

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

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

CASE NO. 9511 DE NOVO
Order No. R-8780-A

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR SALT WATER DISPOSAL,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on March 9, 1989, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of May, 1989, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Phillips Petroleum Company, seeks an order to utilize its Lambirth "A" Well No. 6, located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 30, Township 5 South, Range 33 East, NMPM, Roosevelt County, New Mexico, to dispose of produced salt water into the South Peterson-Fusselman Pool and Montoya Formation, with injection into the perforated interval from approximately 7892 feet to 7944 feet.

-2-

Case No. 9511 De Novo
Order No. R-8780-A

(3) The matter came on for hearing at 8:15 a.m. on October 26, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner and, pursuant to this hearing, Order No. R-8780 was issued on November 7, 1988, which granted the application for salt water disposal.

(4) On November 9, 1988, application for Hearing De Novo was made by Enserch Exploration, Inc. and the matter was set for hearing before the Commission.

(5) The matter came on for hearing De Novo on March 9, 1989.

(6) The findings of the Division in Order No. R-8780 are supported by substantial evidence and the Commission adopts those findings as its own.

(7) Enserch opposed the application alleging the potential loss of oil reserves caused by breakthrough of injected water because of the highly fractured nature of the Fusselman reservoir.

(8) The evidence presented did not support the conclusion that water breakthrough would occur and the mere contention of possible damage is not sufficient cause to deny the application.

(9) Phillips is presently paying EP Operating \$0.40 per barrel to dispose of produced water and granting of this application could reduce Phillips' operating costs and result in additional recoveries of oil and gas.

(10) The evidence adduced at said Commission hearing indicates that Division Order No. R-8780 should be affirmed.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8780, entered November 7, 1988, is hereby affirmed.

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

-3-

Case No. 9511 De Novo
Order No. R-8780-A

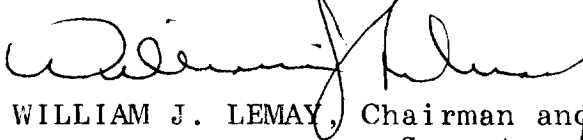
DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



WILLIAM R. HUMPHRIES, Member

ERLING A. BROSTUEN, Member



WILLIAM J. LEMAY, Chairman and
Secretary

S E A L

dr/