

**CASE 4132: Application of PAN  
AMERICAN FOR AN EXCEPTION TO  
ORDER NO. R-3221, AS AMENDED.**

Case Number.

4132

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Application

Transcripts.

Small Exhibits

ETC.

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. 4132  
Order No. R-3771

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION 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 21, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of May, 1969, 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, Pan American Petroleum Corporation,  
is the owner and operator of the Hinkle Federal Well No. 1, Green-  
wood Unit Well No. 4, and the Greenwood Unit Well No. 1, located  
in Units E, D, and P, respectively, of Section 27, Township 18  
South, Range 31 East, NMPM, Shugart Field, Eddy County, New  
Mexico.

(3) That effective January 1, 1969, 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

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CASE No. 4132  
Order No. R 271

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water, produced by the aforesaid three wells, in two unlined surface pits located in Units H and P of said Section 27.

(7) That the subject wells produce approximately 207 barrels of water per day.

(8) That the nearest shallow water well is approximately 4 miles to the northeast of the pit located in Unit H.

(9) That the surface and subsurface drainage appears to be toward the southwest from the subject pits.

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

(11) That the applicant should be permitted to dispose of salt water produced by the aforesaid three wells in the subject unlined surface pits.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order

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CASE No. 4132  
Order No. R-3771

No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its Hinkle Federal Well No. 1, Greenwood Unit Well No. 4, and Greenwood Unit Well No. 1, located in Units D, E, and P, respectively, of Section 27, Township 18 South, Range 31 East, NMPM, Shugart Field, Eddy County, New Mexico, in two unlined surface pits located in Units H and P of said Section 27 until further order of the Commission.

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

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMIJO, Member

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

  
esr/

dearnley-meier reporting service, inc.

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

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FILED  
MAY 21 1969

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

May 21, 1969

EXAMINER HEARING

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IN THE MATTER OF: )

Application of Pan American )  
Petroleum Corporation for an )  
exception to Order No. R-3221 )  
as amended, Eddy County, )  
New Mexico. )

Case 4132

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BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4132.

MR. HATCH: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. RYAN: Gordon D. Ryan, Forth Worth, Texas, and I am appearing in behalf of the Applicant, Pan American Petroleum Corporation. I have one witness to be sworn.

(Witness sworn)

(Thereupon, Applicant's Exhibits 1 through 3 was marked for identification.)

MR. UTZ: Any other appearances? You may proceed.

WILLIAM C. WELLS, JR.

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

DIRECT EXAMINATION

BY MR. RYAN:

Q Will you state your name, by whom are you employed and in what capacity?

A My name is William C. Wells, Jr., and I am employed by Pan American Petroleum Corporation as

a Petroleum Engineer in Forth Worth, Texas.

Q Have you previously testified with the Commission, and had your qualifications as an expert witness admitted?

A Yes, sir, I have.

MR. RYAN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir, he is qualified.

MR. RYAN: Are you familiar with the application that is presently pending before this Commission?

A Yes, sir.

Q Would you briefly state what Pan American seeks by this application?

A We are requesting exception to the Statewide Order No. R-3221, as amended, for three of our wells, located in Eddy County, New Mexico. These three wells are our Hinkle, Federal Well No. 1, our Greenwood Unit, Well No. 4, and our Greenwood Unit Well No. 1. We are also requesting that a provision be included in the Order for expansion to two additional wells, should the need arise to dispose water from these wells. They are not making water at the present time.

Q Now, are those wells so marked in what the



Reporter has marked as Exhibit No. 1?

A Yes. Exhibit No. 1 is a plat of the area around our Greenwood deep unit. The Greenwood deep unit is designated or outlined by black -- lines. We have also color-coated all of the wells in the immediate area of this unit, as per color coating in the lower left hand corner of the plat. The wells which will be under consideration today, will be the red color-coated Shugart Delaware wells, and the yellow color-coated Shugart Devonian gas wells. We also show on this plat, the outline of the no-pit exception grant of B.S. Welsh. This is shown, outlined in green, and is located in the northwest quarter of Section 27, and the southwest quarter of Section 27. The three wells for which we are requesting this exception, are designated by a red arrow. They are our Greenwood Unit No. 4, located in Unit D, of Section 27; our Hinkle Federal No. 1 located in E; and our Greenwood Unit No. 1 located in Unit P. We have also, shown the location of the two pits, which would serve these two wells. These are designated by red squares. They are located in Unit H and P, in Section 27 -- Section 27.

Q Do you have any further comment on this Exhibit?

A No, sir, I don't.

Q Now, will you please refer to what the Reporter has marked as Exhibit No. 2, and identify and explain that exhibit?

A Exhibit No. 2 is a topographic, contoured on the surface, and extended area around our Greenwood D Unit. The Greenwood unit is designated or outlined in black lines, in the upper right hand portion of the map. The Welsh exempt area, is outlined in green. The contours are at a 100 foot interval on this map. We have also shown the outline of the Potash no-pit exempt area, which, I believe, was granted by Order No. R-3221-B. This map generally shows that all surface drainage is to the south and southwest, throughout this entire area into the Potash exempt area, by its correlation between this map and maps in Vada, New Mexico Bureau of Mines -- the New Mexico Bureau of Mines and Mineral Resources, ground water report No. 3, we determined that the subsurface structure is, also, similar to the surface structure in this area. That is, drainage is generally to the south and southwest.

Q And what did you conclude from that?

A That any water disposed of into our pits, which are designated again by red squares in Section 27 -- should it drain at all, would be to the south and southwest, into the already exempt Potash area.

Q Now, what was that Order No. that granted Mr. Welsh the no-pit exemption? Do you have that?

A Yes, I have that. I believe that was Order No. R-3670. And it was Case 4124.

Q Anything else to add to this exhibit?

A No, sir.

Q Would you now refer to Exhibit No. 3, and identify that exhibit; please, sir?

A Exhibit No. 3 is a pertinent data sheet, applying to our request here. We show the source of the produced water, which would be disposed of into these pits, the pool from which the water is produced, the quantity of the water, and the chloride content of this water. The location of the pits is also shown. I will go through some of the pertinent data on the sheet. We show that the three wells, which would apparently produce water into these pits are the Hinkle Federal

Well No. 1, the Greenwood Unit No. 4, and the Greenwood Unit No. 1. The Hinkle No. 1 and the Greenwood Unit No. 4, are both located in the Shugart-Delaware pool, and produce 8 barrels of water per day, and 9 barrels of water per day, respectively. The chloride content for the Delaware pool is about 151,000 parts per million. The Greenwood Unit No. 1 is producing -- is a gas well, producing from the Shugart-Devonian pool -- it makes about 190 barrels of water per day, with a chloride content of some 18,000 parts per million. This produces about a total of 207 barrels of water per day, which would be disposed of into these two pits. The pits locations are given on this, and the pits sizes are also shown. The pit locating Unit H, is 35 by 40 feet, and the pit in Unit P is 50 by 60 feet. Right now, we are disposing water from these wells by virtue of an agreement with Gulf in the sections north -- Section 22, and is costing a sum of \$450.00 to \$500.00 a month to dispose of this water. This, of course, will be saved, and would be the prevention of an economic waste, should we be allowed to dispose of the water in these pits.

Q Do you know where the closest fresh water is to this area?

A There is a fresh water well, located about 5 miles due north, of the area. As shown by previous exhibits, all drainage of our requested exempt area, would be to the south and southwest, away from this fresh water well, to the north. We know of no fresh water underlying our immediate area. As stated in previous testimony, before this Commission, and Mr. Welsh's application, some 82 wells have been drilled in the area, and to our knowledge, fresh water has not been encountered. Now, hydrologic studies in the area have shown that fresh water is sparse, and generally of a poor yield in nature in the area. It's, also, locally impotable. So, we feel, there would be no possibility of pollution.

Q In that Welsh application and order, did the Commission find that that was the closest fresh water in this area?

A Yes, sir.

Q Were Exhibits 1 through 3 prepared by you or under your supervision?

A Yes, sir. They were.

MR. RYAN: I would offer Exhibits 1, 2 and 3 into evidence, please.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record in this case.

(Thereupon, Applicant's Exhibits 1, 2 and 3 were admitted into evidence.)

MR. RYAN: I have one more question. On Exhibit 1, the wells that are marked with red arrows are the wells that are specifically requested by this application for salt water, is that correct?

A Yes, these wells now produce a total of about 207 barrels of water per day. We operate two additional wells in this immediate area; one of which is located in Unit H, of Section 27. It is our Greenwood Unit No. 3. The other well is located in Unit G of Section 34, just to the south. It's our Greenwood Unit No. 2. These are both gas wells, currently producing no water. We anticipate no problems whatsoever, but we would like to include some sort of provision where we could get administrative approval for disposing water from the wells, should we need it, into the same pit. All of these -- well, the Hinkle No. 1 and the Greenwood No. 4 battery is located adjacent to the pit, in Unit H, of Section 27.

The battery for the Greenwood Unit No. 3 and the Greenwood Unit No. 1 is located adjacent to the Greenwood Unit No. 1, in Unit P, of Section 27.

MR. RYAN: I believe that's all we have, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Now, how many pits do you have for these three wells?

A Two pits.

Q Which two wells go into the one pit?

A The Greenwood Unit No. 4, which is located in Unit D, of Section 27; and the Hinkle No. 1, which is located in Unit E, of Section 27. We dispose of water into the pit located in Unit H. Now, the battery for these two wells is located at that pit.

Q That would be the well marked No. 3?

A Yes, sir.

Q So, the well in Unit P -- would be right at the well?

A Yes, sir.

Q Now, the No. 4 and No. 1 are Delaware wells?

A Yes, sir, they are.

Q And the No. 1 in Unit P is in the Shugart-Devonian Well?

A Yes, sir; gas well.

Q And the area that you have outlined in green is the area in Case 4024 of Order 3670, is that correct?

A Yes, sir.

Q And that well just has the upper formation and the Seven Rivers, of the Queen?

A Yes, sir.

Q How is it that he has 80 acres within the Greenwood Deep Units?

A That's strictly a deeper formation unit, and a deeper unitization per unit.

Q So the part that he really has is not in the Unit?

A Right. Now, also, to eliminate some confusion, I mentioned that the well located in Unit D is called our Greenwood Unit No. 4. It's outside the unit boundaries, but I believe it was originally drilled to a deeper interval and found non-productive, and recompleted to this Delaware interval. The well was originally given a



Greenwood Unit name, and rather than changing all of our records, we just continued to call it the Greenwood Unit Well.

Q Now, how does the contamination of the water in the Welsh Wells compare to yours?

A The chloride contents?

Q Right.

A I believe -- I'm not really sure. I believe it's around 10,000 parts per million, but I wouldn't swear to that.

Q It looks like it might not be as salty?

A No, sir. I believe that he testified what it was in this case, but I don't recall what it was.

Q Well, I'm sure that his record would show that: I just didn't happen to remember it. The only fresh water is to the north: I believe you testified -- is that correct?

A Yes, sir. That's the only fresh water that we know of in the area. My understanding is that water for cattle is brought in by pipeline or from some of the Potash companies in the area. I feel sure that if there were fresh water present, some of the ranchers

would have drilled for it, rather than from the Potash pipeline.

MR. UTZ: Any questions of the witness? The Witness may be excused. Statements? The case will be taken under advisement.

INDEXWITNESSPAGE

WILLIAM C. WELLS, Jr.

Direct Examination by Mr. Ryan

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Cross Examination by Mr. Utz

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EXHIBITSMARKEDADMITTED INTO  
EVIDENCEApplicant's Exhibits  
1 through 3

2

9

STATE OF NEW MEXICO )  
 ) SS  
COUNTY OF BERNALILLO )

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

*CA Fenley*

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Executive hearing of Case No. 4132  
dated by me on May 20, 1969  
*[Signature]*  
New Mexico Oil Conservation Commission

4132  
Recd. 5-21-69  
Res. 5-23-69

Grant Perm Am an exception  
to R3221 for there —

1. Hinkleyed #1 E-27-185-31E  
2. Greenwood unit #4 D — — —  
Both in Shugart Del. Pool +  
prods 8 + 9 BSWPD presently  
disposal to be in deeper  
pit located in unit #1-27.  
185-31E.

3. Greenwood Unit #1 - Shugart  
Del. P-27-185-31E. Pit at  
same location. 120 BSWPD.  
Van Welch case R #024 granted  
+ exception in this area.

—————  
Thurston



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87801

May 28, 1969

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

Mr. Gordon Ryan  
Pan American Petroleum Corporation  
Oil and Gas Building  
Post Office Box 1410  
Fort Worth, Texas 76101

Re: Case No. 4132  
Order No. R-3771  
Applicant:  
Pan American Petroleum Corp.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC   X  

Artesia OCC   X  

Aztec OCC           

Other           State Engineer Office

Docket No. 15-69

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 1969

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3405: (Reopened) (Continued from the May 7, 1969 Examiner Hearing)

In the matter of Case No. 3405 being reopened pursuant to the provisions of Order No. R-3081, which order established 640-acre spacing for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool. All interested parties may appear and show cause why said pool should or should not be developed on 320-acre spacing units.

CASE 4131: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Jalmat and South Eunice oil pools, Lea County, New Mexico, in the wellbores of six wells located as follows:

TOWNSHIP 21 SOUTH, RANGE 36 EAST

Arnott Ramsay (NCT-D) Well No. 6 - Unit K - Section 33  
Arnott Ramsay (NCT-D) Well No. 7 - Unit M - Section 33  
Arnott Ramsay (NCT-D) Well No. 8 - Unit N - Section 33  
Arnott Ramsay (NCT-D) Well No. 9 - Unit L - Section 33  
J. F. Janda (NCT-B) Well No. 4 - Unit O - Section 32

TOWNSHIP 22 SOUTH, RANGE 36 EAST

J. F. Janda (NCT-F) Well No. 8 - Unit C - Section 4

CASE 4132: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for three wells located in Unit D, E, and P of Section 27, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of salt water produced in two unlined surface pits located in the E/2 of said Section 27.

- CASE 4133: Application of Skelly Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Dollarhide Drinkard Unit Area comprising 3,533.52 acres, more or less, of Fee, Federal, and State lands in Townships 24 and 25 South, Range 38 East, Lea County, New Mexico.
- CASE 4134: Application of Skelly Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its West Dollarhide Drinkard Unit Area by the injection of water into the Tubb-Drinkard formation through 43 wells located in Townships 24 and 25 South, Range 38 East, Dollarhide Tubb-Drinkard Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 4135: Application of Roy E. Kimsey, Jr. for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the P. R. Bass-Federal Well No. 1 located in Unit F of Section 3, Township 16 South, Range 30 East, West Henshaw Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located near said well.
- CASE 4136: Application of Mallard Petroleum, 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 formation in the interval from 3606 feet to 3627 feet in its Milner Federal Well No. 4 located in Unit C of Section 35, Township 20 South, Range 34 East, Lynch Pool, Lea County, New Mexico.
- CASE 4137: Application of Atlantic Richfield Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Shugart Unit Area comprising 1359.40 acres, more or less, of Federal and State lands in Townships 18 and 19 South, Range 31 East, Eddy County, New Mexico.



- CASE 4138:** Application of Atlantic Richfield Company for a waterflood project and unorthodox injection well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates-Seven Rivers-Queen formations through 11 wells in Townships 18 and 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico. Applicant further seeks an exception to permit the drilling of one of said wells at an unorthodox location 100 feet from the South line and 990 feet from the West line of Section 35, Township 18 South, Range 31 East.
- CASE 4139:** Application of Allied Chemical Corporation for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Milnesand (San Andres) Unit Area comprising 5370.18 acres, more or less, of Federal and Fee lands in Township 8 South, Ranges 34 and 35 East, Roosevelt County, New Mexico.
- CASE 4140:** Application of Allied Chemical Corporation for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Milnesand (San Andres) Unit Area by the injection of water into the San Andres formation through 33 wells located in Township 8 South, Ranges 34 and 35 East, Milnesand-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 4141:** Application of McCasland Disposal System for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the intervals from approximately 3756 feet to 3851 feet and from approximately 3918 feet to 3939 feet, respectively, in the Getty Oil Company J. H. Day Wells Nos. 1 and 2, both located in the NW/4 of Section 8, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 4142:** Application of Tamarack Petroleum Corporation, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Queen formation in the interval from 4946 feet to 5040 feet in its Cabot 15 State Well No. 2 located in Unit P of Section 15, Township 19 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 4143: Application of Amerada Petroleum Corporation for downhole commingling and special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Skaggs-Grayburg Pool in the wellbore of its Fred Turner, Jr., "A" Well No. 2, the Eumont completion of which is presently classified as a gas completion, located in Unit K of Section 18, Township 20 South, Range 38 East, Lea County, New Mexico. Applicant, further seeks the establishment of a special gas-oil ratio limitation for the subject well.

(Continued from the May 7, 1969 Examiner Hearing)

CASE 4121: Application of Roger C. Hanks for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bar U-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

ATWOOD, MALONE, MANN & COOTER  
LAWYERS

505-622-6221  
P. O. BOX 7000  
SECURITY NATIONAL BANK BUILDING  
ROSWELL, NEW MEXICO  
88201

MAY  
15th  
1969

JEFF D. ATWOOD (1883-1960)  
CHARLES F. MALONE  
RUSSELL D. MANN  
PAUL A. COOTER  
BOB F. TURNER  
ROBERT A. JOHNSON  
JOHN W. BASSETT  
ROBERT E. SABIN  
RUFUS E. THOMPSON

Mr. A. L. Porter, Jr.  
Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Examiner Hearing May 21, 1969  
Case No. 4132

Dear Mr. Porter:

We would appreciate your filing the enclosed Entry of Appearance in Case No. 4132.

Best regards,

Very truly yours,

  
Charles F. Malone

C  
F  
M

\*

v  
Encls.

Cc: Gordon Ryan, Esquire  
w/encls.  
Harry O. Hickman, Esquire  
w/encls.

MAY 15 1969 PM 8 33

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF PAN AMERICAN PETROLEUM COR- )  
PORATION FOR AN EXCEPTION TO ) Case No. 4132  
ORDER NO. R-3221, SHUGART FIELD, )  
EDDY COUNTY, NEW MEXICO. )

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter of Roswell,  
New Mexico, hereby enter their appearance herein for the Applicant,  
Pan American Petroleum Corporation, with Gordon Ryan, Esquire, and  
Guy Buell, Esquire, of Fort Worth, Texas.

ATWOOD, MALONE, MANN & COOTER

By Charles Malone  
Attorneys for Pan American Petroleum  
Corporation  
Post Office Drawer 700  
Roswell, New Mexico 88201

PERTINENT DATA SHEET  
"NO PIT" EXCEPTION  
SHUGART POOL AREA

<u>Source of Produced Water</u>	<u>Pool</u>	<u>Quantity</u>	<u>Chloride Content</u>
Hinkle Fed. Well No. 1	Shugart Delaware	8 BWPD	151,200 PPM
Greenwood Unit Well No. 4	Shugart Delaware	9 BWPD	151,200 PPM
Greenwood Unit Well No. 1	Shugart Siluro Devonian	190 BWPD	18,200 PPM
	TOTAL	207 BWPD	

<u>Location of Pit</u>	<u>Pit Size</u>
Unit H, Sec. 27 T18S, R31E	35' x 40'
Unit P, Sec. 27 T18S, R31E	50' x 60'

Cost for subsurface disposal of produced water = \$453/month (207 BWPD)

**BEFORE EXAMINER UTZ**  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 3  
 CASE NO. 4132

# PAN AMERICAN PETROLEUM CORPORATION

D. L. RAY  
DIVISION ENGINEER

OIL AND GAS BUILDING P. O. BOX 130  
FORT WORTH, TEXAS-76101  
APR 30 1969

*Case 4/32*

File: GHF-198-986.510.1 x 501.61

Subject: Exception to Statewide "No Pit" Order  
Shugart-Delaware and Shugart-Silurio Devonian Pools  
Eddy County, New Mexico

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico 87501

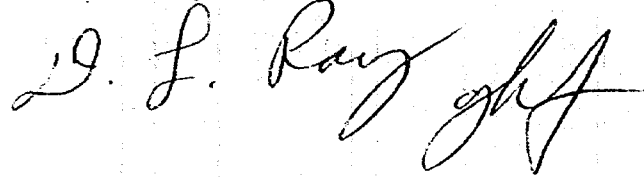
*P - Section 27, T-18S-31E -*

Gentlemen:

Pan American Petroleum Corporation respectfully requests that a hearing be docketed to consider our application for an exception to Order R-3221, which would allow us to dispose of produced water from Greenwood Unit Well No. 1, in the Shugart-Silurio Devonian Gas Pool, and Greenwood Unit Well No. 4 and Hinkle No. 1, Shugart-Delaware Pool, into unlined surface pits.

The estimated disposal rate will be approximately 205 BWPD into two pits. These pits are located in the E/2 of Section 27 T-18-S, R-31-E, Eddy County, New Mexico.

Yours very truly,



WCW:jn

DOCKET MARKED

Date 5-9-69

DRAFT

GMH/esr

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. 4132

Order No. R-2771

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION 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 21, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of May, 1969, 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, Pan American Petroleum Corporation,  
*the Hinkle Federal well no. 1, Greenwood unit well no. 4,*  
is the owner and operator of <sup>*E D*</sup> ~~three~~ wells located in Units ~~2, 3,~~  
*respectively,*  
and <sup>*E D*</sup> ~~part~~ of Section 27, Township 18 South, Range 31 East, NMPM,  
Shugart Field, Eddy County, New Mexico.

(3) That effective January 1, 1969, 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

*and the Arlington unit well no. 1*

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water, produced by ~~applicant's~~ <sup>the aforesaid</sup> three wells located in Units ~~D, E, and F~~ of said Section 27, in two unlined surface pits located in ~~the E-2~~ <sup>units H and P</sup> of said Section 27.

(7) That the subject wells produce approximately 207 barrels of water per day.

(8) That the nearest shallow water well is approximately 4 miles to the northeast of the pit located in ~~the said~~ unit H.

(9) That the surface and subsurface drainage appears to be toward the southwest from the subject pits.

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

~~(11) That approval of the subject application will not cause water to violate correlative rights.~~

(11) That the applicant should be permitted to dispose of salt water produced by the aforesaid three wells in the subject unlined surface pits.



IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its Hinkle Federal Well No. 1, Greenwood Unit Well No. 4, and Greenwood Unit Well No. 1, located in Units E, D, and P, respectively, of Section 27, Township 18 South, Range 31 East, NMPM, Shugart Field, Eddy County, New Mexico, in two unlined surface pits located in Units H and P of said Section 27 until further order of the Commission.

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

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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