

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 3, 1933

POST OFFICE BOX 2058
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9511
ORDER NO. R-3780

Applicant:

Phillips Petroleum Company

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Scott Hall

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

October 21, 1988

RECEIVED

OCT 21 1988

OIL CONSERVATION DIVISION

William J. LeMay
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

HAND DELIVERED

Re: Application of Phillips Petroleum Company
for Salt Water Disposal, NMOCD Case 9511

Dear Mr. LeMay:

Our firm represents Phillips Petroleum Company in the referenced case. On October 20, 1988 Mr. William F. Carr, on behalf of Enserch Exploration, Inc., hand-delivered to you a request to continue the Phillips case from the current hearing date of October 26, 1988 to November 9, 1988.

I wish to tell you that I do my best to accommodate opposing counsel and their clients so all parties can be prepared at Examiner's hearings and thereby avoid the unnecessary expense and burden of bringing those cases back again to a Commission hearing.

However, in this case there are compelling reasons to go forward with the October 26th hearing date. First, the water produced by Phillips for which it seeks an approved disposal well is now being disposed of in an Enserch well at a cost of some \$12,000 per month to Phillips. A delay by Enserch in the hearing process simply prolongs the economic burden on Phillips to the direct economic benefit of Enserch. Second, on September 26, Enserch was sent notice of the October 26th hearing and has had all proper notices of hearing pursuant to the Division Rules. In addition Enserch has in fact known about Phillip's proposal since May 1988, a period of five months. If they are not now prepared to present their case then the delay has been theirs and should not result in continuing Phillips' hearing. Third, Mr. Carr threatens the Commission and Phillips with a DeNovo hearing and a Stay request should the hearing proceed as scheduled. There is nothing to preclude Enserch from seeking a DeNovo hearing and a stay of the examiner's order even if their request for a continuance is granted. Fourth, Phillips application for disposal should not be opposed by Enserch because Phillips is simply seeking to dispose of produced water in a manner similar to that sought by Enserch before the Commission in a well within one mile of Phillips proposed disposal well.

KELLAHIN, KELLAHIN and AUBREY

William J. LeMay
October 21, 1988
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Mr. Carr hand-delivered his letter to the Division but chose to mail a copy to me thereby minimizing the opportunity for Phillips to respond to his letter. Fortunately, I received my copy today and hope you have not yet acted on Mr. Carr's request.

Based upon the foregoing, it is apparent to us that Enserch is simply seeking to delay Phillips' application for their own gain. Therefore their request for a continuance should be denied.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W. Thomas Kellahin". The signature is written in black ink and is positioned above the typed name.

W. Thomas Kellahin

WTK/dm

cc: William F. Carr, Esq. (Hand Delivered)
Phillips Petroleum Company (Odessa)

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 20, 1988

RECEIVED

OCT 20 1988

HAND-DELIVERED

OIL CONSERVATION DIVISION

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: Oil Conservation Division Case No. 9511
Application of Phillips Petroleum Company for Salt Water
Disposal, Roosevelt County, New Mexico

Dear Mr. LeMay:

We represent Enserch Exploration Inc. in opposition to the above-referenced application of Phillips Petroleum Company. Phillips proposes to dispose salt water into the Fusselman formation in their Lambirth "A" No. 6 Well which is directly offset by two Enserch operated wells (the Lambirth No. 7 and Lambirth No. 8). Both of these wells were originally completed and tested in the Fusselman formation but due to the high water cost and the related disposal costs were temporarily abandoned in the Fusselman and completed in the Pennsylvanian formation. Both wells appear to have commercial production in the Fusselman which Enserch plans to produce. Enserch believes that granting this application will result in the watering out of this acreage.

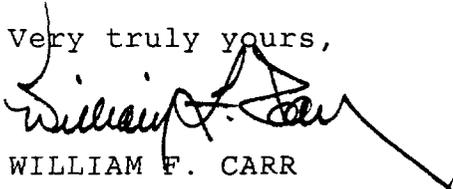
This case is set for hearing on October 26, 1988 and on October 14th we advised Phillips that it would be necessary for us to seek a two week continuance to enable Enserch to prepare its case. On October 19, 1988 we were advised that Phillips would oppose a continuance.

Mr. William J. LeMay
October 20, 1988
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Please treat this letter as a request for continuance of the above-referenced case to the Examiner hearing scheduled on November 9, 1988. A two week continuance will enable Enserch to prepare its case in opposition to this application. We submit that this would be the most sufficient way to obtain a final resolution of this question. If the case is not continued, we will have no choice but to enter our appearance on October 26th, and, upon entry of a Division Order, seek a hearing de novo and a stay of the Examiner Order until the Commission can finally rule on this application.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Stephen D. Campbell
Vice-President and General Counsel
Ensearch Exploration Inc.

Dane Hendley
Enserch Exploration Inc.

W. Thomas Kellahin, Esq.
Attorney for Phillips Petroleum Inc.