

CASE 5038: Appli. OF TWINLAKES
OIL CO. FOR A DUAL COMPLETION &
SALT WATER DISPOSAL EXCEPTION.

EX tend app

CASE No.

5038

Application,

Transcripts,

Small Exhibits

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date SEPTEMBER 4, 1974, TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Summer G. Bued	Montgomery, Fuleri & Co	Santa Fe
Victor T. Lyon	Continental Oil Co	Hobbs
Tom Kellahin	Kellahin & Foy	Santa Fe
Hugh Hanagan	Hanagan Petroleum	Roswell
Von Stevens	Tanahkes Oil	Santa Fe
Ed White	Ed K Petro. Inc	Midland TX
Ed Hooper	" "	" "
KEN SOBROWICH	INEXCO Oil COMPANY	HOUSTON
Bob HANAGAN	Hanagan Petro Corp	Roswell
Reilly Fluellen	Inexco Oil Co	Houston
KEN BATEMAN	White Koch, Kelly, & McCauley	Santa Fe
M. James Walker	Atlantic Richfield	Midland
Larry Knight	Atlantic Richfield	Midland
Bob ENFIELD	R. ENFIELD	Santa Fe

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 4, 1974

EXAMINER HEARING

IN THE MATTER OF:

Case No. 5038 being reopened pursuant
to the provisions of Order No. R-4620,
which Order authorized the temporary
disposal of produced water in unlined
surface pits in the Twin Lakes Field,
Chaves County, New Mexico, for a period
of one year.

Case No.
5038

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission.

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Don Stevens, Esq.
214 Old Santa Fe Trail
Santa Fe, New Mexico

CASE 5038

Page.....2.....

I N D E X

PAGE

DON STEVENS

Testimony by Mr. Stevens

3

Cross Examination by Mr. Nutter

5

STEVENS

CASE 5038

Page.....3.....

MR. NUTTER: Call Case No. 5038.

MR. DERRYBERRY: Case 5038. In the matter of Case No. 5038 being reopened pursuant to the provisions of Order No. R-4620, which Order authorized the temporary disposal of produced water in unlined surface pits in the Twin Lakes Field, Chaves County, New Mexico, for a period of one year.

MR. STEVENS: Mr. Examiner, I'm Don Stevens of Santa Fe representing the Applicant in this Case. I am also President of the Applicant and as such would like to be sworn.

(Witness sworn.)

DON STEVENS

called as a witness, having been first duly sworn, was examined and testified as follows:

MR. STEVENS: This Case was originally called last year to provide for the temporary disposal of produced water in the Bough C Formation and the Twin Lakes Field; that's producing in one well the Twin Lakes Oil Company No. 3C O'Brian. That is not correct. It is not producing; it was perforated. Subsequent to that hearing last year two attempts have been made to deplete the well in the Bough C. At the time it was originally tested it flowed

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SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

I think approximately 40,000 cubic feet of gas plus about 720 or 800 barrels of water per day. Since then we have never been able to bring it back. We swabbed the water and all we get is more water and the oil has never come around yet, or rather the gas has never come around yet. Two factors are involved here: One is the unit belonging to the Applicant has a limited capacity to swab at that depth and it is hoped that in the future we would be able to bring a well in and keep it flowing.

Another complicating factor is that the compressor which services the Twin Lakes Field has been changed to give greater capacity to the Devonian gas-lift system in the field and therefore there is a little pipeline available in the 8-mile pipeline which Twin Lakes operates and which is connected with the Cities Service gathering system over in Cato Field. So, at this point we would like, if the Commission could see fit, to extend this Order for one year with the idea that within the coming year a couple of things might occur: One, we might be able to find out if the well actually will produce, and two, we might be able to get additional capacity in the pipeline across the field.

At the time of the original hearing the capacity

of the line was much greater -- not so much the capacity of the line as the capacity of the compressor -- it had two stages available for cross-country compression. Now it only has one stage available. There are plans afoot possibly to do some reinjecting of the field gas which are inchoate at this time. So, on these basis we would request one jurisdiction and we would also ask that the evidence at the hearing held a year ago be incorporated in this hearing today and that's all we have on direct.

MR. NUTTER: The evidence of the previous hearing is a part of the record inasmuch as this is a case being reopened.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stevens, how long has it been since you last worked on this well?

A Approximately about 8 months.

Q And so we have had most of the last year in which the water was not going to the pit anyway?

A Actually, since our last hearing I would say no more than -- gosh -- 20 barrels of water have gone to the pit.

Q I see.

A We haven't been able to produce the well at all.

STEVENS-CROSS

CASE 5038

Page.....6

Q Only when you're swabbing?

A Yes, that is the only water that got to the pit is when we were swabbing.

Q I see.

MR. NUTTER: Are there any other questions of Mr. Stevens? He may be excused. Do you have anything further, Mr. Stevens?

MR. STEVENS: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in Case 5038? If not we will take the Case under advisement.

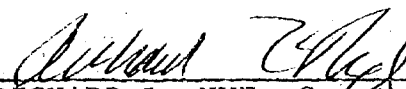
The Hearing is adjourned.

CASE 5038

Page.....7

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5038 heard by me on 9/4, 1974.


Examiner
New Mexico Oil Conservation Commission,

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

July 25, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Twinlakes Oil
Company for a dual completion
and salt water disposal
exception, Chaves County,
New Mexico.

Case No. 5038

BEFORE: Richard L. Stamets,
Examiner.

TRANSCRIPT OF HEARING

1 MR. STAMETS: We will call next Case 5038:
2 Application of Twinlakes Oil Company for a dual completion
3 and salt water disposal exception, Chaves County, New Mexico.

4 MR. STEVENS: Don Stevens, an attorney in Santa
5 Fe, representing the Applicant, Twinlakes Oil Company. I
6 am also President of Twinlakes Oil Company, and managing
7 officer, and in that connection, I would like to be sworn
8 as a witness.

9 * * * *

10 DONALD STEVENS,
11 appeared as a witness on his own behalf, and after being
12 duly sworn according to law, testified as follows:

13 MR. STAMETS: Are there any other participants in
14 this case?

15 (No response)

16 MR. STAMETS: You may proceed, Mr. Stevens.

17 THE WITNESS: Mr. Examiner, I have not previously
18 testified before the Commission, and at the pleasure of the
19 Commission, I would like to outline my education and work
20 background, if I might?

21 MR. STAMETS: That will be fine.

22 THE WITNESS: I received a bachelor's degree from
23 Texas Tech in 1954, and an LLB from the University of Texas
24 in 1956. My work experience includes teaching at Texas
25 Tech from 1956 to 1957, teaching oil and gas law, real estate

1 law, and business law.

2 From 1957 to 1960, I was exploration manager for
3 Cactus Drilling Company in Hobbs concerned with exploration
4 drilling and production.

5 From 1960 to 1964, I was an independent oil
6 operator in Roswell, New Mexico, again concerned with those
7 same phases.

8 From 1964 to late 1965, I was exploration manager
9 for Cactus Drilling Corporation in Midland, Texas.

10 From 1966 to 1970, I was a consultant in Santa Fe.

11 From 1970 to 1972, I was a practicing attorney
12 in Santa Fe.

13 From 1972 to present, I have been President and
14 managing officer of Twinlakes Oil Company.

15 Are my qualifications acceptable to the Commission?
16 MR. STAMETS: Very much so.

17 THE WITNESS: Briefly the Applicant seeks here
18 the approval by the Commission to change a dual completion
19 in the Twinlakes Oil Company No. 3 "C" O'Brien located in
20 the Northeast quarter of the Southwest quarter of Section 1,
21 Township 9 South, Range 20 East, Chaves County, New Mexico.

22 The Applicant seeks a dual completion to produce
23 oil from the Twinlakes-San Andres Pool and gas from an
24 undesignated Cisco gas pool through parallel strings of
25 2 and 7/8 inch casing cemented in a common well bore.

1 Said well was formerly dually completed for
2 San Andres production and Devonian salt water disposal
3 pursuant to Order No. R-4497. The Applicant further seeks
4 the amendment of Order No. R-3636, which authorized, as an
5 exception to Order R-3221, the disposal of Devonian and
6 San Andres water production in unlined surface pits; Applicant
7 seeks authority to also dispose of water produced from the
8 aforesaid Cisco gas pool in said pit.

9 We would like to ask the Commission to take
10 administrative notice of Case R-3998, and the order pertaining
11 thereto, R-3636, and incorporate it in this case, incorporate
12 the geology, the exhibits, and the testimony presented.

13 In this case, I will touch on them somewhat in
14 this presentation.

15 MR. STAMETS: As I recall, Mr. Stevens, the case
16 in question dealt at length with the ground water situation
17 in the area we are discussing here today.

18 THE WITNESS: Yes, it did, and that is the principal
19 purpose for asking the Commission to take administrative
20 notice, and incorporate that information into this case.

21 MR. STAMETS: We will take administrative notice
22 of Case 3998.

23 THE WITNESS: Referring to what has been marked
24 as Exhibit One, this is an area map of the Twinlakes field
25 showing all of the producing wells and the dryholes in the area.

1 The single dots are San Andres oil producers, and
2 the single green dots are wells which have penetrated the
3 Cisco formation. The circled red dot with the black center
4 is the subject well, which is completed in the San Andres.

5 This basically shows the ownership in the area,
6 all of which ownership is Twinlakes Oil Company, with one
7 minor interest next to the subject well.

8 Referring to what has been marked as Exhibit Two,
9 this is a structure map on the Cisco formation from which
10 the subject well produces.

11 It indicates a structurally close anticline with
12 relatively low relief, hopefully with the highest point not
13 yet drilled. As shown on the map, the No. 2 Citgo State
14 in the Southeast quarter of the Southwest quarter of Section
15 36, which was originally the Mobil No. 1 State Jackson,
16 tested approximately 700,000 cubic feet of gas per day.
17 Plus it flowed some salt water with that gas, and recovered
18 some 1500 feet of salt water on the drill stem test recovery.

19 This is the only other well which has tested the
20 Cisco in the immediate field area other than the subject
21 well. The other wells all indicate some porosity to a
22 greater or lesser degree, but no test was run, and whether
23 they would be productive or not is unknown.

24 The No. 3 "C" O'Brien, the subject well, drill
25 stem tested 500,000 cubic feet of gas per day on a drill

1 stem test. This was a twenty-minute free flow on the drill
2 stem test. After an hour, it was shut in, and we opened
3 up the regular flow, and it only flowed 18,000 cubic feet
4 of gas, apparently because water was killing the flow.

5 At that point, it was considered non-commercial
6 because of the amount of water recovered, and also because
7 of the low price for gas currently prevailing in the field.

8 Since then, it has been determined that this gas
9 can be produced through a pipe line which Twinlakes owns
10 running to the Cato field eight miles east, and there
11 connecting with the Cities Service gathering line, which
12 goes to their plant in Roosevelt County.

13 There, gas can be sold for what I consider a
14 reasonable price, thereby hopefully making this gas to be
15 produced commercial, and worth the cost of completing and
16 producing.

17 Referring to what has been marked as Exhibit Three,
18 which is a schematic diagram of the dual completion of the
19 s ubject well. Indicated on here is the fact that the well
20 was drilled to 7316 feet after it was drilled to 1957 feet
21 and casing was set at 1957, and cement circulated to the
22 surface.

23 Upon completion of the well, 2 and 7/8 inch tubing
24 was run, and it was cemented with 400 sacks of cement. Two
25 and seven-eighth inch tubing was run to 2718 feet and cemented

1 with 250 sacks of cement. Thereafter the San Andres formation
2 was perforated at 2585 to 2600, and it is currently producing
3 40 barrels of oil per day, and some four barrels of water
4 per day.

5 The well was originally perforated in the Devonian
6 formation at 7272 to 7276, with the idea of injecting
7 produced salt water from the Devonian into the well. This
8 was not done, principally because the amount of salt water
9 produced from the Devonian is no problem in the field.

10 It was considered that this non-commercial gas
11 might be commercial with the cost of completing this string
12 of 2 and 7/8 inch tubing. It was definitely considered
13 to be non-commercial if a new well had to be drilled.
14 Thereafter the Cisco was perforated from 6720 to 6730 after
15 setting a bridge plug at 4750.

16 The well was acidized with 500 gallons and swabbed
17 and flowed an estimated 400,000 cubic feet of gas per day,
18 plus it made 710 barrels of salt water per day, and possibly
19 2 barrels of 39 gravity crude oil per day.

20 Exhibit Four is a log of the O'Brien "C" Well
21 No. 3 showing the perforations in the San Andres from 2580
22 to 2600. This log indicates the top of the Cisco at 6663
23 feet and the Cisco perforations from 6672 to 6730. The
24 bridge plug is indicated at 6750.

25 The log indicates a very thin zone, showing only

1 about four feet, however approximately six feet was indicated
2 on the lateral log.

3 The well was choked back immediately-- or within
4 twelve hours of kicking off, and died. We have allowed
5 the well to remain dead while we are building a separator
6 tank and installing a Christmas tree, and waiting on the
7 results of this hearing.

8 The completion unit was released, and we have not
9 been able to get it or another one prior to this hearing,
10 however we should have one on the location within hopefully
11 a couple of weeks.

12 We propose to use, with the consent of the
13 Commission, the current pit used in the drilling of the
14 well, approximately 140 feet by 170 feet, and build one
15 additional pit, if it is necessary.

16 Briefly I will summarize the previous hearing.
17 All shallow water in the Twinlakes area is salty, apparently
18 because the beet at the surface are very salty themselves,
19 and any fresh water that falls on the land absorbs this
20 salt.

21 This area is on the edge of the Shiloh depression,
22 and in the area, there are higher elevations all around,
23 and there would be no way for surface drainage of the area
24 to reach any flowing stream. The nearest, which is the
25 Pecos River, is twenty miles west, and all formations

1 between the Twinlakes field and the Pecos River outcrop
2 as you go west. Therefore, natural flowing of any water
3 would in effect go updip to the outcrop. No ground water
4 exists in the area to anyone's knowledge.

5 As I recall, it was brought out in the previous
6 case that some forty or fifty wells had been drilled looking
7 for shallow water. The nearest windmill is six miles west,
8 and it has only stock water in it, which isn't fit for
9 human consumption because it is so salty.

10 The nearest fresh, good water is eight miles north,
11 and on the other side of Railroad Mountain, which has a
12 volcanic dike running east-west through the area, and that
13 would presumably seal that area from our local area.

14 The only windmills in the area are solely for the
15 purpose of taking water out of the lake in the area up to
16 two tanks for stock water.

17 At this time, I would like to introduce into
18 evidence Exhibits One through Four. These were prepared
19 by me or under my direction.

20 I have no other testimony, Mr. Examiner.

21 MR. STAMETS: Without objection, these exhibits
22 will be admitted into evidence.

23 (Whereupon Applicant's Exhibits One through Four
24 were admitted in evidence.)

25 * * * *

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23 (Whereupon Applicant's Exhibits One through Four
24 were admitted in evidence.)

25 * * * *

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108CROSS EXAMINATIONBY MR. STAMETS:

Q At the present time, you have no idea of the exact volume of salt water which would be anticipated to be produced daily from this field?

A I have no exact data, no. I would anticipate, based upon our estimates of water flow, that it would be somewhere on the order, initially, of some 710 barrels of water per day.

But as I say, this is an estimate. I can conceive that it could be more, but I can't imagine it would be very much more, because according to the engineering analysis, the well would not flow if it made more than 800 barrels a day. I would anticipate that the amount of water would decrease in time.

Q Do you have an analysis on the Pennsylvanian water that shows the salt contained?

A I do not have that, but I have an idea that it is quite salty.

Q At this point, are you looking primarily at this as a salvage operation as far as the gas is concerned?

A It would have to be characterized as a salvage operation. Using the most optimistic determinations of gas in the area, you couldn't afford to drill for it on its own.

Q This is on fee land, and I presume you would have to

1 get the landowners' permission to put in any additional
2 pits?

3 A Yes, and I have done so with Mr. John O'Brien who
4 manages the trust for the various members of the family
5 who own interest in the land.

6 Q Could you furnish the Commission with a copy of that?

7 A I will be happy to. It was oral, but I will be happy
8 to have it reduced to writing and furnish the Commission
9 with a copy of it.

10 MR. STAMETS: Are there any questions of the
11 witness?

12 (No response)

13 MR. STAMETS: He may be excused.

14 (Witness excused.)

15 MR. STAMETS: Is there anything further in this
16 case?

17 (No response)

18 MR. STAMETS: Case 5038 will be taken under advisement.

19 * * * *

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1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF BERNALILLO)

4 I, RICHARD E. MCCORMICK, a Certified Shorthand
5 Reporter, in and for the County of Bernalillo, State of New
6 Mexico, do hereby certify that the foregoing and attached
7 Transcript of Hearing before the New Mexico Oil Conservation
8 Commission was reported by me; and that the same is a true
9 and correct record of the said proceedings to the best of
10 my knowledge, skill and ability.

11 *Richard E. McCormick*
12 CERTIFIED SHORTHAND REPORTER
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I do hereby certify that the foregoing is
a complete record of the proceedings
the Examiner hearing of Case No. 5038
heard by me on *July 25*, 19*73*
Richard P. Stamm, Examiner
New Mexico Oil Conservation Commission

dearnley, meier & associates

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25I N D E XWITNESSPAGE

DONALD STEVENS

Statement of Mr. Stevens

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Cross Examination by Mr. Stamets

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E X H I B I T SEXHIBITADMITTEDOFFERED

Applicant's #1

Area map

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Applicant's #2

Structure map

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Applicant's #3

Schematic diagram

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Applicant's #4

Log

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8



OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 10, 1974

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 1797
Santa Fe, New Mexico

Re: CASE NO. 5038
ORDER NO. R-4620-A
Applicant:
Twinlakes 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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

Other _____



OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

August 23, 1973

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 1797
Santa Fe, New Mexico

Re: CASE NO. 5038
ORDER NO. R-4620

Applicant:
Twinlakes Oil Company

DOCKET MAILED

Date 8-22-76

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.

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. 5038 (Reopened)
Order No. R-4620-A

IN THE MATTER OF CASE NO. 5038 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4620, WHICH ORDER
AUTHORIZED THE TEMPORARY DISPOSAL OF
PRODUCED WATER IN UNLINED SURFACE PITS
IN THE TWIN LAKES FIELD, CHAVES COUNTY,
NEW MEXICO, FOR A PERIOD OF ONE YEAR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1974, 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 by Order No. R-4620, dated August 23, 1973, the Commission granted the applicant in this case, Twinlakes Oil Company, as an exception to Order No. R-3221, permission to dispose of produced salt water into unlined surface pits in Section 36, Township 8 South, Range 28 East and Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico, for a temporary period of one year.

(3) That said Order No. R-4620 provided that Case No. 5038 would be reopened during September, 1974, to allow the applicant to appear and show cause why said water should not be disposed of in accordance with the provisions of Order No. R-3221.

(4) That this case was reopened at an examiner hearing held on September 4, 1974.

(5) That the evidence adduced at said hearing establishes that there are still no water wells within five miles of the subject pits.

-2-

CASE NO. 5038 (Reopened)
Order No. R-4620-A

(6) That the applicant has been unable to adequately evaluate the production of gas and water from the undesignated Cisco Gas Pool due to technical problems.

(7) That applicant should be granted a further exception to Order No. R-3221 to produce water into unlined surface pits for an additional temporary period of one year.

(8) That this case should be reopened at an examiner hearing in September, 1975, at which time the applicant should appear and show cause why the water produced from the undesignated Cisco Gas Pool should not be subject to Order (3) of Commission Order No. R-3221.

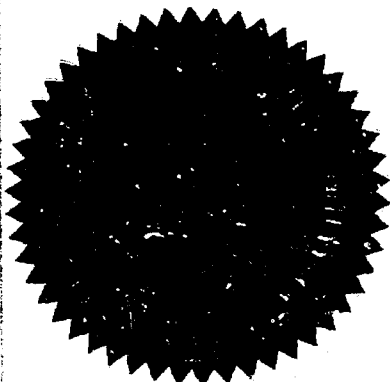
IT IS THEREFORE ORDERED:

(1) That the applicant, Twinlakes Oil Company, is hereby granted, as an exception to Order (3) of Commission Order No. R-3221, permission to dispose of water produced in conjunction with the production of gas from the subject undesignated Cisco Gas Pool in unlined surface pits in Section 36, Township 8 South, Range 28 East, NMPM, and Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico, for a temporary period of one year.

(2) That this case shall be reopened at an examiner hearing in September, 1975, at which time the applicant may appear and show cause why water produced from said undesignated Cisco Gas Pool should not be subject to Order (3) of Commission Order No. R-3221.

(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

[Signature]
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

[Signature]
A. L. PORTER, Jr., Member & Secretary

S E A L
jr/

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. 5038
Order No. R-4620

APPLICATION OF TWINLAKES OIL COMPANY
FOR A DUAL COMPLETION, AND EXCEPTION
TO ORDER NO. R-3221, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 23rd day of August, 1973, 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, Twinlakes Oil Company, seeks authority to complete its O'Brien C Well No. 3, located in Unit K of Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion (tubingless) to produce oil from the Twin Lakes-San Andres Pool and gas from an undesignated Cisco Gas Pool through parallel strings of 2 7/8-inch casing cemented in a common well-bore.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That the applicant further seeks an exception to Order (3) of Commission Order No. R-3221 to permit the disposal of water produced with the Cisco gas production in unlined pits.

(5) That the evidence presented indicates that there are no water wells within five miles of the subject pits.

(6) That numerous unsuccessful attempts to develop water wells have been made in the subject area.

-2-

Case No. 5038
Order No. R-4620

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

(8) That the application for the exception to Order (3) of Commission Order No. R-3221 should be approved for a temporary period of one year in order to permit the applicant to evaluate the production of gas and water from said undesignated Cisco Gas Pool.

(9) That this case should be reopened at an examiner hearing in September, 1974, at which time the applicant should appear and show cause why the water produced from the undesignated Cisco gas pool should not be subject to Order (3) of Commission Order No. R-3221.

(10) That Commission Order No. R-4497, which previously authorized the dual completion of the subject well in the San Andres and Devonian formations, should be superseded.

(11) That approval of the subject application will not cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Twinlakes Oil Company, is hereby authorized to complete its O'Brien C Well No. 3, located in Unit K of Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion (tubingless) to produce oil from the Twin Lakes-San Andres Pool and gas from an undesignated Cisco Gas Pool through parallel strings of 2 7/8-inch casing cemented in a common well-bore.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take zone segregation tests upon completion and annually thereafter during the Annual Gas Well Shut-In Test Period for the undesignated Cisco Gas Pool.

(2) That the applicant is hereby granted an exception to Order (3) of Commission Order No. R-3221 for a temporary period of one year to dispose of water produced in conjunction with the production of gas from the subject undesignated Cisco Gas Pool in unlined pits in Section 36, Township 8 South, Range 28 East, and Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico.

-3-

Case No. 5038
Order No. R-4620

(3) That this case shall be reopened at an examiner hearing in September, 1974, at which time the applicant may appear and show cause why water produced from said undesignated gas pool should not be subject to Order (3) of Commission Order No. R-3221.

(4) That Commission Order No. R-4497 is hereby superseded.

(5) 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



I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

Dockets Nos. 27-74 and 29-74 are tentatively set for hearing on September 18 and October 2. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 4, 1974

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5038: (Reopened)

In the matter of Case No. 5038 being reopened pursuant to the provisions of Order No. R-4620, which order authorized the temporary disposal of produced water in unlined surface pits in the Twin Lakes Field, Chaves County, New Mexico, for a period of one year. All interested parties may appear and show cause why Commission Order No. R-3221 should not apply to this area.

CASE 5304: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5305: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SE/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5306: Application of Franklin, Aston & Fair for directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Lightcap Well No. 2, the surface location of which is 660 feet from the North line and 1980 feet from the East line of Section 25, Township 17 South, Range 29 East, Chaves County, New Mexico, by setting a whipstock at approximately 5800 feet and bottoming in the Siluro-Devonian formation within a 50-foot radius of a point 361 feet south of the surface location.

CASE 5307: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Eunice Monument Grayburg-San Andres Pool in the wellbore of its Reed "B" Well No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East, Lea County, New Mexico.

- CASE 5308: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Lynn B-25 Wells Nos. 1 and 2 located in Units J and M, respectively, of Section 25, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the S/2 of said Section 25, said unit having been previously been approved by Commission Order No. R-2088.
- CASE 5309: Application of C. & K. Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the SW/4 SE/4 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, to be dedicated to a wildcat oil well to be drilled to the Strawn, and possibly the Devonian formation, at an orthodox location for said proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5310: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 4548: (Reopened)
- In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157-A, which order continued in effect for one year the special temporary rules and regulations for the Catclaw-Draw Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said gas pool should not be developed on 320-acre spacing.
- CASE 5311: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extension of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and present geological and engineering data to show whether the boundaries of the Catclaw Draw-Morrow Gas Pool should be extended to the East in Township 21 South, Range 26 East, Eddy County, New Mexico, and if so, to what extent.
- CASE 5303: Southeastern nomenclature case calling for the extension of certain pools in Lea, Eddy and Chaves Counties, New Mexico.

(Case 5303 continued from Page 2)

- (a) Extend the North Benson-Queen Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 33: NE/4 NW/4

- (b) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 13: S/2
Section 24: N/2

- (c) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 6: All

- (d) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 21: All

- (e) Extend the East Empire Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 28: SE/4 SE/4

- (f) Extend the Field Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 38 EAST, NMPM
Section 34: S/2 and NE/4

- (g) Extend the West Jal-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 20: E/2

- (h) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4

Examiner Hearing - Wednesday - September 4, 1974

Docket No. 26-74
-4-

(Case 5303 continued from Page 3)

(i) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico,
to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SW/4

(j) Extend the Winchester-Strawn Gas Pool in Eddy County, New Mexico,
to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: E/2

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 25, 1973

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

The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

~~CASE 5028:~~ Application of Great Basins Petroleum for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Antebellum Unit Area comprising 3840 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East, Lea County, New Mexico.

~~CASE 5029:~~ Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Old Indian Draw Unit Area comprising 3,128 acres, more or less, of Federal and fee lands in Township 22 South, Range 28 East, Eddy County, New Mexico.

~~CASE 5030:~~ Application of Yates Drilling Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Artesia Metex Unit Area comprising 2,000 acres, more or less, of State lands in Township 18 South, Ranges 27 and 28 East, Eddy County, New Mexico.

✓ CASE 5031: Application of Yates Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Artesia Metex Unit Area by the injection of water into the Grayburg formation through 14 wells located in Sections 24, 25, 26, 35, and 36 of Township 18 South, Range 27 East, and Sections 19 and 30 of Township 18 South, Range 28 East, Eddy County, New Mexico.

Applicant further seeks an administrative procedure whereby the locations of said wells can be changed without further notice and hearing.

✓ CASE 5032: Application of Anadarko Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Burnham GSA Unit Area by the injection of water into the Grayburg-San Andres formation through six wells in Section 2, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

✓ CASE 5033: Application of Continental Oil Company for a special gas-oil ratio limit or in the alternative, a lease casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special pool rules for the Bell Lake-Bone Spring Pool to provide a gas-oil ratio limit of 5000 to 1 or in the alternative to provide for lease casinghead gas allowable in said pool.

✓
CASE 5034: Application of Mark Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Red Lake-Pennsylvanian Pool, Eddy County, New Mexico, including a provision for 320-acre drilling and proration units. In the absence of objection, this pool will be placed on 320-acre spacing rather than the present 160-acre spacing.

✓
CASE 5035: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the open-hole interval from 3373 feet to 3731 feet in its B. V. Lynch "A" Fed Well No. 1 and from 3712 feet to 3734 feet in its Well No. 10 located in Units J and C, respectively, Section 34, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

Aug 9
CASE 5036: Application of The Wil-Mc Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres formation in the perforated interval from 4208 feet to 4282 feet in its Champlin State Well No. 1 located in Unit M of Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Chaves County, New Mexico.

✓
CASE 5037: Application of David Fasken for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying Section 31, Township 20 South, Range 25 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled in Unit J of said Section 31. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5038: Application of Twinlakes Oil Company for a dual completion and salt water disposal exception, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its O'Brien "C" Well No. 3 located in Unit K of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, as a dual completion (tubingless) to produce oil from the Twin Lakes-San Andres Pool and gas from an undesignated Cisco gas pool through parallel strings of 2 7/8" casing cemented in a common wellbore. Said well was formerly dually completed for San Andres production and Devonian salt water disposal pursuant to Order No. R-4497. Applicant further seeks the amendment of Order No. R-3636 which authorized, as an exception to Order R-3221, the disposal of Devonian and San Andres water production in unlined surface pits; applicant seeks authority to also dispose of water produced from the aforesaid Cisco gas pool in said pits.

CASE 5039: Southeastern nomenclature case calling for an order for the abolishment and extension of certain pools in Lea County, New Mexico.

(a) Abolish the East Brunson-Granite Wash Pool in Lea County, New Mexico, described as:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 13: W/2

Section 24: W/2 and SE/4

Section 25: NW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SW/4

(b) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 13: W/2

Section 24: W/2 and SE/4

Section 25: NW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SW/4

(c) Abolish the North Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 17: SW/4

Section 18: E/2

Section 19: NE/4

Section 20: NW/4

(d) Extend the Teas Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 17: SW/4

Section 18: E/2, SW/4, and E/2 NW/4

Section 19: NE/4

Section 20: NW/4

(e) Extend the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 2: N/2

Section 3: N/2

(f) Extend the Eunice-Monument Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 7: NW/4

(g) Extend the Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 12: N/2

(h) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 35: NW/4

(i) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 23: E/2 SW/4

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 5: NW/4
Section 6: N/2 and SE/4

(j) Extend the Triple X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4

(k) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 17: SW/4
Section 18: SE/4
Section 21: NW/4

Docket No. 21-73

DOCKET: REGULAR HEARING - TUESDAY - AUGUST 7, 1973

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

CASE 5007: (Continued from the June 28, 1973, Regular Hearing)

Application of Belco Petroleum Corporation for a drilling permit in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Belmont Federal Well No. 1 to test the Morrow formation adjacent to the South Salt Lake-Morrow Gas Pool at a location 660 feet from the North line and 1980 feet from the East line of Section 25, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico, said location being within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A, and having been objected to by the owners of potash leases in the area.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 25, 1973

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

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- CASE 5030: Application of Yates Drilling Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Artesia Metex Unit Area comprising 2,000 acres, more or less, of State lands in Township 18 South, Ranges 27 and 28 East, Eddy County, New Mexico.
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- Applicant further seeks an administrative procedure whereby the locations of said wells can be changed without further notice and hearing.
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- CASE 5038: Application of Twinlakes Oil Company for a dual completion and salt water disposal exception, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its O'Brien "C" Well No. 3 located in Unit K of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, as a dual completion (tubingless) to produce oil from the Twin Lakes-San Andres Pool and gas from an undesignated Cisco gas pool through parallel strings of 2 7/8" casing cemented in a common wellbore. Said well was formerly dually completed for San Andres production and Devonian salt water disposal pursuant to Order No. R-4497. Applicant further seeks the amendment of Order No. R-3636 which authorized, as an exception to Order R-3221, the disposal of Devonian and San Andres water production in unlined surface pits; applicant seeks authority to also dispose of water produced from the aforesaid Cisco gas pool in said pits.

CASE 5039: Southeastern nomenclature case calling for an order for the abolishment and extension of certain pools in Lea County, New Mexico.

(a) Abolish the East Brunson-Granite Wash Pool in Lea County, New Mexico, described as:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 13: W/2
Section 24: W/2 and SE/4
Section 25: NW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SW/4

(b) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 13: W/2
Section 24: W/2 and SE/4
Section 25: NW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SW/4

(c) Abolish the North Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 17: SW/4
Section 18: E/2
Section 19: NE/4
Section 20: NW/4

(d) Extend the Teas Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 17: SW/4
Section 18: E/2, SW/4, and E/2 NW/4
Section 19: NE/4
Section 20: NW/4

(e) Extend the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 2: N/2
Section 3: N/2

(f) Extend the Eunice-Monument Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 7: NW/4

(g) Extend the Justis-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 12: N/2

(h) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 35: NW/4

(i) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 23: E/2 SW/4

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 5: NW/4
Section 6: N/2 and SE/4

(j) Extend the Triple X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4

(k) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 17: SW/4
Section 18: SE/4
Section 21: NW/4

Docket No. 21-73

DOCKET: REGULAR HEARING - TUESDAY - AUGUST 7, 1973

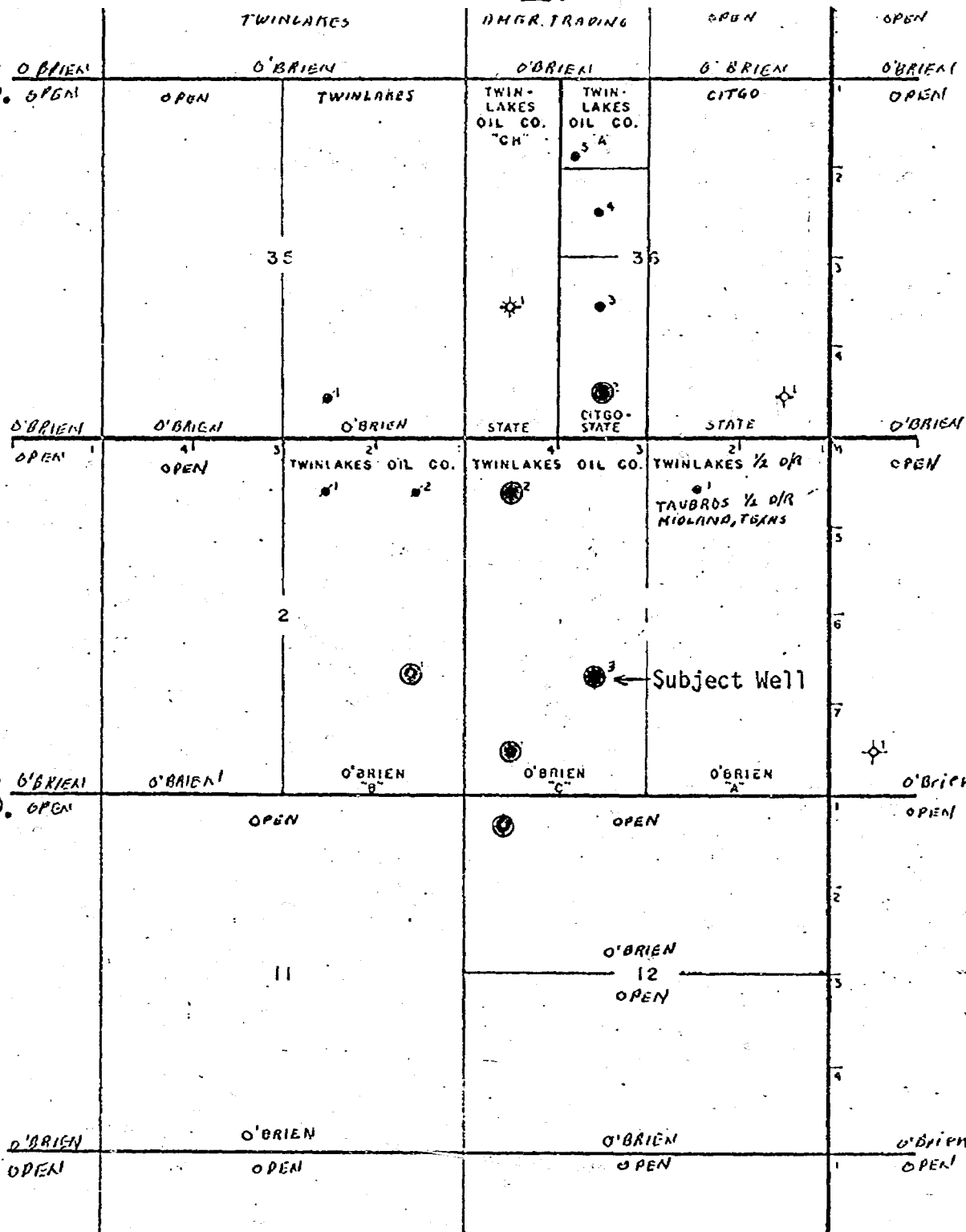
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING - SANTA FE, NEW MEXICO

CASE 5007: (Continued from the June 28, 1973, Regular Hearing)

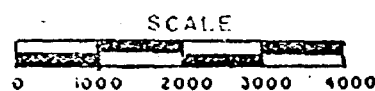
Application of Belco Petroleum Corporation for a drilling permit in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Felmont Federal Well No. 1 to test the Morrow formation adjacent to the South Salt Lake-Morrow Gas Pool at a location 660 feet from the North line and 1980 feet from the East line of Section 25, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico, said location being within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A, and having been objected to by the owners of potash leases in the area.

R.28E.

T.8S.



T.9S.



TWINLAKES OIL COMPANY

TWIN LAKES FIELD
CHAVES COUNTY, N.M.

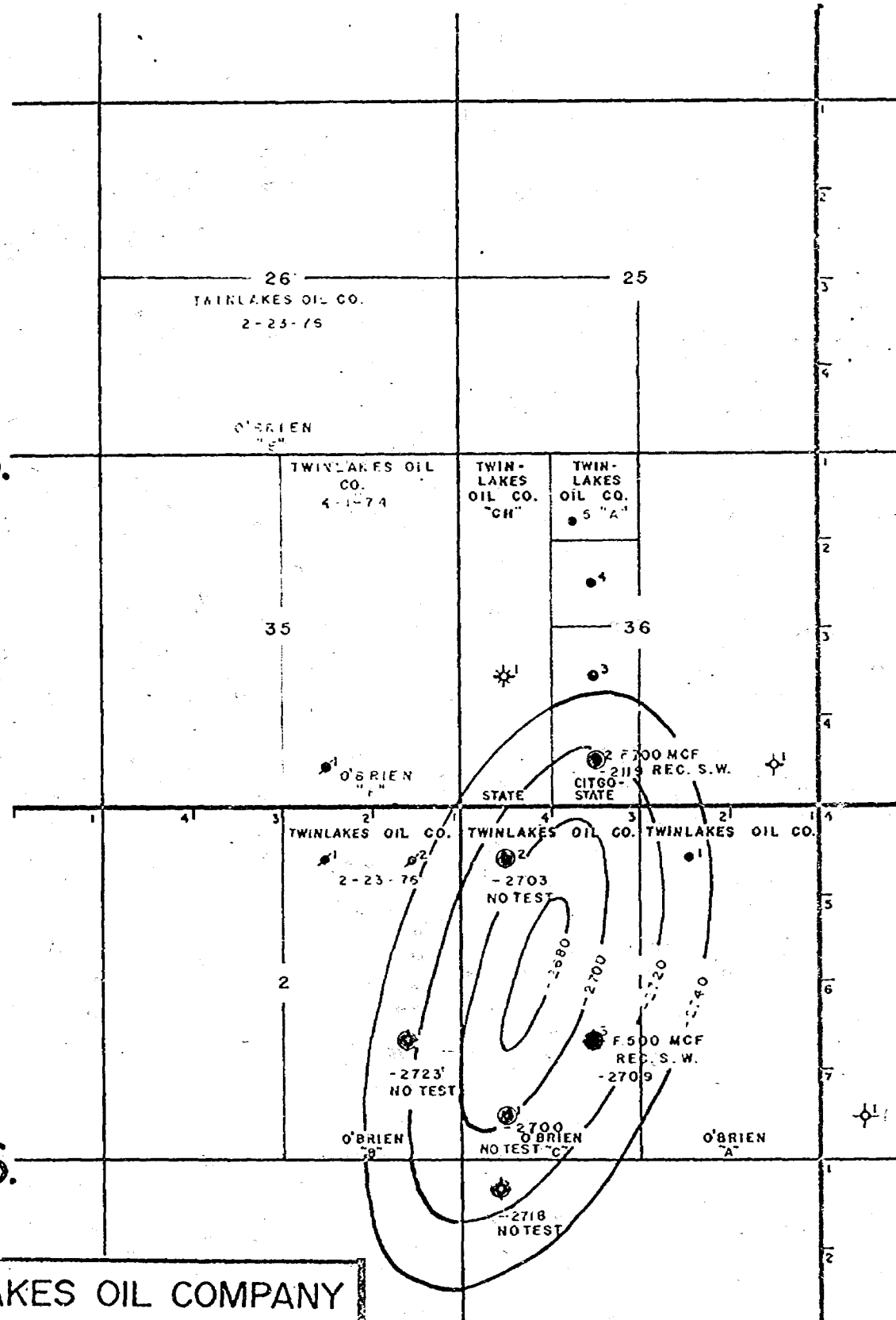
- San Andres Wells
- ⊙ Wells Penetrating Cisco
- ⊕ Well Completing from Cisco

R.28E.

T.8S.

T.9S.

TWINLAKES OIL COMPANY
TWIN LAKES FIELD
CHAVES COUNTY, N.M.
TOP PERMO-PENN
(CISCO)
C.I. 120'

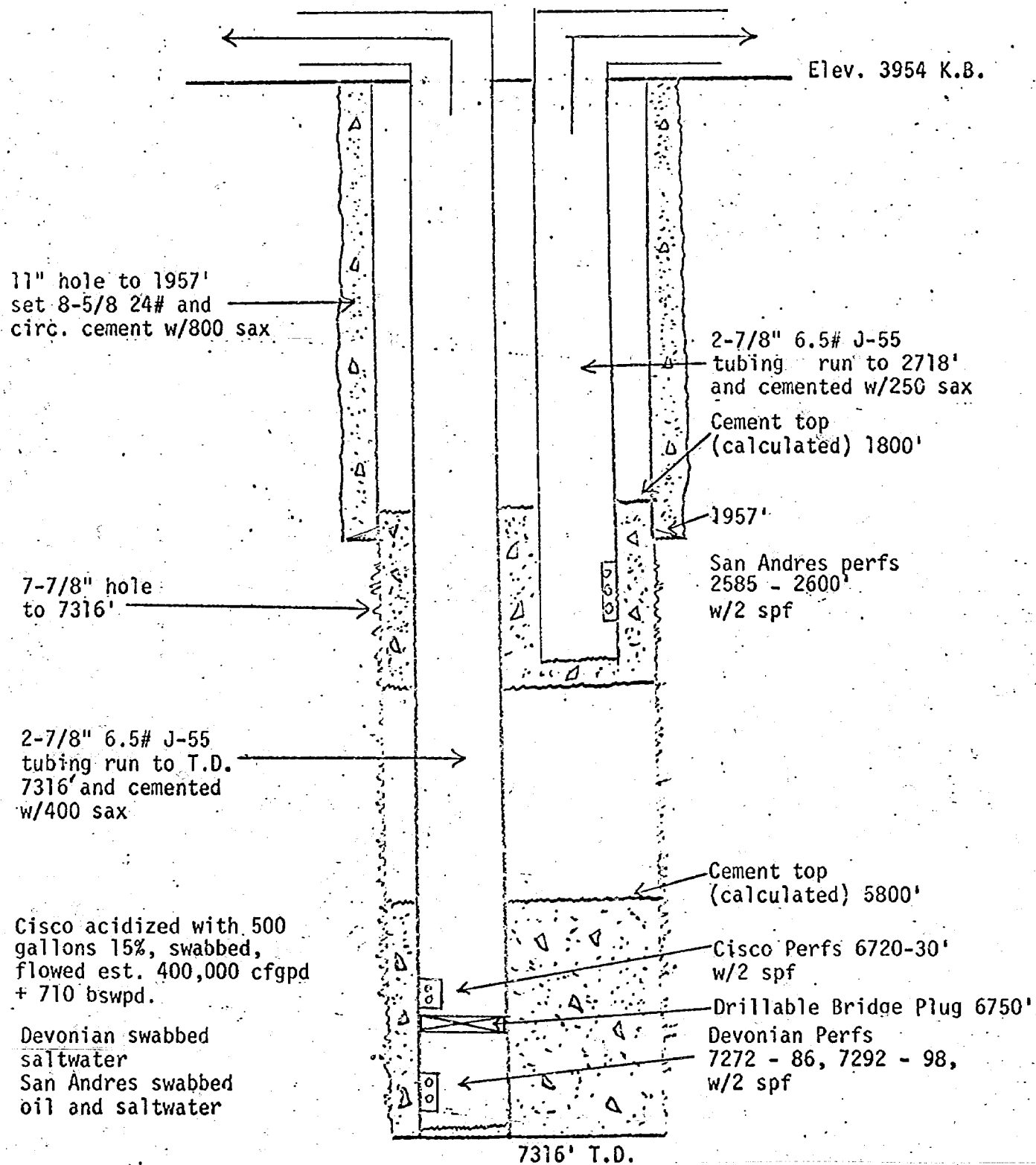


● WELLS PENETRATING PERMO-PENN

SCALE
0 1000 2000 3000 4000

N.M.O.C.C. Case No. 5038 Exhibit 2

Diagrammatic Well Sketch
Twinlakes Oil Co. #3 O'Brien "C"
Twin Lakes Cisco and San Andres Pools
Chaves County New Mexico



AGREEMENT

W.B. O'Brien and Maurine Spradley O'Brien, his wife;
J.G. O'Brien and Mary Paul O'Brien, his wife; Hazel
O'Brien Oliver, Marka Ann Oliver Wilson, Betty O'Brien
Satterstrom, Peggy O'Brien Watson and Nell Allene
Mitchell, hereinafter called "O'Brien", and Twinlakes
Oil Company, hereinafter called "Twinlakes" witnesseth
as follows:

Recitals

1. Twinlakes is the owner of an Oil and Gas lease from O'Brien covering all of Section 1, T-9-S, R-28-E, Chaves County, New Mexico.
2. O'Brien is the owner of the surface in said Section 1.
3. Twinlakes desires to dispose of produced saltwater from the Cisco formation in unlined surface pits in said Section 1 and O'Brien concurs in this proposal.

Agreements

1. For and in consideration of \$50.00 and other good and valuable consideration O'Brien waives any objection to Twinlakes' disposal of produced saltwater from the Cisco formation in unlined surface pits in Section 1, Township 9 South Range 28 East, Chaves County, New Mexico.
2. O'Brien acknowledges receipt of said \$50.00 from Twinlakes for surface damages for one pit in addition to the pit presently located in NE/4 SW/4 of said Section 1.

WITNESS OUR HANDS this 2 day of August, 1973.

W.B. O'Brien and Maurine Spradley
O'Brien, his wife; J.G. O'Brien and Mary
Paul O'Brien, his wife; Hazel O'Brien
Oliver, Marka Ann Oliver Wilson,
Betty O'Brien Satterstrom, Peggy
O'Brien Watson and Nell Allene
Mitchell

By J. G. O'Brien

Twinlakes Oil Company

By Donald G. Stearns
President

TWINLAKES OIL COMPANY

P. O. BOX 1797
SANTA FE, NEW MEXICO 87501

Donald G. Stevens
President

505 982-2893

Case 5038



July 2, 1973

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

Gentlemen:

Twinlakes Oil Company, a corporation duly qualified to do business in the State of New Mexico, respectfully requests a hearing or hearings before the New Mexico Oil Conservation Commission to cover the following matters:

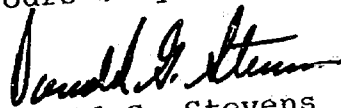
1. Applicant seeks an amendment to Order No. R-4497 or a new order, providing authority to applicant to complete its O'Brien "C" Well #3, located in Unit K of Section 1, Township 9S, Range 28E, NMPM Chaves County, New Mexico, as a dual completion (tubingless) to permit the continued production of oil from the Twinlakes San Andres Pool and the recompletion of the Twinlakes Devonian Pool Saltwater Disposal Well as set out in said order as a Cisco Gas Well through perforations 6720' to 6730'. Said well previously was completed as a Devonian Injection Well from 7272-86 and 7292-98 but has not been used as an injection well to date.
2. Applicant further requests that said well be set up as a new field for production of gas from the Cisco formation from perforations 6720' to 6730'. This well was recently tested from said perforations, producing gas, a trace of oil and water after washing with 500 gallons 15% acid.

DOCKET MAILED

Date 7-13-73

3. Applicant further seeks the amendment of Commission Order R-3636 to provide an exception to Order R-3221 to allow disposal of water produced in conjunction with the production of oil or gas, or both, by said above described well and any future wells completed in said Cisco formation unlined surface pits located in Sections 36, Township 8S, Range 28E, and in Section 1, Township 9S, Range 28E, NMPM, proposed Twinlakes Cisco Pool, Chaves County, New Mexico. Said Order R-3636 granted an exception to Order R-3221 to continue the disposal of water produced from the Twinlakes Devonian and Twinlakes San Andres Pools, Chaves County, New Mexico, NMPM at above described sections.

Yours very truly,



Donald G. Stevens
President

DGS:dmc

DRAFT

jr/

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. 5038 (Reopened)

Order No. R-4620-A

IN THE MATTER OF CASE NO. 5038 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4620, WHICH ORDER
AUTHORIZED THE TEMPORARY DISPOSAL OF
PRODUCED WATER IN UNLINED SURFACE PITS
IN THE TWIN LAKES FIELD, CHAVES COUNTY,
NEW MEXICO, FOR A PERIOD OF ONE YEAR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 19 74,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of September, 19 74, 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 by Order No. R-4620, dated August 23, 1973, the
Commission granted the applicant in this case, Twinlakes Oil
Company, as an exception to Order No. R-3221, permission to
dispose of produced salt water into unlined surface pits in
Section 36, Township 8 South, Range 28 East and Section 1, Township
9 South, Range 28 East, NMPM, ~~XXXXXXXXXX~~ Chaves County, New Mexico
for a temporary period of one year.

1 (3) That said Order No. R-4620 provided that Case No. 5038
2 would be reopened during September, 1974, to allow the applicant
3 to appear and show cause why said water should not be disposed of
4 in accordance with the provisions of Order No. R-3221.

5 (4) That this case was reopened at an examiner hearing held
6 on September 4, 1974.

7 (5) That the evidence adduced at said hearing establishes
8 that there are still no water wells within five miles of the
9 subject pits.

10 (6) That the applicant has been unable to adequately evaluate
11 the production of gas and water from the undesignated Cisco Gas
12 Pool due to technical problems.

13 (7) That applicant should be granted a further exception to
14 Order No. R-3221 to produce water into unlined surface pits for an
15 additional temporary period of one year.

16 (8) That this case should be reopened at an examiner hearing
17 in September, 1975, at which time the applicant should appear
18 and show cause why the water produced from the undesignated Cisco
19 Gas Pool should not be subject to Order (3) of Commission Order
20 No. R-3221.

21 IT IS THEREFORE ORDERED:

22 (1) That the applicant, Twinlakes Oil Company, is hereby
23 granted, ^{an} exception to Order (3) of Commission Order No. R-3221,
24 for a temporary period of one year, ^{permission} to dispose of water produced in
25 conjunction with the production of gas from the subject undesignated
26 Cisco Gas Pool in unlined surface pits in Section 36, Township 8
27 South, Range 28 East, NMPM, and Section 1, Township 9 South,
28 Range 28 East, NMPM, Chaves County, New Mexico,

29 (2) That this case shall be reopened at an examiner hearing
30 in September, 1975, at which time the applicant may appear and
31 show cause why water produced from said undesignated Cisco Gas
32 Pool should not be subject to Order (3) of Commission Order No.
R-3221.

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-3-

CASE NO. 5038

9

Order No. R-

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(3) That jurisdiction of this cause is retained for the

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entry of such further orders as the Commission may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year herein-

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above designated.

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DRAFT

RLS/dr

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:

APPLICATION OF TWINLAKES OIL COMPANY
FOR A DUAL COMPLETION, AND EXCEPTION
TO ORDER NO. R-3221, CHAVES COUNTY,
NEW MEXICO.

CASE NO. 5038

Order No. R-4620

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 25, 1973,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of August, 1973, 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, Twinlakes Oil Company, seeks
authority to complete its O'Brien C Well No. 3, located in Unit K
of Section 1, Township 9 South, Range 28 East, NMPM, Chaves County,
New Mexico, as a dual completion (tubingless) to produce oil from
the Twin Lakes-San Andres Pool ~~through 2 7/8-inch casing~~ and
gas from an undesignated Cisco Gas Pool through 2 7/8-inch casing ^{parallel strings of}
~~cemented in a common well-bore.~~

-2-

Case No. 5038
Order No. R-

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That the applicant further seeks an exception to Order (3) of Commission Order No. R-3221 to permit the disposal of water produced with the Cisco gas production in unlined pits.

(5) That the evidence presented indicates that there are no water wells within five miles of the subject pits.

(6) That numerous unsuccessful attempts to develop water wells have been made in the subject area.

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

(8) That the application for the exception to Order (3) of Commission Order No. R-3221 should be approved for a temporary period of one year in order to permit the applicant to evaluate the production of gas and water from said undesignated Cisco Gas Pool.

(9) That this case should be reopened at an examiner hearing in September, 1974, at which time the ^{applicant} ~~operators in said~~ ~~undesignated Cisco Gas Pool~~ should appear and show cause why the ~~water produced from the~~ ~~subject pool~~ ^{undesignated Cisco gas pool} should not be subject to Order (3) of Commission Order No. R-3221.

^{which previously authorized the dual completion of the subject}
(10) That Commission Order No. R-4497 should be superseded.

(11) That approval of the subject application will not cause waste nor violate correlative rights.

IT IS THEREFORE ORDERED:

well in the San Andres and Devonian formations.

(1) That the applicant, Twinlakes Oil Company, is hereby authorized to complete its O'Brien C Well No. 3, located in Unit K of Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion (tubingless) to produce oil from the Twin Lakes-San Andres Pool ~~through 2 7/8-inch casing~~ and gas ^{parallel strings of} from an undesignated Cisco Gas Pool through 2 7/8-inch casing ~~in a common well-bore~~ ^{^ cemented}

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take zone segregation tests upon completion and annually thereafter during the Annual Gas Well Shut-In Test Period for the undesignated Cisco Gas Pool.

(2) That the applicant is hereby granted an exception to Order (3) of Commission Order No. R-3221 for a temporary period of one year to dispose of water produced in conjunction with the production of gas from the subject undesignated Cisco Gas Pool in unlined pits in Section 36, Township 8 South, Range 28 East, and Section 1, Township 9 South, Range 28 East, NMPM, Chaves County, New Mexico.

(3) That this case shall be reopened at an examiner hearing in September, 1974, at which time the ^{applicant} ~~operators in said~~ ^{water produced from} ~~undesignated Cisco Gas Pool~~ may appear and show cause why the ~~subject~~ ^{undesignated gas} pool should not be subject to Order (3) of Commission Order No. R-3221.

(4) That Commission Order No. R-4497 is hereby superseded.

(5) 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.