

Case Number  
4536

Application

Transcripts

Small Exhibits

ETC.



209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

Application of Eastland Oil Company  
for an exception to Order No. R-3221,  
as amended, Eddy County, New Mexico.

Case No. 4536

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

1 MR. NUTTER: Call next Case No. 4536.

2 MR. HATCH: Case No. 4536, application of Eastland  
3 Oil Company for an exception to Order No. R-3221, as amended,  
4 Eddy County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason  
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the  
7 applicant. We have one witness I would like to have sworn.

8 (Witness sworn.)

9 (Whereupon, Applicant's Exhibits 1 through 5 were  
10 marked for identification.)

11 GEORGE NEAL,

12 having been first duly sworn, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A George Neal.

17 Q By whom are you employed and in what position, Mr.  
18 Neal?

19 A By the Eastland Oil Company as vice president.

20 Q Have you testified before the Oil Conservation  
21 Commission or one of its Examiners and made your  
22 qualifications a matter of record?

23 A I have.

24 MR. KELLAHIN: Are the witness' qualifications  
25 acceptable?

dearnley-meier reporting service

1 MR. NUTTER: Yes, they are.

2 Q (By Mr. Kellahin) Mr. Neal, are you familiar with the  
3 application in Case No. 4536?

4 A Yes, I am.

5 Q Briefly, what's proposed by the applicant in this case?

6 A Eastland Oil Company is requesting the exception to the  
7 provisions of Commission Order R-3221 as amended to  
8 permit surface disposal of produced water on two leases  
9 in the Power Grayburg-San Andres Pool.

10 Q Now, referring to what has been marked as the Applicant's  
11 Exhibit No. 1, would you identify that exhibit?

12 A This is a land plat showing the general area in which  
13 these two leases are located. The leases are indicated  
14 by yellow coloring and approximately the five miles of  
15 graded area shown around the two leases.

16 Q What does the pink coloring signify?

17 A The pink is leases on which exceptions have been granted  
18 for the disposal of surface water on -- disposal of water  
19 on surface pits.

20 Q Now, immediately adjacent to the yellow area, there is  
21 two quarter quarter sections in pink; are those exceptions  
22 granted to Eastland Oil Company by Order R-4047?

23 A That is correct; approximately six months ago.

24 Q And is it approximately the same situation with the wells  
25 for which you are presently making application?

1 A It is. These other two leases have been drilled since  
2 those leases were -- applications made for these two  
3 leases.

4 Q Now, referring to what has been marked as Exhibit No.  
5 2, would you identify that exhibit?

6 A Exhibit 2 is a location plat on which has been marked  
7 the wells on the -- is known as the Allied State Lease  
8 has one well; it's 320 acres in one well and also the  
9 salt water pit has been identified on this location plat.

10 Q It shows the location of the pit, does it not?

11 A Yes.

12 Q Exhibit No. 3, what does that show?

13 A It is the second lease for which application is made.  
14 It's the Kenwood Federal Lease and the two wells  
15 producing are identified as well as the location of the  
16 salt water pit.

17 Q And that also shows the pit location by footage?

18 A That is correct.

19 Q Now, turning to what has been marked as Exhibit No. 4,  
20 would you identify that exhibit?

21 A Exhibit No. 4 is a composite, USDS composite made of  
22 two maps. USDS contoured on the surface indicate the  
23 drainage of the surface water in the area and two leases  
24 are identified by being colored yellow. The general  
25 drainage is from north to south into the Salt Lake area

1 on the Cedar Lake Draw shown below the south --  
2 basically south of the two leases.

3 Q Where is the Salt Lake in relation to your leases?

4 A They are south.

5 Q They are south about how far?

6 A Approximately three miles and on further.

7 Q Is that potable water that's in those lakes?

8 A It is not.

9 Q Are they seasonal?

10 A Yes, with rainfall they increase and decrease.

11 Q Now, have you made a check to determine if there are  
12 any water wells within a five-mile radius of your leases?

13 A I have.

14 Q Did you find any?

15 A There are no water wells; there are no windmills.

16 Q I believe the exhibit shows a stock tank; what is the  
17 nature of that tank?

18 A Approximately a quarter of a mile south of the Allied  
19 State lease is a steel water tank. It's used for stock  
20 water. Water is hauled into this tank by the surface  
21 lessee there for stock water.

22 Q In your experience in drilling in this area, did you  
23 encounter any fresh water?

24 A We did not.

25 Q And have you found any fresh surface waters anywhere,

1 like stock tanks or surface tanks other than the metal  
2 tanks?

3 A None to my knowledge.

4 Q Is there any water that could be damaged, in your  
5 opinion, by continued use of surface pits for water  
6 disposal?

7 A No, sir, there is not.

8 Q Now, turning to what has been marked as Exhibit No. 5,  
9 would you identify that exhibit?

10 A Exhibit 5 is Oil Conservation Commission Form C-116,  
11 most recent well tests of the three wells in question  
12 on the two leases to indicate the amount of water that  
13 they are making. The Allied State No. 1 Well is making  
14 forty-one barrels of water which initially was potentialled  
15 for seventy-six barrels of water and decreased steadily  
16 in the two months it's been producing. The Kenwood  
17 Federal 1 and 3 Wells are making essentially eleven and  
18 eight barrels of water for a total of nineteen and they  
19 have also been decreasing since they were completed.

20 Q Would you expect the water production to continue to  
21 decrease?

22 A I would, yes, sir.

23 Q Has that been your experience on the other adjacent  
24 lease for which you got an exception?

25 A It has. The water is practically down to less than five

1 barrels a day on the other two leases.

2 Q Were Exhibits 1 through 5 prepared by you or under your  
3 supervision?

4 A They were.

5 MR. KELLAHIN: At this time I would offer in  
6 evidence Exhibits 1 through 5.

7 MR. NUTTER: Eastland's Exhibits 1 through 5 will  
8 be admitted in evidence.

9 MR. KELLAHIN: That completes our case, Mr. Nutter.

10 MR. NUTTER: Are there any questions of the witness?  
11 You may be excused.

12 (Witness excused.)

13 MR. NUTTER: Do you have anything further, Mr.  
14 Kellahin?

15 MR. KELLAHIN: That's all, Mr. Nutter. Thank you.

16 MR. NUTTER: Does anyone have anything they wish  
17 to offer in Case No. 4536? Take the case under advisement.  
18  
19  
20  
21  
22  
23  
24  
25



dearnley-meier reporting service, inc.

1	<u>I N D E X</u>	
2	<u>WITNESS</u>	<u>PAGE</u>
3	GEORGE NEAL	
4	Direct Examination by Mr. Kellahin	2
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	<u>E X H I B I T S</u>	
18	Applicant's 1 through 5	2
19		
20		
21		
22		
23		
24		
25		

dearnley-meier reporting service, inc.

PAGE 9

1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

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

10 Sylvia Amaro  
11 Court Reporter

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22 I do hereby certify that the foregoing is  
23 a complete report of the proceedings in  
24 the hearing before the New Mexico Oil Conservation  
25 Commission on the 5/19/71.



# OIL CONSERVATION COMMISSION

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

May 24, 1971

GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 4536  
Order No. R-4148  
Applicant:  
Eastland Oil Company

Dear Sir:

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

Very truly yours,

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. 4536  
Order No. R-4148

APPLICATION OF EASTLAND OIL  
COMPANY FOR AN EXCEPTION TO  
ORDER NO. R-3221, AS AMENDED,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 19, 1971,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 24th day of May, 1971, 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 sub-  
ject matter thereof.

(2) That the applicant, Eastland Oil Company, is the owner  
and operator of the Allied State Well No. 1, located in Unit M  
of Section 32, Township 17 South, Range 31 East, NMPM, the  
Kenwood Federal Well No. 1, located in Unit C of Section 6, and  
the Kenwood Federal Well No. 3, located in Unit D of Section 6,  
Township 18 South, Range 31 East, NMPM, Power Grayburg-San Andres  
Pool, Eddy 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,

-2-

CASE NO. 4536  
Order No. R-4148

or in any pit, pond, lake, depression, draw, stream-bed, 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 its aforesaid Allied State Well No. 1, Kenwood Federal Well No. 1 and Kenwood Federal Well No. 3 in unlined surface pits located in the vicinity of the subject wells.

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

(8) That the applicant should be permitted to dispose of water produced by the subject wells in unlined surface pits in the vicinity of the wells.

IT IS THEREFORE ORDERED:

(1) That the applicant, Eastland Oil Company, 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 Allied State Well No. 1, located in Unit M of Section 32, Township 17 South, Range 31 East, NMPM, the Kenwood Federal Well No. 1, located in Unit C of Section 6, and the Kenwood Federal Well No. 3, located in Unit D of Section 6, Township 18 South, Range 31 East,

-3-

CASE NO. 4536  
Order No. R-4148

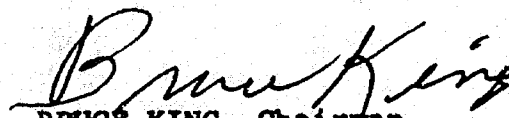
NMPM, Power Grayburg-San Andres Pool, Eddy County, New Mexico,  
in unlined surface pits located in the vicinity of said wells.

(2) That the Secretary-Director of the Commission may  
by administrative order rescind such authority whenever it  
reasonably appears to the Secretary-Director that such rescis-  
sion would serve to protect fresh water supplies from contamina-  
tion.

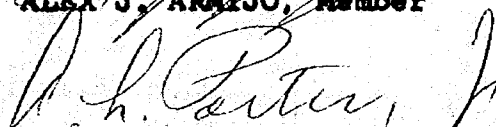
(3) That jurisdiction of this cause is retained for the  
entry of such further orders as the Commission may deem neces-  
sary.

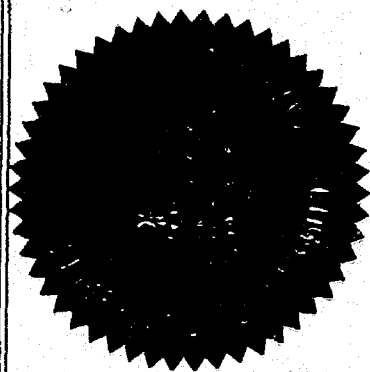
DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIGO, Member

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



dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 19, 1971

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for  
June, 1971, from fifteen prorated pools in Lea, Eddy,  
Roosevelt and Chaves Counties, New Mexico; also pre-  
sentation of purchaser's nominations for said pools  
for the six-month period beginning July 1, 1971;
- (2) Consideration of the allowable production of gas from  
nine prorated pools in San Juan, Rio Arriba and  
Sandoval Counties, New Mexico, for June, 1971.

CASE 4352 (Reopened): (Continued from April 14 and April 28, 1971 Examiner  
Hearings)

In the matter of Case 4352 being reopened by the Oil Con-  
serva-tion Commission upon its own motion to give all in-  
terested persons an opportunity to appear and present  
evidence to whether the Double L-Queen and Suble-Queen  
Pools, Chaves County, New Mexico, are in fact separate  
reservoirs or one common reservoir. Further, in the  
event it is found that the two pools comprise one common  
reservoir, the Commission will consider the adoption of  
special rules and regulations to provide for the classifi-  
cation of oil and gas wells, spacing and well location  
requirements for oil and gas wells, and an allocation  
formula for withdrawals from the gas wells and oil wells.

CASE 4535:

(Continued from the April 28, 1971 Examiner Hearing)

Application of Continental Oil Company for down-hole  
commingling, Lea County, New Mexico. Applicant, in the  
above-styled cause, seeks authority to commingle Monument-  
Tubb and Weir Drinkard oil production in the well-bore of  
its SEMU Well No. 70, located in Unit I of Section 15,  
Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4536:

Application of Eastland Oil Company for an exception to  
Order No. R-3221, as amended, Eddy County, New Mexico.  
Applicant, in the above-styled cause, seeks an exception  
to Order No. R-3221, as amended, to dispose into unlined  
surface pits water produced by three wells in the Power  
Grayburg-San Andres Pool, Eddy County, New Mexico, as  
follows:



(Case 4536 continued)

TOWNSHIP 17 SOUTH, RANGE 31 EAST  
Allied State Well No. 1 - SW/4 SW/4  
Section 32

TOWNSHIP 18 SOUTH, RANGE 31 EAST  
Kenwood Federal Well No. 1 - NE/4 NW/4  
Section 6  
Kenwood Federal Well No. 3 - NW/4 NW/4  
Section 6

CASE 4537: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt into the Devonian formation in the perforated interval from 11,680 feet to 11,690 feet in its South Vacuum Unit Well No. 2-35 located in Unit I of Section 35, Township 18 South, Range 35 East, South Vacuum-Devonian Pool, Lea County, New Mexico.

CASE 4538: Application of Jack F. Grimm Oil Company for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I of the Commission Rules and Regulations to drill a well at an unorthodox location 880 feet from the South line and 1500 feet from the West line of Section 20, Township 11 South, Range 29 East, White Ranch Siluro-Devonian Pool, Chaves County, New Mexico.

CASE 4539: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Atlantic State AC - 1	Well No. 1	Unit N
Atlantic State AC - 2	Well No. 2	Unit M
Atlantic State AC - 2	Well No. 3	Unit O
Atlantic State AC - 3	Well No. 4	Unit L
Atlantic State AC - 3	Well No. 5	Unit J
Atlantic State AC - 4	Well No. 6	Unit P
Atlantic State AC - 4	Well No. 7	Unit I



CASE 4540: Application of Mountain States Petroleum Corporation for re-delineation of certain pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Atoka-Pennsylvanian Gas Pool by the deletion of the W/2 of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, and the extension of the West Atoka-Morrow Gas Pool to include the W/2 of Sections 18 and 19, said Township and Range.

CASE 4541: Application of Tenneco Oil Company for gas injection, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject casinghead gas produced by certain wells located in the Lone Pine-Dakota "D" Pool, McKinley County, New Mexico, into the Dakota A zone through perforations from 2547 feet to 2562 feet in its Santa Fe Pacific Railroad Well No. 2 located in the NW/4 SW/4 of Section 13, Township 17 North, Range 9 West, South Hospah Field. The gas is to be injected for storage purposes awaiting the institution of a pressure maintenance project in the Lone Pine-Dakota "D" Pool.

CASE 4542: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of the following pool:

West Warren-Blinebry Pool in  
Township 20 South, Range 38  
East, Lea County;

and for the extension of the following pools in Lea County;

South Corbin-Morrow Gas Pool  
Maljamar Grayburg-San Andres Pool  
Vacuum-Abo Reef Pool  
Warren-Drinkard Pool  
Vada-Pennsylvanian Pool

and for the extension of the following pools in Eddy County:

Atoka-San Andres Pool  
South Carlsbad-Morrow Gas Pool  
Eagle Creek-San Andres Pool

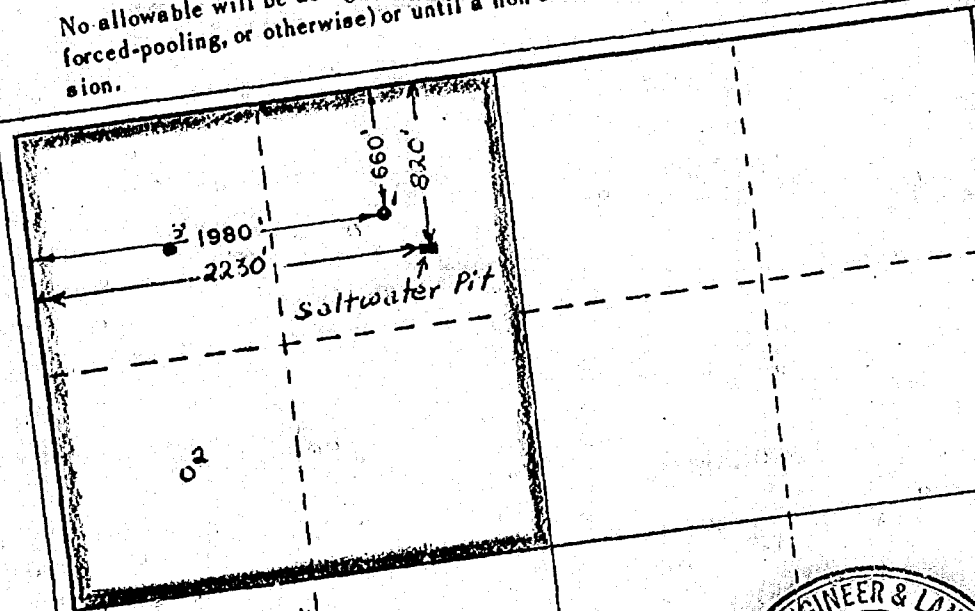
and for the extension of the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County.

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

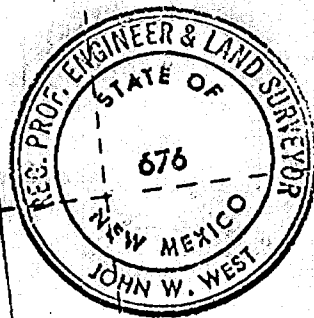
All distances must be from the outer boundaries of the Section.

Operator <b>THE EASTLAND OIL COMPANY</b>		Lease <b>KENWOOD FED.</b>		Well No. <b>1</b>
Unit Letter <b>C</b>	Section <b>6</b>	Township <b>18 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY</b>
Actual Footage Location of Well <b>660</b>		line and <b>1980</b>	feet from the <b>WEST</b>	line Dedicated Acreage: <b>40</b> Acres
Ground Level Elev. <b>3609</b>	Producing Formation <b>Grayburg</b>		Pool <b>Undesignated</b>	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?  
☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_  
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Eastland EXHIBIT NO. 2  
CASE NO. 4536



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

*George D. Neal*  
George D. Neal  
Position  
Vice President  
Company  
The Eastland Oil Company  
Date  
11/23/70

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
Nov. 4, 1970  
Registered Professional Engineer and/or Land Surveyor  
*John W. West*  
Certificate No. 676



**N MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator <b>THE EASTLAND OIL CO.</b>			Lease <b>ALLIED STATE</b>		Well No. <b>1</b>
Unit Letter <b>M</b>	Section <b>32</b>	Township <b>17 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY</b>	
Actual Footage Location of Well: <b>330</b> feet from the <b>SOUTH</b> line and <b>660</b> feet from the <b>WEST</b> line					
Ground Level Elev. <b>3691.3</b>	Producing Formation <b>Grayburg San Andres</b>		Pool <b>Power Grayburg - San Andres</b>	Dedicated Acreage: <b>40 Acres</b>	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

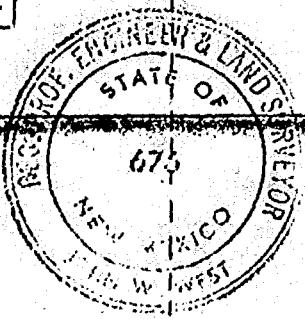
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

**BEFORE EXAMINER NUTTER**

OIL CONSERVATION COMMISSION

*Eastland* EXHIBIT NO. 3

CASE NO. 4536




← 810' → Saltwater Pit

← 660' →

330'

330'



**CERTIFICATION**

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

Name  
**George D. Neal**

Position  
**Vice President**

Company  
**The Eastland Oil Company**

Date  
**February 5, 1971**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
**JANUARY 30, 1971**

Registered Professional Engineer and/or Land Surveyor

*John W. West*

Certificate No. **676**

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

C-116  
Revised 1-1-65

The Eastland Oil Company		Pool		Power Grayburg San Andres		County		Eddy															
04 Western United Life Bldg., Midland, Texas		79701		TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>															
LEASE NAME		WELL NO.		LOCATION		DATE OF TEST		CHOKE SIZE		T.B.G. PRESS.		DAILY ALLOW. ABLE		LENGTH OF TEST HOURS		WATER BBL'S		GRAV. OIL BBL'S		GAS M.C.F.		GAS - OIL RATIO CU.FT./BBL	
Allied State		1		M 32 17 31		5/13/71		P 12/64" SPM		36		24		41		37.9		30		60.8		2030	
Kenwood Federal		1		C 6 18 31		5/13/71		F 14/64		260		51		24		11		37.6		53		262	
Kenwood Federal		3		D 6 18 31		5/10/71		F 12/64		240		68		24		8		36.8		72		206	

**BEFORE EXAMINER NUTTER**  
OIL CONSERVATION COMMISSION  
*Booth* EXHIBIT NO. 5  
CASE NO. 4536

No well will be assigned an allowable greater than the amount of oil produced on the official test.  
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.  
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific Gravity base will be 0.60.  
Report casing pressure in lieu of tubing pressure for any well producing through casing.  
Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 303 and appropriate pool rules.

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

*George D. Neal*  
Vice President  
May 17, 1971  
(Signature)  
(Title)  
(Date)

JASON W. KELLAHIN  
ROBERT E. FOX

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
54 1/2 EAST SAN FRANCISCO STREET  
POST OFFICE BOX 1769  
SANTA FE, NEW MEXICO 87501

April 14, 1971

TELEPHONE 982-4315  
AREA CODE 505

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

*Can 4536*

Gentlemen:

Enclosed in triplicate is the application of Eastland Oil  
Company for an exception to Order R-3221, as amended, in  
Eddy County, New Mexico.

Yours very truly,

*Jason W. Kellahin*  
Jason W. Kellahin

jwk;ls

DOCKET MAILED

Date 5-6-71

APR 15 1936

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

Case 4526

IN THE MATTER OF THE  
APPLICATION OF EASTLAND  
OIL COMPANY FOR AN EXCEP-  
TION TO ORDER R-3221, AS  
AMENDED, EDDY COUNTY,  
NEW MEXICO.

A P P L I C A T I O N

Comes now The Eastland Oil Company and applies to the Oil Conservation Commission of New Mexico for an exception to the provisions of Commission Order No. R-3221, as amended, to permit the use of surface pits for disposal of produced water in the Power Grayburg-San Andres Pool, Eddy County, New Mexico, as follows:

Applicant is the owner and operator of the Allied State lease consisting of the S/2 of Section 32, Township 17 South, Range 31 East, on which is located in the SW/4 SW/4 its Allied State No. 1 well; and is the owner and operator of the Kenwood Federal lease, consisting of the NW/4 of Section 6, Township 18 South, Range 31 East, on which is located in the NE/4 NW/4, its Kenwood Federal No. 1 well, and in the NW/4 NW/4, its Kenwood Federal No. 3 well.

The Allied State No. 1 well produces approximately 70 barrels of water per day, which applicant proposes to dispose of in a pit located in the same unit as the well is located. The Kenwood Federal No. 1 and Kenwood Federal No. 3 wells produce from 5 to 8 barrels of water per day, which applicant proposes to dispose of in a pit located in the NW/4 NW/4 of Section 6, Township 18 South, Range 31 East.

In support of this application, applicant would show the Commission there are no shallow fresh waters in the vicinity of the subject pits for which a present or reasonably foreseeable beneficial use is or will be made, that would or could be impaired by contamination from the subject pits, and that there are no fresh water supplies in the vicinity of said pits, either surface or subsurface, that could or would be damaged or impaired by use of said pits for water disposal.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order permitting use of the surface pits for water disposal, as prayed for.

Respectfully submitted,  
EASTLAND OIL COMPANY

By Jason W. Kellah  
KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



DRAFT

GMH/dr

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. 4536

Order No. R-4148

APPLICATION OF EASTLAND OIL  
COMPANY FOR AN EXCEPTION TO  
ORDER NO. R-3221, AS AMENDED,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 19, 1971,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of May, 1971, 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, Eastland Oil Company, is the owner  
and operator of the Allied State Well No. 1, located in Unit M  
of Section 32, Township 17 South, Range 31 East, NMPM, the  
Kenwood Federal Well No. 1, located in Unit C of Section 6, and  
the Kenwood Federal Well No. 3, located in Unit D of Sec-  
tion 6, Township 18 South, Range 31 East, NMPM, Power Grayburg-  
San Andres Pool, Eddy County, New Mexico.



-2-

CASE No. 4536

Order No. R-

(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, stream-bed, 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.

-3-

CASE NO. 4536

Order No. R-

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by its aforesaid Allied State Well No. 1, Kenwood Federal Well No. 1 and Kenwood Federal Well No. 3 in unlined surface pits located in the vicinity of the subject wells.

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

(8) That the applicant should be permitted to dispose of water produced by the subject wells in unlined surface pits in the vicinity of the wells.

IT IS THEREFORE ORDERED:

(1) That the applicant, Eastland Oil Company, 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 Allied State Well No. 1, located in Unit M of Section 32, Township 17 South, Range 31 East, NMPM, the Kenwood Federal Well No. 1, located in Unit C of Section 6, and the Kenwood Federal Well No. 3, located in Unit D of Section 6, Township 18 South, Range 31 East, NMPM, Power Grayburg-San Andres Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells.

-4-

CASE NO. 4536

Order No. R-

(2) That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director 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.

CASE 4537: Application of UNION  
OIL CO. OF CALIFORNIA FOR SALT  
DEPOSIT, YEA COUNTY.