

Dockets Nos. 24-85 and 25-85 are tentatively set for July 31 and August 14, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 17, 1985

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

The following cases will be heard before Michael E. Stogner, Examiner, or Gilbert P. Quintana, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8562: (Continued from June 19, 1985, Examiner Hearing)

Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Berkshire Unit Area comprising 27,840 acres, more or less, of State, Federal and Fee lands in Townships 6 and 7 North, Ranges 9 and 10 East.

CASE 8630: (Continued and Readvertised)

Application of Ray Westall for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-3221 to permit the disposal of produced salt water into five pits located in Township 19 South, Range 31 East, as follows:

NE/4 NE/4 Section 20;  
E/2 NE/4 Section 21;  
E/2 NW/4 Section 21;  
W/2 NW/4 Section 21; and  
N/2 SE/4 Section 21.

CASE 8650: Application of Amerada Hess Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the W/2 SW/4 of Section 9, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8651: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South and East lines of Section 29, Township 19 South, Range 24 East, to test the Cisco and Canyon formations, the S/2 of said Section 29 to be dedicated to the well.

CASE 8631: (Continued and Readvertised)

Application of Lynx Petroleum Consultants, Inc. for an unorthodox gas well location, compulsory pooling, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Queen formation underlying the SW/4 of Section 25, Township 16 South, Range 36 East, to be dedicated to a well to be recompleted at an unorthodox gas well location 1650 feet from the South line and 2100 feet from the West line of said Section 25. Also to be considered will be the cost of drilling and recompleting a well from the surface to the base of the Queen formation and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in recompleting said well. Applicant further seeks the dual completion of said well with the production from the Paddock formation.

CASE 8652: Application of Gulf Oil Corporation to amend Division Order No. R-7924, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7924 to authorize an unorthodox gas well location 1440 feet from the North line and 1310 feet from the West line of Section 15, Township 21 South, Range 36 East, Eumont Gas Pool.

CASE 8615: (Continued from July 2, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8621: (Continued from July 2, 1985, Examiner Hearing)

Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

**DANIEL S. NUTTER**

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

July 19, 1985

Mr. Michael E. Stogner, Examiner  
Oil Conservation Division  
New Mexico Energy and Minerals Department  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Case No. 8630, Application of  
Ray Westall for an Exception to  
Order No. R-3221, Eddy County,  
New Mexico

Dear Mr. Stogner:

Please find enclosed our proposed order for disposition of Case No. 8630, the application of Ray Westall for an exception to the provisions of Division Order No. R-3221 to permit the disposal of produced salt water in unlined surface pits on his Parsley Federal, Amoco Federal, Hill Federal, and Texas Crude Leases in Sections 20 and 21, Township 19 South, Range 30 East, NMPM, Hackberry Yates-Seven Rivers Pool, Eddy County, New Mexico.

You originally heard this case on June 19, 1985, and continued it to July 17 due to the necessity of readvertising the case in the Artesia newspaper.

Inasmuch as several wells are presently shut in due to the prohibitive cost of trucking the produced water away for disposal, and because of the previously mentioned delays encountered for readvertising, it is respectfully requested that an order approving this application be entered as soon as is conveniently possible.

Michael E. Stogner  
July 19, 1985  
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Please feel free to call me if you have any questions  
about this case or the proposed order.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel S. Nutter". The signature is fluid and cursive, with a large initial "D" and "N".

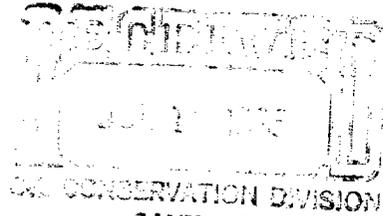
Daniel S. Nutter, P.E.

DSN:ms

cc: James T. Jennings, Esq.  
P.O. Box 1180  
Roswell, NM 88201

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. 8630  
Order No. R-

APPLICATION OF RAY WESTALL 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 8 a.m. on July 17, 1985, at Santa Fe, New Mexico, before the Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of July, 1985, 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 notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Ray Westall, is the owner and operator of several leases in Sections 20 and 21, Township 19 South, Range 31 East, NMPM, Hackberry Yates-Seven Rivers Pool, Eddy County, New Mexico, as follows:

Lease Name	Description	Section	No. of Wells
Parsley Fed	NE/4 NE/4	20	1
Amoco Fed	W/2 NW/4 and W/2 NE/4	21	4
Amoco Fed	E/2 NW/4	21	2
Hill Fed	E/2 NE/4	21	2
Texas Crude	N/2 SE/4	21	1

(3) In addition to the above wells, applicant proposes to drill one additional well on his Texas Crude Federal Lease.

(4) 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, 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.

(5) 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.

(6) The State Engineer has designated, pursuant to Section 70-2-12 (15), N.M.S.A., 1978 Comp., 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.

(7) The applicant seeks 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 five unlined surface pits located in Unit A of Section 20 and Units E, F, H, and J of Section 21, all in Township 19 South, Range 31 East, NMPM.

(8) Applicant's Parsley Federal Lease is currently producing 10 to 15 barrels of water per well per day; his Texas Crude Federal Lease is currently producing 10 to 15 barrels of water per well per day and it is anticipated that the proposed additional well will produce approximately the same amount; the two wells on applicant's Hill Federal Lease are together producing 20 to 25 barrels of water per day; applicant's Amoco Federal lease in the W/2 NW/4 and W/2 NE/4 of Section 21 is currently producing 20 to 25 barrels of water per well per day, and his Amoco Federal Lease in the E/2 NW/4 of Section 21 would produce 50 to 65 barrels of water per well per day were it not currently shut in due to the high cost of trucking the water away for disposal.

(9) The western boundaries of the above-described leases are approximately 1.75 miles from the eastern boundary of the area defined by Division Order No. R-3221-B

as the Clayton Basin Exempt Area, wherein disposal of produced waters in unlined surface pits is permitted, and the subject leases are so located in the Clayton Basin drainage system as to cause any possible surface or sub-surface migration of produced waters disposed of in unlined surface pits located as described in Finding No. (7) above to be in a west-southwest direction, into Clayton Basin.

(10) In addition to the Clayton Basin Exempt Area defined by Division Order No. R-3221-B, there have been numerous individual exceptions granted by the Division in the general area, where it has been found by the Division that disposal of produced waters into unlined surface pits would not impose a hazard to any fresh water for which a present or reasonably foreseeable use is or will be made.

(11) There appears to be no underground 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.

(12) There is no evidence evidence of the existence of underground fresh water water in the area between the subject leases and the Eastern boundary of the Clayton Basin exempt area which would be impaired by contamination by the proposed disposal pits.

(13) 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.

(14) Approval of disposal as described above will not impair correlative rights nor cause waste, but will in fact protect correlative rights and may prevent waste by prolonging the producing life of the subject leases.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Ray Westall, 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 his Parsley Federal Lease comprising the NE/4 NE/4 of Section 20, his Amoco Federal Lease comprising the W/2 NW/4 and W/2/ NE/4 of Section 21, his Amoco Federal Lease comprising the E/2 NW/4 of Section 21, his Hill Federal Lease comprising the E/2 NE/4 of Section 21, and his Texas Crude Lease comprising the N/2 SE/4 of Section 21, all in Township 19 South, Range 31

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Case 8630  
Order No R-

East, NMPM, Hackberry Yates-Seven Rivers Pool, Eddy County, New Mexico, in five unlined surface disposal pits located in Unit A of said Section 20 and Units E, F, H, and J of said Section 21.

(2) 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) 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

RICHARD L. STAMETS  
Director

Andrews, Texas 79714  
Box 104  
July 24, 1985

Mr. Dick Stamets  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Dear Sir:

As per our conversation yesterday, I am writing a letter of protest for an oil company request to put an unlined salt water pit in Section #21 T19S, Range 31E. I have three water wells located at my ranch houses in the SW corner of Section #28, T19S, Range 31E, which is directly south of Sec. 21 and within 1 mile of the oil company proposal. I feel that within a short period of time that the salt water would ruin my fresh water.

I would appreciate your consideration in working out a better solution to this problem than the one proposed by the oil company.

Sincerely,  
Ellison Tom, Jr.

LAW OFFICES OF  
JENNINGS & CHRISTY

900 UNITED BANK PLAZA  
P. O. BOX 1180  
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8432  
AREA CODE 505

JAMES T. JENNINGS  
SIM B. CHRISTY IV  
PHIL T. BREWER

VICTORIA S. ARENDT  
A. D. "DIRK" JONES

June 25, 1985

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Attention: Michael E. Stogner

Re: Ray Westall Cases No. 8629 and 8630  
June 19, 1985 Hearing

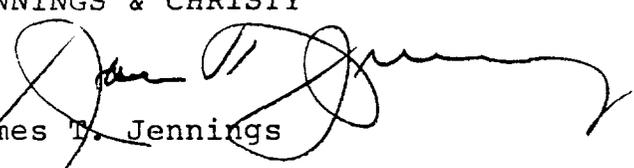
Dear Mr. Stogner:

In accordance with your request made at the hearing of the above numbered cases on June 19, 1985, I am enclosing herewith a schematic of the proposed pits in connection with the Ritz Wells, which is Application No. 8629 and further in connection with the other wells, including the Amoco, Hill, Parsley and Texas Crude in Case No. 8630. You will note that the pits reflect the wells to be attached thereto, pit size, depth, which includes a two foot free board, and daily disposal.

We hope that this information will be satisfactory, if; however, you need additional information, either contact me or Mr. Dan Nutter.

Yours very truly,

JENNINGS & CHRISTY

  
James T. Jennings

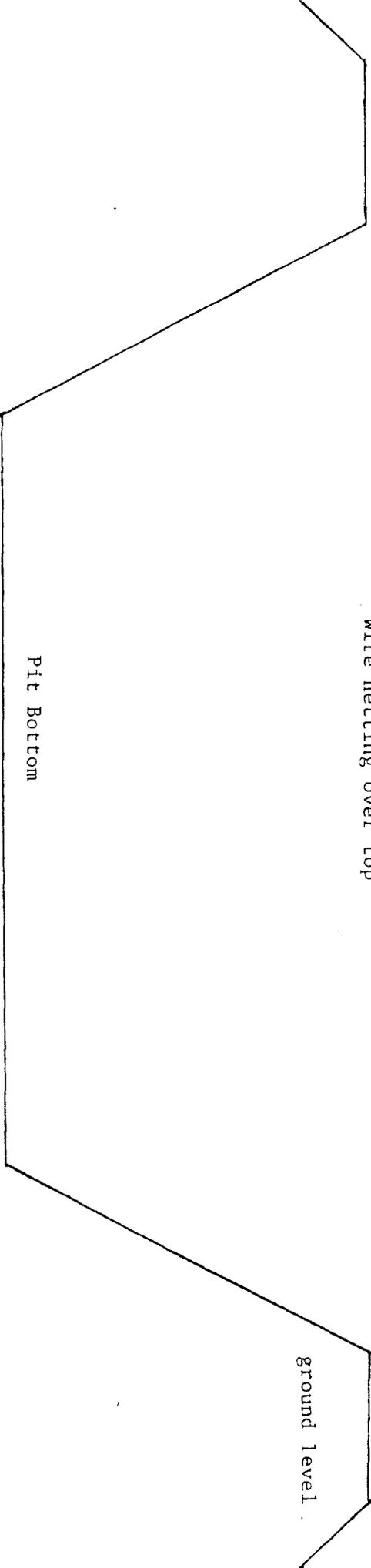
JTJ:el

Wire netting over top

Pit Bottom

Ground Level

PARSLEY FEDERAL #1 Pit will be a 20 X 20, 8' Deep with a 2' free board. This pit will be covered with mesh wire as to Federal Regulations. This pit will have 10 to 15 blbs per day of water disposed.

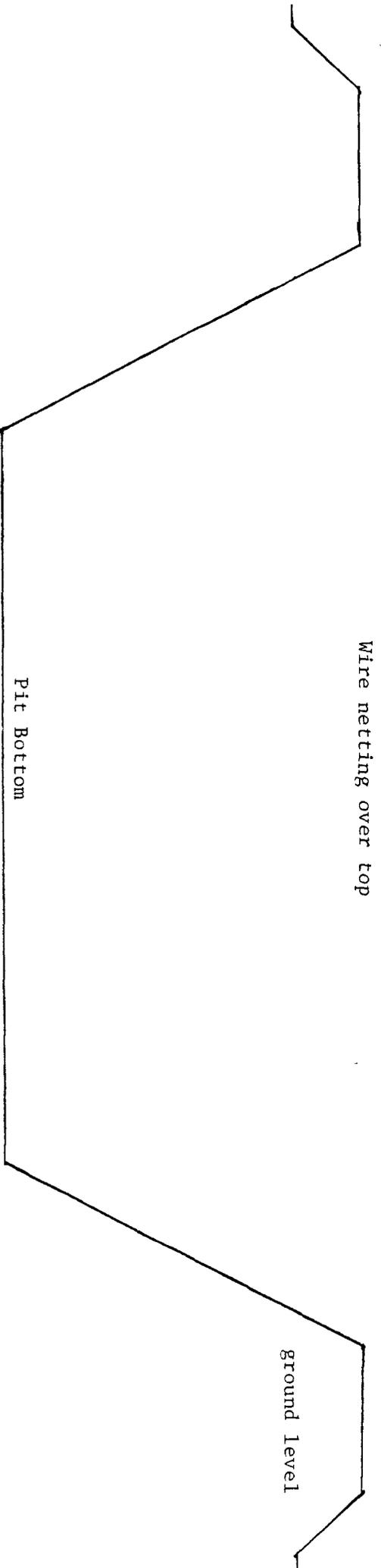


Wire netting over top

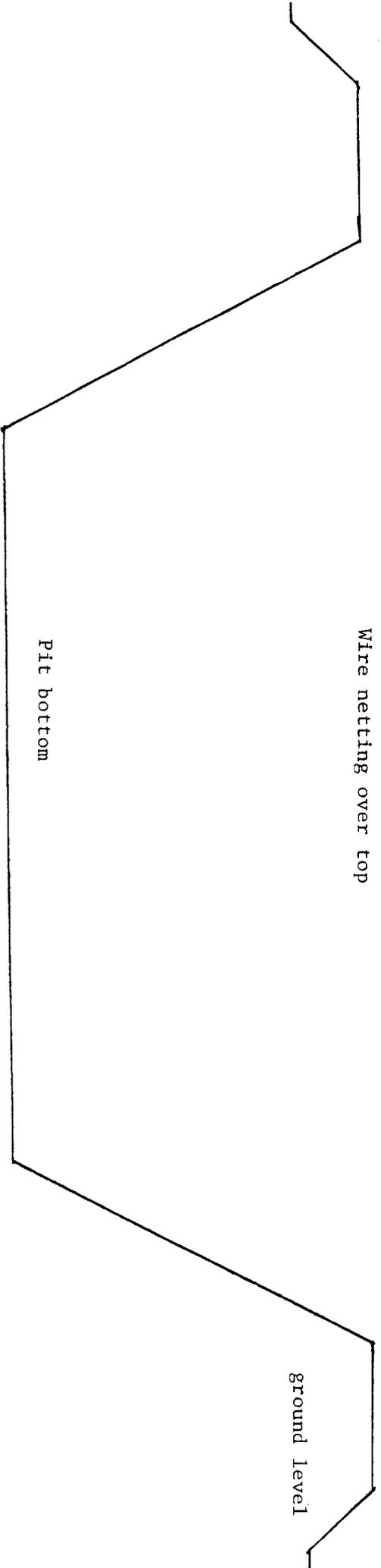
Pit Bottom

Ground level

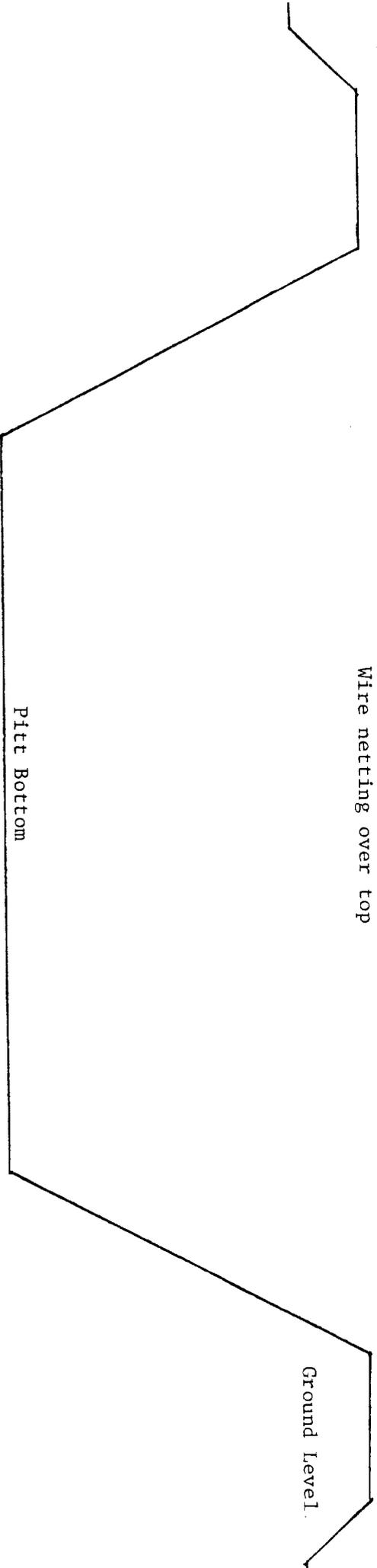
TEXAS CRUDE #1 & 2 Pit will be a 20 X 20, 8' Deep with a 2' free board. This pit will be covered with mesh wire as to Federal Regulations. This pit will have 20 to 30 bbls of water per day disposed.



AMOCO FEDERAL #1 - 3 - 4 & 6 Pit will be a 40 X 40, 8' deep with a 2' free board. This pit will be covered with mesh wire as to Federal Regulations. This pit will have 80 to 100 bbls of water per day disposed.



AMOCO FEDERAL #2 & 5 Pit will be a 40 X 40, 8' deep with a 2' free board. This pit will be covered with mesh wire as to Federal Regulations. This pit will have 100 to 130 bbls per day of water disposed.



Wire netting over top

Ground Level

Pitt Bottom

HILL FEDERAL #1 & 2 Pitt will be a 20 X 20, 8' deep with a 2' free board. This pit will be covered with mesh wire as to Federal Regulations. This pit will have 20 to 25 bbls per day of water disposed.

