

Case. Number.

4438

Application,

Transcripts.

Sm all Exhibts.

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 14, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Eastland Oil Company
for an exception to Order No. R-3221,
as amended, Eddy County, New Mexico.

)
)
)
) Case No. 4438
)
)
)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING



dearnley-meier reporting services

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date OCTOBER 14, 1970TIME: 9:30 A.M.

NAME	REPRESENTING	LOCATION
Steve M. Carter	Tellco Inc.	Midland
William J. A. New	Shenandoah	Mild
Ralph L. Gray	Moran	Artesia
Ed M. A. New	Moran	Hobbs
James Jennings	Shenandoah Moran	Roswell
Ken Bateman	Whiteford and Koch & Kelly	Las Alamos
Nina S. Williams	PW Byrum	Santa Fe
George D. Neal	The Eastland Oil Co	Midland, Tex
Jason W. Kellah	Kellah & Fox	Santa Fe

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



MR. NUTTER: The hearing will come to order. We are, at the present time, on Case No. 4437. However, the witness is not here. We will continue that case until later.

We will call now Case No. 4438.

MR. HATCH: Application of Eastland Oil Company for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the Applicant. I have one witness I would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 through 4 were marked for identification.)

GEORGE NEAL,

having been first duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A George Neal.

Q By whom are you employed and in what position, Mr. Neal?

A Eastland Oil Company, vice-president in charge of

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
 1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

production.

Q Have you ever testified before the Oil Conservation Commission?

A I have not.

Q For the benefit of the Examiner, would you briefly summarize your education and experience in the petroleum business?

A I was graduated from Rice Institute in 1943 with a BS in mechanical engineering. Worked for Humble Oil and Refining Company as a petroleum engineer for eight years; Eastland Oil Company as an engineer and production superintendent for fifteen years.

Q In connection with your work, was any of it in the Southeastern New Mexico area?

A Yes.

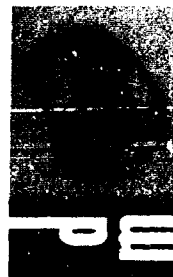
Q Is the area involved in the application of Eastland Oil Company in Case 4438 under your jurisdiction?

A That's correct.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Kellahin) Mr. Neal, are you familiar with the application of Eastland Oil Company in Case 4438?



A I am.

Q What is sought by Eastland Oil Company in this case?

A We are asking for an exception for the disposal of salt water on surface pits in Section 5 and 6, 18-31; in the northwest northwest of 5 and the northeast northeast of Section 6.

Q Is that in the Grayburg-Jackson Field Area, Eddy County?

A It's in the area. It's undesignated as a pool.

Q It is in Eddy County?

A Correct.

Q Now, referring to what has been marked as the Applicant's Exhibit 1, would you identify that exhibit?

A It's a land plat of the area with the two leases involved colored in yellow and the areas colored in red are exemptions that have been granted for surface salt water disposal.

Q Now, there are some individual tracts colored in red and those are specific exemptions that have been granted, is that correct?

A That is correct.

Q Now, in the lower right-hand corner of the exhibit there are areas, solid areas colored. What is that?

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



A That is the beginning of the general area of the potash mine area that covers several townships that is exempt.

Q That was a blanket exemption from the Commission?
A Correct.

Q Now, the area you have marked in yellow is the acreage that is operated by Eastland Oil Company, is that correct?

A That is correct, two quarter sections.

Q Two quarter sections? Do you propose to dispose on the surface water produced from wells on those two quarter sections?

A That is correct. Yes, sir.

Q Now, referring to what has been marked as the Applicant's Exhibit No. 2, would you identify that exhibit?

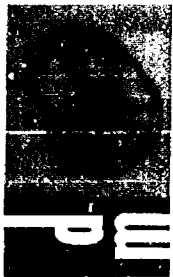
A It's a composit of two USGS maps showing contoured the general drainage area adjacent to Cedar Lake Draw which is the general drainage area and drainage for the area --

MR. NUTTER: What was the name of that, please?

THE WITNESS: Cedar Lake Draw.

MR. NUTTER: Cedar Lake Draw?

THE WITNESS: Right. And movement of surface



water is to the -- from our leases it would be to the south and to the salt lake area of potash mine area.

Q (By Mr. Kellahin) Would the surface drainage then, in your opinion, be toward that area which is exempt by the Commission?

A Yes, sir, it would.

Q Did you personally make an inspection to determine if there were any water sources present in this area?

A I did.

Q What did you find?

A I could find no surface water being produced in -- within at least a five-mile radius of this surface area and considerably further, but I just found no surface water being produced at all in the area.

Q Do you know whether any water was encountered in any of the oil wells that were drilled in this area?

A The knowledge that I have, none. The drilling contractor has stated that there was no surface water encountered.

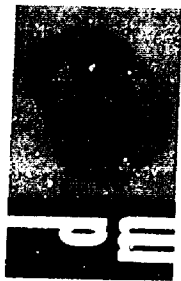
Q I believe the exhibit does show a tank, water tank, within the area which is marked yellow. What is that?

A That is a steel water tank that the person ranching

dearnley-meier reporting services, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 236-1294 • ALBUQUERQUE, NEW MEXICO



this area hauls water by truck to this steel water tank from which he waters his cattle.

Q Do you know where he is getting his water?

A From the Caprock Line that comes off the Caprock water system in Loco Hills.

Q He has no fresh water supply there to supply that tank, is that correct?

A None whatsoever.

Q Now, referring to what has been marked as the Applicant's Exhibit No. 3 and 4, would you identify those exhibits?

A They are acreage dedication plats filed on the two wells that are presently producing, one well in Section 5 and one well in Section 6 and the location of the salt water pit indicated being in the same unit area as the well.

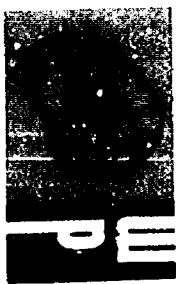
Q Could you give the location of the well and the pits for the record?

A Identifying the well as Arco Federal, the Arco Federal Lease, which comprises 160 acres of northwest quarter of Section 5, the well is located in the northwest northwest of Section 5 and also the surface pit is located in Unit "D".

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



Q Now, that shows the footage location of the surface pit, does it not?

A Yes, 960 feet from the west line, 910 feet from the north line.

Q That's for the well in Section 5. Now, the one in Section 6, do you show the same information?

A Yes. It's identified as the Allied Federal Lease. It's 160 acres. The 160 acres of the northeast quarter section of Section 6 in the well is in the Unit "A" and the pit is also in Unit "A" identified as 900 feet from the north line and 460 feet from the east line.

Q Now, at the present time, you have two producing wells on these two leases.

A That's correct.

Q What volumes of water do they make?

A The Arco Federal has been in for approximately 60 days and is producing 8 barrels of water a day at the allowable rate of 70 barrels of oil and the Allied Federal Well has only been producing approximately a week and it is presently making 20 barrels of water a day and it's my opinion that it will reduce somewhat to approximately the level of the Arco Federal Well and

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

maybe in the order of 10 barrels a day.

Q Was your experience with the Arco Well similar to that?

A Yes. It came in at a higher rate of water production and has leveled off at the present rate around 10 barrels a day.

Q And you anticipate the other one will?

A I would think the other one would do the same, yes, sir.

MR. NUTTER: How much oil does that one make?

THE WITNESS: It is making allowable rate.

MR. NUTTER: Both of them are?

THE WITNESS: Yes, sir.

Q (By Mr. Kellahin) You anticipate that in the future there would be an increase in the amount of water?

A Not from the present zone which is the Grayburg Zone being produced, no; but there is a possibility of San Andres production there that is undetermined at the present time.

Q That isn't developed yet?

A No, sir.

Q So the water you are talking about is from the Grayburg?

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1261 • ALBUQUERQUE, NEW MEXICO

A Grayburg section, right.

Q Do you anticipate other wells will be drilled in this area?

A Yes, we plan to develop both 160-acre tracts which will be four wells to each battery.

Q Mr. Neal, on the basis of your investigation and your opinion, would the use of surface pits for the disposal of salt water or produced water cause any damage to any underground waters or any surface waters?

A I can see none that would be damaged.

Q Are there any surface waters in the area?

A No, sir. There's no stored water on the surface and there is no ground water being produced on the surface.

Q Did you find any tanks or earthen tanks for livestock?

A None whatsoever.

Q Were Exhibits 1 through 4 prepared by you or under your supervision?

A They were.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 through 4 inclusive.

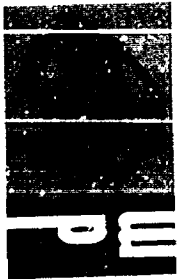
MR. NUTTER: Eastland's Exhibits 1 through 4 will be admitted in evidence.

MR. KELLAHIN: That's all I have, Mr. Nutter.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



PAGE 11

MR. NUTTER: Does anyone have any questions of the witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: Nothing.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 4438? We will take the case under advisement.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

I N D E X

WITNESS

PAGE

GEORGE NEAL

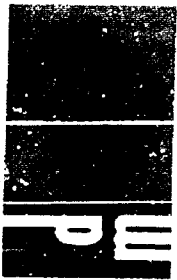
Direct Examination by Mr. Kellahin

2

E X H I B I T S

Applicant's 1 through 4

2





OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIGO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 27, 1970

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4438
Order No. R-4047
Applicant:
Eastland Oil Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other State Engineer Office

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4438
Order No. R-4047

APPLICATION OF EASTLAND OIL COMPANY
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on October 14, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Eastland Oil Company, is the owner and operator of leases comprising the NW/4 of Section 5 and the NE/4 of Section 6, Township 18 South, Range 31 East, NMPM, Grayburg-Jackson Field area, Eddy County, New Mexico.

(3) That Order (3) of Commission 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, streambed, 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.

-2-

CASE No. 4438
Order No. R-4047

(4) That 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.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, 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.

(6) That 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 located on its leases comprising the NW/4 of said Section 5 and the NE/4 of said Section 6, in two surface pits located, respectively, in Unit D of Section 5 and Unit A of Section 6.

(7) That there appears to be no shallow fresh water in the vicinity of the subject pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pits.

(8) That the applicant should be permitted to dispose of water produced by applicant's wells located on the above-described leases in the above-described surface pits.

IT IS THEREFORE ORDERED:

(1) That the applicant, Eastland Oil Company, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its wells located on its leases comprising the NW/4 of Section 5 and the NE/4 of Section 6, Township 18 South, Range 31 East, NMPM, Grayburg-Jackson Field area, Eddy County, New Mexico, in two unlined surface pits located in Unit D of Section 5 and Unit A of Section 6.

-3-

CASE No. 4438

Order No. R-4047

(2) That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to protect fresh water supplies from contamination.

(3) That 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



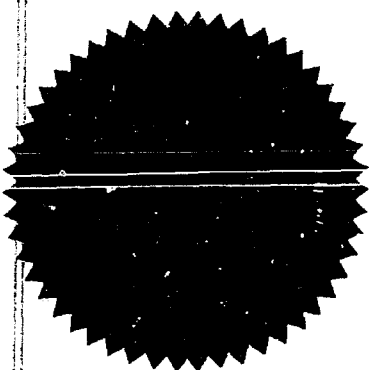
DAVID F. CARGO, Chairman



ALEX J. ARMIZO, Member



A. L. PORTER, Jr., Member & Secretary



ecr/

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 14, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1970;
- (2) Consideration of the allowable production of gas for November, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for November, 1970.

CASE 4436: (THIS CASE WILL BE HEARD BEFORE THE FULL COMMISSION OR BY EXAMINER DANIEL S. NUTTER)

Application of El Paso Natural Gas Company for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico and the amendment of the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest and Southeast New Mexico and the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, to permit substantial changes in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules. Copies of the proposed amendments will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4437: Southeastern New Mexico nomenclature case calling for the creation, abolishment and extension of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Corbin-Wolfcamp Pool. The discovery well is the Phillips Petroleum Company Lea No. 23 located in Unit P of Section 30, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: SE/4

(Case 4437 continued)

(g) Extend the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
SECTION 8: SW/4

(h) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 34: NW/4

(i) Extend the Tulk-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 South, Range 32 East, NMPM
SECTION 33: SE/4
SECTION 34: S/2

CASE 4438:

Application of Eastland Oil Company for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases comprising the NW/4 NW/4 of Section 5 and the NE/4 NE/4 of Section 6, Township 18 South, Range 31 East, Grayburg-Jackson Field area, Eddy County, New Mexico.

CASE 4439:

Application of Shenandoah Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Pennsylvanian well location 1980 feet from the South line and 660 feet from the West line of Section 22, Township 6 South, Range 27 East, undesignated Pennsylvanian gas pool, Chaves County, New Mexico. The S/2 of said Section 22 to be dedicated to the well.

CASE 4440:

Application of Moran Oil Producing & Drilling Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the Hobbs Pool by the injection of water into the G₁ formation through one well located in the NW/4 NE/4 of Section Township 18 South, Range 37 East, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells approved administratively.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-128
Effective 10-65

All distances must be from the outer boundaries of the Section

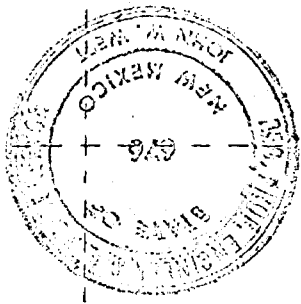
Operator THE EASTLAND DRILLING CO.		Oil OIL		Lease ALLIED FEDERAL		Well No. 1
Unit Letter A	Section 6	Township 18 SOUTH	Range 31 EAST	County EDDY		
Actual Footage Location of Well: 660 feet from the NORTH line and 660 feet from the EAST line						
Ground Level Elev. 3648.0	Producing Formation Grayburg		Pool Undesignated	Dedicated Acreage 40 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

	<p><i>Saltwater Pit</i></p> <p>660' 300' 660' 460'</p>	<p align="center">CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>George D. Neal</i></p>	
		<p>Name George D. Neal</p> <p>Position Vice President</p> <p>Company The Eastland Oil Company</p> <p>Date August 31, 1970</p>	
<p align="center">BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION</p> <p>App. EXHIBIT NO. 5</p> <p>CASE NO. 4438</p>		<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p>	
		<p>Date Surveyed AUGUST 28, 1970</p> <p>Registered Professional Engineer and/or Land Surveyor <i>John W. West</i></p>	

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-123
Effective 1-1-65

All distances must be from the outer boundaries of the Section

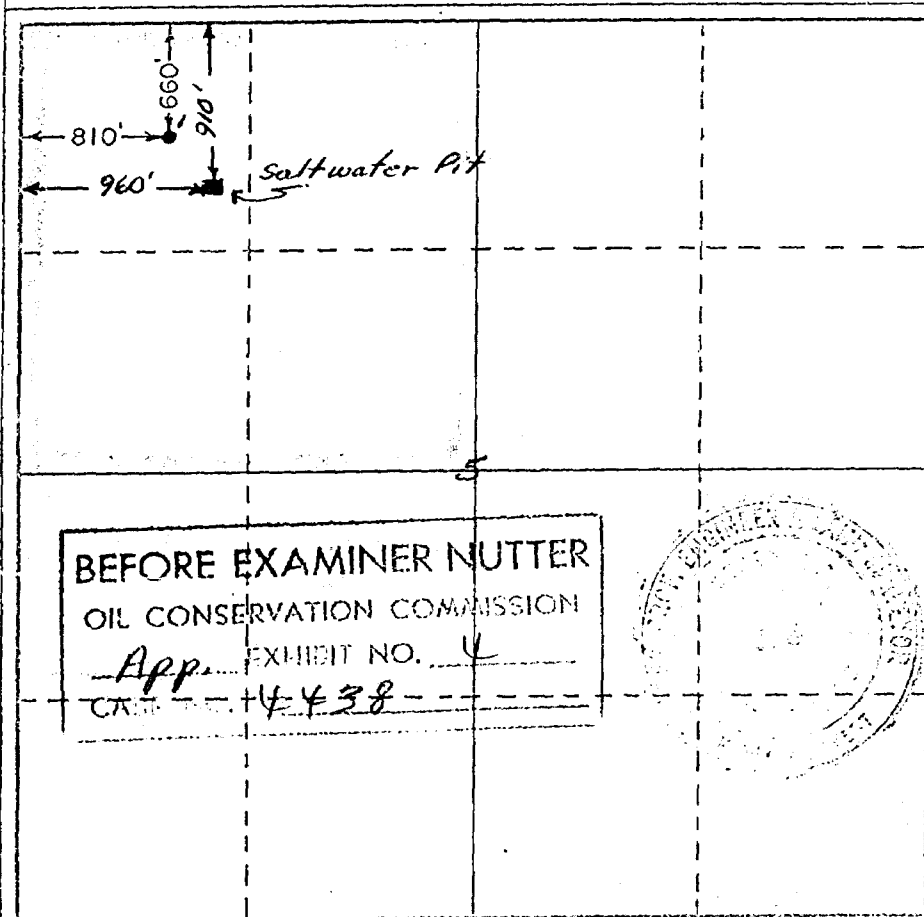
Operator THE EASTLAND OIL CO.		Lease ARCO FEDERAL		Well No. 1
Unit Letter D	Section 5	Township 18 SOUTH	Range 31 EAST	County EDDY
Actual Footage Location of Well: 660 feet from the NORTH line and 810 feet from the WEST line				
Ground Level Elev. 3687.2	Producing Formation San Andres		Pool Wildcat	Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Lee J. Schuler
Position
Office Manager
Company
The Eastland Oil Company
Date
July 20, 1970

RECEIVED
JUL 22 1970
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
JULY 18, 1970
Registered Professional Engineer
and/or Land Surveyor

John W. Nutter

Certificate No. _____

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54½ EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

September 21, 1970

TELEPHONE 982-4315
AREA CODE 505

TU SEP 22 11 08 AM '70

Case 4438

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed, in triplicate, is the application of Eastland Oil Company for an exception to the provisions of Commission Order R-3221, as amended, to permit surface disposal of produced water, Eddy County, New Mexico.

It is requested that this application be set for hearing before the Commission's examiner at the first available hearing.

Yours very truly,

Jason W. Kellahin

Jason W. Kellahin

jwk;ls

cc: George D. Neal

DOCKET MAILED

Date 10-2-70

70 SEP 24 1970

THE EASTLAND OIL COMPANY

704 WESTERN UNITED LIFE BUILDING
MIDLAND, TEXAS 79701
TELEPHONE: 683-2398 563-0343



803 CONTINENTAL LIFE BUILDING
FORT WORTH, TEXAS 76102
TELEPHONE: 332-2539

704 Western United Life Building
Midland, Texas 79701

September 15, 1970

Case 4438

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Hearing
Exception to Order No. R-3221,
No Pit order, for NW/4 NW/4
Section 5 and NE/4 NE/4 Section 6,
T-18-S, R-31-E
Eddy County, New Mexico

Gentlemen:

The Eastland Oil Company has recently completed ARCO-Federal #1, an oil well, in the Grayburg formation located approximately one mile south of the pool limits of the Grayburg-Jackson Field. The location is 660 feet from the North line and 810 feet from the West line of Section 5, T-18-S, R-31-E, Eddy County. Currently we are drilling the Allied Federal #1, located 660 feet from the North and East lines of Section 6, T-18-S, R-31-E.

An exception to order No. R-3221, No Pit order, for the NW/4 NW/4 of Section 5 and the NE/4 NE/4 Section 6 is requested. The completed well produces approximately 8 barrels of water at the allowable rate of 70 barrels of oil per day.

The area for which the exception is sought has no shallow water wells and it is believed that production of salt water into an unlined surface pit would not be injurious to any fresh water supply.

DOCKET MAILED

Date 10-2-70

New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

September 15, 1970
Page #2

A hearing before an Examiner is requested at a time and place designated by the Commission. The names of interested parties known to the applicant are as follows:

Union Texas Petroleum

1300 Wilco Building
Midland, Texas 79701

Atlantic Richfield Company

P. O. Box 1610
Midland, Texas 79701

Canadian Kenwood Company

414 Kennedy Building
Tulsa, Oklahoma 74103

REITANEN and FOX
Attorneys at Law
54½ East San Francisco
P. O. Box 1769
Santa Fe, New Mexico

GDN:kjd

Respectively yours,

THE EASTLAND OIL COMPANY

George D. Neal

George D. Neal

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

Don
CASE No. 4438

Order No. R- 4047

APPLICATION OF EASTLAND OIL COMPANY
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

9:30

This cause came on for hearing at 9 a.m. on October 14, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 1970, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Eastland Oil Company, is the owner
and operator of ~~certain wells on its~~ leases comprising the
~~NE/4~~ NW/4 of Section 5 and the ~~NE/4~~ NE/4 of Section 6, Township
18 South, Range 31 East, NMPM, Grayburg-Jackson Field area, Eddy
County, New Mexico.

(3) That Order (3) of Commission 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, streambed, 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.

(4) That 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.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, 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.

(6) That 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 located on its leases comprising the NW/4 NW/4 of said Section 5 and the NE/4 NE/4 of said Sec-

tion 6, in ~~two surface pits~~ located, respectively, in Unit D of Section 5 and Unit A of Section 6.

(7) That there appears to be no shallow fresh water in the vicinity of the subject pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from ~~the subject pits~~ the subject pits.

(8) That the applicant should be permitted to dispose of water produced by applicant's wells located on the above-described leases in the ~~subject pits~~ above-described surface pits.