

CASE 6806: WESTALL, MASK AND JENNINGS
FOR AN EXCEPTION TO ORDER NO. R-3221,
EDDY COUNTY, NEW MEXICO

25

Case Number

6806

Application

Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Westall, Mask, and Jen-
nings for an exception to Order No.
R-3221, Eddy County, New Mexico.

CASE
6806

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

James T. Jennings, Esq.
JENNINGS AND CHRISTY
Roswell, New Mexico 88201

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7449

I N D E X

GAREL WESTALL

| | |
|------------------------------------|----|
| Direct Examination by Mr. Jennings | 3 |
| Cross Examination by Mr. Nutter | 11 |

E X H I B I T S

| | |
|-----------------------------|----|
| Applicant Exhibit One, Plat | 11 |
|-----------------------------|----|

SALLY W. BOYD, C.S.R.
 Rt. 1 Box 193-B
 Santa Fe, New Mexico 87501
 Phone (505) 455-7409

Received 11 October 2001; accepted 11 February 2002

Dr. W. W. Hall, Superintendent of Health,
Nash, and Jennings for the purpose of procuring No. 2 3321,
Bldg. Company, New Martinsburg, West Virginia.

12. JENNINGS: I'm James T. Jennings of Jennings and Christy in Lowell, appearing on behalf of the applicant, Westall, Mask, and Jennings, and I'll have one witness, Mr. Westall.

(Witness sworn.)

GAREL WESTALL

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

MR. JENNINGS: Mr. Examiner, I would like to incorporate by reference the -- and have made part of the record herein, the testimony in Case Number 6659, application of Amoco Production Company for an exception to Order No. R-3221, as amended, Eddy County, and to also incorporate all the exhibits used in that case, and I have handed the Examiner the case file and there are two sets of exhibits therein, and I might be referring to some of those and ask

SALLY W. BOYD, C.S.R.

**Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409**

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7407

1 that they be incorporated.

2 Arce was able to do a much more profes-
3 sional job than Mr. Westall and Mr. Jennings, so if you could
4 do that.

5 MR. NUTTER: The record in Case Number
6 6659 will be incorporated in the record of Case Number 6806.

7 Will you please proceed?

8 Q Would you state your name and --

9 MR. NUTTER: I presume it relates to the
10 same area?

11 MR. JENNINGS: Yes, sir. I'll qualify
12 that. The order presented in that case and the application
13 therein pertained to Sections 27, 34, and 35, and that is the
14 same land as embraced in this application, although we have
15 extended this application to include wells in adjacent
16 sections, which are 23, 24, 25, and 26.

17 MR. NUTTER: Okay.

18 Q Would you state your name and occupation
19 for the Examiner, please, sir?

20 A Garel Westall, Co owner.

21 Q Mr. Westall, are you in charge of the
22 day-to-day operations of the Westall, Mask, and Jennings
23 operations in Shugart Pool?

24 A I am.

25 Q Mr. Westall, could you just tell the Exa-

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7439

1 miner how long you have been familiar with the Shugart Pool
2 and in particular the oil and gas production located in the
3 Shugart Pool?

4 I moved into the Shugart Pool in -- June
5 1st, 1930, and have worked there around, for other people
6 and for myself, since.

7 Q Have you watched the development for some
8 forty years in the Shugart Pool?

9 A Yes.

10 Q And at one time you were in charge of
11 operations for Keohane, Saunders, Welch, and --

12 A That's right.

13 Q How many wells have you operated from time
14 to time within that pool, in addition to 14 wells which you
15 are now operating for the --

16 A I assume somewhere around a hundred.

17 Q Mr. Westall, are you familiar with the
18 application which has been filed in this matter before the
19 Commission?

20 A I am.

21 Q Just state briefly the purpose of this
22 application.

23 A At the present time our Keohane properties
24 and our Hinkle properties are just -- the water is being
25 disposed through a pipeline, partially pumping and partially

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7419

1 heater-treater pres. well, and it goes to Southland
2 Royalty.

3 Q And that's the one that Mr. Hostall.

4 Q When you refer to the Keohane properties,
5 you're referring to the property located -- which is the
6 southeast quarter of Section 23?

7 A Right.

8 Q And then there are also some properties
9 in the northwest quarter of Section 23?

10 A Yes and 22.

11 Q Now go on with your --

12 A We are now sending it over to them through
13 a pipeline and they in turn are charging us, I believe, 15
14 cents a barrel, and some, roughly, 100 barrels a day, and
15 they in turn are pressuring and injecting it in their own
16 wells.

17 Q This is the Southland Royalty in the old
18 Shenandoah waterflood?

19 A Right.

20 Q And I believe that you are operating 14
21 wells in the area?

22 A That's right.

23 Q And could you just briefly tell what sec-
24 tions these wells are in?

25 A Well, we have three in 23; one in 24; two

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 in 26; and we have one in 26, one in 27
2 and we also have a location in Section 34, all in the same
3 township.

4 Q Now, are there wells in Section 34, do you
5 not? The north half northwest of 34?

6 A Yeah, right, sure, three wells.

7 Q2. HOWEVER: Mr. Westall, this exhibit is
8 not colored yellow for this land in Section 34.

9 A That's what I noticed on this one, right.

10 Q3. HOWEVER: It should have been, though?

11 A. JENNINGS: Yes, sir.

12 A It should have. I missed it.

13 Q4. HOWEVER: Let the record show that this
14 exhibit is now colored yellow in the north half of the north-
15 west and southwest of the northwest of Section 34.

16 A Uh-huh.

17 Q5. Mr. Westall, do you have another proposed
18 location in addition to the location in the east half east
19 half of Section 26?

20 A Yes, there's one in Section 35.

21 Q6. Do you have contracts to drill the wells
22 located in Section 26 and 35?

23 A Yes, WEK Drilling.

24 Q7. Do you anticipate that you will have some
25 water produced from those wells?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Safford, New Mexico 87501
Phone (505) 435-7419

1 A. They're doing it because of all
2 the others in the field to produce a certain amount of water.
3 And we're more or less depending on the flood of ARCO's,
4 that thing.

5 Q. Now, Westall, to your knowledge is there
6 any fresh or potable water in the vicinity?

7 A. No, none at all.

8 Q. Now, this water are you actually producing
9 a month and disposing of through your sales to -- I guess
10 they're sales to Sonchiland?

11 A. About 3000 barrels, I would assume,
12 around 100 barrels a day.

13 Q. And what is the general cost of this?

14 A. Well, it averages a little better than
15 \$400 a month on what we're paying them and then, of course,
16 our gathering and pumping cost would be on top of that.

17 Q. What would you estimate the total cost of
18 disposing of the water to the pipeline system would be?

19 A. Each year, did you say?

20 Q. Yes, each year, each month.

21 A. I would gather in -- around \$10,000.

22 Q. Mr. Westall, to your knowledge, are a
23 number of the other operators producing water and disposing
24 of water into pits --

25 A. Yes.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7479

1 Q -- in that area?
2 A Since that Amoco is on their deep well
3 and Joe Don Cook on northeast of us, the sons of our Mask,
4 Jennings, and Koochano, Westall's property down in Section 2,
5 19, 31, we have exceptions there.

6 Q Mr. Westall, I want you what has been
7 marked as Exhibit One in Amoco's Case Number 6659, and ask
8 you to tell us briefly what that shows in connection with
9 the exceptions that have been granted.

10 First of all, you might refer to the gener-
11 al area of exceptions.

12 A You mean by that --

13 Q No, the large area where it's -- total
14 exceptions.

15 A Oh, you mean the potash area.

16 Q Yes.

17 A Well, they, of course, have -- they're
18 exempt down in there in that area, and I think that's more
19 or less a no-no as to even argue with them on that.

20 Q Does it appear from this exhibit, Mr.
21 Westall, that as many as 20 exceptions of colored areas that
22 have been numbered reflecting exceptions to the no-pit order?
23 In the general vicinity of the properties described in our
24 application?

25 A Well, part of them, of course, will be on

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 433-7409

1 the same property that is being taken exception for.
2 Acco's, and some of them are -- well, they're all more or
3 less in the general area of the Chugach Field.

4 Q Did I answer it to

5 A That's right.

6 MR. JENNINGS: Mr. Sheridan, with this we
7 would offer -- ask the -- call the Examiner's attention to
8 this Exhibit Number One, which you have a copy of in the
9 other case, and also to Exhibit Number Two, which is coor-
10 dinated with Exhibit Number One, and shows the various exten-
11 sions or exceptions and the dates thereof, as of --

12 MR. MUTTER: Those are part of this re-
13 cord.

14 MR. JENNINGS: Thank you.

15 Q Mr. Westall, do you feel that this appli-
16 cation, if granted, will prevent waste and result in a greater
17 economy of production in this area?

18 A I feel very sure it will.

19 Q Will it save the operator between \$500
20 and \$600 a month?

21 A Well, at least that, up to roughly \$1000.

22 Q Is there any fresh water that this might
23 present any threat to?

24 A Not that I know of.

25 Q In your experience have you encountered

SALLY W. BOYD, C.S.R.
Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 435-7400

1 any there?

2 A Yes.

3 MR. JENNINGS: I believe that's all.

4 Q Mr. Westall, was Exhibit Number One pre-

5 pared by me under your direction?

6 A That's right.

7 MR. JENNINGS: We offer Exhibit Number

8 One.

9

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Westall, you've been out here in this

13 Shugart area for a long time. Looking at Exhibit Number One

14 that Amoco presented in Case 6659, where are the water wells

15 that are in this vicinity, if you know of any?

16 A Well, there was originally a little water

17 well right by the Hinkle 1 of ARCO's.

18 Q Where would that be now?

19 A Down in, well, I'd have to find it. I

20 believe it's in 35. But ARCO has been injecting water there

21 for a good many years and the well, incidentally, it belongs

22 to me.

23 Q The water well?

24 A Yes, but it's been off some 5 to 7 years,

25 and I've been afraid to even pull it, knowing pretty well

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7479

1 what I will find. It would probably be a well.

2 It would be a well really enough to --
3 I lived there one time, and it would be enough to be for
4 one household. It would be a well, not a water well.

5 It would be a well, not a water well in the
6 area, there isn't any.

7 Q No water wells anywhere around here?

8 A No, sir. There's one on this old Benson
9 Snyder Ranch clear over in the next township west, and there
10 is one over in the Jack Field in the township east, and then
11 there's one, well, at the old Daves place, we used to call
12 it, and that would be northeast of this township. It would
13 probably be three miles outside the township.

14 Q That would be off this map here.

15 A Sir?

16 Q Then it would be off this map?

17 A Right.

18 Q Now you said there was one in the township
19 to the west. Where would that have been?

20 A That's that old Walters place.

21 Q Well, I see Walters Lake. Where is the
22 Walters place with reference to that?

23 A Well, it was -- originally they called it
24 the Benson Ranch, Holly Benson, and it's -- it's clear over
25 in, like I say, in the next township west, and there's one

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7439

1 there and it is probably adjacent to adjoining R. D.
2 property.

3 Q How far is that?
4 A It would be difficult to say, but it's -- it's at
5 least five miles west of this point.

6 Q Is it all of this land here?

7 A Yes. Yes. It sure is.

8 Q Let's look in the valley there.

9 A Right, and incidentally, there's a potash
10 mine just above it, and those exceptions, 15, 16, 17, and 18,
11 are on west.

12 Q Now there's no water wells -- there's no
13 water wells, Mr. Westall -- this is the area that you're
14 concerned with --

15 A Right.

16 Q -- that we're concerned with in this
17 application. Are there any water wells in this area right
18 through here?

19 A None whatsoever, no, sir.

20 Q Which would be downstream, so to speak,
21 from the area that you are seeking an exception for?

22 A No, sir.

23 Q There's no water wells to the southwest
24 of the area in question?

25 A None within any -- well, there's one at

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Saniti Fe, New Mexico 87501
Phone (505) 455-7439

1 the described land. Well, you can
2 see from this map that it's pretty good --

3 the water is piped in from a mile above
4 the town of San Juan.

5 the water is piped in from something else is piped
6 into that country. The pipeline takes
7 their water from the Grijalva, well, I'd say southeast of
8 Matamoros, and the pipeline goes down through that country,
9 and that is that is where the ranchers get their water.

10 the water from the cattle troughs and things
11 are fed from those pipeline.

12 A. Right.

13 Q. Well, it's not often we get someone with
14 forty years experience in an area to ask questions of them,
15 Mr. Westall, so I wanted to find out where those water wells
16 were.

17 MR. NUTTER: Does anyone have any further
18 questions of Mr. Westall? He may be excused.

19 Do you have anything further, Mr. Jennings?

20 MR. JENNINGS: No, unless Mr. Nutter would
21 like to look at an exhibit in Case Number 4146 when Mr.
22 Keohane testified about all this, and I don't know how many
23 cases back that was, 4146.

24 MR. NUTTER: Well, we'll take a look at
25 it, anyway.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

... ..
Order 10302 does
... ..
... ..
... ..

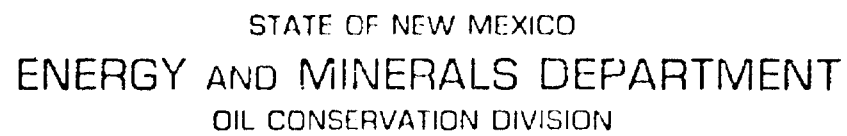
W. W. BOYD, C.S.R.

I, W. W. BOYD, do hereby certify that the foregoing Transcript of Hearing before the Oil Conservation Division was reviewed by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is
a correct and true transcript of the hearing in
File No. 6806
heard by me on 2/13/80
_____, Examiner
Oil Conservation Division



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827 2434

Westall, Mask and Jennings

JOE D. RAMEY
Director

Other _____

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. *6806*
CASE NO. *6806*

SHUGART
(ON SD) UNIT
PENASCO (OPER)

MARKS &
GARNER
21 PROD (OPER)
SHUGART
(ON) UNIT

GREENWOOD
AMOCO
PRE-GSG UNIT
(OPER)

EAST SHUGART
UNIT
ARCO (OPER)

TAYLOR UNIT
SHENANDOAH (OPER)

UNIT
FR

18
S

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Westall, Mask, and Jen-
nings for an exception to Order No.
R-3221, Eddy County, New Mexico.

CASE
6806

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

James T. Jennings, Esq.
JENNINGS AND CHRISTY
Roswell, New Mexico 88201

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7405

I N D E X

GAREL WESTALL

| | |
|------------------------------------|----|
| Direct Examination by Mr. Jennings | 3 |
| Cross Examination by Mr. Nutter | 11 |

E X H I B I T S

| | |
|-----------------------------|----|
| Applicant Exhibit One, Plat | 11 |
|-----------------------------|----|

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. NUTTER: Call Case Number 6806.

MR. PADILLA: Application of Westall, Mask, and Jennings for an exception to Order No. R-3221, Eddy County, New Mexico.

MR. JENNINGS: I'm James T. Jennings of Jennings and Christy in Roswell, appearing on behalf of the applicant, Westall, Mask, and Jennings, and I'll have one witness, Mr. Westall.

(Witness sworn.)

GAREL WESTALL

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

MR. JENNINGS: Mr. Examiner, I would like to incorporate by reference the -- and have made part of the record herein, the testimony in Case Number 6659, application of Amoco Production Company for an exception to Order No. R-3221, as amended, Eddy County, and to also incorporate all the exhibits used in that case, and I have handed the Examiner the case file and there are two sets of exhibits therein, and I might be referring to some of those and ask

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7401

1 that they be incorporated.

2 Amoco was able to do a much more profes-
3 sional job than Mr. Westall and Mr. Jennings, so if you could
4 do that.

5 MR. NUTTER: The record in Case Number
6 6659 will be incorporated in the record of Case Number 6806.

7 Will you please proceed?

8 Q Would you state your name and --

9 MR. NUTTER: I presume it relates to the
10 same area?

11 MR. JENNINGS: Yes, sir. I'll qualify
12 that. The order presented in that case and the application
13 therein pertained to Sections 27, 34, and 35, and that is the
14 same land as embraced in this application, although we have
15 extended this application to include wells in adjacent
16 sections, which are 23, 24, 25, and 26.

17 MR. NUTTER: Okay.

18 Q Would you state your name and occupation
19 for the Examiner, please, sir?

20 A Carol Westall, Co-owner.

21 Q Mr. Westall, are you in charge of the
22 day-to-day operations of the Westall, Mask, and Jennings
23 operations in Shugart Pool?

24 A I am.

25 Q Mr. Westall, could you just tell the Exa-

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 miner how long you have been familiar with the Shugart Pool
2 and in particular the shallow production located in the
3 Shugart Pool?

4 A. I moved into the Shugart Pool in -- June
5 1st, 1938, and have worked there around, for other people
6 and for myself, since.

7 Q. Have you watched the development for some
8 forty years in the Shugart Pool?

9 A. Yes.

10 Q. And at one time you were in charge of
11 operations for Keohane, Saunders, Welch, and --

12 A. That's right.

13 Q. How many wells have you operated from time
14 to time within that pool, in addition to 14 wells which you
15 are now operating for the --

16 A. I assume somewhere around a hundred.

17 Q. Mr. Westall, are you familiar with the
18 application which has been filed in this matter before the
19 Commission?

20 A. I am.

21 Q. Just state briefly the purpose of this
22 application.

23 A. At the present time our Keohane properties
24 and our Hinkle properties are just -- the water is being
25 disposed through a pipeline, partially pumping and partially

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 heater-treater pressured, to -- shipping it to Southland
2 Royalty.

3 Q Let me clarify that, Mr. Westall.

4 When you refer to the Keohane properties,
5 you're referring to the property located -- which is the
6 southeast quarter of Section 23?

7 A Right.

8 Q And then there are also some properties
9 in the northwest quarter of Section 26?

10 A 26 and 27.

11 Q Now go on with your --

12 A We are now sending it over to them through
13 a pipeline and they in turn are charging us, I believe, 15
14 cents a barrel, and some, roughly, 100 barrels a day, and
15 they in turn are pressuring and injecting it in their own
16 wells.

17 Q This is the Southland Royalty in the old
18 Shenandoah waterflood?

19 A Right.

20 Q And I believe that you are operating 14
21 wells in the area?

22 A That's right.

23 Q And could you just briefly tell what sec-
24 tions these wells are in?

25 A Well, we have three in 23; one in 24; two

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 in 26; and we have a location in 26. There's eight in 27
2 and we also have a location in Section 35, all in the same
3 township.

4 Q You have some wells in Section 34, do you
5 not? The north half northwest of 34?

6 A That's right, sure do, three wells.

7 MR. NUTTER: Mr. Westall, this exhibit is
8 not colored yellow for that land in Section 34.

9 A That's what I noticed on this one, right.

10 MR. NUTTER: It should have been, though?

11 MR. JENNINGS: Yes, sir.

12 A It should have. I missed it.

13 MR. NUTTER: Let the record show that this
14 exhibit is now colored yellow in the north half of the north-
15 west and southwest of the northwest of Section 34.

16 A Uh-huh.

17 Q Mr. Westall, do you have another proposed
18 location in addition to the location in the east half east
19 half of Section 26?

20 A Yes, there's one in Section 35.

21 Q Do you have contracts to drill the wells
22 located in Section 26 and 35?

23 A Yes, WEK Drilling.

24 Q Do you anticipate that you will have some
25 water produced from those wells?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

- 1 A There's no doubt of that because of all
2 the others in the field do produce a certain amount of water.
3 And we're more or less surrounding a waterflood of ARCO's,
4 East Shugart.
- 5 Q Mr. Westall, to your knowledge is there
6 any fresh or potable water in the vicinity?
- 7 A No, none at all.
- 8 Q How much water are you actually producing
9 a month and disposing of through your sales to -- I guess
10 they're sales to Southland?
- 11 A About 3000 barrels, I would assume,
12 around 100 barrels a day.
- 13 Q And what is the general cost of this?
- 14 A Well, it averages a little better than
15 \$400 a month on what we're paying them and then, of course,
16 our gathering and pumping cost would be on top of that.
- 17 Q What would you estimate the total cost of
18 disposing of the water to the pipeline system would be?
- 19 A Each year, did you say?
- 20 Q Yes, each year, each month.
- 21 A I would gather in -- around \$10,000.
- 22 Q Mr. Westall, to your knowledge, are a
23 number of the other operators producing water and disposing
24 of water into pits --
- 25 A Yes.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q -- in the area?

2 A I know that Amoco is on their deep well
3 and Joe Don Cook on southeast of us, and some of our Mask,
4 Jennings, and Keohane, Westall property down in Section 2,
5 19, 31, we have exceptions there.

6 Q Mr. Westall, I hand you what has been
7 marked as Exhibit One in Amoco's Case Number 6659, and ask
8 you to tell us briefly what that shows in connection with
9 the exceptions that have been granted.

10 First of all, you might refer to the gener-
11 al area of exceptions.

12 A You mean by that --

13 Q No, the large area where it's -- total
14 exceptions.

15 A Oh, you mean the potash area.

16 Q Yes.

17 A Well, they, of course, have -- they're
18 exempt down in there in that area, and I think that's more
19 or less a no-no as to even argue with them on that.

20 Q Does it appear from this exhibit, Mr.
21 Westall, that as many as 20 exceptions of colored areas that
22 have been numbered reflecting exceptions to the no-pit order?
23 In the general vicinity of the properties described in our
24 application?

25 A Well, part of them, of course, will be on

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-E
Santa Fe, New Mexico 87501
Phone (505) 455-7-09

1 the same property that we're asking the exception for.
2 Amoco's, and some of them are -- well, they're all more or
3 less in the general area of the Shugart Field.

4 Did I answer it to --

5 Q. That's fine.

6 MR. JENNINGS: Mr. Examiner, with this we
7 would offer -- ask the -- call the Examiner's attention to
8 this Exhibit Number One, which you have a copy of in the
9 other case, and also to Exhibit Number Two, which is coor-
10 dinated with Exhibit Number One, and shows the various exten-
11 sions or exceptions and the dates thereof, as of --

12 MR. NUTTER: Those are part of this re-
13 cord.

14 MR. JENNINGS: Thank you.

15 Q. Mr. Westall, do you feel that this appli-
16 cation, if granted, will prevent waste and result in a greater
17 economy of production in this area?

18 A. I feel very sure it will.

19 Q. Will it save the operator between \$500
20 and \$600 a month?

21 A. Well, at least that, up to roughly \$1000.

22 Q. Is there any fresh water that this might
23 present any threat to?

24 A. Not that I know of.

25 Q. In your experience have you encountered

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 any there?

2 A. No.

3 MR. JENNINGS: I believe that's all.

4 Q. Mr. Westall, was Exhibit Number One pre-
5 pared by me under your direction?

6 A. That's right.

7 MR. JENNINGS: We offer Exhibit Number
8 One.

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q. Mr. Westall, you've been out here in this
13 Shugart area for a long time. Looking at Exhibit Number One
14 that Amoco presented in Case 6659, where are the water wells
15 that are in this vicinity, if you know of any?

16 A. Well, there was originally a little water
17 well right by the Hinkle 1 of ARCO's.

18 Q. Where would that be now?

19 A. Down in, well, I'd have to find it. I
20 believe it's in 35. But ARCO has been injecting water there
21 for a good many years and the well, incidentally, it belongs
22 to me.

23 Q. The water well?

24 A. Yes, but it's been off some 5 to 7 years,
25 and I've been afraid to even pull it, knowing pretty well

1 what I will find. It would possibly real salty.

2 And it wasn't -- wasn't really enough to --
3 I lived there one time, and it really wasn't enough to -- for
4 one household. It wasn't that much of a water well.

5 But as far as other water wells in the
6 area, there isn't any.

7 Q No water wells anywhere around here?

8 A No, sir. There's one on this old Benson
9 Snyder Ranch clear over in the next township west, and there
10 is one over in the Lusk Field in the township east, and then
11 there's one, well, at the old Eaves place, we used to call
12 it, and that would be northeast of this township. It would
13 probably be three miles outside the township.

14 Q That would be off this map here.

15 A Sir?

16 Q Then it would be off this map?

17 A Right.

18 Q Now you said there was one in the township
19 to the west. Where would that have been?

20 A That's that old Walters place.

21 Q Well, I see Walters Lake. Where is the
22 Walters place with reference to that?

23 A Well, it was -- originally they called it
24 the Benson Ranch, Holly Benson, and it's -- it's clear over
25 in, like I say, in the next township west, and there's one

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 there and it is pretty good water. It's adjoining R. Q.
2 property.

3 Q Where is that?

4 A I'll have to find it, but it's -- it's at
5 least five miles west of this deal.

6 Q Is it off of this bluff here?

7 A Yes. Yes. It sure is.

8 Q It's down in the valley there.

9 A Right, and incidentally, there's a potash
10 mine just above it, and these exceptions, 15, 16, 17, and 18,
11 are on west.

12 Q Now there's no water wells -- there's no
13 water wells, Mr. Westall -- this is the area that you're
14 concerned with --

15 A Right.

16 Q -- that we're concerned with in this
17 application. Are there any water wells in this area right
18 through here?

19 A None whatsoever, no, sir.

20 Q Which would be downstream, so to speak,
21 from the area that you are seeking an exception for?

22 A No, sir.

23 Q There's no water wells to the southwest
24 of the area in question?

25 A None within any -- well, there's one at

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7419

1 the so-called Lusk Ranch. It's way down here, well, you can
2 see it on this map on -- where 31 takes a pretty good --

3 Q That would be approximately one mile above
4 the excepted area right here?

5 A Uh-huh. Uh-huh. Everything else is piped
6 into that country. As you probably know, potash mines take
7 their water from the Caprock up, well, I'd say southeast of
8 Maljamar, and the pipelines come down across that country,
9 and that -- that is where the ranchers get their water.

10 Q And most of the cattle troughs and things
11 are fed from those potash pipelines.

12 A Right.

13 Q Well, it's not often we get someone with
14 forty years experience in an area to ask questions of them,
15 Mr. Westall, so I wanted to find out where those water wells
16 were.

17 MR. NUTTER: Does anyone have any further
18 questions of Mr. Westall? He may be excused.

19 Do you have anything further, Mr. Jennings?

20 MR. JENNINGS: No, unless Mr. Nutter would
21 like to look at an exhibit in Case Number 4146 when Mr.
22 Keohane testified about all this, and I don't know how many
23 cases back that was, 4146.

24 MR. NUTTER: Well, we'll take a look at
25 it, anyway.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Is there anything further now in Case
Number 6806? Does anyone have anything they wish to offer?

We'll take the case under advisement.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7439

I do hereby certify that the foregoing is
a true and correct copy of the transcript in
file No. 7/13 6806
heard by me on 8/80
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6806
Order No. R-6279

APPLICATION OF WESTALL, MASK AND
JENNINGS FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 13, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Westall, Mask and Jennings, is the owner and operator of several leases in Sections 23, 24, 25, 26, 27, and 34, Township 18 South, Range 31 East, NMPM, Shugart Pool, Eddy County, New Mexico.

(3) That Order (3) of Division 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's wells on the above-described leases in unlined surface pits located on said leases.

(7) That the wells on the aforesaid leases produce approximately 100 barrels of water per day.

(8) That the applicant is currently gathering said water and trucking it to an underground injection site at considerable cost.

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

(10) That to prevent the economic loss caused by gathering and trucking the water produced on applicant's leases, authority to dispose of produced water in unlined surface pits on said leases should be granted.

IT IS THEREFORE ORDERED:

(1) That the applicant, Westall, Mask and Jennings, is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Keohane Federal and Hinkle Federal Leases, located in Sections 23, 24, 25, 26, 27, and 34, Township 18 South, Range 31 East, NMPM, Shugart Pool, Eddy County, New Mexico, in unlined surface pits on said leases.

-1-

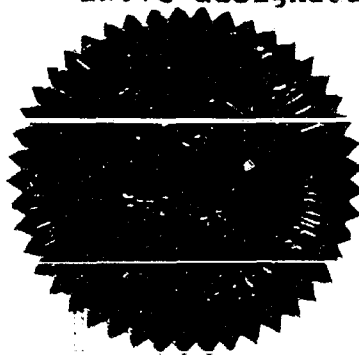
Case No. 6806

Order No. R-6279

(2) That the Director of the Division may by administrative order rescind such authority whenever it reasonably appears to the 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 Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMSEY
Director

fd/

CASE NO. 6806

SECRET

100-443887-100

78096 TAYLOR UNIT
Gulf SHENANDOAH/DOE

A R Co

| | |
|--|------------------|
| Westall-Mask 18 3 10 TECHNICAL 0830 | 18-31 inc HSP |
|--|------------------|

| | | | | |
|----|------------|----------|----|------------|
| 08 | Tom Boyd | Tom Boyd | 08 | Tom Boyd |
| | (10-31-60) | | | (10-31-60) |

WOOD PRE-GBG UNIT

1. Top left screw/bolt
2. Top left nut
3. Top left washer
4. Top left bracket
5. Top left pin
6. Top left pin
7. Top left pin
8. Top left pin
9. Top left pin
10. Top left pin

AST SH GART
UN T 4m00
5285
EXOCO
Gulf
0-1-05-1 G 2921

24

Westholle Mask E 6018 J.D. Cook
Hammill Fed.
L 05000

100-3678
 J.D. Cook
 100-3678
 J.D. Cook

| | | | | |
|---------|-----------|------------------|--------------------------|-------------------|
| 8 53 | Gulf 2 | Llano, 77 Inc | Ameco 2 2100 87 | Carper Quillen |
|---------|-----------|------------------|--------------------------|-------------------|

Holder 12 Gulf 3559 SPT F235
Gen'l. Energy 12-1-79 WCF 20 Bone Spr F103 7
9250 Holly 12 Gulf

Confidential
Confidential
U.S. Patent
U.S. Patent

2019年12月31日 星期三 12:12

Dockets Nos. 5-80 and 6-80 are tentatively set for February 27 and March 12, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 1980

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1980, for both of the above areas.

CASE 6803: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6787: (Continued from January 16, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 12 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6487: (Continued from January 3, 1980, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6804: Application of The Superior Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bondurant Federal Com Well No. 1, a Morrow test to be drilled 1980 feet from the South line and 660 feet from the East line of Section 1, Township 19 South, Range 32 East, the S/2 of said Section 1 to be dedicated to the well.

CASE 6767: (Continued from January 16, 1980, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6805: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 10 Well No. 1, a Wolfcamp-Pennsylvanian test to be drilled 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, the W/2 of said Section 10 to be dedicated to the well.

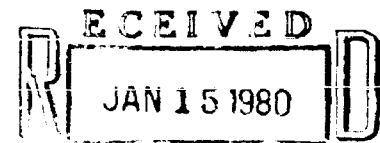
CASE 6806: Application of Westall, Mask and Jennings for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into unlined surface pits adjacent to tank batteries in Sections 23, 24, 25, 26, 27, 34 and 35, Township 18 South, Range 31 East.

JAMES T. JENNINGS
SIM B. CHRISTY IZ
DEAN G. CONSTANTINE

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

TELEPHONE 622-8432
AREA CODE 505

January 14, 1980



OIL CONSERVATION DIVISION
SANTA FE

Case 6806

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

Attention: Mr. Ernie Padilla
General Counsel

Gentlemen:

Enclosed herewith you will find an Application filed on behalf of Westall, Mask and Jennings for an exception to Order No. R-3221, as amended, to permit the disposal of produced salt water into unlined open surface pits in Eddy County.

I would appreciate it if you would put this on the docket for an early date, the first possible date being in February. I will only have one witness who will be Mr. Westall, who is actually in charge of the wells, but I would like to arrange it so that he can make a round trip from Artesia to Santa Fe and return the same day. Your cooperation will be greatly appreciated.

Yours very truly,

JENNINGS & CHRISTY


James T. Jennings

JTJ:kw

Encls.

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

RECEIVED
JAN 15 1980
OIL CONSERVATION DIVISION
SALADO

IN THE MATTER OF THE APPLICATION OF
WESTALL, MASK AND JENNINGS FOR AN
EXCEPTION TO ORDER NO. R-3221, AS
AMENDED, TO PERMIT THE DISPOSAL OF
PRODUCED SALT WATER INTO UNLINED
OPEN SURFACE PITS IN EDDY COUNTY,
NEW MEXICO.

Case 6806

APPLICATION

COME NOW Westall, Mask and Jennings, by their attorneys,
Jennings & Christy, and seek an exception to Order No. R-3221, as
amended, to permit the disposal of produced salt water into unlined
open surface pits located adjacent to tank batteries in Sections 23,
24, 25, 26, 27, 34 and 35, Township 18 South, Range 31 East, N.M.P.M.,
Eddy County, New Mexico, and in support of their application state:

1. Applicants are the Operators of leases located in
Sections 23, 24, 25, 26, 27, 34 and 35, Township 18 South, Range 31
East, N.M.P.M., upon which 14 wells have been completed and upon
which Operators contemplate the drilling of two additional wells;
one to be located in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 35 and another to be located
in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 26.

2. That in connection with the production of the oil from
these wells, there is produced approximately 100 barrels of salt water
per day. The total production for the month of October, 1979 was
2,635 barrels and the production for the month of November was 2,860
barrels.

3. That said water is currently being disposed of by
Southland Royalty Company through its water disposal system in the
Shugart Field.

4. That there is no fresh or potable water in the vicinity
and the only water available in the vicinity for any purposes is from

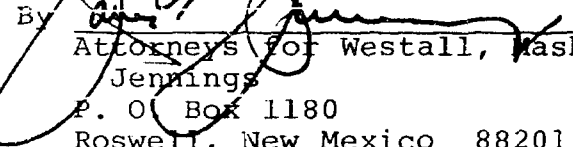
the pipeline serving the potash mines in the area.

5. That the Oil Conservation Division has granted numerous exceptions to Order No. R-3221 for disposal of salt water in unlined surface pits in the area.

6. Approval of this application for an exception to Order R-3221, as amended, will prevent waste, protect correlative rights and will not injure any fresh water or present any threat of such injury.

WHEREFORE, Applicants request that this application be set for hearing and that after notice and hearing the Division enter its Order granting Applicants an exception to Order R-3221, as amended, in accordance with this application.

JENNINGS & CHRISTY

By 
Attorneys for Westall, Wask and
Jennings
P. O. Box 1180
Roswell, New Mexico 88201

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6806

ORDER NO. R- 6229

APPLICATION OF WESTALL, MASK AND JENNINGS

FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 13
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this _____ day of February, 19 80, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Westall, Mask and Jennings, is
the owner and operator of the several leases in
23, 24, 25, 26, 27, and 34,
located in Unit of Sections A, Township 18 South,
Range 31 East, NMPM, Shugart Pool Pool,
Eddy County, New Mexico.

(3) That Order (3) of Division 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's ^{on the above-described leases} ~~above-described wells in~~ ^{on said leases,} ~~an~~ unlined surface pits located ^{in Unit} ~~in Unit~~ of said Section

(7) That ~~applicant's~~ ^{the wells on the aforesaid leases} produces approximately 100 barrels of water per day.

(8) That there appears to be no shallow fresh water in the vicinity of the subject ^{leases} ~~pit~~ for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the ^{proposed disposal} ~~subject~~ pits.

(9) That the nature of the reservoir of said Pool is such that reinjection of produced water into said reservoir would result in greater ultimate recovery of oil and gas therefrom thereby preventing waste.

(10) That to prevent ^{the economic loss caused by gathering} ~~the waste of oil and gas in said~~ ^{and trucking the water produced on applicant's leases,} ~~subject~~ authority to dispose of produced water ~~from applicant's~~ ⁱⁿ ~~an~~ unlined surface pit on said leases should be granted.

(11) That the applicant is currently gathering said water and trucking it to an underground injection site at considerable cost.

(11) That the applicaht should be permitted to dispose of water produced from said _____ in an unlined surface pit on said lease until _____.

IT IS THEREFORE ORDERED:

(1) That the applicant, Westall, Mask and Jennings, is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Keokane Federal and Hinkle Federal Leases, located in Unit of Sections 23, 24, 25, 26, 27, and 34, Township 18 South, Range 31 East, NMPM,

Shugart Pool, Eddy County, New Mexico, in ~~an~~ unlined surface pits ~~located in Unit~~ ~~of said~~ ~~Sections 23, 24, 25, 26, 27, and 34,~~ ~~Township 18 South,~~ ~~Range 31 East,~~ ~~NMPM,~~ ~~19~~

~~Range 31 East~~ on said leases
(2) That the Director of the Division may by administrative order rescind such authority whenever it reasonably appears to the 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 Division may deem necessary.

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