ARTICLE 4

WELL DRILLERS’ LICENSING—CONSTRUCTION, REPAIR, AND PLUGGING OF WELLS

4-1. LICENSE REQUIREMENTS. Only those persons with a valid water well driller’s license issued by the State Engineer may drill for underground water within a declared underground water basin. Such licenses shall not be required for the construction of a driven well; provided that the casing for such well shall not exceed two and three-eights (2 3/8) inches outside diameter. A driller’s license may be acquired by application to the State Engineer. The State Engineer will issue a Water Well Driller’s License to any applicant who, in the opinion of the State Engineer, having due regard for the interest of the state of New Mexico in the protection of its public waters, is qualified to conduct such drilling.

4-2. APPLICATIONS—FORMS AND FEES, PERFORMANCE BOND. Application for water well drillers license must be submitted to the State Engineer in quadruplicate on forms furnished by the State Engineer. An application must be accompanied by a filing fee of fifty dollars ($50) and a performance bond in the penal sum of five thousand dollars ($5,000) in a form and with surety approved by the State Engineer. The bond will be conditioned that the applicant will comply with the laws of the state of New Mexico and the rules and regulations of the State Engineer in the drilling of water wells. The license shall be valid only so long as the bond remains in effect.

4-3. DRILLING DEFINED. Drilling, deepening, repairing, cleaning, or plugging of a well requiring the use of a well rig is "drilling" within the meaning of these rules and regulations and can only be performed by a licensed driller.

4-4. LICENSE—ACTIVITIES PERMITTED—AMENDMENT. The Water Well Driller’s License will show what activities the driller named therein is authorized to perform. Provided, however, any holder of a current license may file an application to have his license amended to include other activities. Forms for this application are available in the State Engineer Office. A filing fee of five dollars ($5) must be submitted with this application.

4-5. DRILLERS’ IDENTIFICATION CARD—LICENSE NUMBER AND EXPIRATION DATE ATTACHED TO WELL RIG. Each licensee when drilling in a declared underground water basin must have available for inspection upon request his pocket identification card which will be issued with the license by the State Engineer. A licensee must attach, in plain sight, to any well rig he is operating within a declared underground water basin a card showing his license number and the expiration date of the license. Such cards are issued by the State Engineer to current license holders. The licensee’s name and address, in legible letters not less than one and one half (1 1/2) inches in height, shall be conspicuously displayed on any drill rig under the licensee’s control which is being operated within a declared underground water basin.
4-6. LICENSES--DURATION--RENEWALS. Licenses are granted for periods of two (2) years. A licensee may renew his license by making application to the State Engineer before the expiration of his current license. Application forms for renewals are available at the State Engineer Office and must be submitted in quadruplicate with a filing fee of twenty dollars ($20). Renewals are also granted for periods of two (2) years.

4-7. LICENSES--PERFORMANCE BOND--SURETY--CANCELLATION. If the performance bond supporting the license becomes inoperative, the licensee must immediately cease operations. Sureties must give thirty (30) days written notice to the State Engineer of an intention to cancel a bond. This notice must be by registered mail.

4-8. DRILLING--WHEN PERMISSIBLE--EMERGENCY WELL DRILLING. A licensee may drill, deepen, repair, or clean a well within a declared underground water basin only when:
   a. owner of such well has a valid permit from the State Engineer for the work to be performed; or
   b. the requirements of Article 2-1.1 are met. The licensee must assure himself that the statutory requirements have been met.

4-9. LICENSED DRILLERS--FILING OF OWNERSHIP OF WELL RIGS--TRANSFER OF OWNERSHIP--DESCRIPTIONS. Each licensed water well driller shall file with the State Engineer a current description of each well rig owned or controlled by him. Whenever a licensee severs his ownership or control of a well rig, he shall notify the State Engineer in writing of such severance within ten (10) days. Whenever a licensee acquires ownership or control of a rig, he shall submit to the State Engineer in quadruplicate a full description of said equipment. The licensee shall submit a photograph (side view) of the rig.

4-10. SUSPENSION OR REVOCATION OF DRILLER’S LICENSE--GROUNDS. The State Engineer may, after notice and hearing, suspend or revoke a driller’s license if he finds that said driller:
   a. has made a material misstatement of facts in his application for a license;
   b. has made a material misstatement of facts in a well record report;
   c. has violated the conditions of his license;
   d. has violated any of the rules and regulations of the State Engineer;
   e. has failed to submit a well record report (Article 4-11).

4-11. DRILLING RECORD--FORMS--TIME FOR FILING. The well driller shall keep a log of each well drilled, repaired, deepened, cleaned, or plugged, making a current record as the work progresses. A complete and properly executed well record, on the form provided by the State Engineer, shall be filed not later than ten (10) days after completion of the well.

4-12. SOIL FORMATION SAMPLES. The well driller shall, when so requested by the State Engineer, furnish (in sample bags supplied by the State Engineer) samples of the
formations encountered during drilling operations. The method and interval of sampling and the quantities required will be specified by the State Engineer.

4-13. WELL CONSTRUCTION. Every well shall be constructed with an opening of at least three fourths (¾) inch in diameter in the casing above ground level to allow a measuring line to be inserted between the outside casing and the pump column, in order that the water level in the well may be measured. A removable cap shall be provided for such openings.

4-13.1. CAPACITY MEASUREMENTS -- DISCHARGE PIPE -- TURNOUT -- APPROVED CAPACITY. In order that capacity measurements may be made, all pumps other than those connected directly into an underground system shall have a discharge pipe unrestricted for at least five (5) diameters in length from the flange of the pump, elbow, or other obstruction. Those connected to an underground system shall have a turnout at the well into which the entire flow can be diverted with an unrestricted pipe as above. This turnout may be equipped with a valve or removable cap. Flowing wells must be equipped with a discharge pipe as described above and a cap or valve approved by the State Engineer.

4-14. SHALLOW WELLS--CONSTRUCTION--REPAIR--PLUGGING. The State Engineer has not adopted any general specifications for the construction, repair, or plugging of non-artesian or shallow wells. Any specific requirements and provisions made by the State Engineer shall be set forth in the permit. Application for Permit to Repair is required for all repair work, cleaning, scaling, deepening, modification of casing, or other work requiring the use of a well rig. Any specific requirements or conditions governing the repair will be set out in the approval of the permit. If plugging is required (Article 2-13), shallow wells shall be plugged by filling to the ground surface or, if the casing is not to be removed, by welding a steel plate or cap to the casing.

4-15. ARTESIAN WELLS--CONSTRUCTION. The casing for artesian wells shall be inspected by the State Engineer or his representative and shall meet or exceed the specifications as set forth in 4-15.1. All casing and collars must be in good condition. A standard casing shoe shall be used in all instances. The casing shall not be perforated in a manner that would allow the commingling of water from the artesian formation with water in overlying formations.

4-15.1. CASING AND COUPLING--API TABLE OF SPECIFICATIONS. Only threaded casing shall be used. Casings and couplings shall meet minimum American Petroleum Institute (API) specifications for the following sizes:

<table>
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<th>Outside Diameter</th>
<th>Weight With Couplings (lbs/ft)</th>
<th>Wall Thickness</th>
<th>O.D.</th>
<th>Coupling Length</th>
<th>Threads Per Inch</th>
<th>Grade Of Casing</th>
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<td>4½</td>
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<td>0.205</td>
<td>5.000</td>
<td>5</td>
<td>8</td>
<td>F-25</td>
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<td>0.228</td>
<td>6.050</td>
<td>6¾</td>
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<td>F-25</td>
</tr>
<tr>
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<td>Weight With Couplings (lbs/ft)</td>
<td>Wall Thickness Inches</td>
<td>O.D. Inches</td>
<td>Coupling Length Inches</td>
<td>Threads Per Inch</td>
<td>Grade Of Casing</td>
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<tr>
<td>6</td>
<td>15.00</td>
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<td>7</td>
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<td>7¼</td>
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If casing length exceeds one thousand (1,000) feet, H-grade or better shall be used for thirteen and three-eighths (13⅛) inch casing.

4-15.2. HOLE DIAMETER. In all cases the diameter of the drilled hole shall be at least two (2) inches greater than the outside diameter of the casing.

4-16. CASING--CEMENTING--TESTING. The following specifications shall govern casing, cementing, and testing: the casing shoe shall be welded to the casing to assure proper position. The casing shall be landed on a suitable casing seat in the confining formation overlying the artesian aquifer formation and sufficient oil well cement shall be used to obtain circulation to the surface. When circulation to the surface is not obtained, cement shall be placed to the surface behind the casing. Additives of pozzolanic nature may be used above the casing shoe but shall not exceed fifty per cent (50%) by volume. The addition of calcium chloride and/or gel is permissible but shall not in any case exceed two per cent (2%) each by weight. A sufficient amount of cement without additives shall be used to allow neat cement to seal the casing shoe and rise a minimum of fifty (50) feet above the shoe between the casing and the hole. Cement shall be allowed to set a minimum of forty eight (48) hours before drilling is resumed. Sealing off of the formations shall be checked by a method approved by the State Engineer or his authorized representative.

4-16.1. CEMENTING. Cementing shall be done by the pump and plug method as follows: after the casing has been run and landed, the pump shall be started and mud circulation shall be maintained for at least thirty (30) minutes with the casing raised slightly in order to equalize the mud pressure inside and outside of the casing. A heavy slurry of oil well cement and water shall be mixed and poured into the top of the casing. If additives are used in the slurry, sufficient neat cement (density fifteen (15) pounds per gallon) shall then be added to seal the casing shoe and rise a minimum of fifty (50) feet above the shoe. A casing plug of standard make shall be placed in the casing above the cement and a swedge nipple screwed onto the top of the casing and connected to the mud pump. Then a mud slurry or water shall be pumped into the casing, forcing the cement and casing plug down the casing. A measuring line shall be run behind the plug so that the driller may know its location at all times. When the plug reaches the
point desired above the bottom of the casing, the pump shall be stopped and the casing lowered
to the casing seat.

4-17. CASING, CEMENTING--TESTING--APPROVAL. The casing, cementing, and
testing programs shall be witnessed and approved by an authorized representative of the State
Engineer.

4-18. EXCEPTION TO CASING AND CEMENTING REQUIREMENTS. In those
areas of declared artesian basins where the well is drilled into the artesian aquifer, but no
confining formation overlying the artesian formation is present, the foregoing requirements for
casing and cementing are not applicable and may be altered by receiving written approval of the
State Engineer or his representative.

4-19. ARTESIAN WELLS--REPAIR. Before repairs are commenced the well shall
first be inspected by a representative of the State Engineer to determine if the condition of the
well is such that it may be repaired. When leaks in the casing are found and the casing and well
are otherwise in good condition, the well may be repaired by a method approved by the State
Engineer. A packer or bridge plug approved by the State Engineer shall be used in all well
repairs. An inspection shall be made at the completion of the work to determine if the repair was
satisfactory. During each inspection, the hole shall be open to allow the entrance of equipment
for well logging and leakage measurement.

4-19.1. PLUGGING. If an artesian well is to be replaced by a new well, it shall be
plugged immediately following the completion of the new well. All the work shall be done under
the supervision of the State Engineer or his representative, or a representative of the appropriate
Artesian Conservancy District who shall designate the amount of cement to be used and the
depths at which cement plugs shall be set.

4-20. TEST OR EXPLORATORY WELLS. All test or exploratory wells shall be so
constructed, maintained, and operated that each water shall be confined to the aquifer in which
it is encountered. All test or exploratory wells penetrating artesian aquifers shall be cased,
cemented, and tested as required for the construction of artesian wells (Article 4-15 through 4-18)
and the casing shall be landed in the formation underlying the deepest artesian aquifer and
cemented through all known artesian aquifers. The casing, as referred to in the artesian well
specifications, is designated as the water protection string by the oil industry. If conductor pipe
is used, it shall not be removed until after cementing of the casing has been completed. All
casing, cementing, and testing programs shall be witnessed and approved by a representative of
the State Engineer.

4-20.1. SHOTHOLES--PENETRATION. Shotholes for geophysical exploration shall
not penetrate closer than twenty-five (25) feet above any known artesian aquifer under
confinement.
4-20.2. ABANDONMENT--PLUGGING. In the event that the test or exploratory well is to be abandoned, the State Engineer shall be notified. Such well shall be plugged in accordance with Article 4-19.1 so that the fluids will be permanently confined to the specific strata in which they were originally encountered.

4-21. MINE LODE DISCOVERY AND DRILL HOLES. Any person drilling a mine lode discovery or mine drill hole to a depth of ten (10) feet or more, who shall encounter or whose drill shall cut into a water body or water bearing strata, shall plug or otherwise construct, maintain, and operate such holes so that any water encountered is permanently confined to the aquifer in which it is found.

4-21.1. DISCOVERY REPORT--FORMS--TIME FOR FILING. Such person, within ninety (90) days from the date of the discovery, shall report to the State Engineer, on forms provided by the State Engineer, the location and depth of the hole, and the method and material used in plugging the hole. If the hole is not plugged, the report shall describe the manner in which it was constructed and is being maintained and operated. The report shall include a log of the hole which is adequate to permit a determination of whether the plugging or construction and operation and maintenance of the drill hole are satisfactory.

4-21.2. ARTESIAN WATER. If artesian water is encountered, the construction, operation, maintenance, or plugging shall be done in accordance with Articles 4-15 through Articles 4-19-1.

4-22. DEVIATIONS FROM SPECIFICATIONS--APPROVAL. Any deviations from the above described casing, cementing, and testing programs must be approved by the State Engineer.