

30-025-25957

File Copy



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

August 10, 2017

Certified Mail

7016-2070-0000-9841-4546

Joe Chance
Chance Properties
PO Box 1221
Kermit, TX 79745

**Re: 30 day Notice of Termination of New Mexico Salt Water Disposal Easement
Number SW-93-2 (Lea 20 State SWD #1)**

Dear Mr. Chance,

Enclosed is a copy of a letter our office sent to you on March 7th, 2017 notifying you of the upcoming expiration date of July 13, 2017. To this day, we have not received the necessary information to consider a renewal. In our geotechnical review has revealed that your injection may prove detrimental to the Capitan Aquifer. Such injection has been opposed by the NMSLO and that practice will continue. Consequently your renewal application will be denied.

Because your easement will not be re-issued you must cease all disposal operations. You have 30 days from the date of this letter to contact the Land Office with your plans for plugging and abandoning the well. Please be advised that after July 13th, 2017 this well is operating in trespass, and this issue may be forwarded to our legal division for possible further action.

Please contact Faith Crosby at 505-827-5849 or fcrosby@slo.state.nm.us.

Respectfully,

A handwritten signature in black ink, appearing to read "Aubrey Dunn".

Aubrey Dunn
Commissioner of Public Lands

EM/fc
Enclosure

Cc: ENMRD Oil Conservation Division



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March 7, 2017

Chance Properties
PO Box 1221
Kermit, TX 79745

Attn: Carla Neal

Re: **Re-issue of State Land Office Salt Water Disposal Easement SW-93**
(Lea 20 #1)

Dear Ms. Neal,

The above-referenced salt water disposal easement expires on July 13, 2017, and our office has initiated the process of evaluation for re-issue. Please complete and return a Salt Water Disposal Easement application with a fee of \$250.00 as soon as possible. The new forms may be found at our website: www.nmstatelands.org under the 'Obtaining a Lease' section. Please be advised, the easement and disposal rate structure has been updated and there are new application requirements. You may also be contacted soon by our District Resource Manager for inspection of your easement site.

If you have any questions please do not hesitate to contact Faith Crosby in the Oil, Gas and Minerals Division/Water Resources section at (505) 827-5849 or fcrosby@slo.state.nm.us.

Respectfully,

A handwritten signature in black ink, appearing to read "Aubrey Dunn", is written over the typed name.

Aubrey Dunn
Commissioner of Public Lands

PP/fc



OGMD
New Mexico State Land Office
Commissioner Aubrey Dunn

Memorandum

7/27/17

RE: Expiration of SW-93, Chance Properties

- This easement expired on 7/13/2017
- No renewal application has been received by SLO as of 7/27/2017.
- API 30-25-25957, in the SE4SE4 of section 20, 26S-36E, was converted to an SWD in 1978 under order SWD-210-0, and is still listed as active and the last injection reporting was for April 2017.
- Total depth of the well is 3420 feet deep.
- The well is injecting produced water from multiple hydrocarbon producing zones, including the Devonian, Queen, 7-Rivers and Langlie Mattix into the Capitan Reef aquifer per the OCD order, which contains water of a quality that is protectable in the State of New Mexico.
- The injection zone is between 3325-3420 ft, through an open hole.
- Unless a new injection zone outside of the Capitan Reef aquifer is pursued, via a new C-108 through the OCD, we do not recommend renewal of this easement, as the Capitan Reef aquifer is protectable in the State of New Mexico.

Recommendations:

- Contact operator to inform them that their easement has expired effective 7/13/2017, and all activity of injection must cease immediately.
- The DRM should inspect the location, which had trash and leaks last year when it was inspected, to make sure that the operator complies with the cease & desist letter.
- Clean-up should be required at the site before the bond is released to the company.