

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8739
Order No. R-8139

APPLICATION OF CHAMA PETROLEUM
COMPANY TO RESCIND DIVISION ORDER
NO. R-7637, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of February, 1986, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Chama Petroleum Company (Chama), seeks to rescind Division Order No. R-7637 which authorizes the disposal of produced water into the "C" and "D" zones of the Cisco Canyon formation through the Dagger Draw Salt Water Disposal Well located 1495 feet from the North line and 225 feet from the West line of Section 22, Township 19 South, Range 25 East, NMPM, Undesignated North Dagger Draw-Upper Pennsylvanian Pool, in which Anadarko Production Company (Anadarko) is the operator.

(3) Anadarko drilled, completed, and is disposing of produced water into said disposal well in accordance with Division Order No. R-7637.

-2-

Case No. 8739

Order No. R-8139

(4) Chama presented evidence attempting to show that the subject disposal zone was capable of commercial production of oil within and in proximity to said disposal well, arguing that continued injection would result in waste and violation of Chama's correlative rights.

(5) Anadarko presented substantial engineering and geological evidence, which demonstrated that the "C" and "D" disposal zones in the Cisco Canyon formation are not capable of commercial oil production within and within proximity to the NW/4 of Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(6) The continued use of the subject disposal well is in accordance with Order No. R-7637 and will not constitute waste or impair correlative rights.

(7) Anadarko has acted as a prudent operator in its drilling, completion and operation of the subject disposal well.

(8) Division Order No. R-7637 should remain in full force and effect and the application of Chama should therefore be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of Chama Petroleum Company to rescind Division Order No. R-7637 is hereby denied.

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

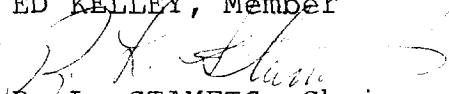
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member


R. L. STAMETS, Chairman and
Secretary

S E A L
fd/