

CASE 4230: Application of DALPORT
OIL CORP. FOR AN EXCEPTION TO
ORDER NO. R-3221, CHAVES COUNTY.

Case Number
4230

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMAS BLDG. • P. O. BOX 1092 • PHONE 242-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 22, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Dalport Oil Corporation) Case No. 4230
for an exception to Order No. R-3221, as)
amended, Chaves County, New Mexico.)

BEFORE: Daniel Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Case 4230.

MR. HATCH: Case 4230. Application of Dalport Oil Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico.

MR. CHRISTY: Sam Christy, Hinkle, Bondurant and Christy, Roswell, New Mexico, for the Applicant. We have one witness, Mr. Examiner.

(Witness sworn.)

(Whereupon, Applicant's Exhibits A and B were marked for identification.)

LEON LAMPERT

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q For the record will you please state your name and your occupation, where you live, by whom you are employed and in what capacity?

A My name is Leon Lampert. I work for Dalport Oil Corporation out of Dallas, Texas, and I live in Corpus Christi, Texas.

Q Mr. Lampert, have you ever testified before this regulatory body?

A No, sir.

Q Would you briefly tell us the schools of higher learning you have attended and the degrees received, if any, and when?

A I have attended the University of Texas and I have a Bachelor of Science Degree in geology and a Master of Science Degree in geology.

Q When were those obtained?

A Bachelor of Science in 1951 and the Masters, 1953.

Q Since obtaining those degrees have you been regularly employed as a geologist?

A Yes, sir.

Q Are you familiar with geology in the West Texas-New Mexico area?

A Yes, sir.

Q Have you worked in this area?

A Since 1954 I have worked off and on in West Texas-New Mexico.

Q I believe that this application concerns property in Township 14 South, Range 30 East, Chaves County, New Mexico. Are you familiar with that general area and the geology therein?

A Yes.

MR. CHRISTY: Does the Examiner have any questions concerning the witness's qualifications?

MR. NUTTER: No; the witness is qualified.

Q (By Mr. Crhisty) Mr. Lampert, will you briefly tell us what is sought by Dalport in this application in Case 4230?

A Dalport Oil Corporation in the latter part of August of this year completed the number 2 AMCO Federal in Section 31, 14 South, 30 East, in Chaves County.

Q Is that in the southwest northwest of Section 31?

A That's right.

Q All right, sir.

A And we completed it for about twenty barrels of oil and fifty barrels of water pumping and we are putting water into a surface pit, regulation size surface pit and we were requesting that we obtain exception to this no pit order ruling.

Q You have obtained temporary authority to make this disposal up to this time?

A That's right, sir.

Q Briefly tell us a little about this well; what depth it's completed and in what depth you propose to inject salt water.

A Well, the completion is at 2040 to 2050 in the Queen Sand Formation. We are not injecting water.

Q I misspoke myself there.

A And when we completed it we saw that it was making water; so, we contacted the Artesia office of the Conservation Commission to obtain a temporary order for disposal of water on the surface.

Q Now, to orientate ourselves a little better, may I refer to what has been marked as Applicant's Exhibit A in this hearing and would you please identify it for us, what is depicts?

A Exhibit A is a land map of the general area showing all of our wells in the double "L." This field is called the double "L" field -- Queen Field and it shows the wells to the south in the Sulimar Field, that it's 15 South, 29 East; but, the well that's marked in yellow in Section 31 is the well that we are discussing.

The surface pit is located due south of that well midway between the number 1 and number 2. It would have been halfway between the two wells which is where the tank battery is located.

On the west side, the left side of the map,

there is a well in red or there is a mark in red and that is the only subsurface water well in the whole area. So, this just -- it shows the subsurface water well in Section 3 and it shows our well making water in 31 in yellow.

Q And as I understand it, this little lucky well on the left-hand side is the only subsurface water well in the area?

A That's right, sir.

Q By "in the area," what do you mean, four or five miles?

A Within five miles in any direction.

Q Did you drill this well by cable tool or rotary?

A Rotary.

Q Are there any other cable tool wells that have been drilled in this area?

A Yes, sir; immediately south of this well colored in yellow in Section 1, 15 South, 29, R. G. McPherson is the eastern part of Section 1 -- R. G. McPherson has drilled two wells with cable tools to the Queen at about 2,000 feet and they have just recently been completed.

Q Have you made an investigation as to whether or not fresh water was encountered from the surface of the

ground down to the top of the Queen at 2,000 feet.

Q I notice on Exhibit A the number 2 McPherson Well shows as drilling. Do I understand now it has just recently been completed?

A Yes, sir. It should be filled in. It is a completed well.

Q Any other cable tool wells in this general area that you know of?

A Yes, sir. The well in Section 6, 15 South, 30, which is called McClellan No. 1 Sue is a cable tool well and then further on south in the Sulimar Field, I believe everyone of those would be a cable tool well.

Of course, in the Sulimar they have not encountered any water from the surface of the ground down to the top of the Queen.

Q In that connection, particularly with McClellan Wells, are you familiar with Case 4156 before this Oil Conservation Commission in which Mr. McClellan made a similar application for exception as Dalport asks in this case?

A Yes, sir.

Q Have you read that case?

A Yes, sir.

Q Do you agree with the conclusions therein contained and testified to?

A Yes, sir.

Q Now, you also have what's been identified as Exhibit B in this case. Would you briefly tell us what it is and what it purports to depict?

A Exhibit B shows the general area and it shows various surface tanks and various wells from Eddy County going northward into Chaves County.

In yellow it shows where our proposed disposal pit is and to the southwest of it a couple of miles it shows that little lucky well that we mentioned a while ago that is the only subsurface water well in the area.

Q Now, I notice an arrow on Exhibit B saying "direction of water." Could you tell us a little bit what that is supposed to depict, what it means?

A Yes, sir. That was taken from the ground water report number 3 put out by the New Mexico Bureau of Mines which -- in this ground water report they have a map that shows the direction of the ground water flow in Eddy County, and this arrow as you will notice is in Eddy County and if there is a movement of ground water it will be in the

south or southwesterly direction.

As it turns out in our area to the north there doesn't seem to be any Artesian aquifer that we have found as yet that will continue in a direction -- certain direction or that is wide spread. There is no aquifer that we know of that is a wide spread aquifer.

Q Do you have an opinion as to which way the salt water would flow in the event it did permeate down below the pit in this instance?

A Yes, sir. If you map on the shallow beds, one of the shallowest markers would be the top of the Russler, top of the Anhydrite at a depth of 290 to 300 feet. The original dip of the Russler is easterly in the area where our pit is.

There is a topographic hill situated just to the south of this pit and the slope of the ground slopes eastward and northeastward at the location of the pit. So, it's my opinion that if there would be any kind of drainage it would be in a easterly or northeasterly -- I would say probably just an easterly direction following the dip of the beds.

Q That would be away from the Little Lucky Well?

A Yes, sir. Now, this little hill that is in this vicinity of the -- incidentally, the area is sort of rolling, but the lowest topographic features are sort of to the east and in this one instance to the northeast so that if there be any drainage it would be in that easterly direction or components of the easterly direction.

Q Now, you would understand, I believe, that in this application you would be limited to disposal of salt water from this well?

A Yes.

Q We are not talking about any further development --

A Yes, sir.

Q -- and this is in the range of 40 to 50 barrels of salt water per day?

A Yes, sir. We have just recently tested it and it is in the range of 50 barrels of salt water per day.

Q What about the economics if you are unable to dispose of it in the surface pit? What could you do with it? What would be the cost of it?

A We would have to place a tank, I imagine a fiber glass type of tank on there which cost about fifteen hundred dollars. Then, we would have to put the water into the tank and haul the water out periodically.

Q Do you have any idea what hauling water is in that area?

A They would charge you by the hour. It would be something like thirteen dollars an hour. For a load of --- for a load of salt water it would be somewhere in the neighborhood of about a four-hour trip. I don't know exactly where the truckers would dispose of this water, either.

Q It would become rather expensive?

A It would. It would be expensive. We feel there is no aquifer in this area as shown by these cable tool holes that have been drilled. We feel that there is no water that would be contaminated by our surface pit.

Q Now, in Exhibit B you have shown some other windmills and did I understand you right, they are simply pumping surface water?

A Yes, sir. Just immediately west of that little yellow mark where our proposed disposal pit is there are several windmills. They are actually in the southeast quarter of Section 36 and it is a pond; it's a pond that is draining the area; that's west of our well.

There are two pumps located on this pond and

they are pumping water into some concrete tanks that are -- and they furnish water to their cattle out of the concrete tanks. There is another windmill to the north about a mile and a half that is north of our proposed tank. It's pumping rain water also into a concrete tank.

Q The only subsurface one in the area is the Little Lucky 1?

A That's right. Yes, sir.

Q Is there anything else that I have not asked you in connection with this application which you feel would be of interest and benefit to the Commission in the consideration of the application?

A I think the only thing that we should stress is that there have been cable tool wells very close to this well of ours and that there has been no show of water whatsoever from the surface to the top of the Queen.

Q Is there anything else?

A I don't believe there's anything else, sir.

MR. CHRISTY: At this time we would like to offer in evidence Applicant's Exhibits A and B.

MR. NUTTER: Applicant's Exhibits A and B will be admitted in evidence.

MR. CHRISTY: That's all, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lampert, I hand you a book of maps and particularly refer you to Caprock quadrangle No. 95. That is the book of maps prepared by the New Mexico State Highway Department and it would appear the examination of page 95 in that book that approximately a mile to the southwest of your proposed pit would be a couple of windmills indicated by the symbol of a circle with a couple of little horns on top of the circle.

Also, approximately a mile north in Section -- at the north side of Section 30, there is an indicated windmill and a mile north of that in the southern part of Section 18, there would be another indicated windmill.

Have you investigated those windmills that have been reported by the highway department on their map and found whether they exist or not?

A Yes, sir. They do exist and everyone of the windmills are pumping rain water out of the low spots, low ponds.

Q Now, you mentioned while ago that there were a couple of windmills in the southeast corner of Section 36.

A Those are the same two shown --

Q These would be the ones that are shown in Section 1 on this map?

A Did I say southeast quarter of Section 36? They are a little bit to the south of the southeast quarter, just exactly where they are shown.

Q Between those two roads?

A Right, sir.

Q And that is a pond there that gathers surface drainage?

A That's right.

Q When it rains? Are the pumps on the windmills set under the surface of the ground or are they hanging up in the air and pump only when there is water in the pump?

A They are set down into the ground and they have pipes extending into the pond and there are two separate windmills; one on the east side of the pond and one on the west side.

Evidently there is a pasture -- a fence line in between and they are pumping water -- the two windmills are pumping water from the pond; ones to the east and ones to the west into these concrete tanks.

Q In other words, this is just a means of getting

water from a pond into more or less a concrete cistern?

A Into a cistern that's feeding the tanks. Then, to the north where you said -- a mile north of our wells where you said there was a windmill and to which I testified while ago there is a same situation.

There is one windmill and it's pumping out of a pond into a cistern. I have checked this information also with the manager of the Bogle Farms of that area and he says that they -- he agrees that this is exactly what it is, that they are windmills taking water out of a pond. They are not taking water out of the subsurface.

Q What about this Little Lucky Well? How deep is the water in that well?

A This is approximately -- this is from the manager, this foreman of the Bogle Farm -- it's approximately 150 feet in depth.

Q What is the water level, do you know?

A No, sir.

Q Do you know the quality of that water?

A It's fairly decent water for cattle purposes. I don't know if it's drinkable; but, he mentioned that it's all right for the cattle.

This foreman also mentioned that there have been

other attempts in the area to locate water in this -- these townships right in the vicinity of our disposal pit and it has been very difficult to find water at any depth and he knows of no other water other than that Little Lucky Well.

MR. CHRISTI: Where is this location that you are asking the exception for with respect to the Caprock?

THE WITNESS: The physiographic Caprock.

MR. CHRISTI: Yes, sir.

THE WITNESS: We are approximately eight miles -- oh, it looks like we are about seven miles west of the Caprock.

MR. NUTTER: I believe the Caprock is indicated on Applicant's Exhibit B.

MR. CHRISTI: You are west of the Caprock and do you know off of the Caprock?

THE WITNESS: Yes. We are in the Mescalero Sands, shifting dune sands.

MR. CHRISTI: Is there any Ogallala Formation present at any location?

THE WITNESS: No, sir.

MR. NUTTER: Does anyone have any further questions

of Mr. Lampert? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Christy?

MR. CHRISTY: No, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4230? Take the case under advisement and call Case 4231.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
LEON LAMPERT	
Direct Examination by Mr. Christy	2
Cross Examination by Mr. Nutter	13

E X H I B I T S

Applicant's Exhibits	
A and B	2

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

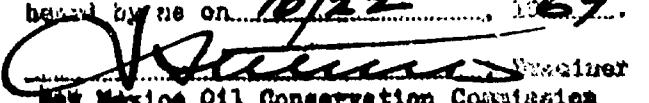
I, GLENDA BURKS, Court Reporter in and for the
County of Bernalillo, State of New Mexico, do hereby
certify that the foregoing and attached Transcript of
Hearing before the New Mexico Oil Conservation Commission
was reported by me; and that the same is a true and correct
record of the said proceedings to the best of my knowledge,
skill and ability.

Glenada Burks
Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Frakiner hearing of Case No. 4230
heard by me on 10/22/69.


New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

October 1, 1969

Case 4230

Mr. Leon M. Lampert
Dalport Oil Corporation
1134 The 600 Building
Corpus Christi, Texas 78401

DOCKET MAILED

Date 10-9-69

Dear Mr. Lampert:

Regarding your letter of September 29, please be advised that the application filed by Mr. Christy on September 9th for an exception to Order R-3221 has been set for the October 22, 1969 examiner hearing.

A docket will be mailed to you when they are printed.

Very truly yours,

IDA RODRIGUEZ
Secretary to the Director

DALPORT OIL CORPORATION
1134 THE 600 BUILDING
CORPUS CHRISTI, TEXAS 78401

OCT - 1 1969

September 29, 1969

Case 42-30

Re: Dalport Oil Corporation
Application for Exception
to Order R-3221-C

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

With reference to above Application, sent to you by Mr. S. B. Christy, IV on September 9th, please advise if a hearing date has been set.

Thanking you for your kind attention to this matter, I remain

Very truly yours,

Leon M. Lampert
Leon M. Lampert

DOCKET NO. 29-69

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 22, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 4213: (Continued from the September 10, 1969, Examiner Hearing)

Application of Texo Oil Company for pool redelineation, creation of a new gas pool, an unorthodox gas well location, and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the vertical limits of the South Corbin-Queen Pool to permit the creation of a new basal Penrose gas pool for its Buffalo Unit Well No. 11 located at an unorthodox gas well location 2310 feet from the South line and 330 feet from the West line of Section 35, Township 18 South, Range 33 East, Lea County, New Mexico. Applicant further seeks approval of an 80-acre non-standard gas proration unit comprising the N/2 SW/4 of said Section 35, to be dedicated to the above-described well.

CASE 4230: Application of Dalport Oil Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's AMCO Federal Well No. 2 located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, Double L Field, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit located in the vicinity of said well.

CASE 4231: Application of Western States Producing Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4174 feet to 4388 feet in its State "30" Well No. 3, located in Unit L of Section 30, Township 7 South, Range 33 East, Chavesco-San Andres Pool, Roosevelt County, New Mexico.

CASE 4232: Application of Pan American Petroleum Corporation for a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Baskett "D" Lease by the injection of water into the San Andres formation through its Baskett "D" Well No. 4 located in Unit I of Section 11, Township 8 South, Range 30 East, Cato-San Andres Pool, Chaves County, New Mexico.

CASE 4233: Application of Aztec Oil & Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formations in the open-hole interval from 3929 feet to 3990 feet in its State SR Well No. 1 located in Unit G of Section 16, Township 24 South, Range 36 East, Jalmat Field, Lea County, New Mexico.

CASE 4234: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the upper Morrow and lower Morrow formations underlying Section 12, Township 23 South, Range 24 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at a standard location 1650 feet from the North and East lines of said Section 12, and within one mile of the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4235: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jack A-29 lease by the injection of water into the Seven Rivers-Queen formations through its Jack A-29 Wells Nos. 2 and 4 located, respectively, in Units 2 and 0 of Section 29, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4236: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Anderson Ranch Unit Area by the injection of water into the Wolfcamp formation through its Anderson Ranch Unit Wells Nos. 4 and 5, located, respectively, in Units B and J of Section 11, Township 16 South, Range 32 East, Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

CASE 4237: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Monument-Tubb and Weir-Blinebry Pools in the well-bores of the following four wells located in Township 20 South, Range 37 East, Lea County, New Mexico:

Britt "B" Well No. 18 - Unit N - Section 10
Britt "B" Well No. 19 - Unit B - Section 15
Britt "B" Well No. 20 - Unit L - Section 10
Britt "B" Well No. 21 - Unit J - Section 10

CASE 4238: Application of McCasland Disposal System for the amendment of Order No. R-3781, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3781, to permit the disposal of produced salt water in the Yates formation, in addition to the previously authorized Seven Rivers formation, in its Getty Oil Company J. H. Day Well No. 2 located in Unit D of Section 6, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico. Overall disposal interval would be from 3543 feet to 3939 feet.

CASE 4239: Application of Amini Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the SE/4 of Section 8, Township 14 South, Range 34 East, Lea County, New Mexico. Said acreage to be dedicated to a well to be drilled at a standard location in said quarter section and within one mile of the Cerca-Upper Pennsylvanian Pool. Also to be considered will be the costs of drilling said

Case 4239 - Continued from Page 3 -

well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4240: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exceptions would be for applicant's Smernoff Federal Well No. 1 located in Unit B of Section 24 and LaRue Federal Well No. 1 located in Unit D of Section 25, both in Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of water produced by said wells in two unlined surface pits located in said Units B and D.

CASE 4241: Application of Pennzoil United, Inc., for a non-standard gas proration unit or the creation of a new gas pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the E/2 of Section 21, Township 24 South, Range 26 East, White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, said unit to be dedicated to applicant's Allied Federal 21 Well No. 1 located at a standard location in Unit J of said Section 21. In the alternative, applicant seeks the deletion of said Section 21 from the White City-Pennsylvanian Gas Pool and the creation of a new Morrow gas pool for said Allied Federal 21 Well No. 1.

CASE 4242: Application of Pennzoil United, Inc., for a non-standard gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C II, to permit the recompletion of its Mescalero Ridge Well No. 1 at a non-standard location 660 feet from the South and West lines of Section 20, Township 19 South, Range 34 East, and within one mile of the Quail Ridge-Morrow Gas Pool, Lea County, New Mexico.

October 22, 1969 - Examiner Hearing
-5-

Docket No. 29-69

(Continued from the October 8, 1969, Examiner Hearing)

CASE 4223: Application of Resler and Sheldon for two waterflood projects, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute two waterflood projects by the injection of water into the Grayburg, and possibly other formations in the perforated interval from approximately 3555 feet to 3617 feet in their Kelly Well No. 3 and into the Queen, and possibly other formations in the perforated interval from approximately 3439 feet to 3689 feet in their Steeler Well No. 1, said wells being located, respectively, in Unit M of Section 16, and Unit I of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. In the alternative, applicants seek authority to dispose of produced salt water in said wells in the intervals as described above.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 29, 1969

Mr. Sim Christy
Hinkle, Bondurant & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4230
Order No. R-3865
Applicant:
Dalport Oil Corporation

Dear Sir:

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

Very truly yours,

A handwritten signature in black ink, appearing to read "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC _____

Other _____ State Engineer Office

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. 4230
Order No. R-3865

APPLICATION OF DALPORT OIL CORPORATION
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 22, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 29th day of October, 1969, 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 the applicant, Dalport Oil Corporation, is the
owner and operator of the AMCO Federal Well No. 2, located in
the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East,
NMPM, Double L Field, Chaves County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as
amended, prohibits in that area encompassed by Lea, Eddy, Chaves,
and Roosevelt Counties, New Mexico, the disposal, subject to minor
exceptions, of water produced in conjunction with the production
of oil or gas, or both, on the surface of the ground, or in any
pit, pond, lake, depression, draw, streambed, or arroyo, or in
any watercourse, or in any other place or in any manner which
would constitute a hazard to any fresh water supplies and said
disposal has not previously been prohibited.

CASE No. 4230
Order No. R-3865

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's AMCO Federal Well No. 2 in an unlined surface pit located in the vicinity of said well.

(7) That there appears to be no shallow fresh water in the vicinity of the subject pit for which a reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.

(8) That the applicant should be permitted to dispose of salt water produced by its AMCO Federal Well No. 2 in an unlined surface pit in the vicinity of said well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dalport Oil Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its AMCO Federal Well No. 2, located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, NMPM, Double L Field, Chaves County, New Mexico, in an unlined surface pit in the vicinity of said well.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

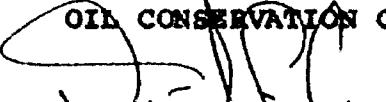
-3-

CASE NO. 4230
Order No. R-3865

(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


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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

esr/

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. 4230
Order No. R-3865

APPLICATION OF DALPORT OIL CORPORATION
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 22, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of October, 1969, 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 the applicant, Dalport Oil Corporation, is the owner and operator of the AMCO Federal Well No. 2, located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, NMPM, Double L Field, Chaves County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

-2-

CASE No. 4230
Order No. R-3865

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's AMCO Federal Well No. 2 in an unlined surface pit located in the vicinity of said well.

(7) That there appears to be no shallow fresh water in the vicinity of the subject pit for which a reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.

(8) That the applicant should be permitted to dispose of salt water produced by its AMCO Federal Well No. 2 in an unlined surface pit in the vicinity of said well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dalport Oil Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its AMCO Federal Well No. 2, located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, NMPM, Double L Field, Chaves County, New Mexico, in an unlined surface pit in the vicinity of said well.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

-3-

CASE No. 4230
Order No. R-3865

(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

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

esr/

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

June 7, 1972

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

Re: Case 4230

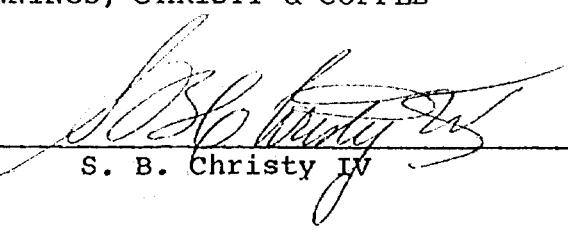
Gentlemen:

We return herewith in an unaltered condition Transcript of Hearing and Exhibits A and B in the captioned cause, and thank you for the use of the same.

Respectfully,

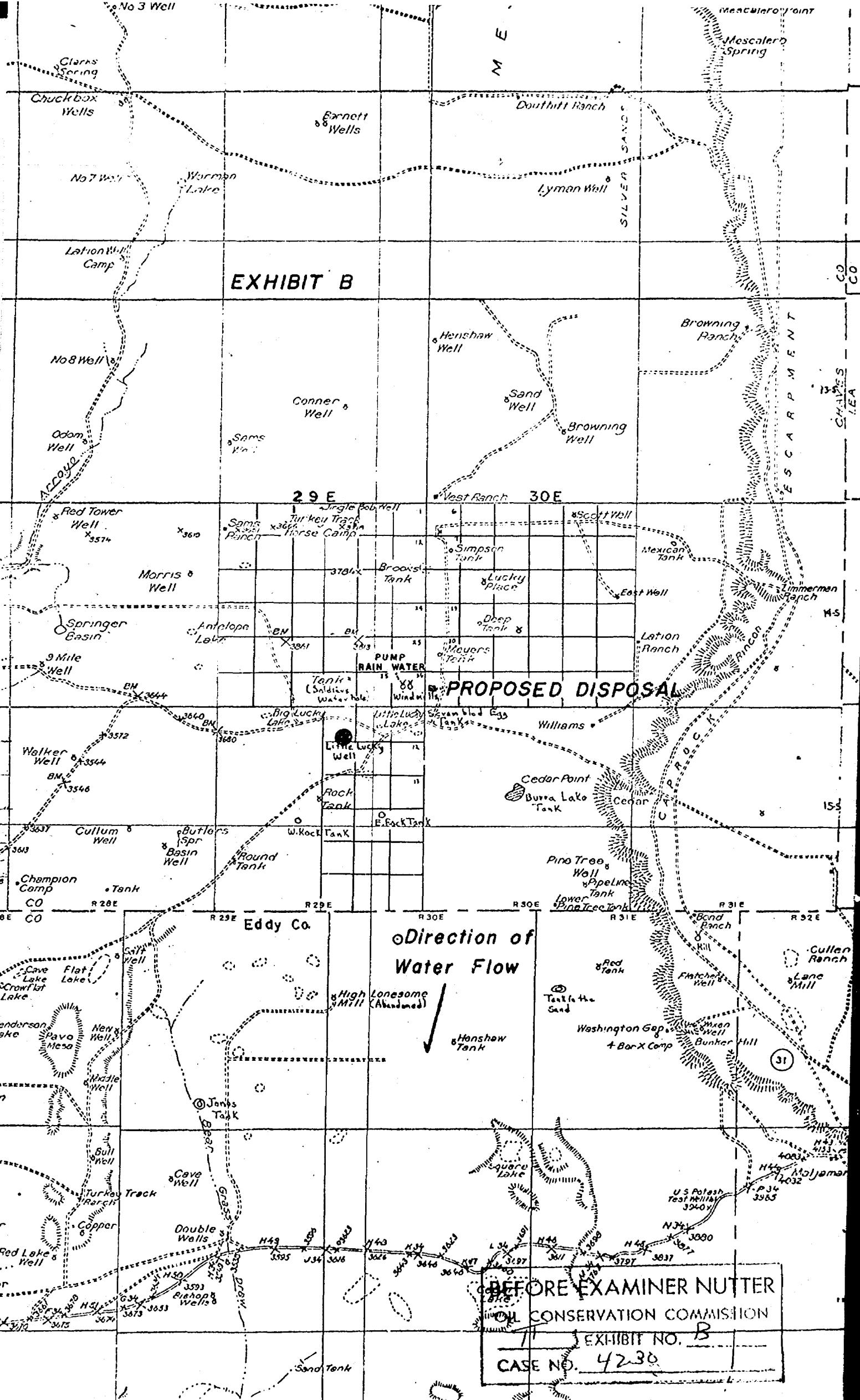
JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:jy
Encls.

EXHIBIT



CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
—
C. D. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
600 HINKLE BUILDING
ROSWELL, NEW MEXICO 88201

22
23
24
25
MIDLAND, TEXAS OFFICE
621 MIDLAND TOWER
(915) MU 3-4691
26
27
28
29
TELEPHONE (505) 822-6510
POST OFFICE BOX 10

September 9, 1969

Case 4230

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.
Executive Secretary

Re: Dalport Oil Corporation
Application for Exception to
Order R-3221-C

Gentlemen:

We enclose herewith in triplicate an Application by our client, Dalport Oil Corporation, for an exception to the Commission's Order R-3221-C, Case 3807, entered September 10, 1968.

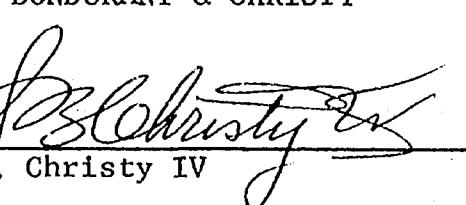
We would appreciate it if the case might be set for an Examiner hearing the last possible week in October, 1969.

If anything further is required, kindly advise.

Respectfully,

HINKLE, BONDURANT & CHRISTY

By


S. B. Christy IV

SBC:pv

Encl.

cc: Dalport Oil Corporation
(Corpus Christi)
cc: Dalport Oil Corporation
(Dallas)

DOCKET MAILED

Date 10-9-69

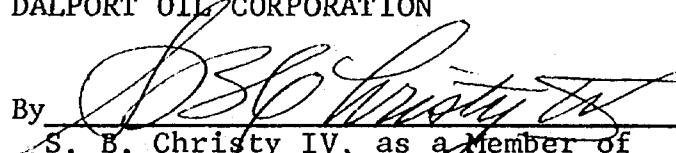
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
339
340
341
342
343
344
345
346
347
348
349
349
350
351
352
353
354
355
356
357
358
359
359
360
361
362
363
364
365
366
367
368
369
369
370
371
372
373
374
375
376
377
378
379
379
380
381
382
383
384
385
386
387
388
389
389
390
391
392
393
394
395
396
397
398
399
399
400
401
402
403
404
405
406
407
408
409
409
410
411
412
413
414
415
416
417
418
419
419
420
421
422
423
424
425
426
427
428
429
429
430
431
432
433
434
435
436
437
438
439
439
440
441
442
443
444
445
446
447
448
449
449
450
451
452
453
454
455
456
457
458
459
459
460
461
462
463
464
465
466
467
468
469
469
470
471
472
473
474
475
476
477
478
479
479
480
481
482
483
484
485
486
487
488
489
489
490
491
492
493
494
495
496
497
498
499
499
500
501
502
503
504
505
506
507
508
509
509
510
511
512
513
514
515
516
517
518
519
519
520
521
522
523
524
525
526
527
528
529
529
530
531
532
533
534
535
536
537
538
539
539
540
541
542
543
544
545
546
547
548
549
549
550
551
552
553
554
555
556
557
558
559
559
560
561
562
563
564
565
566
567
568
569
569
570
571
572
573
574
575
576
577
578
579
579
580
581
582
583
584
585
586
587
588
589
589
590
591
592
593
594
595
596
597
598
599
599
600
601
602
603
604
605
606
607
608
609
609
610
611
612
613
614
615
616
617
618
619
619
620
621
622
623
624
625
626
627
628
629
629
630
631
632
633
634
635
636
637
638
639
639
640
641
642
643
644
645
646
647
648
649
649
650
651
652
653
654
655
656
657
658
659
659
660
661
662
663
664
665
666
667
668
669
669
670
671
672
673
674
675
676
677
678
679
679
680
681
682
683
684
685
686
687
688
689
689
690
691
692
693
694
695
696
697
697
698
699
699
700
701
702
703
704
705
706
707
708
709
709
710
711
712
713
714
715
716
717
718
719
719
720
721
722
723
724
725
726
727
728
729
729
730
731
732
733
734
735
736
737
738
739
739
740
741
742
743
744
745
746
747
748
749
749
750
751
752
753
754
755
756
757
758
759
759
760
761
762
763
764
765
766
767
768
769
769
770
771
772
773
774
775
776
777
778
779
779
780
781
782
783
784
785
786
787
788
789
789
790
791
792
793
794
795
796
797
797
798
799
799
800
801
802
803
804
805
806
807
808
809
809
810
811
812
813
814
815
816
817
818
819
819
820
821
822
823
824
825
826
827
828
829
829
830
831
832
833
834
835
836
837
838
839
839
840
841
842
843
844
845
846
847
848
849
849
850
851
852
853
854
855
856
857
858
859
859
860
861
862
863
864
865
866
867
868
869
869
870
871
872
873
874
875
876
877
878
879
879
880
881
882
883
884
885
886
887
888
889
889
890
891
892
893
894
895
896
897
897
898
899
899
900
901
902
903
904
905
906
907
908
909
909
910
911
912
913
914
915
916
917
918
919
919
920
921
922
923
924
925
926
927
928
929
929
930
931
932
933
934
935
936
937
938
939
939
940
941
942
943
944
945
946
947
948
949
949
950
951
952
953
954
955
956
957
958
959
959
960
961
962
963
964
965
966
967
968
969
969
970
971
972
973
974
975
976
977
978
979
979
980
981
982
983
984
985
986
987
988
989
989
990
991
992
993
994
995
996
997
997
998
999
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1009
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019
1019
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1029
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1049
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1059
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1069
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
1079
1080
1081
1082
1083
1084
1085
1086
1087
1088
1089
1089
1090
1091
1092
1093
1094
1095
1096
1097
1097
1098
1099
1099
1100
1101
1102
1103
1104
1105
1106
1107
1108
1109
1109
1110
1111
1112
1113
1114
1115
1116
1117
1118
1119
1119
1120
1121
1122
1123
1124
1125
1126
1127
1128
1129
1129
1130
1131
1132
1133
1134
1135
1136
1137
1138
1139
1139
1140
1141
1142
1143
1144
1145
1146
1147
1148
1149
1149
1150
1151
1152
1153
1154
1155
1156
1157
1158
1159
1159
1160
1161
1162
1163
1164
1165
1166
1167
1168
1169
1169
1170
1171
1172
1173
1174
1175
1176
1177
1178
1179
1179
1180
1181
1182
1183
1184
1185
1186
1187
1188
1189
1189
1190
1191
1192
1193
1194
1195
1196
1197
1197
1198
1199
1199
1200
1201
1202
1203
1204
1205
1206
1207
1208
1209
1209
1210
1211
1212
1213
1214
1215
1216
1217
1218
1219
1219
1220
1221
1222
1223
1224
1225
1226
1227
1228
1229
1229
1230
1231
1232
1233
1234
1235
1236
1237
1238
1239
1239
1240
1241
1242
1243
1244
1245
1246
1247
1248
1249
1249
1250
1251
1252
1253
1254
1255
1256
1257
1258
1259
1259
1260
1261
1262
1263
1264
1265
1266
1267
1268
1269
1269
1270
1271
1272
1273
1274
1275
1276
1277
1278
1279
1279
1280
1281
1282
1283
1284
1285
1286
1287
1288
1289
1289
1290
1291
1292
1293
1294
1295
1296
1297
1297
1298
1299
1299
1300
1301
1302
1303
1304
1305
1306
1307
1308
1309
1309
1310
1311
1312
1313
1314
1315
1316
1317
1318
1319
1319
1320
1321
1322
1323
1324
1325
1326
1327
1328
1329
1329
1330
1331
1332
1333
1334
1335
1336
1337
1338
1339
1339
1340
1341
1342
1343
1344
1345
1346
1347
1348
1349
1349
1350
1351
1352
1353
1354
1355
1356
1357
1358
1359
1359
1360
1361
1362
1363
1364
1365
1366
1367
1368
1369
1369
1370
1371
1372
1373
1374
1375
1376
1377
1378
1379
1379
1380
1381
1382
1383
1384
1385
1386
1387
1388
1389
1389
1390
1391
1392
1393
1394
1395
1396
1397
1397
1398
1399
1399
1400
1401
1402
1403
1404
1405
1406
1407
1408
1409
1409
1410
1411
1412
1413
1414
1415
1416
1417
1418
1419
1419
1420
1421
1422
1423
1424
1425
1426
1427
1428
1429
1429
1430
1431
1432
1433
1434
1435
1436
1437
1438
1439
1439
1440
1441
1442
1443
1444
1445
1446
1447
1448
1449
1449
1450
1451
1452
1453
1454
1455
1456
1457
1458
1459
1459
1460
1461
1462
1463
1464
1465
1466
1467
1468
1469
1469
1470
1471
1472
1473
1474
1475
1476
1477
1478
1479
1479
1480
1481
1482
1483
1484
1485
1486
1487
1488
1489
1489
1490
1491
1492
1493
1494
1495
1496
1497
1497
1498
1499
1499
1500
1501
1502
1503
1504
1505
1506
1507
1508
1509
1509
1510
1511
1512
1513
1514
1515
1516
1517
1518
1519
1519
1520
1521
1522
1523
1524
1525
1526
1527
1528
1529
1529
1530
1531
1532
1533
1534
1535
1536
1537
1538
1539
1539
1540
1541
1542
1543
1544
1545
1546
1547
1548
1549
1549
1550
1551
1552
1553
1554
1555
1556
1557
1558
1559
1559
1560
1561
1562
1563
1564
1565
1566
1567
1568
1569
1569
1570
1571
1572
1573
1574
1575
1576
1577
1578
1579
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1589
1590
1591
1592<br

3. It is the information and belief of Dalport that there are no fresh water bearing formations in the area of said well and pit which might be contaminated by the continued disposal of salt water from said well into said pit and that no correlative rights would be violated as a result of such continuation. That in order to prevent waste without the violation of correlative rights of any interested party Dalport should be granted authority to continue to dispose of salt water produced from said well into said pit as an exception to Order R-3221-C, Case No. 3807, entered by the Commission September 10, 1968.

WHEREFORE, Dalport Oil Corporation respectfully requests the Commission to set the above matter down for hearing, and after notice and hearing to enter an Order permitting the continued disposition of salt water produced from the Dalport No. 2 AMCO Federal Well into the above described pit and any supplemental amended or substituted pits therefor; and for all proper relief.

DALPORT OIL CORPORATION

By


S. B. Christy IV, as a Member of
the Firm of Hinkle, Bondurant & Christy
P. O. Box 10
Roswell, New Mexico 88201
Attorneys for the Applicant

DRAFT

GMH/esr

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:

YMA
CASE No. 4230

Order No. R-3865

APPLICATION OF DALPORT OIL CORPORATION
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 22, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this October day of 1969, 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 the applicant, Dalport Oil Corporation, is the
owner and operator of the AMCO Federal Well No. 2, located in
the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East,
NMPM, Double L Field, Chaves County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as
amended, prohibits in that area encompassed by Lea, Eddy, Chaves,
and Roosevelt Counties, New Mexico, the disposal, subject to minor
exceptions, of water produced in conjunction with the production
of oil or gas, or both, on the surface of the ground, or in any
pit, pond, lake, depression, draw, streambed, or arroyo, or in
any watercourse, or in any other place or in any manner which

would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's AMCO Federal Well No. 2 in an unlined surface pit located in the vicinity of said well.

(7) That there appears to be no shallow fresh water in the vicinity of the subject pit for which a reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.

(8) That the applicant should be permitted to dispose of salt water produced by its AMCO Federal Well No. 2 in an unlined surface pit in the vicinity of said well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dalport Oil Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its AMCO Federal Well No. 2, located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, NMPM, Double L Field, Chaves County, New Mexico, in an unlined surface pit in the vicinity of said well.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(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.