

CASE 5208: Application of S. P.
YATES FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, EDDY CO.

CASE No.

5208

Application,
Transcripts,
Small Exhibits

ETC.

Santa Fe, New Mexico
May 8, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of S.P. Yates for an
exception to Order No. R-3221, as
amended, Eddy County, New Mexico.

Case No.
5208

BEFORE: Richard L. Stamets, 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:

A.J. Losee, Esq.
LOSEE & CARSON
Artesia, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 992-0386

I N D E X

PAGE

PEYTON YATES

Direct Examination by Mr. Losee
Cross Examination by Mr. Stamets

3
9

E X H I B I T S

Marked

Admitted

Applicant's Exhibits Nos. 1
and 2

--

9

YATES-DIRECT

CASE 5208

Page.....3

MR. STAMETS: We'll call the next case, Case 5208.

MR. DERRYBERRY: Case 5208. Application of S.P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. LOSEE: A.J. Losee, Artesia, New Mexico, appearing on behalf of the Applicant. I have one witness, Mr. Peyton Yates.

MR. STAMETS: Mr. Yates was sworn in the second previous case and is still under oath.

(Witness previously sworn.)

PEYTON YATES

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

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name, residence and occupation?

A My name is Peyton Yates, I live in Artesia, New Mexico, and I am a Petroleum Engineer.

Q Would you state the purpose of the Application in this Case No. 5208, please?

A The purpose of the Application is to obtain permission to dispose of produced water in unlined surface

YATES-DIRECT

CASE 5208

Page.....4.....

pits in two producing wells.

Q I want to correct my reference to case number; it's 5239, I believe, is that right?

A 5208.

Q Please refer to what has been marked as Exhibit 1 and explain what is shown by this Exhibit?

A Exhibit 1 is a land-ownership map of the general area of the lease in question. The lease is located, as shown in yellow on the map, in the northeast quarter of Section 5 of 17-30 and in the southwest of the southwest in Section 4, 17-30. The map also shows, as indicated by red arrows, previous areas of previous exemptions granted in the area to parties who wish to dispose of water in unlined surface pits.

Q Mr. Yates, before you talk about those exemptions, you have one producing well and one temporarily abandoned well on your lease?

A That is correct. The Evans No. 3, which is in Unit B of Section 5, 17-30, is a producing well presently capable of producing two barrels of oil per day and 40 barrels of water per day. It is producing from the Lovington sand down through what is commonly called the Sub-Keeley or lower San Andres pay. The producing interval

YATES-DIRECT

CASE 5208

Page.....5

is approximately 2900 down to 3800. The Evans No. 1 is a temporarily abandoned well, which was abandoned about four years ago because of excess water production, 2, 3 or 4 years ago, I'm not sure of the exact date, because of excess water production. The well, we believe, is capable of approximately 3 barrels of oil per day and an estimated 200 barrels of water per day. We wish to emphasize the estimated nature of these numbers. One of the reasons we would like to obtain this exception is in order to put the well on production and to experiment with it; see what it will make and also see if we can solve water producing problems. The well is producing from two premier sands which, either one or both of which, achieved water break-through, and we are not, at this point, sure which if either or both of the zones are producing water and we need to put the well on, experiment with it and try to increase its production.

Q Now, Mr. Yates, there are five arrows shown here, and I guess part of a sixth. Do these arrows indicate that there were six prior orders or five orders entering exceptions?

A That is correct. There were in this general area, and to my knowledge, and there may be some more

recent exemptions there, but I was able to find out about five previous cases in which exemptions were granted for disposal of water in unlined surface pits.

Q Do you know the order numbers in those cases?

A Yes: Order No. 3812, Order 3734, 4030, 3945 and 4295.

MR. LOSEE: Mr. Examiner, we would like for you to take administrative note of the testimony and exhibits in these five previous cases.

MR. STAMETS: We'll take note of the testimony and exhibits.

BY MR. LOSEE:

Q Please refer to what has been marked as Exhibit 2 and explain what is shown on this map?

A This is a topographic map of the same general area; it shows in yellow again a lease in question upon which the two wells, Evans No. 1 and No. 3, are marked in red, as is the section number, Section 5, circled in red; it shows portions of Township 16-29, 16-30, 17-29, and 17-30. I have indicated the town of Loco Hills circled in red, also I have indicated two windmills with a small sketch in red of a semblance of a windmill, one of which is located in Barnsville Draw, or on the map,

referred to as Bear Grass Draw. It is in the northwest, northwest of 22 of 17-29, approximately 5 miles away from the lease in question. It is also the High Lonesome Windmill in the northwest, northwest of 18, 16-30, approximately 4-and-a-half miles away. To my knowledge, these are the nearest windmills and nearest sources of producing fresh water in the area.

Q The last time you looked at the High Lonesome it wasn't producing?

A That is correct. It has been approximately a year since I've been out to the High Lonesome. I have been to the Barnsville Draw Well as recently as last Friday and it was producing approximately a quart of water every 25 seconds.

Q Where does Loco Hills get its water?

A Loco Hills Community buys its water from one of the pipelines, fresh water pipelines that comes from the Caprock. They do not produce any of their own water.

Q What do the ranchers use for water in this area?

A A very common practice now with the advent of many water floods throughout the area is to take water, rather than relying on surface drainage or windmills, to

YATES-DIRECT

Page 8

take water from the fresh-water lines that are criss-crossing the area for injection purposes. In fact, I came upon several while driving about the area, and they just take a small quantity of water off and put it into a small tank for cattle.

Q From your going on the ground, did you see any evidence of any other fresh water within four-and-a-half miles of your lease?

A No, not on the ground.

Q What would be the normal method of disposing of this produced water?

A The normal method in a lease situation such as this would be to truck the water at a cost of approximately 30 cents a barrel.

Q For your producing Evans No. 3, at 40 barrels of water per day, it would cost you \$12 to dispose of the water. How much could you expect to receive as a working-interest owner from the oil?

A The working-interest owner lease, I think, is approximately 75 percent working-interest lease, and also has a sliding scale written in on the lease, and if we produce 2 barrels a day at \$10 a barrel, we might realize three-quarters of \$20 a day, \$15, and of course have to take that

YATES-DIRECT
CROSS

CASE 5208

Page.....9

net difference and pay our pumper salaries and overhead out of that.

Q So that isn't economical?

A That's correct, it is not economical.

Q Were Exhibits 1 and 2 prepared by you?

A That is correct.

MR. LOSEE: Move their introduction.

MR. STAMETS: Exhibits 1 and 2 will be admitted.

(Whereupon, Applicant's Exhibits

Nos. 1 and 2 were admitted into evidence.)

MR. LOSEE: No further questions on direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q I believe you stated the anticipated No. 3 would produce 40 barrels of water a day. How about No. 1; is that a couple of hundred a day?

A That's correct, and that is what I believe to be a maximum based on what we would be willing to invest in pump capacity, and if we were not able to make an economic amount of oil, handling that amount of water we probably wouldn't be concerned with handling that much more water.

Q No. 3 will make a couple barrels of oil you anticipate; how about No. 1?

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

A Anticipate about 3 barrels a day based on its performance prior to the time it was shut-in, and if we are able to draw the well down. If we are able to solve the riddle of where the water's coming from, of course, we might be able to increase that even more.

Q These floods, or wells, located off-setting some water floods in the area?

A There is a flood in a squarelike pool in the premiere sand which would only affect the No. 1 well as far as production, to the northeast, immediate northeast off-set; I believe it is operated by Eumont.

Q So possibly you might be able to shut that water off and reduce your overall volume?

A It is hopeful, yes. We, of course, will have to put it on and check its points and then attempt to locate the water.

Q What's the quality of the water you seek to dispose of here?

A I do not have analysis on the premiere water; the water is quite salty, I can tell you that; it runs over 100,000 parts per million on the San Andres water. It is typical San Andres water. It comes out of the No. 3 Well.

Q If necessary you could submit water analysis at a later date?

A That is correct. In fact "later" might be just a few minutes here.

Q Have you made any studies to determine what the drainage of the water from this area would be, in which direction?

A Only by glancing at the topo map. It appears that there is a ridge of common elevation of about 3700 feet that goes northwest southeast. I would anticipate, if there were a drainage, of course this is a very sandy area and water is immediately absorbed into the pit, there is hardly any run-off to speak of at all in the area, but if there were drainage it would be first of all to the southwest off of this general ridge area and then probably the trend down to the southeast. I'm not much of a hydrologist.

Q What do you suppose the ranchers will use for water when the oil fields are gone?

A I don't know. If they realized that they would all be in Congress fighting for us, I hope.

Q That could be a problem for the ranchers if in the future they might have to go back and look at some

sources that they hadn't looked at before.

A That is correct. Of course the water in the area is very gyp and what water is located in wells and of course the systems will still be in the ground and I'm sure the ranchers might be able to get together and try the systems and continue the operations, of the fresh-water systems.

Q If an order authorizing the service disposal were predicated on a temporary basis waiting for final determination of the actual volume of water to be going onto the surface, would this be acceptable to Yates?

MR. LOSEE: Rather than doing that, could you put a maximum on it?

BY MR. STAMETS:

A The maximum, I can understand the problems involved, certainly we could work within a maximum number and if that maximum number became something we would like to exceed we could come and request permission to exceed it. If we could do it administratively it would help.

Q Okay, a maximum volume and administrative procedure of some sort, or even a temporary order would all be preferable to a denial?

A Yes, sir. I would like to also point out if we are successful in solving this premiere production problem, of course, we may want to drill additional wells in the area too, which could encounter more water problems, in additional wells on that piece.

Q If additional wells were drilled you could be possibly looking at the institution of some sort of disposal program or secondary recovery program which would solve this system?

A If the economics could be made to be such that we drill additional wells, possibly at that time we could have justified economics to take care of it.

Q How long is it going to be before you are able to reach that determination?

A Well, the critical factor is materials and we could probably reach determination in three months time, but a very practical matter just to get the casing to drill the well, nine months to a year.

MR. STAMETS: Are there any other questions of the Witness? He may be excused. Anything further in this Case? We will take the case under advisement, and adjourn.

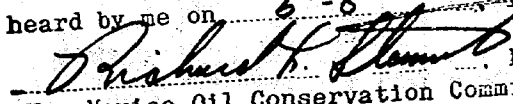
CASE 5208

Page.....14

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

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. 5208 heard by me on 5-8-74
 Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico
April 25, 1974

EXAMINER HEARING

-----)
IN THE MATTER OF:)

Application of S. P. Yates for)
an exception to Order No. R-3221,)
as amended, Eddy County, New Mexico.)
-----)

CASE NO.
5208

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:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

MR. NUTTER: Case 5208.

MR. CARR: Case 5208. Application of S. P. Yates
for an exception to Order No. R-3221, as amended, Eddy
County, New Mexico.

Mr. Examiner, we have received a request that
Case 5208 be continued to May 8 1974 Examiner Hearing.

MR. NUTTER: Case No. 5208 will be continued
to the Examiner Hearing scheduled to be held at this
same place at 9:00 a.m., May 8, 1974.

CASE 5208

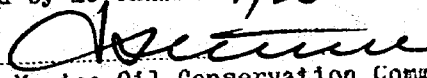
Page.....3.....

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.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings of the Examiner hearing of Case No. 5208 heard by me on 4/25, 1974.


New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 10, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of S.P. Yates)
for an exception to Order)
No. R-3221)

Case No. 5208

BEFORE: Richard L. Stamets, 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 Building
Santa Fe, New Mexico

For the Applicant:

No appearance.

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

I N D E X

	<u>Page</u>
Request for Continuance	3
Ruling of Examiner	3

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386


MR. STAMETS: Call the Case 5208.

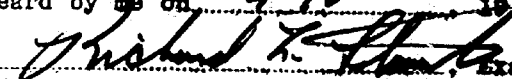
MR. DERRYBERRY: Case 5208, Application of S.P. Yates for an exception to Order No. R-3221 as amended Eddy County, New Mexico.

MR. STAMETS: The witness in this case is out fighting a forest fire and they requested a continuance until April the twenty-fifth and it will be so continued.

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

I, SIDNEY F. MORRISH, 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.


 SIDNEY F. MORRISH, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5208, heard by me on 4-10-74.

 Examiner
 New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
 STATE-WIDE DEPOSITION NOTARIES
 225 JOHNSON STREET
 SANTA FE, NEW MEXICO 87501
 TEL. (505) 982-0386



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

May 21, 1974

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 5208
ORDER NO. R-4786

Applicant:
S. P. Yates

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 _____

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. 5208
Order No. R-4786

APPLICATION OF S. P. YATES 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 a.m. on May 8, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of May, 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 the applicant, S. P. Yates, is the operator of
the Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and
the NE/4 of Section 5, Township 17 South, Range 30 East, NMPM,
Square Lake Pool, 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's wells on said Federal LC 065598 lease in an unlined pit on said lease.

(7) That applicant's wells on said lease have been shut-in and the volume of water expected to be produced from said wells cannot be accurately estimated.

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

(9) That the applicant should be permitted to dispose of water produced by wells on the above-described lease in an unlined surface pit located on said lease.

(10) That tests should be conducted periodically upon resumption of production from the wells on said lease to determine actual water production volumes.

IT IS THEREFORE ORDERED:

(1) That the applicant, S. P. Yates, 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, from wells located on his Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, NMPM, Square Lake Pool, Eddy County, New Mexico, in an unlined surface pit located on said lease.

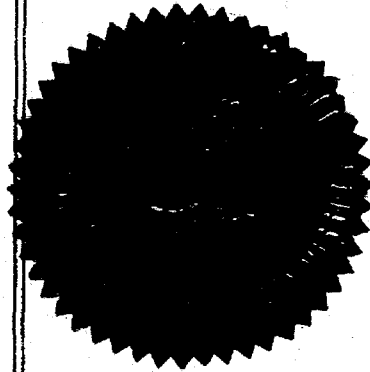
(2) That, the applicant shall conduct tests at three months, six months, and twelve months after resumption of production from the wells on said lease to accurately determine the volume of water being produced by said wells. The supervisor of the Commission's Artesia District Office shall be notified in sufficient time to witness such production tests.

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

-3-
CASE NO. 5208
Order No. R-4786

(4) 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 herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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

ALEX J. ARMIJO, Member

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

S E A L

jr/

S. P. YATES

OIL OPERATOR AND PRODUCER

YATES BUILDING - 207 SOUTH 4TH STREET

ARTESIA, NEW MEXICO - 88210

May 9, 1974

New Mexico Oil Conservation Commission
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. R. L. Stamets

Re: Case #5208 Water Analyses

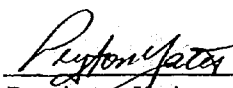
Dear Mr. Stamets:

Please find enclosed copies of two (2) water analyses pertinent to the NMOCC hearing conducted May 8, 1974 on Case #5208, Application of S. P. Yates for an exception to Order R-3221, amended, Eddy County, New Mexico

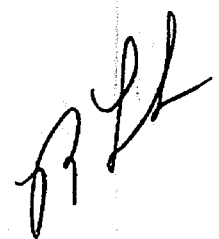
One of the samples is of the producing San Andres water from the Evans #3 (B-5-17-30), the other from a windmill located NWNW, 22-17-29.

Yours truly,

S. P. YATES


Peyton Yates
Engineer

PY/jg
Attachments (2)



WATER ANALYSIS REPORT

TO: YATES PETROLEUM
BOX
ARTESIA

LABORATORY NO.: HOBBS
DATE: MARCH 18, 1974

WELL NAME + NO.: EVANS#3 B-5-17-30 DEPTH: 0 FT
FIELD: UNL FORMATION: ~~UNK~~ SAN ANDRES
COUNTY: UNK STATE: NM
SAMPLE PT.: UNK SAMPLE ID: UNK

DISSOLVED SOLIDS

OTHER PROPERTIES

CATIONS	MG/L	MEQ/L	
SODIUM, NA	82209	3567	PH = 6.90
CALCIUM, CA	4000	199	SP GR = 1.146
MAGNESIUM, MG	121	10	

ANIONS

CHLORIDES, CL	125872	3549	CALCULATED= .000
SULFATES, SO4	10500	213	
BICARBONATES, HCO3	579	9	

THE CALCIUM CARBONATE STABILITY INDEX= 2.16451

THE CALCIUM SULFATE STABILITY INDEX IS 101.67

A NEGATIVE NUMBER INDICATES THE SCALE IN SOLUTION DOES NOT EXCEED THE SATURATION VALUE AND SHOULD NOT PRECIPITATE.

REMARKS AND RECOMMENDATIONS:

WATER ANALYSIS REPORT

YATES DRILLING COMPANY
237 S. 1TH STREET
ALBUQUERQUE, NEW MEXICO 87102

WELL NO.: 40013
DATE: 5-5-74

WELL NAME & NO.: BARNES ^{ville Draw}
FIELD: EVANS
COUNTY: EDDY
TOWNSHIP: JELL HEAD
DEPTH: 0 FT
FORMATION: WATER TABLE
STATE: NEW MEXICO
SAMPLE ID: JINDAILE

NW NW 22-17-29

DISSOLVED SOLIDS

OTHER PROPERTIES

CATIONS	MG/L	MEQ/L	
SODIUM, NA	117	33	0.00
CALCIUM, CA	1000	49	SP GR = 1.000
MAGNESIUM, MG	0	0	
ANIONS			
CHLORIDES, CL	554	9	CALC CARBONATE = 1.000
SULFATES, SO4	2200	43	
BICARBONATES, HCO3	2745	64	

THE CALCIUM CARBONATE STABILITY INDEX = 2.50480

THE CALCIUM SULFATE STABILITY INDEX IS 6.43

A RELATIVE NUMBER INDICATES THE SCALE IN SOLUTION DOES NOT EXCEED THE SATURATION VALUE AND SHOULD NOT PRECIPITATE.

REMARKS AND RECOMMENDATIONS:

Sample taken by Peyton J. Jara

MARC GARRETT

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 8, 1974

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 Daniel S. Nutter, Alternate Examiner:

CASE 4790: (Reopened) (Continued from April 10, 1974, Examiner Hearing)

In the matter of Case No. 4790 being reopened pursuant to the provisions of Order No. R-4370, which order established temporary rules for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 5220: (Continued from the April 25, 1974, Examiner Hearing)

Application of Atlantic Richfield Company for an unorthodox gas well location and non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McDonald State WN Well No. 24 located 1780 feet from the North line and 660 feet from the West line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a 320-acre non-standard gas proration unit comprising the N/2 of said Section 25.

CASE 5229: Application of Texas International Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Lowe-Federal Well No. 1 located in Unit H of Section 31, Township 20 South, Range 30 East, Golden Lane Field, Eddy County, New Mexico, in such a manner as to produce Strawn and Morrow gas through parallel strings of tubing.

CASE 5230: Application of Gulf Oil Corporation for the amendment of Order No. R-4079, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4079 which authorized the commingling of Hobbs Grayburg-San Andres and Hobbs-Blinbry production from its W. D. Grimes "A" and "B" leases in Sections 32 and 33, Township 18 South, Range 38 East, Lea County, New Mexico, to include in said commingling authority Bowers-Seven Rivers production.

CASE 5231: Application of Mesa Petroleum Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Nash Unit Area comprising 5,124 acres, more or less, of State, Federal and fee lands in Township 23 South, Ranges 29 and 30 East, Eddy County, New Mexico.

CASE 5232: Application of Texas Pacific Oil Company, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phantom Draw Unit Area comprising 8,465 acres, more or less, of Federal, State and fee lands in Township 26 South, Range 31 East, Eddy County, New Mexico.

- CASE 5233: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Queen formation underlying the SW/4 of Section 29, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its Jenkins Well No. 3 located 760 feet from the South line and 1980 feet from the West line of said Section 29. Also to be considered will be the cost of recompleting and equipping 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 recompleting and equipping said well.
- CASE 5234: Application of Atlantic Richfield for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the S/2 of Section 14, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald WN State Wells Nos. 1 and 27 located in Units L and O, respectively, of said Section 14.
- CASE 5235: Application of Atlantic Richfield Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 9, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre unit to be dedicated to a well to be drilled at a standard location for said unit, and pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of said Section 9 to form a standard 320-acre unit to be dedicated to a well to be drilled at a standard location for said unit, if it is determined that said Section 9 should be developed on 320-acre spacing. Applicant further seeks a provision in said order that would pool all mineral interests in the Pennsylvanian formation underlying all of said Section 9 to form a standard 640-acre unit to be dedicated to a well to be drilled at a standard location for said unit if it is determined that said Section 9 should be developed on 640-acre spacing. Also to be considered will be the cost of drilling and completing said well, or wells, 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, or wells, and a charge for risk involved in drilling said well, or wells.
- CASE 5236: Application of Atlantic Richfield Company for five unorthodox oil well locations and an administrative procedure, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of five oil wells in the Horseshoe-Gallup Oil Pool in Township 31 North, Range 16 West, San Juan County, New Mexico, to be drilled at the following points:

(Case 5236 continued from Page 1)

1975 feet from the North line and 890 feet from the West line of Section 28; 150 feet from the North line and 1375 feet from the East line of Section 33; 2580 feet from the South line and 295 feet from the West line of Section 35; 2605 feet from the North line and 2580 feet from the East line of Section 32; and 2540 feet from the South line and 2570 feet from the East line of Section 30.

Applicant further seeks an administrative procedure for the approval without notice and hearing of additional unorthodox locations for infill wells to be drilled within the Atlantic Horseshoe-Gallup Unit Area.

CASE 5237: Application of General American Oil Company of Texas for sixteen unorthodox oil well locations and an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of sixteen oil wells in the Grayburg-Jackson Pool, Eddy County, New Mexico, to be drilled at the following points: 1295 feet from the South line and 1345 feet from the East line of Section 13; 1345 feet from the North line and 25 feet from the East line, 1295 feet from the North line and 2615 feet from the East line, 1295 feet from the North and East lines, 1295 feet from the South line and 2615 feet from the West line, 1345 feet from the South line and 25 feet from the East line, and 2615 feet from the South line and 1345 feet from the East line of Section 23; 1345 feet from the North and West lines, 2615 feet from the South line and 25 feet from the West line, 2615 feet from the South line and 1295 feet from the West line, 2615 feet from the South and West lines, 1345 feet from the South line and 2615 feet from the East line, and 1295 feet from the South line and 1345 feet from the West line of Section 24; and 25 feet from the North line and 2615 feet from the East line of Section 26, all in Township 17 South, Range 29 East, and 1295 feet from the North line and 2665 feet from the East line and 25 feet from the North line and 2615 feet from the East line of Section 30, Township 17 South, Range 30 East.

Applicant further seeks the adoption of an administrative procedure whereby additional infill wells at unorthodox locations could be drilled on its leases in this area without notice and hearing.

CASE 5238: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the indicated perforated interval of the following wells in Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico: from 1286 feet to 1456 feet in its Federal B2 Well No. 6 located in Unit N of Section 21; from 1270 feet to 1440 feet in its Ingram Jackson BV Well No. 2 located in Unit D of Section 26; and from 1295 feet to 1372 feet in its Gissler AV Well No. 1 located in Unit C of Section 23. Applicant further seeks an administrative procedure for approval of additional salt water disposal into the San Andres formation in the subject pool without notice and hearing.

CASE 5239: Southeastern nomenclature case calling for the creation and extension of certain pools in Lea and Eddy Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Ojo Chiso-Morrow Gas Pool. The discovery well is the Brunson & McKnight, Inc. Ojo Chiso Unit Well No. 1 located in Unit E of Section 23, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: W/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Washington Ranch-Delaware Gas Pool. The discovery well is the Black River Corporation BR 4 Federal Well No. 3 located in Unit H of Section 4, Township 26 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
Section 4: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 1: All
Section 2: E/2
Section 12: All

(d) Extend the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 12: W/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 27: S/2
Section 35: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 7: All
Section 11: All

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 35: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 11: All

- (g) Extend the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 11: N/2

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

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 26: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: SE/4

- (j) Extend the Fowler-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 10: NE/4

- (k) Extend the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 31: All
Section 32: All

- (l) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 12: NW/4

- (m) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 17: E/2

- (n) Extend the Rocky Arroyo-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 7: E/2
Section 8: SW/4

- (o) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: NW/4 SE/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 1: NE/4

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

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 13: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 26: NE/4

- (s) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
Section 12: N/2

- (t) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 17: All

- (u) Extend the Wilson-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 13: E/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

Examiner Hearing - Wednesday - May 8, 1974

Dockets Nos. 12-74 and 13-74
-7-

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

CASE 5208: (Continued from the April 25, 1974, Examiner Hearing)

Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

Docket No. 13-74

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 15, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for June, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for June, 1974.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 25, 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 5206: (Continued from the April 10, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinbry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5209: (Continued from the April 10, 1974, Examiner Hearing)

Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Estacado Unit Area comprising 1280 acres, more or less, of State and fee lands in Township 14 South, Range 35 East, Lea County, New Mexico.

CASE 5219: Application of Midwest Oil Corporation for pool creation, discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for its South Empire Deep Unit Well No. 4 located in Unit G of Section 32, Township 17 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of special pool rules therefor, including a provision for 80-acre spacing. Applicant further seeks the assignment of approximately 42,245 barrels of oil discovery allowable to the aforesaid well.

CASE 5220: Application of Atlantic Richfield Company for an unorthodox gas well location and non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McDonald State WN Well No. 24 located 1780 feet from the North line and 660 feet from the West line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a 320-acre non-standard gas proration unit comprising the N/2 of said Section 25.

CASE 5221: Application of Black River Corporation for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, undesignated Delaware gas pool, Eddy County, New Mexico,

(Case 5221 continued from Page 1)

said well having been projected as an oil well at a standard location for Delaware oil wells. Applicant further seeks approval of a 201.34-acre non-standard gas proration unit for said well comprising the NE/4 of said Section 4.

CASE 5222: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Payo Mesa Unit Area comprising 2,560 acres, more or less, of State and Federal lands in Township 16 South, Range 28 East, Eddy County, New Mexico.

CASE 5223: Application of Continental Oil Company for a 320-acre non-standard gas proration unit, simultaneous dedication of acreage, and reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Jack B-17 Wells Nos. 3 and 4 located 990 feet from the North and East lines and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17. Applicant further seeks the reinstatement of the underproduction which was cancelled November 1, 1973, when the aforesaid proration unit was reclassified to marginal status.

CASE 5224: Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its James "E" Well No. 1 located in Unit G of Section 11, Township 22 South, Range 30 East, Cabin Lake Field, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5225: Application of Fluid Power Pump Company, Petro Lewis Corporation, and Partnership Properties Company for compulsory pooling, Sandoval County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Media-Entrada Oil Pool underlying the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, to be dedicated to the Fluid Power Pump Company Well No. 5 located in Unit C of said Section 22.

CASE 5226: Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 640-acre spacing units for Sections 7 through 12, Township 21 South, Range 26 East, and the adoption of 480-acre non-standard spacing units comprising either the N/2 or S/2 of Sections 1 through 6, Township 21 South, Range 26 East, and Section 7, Township 21 South, Range 27 East.

CASE 5227: Application of Morris R. Antwell for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Lots 9 through 16 of Section 4, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas proration unit to be dedicated to a well to be drilled at a standard location for said 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 5228: Application of David Fasken for the creation of two pools and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Strawn gas pool and a Morrow gas pool for his El Paso 3 Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks approval for the dual completion of said well to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5207: (Continued from the April 10, 1974, Examiner Hearing)

Application of Craig Folsom for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. 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 5208: (Continued from the April 10, 1974, Examiner Hearing)

Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 10, 1974

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 Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for May, 1974;

(2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for May, 1974.

CASE 5201: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 33, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to form a standard 320-acre proration unit to be dedicated to a well to be drilled at a standard location for said 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 5202: Application of El Paso Natural Gas Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sand Dunes-Morrow Gas Pool in Township 23 South, Range 31 East, Eddy County, New Mexico, including a provision for 640-acre spacing.

CASE 5203: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,230 feet to 13,320 feet in his Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 4790: (Reopened)

In the matter of Case No. 4790 being reopened pursuant to the provisions of Order No. R-4370, which order established temporary rules for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

- CASE 5204: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Government T Well No. 1 located in Unit C of Section 14, Township 20 South, Range 28 East, Russell Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp and Morrow formations through the casing-tubing annulus and tubing, respectively.
- CASE 5205: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Paslay "A" Com Well No. 1 located in Unit K of Section 8, Township 22 South, Range 27 East, Eddy County, New Mexico, to produce gas from undesignated Strawn and Morrow gas pools through the casing-tubing annulus and tubing, respectively.
- CASE 5211: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 8, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Paslay Well No. 1, located in Unit K of said Section 8. 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 5212: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Citgo Empire-Abo Unit Area comprising 361 acres, more or less, of Federal and State lands in Townships 17 and 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 5213: Application of Cities Service Oil Company for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Citgo Empire-Abo Unit, Empire-Abo Pool, Eddy County, New Mexico, by the injection of gas into the Abo formation through a well to be drilled at an unorthodox location 990 feet from the South line and 2635 feet from the East line of Section 35, Township 17 South, Range 27 East. Applicant further seeks the establishment of special rules for said pressure maintenance project including a provision for the operation of the project under a net GOR rule and the establishment of a gas injection credit "bank" against which injection credit could be drawn in order to maintain full allowables during such times as injection plant shut-downs, etc.

- CASE 5206: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinbry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.
- CASE 5207: Application of Craig Folsom for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. 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 5208: Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 5209: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Estacado Unit Area comprising 1280 acres, more or less, of State and fee lands in Township 14 South, Range 35 East, Lea County, New Mexico.
- CASE 5210: In the matter of the application of the Oil Conservation Commission on its own motion for the contraction of the House-Tubb Gas Pool by the deletion of all of Section 12, Township 20 South, Range 38 East, Lea County, New Mexico, and the creation of the East House-Tubb Oil Pool comprising all of the NW/4 of said Section 12.
- CASE 5214: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Robb Spring Unit Area comprising 6402 acres, more or less, of State, Federal, and fee lands in Townships 23 and 24 South, Range 25 East, Eddy County, New Mexico.
- CASE 5215: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order

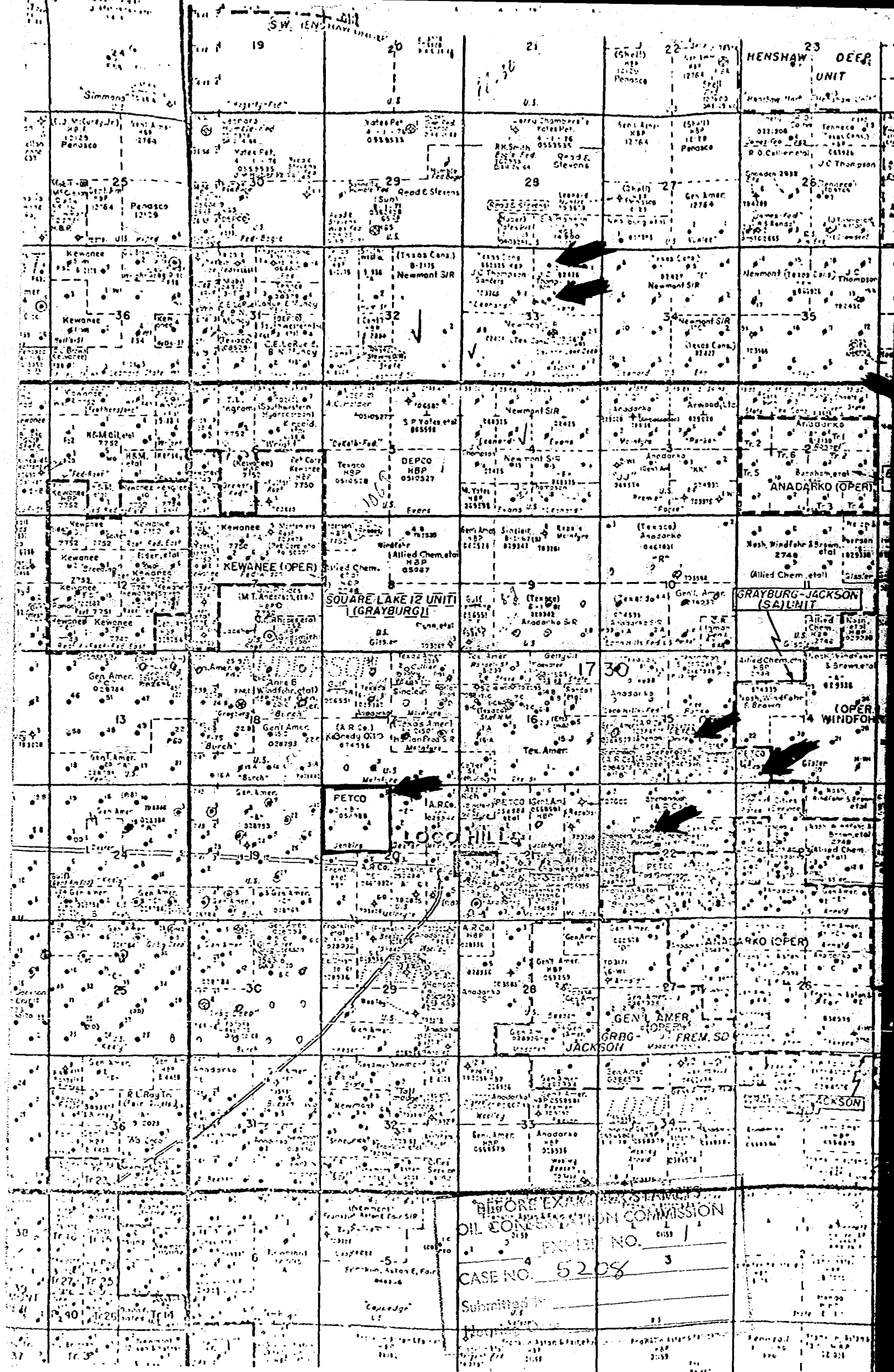
Examiner Hearing - Wednesday - April 10, 1974

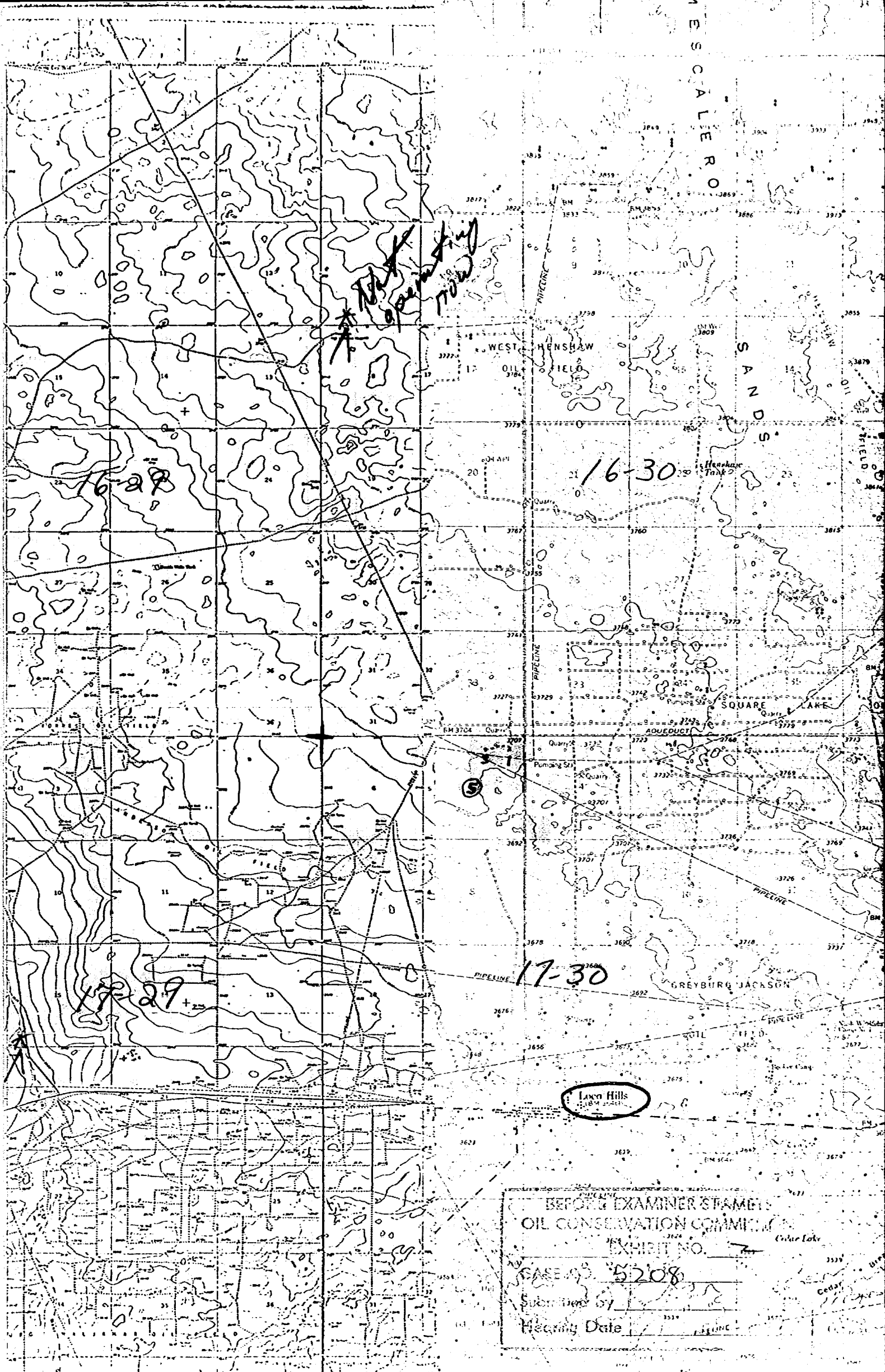
Docket No. 9-74

-4-

(Case 5215 continued from Page 3)

pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 17, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said 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.





BEFORE EXAMINER STAMPS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 5208
CASE NO. 5208
Submitted by
Hearing Date

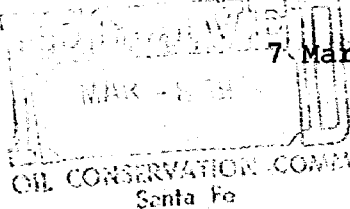
A. J. LOSEE
JOEL M. CARSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

7 March 1974

Can 5208



Mr. A. L. Porter, Jr., Secretary-Director
Oil Conservation Commission of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Enclosed herewith, you will please find three copies of
Application of S. P. Yates for an exception to Order No.
R-3221, as amended.

We should appreciate your setting this matter for hearing
before an examiner at the earliest possible date.

Very truly yours,

LOSEE & CARSON, P.A.

A. J. Losee
A. J. Losee

AJL:jw
Enclosure

cc w/enclosure: Mr. Peyton Yates

DOCKET MAILED

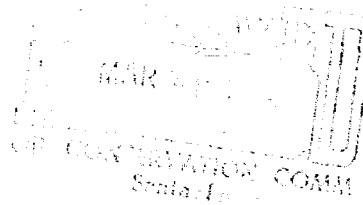
Date 4-26-74

DOCKET MAILED

DOCKET MAILED

Date 4-11-74

Date 3-29-74



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF S. P. YATES FOR AN EXCEPTION)
TO ORDER NO. R-3221, AS AMENDED,)
EDDY COUNTY, NEW MEXICO.)

Case No. 5208

APPLICATION

COMES S. P. YATES, by his attorneys, and in support
hereof, respectfully states:

1. That applicant is the owner and operator of
Federal Lease LC 065598, comprising SW/4 SW/4 Section 4, and
NE/4 Section 5, Township 17 South, Range 30 East, N.M.P.M.,
Eddy County, New Mexico.
2. That applicant seeks an exception to the provisions
of Oil Conservation Commission Order No. R-3221, as amended, to
permit the disposal of salt water produced by applicant's Evans
No. 3 Well located in the NW/4 NE/4 of said Section 5, and its
temporarily abandoned Evans No. 1 Well located in the NE/4 NE/4
of said Section 5, in unlined surface pits on said leases.
3. The Evans No. 3 Well presently produces approxi-
mately six barrels of oil per day and 108 barrels of water per
day, and it is estimated that the temporarily abandoned Evans
No. 1 Well will produce three barrels of oil per day and approxi-
mately 200 barrels of water per day.
4. That there is no shallow fresh water in the
vicinity of the above described wells for which a present or
reasonably foreseeable beneficial use is or will be impaired by
contamination from unlined surface pits located in the vicinity

of said wells. That the approval of this application will prevent waste.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Commission enter its order granting applicant an exception to Oil Conservation Commission Order No. R-3221, as amended, to permit utilization of unlined surface pits for the disposal of salt water produced by the above described two wells.

C. And for such other relief as may be just in the premises.

S. P. YATES

By: 

A. J. Losee for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

DRAFT

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. 5208

Order No. R-4786

APPLICATION OF S. P. YATES 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 a.m. on May 8, 19 74
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of May, 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 the applicant, S. P. Yates is the operator of the
Federal LC O 65598 lease in the SW/4 SW/4 of Section 4, and the
NE/4 of Section 5, Township 17 South, Range 30 East, NMPM,
Square Lake Pool, 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's wells on said Federal LC 065598 lease in an unlined pit on said lease.

(7) That applicant's wells on said lease have been shut-in and the volume of water expected to be produced from said wells cannot be accurately estimated.

(10) That tests should be conducted periodically upon resumption of production from the wells on said lease to determine actual water production volumes.

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

(3) That the applicant should be permitted to dispose of water produced by ^{wells on} the above-described ^{lease} ~~well~~ in an unlined surface pit located ~~in the vicinity of the subject well.~~ ^{on said lease.}

IT IS THEREFORE ORDERED:

(1) That the applicant, S. P. Yates, 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, from wells located on his Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, ^{NMPN} Square Lake Pool, Eddy County, New Mexico, in an unlined surface pit located on said lease.

(2) That, the applicant shall conduct tests at three months, six months, and twelve months after resumption of production from the wells on said lease to accurately determine the volume of water being produced by said wells. The supervisor of the Commission's Artesia District Office shall be notified in sufficient time to witness such production tests.

(3) 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.

(4) 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.