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October 31, 1988

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OIL CONSERVATION DIVISION

HAND-DELIVERED

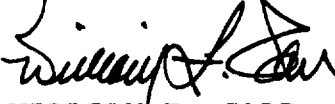
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Blackwood & Nichols Co., Ltd. for a De
Novo Hearing in Case 9489; Order R-8763

Dear Mr. LeMay:

I would appreciate you setting the enclosed application for a De
Novo hearing before the Commission.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. William F. Clark
Blackwood & Nichols Co., Ltd.

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Northwest Pipeline Corp.
3539 E. 30th Street
Farmington, New Mexico 87401
Attn: Paul Thompson

Quinoco Petroleum Inc.
4582 S. Ulster Parkway, #1700
Denver, Colorado 80237

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF BLACKWOOD & NICHOLS CO., LTD.
FOR SALT WATER DISPOSAL, SAN JUAN
COUNTY, NEW MEXICO.

RECEIVED
OCT 31 1988
OIL CONSERVATION DIVISION
CASE NO. 9489
ORDER NO. R-8763

APPLICATION OF BLACKWOOD & NICHOLS CO. LTD.
FOR A DE NOVO HEARING

COMES NOW BLACKWOOD & NICHOLS CO., LTD. by and through its undersigned attorneys, Campbell & Black, P.A., and pursuant to Section 70-2-13, N.M.S.A., 1978 states that it is a party adversely affected by Division Order R-8763 entered on October 12, 1988 in Case 9489 (Exhibit "A") and accordingly requests that this case be set for a De Novo hearing before the New Mexico Oil Conservation Commission.

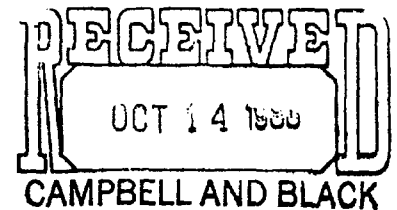
Respectfully submitted,

Campbell & BLACK, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR BLACKWOOD
& NICHOLS CO., LTD.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9489
ORDER NO. R-8763

APPLICATION OF BLACKWOOD &
NICHOLS CO., LTD. FOR SALT
WATER DISPOSAL, SAN JUAN
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 28, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of October, 1988, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Blackwood & Nichols Co., Ltd., is the owner and operator of the Northeast Blanco Unit Well No. 206, located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced water from Fruitland Coal Gas Wells in the applicant's Northeast Blanco Unit into the Nacimiento formation, with injection into the perforated interval from approximately 1798 feet to 2250 feet.

(4) The State Engineer, by letter dated April 13, 1967, has designated, pursuant to Section 70-2-12(15), NMSA, (1978), all underground water in the State of New Mexico containing less than 10,000 parts per million or less of dissolved solids as fresh water to be afforded reasonable protection against contamination.

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Order No. R-8763
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(5) Water in the Nacimientto formation from the subject well tested 6370 parts per million of total dissolved solids.

(6) Applicant presently has five wells producing Coal Gas from the South Los Pinos Fruitland-Pictured Cliffs Pool. Listed below for each well is an analysis of the water to be disposed into the subject injection well:

<u>Well Name & No.</u>	<u>Location</u> (U-S-I-R)	<u>Date of First</u> <u>Gas Production</u>	<u>Total Dissolved</u> <u>Solids (PPM)</u>	<u>Date of</u> <u>Water Analysis</u> (if known)
NEBU No. 212	O- 1-31N-7W	1-15-86	9410	--
NEBU No. 213	D-12-31N-7W	1-14-86	8223	--
NEBU No. 214	I-22-31N-7W	1-14-86	10190	--
NEBU No. 215	D-26-31N-7W	1-14-86	• 7260	--
NEBU No. 218	D-16-31N-7W	1-15-86	8600	2-4-86

(7) In each case the total dissolved solids from the producing wells is higher than the water in the proposed disposal formation.

(8) The applicant presented testimony at the hearing on the characteristics of "Coal Gas" and its associated water production, which indicates that the quantity of water decreases with time; however, the applicant failed to show whether the quality of the water remains constant or changes with time.

(9) This application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

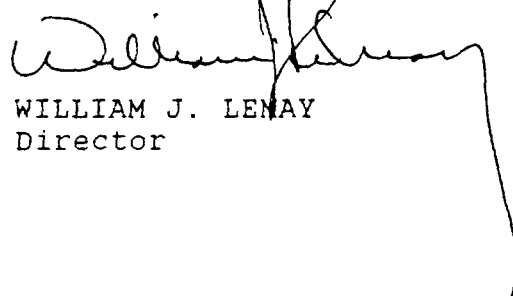
(1) The application of Blackwood & Nichols Co., Ltd. to dispose of produced salt water into the Nacimientto formation in the perforated interval from approximately 1798 feet to 2250 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, is hereby denied.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lenay', is written over the typed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LENAY
Director

S E A L