

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. 8323
Order No. R-7693-B

APPLICATION OF BLANCO ENGINEERING
INC. FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 27, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 7th day of May, 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 public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) This Case was first heard on September 5, 1984, and Division Order No. R-7693 authorized Blanco Engineering, Inc. to utilize the Pan American Flint Gas Com Well No. 1 located 1980 feet from the South and East lines of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, for salt water disposal into the Atoka formation.

(3) Yates Petroleum Corporation the owner of an oil and gas lease in the the N/2 SE/4 of Section 22 filed a motion with the Commission in December 1984 in which it claimed that written notification was not given to them advising them of Blanco Engineering, Inc.'s original application for salt water disposal in this case as required by Division Rule 701 B. 2 and that Blanco Engineering, Inc. had failed to provide evidence that such written notification was given to Yates Petroleum Corporation.

(4) Case No. 8323 was reopened in order to permit Yates Petroleum to appear and present testimony.

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(5) On January 16, 1985, Yates Petroleum Corporation appeared and presented testimony in opposition to Blanco's proposed salt water disposal operations based upon allegations that said well was capable of commercial production and waste would occur if it was converted to disposal.

(6) Evidence and testimony presented by Yates Petroleum Corporation at the January 16, 1985, reopening of this case was insufficient to determine if said well was capable of commercial production of oil and gas, but in order to insure the protection of correlative rights and the prevention of waste, Yates Petroleum Corporation was provided an opportunity to test the subject well for commercial production of oil and gas.

(7) Case 8323 was reopened March 27, 1985, at which time Yates Petroleum Corporation reappeared and presented evidence and testimony as to testing done on said Flint Gas Com Well No. 1 in their attempts to establish commercial production.

(8) Yates Petroleum Corporation was provided a reasonable length of time to test the subject well for commercial production of oil and gas and has presented insufficient evidence that the subject well is capable of such commercial production or that waste would occur if the well is utilized for salt water disposal.

(9) Division Order No. R-7693 should be reinstated authorizing Blanco Engineering, Inc. to utilize the subject well as salt water disposal well.

(10) Yates Petroleum Corporation should return to Blanco Engineering, Inc. the wellbore and surface location of the subject well in a condition as near as possible to that originally received by Yates Petroleum Corporation, or in the alternative, reimburse Blanco Engineering for the additional costs incurred for restoring the well to said original condition.

IT IS THEREFORE ORDERED THAT:

(1) Division Order R-7693 is hereby reinstated, authorizing Blanco Engineering, Inc. to utilize its Pan American Flint Gas Com Well No. 1, located 1,980 feet from the South and East lines of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Atoka formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 9,025 feet, with injection into the perforated interval from approximately 9,094 feet to 9,116 feet.

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(2) Yates Petroleum Corporation shall return to Blanco Engineering, Inc. the wellbore and surface location of the subject well to a condition as near as possible to that originally received by Yates Petroleum Corporation or in the alternative shall reimburse Blanco Engineering for the additional costs incurred for restoring the well to said original condition.

(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


R. L. STAMETS
Director

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