected water enters only the injection interval and is not permitted to escape to other formations or onto the surface.

(19) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED:**

(1) The applicant, Barber Oil, Inc., is hereby authorized to utilize the Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, to dispose of produced salt water into the Rustler lime formation through the interval from approximately 195 feet to 255 feet.

Case No. 10772

Order No. R-\_\_\_\_\_

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(2) Injection shall be accomplished through 5 1/2 inch plastic coated tubing installed on a packer in 7 inch 26 pound casing set at 114 feet which is cemented to the surface. The casing-tubing annulus shall be filled with packer fluid and monitored on a weekly basis in order to determine leakage in the casing, tubing or packer.

(3) Annually and at other times as requested by the Division, the operator shall pressure test the well from the surface to the disposal interval to assure the integrity of such casing in accordance with a procedure approved by the Supervisor of the Division's Artesia District Office.

(4) The operator shall take all steps necessary to insure that the injected water enters only the injection interval and is not permitted to escape to other formations or onto the surface.

(5) The operator shall immediately notify the Supervisor of the Division's Artesia District Office of the failure of the tubing, casing, or packer in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

(6) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702 through 606, 708 and 1120 of the Division's Rules and Regulations.

(7) 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

S E A L

*Misc. Division Records  
and correspondence*

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
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November 18, 1993

**HAND-DELIVERED**

Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

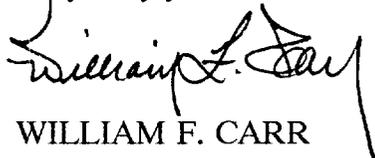
Re: Case No. 10772:  
Application of Barber Oil Inc. for Salt Water Disposal, Eddy County, New  
Mexico

Dear Mr. Stogner:

This letter confirms our recent conversation in which I requested on behalf of Barber Oil Inc., an extension of the date for filing proposed orders in the above-referenced case to November 22, 1993. W. Thomas Kellahin, attorney for Snyder Ranches does not oppose this request for extension.

Your willingness to extend this deadline is appreciated.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OIL CONSERVATION DIVISION  
RECEIVED

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

1993 APR 8 10 08 35

April 5, 1993

Mr. David Catanach  
UIC Director  
Oil Conservation Division  
New Mexico Energy, Minerals, and  
Natural Resources Department  
Post Office Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Permitting of Class II Injection well

Dear Mr. Catanach:

It has come to our attention, through an oversight visit (January 20, 1993), that an injection well, under the Oil Conservation Division (OCD) program, is deficient in permit. The Barber Oil Class II commercial injection well commenced operations approximately 1946 and has apparently been operating without any permit or controls since that date.

No underground injection may take place except as authorized by rule or by permit. Any non-compliance constitutes a violation of the Safe Drinking Water Act (SDWA) and is grounds for enforcement actions. The Barber Oil well is in violation of OCD environmental regulation Rule 701 which prohibits the injection of water into any formation, for the purpose of water disposal, without a permit. The well is also in violation of 40 CFR §124.3, §144.31(a), §144.31(c)(1), and §144.21(a)(3)(ii) which prohibits injection of water for disposal unless authorized by rule or by permit.

The only authorization for life (§144.31(a)) pertains to operators injecting into existing (existing as of promulgation of the UIC program) Class II enhanced recovery and hydrocarbon storage wells. Apparently the Authorization by Rule (144.21(a)) expired in 1985.

Please advise us of action your agency plans to take regarding both the permit and violations.

Sincerely,

Mac A Weaver, P.E.  
Chief  
UIC State Programs



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

May 12, 1993

USEPA  
Region VI (6W-SU)  
1445 Ross Avenue  
Dallas, Texas 75202-2733

Attention: Mr. Mac A. Weaver

Dear Mac:

Enclosed please find a copy of a letter from the Oil Conservation Division to Barber Oil, Inc., regarding the Stoval-Wood disposal well. I will keep you informed of developments in this situation, hopefully to its conclusion.

Sincerely,

A handwritten signature in cursive script that reads "David Catanach".

David Catanach  
UIC Director



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

May 12, 1993

Barber Oil, Inc.  
P.O. Box 1658  
Carlsbad, New Mexico 88221

Attention: Mr. Michael D. Garringer

Dear Mr. Garringer:

The Environmental Protection Agency (EPA) conducted a quarterly oversight visit to the Santa Fe Office of the Oil Conservation Division on January 20, 1993. While conducting routine file reviews, EPA discovered that the Barber Oil, Inc. Stovall-Wood salt water disposal well located in Unit C of Section 20, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, was not authorized by permit to inject.

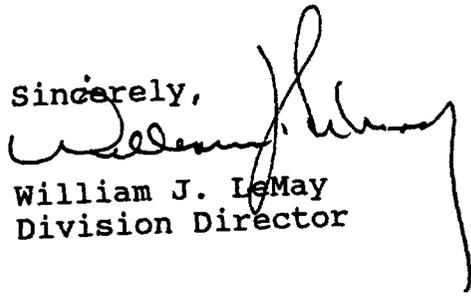
By letter dated April 5, 1993, EPA requested that the Division take action regarding the permit and rule violations. In conformance with EPA's directive, the Division must require that the subject well be permitted in accordance with Rule No. 701. In light of the fact that the Division, by letter dated August 22, 1991, authorized the continued use of this well for disposal purposes, we will not seek to take enforcement action against Barber Oil, Inc.

Please submit Division Form C-108 (Application to Inject) within 30-days of receipt of this letter. Continued use of the Stoval-Wood well for disposal purposes will be dependent upon:

- 1) qualification and issuance of a permit to inject;
- 2) conformance with all applicable Division Rules and Regulations regarding disposal wells; and,
- 3) conductance of and successfully passing a mechanical integrity pressure test.

If you should have any questions, please contact Mr. David Catanach at (505) 827-5800.

Sincerely,

  
William J. LeMay  
Division Director

xc: EPA Region VI  
OCD-Artesia



**BEFORE THE OIL CONSERVATION  
COMMISSION OF THE STATE OF  
NEW MEXICO**

IN THE MATTER OF THE HEARINGS CALLED  
BY THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 189  
ORDER NO. 850

**RULES AND REGULATIONS**

**ORDER OF THE COMMISSION**

BY THE COMMISSION:

After due notice and hearings in Santa Fe, New Mexico, on September 7, 1949, and November 1, 1949, the Commission finds that certain rules, regulations and orders should be adopted and others repealed.

IT IS THEREFORE ORDERED:

1. All rules, regulations and orders heretofore issued by the Commission are repealed and rescinded, effective January 1, 1950, except the following orders which are of a special nature and are not of statewide application, they being:

- a. All orders heretofore issued granting permission for specific unorthodox locations.
- b. Orders relating to approval of unit agreements No. 570, 583, 603, 602, 628, 629, 648, 655, 656, 676, 677, 684, 706, 717, 731, 737, 755, 759, 772, 774, 786, 794, 796, 836.
- c. Orders relating to Carbon Black Plants No. 650, 651, 724, 806.
- d. Orders relating to spacing in the Fulcher Basin Pool No. 541, 647, 748, 815.
- e. Orders relating to specific five (5) spot locations No. 733, 819, 826, 821, 828, 844.
- f. Order No. 799 relating to spacing in the Blanco Pool.
- g. Orders relating to specified pressure maintenance projects as follows:
  - (1) Loco Hills Pressure Maintenance Association, 339, 484, 498, 540, 562.
  - (2) Maljamar Cooperative Repressuring Agreement, 485, 495, 736, 793.
  - (3) Grayburg Unit Association, 659, 791, 802.
  - (4) Culbertson-Irwin Pressure Maintenance Project, 388.
  - (5) Langlie Unitized Pressuring Project, 340.
- h. Orders relating to pooling of interests in specified leases, No. 739, 780.
- i. Order No. 795 relating to a specific tank battery.
- j. Orders relating to dual completions on specified wells, No. 740, 750, 801, 810, 816, 829, 838.
- k. Order No. 831 rescinding the bonus discovery allowable.
- l. Order No. 779 relating to 80-acre spacing in the Crossroads Pool.
- m. Section 2 of Order No. 835, relating to gas-oil ratios.
- n. Order 846, establishing 80-acre spacing in Bagley-Hightower Pool.
- o. Order 33, relating to the proration plan for Monument Pool, Lea County, New Mexico.
- p. Order 398, relating to proration plan for Hobbs Pool.
- q. Orders No. 66 and 67, relating to carbon dioxide.

2. This order shall not affect in any way the validity of any statewide proration order heretofore issued.

3. An exception from the rules and regulations hereby adopted is granted until March 31, 1950, as to all presently existing oil and gas wells that have been in the past and are presently operated or the products thereof utilized in a manner differing from the requirements herein, but in compliance with former rules and regulations. If during said period the operator of any such well files with the Commission an application for a permanent exception for such well from the requirements of these rules and regulations, the temporary exception herein granted shall continue in force until the Commission has acted on such application.

4. The following rules and regulations are hereby adopted, effective January 1, 1950.  
DONE at Santa Fe, New Mexico, on this 9th day of December, 1949.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY

## I — SECONDARY RECOVERY AND PRESSURE MAINTENANCE

### RULE 701. PERMIT FOR INJECTION OF GAS, AIR, OR WATER

(a) The injection of gas or air or water into any reservoir for the purpose of maintaining reservoir pressure for secondary recovery or for water disposal, shall be permitted only by order of the Commission after a hearing.

(b) The application for all permits to inject gas, or air, or water into any reservoir shall contain the following:

1. A map showing the location of the intake well or wells and the location of all oil and gas wells including drilling wells and dry holes and the names of lessees within one-half mile of the intake well or wells and each offset operator.

2. The formations from which wells are producing or have produced.

3. The name, description, and depth of the formations to be affected by injection.

4. The log of the intake well or wells or such information as is available.

5. Description of the intake well's casing or the proposed casing program, and proposed method for testing casing before use of the input wells.

6. Statement as to whether gas, air, or water is to be used for injection, its source, and the estimated amounts to be injected daily.

7. The names and addresses of the operator or operators of the project.

### RULE 702. CASING AND CEMENTING OF INJECTION WELLS

Wells used for injection of gas, air, or water into the producing formation shall be cased with safe and adequate casing, or tubing so as to prevent leakage and such casing or tubing shall be so set or cemented that damage will not be caused to oil, gas or fresh water resources.

### RULE 703. NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS

The following provisions shall apply to all injection projects:

1. Immediately upon the commencement of injection operations, the operator shall notify the Commission of the injection date.

2. Within 10 days after the discontinuance of injection operations the operator shall notify the Commission of the date of such discontinuance and the reasons therefor.

3. Before any intake well shall be plugged, notice shall be served on the Commission by the owner of said well, and the same procedure shall be followed in the plugging of such well as provided for the plugging of oil and gas wells.

### RULE 704. RECORDS

The operator of an injection project shall keep accurate records and report monthly to the Commission the amount of oil produced, the volumes of fluid injected and the injection pressures.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1163  
Order No. R-930

APPLICATION OF THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO ON ITS OWN  
MOTION FOR AN ORDER AMENDING RULE  
701 OF THE COMMISSION RULES AND  
REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 17, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of December, 1956, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That Commission Rule 701 should be amended to provide for administrative approval of water disposal wells when the disposal formation is not productive of oil or gas in the area surrounding said well.

(3) That when the proposed disposal formation is productive of oil and/or gas in the area surrounding the proposed disposal well, the application should be the subject of a formal hearing.

IT IS THEREFORE ORDERED:

That Rule 701 of the New Mexico Oil Conservation Commission Rules and Regulations be and the same is hereby amended as follows:

RULE 701. PERMIT FOR INJECTION OF GAS, AIR, OR WATER.

(a) No change.

(b) No change.

(c) The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements

of Rule 701 (a) above for water disposal wells only without notice and hearing when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, and/or other general use, and when said waters are to be disposed of into a formation of greater than Triassic age (Lea County only) which is non-productive of oil and/or gas within a radius of two miles from the proposed injection well, providing that any water occurring naturally within said disposal formation is mineralized to such a degree as to be unfit for domestic, stock, irrigation, and/or other general use.

To obtain such administrative approval, operator shall submit in triplicate to the Commission at Santa Fe Commission form entitled, "Application to Dispose of Salt Water by Injection Into a Porous Formation Not Productive of Oil or Gas," together with evidence that a copy of said application was sent to the State Engineer Office, Box 1079, Santa Fe, as well as to all offset operators and the surface owner of the land upon which the well is located.

If no objection is received within 15 days from the date of receipt of the application, and the Secretary-Director is satisfied that all of the requirements above have been complied with and that the well is to be cased and cemented in such a manner that there will be no danger to oil, gas, or fresh water reservoirs, an administrative order approving the disposal well may be issued. In the event that the application is not granted administratively, it shall be set for public hearing.

The Commission may dispense with the 15-day waiting period if waivers of objection are received from all offset operators and the surface owner, and no objection is made by the State Engineer Office.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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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. 1787  
Order No. R-1525

APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO  
CONSIDER THE PROMULGATION OF STATEWIDE  
RULES GOVERNING THE OPERATION OF WATER  
FLOOD PROJECTS INCLUDING THE ASSIGNMENT  
OF PROJECT ALLOWABLES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 14, 1959, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th., day of November, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced, 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 Oil Conservation Commission called this case on its own motion to evaluate, in view of some two years' experience, the effect of unrestricted water flood production (capacity allowables) on the market for primary oil production in New Mexico as well as on primary exploration and development. Further, the Commission deemed it necessary to reconsider, in the light of additional engineering data, the question whether curtailed rates of production in water flood projects cause the physical waste of oil.

(3) That the evidence presented in this case, including the records in Case Nos. 1324 and 1294, which records were incorporated by reference into the record of this case, preponderates in favor of the engineering viewpoint that reasonable curtailment of production in water flood projects does not result in a loss of ultimate oil recovery.

(4) The evidence presented in this case establishes to the satisfaction of the Commission that unrestricted production in water flood projects has had a significant and adverse impact on the market available for primary oil produced in New Mexico, and to continue the practice of unrestricted water flood production will aggravate the market problem to a critical degree.

(5) That unrestricted water flood production has contributed to decreased normal unit allowables for Southeast New Mexico which in turn have been a factor in the decline of primary exploration and development.

(6) That the secondary recovery of oil by means of water flooding the producing formation is desirable as a conservation measure and should be encouraged by a statewide rule establishing allowables for such projects which are in excess of normal unit allowables but less than capacity allowables.

(7) That the evidence presented indicates that a relatively constant project injection rate is beneficial from the standpoint of economics and operational efficiency and convenience, and thus the maximum allowable for any particular water flood project should, insofar as possible and practicable, remain constant. Therefore, area allowable factors based upon past allowable histories in each of the marketing areas in New Mexico should be utilized rather than the current monthly normal unit allowables in calculating the water flood project allowable.

(8) That operators of water flood projects heretofore authorized by the Commission have purchased and installed facilities and mechanical equipment designed for producing wells in such projects at rates equal to their capacity to produce. For this reason, as well as for the reason set forth in Finding No. 7, all water flood projects authorized by the Commission prior to the date of this order should be exempted from the water flood allowable provisions of Rule 701 as set forth in this order.

(9) That the establishment of buffer zones between water flood projects may be necessary when offsetting water flood projects have varying allowable provisions. Rule 701 should, therefore, include a provision for the assignment of special allowables to wells in such buffer zones where it is established at a hearing that correlative rights cannot adequately be protected otherwise.

IT IS THEREFORE ORDERED:

(1) That Rule 701 of the Commission Rules and Regulations be and the same is hereby revised to read in its entirety as hereinafter set forth; provided however, that the allowable provisions contained in revised Rule 701 shall not apply to water flood projects heretofore authorized by the Commission or to legitimate expansions thereof.

RULE 701. INJECTION OF FLUIDS INTO RESERVOIRS

A. Permit for Injection Required

The injection of gas, liquefied petroleum gas, air, water, or any other medium into any reservoir for the purpose of maintaining reservoir pressure or for the purpose of secondary recovery or the injection of water into any formation for the purpose of water disposal shall be permitted only by order of the Commission after notice and hearing, unless otherwise provided herein.

B. Method of Making Application

Application for hearing to obtain authority for the injection of gas, liquefied petroleum gas, air, water, or any other medium into any formation for any reason shall include the following:

1. A plat showing the location of the proposed injection well or wells and the location of all other wells within a radius of two miles from said proposed injection well or wells, and the formation from which said wells are producing or have produced. The plat shall also indicate the lessees, if any there be, within said two-mile radius.
2. The log of the proposed injection well or wells if same is available.
3. A description of the proposed injection well or wells' casing program.
4. Other pertinent information including the name and depth of the zone or formation into which injection will be made, the kind of fluid to be injected, the anticipated amounts to be injected, and the source of said injection fluid.

C. Salt Water Disposal Wells

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701(A) for water disposal wells only, without notice and hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, and/or other general use, and when said waters are to be disposed of into a formation of greater than Triassic age (Lea County only) which is non-productive of oil and/or gas within a radius of two miles from the proposed injection well, providing that any water occurring naturally within said disposal formation is mineralized to such a degree as to be unfit for domestic, stock, irrigation, and/or other general use.

To obtain such administrative approval, operator shall submit in triplicate to the Commission at Santa Fe. Commission form entitled, "Application to Dispose of Salt Water by Injection Into a Porous Formation Not Productive of Oil or Gas," together with evidence that a copy of said application was sent to the State Engineer Office, Box 1079, Santa Fe, as well as to all offset operators and the surface owner of the land upon which the well is located.

If no objection is received within 15 days from the date of receipt of the application, and the Secretary-Director is satisfied that all of the above requirements have been complied with, and that the well is to be cased and cemented in such a manner that there will be no danger to oil, gas, or fresh water reservoirs, an administrative order approving the disposal well may be issued. In the event that the application is not granted administratively, it shall be set for public hearing, if the operator so requests.

The Commission may dispense with the 15-day waiting period if waivers of objection are received from all offset operators and the surface owner, and no objection is made by the State Engineer Office.

D. Pressure Maintenance Projects

1. Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up and/or maintain the reservoir pressure in an area which has not reached the advanced or "stripper" state of depletion.

2. The project area and the allowable formula for any pressure maintenance project shall be fixed by the Commission on an individual basis after notice and hearing.

E. Water Flood Projects

1. Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.

2. The project area of a water flood project shall comprise the proration units upon which injection wells are located plus all proration units which directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided

however, that additional proration units not directly nor diagonally offsetting an injection tract may be included in the project area if, after notice and hearing, it has been established that such additional units have wells completed thereon which have experienced a substantial response to water injection.

3. The maximum allowable assigned to any water flood project area shall be determined by multiplying the number of proration units in the project area times the basic Area Allowable Factor (as determined in subparagraph 4 below) times the appropriate proportional (depth) factor for the pool as set forth in Rule 505 (b). The allowable assigned to any water flood project area in which there are proration units containing more than one well shall be increased by an amount of oil equal to 0.333 times the basic Area Allowable Factor times the proportional (depth) factor for the pool for each such additional well on the proration unit; provided however, that the additional allowable for any such proration unit shall not exceed the basic Area Allowable Factor times the proportional (depth) factor for the pool.

The project area allowable may be produced from any well or wells in the project area in any proportion.

The production from a water flood project area shall be identified as such on the monthly Commission Form C-115.

Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. Special allowables may also be assigned in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

4. The basic 40-acre Area Allowable Factor for the counties of Lea, Eddy, Chaves, and Roosevelt shall be 42. The basic 40-acre Area Allowable Factor for the counties of San Juan, Rio Arriba, Sandoval, and McKinley shall be 52.

5. Water flood projects shall be expanded and additional wells placed on injection only upon authority from the Commission after notice and hearing or by administrative procedure in accordance with the following:

In order for a well in a water flood project to be eligible for administrative approval for conversion to water injection, it must be established to the

satisfaction of the Secretary-Director of the Commission that the proposed water injection well has experienced a substantial response to water injection or is directly offset by a producing well which has experienced such response, and that the proposed injection well is located on a water injection pattern which will result in a thorough and efficient sweep of oil by the water flood.

To obtain administrative approval for the conversion of any well to water injection, applicant shall submit to the Commission in triplicate a request for such administrative approval, setting forth therein all the facts pertinent to the need for conversion of additional wells to water injection, and attaching thereto Commission Form C-116, showing production tests of the affected well or wells both before and after stimulation by water flood. Applicant shall also attach plats of the water flood project area and immediate surrounding area, indicating thereon the owner of each lease and the location of all water injection wells and producing wells, and shall submit evidence that a copy of the application to convert additional wells to water injection has been sent to each operator offsetting the proposed injection well and to the State Engineer.

The Secretary-Director may, if in his opinion there is need for conversion of additional wells to water injection, authorize such conversion without notice and hearing, provided that no offset operator nor the State Engineer objects to the proposed conversion within fifteen (15) days. The Secretary-Director may grant immediate approval of the proposed conversion upon receipt of waivers of objection from all operators offsetting the proposed injection well and from the State Engineer.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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A. L. PORTER, Jr., Member & Secretary

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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. 1898  
Order No. R-1644

APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO  
CONSIDER A REVISION OF RULE 701 TO  
REQUIRE CERTAIN WELL TESTS AND TO  
CONSIDER REVISION OF COMMISSION  
FORM C-120.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of April, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 evidence presented establishes that in order to effectively prorate waterflood projects, monthly tests should be conducted on all wells outside a prorated waterflood project area as defined in this Rule which are producing into common facilities with wells inside a prorated waterflood project area.

(3) That Rule 701 of the Commission Rules and Regulations should be revised by the inclusion of the following provision between the third and fourth paragraphs of Section E (3) of said Rule 701:

Each and every well outside a prorated waterflood project area which is producing into common facilities with wells inside a prorated waterflood project area shall be tested once each month and the results of such tests shall be included on the monthly Commission Form C-120 filed for said project.

(4) That Commission Form C-120 should be revised so that the result of said well tests can be furnished thereon.

(5) That for good cause shown, the Secretary-Director should have the authority to grant exceptions to said testing requirements.

IT IS THEREFORE ORDERED:

(1) That Rule 701 of the Commission Rules and Regulations, be and the same is hereby revised to include the following provisions between the third and fourth paragraphs of Section E (3) of said Rule 701:

Each and every well outside a prorated waterflood project area which is producing into common facilities with wells inside a prorated waterflood project area shall be tested once each month and the results of such tests shall be included on the monthly Commission Form C-120 filed for said project.

The Secretary-Director is empowered to grant exceptions to this provision without notice and hearing when an application therefor is filed in due form, and the facts presented justify such exception.

(2) That Commission Form C-120, be and the same is hereby revised as shown in Appendix "A", attached hereto and made a part hereof.

(3) That the effective date of this order is May 1, 1960.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE No. 2809  
Order No. R-2490

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO  
CONSIDER A REVISION OF RULE 701-B  
701-C, AND 701-E OF THE COMMISSION  
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 15, 1963, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of May, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for certain changes in Rule 701 of the Commission Rules and Regulations as the same relates to the method of filing applications and the data which should accompany said applications for hearings and for administrative approval by the Secretary-Director of the Commission for the approval of wells to be used for pressure maintenance or secondary recovery fluid injection, or for salt water disposal.

(3) That approval of the proposed rule changes will enable the Oil Conservation Commission to more efficiently administer the laws of the State of New Mexico as they relate to conservation of oil and gas.

IT IS THEREFORE ORDERED:

(1) That Rule 701-B of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

B. Method of Making Application

Application for original authority for the injection of gas, liquefied petroleum gas, air, water, or any other medium into any formation for any reason, including salt water disposal, or for the expansion of any such injection project by the completion or conversion of additional well(s) shall include the following:

1. A plat showing the location of the proposed injection well(s) and the location of all other wells within a radius of two miles from said proposed injection well(s) and the formation from which said wells are producing or have produced. The plat shall also indicate the lessees, if any there be, within said two-mile radius.
2. The log of the proposed injection well(s) if same is available.
3. A diagrammatic sketch of the proposed injection well(s) showing all casing strings, including diameters and setting depths, quantities used and tops of cement, perforated or open hole intervals, tubing strings, including diameters and setting depths, and the type and location of packers, if any.
4. Other pertinent information including the name and depth of the zone or formation into which injection will be made, the kind of fluid to be injected, the anticipated volumes to be injected, and the source of said injection fluid.
5. Evidence that a copy of the application, complete with all attachments, has been sent to the State Engineer Office, Box 1079, Santa Fe.

(2) That Rule 701-C of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

C. Salt Water Disposal Wells

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701-A for water disposal wells only, without notice and hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) which is non-productive of oil or gas within a radius of two miles from the proposed injection well, providing that any water occurring naturally within said disposal formation is mineralized to such a

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Order No. R-2490

degree as to be unfit for domestic, stock, irrigation, and/or other general use.

To obtain such administrative approval, operator shall submit in triplicate Commission form entitled, "Application to Dispose of Salt Water by Injection Into a Porous Formation Not Productive of Oil or Gas," said application to be filed in accordance with Rule 701-B above. Copies of the application shall also be sent to all offset operators and to the surface owner of the land upon which the well is located.

If no objection is received within 15 days from the date of receipt of the application, and the Secretary-Director is satisfied that all of the above requirements have been complied with, and that the well is to be cased and cemented in such a manner that there will be no danger to oil, gas, or fresh water reservoirs, an administrative order approving the disposal may be issued. In the event that the application is not granted administratively, it shall be set for public hearing, if the operator so requests.

The Commission may dispense with the 15-day waiting period if waivers of objection are received from all offset operators, the surface owner, and the State Engineer.

(3) That Section 5 of Rule 701-E, Water Flood Projects, be and the same is hereby amended to read in its entirety as follows:

5. Water flood projects shall be expanded and additional wells placed on injection only upon authority from the Commission after notice and hearing or by administrative procedure in accordance with the following:

In order for a well in a water flood project to be eligible for administrative approval for conversion to water injection, it must be established to the satisfaction of the Secretary-Director of the Commission that the proposed water injection well has experienced a substantial response to water injection or is directly offset by a producing well which has experienced such response, and that the proposed injection well is located on a water injection pattern which will result in a thorough and efficient sweep of oil by the water flood.

To obtain such administrative approval, operator shall submit in triplicate an application in accordance with Rule 701-B above. The application shall also state the order number which originally authorized the water flood project, and shall set forth all the facts pertinent to the need for conversion of additional wells to water injection. It shall also be accompanied by Commission

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Form C-116, showing production tests of the affected well(s) both before and after stimulation by water flood. A copy of the application shall also be sent to each operator offsetting the proposed injection well.

The Secretary-Director may, if in his opinion there is need for conversion of the additional wells to water injection, authorize such conversion without notice and hearing, provided that no offset operator or the State Engineer objects to the proposed conversion within fifteen (15) days. The Secretary-Director may grant immediate approval of the proposed conversion upon receipt of waivers of objection from all operators offsetting the proposed injection well and from the State Engineer.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE No. 3028  
No. R-2761

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION COMMISSION ON ITS OWN MOTION  
TO CONSIDER THE REVISION OF CERTAIN EXISTING  
FORMS, THE ADOPTION OF CERTAIN NEW FORMS, AND  
THE AMENDMENT OF CERTAIN RULES PERTAINING TO  
THE FILING OF FORMS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 8, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of September, 1964, 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 certain forms have been designed by the Interstate Oil Compact Commission and recommended for adoption by state oil and gas regulatory agencies.
- (3) That the adoption of such forms with certain modifications by the New Mexico Oil Conservation Commission will be in the interest of increased efficiency and lower operating costs to the oil and gas industry in this State.
- (4) That the adoption of said forms by the Commission will be in the interest of increased efficiency to the Oil Conservation Commission.
- (5) That certain rules and regulations of the Commission should be amended to facilitate adoption of said forms.

(6) That Rule 7(A) of Order No. R-1670 governing the pro-rated gas pools in Northwest New Mexico and Southeast New Mexico and Rule 1121 should be amended to require the monthly filing of supplemental nominations by gas purchasers.

(7) That the adoption of the Interstate Oil Compact Commission forms as modified and the aforesaid amendments to the rules will enable the Oil Conservation Commission to more efficiently and effectively administer the laws of the State of New Mexico concerning the conservation of oil and gas, the prevention of waste, and the protection of correlative rights.

IT IS THEREFORE ORDERED:

(1) That Commission Form C-101, Notice of Intention to Drill, be revised as shown by Exhibit 1 attached hereto and made a part hereof, and that the name of said form be changed to Application for Permit to Drill, Deepen, or Plug Back.

(2) That Commission Form C-128, Well Location and Acreage Dedication Plat, be revised as shown by Exhibit 2 attached hereto and made a part hereof, and that the number of said form be changed to Form C-102.

(3) That Commission Form C-102, Miscellaneous Notices, and Commission Form C-103, Miscellaneous Reports on Wells, both be abolished; that a new Form C-103 entitled Sundry Notices and Reports on Wells, as shown by Exhibit 3 attached hereto and made a part hereof, be adopted.

(4) That Commission Form C-104, Request for (oil) - (gas) Allowable, and Commission Form C-110, Certificate of Compliance and Authorization to Transport Oil and Natural Gas, both be abolished; that a new Form C-104 entitled Request for Allowable and Authorization to Transport Oil and Natural Gas, as shown by Exhibit 4 attached hereto and made a part hereof, be adopted.

(5) That Commission Form C-105, Well Record, be revised as shown by Exhibit 5 attached hereto and made a part hereof, and that the name of said form be changed to Well Completion or Recompletion Report and Log.

(6) That the format of Commission Form C-106, Notice of Intention to Utilize Automatic Custody Transfer Equipment, as

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Order No. R-2761

shown by Exhibit 6 attached hereto and made a part hereof, be adopted.

(7) That Commission Form C-107, Application for Multiple Completion, as shown by Exhibit 7 attached hereto and made a part hereof, be adopted.

(8) That Commission Form C-108, Application to Dispose of Salt Water by Injection Into a Porous Formation, as shown by Exhibit 8 attached hereto and made a part hereof, be adopted.

(9) That Commission Form C-111, Monthly Gas Report, and Commission Form C-114, Gasoline or Other Extraction Plant Monthly Report, both be abolished; that a new Form C-111 entitled Gas Purchaser's Monthly Report, Sheets 1 and 2, as shown by Exhibits 9 and 9-A attached hereto and made a part hereof, be adopted.

(10) That Commission Form C-112, Transporter's and Storer's Monthly Report, be revised as shown by Exhibit 10 attached hereto and made a part hereof.

(11) That Commission Form C-113, Refiner's Monthly Report, Sheets 1 and 2, be revised as shown by Exhibits 11 and 11-A attached hereto and made a part hereof.

(12) That Commission Form C-115, Operator's Monthly Report, and Commission Form C-115-EDP, Operator's Monthly Report (electronic data processing), as shown by Exhibits 12 and 13 attached hereto and made a part hereof, both adopted October 1, 1961, be continued in use without change.

(13) That Commission Form C-116, Gas-Oil Ratio Report, be revised as shown by Exhibit 14 attached hereto and made a part hereof, and that the name of said form be changed to Gas-Oil Ratio Tests.

(14) That the format of Commission Form C-117-A, Sediment Oil Destruction Permit, and Commission Form C-117-B, Sediment Oil Recovery Permit, as shown by Exhibits 15 and 16 attached hereto and made a part hereof, be adopted.

(15) That the format of Commission Form C-118, Treating Plant Operator's Monthly Report, Sheets 1 and 1-A, as shown by Exhibits 17 and 17-A attached hereto and made a part hereof, be adopted.

(16) That Commission Form C-119, Carbon Black Plant Monthly Report, be revised as shown by Exhibit 18 attached hereto and made a part hereof.

(17) That the format of Commission Form C-120, Monthly Injection Report, and Commission Form C-120-A, Monthly Water Disposal Report, as shown by Exhibits 19 and 20 attached hereto and made a part hereof, be adopted.

(18) That Commission Form C-121, Crude Oil Purchaser's Nomination, as shown by Exhibit 21 attached hereto and made a part hereof, adopted December 1, 1955, be continued in use without change.

(19) That Commission Form C-121-A, Purchaser's Gas Nomination, be revised as shown by Exhibit 21-A attached hereto and made a part hereof.

(20) That the format of Commission Form C-122, Multi-Point Back Pressure Test for Gas Wells, Commission Form C-122-B, Initial Potential Test Data Sheet, and Commission Form C-122-C, One-Point Back Pressure Test for Gas Wells, as shown by Exhibits 22, 23, and 24 attached hereto and made a part hereof, be adopted.

(21) That Commission Form C-122-A, Gas Well Test Data Sheet - San Juan Basin, as shown by Exhibits 25 (blue) and 26 attached hereto and made a part hereof, adopted April 20, 1955, for initial and annual deliverability tests, respectively, be continued in use without change.

(22) That Commission Form C-123, Request for the Extension of an Existing Pool or the Creation of a New Pool, as shown by Exhibit 27 attached hereto and made a part hereof, adopted July 1, 1952, be continued in use without change.

(23) That Commission Form C-124, Reservoir Pressure Report, be revised as shown by Exhibit 28 attached hereto and made a part hereof.

(24) That the format of Commission Form C-125, Gas Well Shut-in Pressure Report, as shown by Exhibit 29 attached hereto and made a part hereof, be adopted.

(25) That Commission Form C-126, Permit to Transport Recovered Load Oil, be revised as shown by Exhibit 30 attached hereto and made a part hereof.

(26) That the format of Commission Form C-127, Request for Allowable Change, as shown by Exhibit 31 attached hereto and made a part hereof, be adopted, the name of said form being changed from Oil Producers Nomination Request for Allowable Changes.

(27) That the format of the Packer Setting Report, as shown by Exhibit 32 attached hereto and made a part hereof, be adopted.

IT IS FURTHER ORDERED:

(1) That Rule 104 E be amended to read in its entirety as follows:

"E. Form C-101, Application for Permit to Drill, Deepen, or Plug Back for any well shall designate the exact legal subdivision allotted to the well and no Form C-101 will be approved by the Commission or any of its agents without such proper designation of acreage."

(2) That Rule 111(b) be amended to make reference in two places to Commission Form C-103 rather than to Commission Form C-102.

(3) That the first paragraph of Rule 112-A, Section IV, be amended to read in its entirety as follows:

"IV. ADMINISTRATIVE PROCEDURE

Application for administrative approval of a multiple completion shall be made in QUADRUPPLICATE, with two copies of the application to be mailed to the Commission's Santa Fe Office, and two copies to the District Office for the area in which the well is located. Application shall be made on Commission Form C-107, Application for Multiple Completion, and shall be accompanied by the following:"

(4) That Rule 112-A, Section V, be amended to read in its entirety as follows:

"V. Application for public hearing to authorize a multiple completion shall be made in TRIPLICATE to the Commission's Santa Fe Office. Application shall be made on Commission Form C-107, Application for Multiple Completion, and shall set forth all material facts relative to the common sources of supply involved

and the manner and method of completion proposed. Application shall be accompanied by an exhibit showing the location of all wells on the applicant's lease and all offset wells on offset leases."

(5) That Rule 112-A, Section VI (d) be amended to read in its entirety as follows:

"(d) A packer setting report shall accompany the report of the initial segregation test and packer-leakage test, if applicable."

(6) That Rule 201 be amended to make reference to Commission Form C-103, Sundry Notices and Reports on Wells, rather than to Form C-102.

(7) That the last sentence of the second paragraph of Rule 202 (a) be amended to read in its entirety as follows:

"The filing of Form C-105, Well Completion or Recompletion Report and Log, is also necessary to obtain Commission approval of a plugging report."

(8) That Rules 312 (b) and 312 (c) be amended to read in their entirety as follows:

"(b) Such permit shall entitle the treating plant operator to an approved Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for the total amount of products secured from sediment oils processed by the operator. All permits shall be revocable, after notice and hearing, upon showing of good cause."

"(c) All treating plant operators shall file a monthly report which shall support the Commission Form C-104 for the net oil recovered and sold during the preceding month. See Rule 1118."

(9) That Rule 314 (d) be amended to make reference to Commission Form C-104 rather than to Commission Form C-110.

(10) That the third paragraph of Rule 401 be amended to make reference to Rule 1122 rather than to Rule 1121.

(11) That Rule 504 (b) be amended to read in its entirety as follows:

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"(b) No well shall be placed on the proration schedule until Form C-104 has been filed with and approved by the Commission."

(12) That the second paragraph of Rule 701 C be amended to read in its entirety as follows:

"To obtain such administrative approval, operator shall submit in TRIPLICATE Commission Form C-108, Application to Dispose of Salt Water by Injection Into a Porous Formation, said application to be filed in accordance with Rule 701 B above. Copies of the application shall also be sent to all offset operators and to the surface owner of the land upon which the well is located."

(13) That the first paragraph of Rule 705 be amended to read in its entirety as follows:

"Application for permit to drill storage wells for the purpose of storing liquefied petroleum gases shall be submitted to the Secretary-Director of the Commission for approval. In addition to Form C-101, Application for Permit to Drill, Deepen, or Plug Back, the operator shall submit the following:"

That Section 2 of Rule 705 be amended to read in its entirety as follows:

"2. Upon completion of the proposed well, operator shall submit Form C-105, Well Completion or Recompletion Report and Log, a diagrammatic sketch of the finished installation, and an estimate of the storage capacity of the cavity."

(14) That Exception (2) and also the first paragraph of Rule 803 be amended to make reference to Commission Form C-104 rather than to Form C-110.

(15) That Rule 1002 be amended to read in its entirety as follows:

"Each operator of a gasoline plant, cycling plant, or any other plant at which gasoline, butane, propane, condensate, kerosene, oil, or other liquid products are extracted from natural gas within the State of New Mexico shall furnish for each calendar month a Gas Purchaser's Monthly Report, Form C-111, containing the information indicated by such form respecting natural gas and products involved in the operation of each plant during each month."

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(This rule shall also be applicable to plants in the State of New Mexico processing carbon dioxide gas into liquid or solid form.)  
See Rule 1111.

"Form C-111 shall be filed in accordance with the provisions of Rule 1111."

(16) That Rule 1301 be amended to read in its entirety as follows:

"To expedite the administration of the work of the Commission and the enforcement of its rules and regulations, the State shall be divided into four districts as follows:

DISTRICT 1      Lea, Roosevelt, and Curry Counties,  
and that portion of Chaves County  
lying East of the North-South line  
dividing Ranges 29 and 30 East, NMPM.

Office at 1000 West Broadway, Hobbs.

Mailing Address:

N. M. Oil Conservation Commission  
P. O. Box 1980  
Hobbs, New Mexico 88240

DISTRICT 2      Eddy, Otero, Dona Ana, Luna, Hidalgo,  
Grant, Sierra, Lincoln, and De Baca  
Counties, and that portion of Chaves  
County lying West of the North-South  
line dividing Ranges 29 and 30 East,  
NMPM.

Office at 10th and Dallas Streets,  
Artesia.

Mailing Address:

N. M. Oil Conservation Commission  
Drawer DD  
Artesia, New Mexico 88210

DISTRICT 3      San Juan, Rio Arriba, McKinley, and  
Sandoval Counties.

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Office at 1000 Rio Brazos Road,  
Aztec.

Mailing Address:

N. M. Oil Conservation Commission  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

DISTRICT 4      Remainder of State.

Office in State Land Office Building,  
Santa Fe.

Mailing Address:

N. M. Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Each district office shall be under the charge of a district supervisor, an oil and gas inspector, a deputy oil and gas inspector, or a member of the Commission. Unless otherwise specifically required, all matters pertaining to the Commission shall be taken care of through the district office of the district in which the affected land is located."

(17) That Rule 1302 be amended to read in its entirety as follows:

"All reports and forms required by the rules to be filed with the Commission shall be filed in the number and at the time specified on the form or report or by the applicable rule in Section M, Reports, of these rules. Unless otherwise specified, all such reports and forms shall be filed at the district office of the district in which the land that is the subject matter of the report is located. All plugging bonds shall be filed directly at the Santa Fe Office of the Commission. A list of all plugging bonds approved and in force shall be kept in each district office."

IT IS FURTHER ORDERED:

That Section M, Reports, of the General Rules and Regulations of the Oil Conservation Commission be amended to read in its entirety as follows:

M - REPORTS

RULE 1100. GENERAL

A. Where to File Reports

Unless otherwise specifically provided for in any rule or order of the Commission, all forms and reports required by these rules shall be filed with the appropriate District Office of the Commission as provided in Rules 1301 and 1302.

B. Additional Data

These rules shall not be construed to limit or restrict the authority of the Oil Conservation Commission to require the furnishing of such additional reports, data, or other information relative to the production, transportation, storing, refining, processing, or handling of crude petroleum oil, natural gas, or products in the State of New Mexico as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of natural resources of the State of New Mexico.

C. Books and Records

All producers, transporters, storers, refiners, gasoline or extraction plant operators, and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period of not less than five years, covering their operations in New Mexico, from which they may be able to make and substantiate the reports required by these rules.

D. Written Notices, Requests, Permits, and Reports

The forms listed below shall be used for the purpose shown in accordance with the instructions printed thereon and the rule covering the form, or any special rule or order pertaining to its use.

Form C-101	Application for Permit to Drill, Deepen, or Plug Back
Form C-102	Well Location and Acreage Dedication Plat
Form C-103	Sundry Notices and Reports on Wells

Form C-104	Request for Allowable and Authorization to Transport Oil and Natural Gas
Form C-105	Well Completion or Recompletion Report and Log
Form C-106	Notice of Intention to Utilize Automatic Custody Transfer Equipment
Form C-107	Application for Multiple Completion
Form C-108	Application to Dispose of Salt Water by Injection Into a Porous Formation
Form C-111	Gas Purchaser's Monthly Report (Sheet 1 and Sheet 2)
Form C-112	Transporter's and Storer's Monthly Report
Form C-113	Refiner's Monthly Report (Sheet 1 and Sheet 2)
Form C-115	Operator's Monthly Report
Form C-115-EDP	Operator's Monthly Report (electronic data processing)
Form C-116	Gas-Oil Ratio Tests
Form C-117-A	Sediment Oil Destruction Permit
Form C-117-B	Sediment Oil Recovery Permit
Form C-118	Treating Plant Operator's Monthly Report (Sheet 1 and Sheet 1-A)
Form C-119	Carbon Black Plant Monthly Report
Form C-120	Monthly Injection Report
Form C-120-A	Monthly Water Disposal Report
Form C-121	Crude Oil Purchaser's Nomination
Form C-121-A	Purchaser's Gas Nomination
Form C-122	Multi-Point Back Pressure Test for Gas Wells
Form C-122-A	Gas Well Test Data Sheet - San Juan Basin (Initial Deliverability Test blue paper, Annual Deliverability Test white)
Form C-122-B	Initial Potential Test Data Sheet
Form C-122-C	One-Point Back Pressure Test for Gas Wells
Form C-123	Request for the Extension of an Existing Pool or the Creation of a New Pool
Form C-124	Reservoir Pressure Report
Form C-125	Gas Well Shut-in Pressure Report
Form C-126	Permit to Transport Recovered Load Oil
Form C-127	Request for Allowable Change

**RULE 1101. APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK (Form C-101)**

Before commencing drilling or deepening operations, or before plugging a well back to another zone, the operator of the

well must obtain a permit to do so. To obtain such permit, the operator shall submit to the Commission FIVE copies of Form C-101, Application for Permit to Drill, Deepen, or Plug Back, completely filled out. If the operator has an approved bond in accordance with Rule 101, one copy of the Drilling Permit will be returned to him on which will be noted the Commission's approval, with any modification deemed advisable. If the proposal cannot be approved for any reason, the Forms C-101 will be returned with the cause for rejection stated thereon.

Form C-101 must be accompanied by THREE copies of Form C-102, Well Location and Acreage Dedication Plat. (See Rule 1102.)

If the well is to be drilled on State land, submit SIX copies of Form C-101 and FOUR copies of Form C-102, the extra copy of each form being for the State Land Office.

**RULE 1102. WELL LOCATION AND ACREAGE DEDICATION PLAT (Form C-102)**

Form C-102 is a dual purpose form used to show the exact location of the well and the acreage dedicated thereto. The form is also used to show the ownership and status of each lease contained within the dedicated acreage. When there is more than one working interest or royalty owner on a given lease, designation of the majority owner et al. will be sufficient.

All information required on Form C-102 shall be filled out and certified by the operator of the well except the well location on the plat. This is to be plotted from the outer boundaries of the section and certified by a registered professional engineer and/or land surveyor, registered in the State of New Mexico, or a surveyor approved by the Commission.

Form C-102 shall be submitted in TRIPLICATE or QUADRUPPLICATE as provided in Rule 1101.

Amended Form C-102 (in TRIPLICATE or QUADRUPPLICATE) shall be filed in the event there is a change in any of the information previously submitted. The well location need not be certified when filing amended Form C-102.

**RULE 1103. SUNDRY NOTICES AND REPORTS ON WELLS (Form C-103)**

Form C-103 is a dual purpose form to be filed with the appropriate District Office of the Commission to obtain Commission

approval prior to commencing certain operations and also to report various completed operations.

A. Form C-103 as a Notice of Intention

Form C-103 shall be filed in TRIPLICATE by the operator and approval obtained from the Commission prior to:

- (1) Effecting a change of plan from those previously approved on Form C-101 or Form C-103.
- (2) Altering a drilling well's casing program or pulling casing or otherwise altering an existing well's casing installation.
- (3) Temporarily abandoning a well.
- (4) Plugging and abandoning a well.
- (5) Performing remedial work on a well. (This shall include such work as acidizing, squeezing, perforating, fracturing, and similar operations on previously completed wells, but is not applicable to new wells in the process of being completed or to old wells being drilled deeper or plugged back to another zone when such recompletion has been authorized by an approved Form C-101, Application for Permit to Drill, Deepen, or Plug Back.)
- (6) Performing any such other operations which, when completed, will affect the original status of the well. (Notice of Intention to install artificial lift equipment is not required.)

In the case of well plugging operations, the Notice of Intention shall include a detailed statement of the proposed work, including plans for shooting and pulling casing, plans for mudding, including weight of mud, plans for cementing, including number of sacks of cement and depths of plugs, and the time and date of the proposed plugging operations. If not previously filed, a complete log of the well on Form C-105 (see Rule 1105) shall accompany the Notice of Intention to plug the well; the bond will not be released until this is complied with.

B. Form C-103 as a Subsequent Report

Form C-103 as a subsequent report of operations shall be filed in accordance with the section of this rule applicable to the particular operation being reported.

Form C-103 is to be used in reporting such completed operations as:

- (1) Commencement of drilling operations
- (2) Casing and cement test
- (3) Altering a well's casing installation
- (4) Temporary abandonment
- (5) Plug and abandon
- (6) Plugging back or deepening
- (7) Remedial work
- (8) Installation of artificial lifting equipment
- (9) Change in ownership of a drilling well
- (10) Such other operations which affect the original status of the well but which are not specifically covered herein

Information to be entered on Form C-103, Subsequent Report, for a particular operation is as follows:

(1) Report of Commencement of Drilling Operations

Within ten days following the commencement of drilling operations, the operator of the well shall file a report thereof on Form C-103 in TRIPLICATE. Such report shall indicate the hour and the date the well was spudded.

(2) Report of Results of Test of Casing and Cement Job; Report of Casing Alteration

A report of casing and cement test shall be filed by the operator of the well within ten days following the setting of each string of casing or liner. Said report shall be filed in TRIPLICATE on Form C-103 and shall present a detailed description of the test method employed and the results obtained by such test, and any other pertinent information required by Rule 107. The report shall also indicate the top of the cement and the means by which such top was determined. It shall also indicate any changes from the casing program previously authorized for the well.

(3) Report of Temporary Abandonment

A report of temporary abandonment of a well shall be filed by the operator of the well within ten days following completion of the work. The report shall be filed in TRIPLICATE and shall present a detailed account of the work done on the well, including location and type of plugs used, if any, type and status of surface and down-hole equipment, and any other pertinent information relative to the overall status of the well.

(4) Report on Plugging of Well

A report of plugging operations shall be filed by the operator of the well within 30 days following completion of plugging operations on any well. Said report shall be filed in TRIPLICATE on Form C-103 and shall include the date the plugging operations were begun and the date the work was completed, a detailed account of the manner in which the work was performed including the depths and lengths of the various plugs set, the nature and quantities of materials employed in the plugging operations including the weight of the mud used, the size and depth of all casing left in the hole, and any other pertinent information. (See Rules 201-204 regarding plugging operations.)

No plugging report will be approved by the Commission until the pits have been filled and the location levelled and cleared of junk. It shall be the responsibility of the operator to contact the appropriate District Office of the Commission when the location has been so restored in order to arrange for an inspection of the plugged well and the location by a Commission representative.

(5) Report of Remedial Work

A report of remedial work performed on a well shall be filed by the operator of the well within 30 days following completion of such work. Said report shall be filed in QUADRUPPLICATE on Form C-103 and shall present a detailed account of the work done and the manner in which such work was performed; the daily production of oil, gas, and water both prior to and after the remedial operation; the size and depth of shots; the quantity of sand, crude, chemical or other materials employed in the operation, and any other pertinent information. Among the remedial work to be reported on Form C-103 are the following:

- (a) Report on shooting, fluid fracturing or chemical treatment of a previously completed well
- (b) Report on squeeze job
- (c) Report on setting of liner or packer
- (d) Report of installation of pumping equipment or gas lift facilities
- (e) Report of any other remedial operations which are not specifically covered herein

(6) Report on Deepening or Plugging Back

A report of deepening or plugging back shall be filed by the operator of the well within 30 days following completion of such operations on any well. Said report shall be filed in QUADRUPPLICATE on Form C-103 and shall present a detailed account of the work done and the manner in which such work was performed. If the well is recompleted in the same pool, it shall also report the daily production of oil, gas, and water both prior to and after recompletion. If the well is recompleted in another pool, Form C-104 must also be filed in accordance with Rule 1104.

(7) Report of Change in Ownership of a Drilling Well

A report of change of ownership shall be filed by the new owner of any drilling well within ten days following actual transfer of ownership. Said report shall be filed in TRIPLICATE on Form C-103 and shall include the name and address of both the new owner and the previous owner, the effective date of the change of ownership, and any other pertinent information. No change in the ownership of a drilling well will be approved by the Commission unless the new owner has an approved bond in accordance with Rule 101. (Form C-104 shall be used to report transfer of ownership of a completed well; see Rule 1104.)

(8) Other Reports on Wells

Reports on any other operations which affect the original status of the well but which are not specifically covered herein shall be submitted to the Commission on Form C-103, in TRIPLICATE, by the operator of the well within ten days following the completion of such operation.

RULE 1104. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS (Form C-104)

- (1) Form C-104 completely filled out by the operator

of the well must be filed in QUINTUPLICATE before an allowable will be assigned to any newly completed or recompleted well. (A recompleted well shall be considered one which has been deepened or plugged back to produce from a different pool than previously.) Form C-104 must be accompanied by a tabulation of all deviation tests taken on the well as provided by Rule 111.

(2) The allowable assigned to an oil well shall be effective at 7:00 o'clock a.m. on the date of completion, provided the Form C-104 is received by the Commission during the month of completion. Date of completion shall be that date when new oil is delivered into the stock tanks.

Unless otherwise specified by special pool rules, the allowable assigned to a gas well shall be effective at 7:00 o'clock a.m. on the date of connection to a gas transportation facility, as evidenced by an affidavit of connection from the purchaser to the Commission, or the date of receipt of Form C-104 by the Commission, whichever date is later.

(3) No allowable will be assigned to any well until a standard unit for the pool in which the well is completed has been dedicated by the owner, or a non-standard unit has been approved by the Commission, or a standard unit has been communitized or pooled and dedicated to the well.

(4) No allowable will be assigned to any well until all forms and reports due have been received by the Commission and the well is otherwise in full compliance with these rules.

(5) Form C-104 with Sections I, II, III, and VI, completely filled out shall be filed in QUINTUPLICATE by the operator of the well in the event there is a change of ownership of any producing well, injection well, or disposal well, or a change of transporter (oil, condensate, casinghead gas, or dry gas), a change in pool designation, lease name, or well number, or any other pertinent change in condition of any such well. When filing Form C-104 for change of ownership, the new operator shall file the form in the above manner, and shall give the name and address of the previous as well as the present operator. The Form C-104 will not be approved by the Commission unless the new operator has an approved bond in compliance with Rule 101.

(6) Whenever there is a temporary change in transporter and oil is to be moved from the lease by anyone other than

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the regular transporter authorized by an approved Form C-104, the operator shall notify the appropriate District Office of the Commission in writing within three days after the oil is moved, furnishing such information as may be required by the District Office. The operator shall furnish copies of the notification to the regular transporter and to the temporary transporter. This paragraph is intended to deal primarily with authorized batch movements of oil by the operator for use as load oil, frac oil, etc.; eventual sale of this oil is governed by Rules 508 and 1126.

**RULE 1105. WELL COMPLETION OR RECOMPLETION REPORT AND LOG  
(Form C-105)**

Within 20 days following the completion or recompletion of any well, the operator shall file Form C-105 with the Commission. It must be filed in QUINTUPLICATE and each copy be accompanied by a summary of all special tests conducted on the well, including drill stem tests. In addition, one copy of all electrical and radioactivity logs run on the well must be filed with Form C-105. If the Form C-105 with attached log(s) and summaries is not received by the Commission within the specified 20-day period, the allowable for the well will be withheld until this rule has been complied with.

In the case of a dry hole, a complete record of the well on Form C-105 with the above attachments shall accompany the notice of intention to plug the well, unless previously filed. The plugging report will not be approved nor the bond released until this rule has been complied with.

Form C-105 and accompanying attachments will not be kept confidential by the Commission unless so requested in writing by the owner of the well. Upon such request, the Commission will keep these data confidential for 90 days from the date of completion of the well, provided, however, that the report, log(s), and other attached data may, when pertinent, be introduced in any public hearing before the Commission or its examiners or in any court of law, regardless of the request that they be kept confidential.

**RULE 1106. NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY  
TRANSFER EQUIPMENT (Form C-106)**

Form C-106, when applicable, shall be filed in accordance with Rule 309-A.

RULE 1107. APPLICATION FOR MULTIPLE COMPLETION (Form C-107)

Form C-107, when applicable, shall be filed in accordance with Rule 112-A IV.

RULE 1108. APPLICATION TO DISPOSE OF SALT WATER BY INJECTION INTO A POROUS FORMATION (Form C-108)

Form C-108, when applicable, shall be filed in accordance with Rule 701, Section C.

RULE 1109. No Rule; there is no Form C-109 at present.

RULE 1110. No Rule; there is no Form C-110 at present.

RULE 1111. GAS PURCHASER'S MONTHLY REPORT (Form C-111)

Form C-111, Gas Purchaser's Monthly Report, shall be filed monthly in accordance with the rules below. It shall be postmarked on or before the 15th day of the month to report all gas taken during the preceding month. One copy shall be filed with the appropriate District Office of the Commission and two copies with the Santa Fe Office of the Commission. One additional copy shall also be sent to the Hobbs Office of the Commission. Information on Sheet No. 2 of Form C-111 shall be itemized by pools, by operators, and by leases, in alphabetical order.

Form C-111 shall be filed each month by the operator of any gas gathering system, gas transportation system, recycling system, fuel system, gas lift system, gas drilling operation, etc. The form shall cover all natural gas, casinghead gas, and carbon dioxide gas taken into any such system during the preceding month and shall show the source of the gas and the disposition thereof.

Form C-111 shall also be filed each month by the operator of any gasoline plant, cycling plant, or other plant at which gasoline, butane, propane, kerosene, oil, or other products are extracted from gas within the State of New Mexico. The form shall cover all natural gas, casinghead gas, and carbon dioxide gas taken by any such plant during the preceding month and shall show the source of the gas and the disposition thereof. If a plant operator owns more than one plant in a given OCC District, Sheet No. 1 of Form C-111 shall be filed for each such plant. In preparing Sheet No. 2, the plant operator shall consolidate all acquisitions for all plants in the District, itemized in the order described in the first paragraph of this rule.

Where gas is taken by the producer and utilized by him for any of the above uses, the producer shall file Form C-111 itemizing such gas. The producer shall also include this gas on his Operator's Monthly Report, Form C-115. Gas used on the lease from which it was produced for consumption in lease houses, treaters, compressors, combustion engines, and other similar equipment, or gas which is flared, shall also be included on the Form C-115 but is not to be included on the Form C-111.

RULE 1112. TRANSPORTER'S AND STORER'S MONTHLY REPORT (Form C-112)

Each transporter and each storer of crude petroleum oil and liquid hydrocarbons within the State of New Mexico shall file for each calendar month a Transporter's and Storer's Monthly Report, Form C-112, containing complete information and data indicated by such form respecting stocks of crude petroleum oil and liquid hydrocarbons on hand and receipts and deliveries of crude petroleum oil and liquid hydrocarbons by pipeline and trucks within the State of New Mexico, and receipts and deliveries from leases to storers or refiners; between transporters within the State; between storers and refiners within the State. Form C-112 shall be filed in DUPLICATE and postmarked on or before the 15th day of the next succeeding month.

RULE 1113. REFINER'S MONTHLY REPORT (Form C-113)

Every refiner of crude petroleum oil within the State of New Mexico shall furnish for each calendar month a Refiner's Monthly Report, Form C-113, containing the information and data indicated by such form respecting crude petroleum oil and products involved in such refiner's operation during each month. Such report for each month shall be filed in DUPLICATE and be postmarked on or before the 15th day of the next succeeding month.

RULE 1114. No Rule; there is no Form C-114 at present.

RULE 1115. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report, Form C-115 or Form C-115-EDP, shall be filed on each producing lease within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows:

Original to the Oil Conservation Commission at Santa Fe; one copy to the Oil Conservation Commission District Office at Hobbs; one copy to the District Office in which district the lease is located; and one copy to each transporter involved. Each report for each month shall be postmarked not later than the 24th day of the next succeeding month. Failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-104 for the affected well or wells.

**RULE 1116. GAS-OIL RATIO TESTS (Form C-116)**

Gas-oil ratio tests shall be made and reported on Form C-116 as prescribed in Rule 301, Gas-Oil Ratio Tests, and any applicable special pool rules. This form shall be submitted in DUPLICATE.

**RULE 1117. SEDIMENT OIL DISPOSITION PERMITS (Form C-117-A and Form C-117-B)**

(a) Form C-117-A, Sediment Oil Destruction Permit, shall be submitted to the appropriate District Office of the Commission in TRIPLICATE and in accordance with Rule 311 (b).

(b) Form C-117-B, Sediment Oil Recovery Permit, shall be submitted to the appropriate District Office of the Commission in QUADRUPPLICATE and in accordance with Rule 311 (c).

**RULE 1118. TREATING PLANT OPERATOR'S MONTHLY REPORT (Form C-118)**

Form C-118 shall be submitted in DUPLICATE in accordance with Rule 312, and shall contain all the information required thereon. Column 1 of Sheet 1-A of Form C-118 entitled "Permit Number," has reference to the Sediment Oil Recovery Permit, Form C-117-B, for each lot of oil picked up for processing.

**RULE 1119. CARBON BLACK PLANT MONTHLY REPORT (Form C-119)**

Each operator of a carbon black plant within the State of New Mexico shall file for each calendar month the monthly volume

CASE No. 3028  
Order No. R-2761

of gas received by him from a gasoline extraction plant or plants, and a monthly volume or volumes of gas received by him from each lease operator delivering natural gas directly to such plant, together with the opening and closing stocks and the production and deliveries by grades of carbon black or other products produced. Such reports shall be filed in DUPLICATE on Form C-119, Carbon Black Plant Monthly Report, and be postmarked on or before the 15th day of the next succeeding month. In addition, Form C-111 shall be filed each month in accordance with Rule 1111 if the Carbon Black Plant operator makes any purchase directly from a lease or operates any gas gathering or transmission system.

**RULE 1120. MONTHLY INJECTION REPORT (Form C-120) and MONTHLY WATER DISPOSAL REPORT (Form C-120-A)**

Form C-120 and Form C-120-A shall be submitted in TRIPLICATE each month and shall be used for reports required under Rule 700. Form C-120 shall be postmarked not later than the 15th day of the next succeeding month. Form C-120-A shall be postmarked not later than the 15th day of the second succeeding month.

**RULE 1121. PURCHASER'S NOMINATION FORMS (Form C-121 and Form C-121-A)**

One copy of Form C-121, Crude Oil Purchaser's Nomination, shall be submitted to the Santa Fe Office of the Commission not later than five days prior to the Commission's statewide oil allowable hearing on nominations for the succeeding month. Nominations shall be filed each month by each person expecting to purchase oil from producing wells in New Mexico during the following month.

One copy of Form C-121-A, Purchaser's Gas Nomination, shall be submitted to the Santa Fe Office of the Commission by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the purchase of gas from producing wells in New Mexico during the succeeding month. For example, purchaser's nominations to take gas from a pool during the month of August would be considered by the Commission at its mid-July hearing, and should be submitted to the Santa Fe Office of the Commission by July 1.

In addition to the monthly gas nominations, six-months nominations shall be filed in accordance with the appropriate pool rules.

- RULE 1122. MULTI-POINT BACK PRESSURE TEST FOR GAS WELLS (Form C-122)  
GAS WELL TEST DATA SHEET - SAN JUAN BASIN (Form C-122-A)  
INITIAL POTENTIAL TEST DATA SHEET (Form C-122-B)  
ONE-POINT BACK PRESSURE TEST FOR GAS WELLS (Form C-122-C)

Form C-122 shall be submitted in TRIPLICATE to the Oil Conservation Commission at Santa Fe, New Mexico, and shall be used to show back pressure data as required under the provisions of Rule 401 and any applicable special pool rules and proration orders. Forms C-122-A, C-122-B, and C-122-C shall be submitted according to applicable special pool rules and proration orders.

- RULE 1123. REQUEST FOR THE EXTENSION OF AN EXISTING POOL OR THE CREATION OF A NEW POOL (Form C-123)

The operator of a well which requires the creation or extension of a pool shall be given written instructions by the appropriate District Office regarding the filing of Form C-123 in DUPLICATE.

- RULE 1124. RESERVOIR PRESSURE REPORT (Form C-124)

Form C-124 shall be submitted in TRIPLICATE and shall be used to report bottom-hole pressures as required under the provisions of Rule 302 and any applicable special pool rules.

- RULE 1125. GAS WELL SHUT-IN PRESSURE TESTS (Form C-125)

Form C-125 shall be submitted in TRIPLICATE and shall be used to report shut-in pressure tests on gas wells as required under the provisions of Rule 402 and any applicable special pool rules.

- RULE 1126. PERMIT TO TRANSPORT RECOVERED LOAD OIL (Form C-126)

Form C-126 shall be submitted in QUADRUPPLICATE to the appropriate District Office of the Commission and shall be used in conformity with Rule 508 and Rule 1104 (6).

- RULE 1127. REQUEST FOR ALLOWABLE CHANGE (Form C-127)

One copy of Form C-127 shall be filed by the oil producer with the appropriate District Office of the Commission not later than the 10th day of the month preceding the month for which oil well allowable changes are requested.

RULE 1128. FORMS REQUIRED ON FEDERAL LAND

Federal forms shall be used in lieu of State forms when filing APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK and SUNDRY NOTICES AND REPORTS ON WELLS and WELL COMPLETION OR RECOMPLETION REPORT AND LOG for wells on Federal lands in New Mexico. However, it shall be the duty of the operator to submit two extra copies of each of such forms to the USGS, which, upon approval, will transmit same to the Commission. The following USGS forms will be used in lieu of Commission forms by operators of wells on Federal land:

<u>USGS Form No.</u>	<u>Title of Form</u> (Same for both agencies)	<u>NMOCC Form No.</u>
9-331C (May 1963)	APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK	C-101
9-331 (May 1963)	SUNDRY NOTICES AND REPORTS ON WELLS	C-103
9-330 (Rev. 5-63)	WELL COMPLETION OR RECOMPLETION REPORT AND LOG	C-105

The above forms as may be revised are the only forms that may be submitted in place of Commission Forms.

After a well is completed and ready for pipeline connection, Commission Form C-104 shall be filed with the Commission on any and all wells drilled in the State, regardless of land status. Further, all reports and forms as required under the preceding rules of this section of the Rules and Regulations that pertain to production must be filed on the proper Oil Conservation Commission form as set out in said rule - no other forms will be accepted.

Failure to comply with the provisions of this rule will result in the cancellation of Form C-104 for the affected well or wells.

IT IS FURTHER ORDERED:

(1) That Rule 7(A) of the General Rules and Regulations for Prorated Gas Pools, Northwestern New Mexico, and Rule 7(A) of the General Rules and Regulations for Prorated Gas Pools, South-eastern New Mexico, both as promulgated by Commission Order

No. R-1670, be amended to read in their entirety as follows:

"RULE 7(A): Each month each gas purchaser shall file with the Commission his nomination for the amount of gas which he actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. One copy of such "supplemental" nomination for each pool shall be submitted to the Commission's Santa Fe Office on Form C-121-A by the first day of the month during which the Commission will consider at its allowable hearing the nominations for the succeeding month (see Rule 1121 of the Commission Rules and Regulations). When filing such supplemental nomination, operator shall indicate both his preliminary nomination and his supplemental nomination. The Commission will consider all such preliminary and supplemental nominations at its statewide allowable hearing between the 13th and the 20th days of each month to determine the reasonable market demand for gas during the ensuing month, and will issue a proration schedule setting out the amount of gas which each well may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each well on the schedule."

IT IS FURTHER ORDERED:

(1) That any reference in any order, rule, regulation, memorandum, directive, or other instruction by the Commission to any form by name or by number which form name or number is superseded by a form name or number as the result of this order shall be construed as having reference to the supersedant form name or number.

(2) That this order shall become effective at 7:00 A.M., January 1, 1965.

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CASE No. 3123

Order No. R-2761

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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NEW MEXICO OIL CONSERVATION COMMISSION  
NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Form C-106  
4-28-61

ACT Permit No. \_\_\_\_\_

Operator \_\_\_\_\_ Field \_\_\_\_\_

Address \_\_\_\_\_ County \_\_\_\_\_

Lease(s) to be served by this ACT Unit \_\_\_\_\_

Pool(s) to be served by this ACT Unit \_\_\_\_\_

Location of ACT System: Unit \_\_\_\_\_ Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_

Order No. authorizing commingling between leases if more than one lease is to be served by this

System \_\_\_\_\_ Date \_\_\_\_\_

Order No. authorizing commingling between pools if more than one pool is to be served by this system

\_\_\_\_\_ Date \_\_\_\_\_

Authorized transporter of oil from this system \_\_\_\_\_

Transporter's address \_\_\_\_\_

Maximum expected daily through-put for this system: \_\_\_\_\_ Bbls/day

If system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE

A.  Automatic shut-down facilities  
as required by Section (3) h-1 of  
RULE 309-A

B.  Alternative (3) h-2, providing adequate available  
capacity to receive production during maximum  
unattended time of lease operation.

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

\_\_\_\_\_ Maximum well-head shut-in pressure \_\_\_\_\_

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank \_\_\_\_\_ BBLs.

What is the normal maximum unattended time of lease operation? \_\_\_\_\_ Hours.

What device will be used for measuring oil in this ACT unit?

CHECK ONE

Positive displacement meter

Weir-type measuring vessel

Positive volume metering chamber

Other; describe \_\_\_\_\_

Remarks: \_\_\_\_\_

I hereby certify that the information given above is true and complete to the best of my knowledge and that the subject ACT system will be installed and operated in accordance with RULE 309-A.

Approved, Oil Conservation Commission

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Approval of Form C-106 does not eliminate the necessity of an approved C-104 prior to running any oil or gas from this system.

Exhibit 6

Order No. R-2761

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER THE AMENDMENT OF RULE 701 OF THE COMMISSION RULES AND REGULATIONS AND SECONDARY RECOVERY ORDERS NOS. R-1244, R-1311, R-1456, R-1470, R-1505, R-2064, R-2178-B, R-2268-A, R-2269, R-2403, R-2541, R-2622, R-2664, R-2700, AND R-2795, TO DELETE THEREFROM ALL REFERENCES TO THE STATE ENGINEER OR THE STATE ENGINEER OFFICE.

CASE No. 3712  
Order No. R-3375

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 24, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of February, 1968, 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 in order to ease the administrative burden upon operators and Commission, thereby preventing economic waste, Rule 701 of the Commission Rules and Regulations and secondary recovery orders Nos. R-1244, R-1311, R-1456, R-1470, R-1505, R-2064, R-2178-B, R-2268-A, R-2269, R-2403, R-2541, R-2622, R-2664, R-2700, and R-2795 should be amended by deleting therefrom all references to the State Engineer or the State Engineer Office.

(3) That New Mexico Oil Conservation Commission Form C-108, Application to Dispose of Salt Water by Injection Into a Porous Formation, should be revised to conform with the above amendments.

IT IS THEREFORE ORDERED:

(1) That Rule 701 B, Method of Making Application, is hereby amended by deleting therefrom the following paragraph:

"5. Evidence that a copy of the application, complete with all attachments, has been sent to the State Engineer Office, Capitol Building, Santa Fe."

(2) That paragraph four of Rule 701 C, Salt Water Disposal Wells, is hereby amended to read in its entirety as follows:

"The Commission may dispense with the 15-day waiting period if waivers of objection are received from all offset operators and the surface owner."

(3) That paragraph four of Rule 701 E 5 is hereby amended to read in its entirety as follows:

"The Secretary-Director may, if in his opinion there is need for conversion of the additional wells to water injection, authorize such conversion without notice and hearing, provided that no offset operator objects to the proposed conversion within fifteen (15) days. The Secretary-Director may grant immediate approval of the proposed conversion upon receipt of waivers of objection from all operators offsetting the proposed injection well."

(4) That paragraphs four and five of Order (2) of Order No. R-1244 are hereby amended by deleting therefrom the following-quoted words:

Paragraph four - last line: "and to the State Engineer"  
Paragraph five - line four: "nor the State Engineer"  
- lines seven and eight: "and the State Engineer"

(5) That paragraphs three and four of Order (2) of Order No. R-1311 are hereby amended by deleting therefrom the following-quoted words:

Paragraph three - last line: "and to the State Engineer"  
Paragraph four - line four: "nor the State Engineer"  
- lines seven and eight: "and the State Engineer"

CASE No. 3712  
Order No. R-3375

(6) That paragraphs three and four of Order (3) of Order No. R-1456 are hereby amended by deleting therefrom the following-quoted words:

Paragraph three - lines 13 and 14: "and the State Engineer"  
Paragraph four - line 4: "nor the State Engineer"  
- last line: "and from the State Engineer"

(7) That paragraphs three and four of Order (4) of Order No. R-1470 are hereby amended by deleting therefrom the following-quoted words:

Paragraph three - lines 13 and 14: "and to the State Engineer"  
Paragraph four - line 4: "nor the State Engineer"  
- last line: "and from the State Engineer"

(8) That paragraphs three and four of Order (2) of Order No. R-1505 are hereby amended by deleting therefrom the following-quoted words:

Paragraph three - last line: "and to the State Engineer"  
Paragraph four - line four: "nor the State Engineer"  
- last line: "and from the State Engineer"

(9) That Order (2) of Order No. R-2064 is hereby amended by deleting therefrom the following-quoted words:

Lines 6, 7, 8, and 9: "The State Engineer shall be furnished a copy of said application, and, if no objection to the application is received within fifteen (15) days, the Secretary-Director may authorize such conversion without notice and hearing."

(10) That Order (2) of Order No. R-2178-B is hereby amended by deleting therefrom the following-quoted words:

Lines 5 and 6: "A copy of said application shall be furnished to the office of the State Engineer."

(11) That Order (3) of Order No. R-2268-A is hereby amended to read in its entirety as follows:

"(3) That the applicant shall not utilize any casing or tubing program in expansion of the waterflood project as approved by this order unless the Commission shall have approved said casing or tubing program."

CASE No. 3712  
Order No. R-3375

(12) That Order (2) of Order No. R-2269 is hereby amended by deleting therefrom the following-quoted words:

Lines 6 and 7: "to the State Engineer Office and"

(13) That Order (2) of "IT IS FURTHER ORDERED" of Order No. R-2403 is hereby amended by deleting therefrom the following-quoted words:

Line 14: "and the State Engineer"

Lines 17 and 18: "or the State Engineer"

Lines 20 and 21: "and the State Engineer"

(14) That paragraph two of Rule 11 of Orders Nos. R-2541, R-2622, R-2664, R-2700, and R-2795 is hereby amended by deleting therefrom the following-quoted words:

Last line: "and from the State Engineer"

(15) That Commission Form C-108, Application to Dispose of Salt Water by Injection Into a Porous Formation, is hereby revised as shown by Exhibit 1 attached hereto and made a part hereof.

(16) That this order shall become effective at 7:00 o'clock a.m. on March 1, 1968.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**APPLICATION TO DISPOSE OF SALT WATER BY INJECTION INTO A POROUS FORMATION**

APPLICATOR		ADDRESS	
LEASE NAME	WELL NO.	FIELD	COUNTY
LOCATION			
UNIT LETTER _____ ; WELL IS LOCATED _____ FEET FROM THE _____ LINE AND _____ FEET FROM THE _____ LINE, SECTION _____ TOWNSHIP _____ RANGE _____ NMPM.			

CASING AND TUBING DATA					
NAME OF STRING	SIZE	SETTING DEPTH	SACKS CEMENT	TOP OF CEMENT	TOP DETERMINED BY
SURFACE CASING					
INTERMEDIATE					
LONG STRING					
TUBING			NAME, MODEL AND DEPTH OF TUBING PACKER		
NAME OF PROPOSED INJECTION FORMATION			TOP OF FORMATION	BOTTOM OF FORMATION	
IS INJECTION THROUGH TUBING, CASING, OR ANNULUS?		PERFORATIONS OR OPEN HOLE?	PROPOSED INTERVAL(S) OF INJECTION		
IS THIS A NEW WELL DRILLED FOR DISPOSAL?	IF ANSWER IS NO, FOR WHAT PURPOSE WAS WELL ORIGINALLY DRILLED?			HAS WELL EVER BEEN PERFORATED IN ANY ZONE OTHER THAN THE PROPOSED INJECTION ZONE?	
LIST ALL SUCH PERFORATED INTERVALS AND SACKS OF CEMENT USED TO SEAL OFF OR SQUEEZE EACH					
DEPTH OF BOTTOM OF DEEPEST FRESH WATER ZONE IN THIS AREA		DEPTH OF BOTTOM OF NEXT HIGHER OIL OR GAS ZONE IN THIS AREA		DEPTH OF TOP OF NEXT LOWER OIL OR GAS ZONE IN THIS AREA	
ANTICIPATED DAILY INJECTION VOLUME (BBLs.)	MINIMUM	MAXIMUM	OPEN OR CLOSED TYPE SYSTEM	IS INJECTION TO BE BY GRAVITY OR PRESSURE?	APPROX. PRESSURE (PSI)
ANSWER YES OR NO WHETHER THE FOLLOWING WATERS ARE MINERALIZED TO SUCH A DEGREE AS TO BE UNFIT FOR DOMESTIC, STOCK, IRRIGATION, OR OTHER GENERAL USE -			WATER TO BE DISPOSED OF	NATURAL WATER IN DISPOSAL ZONE	ARE WATER ANALYSES ATTACHED?
NAME AND ADDRESS OF SURFACE OWNER (OR LESSEE, IF STATE OR FEDERAL LAND)					
LIST NAMES AND ADDRESSES OF ALL OPERATORS WITHIN ONE-HALF (1/2) MILE OF THIS INJECTION WELL					
HAVE COPIES OF THIS APPLICATION BEEN SENT TO EACH OF THE FOLLOWING?		SURFACE OWNER	EACH OPERATOR WITHIN ONE-HALF MILE OF THIS WELL		
ARE THE FOLLOWING ITEMS ATTACHED TO THIS APPLICATION (SEE RULE 701-B)		PLAT OF AREA	ELECTRICAL LOG	DIAGRAMMATIC SKETCH OF WELL	

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

NOTE: Should waivers from the surface owner and all operators within one-half mile of the proposed injection well not accompany this application, the New Mexico Oil Conservation Commission will hold the application for a period of 15 days from the date of receipt by the Commission's Santa Fe office. If at the end of the 15-day waiting period no protest has been received by the Santa Fe office, the application will be processed. If a protest is received, the application will be set for hearing, if the applicant so requests. SEE RULE 701.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION ON ITS OWN MOTION TO  
CONSIDER CERTAIN AMENDMENTS TO  
ITS RULES AND REGULATIONS.

CASE NO. 7272  
Order No. R-6702

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, on June 4 and June 17, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 17th day of June, 1981, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Oil Conservation Division, hereinafter referred to as the "Division," proposes certain amendments to its rules and regulations as they relate to the underground injection of fluids including the adoption of certain new definitions and certain new forms, the amendment of Rules Nos. 103, 106, 107, 204, 701 thru 705, 1100, 1108, 1115, and 1131, and the promulgation of certain new rules, being Rules 706, 707, and 708, the revision of certain old forms, being Forms C-108 and C-131, and the adoption of a new Form C-131-B.

(3) That the Division has jurisdiction over all matters pertinent to the use of injection wells related to oil and natural gas operations including the use of such wells for secondary recovery, enhanced recovery, pressure maintenance, disposal of waters coproduced with oil or gas, storage of natural gas, storage of liquefied petroleum gas, and storage of other hydrocarbons.

(4) That since 1951 the Division has authorized over 3000 injection wells.

(5) That in addition to its rules and regulations covering the approval, use, monitoring, and reporting of injection wells, the Division has developed a large body of policies, procedures, and conventions which should now be included within said regulations.

(6) That many Division rules dealing with standard drilling and operation activities applicable to all wells were written prior to the extensive use of injection wells.

(7) That such rules should be amended to clarify their applicability to injection wells as well as to other well classes.

(8) The Public Law 93-523, the Safe Drinking Water Act, was signed into law December 16, 1974.

(9) That said law required that the Administrator of the Environmental Protection Agency (EPA) adopt minimum regulations for State programs to control the underground injection of fluids to protect underground sources of drinking water.

(10) That final EPA regulations were published in the spring of 1980.

(11) That under Safe Drinking Water Act and the amendments thereto, and said regulations and EPA guidelines, in order for the State to apply for and receive primary enforcement authority for control of oil and gas related injection wells in New Mexico under the Act, certain changes or additions to the Division Rules and Regulations are required, to wit:

(12) That Section A-DEFINITIONS of the Oil Conservation Division Rules and Regulations should be amended by the addition of three new definitions, reading in their entirety as follows:

AQUIFER shall mean a geological formation, group of formations, or part of a formation that is capable of yielding a significant amount of water to a well or spring.

EXEMPTED AQUIFER shall mean an aquifer that does not currently serve as a source of drinking water, and which cannot now and will not in the foreseeable

future serve as a source of drinking water because: (1) it is hydrocarbon producing; (2) it is situated at a depth or location which makes the recovery of water for drinking water purposes economically or technologically impractical; or, (3) it is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption.

UNDERGROUND SOURCE OF DRINKING WATER shall mean an aquifer which supplies water for human consumption or which contains ground water having a total dissolved solids concentration of 10,000 mg/l or less and which is not an exempted aquifer.

(13) That Rule 103 of the Division Rules and Regulations should be amended to read in its entirety as follows:

RULE 103. SIGN ON WELLS

All wells subject to these regulations, including drilling, production, and injection wells, shall be identified by a sign, posted on the derrick or not more than 20 feet from such well, and such sign shall be of durable construction and the lettering thereon shall be kept in a legible condition and shall be large enough to be legible under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. Each sign shall show the number of the well, the name of the lease (which shall be different or distinctive for each lease), the name of the leasee, owner or operator, and the location by quarter section, township and range. The location, for each sign posted after March 1, 1968, shall indicate the quarter-quarter section, township, and range.

(14) That Rule 106(a) should be revised to read in its entirety as follows (no change in subsections (b) and (c):

(a) During the drilling of any oil well, gas well, injection well or any other service well, all oil, gas, and water strata above the producing and/or injection horizon shall be sealed or separated in order to prevent their contents from passing into other strata.

(15) That the first paragraph of Rule 107(a) should be amended to read in its entirety as follows (no change in the second, third, fourth, fifth, or sixth paragraphs of subsection (a) nor in subsections (b), (c), (d) or (e) of Rule 107):

RULE 107. CASING AND TUBING REQUIREMENTS

(a) Any well drilled for oil or natural gas or for injection shall be equipped with such surface and intermediate casing strings and cement as may be necessary to effectively seal off and isolate all water-, oil-, and gas-bearing strata and other strata encountered in the well down to the casing point. In addition thereto, any well completed for the production of oil or natural gas shall be equipped with a string of properly cemented production casing at sufficient depth to ensure protection of all oil- and gas-bearing strata encountered in the well, including the one(s) to be produced.

(16) That Rule 204 should be amended to read in its entirety as follows:

RULE 204. LIABILITY

The owner of any well drilled for oil or gas or for injection, or any seismic, core or other exploratory hole, whether cased or uncased, shall be responsible for the plugging thereof.

(17) That Section I of the Rules and Regulations should be entitled:

I - SECONDARY OR OTHER ENHANCED RECOVERY, PRESSURE MAINTENANCE, SALT WATER DISPOSAL, AND UNDERGROUND STORAGE

(18) That Rules 701 through 705, inclusive, of the Rules and Regulations should be amended to read in their entirety as follows:

RULE 701. INJECTION OF FLUIDS INTO RESERVOIRS

A. Permit for Injection Required

The injection of gas, liquefied petroleum gas, air, water, or any other medium into any reservoir for

the purpose of maintaining reservoir pressure or for the purpose of secondary or other enhanced recovery or for storage or the injection of water into any formation for the purpose of water disposal shall be permitted only by order of the Division after notice and hearing, unless otherwise provided herein.

#### B. Method of Making Application

(1) Applications for authority for the injection of gas, liquefied petroleum gas, air, water or any other medium into any formation for any reason, including but not necessarily limited to the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects, and salt water disposal, shall be by submittal of Division Form C-108 complete with all attachments.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to the owner of the surface of the land on which each injection or disposal well is to be located and to each leasehold operator within one-half mile of the well.

#### (3) Administrative Approval

If the application is for administrative approval rather than for a hearing, it must also be accompanied by a copy of a legal publication published by the applicant in a newspaper of general circulation in the county in which the proposed injection well is located. (The details required in such legal notice are listed on Side 2 of Form C-108.)

No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under paragraph 2 above and proof of publication as required by paragraph 3 above.

If no objection is received within said 15-day period, and a hearing is not otherwise required, the application may be approved administratively.

#### C. Hearings

If a written objection to any application for administrative approval of an injection well is filed

within 15 days after receipt of a complete application, or if a hearing is required by these rules or deemed advisable by the Division Director, the application shall be set for hearing and notice thereof given by the Division.

D. Salt Water Disposal Wells

1. The Division Director shall have authority to grant an exception to the requirements of Rule 701-A for water disposal wells only, without notice and hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) which is nonproductive of oil or gas within a radius of two miles from the proposed injection well, and provided no objections are received pursuant to Rule 701-B(3).

2. Disposal will not be permitted into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after notice and hearing, provided however, that the Division may establish exempted aquifers for such zones wherein such injection may be approved administratively.

3. Notwithstanding the provisions of paragraph 2. above, the Division Director may authorize disposal into such zones if the waters to be disposed of are of higher quality than the native water in the disposal zone.

E. Pressure Maintenance Projects

1. Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up and/or maintain the reservoir pressure in an area which has not reached the advanced or "stripper" state of depletion.

2. All applications for establishment of pressure maintenance projects shall be set for hearing.

The project area and the allowable formula for any pressure maintenance project shall be fixed by the Division on an individual basis after notice and hearing.

3. Pressure maintenance projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.

The Division Director shall have authority to grant an exception to the hearing requirements of Rule 701-A for the conversion to injection of additional wells within a project area provided that any such well is necessary to develop or maintain efficient pressure maintenance within such project and provided that no objections are received pursuant to Rule 701-B(3).

#### F. Water Flood Projects

1. Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.

2. All applications for establishment of water flood projects shall be set for hearing.

The project area of a water flood project shall comprise the proration units owned or operated by a given operator upon which injection wells are located plus all proration units owned or operated by the same operator which directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that additional proration units not directly nor diagonally offsetting an injection tract may be included in the project area if, after notice and hearing, it has been established that such additional units have wells completed thereon which have experienced a substantial response to water injection.

3. The allowable assigned to wells in a water flood project area shall be equal to the ability of the

wells to produce and shall not be subject to the depth bracket allowable for the pool nor to the market demand percentage factor.

Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. Special allowables may also be assigned in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

4. Water flood projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.

The Division Director shall have authority to grant an exception to the hearing requirements of Rule 701-A for conversion to injection of additional wells provided that any such well is necessary to develop or maintain thorough and efficient waterflood injection for any authorized project and provided that no objections are received pursuant to Rule 701-B(3).

#### G. Storage Wells

The Division Director shall have authority to grant an exception to the hearing requirements of Rule 701-A for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, and provided no objections are received pursuant to Rule 701-B(3).

In addition to the filing requirements of Rule 701-B, the applicant for approval of a storage well under this rule shall file the following:

1. With the Division Director:
  - (a) A plugging bond in accordance with the provisions of Rule 101;
2. With the appropriate district office of the Division in TRIPLICATE:

- (a) Form C-101, Application for Permit to Drill, Deepen, or Plug Back;
- (b) Form C-102, Well Location and Acreage Dedication Plat; and
- (c) Form C-105, Well Completion or Recompletion Report and Log.

#### RULE 702. CASING AND CEMENTING OF INJECTION WELLS

Wells used for injection of gas, air, water, or any other medium into any formation shall be cased with safe and adequate casing or tubing so as to prevent leakage, and such casing or tubing shall be so set and cemented as to prevent the movement of formation or injected fluid from the injection zone into any other zone or to the surface around the outside of any casing string.

#### RULE 703. OPERATION AND MAINTENANCE

Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

Injection projects, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks, or spills.

Failure of any injection well, producing well, or surface facility, which failure may endanger underground sources of drinking water, shall be reported under the "Immediate Notification" procedures of Rule 116.

Injection well or producing well failures requiring casing repair or cementing are to be reported to the Division prior to commencement of workover operations.

Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shut-in, until the failure has been identified and corrected.

RULE 704. TESTING AND MONITORING

A. Testing

Prior to commencement of injection, wells shall be tested to assure the initial integrity of the casing and the tubing and packer, if used, including pressure testing of the casing-tubing annulus.

At least once every five years thereafter, injection wells shall be tested to assure their continued mechanical integrity. Tests demonstrating continued mechanical integrity shall include the following:

- (a) measurement of annular pressures in wells injecting at positive pressures under a packer or a balanced-fluid seal;
- (b) pressure testing of the casing-tubing annulus for wells injecting under vacuum conditions; and,
- (c) such other tests which are demonstrably effective and which may be approved for use by the Division.

Notwithstanding the test procedures outlined above, the Division may require more comprehensive testing of injection wells when deemed advisable, including the use of tracer surveys, noise logs, temperature logs, or other test procedures or devices.

In addition, the Division may order special tests to be conducted prior to the expiration of five years if conditions are believed to so warrant. Any such special test which demonstrates continued mechanical integrity of a well shall be considered the equivalent of an initial test for test scheduling purposes, and the regular 5-year testing schedule shall be applicable thereafter.

The injection well operator shall advise the Division of the date and time any initial, 5-year, or special tests are to be commenced in order that such tests may be witnessed.

B. Monitoring

Injection wells shall be so equipped that the injection pressure and annular pressure may be determined at the wellhead and the injected volume may be determined at least monthly.

Injection wells used for storage shall be so equipped that both injected and produced volumes may be determined at any time.

RULE 705. COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT  
OF INJECTION OPERATIONS

The following provisions shall apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:

A. Notice of Commencement and Discontinuance

1. Immediately upon the commencement of injection operations in any well, the operator shall notify the Division of the date such operations began.

2. Within 30 days after permanent cessation of gas or liquefied petroleum gas storage operations or within 30 days after discontinuance of injection operations into any other well, the operator shall notify the Division of the date of such discontinuance and the reasons therefor. No injection well may be temporarily abandoned for a period exceeding six months unless the injection interval has been isolated by use of cement or a bridge plug. The Director of the Division may delay the cement or bridge plug requirements above upon a demonstration that there is a continuing need for such well, that the well exhibits mechanical integrity, and that continued temporary abandonment will not endanger underground sources of drinking water.

3. Before any injection well is plugged, the operator shall obtain approval for the well's

plugging program from the appropriate District Office of the Division in the same manner as when plugging oil and gas wells or dry holes.

B. Abandonment of Injection Operations

1. Whenever there is a continuous six-month period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.

2. For good cause shown, the Division Director may grant an administrative extension or extensions of injection authority as an exception to Paragraph 1. above.

(19) That the Division Rules and Regulations should be amended by the addition of new Rules 706 through 708, inclusive, reading in their entirety as follows:

RULE 706. RECORDS AND REPORTS

The operator of an injection well or project for secondary or other enhanced recovery, pressure maintenance, natural gas storage, salt water disposal, or injection of any other fluids shall keep accurate records and shall report monthly to the Division gas or fluid volumes injected, stored, and/or produced as required on the appropriate form listed below:

1. Secondary or Other Enhanced Recovery on Form C-115;
2. Pressure Maintenance on Form C-115 and as otherwise prescribed by the Division;
3. Salt Water Disposal on Form C-120-A;
4. Natural Gas Storage on Form C-131-A; and
5. Injection of other fluids on a form prescribed by the Division.

The operator of a liquefied petroleum gas storage project shall report annually on Form C-131-B, Annual LPG Storage Report.

RULE 707. RECLASSIFICATION OF WELLS

The Division Director shall have authority to reclassify an injection well from any category defined in Rule 701-B to any other category without notice and hearing upon request and proper showing by the operator thereof.

RULE 708. TRANSFER OF AUTHORITY TO INJECT

Authority to inject granted under any order of the Division is not transferable except upon approval of the Division. Approval of transfer of authority to inject may be obtained by filing Form C-104 in accordance with Rule 1104(5).

The Division may require a demonstration of mechanical integrity prior to approving transfer of authority to inject.

(20) That Rule 1100 C. should be amended to read in its entirety as follows:

RULE 1100 C. Books and Records

All producers, injectors, transporters, storers, refiners, gasoline or extraction plant operators, treating plant operators, and initial purchasers of natural gas within the State of New Mexico shall make and keep appropriate books and records for a period of not less than five years, covering their operations in New Mexico, from which they may be able to make and substantiate the reports required by these rules.

(21) That Rule 1100 D. should be amended only to reflect the change in title of Form C-108 from "Application to Dispose of Salt Water by Injection into a Porous Formation" to "Application For Authorization To Inject;" to reflect the change in form number of "Monthly Gas Storage Report" from Form C-131 to Form C-131-A; and to reflect adoption of new Form C-131-B, "Annual LPG Storage Report."

(22) That Rule 1108 should be amended to read in its entirety as follows:

RULE 1108. APPLICATION FOR AUTHORIZATION TO INJECT  
(Form C-108)

Form C-108 shall be filed in accordance with Rule 701-B.

(23) That Rule 1115 should be amended to read in its entirety as follows:

RULE 1115. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report, Form C-115 or Form C-115-ESP, shall be filed on each producing lease and each secondary or other enhanced recovery project or pressure maintenance project injection well within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms in the order, format, and style prescribed by the Division Director. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows:

Original to the Oil Conservation Division at Santa Fe; one copy to the District Office of the Division in which district the lease is located; and one copy to each transporter involved. Each report for each month shall be postmarked not later than the 24th day of next succeeding month. Failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-104 for the affected well or wells and/or cancellation of authority to inject.

(24) That Rule 1131 should be amended to read in its entirety as follows:

RULE 1131. MONTHLY GAS STORAGE REPORT (Form C-131-A)  
ANNUAL LPG STORAGE REPORT (Form C-131-B)

Each operator of an underground natural gas storage project shall report its operation monthly on Form C-131-A. Form C-131-A shall be filed in duplicate (one copy to the Santa Fe Office of the Division and one copy to the appropriate district office) and shall be postmarked not later than the 24th day of the next succeeding month.

Each operator of an underground liquefied petroleum gas storage project approved by the Division shall report its operation annually on Form C-131-B.

Form C-131-B shall be filed in duplicate (one copy to the Santa Fe Office of the Division and one copy to the appropriate district office) and shall be postmarked not later than the 24th day of January of each year.

(25) That Form C-108 should be re-named "Application For Authorization To Inject" and should be revised to be in the form and content prescribed in Exhibit "A" attached hereto and made a part hereof.

(26) That Form C-131, "Monthly Gas Storage Report", should be re-numbered as Form C-131-A and revised to be in the form and content prescribed in Exhibit "B" attached hereto and made a part hereof.

(27) That a new form, Form C-131-B, "Annual LPG Storage Report", should be adopted in the form and content prescribed in Exhibit "C" attached hereto and made a part hereof.

(28) That Findings Nos. (12) through (27) above describe all of the definitions, rule changes, new rules, form revisions, and new forms which will be required to (1) incorporate necessary existing injection policy within the rules, (2) clarify the applicability of the rules to injection wells, and (3) permit the State to meet EPA requirements for underground injection control under regulations and guidelines adopted under provisions of the Safe Drinking Water Act.

(29) That said definitions, rule changes, new rules, form revisions, and new forms as described in Findings Nos. (12) through (27) above are in the public interest, will serve to prevent waste, will protect underground sources of drinking water, and will not violate correlative rights, and should be approved.

(30) That the effective date of this order and of all of the amendments, revisions, changes, and adoptions contained herein should be July 1, 1981.

IT IS THEREFORE ORDERED:

(1) That the Rules and Regulations of the New Mexico Oil Conservation Division are hereby amended as follows:

- A. That three new definitions, being of "Aquifer," "Exempted Aquifer," and "Underground Source of Drinking Water" as described in Finding No. (12) above are adopted.

- B. That Rule 103 is amended as described in Finding No. (13) above.
- C. That Rule 106(a) is amended as described in Finding No. (14) above.
- D. That the first paragraph of Rule 107(a) is amended as described in Finding No. (15) above.
- E. That Rule 204 is amended as described in Finding No. (16) above.
- F. That Section I is entitled as described in Finding No. (17) above.
- G. That Rules 701 through 705, inclusive, are amended as described in Finding No. (18) above.
- H. That new Rules 706 through 708, inclusive, as described in Finding No. (19) above, are adopted.
- I. That Rule 1100 C. is amended as described in Finding No. (20) above.
- J. That Rule 1100 D. is amended as described in Finding No. (21) above.
- K. That Rule 1108 is amended as described in Finding No. (22) above.
- L. That Rule 1115 is amended as described in Finding No. (23) above.
- M. That Rule 1131 is amended as described in Finding No. (24) above.

(2) That Oil Conservation Division Form C-108 is hereby re-named "Application For Authorization To Inject" and revised to be in the form and content prescribed in Exhibit "A" attached hereto and made a part hereof.

(3) That Division Form C-131, "Monthly Gas Storage Report", is hereby re-numbered as Form C-131-A and revised to be in the form and content prescribed in Exhibit "B" attached hereto and made a part hereof.

-17-

Case No. 7272

Order No. R-6702

(4) That Form C-131-B, "Annual LPG Storage Report", in the form and content prescribed in Exhibit "C" attached hereto and made a part hereof, is hereby adopted.

(5) That the effective date of this order and of all of the amendments, revisions, changes and adoptions contained herein shall be July 1, 1981.

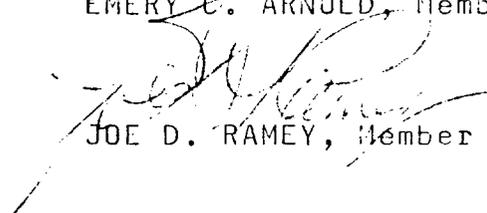
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

ALEX J. ARMIJO, Member

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

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## APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose:  Secondary Recovery  Pressure Maintenance  Disposal  Storage  
Application qualifies for administrative approval?  yes  no
- II. Operator: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact party: \_\_\_\_\_ Phone: \_\_\_\_\_
- III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project?  yes  no  
If yes, give the Division order number authorizing the project \_\_\_\_\_.
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- \* VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- \*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)
- \* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification
- I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- Name: \_\_\_\_\_ Title \_\_\_\_\_
- Signature: \_\_\_\_\_ Date: \_\_\_\_\_
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

## III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

## XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 9012  
Order No. R-8390

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION ON ITS OWN MOTION TO  
CONSIDER THE AMENDMENT OF RULE  
701 (B)2 AND (D)1.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 23 and November 20, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of January, 1987, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) The Oil Conservation Division (Division) seeks to amend General Rule Nos. 701 (B)2 and (D)1 concerning the disposition and notice requirements for salt water disposal well applications.

(3) The proposed amendment of Rule 701 (D)1 would allow administrative approval of salt water disposal wells that would be injecting into a formation which is productive of oil or gas within a radius of two miles.

(4) Currently, General Rule No. 701 (D)1 requires that all such applications for disposal into a producing formation be set for hearing.

(5) The vast majority of these applications that are set for hearing are unopposed and the applicant is not required to furnish any additional information or notify any additional party(s) for a hearing than would normally be required for administrative approval.

(6) The proposed amendment would only apply to those applications that are unopposed and would not preclude any affected party or interest owner from requesting a hearing.

(7) Adoption of the proposed amendment for unopposed applications would reduce unnecessary appearance and oral testimony expenses on the part of the applicant and hearing expenses for the Division.

(8) The proposed amendment would be in the best interest of conservation, would continue to protect correlative rights, and should be approved in the form shown on Exhibit "A", attached hereto and made a part hereof effective February 1, 1987.

(9) The amendment of Rule 701 (B)2 was proposed by an interested party at the hearing on October 23, 1986.

(10) The proposed amendment of Rule 701 (B)2 would require the applicant for a commercial or off-lease disposal well to furnish, by certified or registered mail, a copy of the application to the owner of the surface of the land on which the well is to be located and to each operator, or if the acreage is undeveloped, to each leaseholder within a radius of one mile of the proposed disposal well.

(11) The proposed amendment would further define a commercial disposal well as one which involves the disposition of produced water in exchange for compensation or which is available for public use and would define an off-lease disposal well as one which is utilized for the disposal of produced water not originating on the lease in which the disposal well is located.

(12) The proposed amendment would cause notice to be given to offset operators within a one-mile radius of the disposal well due to the larger volumes of water that would normally be disposed of into a commercial or off-lease disposal well.

(13) It is very difficult to determine how large an area will be affected by the injection of water into a disposal well.

(14) Any such determination of how large an area would be affected by the injection of water into a disposal well should be made on the basis of such factors as volume of water, porosity, saturation, thickness of the receiving formation, etc., and should not be made simply by a definitional change as proposed.

(15) There is no evidence at this time which indicates that additional notice requirements should be imposed on applicants for commercial or off-lease disposal wells or that the present rules governing these matters are inadequate.

(16) General Rule 701 B(2) should not be amended as proposed at this time, and that portion of this case concerning said amendment should therefore be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) Division General Rule No. 701 (D)1 is hereby amended to read as shown on Exhibit "A" attached to and made a part of this order.

(2) The effective date of the amendment contained herein shall be February 1, 1987.

(3) The portion of this case concerning the proposed amendment of General Rule 701 (B)2 is hereby dismissed.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



WILLIAM R. HUMPHRIES, Member



ERLING A. BROSTUEN, Member



WILLIAM J. LEMAY, Chairman and  
Secretary

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EXHIBIT "A"  
CASE NO. 9012  
ORDER NO. R-8390

RULE 701 D 1.

The Division Director shall have authority to grant an exception to the requirements of Rule 701-A for water disposal wells only, without hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) and provided no objections are received pursuant to Rule 701-B 3.

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE:        Secondary Recovery        Pressure Maintenance        Disposal        Storage  
Application qualifies for administrative approval?        Yes        No
- II. OPERATOR: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
CONTACT PARTY: \_\_\_\_\_ PHONE: \_\_\_\_\_
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project:        Yes        No  
If yes, give the Division order number authorizing the project \_\_\_\_\_
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- \*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/1 or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)
- \* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_  
SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal. \_\_\_\_\_

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days.

**NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.**

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**NOTICE:** Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR \_\_\_\_\_ LEASE \_\_\_\_\_

WELL NO. \_\_\_\_\_ FOOTAGE LOCATION \_\_\_\_\_ SECTION \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ RANGE \_\_\_\_\_

Schematic

Well Construction Data

Surface Casing

Size \_\_\_\_\_ " Cemented with \_\_\_\_\_ sx.

TOC \_\_\_\_\_ feet determined by \_\_\_\_\_

Hole Size \_\_\_\_\_

Intermediate Casing

Size \_\_\_\_\_ " Cemented with \_\_\_\_\_ sx.

TOC \_\_\_\_\_ feet determined by \_\_\_\_\_

Hole Size \_\_\_\_\_

Long String

Size \_\_\_\_\_ " Cemented with \_\_\_\_\_ sx.

TOC \_\_\_\_\_ feet determined by \_\_\_\_\_

Hole Size \_\_\_\_\_

Total Depth \_\_\_\_\_

Injection Interval!

\_\_\_\_\_ feet to \_\_\_\_\_ feet  
(perforated or open-hole; indicate which)

to protect any other materials submitted as part of the application or as supplements thereto.

§ 149 FR 20197, May 11, 1984, as amended at 53 FR 43088, Oct. 25, 1988; 56 FR 9417, Mar. 6, 1991]

**§ 147.1501 EPA-administered program—Indian lands.**

(a) *Contents.* The UIC program for all classes of wells on Indian lands in the State of New Hampshire is administered by EPA. This program consists of the UIC program requirements of 40 CFR parts 124, 144, 146, 148, and any additional requirements set forth in the remainder of this subpart. Injection well owners and operators, and EPA shall comply with these requirements.

(b) *Effective date.* The effective date of the UIC program for Indian lands in New Hampshire is November 25, 1988.

§ 153 FR 43088, Oct. 25, 1988, as amended at 56 FR 9417, Mar. 6, 1991]

**Subpart FF—New Jersey**

**§ 147.1550 State-administered program.**

The UIC program for all classes of wells in the State of New Jersey, except those on Indian lands, is the program administered by the New Jersey Department of Environmental Protection, approved by EPA pursuant to section 1422 of the SDWA. Notice of this approval was published in the Federal Register on July 15, 1983 (48 FR 32343); the effective date of this program is August 15, 1983. This program consists of the following elements, as submitted to EPA in the State's program application.

(a) *Incorporation by reference.* The requirements set forth in the State statutes and regulations cited in this paragraph are hereby incorporated by reference and made a part of the applicable UIC program under the SDWA for the State of New Jersey. This incorporation by reference was approved by the Director of the Federal Register on June 25, 1984.

(1) Water Pollution Control Act, New Jersey Statutes Annotated sec-

tions 58:10A-1 through 58:10A-20 (West 1982 and Supp. 1990);

(2) New Jersey Administrative Code, sections 7:14A-1.1 through 1.9 (subchapter 1), 7:14A-2.1 through 2.15 (subchapter 2), 7:14A-5.1 through 5.17, (subchapter 5) (amended March 1988);

(b)(1) The Memorandum Agreement between EPA Region II and the New Jersey Department of Environmental Protection, signed by the EPA Regional Administrator on September 9, 1982;

(2) Letter from Commissioner, New Jersey Department of Environmental Protection, to Regional Administrator, EPA Region II, March 21, 1983.

(c) *Statement of legal authority.* (1) Letter from Attorney General of New Jersey (by Deputy Attorney General) to Commissioner, Department of Environmental Protection, "Re: New Jersey Pollutant Discharge Elimination System—Underground Injection Control," February 9, 1982;

(2) Letter from Attorney General of New Jersey (by Deputy Attorney General) to Commissioner, Department of Environmental Protection, "Re: New Jersey Pollutant Discharge Elimination System—Underground Injection Control," April 15, 1983 (six pages);

(3) Letter from Attorney General of New Jersey (by Assistant Attorney General) to Commissioner, Department of Environmental Protection, "Re: New Jersey Pollutant Discharge Elimination System—Underground Injection Control," April 15, 1983 (two pages);

(d) The Program Description and any other materials submitted as part of the application or as supplements thereto.

§ 149 FR 20197, May 11, 1984, as amended at 53 FR 43088, Oct. 25, 1988; 56 FR 9417, Mar. 6, 1991]

**§ 147.1551 EPA-administered program—Indian lands.**

(a) *Contents.* The UIC program for all classes of wells on Indian lands in the State of New Jersey is administered by EPA. This program consists of the UIC program requirements of 40 CFR parts 124, 144, 146, 148, and any additional requirements set forth in the remainder of this subpart. Injection well owners and operators, and

EPA shall comply with these requirements.

(b) *Effective date.* The effective date of the UIC program for Indian lands in New Jersey is November 25, 1988.

§ 153 FR 43088, Oct. 25, 1988, as amended at 56 FR 9417, Mar. 6, 1991]

**Subpart GG—New Mexico**

**§ 147.1600 State-administered program—Class II wells.**

The UIC program for Class II wells in the State of New Mexico, except for those on Indian lands, is the program administered by the New Mexico Energy and Minerals Department, Oil Conservation Division, approved by EPA pursuant to section 1425 of the SDWA. Notice of this approval was published in the Federal Register on February 5, 1982 (47 FR 5412); the effective date of this program is March 7, 1982. This program consists of the following elements as submitted to EPA in the State's program application:

(a) *Incorporation by reference.* The requirements set forth in the State statutes and regulations cited in this paragraph are hereby incorporated by reference and made a part of the applicable UIC program under the SDWA for the State of New Mexico. This incorporation by reference was approved by the Director of the Federal Register on June 25, 1984.

(1) Oil and Gas Act, New Mexico Statutes Annotated sections 70-2-1 through -36 (1978);

(2) *State of New Mexico Energy and Mineral Department, Oil Conservation Division—Rules and Regulations* (dated 10-1-78), sections B-3, I-701 through I-708, M-1100 through M-1121.

(b)(1) The Memorandum of Agreement between EPA Region VI and the New Mexico Energy and Minerals Department, Oil Conservation Division, signed by the EPA Regional Administrator on December 10, 1981;

(2) Addendum No. 1 to the Memorandum of Agreement, signed by the EPA Regional Administrator on June 28, 1982;

(3) Addendum No. 2 to the Memorandum of Agreement, signed by the

NEIL H. WILLS  
P. O. BOX 829  
CARLSBAD, N. M.

July 28,  
1942

New Mexico Asphalt & Refining Company  
Artesia, New Mexico

Attention: Mr. Walter P. Luck

Dear Sir:

I am enclosing a copy of a letter from Mr. Ernest A. Hanson, Supervisor, Oil & Gas Operations, U. S. Geological Survey, which is self-explanatory. For your information, Leases 022006 (a) and (c) are the Colglazier lease in Section 20, Leases 029171 (a) and (c) are the Keyes Lease in Section 15, and Lease 060150 is the Hargrave Lease in Section 15, all in T 20 S, R 30 E, Barber Area, Eddy County, New Mexico.

In the Barber Area, production is found from porous lime members of the basal Yates sand formation. There is a negligible quantity of gas produced with the oil, and as a result there are no flowing wells in the area. Pushing the oil into the hole and towards the surface is an apparently inexhaustible water drive of "sulphur" water. In my opinion as long as a barrel of sulphur water replaces a barrel of oil that is taken from the pay, the rate of production could be increased to 500 bbls. per day, or greater, without injury to the reservoir and without physical waste.

As an operator in the area, there can be no objection on my part to the establishing of a special allowable of 100 bbls. daily for each 40-acre producing unit, if, in the opinion of the New Mexico Oil Conservation Commission, such a rate is necessary and desirable.

Very truly yours,

*Neil H. Wills*

NHW/lr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 34

ORDER NO. 487

THE APPLICATION OF THE NEW MEXICO  
ASPHALT & REFINING COMPANY THAT THE  
BARBER AREA, EDDY COUNTY, NEW MEXICO, (BEING  
ASPHALTIC BASE PRODUCTION) BE ALLOWED TO  
PRODUCE 100 BARRELS PER DAY PER UNIT OF  
PRODUCTION FOR A LIMITED PERIOD IN ORDER TO  
FILL THE APPLICANT'S REQUIREMENTS OF 1500  
BARRELS DAILY OF THE TYPE OF CRUDE OIL  
PRODUCED IN SAID AREA FOR THE PURPOSE OF  
MAINTAINING DELIVERIES OF ASPHALT AND ROAD  
OILS TO THE U. S. ARMY ENGINEERS FOR AIR BASE  
PROJECTS THROUGHOUT NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at two o'clock P.M., August 28,  
1942, at Santa Fe, New Mexico, before the Oil Conservation Commission  
of the State of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 26<sup>th</sup> day of September, 1942, the Commission having  
before it for consideration the testimony adduced at the hearing of said  
case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

SECTION 1. That the respective units of proration within the  
Barber Area, producing asphaltic base crude oil, be and are hereby  
allowed to produce over and above the current allowable insofar as such  
units are capable and insofar as such may be done without waste, up to  
100 barrels of crude oil daily for purchase by the New Mexico Asphalt  
and Refining Company for the express purpose of supplying the U.S. Army  
Engineers with asphalt and road oils to be used in the construction of  
air base projects in the State of New Mexico; provided, however, as follows:

A. That the New Mexico Asphalt and Refining Company first  
purchase the current allowable of crude oil of similar type meeting the  
requirements of the U.S. Army Engineers, produced in southeastern New  
Mexico and tendered to such purchaser.

B. That the New Mexico Asphalt and Refining Company make use  
of such excess allowable strictly for the purpose above named.

C. That the New Mexico Asphalt and Refining Company make  
application for each proration month to the Commission and receive approval  
thereof for the purchase of such excess allowable, naming the particular  
war project for which the asphaltic product of such excess oil is destined;  
and that not later than the 25 of the month, succeeding the month in which  
such excess oil is run, file with the Commission a detailed report as to  
deliveries of the asphaltic product derived from such excess oil to the  
respective war projects.

Office of the Secretary of the  
Department of the Interior  
Washington, D.C.

Office of the Secretary of the  
Department of the Interior

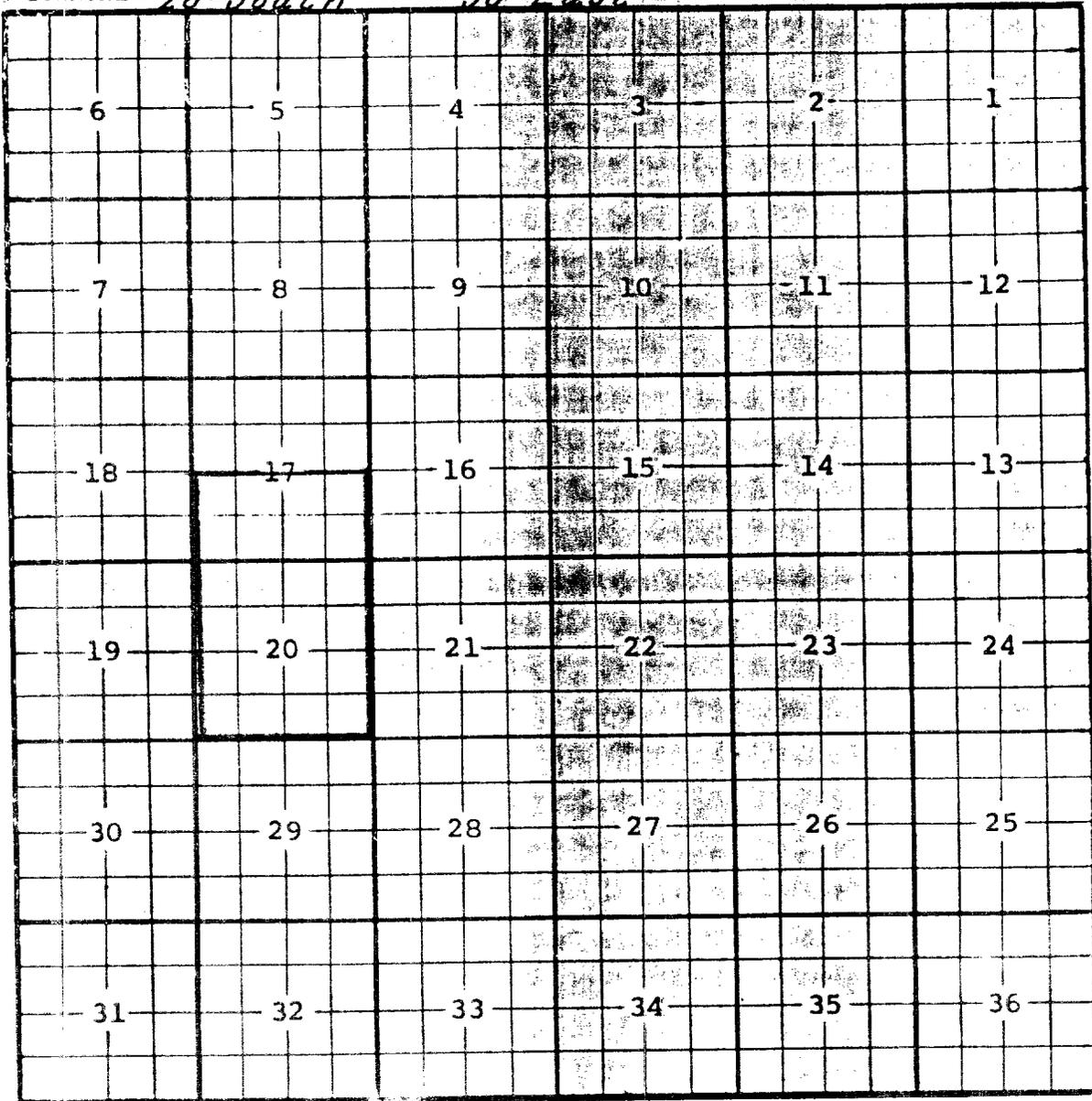
*[Signature]*  
Secretary of the Interior

*[Signature]*  
Secretary of the Interior

ILLEGIBLE

COUNTY *Eddy* POOL *Barber (yates)*

TOWNSHIP *20-South* RANGE *30-East* NMFM



Description:  $\frac{1}{2}$  sec. 17; All Sec. 20. Dec. 7, 1911

# Water Well Location Indicator

