

CASE NO.

7032

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
1 October 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Dalport Oil Corpor-
ation for an exception to Order No.
R-3221, Chaves County, New Mexico.

CASE
7032

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

James T. Jennings, Esq.
JENNINGS AND CHRISTY
Roswell, New Mexico

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I N D E X

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LEON LAMPERT

Direct Examination by Mr. Jennings	3
Cross Examination by Mr. Nutter	10

E X H I B I T S

Applicant Exhibit A, Plat	4
Applicant Exhibit B, Map	6

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MR. NUTTER: Call now Case Number 7032.

MR. PADILLA: Application of Dalport Oil Corporation for an exception to Order No. R-3221, Chaves County, New Mexico.

MR. JENNINGS: I'm James T. Jennings of Jennings and Christy, Roswell, appearing on behalf of the Applicant, Dalport Oil Corporation, and we will have one witness, Mr. Leon Lampert.

(Witness sworn.)

LEON LAMPERT

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, address, and your employer, and in what capacity?

A. Leon Lampert, a geologist with Dalport Oil Corporation, 600 Building, Corpus Christi.

Q Mr. Lampert, I take it from the Examiner's question that you have appeared before this Commission on prior occasions and had your qualifications as a geologist accepted?

1 A Yes, sir.

2 MR. JENNINGS: Are the witness' qualifi-
3 cations accepted, Mr. Examiner?

4 MR. NUTTER: Yes, sir, they are.

5 Q Mr. Lampert, are you familiar with the
6 application filed on behalf of Dalport here in Case Number
7 7032?

8 A Yes, sir.

9 Q Generally what is the nature of this ap-
10 plication, what do you seek?

11 A We drilled a well, our No. 2 Holbrook B
12 in -- around the 1st of August and it's making salt water
13 and we're putting it into an unlined pit, and we would like
14 to have an exception to that ruling concerning disposal of
15 produced brine into an unlined pit.

16 Q Would you locate this well for the -- Mr.
17 Nutter?

18 A The No. 2 Well is in Section 9 in the
19 northwest of the southwest, and it's marked on that Exhibit
20 A as No. 2, and it has the -- to the right of it it says
21 pumps 11 barrels of oil and 18 barrels salt water a day.

22 The disposal pit is at the tank battery
23 4 or 500 feet to the south, next -- well, it's just not ad-
24 jacent to the well. The map shows it's almost adjacent to
25 the well but it's about 4 or 500 feet to the south.

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1 Q Mr. Lampert, please refer to what has
2 been marked as Dalport's Exhibit A and identify that and tell
3 us what this reflects.

4 A Exhibit A was made to show where water
5 was encountered in wells that were drilled in the area, cable
6 tool wells that had been previously drilled. Down at the
7 bottom of the page says fresh water in drilled areas. I'm
8 not positive it's fresh water or brackish water, but to the
9 north of our well, in the north part of Section 9, there was
10 a cable tool test that Dalport drilled, in the northeast
11 quarter of 9, and it had no water whatsoever.

12 Water is erratic in these cable tool
13 tests because to the west of our No. 2 Well there was no water
14 in the southeast quarter of Section 8. To the south of our
15 well in Section, oh, what is the section, that's 16, there
16 was no water in the cable test in the northeast quarter;
17 however, to the west of there in Section 17, one well in the
18 northeast quarter, the McClellan 117, did find some water
19 at the depth of 480 to 487 feet at the rate of 2-1/2 bailers
20 an hour.

21 To the south of that well in the southeast
22 quarter of Section 17 again a cable tool test had no water.
23 It just bears out -- we've seen this all over the country
24 over the past ten years. It's very erratic. There is no
25 shallow water that -- generally in the area that's

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1 being used, and has been even found, and we have seen this
2 all over about four townships.

3 Q Mr. Lampert, what depths is the water
4 encountered in the well that you spoke of?

5 A In the northeast of Section 17 it was at
6 480 to 487, and like I say, I'm not sure whether that was
7 actually fresh or whether it was brackish water.

8 Q To what depths were the wells drilled
9 that you spoke of that did not have any water?

10 A All these wells -- everything on there
11 has been drilled to the Queen at around 2400 feet, and the
12 references here, where it says no water, were cable tool
13 tests.

14 Q Mr. Lampert, would you refer to what has
15 been marked as Exhibit B --

16 A All right, on Exhibit B --

17 Q Before --

18 A Excuse me.

19 Q -- you refer to that, could you point out
20 on there, referring to Exhibit B, are you familiar with prior
21 cases involving acreage in this area wherein an exception to
22 Order R-3221 have been granted?

23 A Yes, sir.

24 Q Could you, referring to that exhibit,
25 locate these wells?

1 A. Yes, sir.

2 Q. And identify them?

3 A. Well, if we go back to Exhibit A, just
4 to the south of this proposed disposal pit in Section 16, we
5 obtained an order in Section 16, just immediately to the
6 south and adjacent to us, for our State C lease, about three
7 or four years ago. We obtained a no-pit order there.

8 To the northwest in the next township to
9 the north and in Section 31, this would be 14 South, 30, in
10 the west half the Dalport AMCO lease, we had an exception
11 there. The -- in the township just to the west of where
12 we're proposing this one in Section 24, McClellan obtained a
13 no-pit order, or unlined pit order, in Section 24, and imme-
14 diately off the map to the left, just off of it in our South
15 Lucky Lake Queen Field in Section -- I believe it's Section
16 16 of 14 South -- of 15 South, 29, Dalport obtained two or-
17 ders; one was on the Todhunter Federal in the north half of
18 that section and on the Jones Federal lease on the south half
19 of that section.

20 So all in all, we've -- in the last eight
21 or nine years I think we have -- Dalport has acquired maybe
22 five exceptions and McClellan has acquired several that I
23 know of.

24 MR. NUTTER: What did you say those sec-
25 tions were to the west off the map, is it 15 or 16?

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1 A. It's just off the map and it would be --
2 let me see if I have something here that shows that. The map
3 stops and I'm just not sure about the section.

4 Q Is that shown on the map on Exhibit B,
5 Mr. Lampert?

6 A No, sir, it's not shown that closely there.
7 It's not 16. It must be Section 15, yes, sir, because 16
8 would have been, I think, a State tract.

9 Section 22; part of that is on Section 22
10 of 16 South, 29.

11 Q Is that the Todhunter Federal Well?

12 A Todhunter, isn't that 22? I think it's
13 22.

14 Q 22, 15, 29?

15 A Right, and both leases were in the same
16 section, it would be Section 22 of 15, 29.

17 Q To refresh your recollection, was that
18 Case Number 4736 and Order No. 4327?

19 A I believe so.

20 Q Now, Mr. Lampert, do you know of any
21 fresh water in the area that would be in any way contaminated
22 by your producing into this unlined pit?

23 A I do not. Exhibit B refers to that.
24 That's an exhibit showing current fresh water wells being
25 used by the rancher in blue, and if you'll see, the water

1 flow, directional water flow was taken from a New Mexico
2 bulletin, New Mexico Bureau of Mines Bulletin, the direction
3 of water flow is to the southwest.

4 If you'll notice in blue, in the township
5 to the north of us there are two wells up in the northeastern
6 part of that township, that being 14 South, 30 East, they're
7 producing up there, those two wells, and then one well up to
8 the west in 14, 29, and then coming southward there's only
9 one producing well in 14 -- in 15 South, 29, that little
10 Lucky Lake, and then there's one more further southwest, but
11 there is no fresh water well within almost six miles of us.
12 So there isn't any way in the world we could damage any fresh
13 water that's being currently used by the rancher or anybody
14 else in that area.

15 Q Mr. Lampert, in your opinion will this --
16 the relief that you seek in your disposing of this water in
17 any way violate the correlative rights of any parties that
18 you're familiar with?

19 A No, sir.

20 Q In your opinion will this be in the in-
21 terest of conservation and prevent waste?

22 A Yes, sir.

23 MR. JENNINGS: I have nothing -- no fur-
24 ther questions of this witness.
25

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CROSS EXAMINATION

BY MR. NUTTER:

Q And, Mr. Lampert, you have an exception, you say, in the section immediately south of Section 9?

A Yes, sir.

Q That State C lease.

A Right, that's correct.

Q Do you know whether that exception was granted prior to or after this well in Section 17 discovered 2-1/2 bailers per hour at 480 feet?

A It was -- it was afterwards, because we offset the one -- the McClellan 117 was already in there when we drilled our first well.

Q It was?

A We offset that well, and like I said, I'm not sure whether that was actually fresh or brackish water. It was just noted on their report as water.

Q What formation would that be at 480 to 892?

A It's --

Q Down in the Santa Rosa or what is it?

A It's -- I don't know whether it's Santa Rosa. It's in that redbed section above the Rustler; it's quite aways above the Rustler anhydrite. Santa Rosa, for want of any other name, would probably be fine. I've never

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1 correlated those formations in there.

2 Q Do you have any idea as to the quality of
3 the water that you're proposing to dispose?

4 A In parts per million?

5 Q Yes, sir.

6 A Well, basically all that Queen water is
7 somewhere between 150 and 175,000 parts chloride, parts per
8 million of chloride.

9 Q Pretty salty?

10 A Yeah, throughout that whole area, it --
11 every, almost every well is almost identical.

12 Q Now you show two wells on this -- on this
13 lease here, but the indication is that the No. 2 Well pumps
14 11 barrels of oil and 18 barrels of salt water per day. How
15 about the No. 1?

16 A The No. 1 is a little higher structurally
17 and it's making about 7 or 8 barrels of oil per day with no
18 water, but it's about 10, 11 feet higher structurally. The
19 No. 1 is, higher structurally than the No. 2.

20 Q How old is this No. 2 Well?

21 A We finished it the early part of August
22 of this year.

23 Q So chances are the production of water
24 will go up in that well, do you think?

25 A Mr. Examiner, maybe not. We've had -- well,

1 just to the south on that State C, we initially started out
2 at 40 or 50 barrels a day and it's just about 35 barrels of
3 water a day after four years; it has never increased.

4 Q Probably the Water/oil cut increases but
5 it's because the oil goes down.

6 A Right, that's correct. There's no water
7 drive but the water will -- I've seen it decrease -- in the
8 State C lease to the south the water has actually decreased
9 from where it was four years ago.

10 So this 18 barrels a day would probably
11 wind up at 15 barrels a day over the life of the lease.

12 Q I see.

13 A Or possibly less. That's what we've
14 found out there, that water will not increase. We've always
15 worried about that, but it never will -- we don't have one
16 case out of all the wells we've drilled where the water in-
17 creased, but the cut, like you said, the cut will increase
18 because the oil might go down to 2 barrels a day.

19 MR. NUTTER: Are there any further ques-
20 tions of Mr. Lampert?

21 MR. JENNINGS: I just have one. Mr.
22 Lampert, were Exhibits A and B prepared by you or under your
23 supervision?

24 A Yes, sir.

25 MR. JENNINGS: We offer plaintiff's Ex-

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1 hibits A and B.

2 MR. NUTTER: Exhibits A and B will be
3 received in evidence. Mr. Lampert is excused.

4 Do you have anything -- does anyone have
5 anything they wish to offer in Case Number 7032?

6 Do you have anything further, Mr. Jennings?

7 MR. JENNINGS: No, sir.

8 MR. NUTTER: We'll take the case under
9 advisement.

10
11 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is
a correct and true transcript of the hearing in
the case of 7032
heard by me on 10/1/80.

[Signature], Examiner
Oil Conservation Division

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I N D E X

LEON LAMPERT

Direct Examination by Mr. Jennings 3

Cross Examination by Mr. Hatter 10

E X H I B I T S

Applicant Exhibit A, Plat 4

Applicant Exhibit B, Map 6

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MR. HUSTON: Call new Case number 7032.

MR. PADILLA: Application of Dalport Oil Corporation for an exception to Order No. N-3221, Chaves County, New Mexico.

MR. JENNINGS: I'm James T. Jennings of Jennings and Christy, Roswell, appearing on behalf of the Applicant, Dalport Oil Corporation, and we will have one witness, Mr. Leon Lampert.

(Witness sworn.)

LEON LAMPERT

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, address, and your employer, and in what capacity?

A Leon Lampert, a geologist with Dalport Oil Corporation, 600 Building, Corpus Christi.

Q Mr. Lampert, I take it from the Examiner's question that you have appeared before this Commission on prior occasions and had your qualifications as a geologist accepted?

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1 A. Yes, sir.

2 MR. JENNINGS: Are the witness' qualifi-

3 cations accepted, Mr. Examiner?

4 MR. MUTTER: Yes, sir, they are.

5 Q Mr. Lameert, are you familiar with the

6 application filed on behalf of Dalport here in Case Number

7 7032?

8 A. Yes, sir.

9 Q Generally what is the nature of this ap-

10 plication, what do you seek?

11 A. We drilled a well, our No. 2 Holbrook B

12 in -- around the 1st of August and it's making salt water

13 and we're putting it into an unlined pit, and we would like

14 to have an exception to that ruling concerning disposal of

15 produced brine into an unlined pit.

16 Q Would you locate this well for the -- Mr.

17 Mutter?

18 A. The No. 2 Well is in Section 9 in the

19 northwest of the southwest, and it's marked on that Exhibit

20 A as No. 2, and it has the -- to the right of it it says

21 pumps 11 barrels of oil and 13 barrels salt water a day.

22 Q The disposal pit is at the tank battery

23 4 or 500 feet to the south, next -- well, it's just not ad-

24 jacent to the well. The map shows it's almost adjacent to

25 the well but it's about 4 or 500 feet to the south.

1 Mr. Laport, please refer to what has
2 been worked as Dalport's Exhibit A and identify that and tell
3 us what this reflects.

4 Exhibit A was made to show where water
5 was encountered in wells that were drilled in the area, cable
6 tool wells that had been previously drilled. Down at the
7 bottom of the page says fresh water in drilled areas. I'm
8 not positive it's fresh water or brackish water, but to the
9 north of our well, in the north part of Section 9, there was
10 a cable tool test that Dalport drilled, in the northeast
11 quarter of 9, and it had no water whatsoever.

12 Water is erratic in these cable tool
13 tests because to the west of our No. 2 Well there was no water
14 in the southeast quarter of Section 8. To the south of our
15 well in Section, oh, what is the section, that's 16, there
16 was no water in the cable test in the northeast quarter;
17 however, to the west of there in Section 17, one well in the
18 northeast quarter, the McClellan 117, did find some water
19 at the depth of 480 to 487 feet at the rate of 2-1/2 bailers
20 an hour.

21 To the south of that well in the southeast
22 quarter of Section 17 again a cable tool test had no water.
23 It just bears out -- we've seen this all over the country
24 over the past ten years. It's very erratic. There is no
25 shallow water that -- generally in the area that's

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1 being used, and has been even found, and we have seen this
2 all over about four townships.

3 Q Mr. Lampert, what depths is the water
4 encountered in the well that you spoke of?

5 A In the northeast of Section 17 it was at
6 480 to 487, and like I say, I'm not sure whether that was
7 actually fresh or whether it was brackish water.

8 Q To what depths were the wells drilled
9 that you spoke of that did not have any water?

10 A All these wells -- everything on there
11 has been drilled to the Queen at around 2400 feet, and the
12 references here, where it says no water, were cable tool
13 tests.

14 Q Mr. Lampert, would you refer to what has
15 been marked as Exhibit B --

16 A All right, on Exhibit B --

17 Q Before --

18 A Excuse me.

19 Q -- you refer to that, could you point out
20 on there, referring to Exhibit B, are you familiar with prior
21 cases involving acreage in this area wherein an exception to
22 Order R-3221 have been granted?

23 A Yes, sir.

24 Q Could you, referring to that exhibit,
25 locate these wells?

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1 A. Yes, Sir.
2 Q. And identify them?
3 A. Well, if we go back to Exhibit A, just
4 to the south of this proposed disposal pit in Section 16, we
5 obtained an order in Section 16, just immediately to the
6 south and adjacent to us, for our State O lease, about three
7 or four years ago. We obtained a no-pit order there.

8 To the northwest in the next township to
9 the north and in Section 31, this would be 14 South, 30, in
10 the west half the Dalport MICO lease, we had an exception
11 there. The -- in the township just to the west of where
12 we're proposing this one in Section 24, McClellan obtained a
13 no-pit order, or unlined pit order, in Section 24, and imme-
14 diately off the map to the left, just off of it in our South
15 Lucky Lake Queen Field in Section -- I believe it's Section
16 16 of 14 South -- of 15 South, 29, Dalport obtained two or-
17 ders; one was on the Todhunter Federal in the north half of
18 that section and on the Jones Federal lease on the south half
19 of that section.

20 So all in all, we've -- in the last eight
21 or nine years I think we have -- Dalport has acquired maybe
22 five exceptions and McClellan has acquired several that I
23 know of.

24 MR. NUTTER: What did you say those sec-
25 tions were to the west off the map, is it 15 or 16?

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1 A. It's just off the map and it would be --
2 let me see if I have something here that shows that. The map
3 stops and I'm just not sure about the section.

4 Q Is that shown on the map on Exhibit B,
5 Mr. Lampert?

6 A. No, sir, it's not shown that closely there.
7 It's not 16. It must be Section 15, yes, sir, because 16
8 would have been, I think, a State tract.

9 Section 22; part of that is on Section 22
10 of 16 South, 29.

11 Q Is that the Todhunter Federal Well?

12 A. Todhunter, isn't that 22? I think it's
13 22.

14 Q 22, 15, 29?

15 A. Right, and both leases were in the same
16 section, it would be Section 22 of 15, 29.

17 Q To refresh your recollection, was that
18 Case Number 4736 and Order No. 4327?

19 A. I believe so.

20 Q Now, Mr. Lampert, do you know of any
21 fresh water in the area that would be in any way contaminated
22 by your producing into this unlined pit?

23 A. I do not. Exhibit B refers to that.
24 That's an exhibit showing current fresh water wells being
25 used by the rancher in blue, and if you'll see, the water

1 flow, directional water flow was taken from a New Mexico
2 bulletin, New Mexico Bureau of Mines Bulletin, the direction
3 of water flow is to the southwest.

4 If you'll notice in blue, in the township
5 to the north of us there are two wells up in the northeastern
6 part of that township, that being 14 South, 30 East, they're
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8 the west in 14, 29, and then coming southward there's only
9 one producing well in 14 -- in 15 South, 29, that little
10 Lucky Lake, and then there's one more further southwest, but
11 there is no fresh water well within almost six miles of us.
12 So there isn't any way in the world we could damage any fresh
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15 Q Mr. Lampert, in your opinion will this --
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19 A No, sir.

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21 terest of conservation and prevent waste?

22 A Yes, sir.

23 MR. JENNINGS: I have nothing -- no fur-
24 ther questions of this witness.
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CROSS EXAMINATION

BY MR. NUTTER:

Q And, Mr. Lampert, you have an exception, you say, in the section immediately south of Section 9?

A Yes, sir.

Q That State C lease.

A Right, that's correct.

Q Do you know whether that exception was granted prior to or after this well in Section 17 discovered 2-1/2 bailers per hour at 480 feet?

A It was -- it was afterwards, because we offset the one -- the McClellan 117 was already in there when we drilled our first well.

Q It was?

A We offset that well, and like I said, I'm not sure whether that was actually fresh or brackish water. It was just noted on their report as water.

Q What formation would that be at 480 to 89?

A It's --

Q Down in the Santa Rosa or what is it?

A It's -- I don't know whether it's Santa Rosa. It's in that redbed section above the Rustler; it's quite aways above the Rustler anhydrite. Santa Rosa, for want of any other name, would probably be fine. I've never

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 correlated those formations in there.

2 Q Do you have any idea as to the quality of
3 the water that you're proposing to dispose?

4 A In parts per million?

5 Q Yes, sir.

6 A Well, basically all that Queen water is
7 somewhere between 150 and 175,000 parts chloride, parts per
8 million of chloride.

9 Q Pretty salty?

10 A Yeah, throughout that whole area, it --
11 every, almost every well is almost identical.

12 Q Now you show two wells on this -- on this
13 lease here, but the indication is that the No. 2 Well pumps
14 11 barrels of oil and 18 barrels of salt water per day. How
15 about the No. 1?

16 A The No. 1 is a little higher structurally
17 and it's making about 7 or 8 barrels of oil per day with no
18 water, but it's about 10, 11 feet higher structurally. The
19 No. 1 is, higher structurally than the No. 2.

20 Q How old is this No. 2 Well?

21 A We finished it the early part of August
22 of this year.

23 Q So chances are the production of water
24 will go up in that well, do you think?

25 A Mr. Examiner, maybe not. We've had -- well,

1 just to the south on that State C, we initially started out
2 at 40 or 50 barrels a day and it's just about 35 barrels of
3 water a day after four years; it has never increased.

4 Q Probably the Water/oil cut increases but
5 it's because the oil goes down.

6 A Right, that's correct. There's no water
7 drive but the water will -- I've seen it decrease -- in the
8 State C lease to the south the water has actually decreased
9 from where it was four years ago.

10 So this 18 barrels a day would probably
11 wind up at 15 barrels a day over the life of the lease.

12 Q I see.

13 A Or possibly less. That's what we've
14 found out there, that water will not increase. We've always
15 worried about that, but it never will -- we don't have one
16 case out of all the wells we've drilled where the water in-
17 creased, but the cut, like you said, the cut will increase
18 because the oil might go down to 2 barrels a day.

19 MR. NUTTER: Are there any further ques-
20 tions of Mr. Lampert?

21 MR. JENNINGS: I just have one. Mr.
22 Lampert, were Exhibits A and B prepared by you or under your
23 supervision?

24 A Yes, sir.

25 MR. JENNINGS: We offer plaintiff's Ex-

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 451-7499

1 hibits A and B.

2 MR. NUTTER: Exhibits A and B will be
3 received in evidence. Mr. Lampert is excused.

4 Do you have anything -- does anyone have
5 anything they wish to offer in Case Number 7032?

6 Do you have anything further, Mr. Jennings?

7 MR. JENNINGS: No, sir.

8 MR. NUTTER: We'll take the case under
9 advisement.

10
11 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

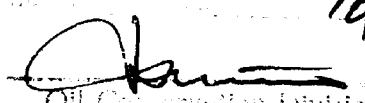
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a true and correct copy of the transcript
of the hearing held on 10/1 1980
7032
80
 , Examiner
Oil Conservation Division



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING

GOVERNOR

LARRY KEMOE

SECRETARY

October 23, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. James Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: CASE NO. 7032
ORDER NO. RL6491

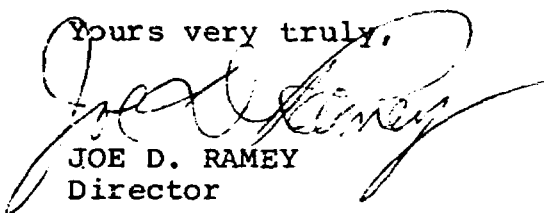
Applicant:

Dalport Oil Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD _____
Artesia OCD X _____
Aztec OCD _____

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7032
Order No. R-6491

APPLICATION OF DALPORT OIL
CORPORATION FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of October, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dalport Oil Corporation, is the owner and operator of the Holbrook "B" Federal Lease comprising the SW/4 of Section 9, Township 15 South, Range 30 East, NMPM, Vest Ranch-Queen Pool, Chaves County, New Mexico.

(3) That Order (3) of Division 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 wells on applicant's above-described lease into an unlined surface pit located in Units L and M of said Section 9.

(7) That applicant's Holbrook "B" Federal Lease produces approximately 18 barrels of water per day.

(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 to prevent the waste of oil and gas in said Vest Ranch-Queen Pool, authority to dispose of produced water from applicant's Holbrook "B" Federal Lease in an unlined surface pit on said lease should be granted.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dalport Oil Corporation, is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Holbrook "B" Federal Lease comprising the SW/4 of Section 9, Township 15 South, Range 30 East, NMPM, Vest Ranch-Queen Pool, Chaves County, New Mexico, in an unlined surface pit located in Units L and M of said Section 9.

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

-3-

Case No. 7032
Order No. R-6491

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

S E A L

dr/

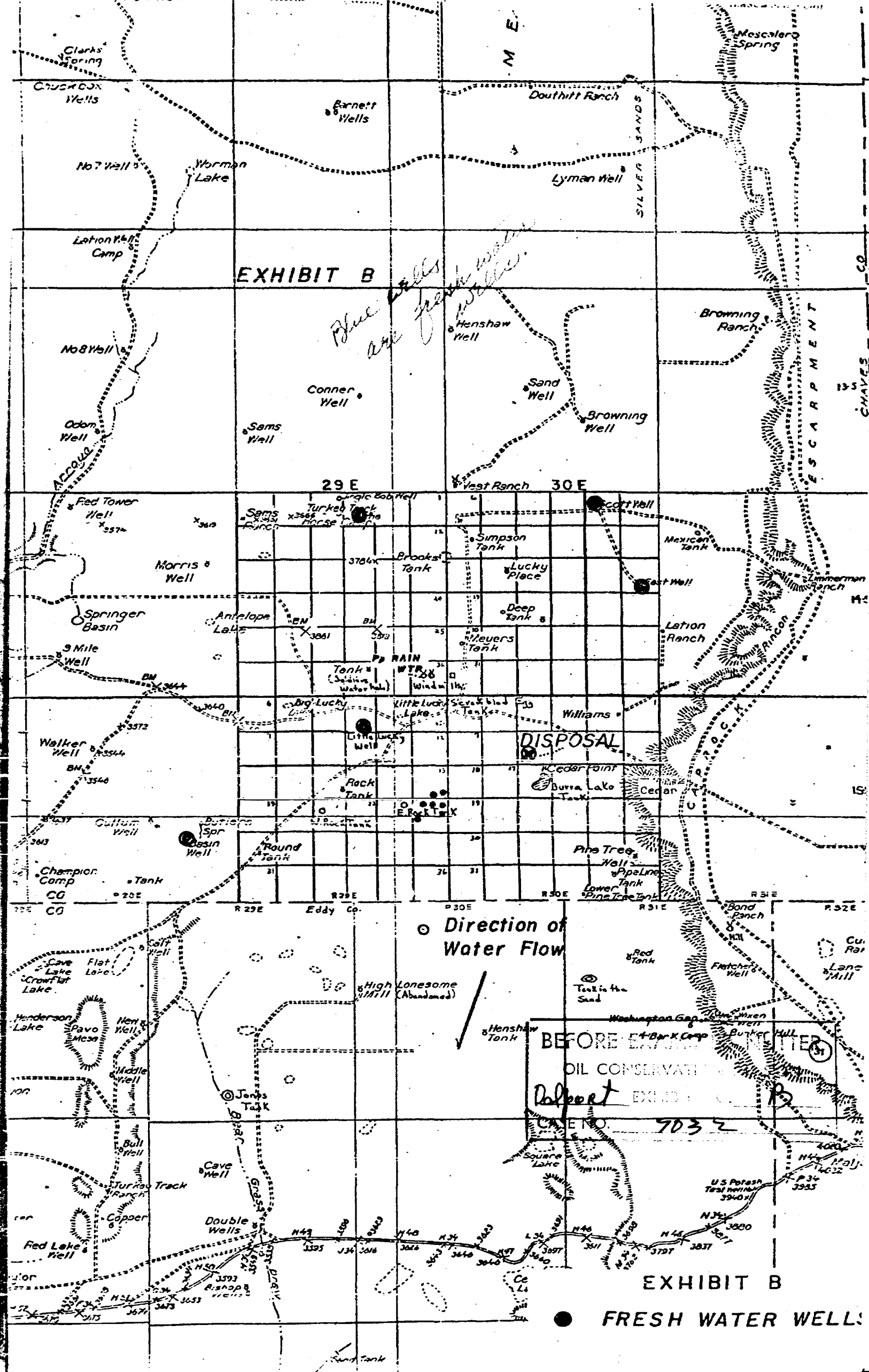


EXHIBIT B

Blue Wells are fresh water wells.

Direction of Water Flow

BEFORE E. & B. K. CAMP
OIL CONSERVATION
REPORT
EXHIBIT B
CASE NO. 7032

EXHIBIT B

FRESH WATER WELLS

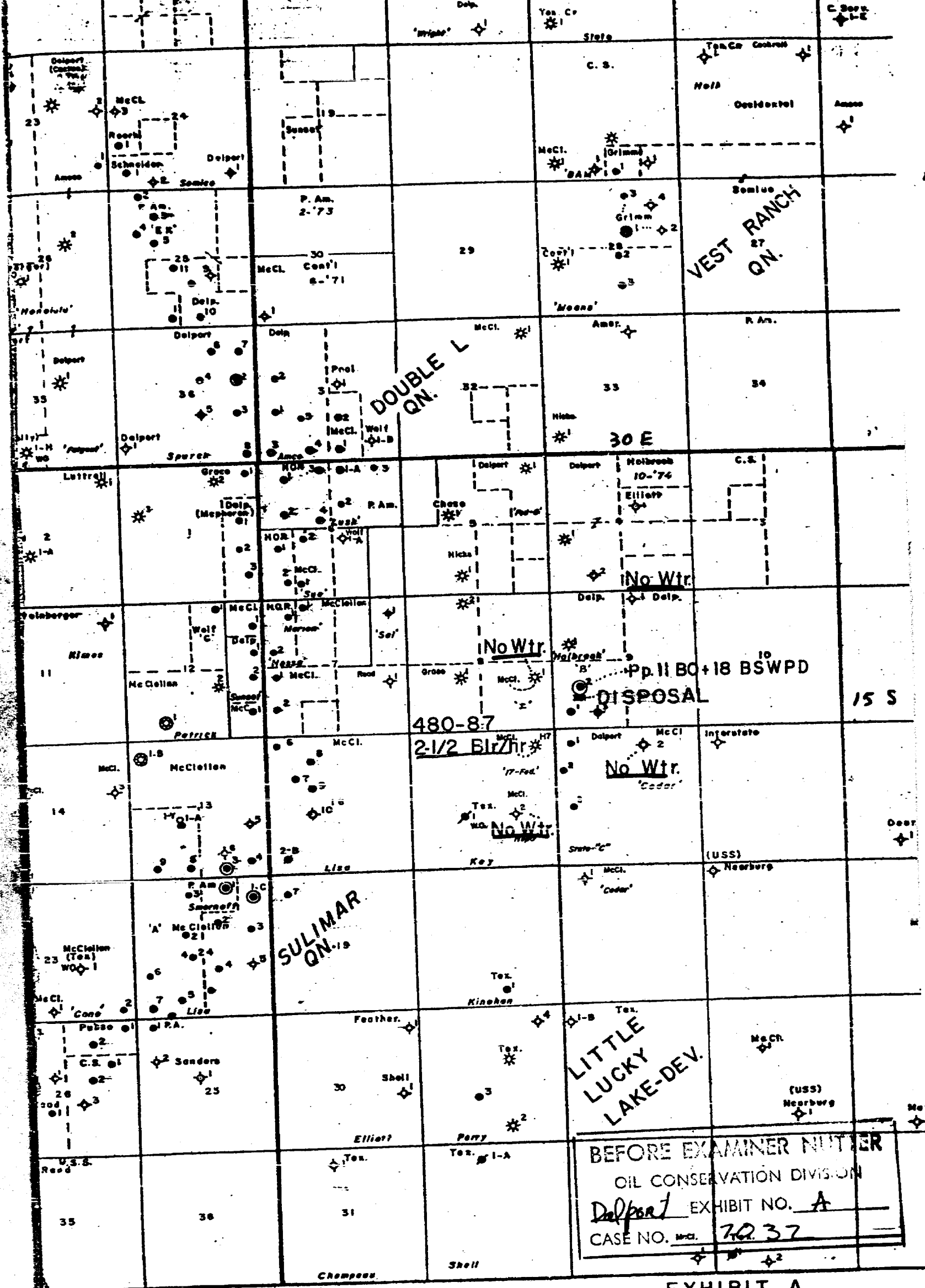
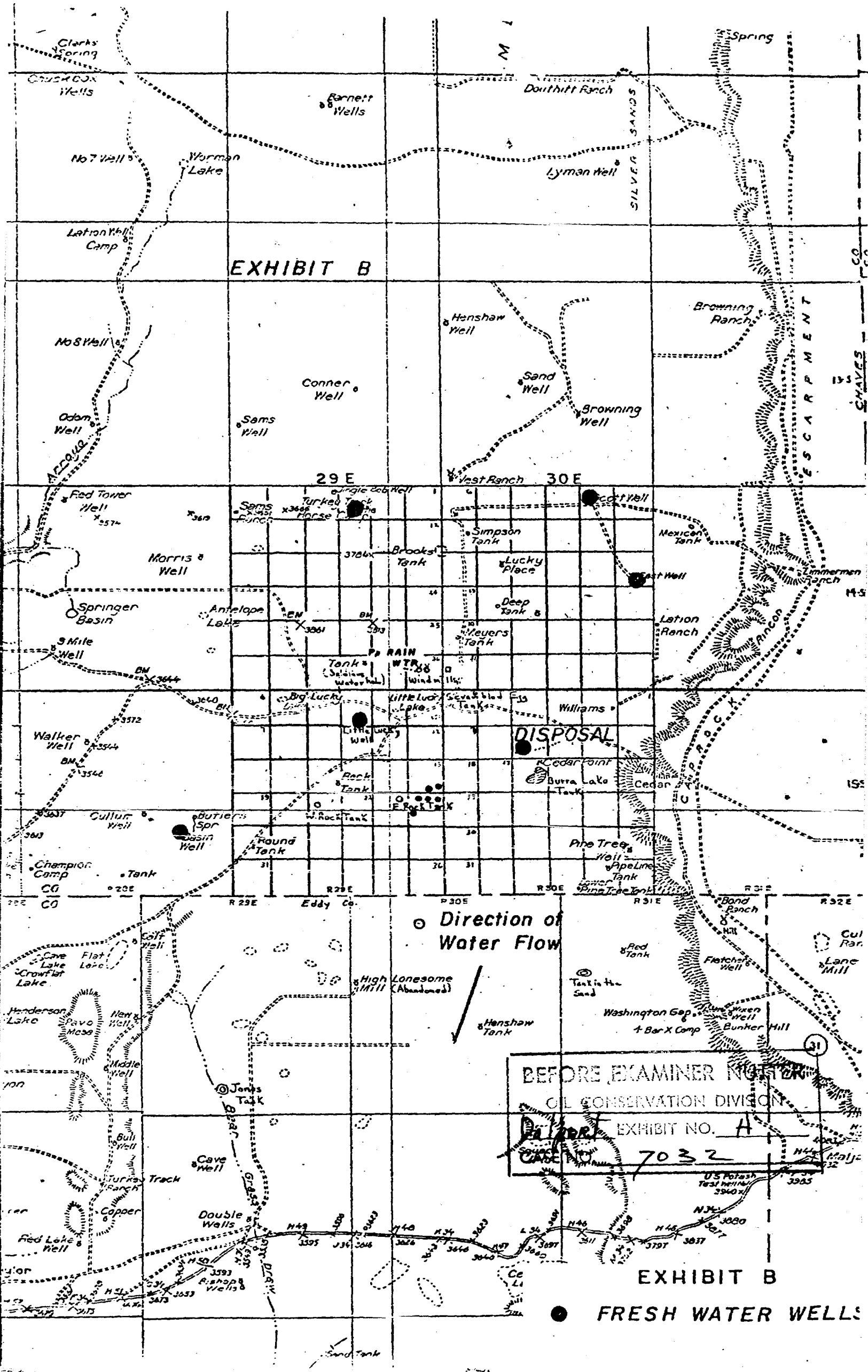


EXHIBIT A

FRESH WATER IN
DRILLED WELLS



Dockets Nos. 31-80 and 32-80 are tentatively set for October 15 and 29, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 1, 1980

9 A.M. - OIL CONSERVATION DIVISION 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 7029: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its special rules and procedures for the designation of "tight formation", promulgated by Division Order No. R-6388, to comply with FERC Order No. 99, issued August 15, 1980, promulgating final regulations with respect to Section 107 of the NGPA.
- CASE 7030: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878, as amended. The proposed amendments relate to individual well filings for price category determination as "tight formation" gas under Section 107 of the NGPA.
- CASE 7031: Application of Coronado Exploration Corp. for a unit agreement, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Mesa Leon Unit Area, comprising 15,680 acres, more or less, of State, Federal, and fee lands in Township 6 North, Range 17 East.
- CASE 7007: (Continued from September 3, 1980, Examiner Hearing)
Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Morrow and Atoka production in the wellbore of its North Travis 12 Deep Well No. 1 located in Unit O of Section 12, Township 18 South, Range 28 East.
- CASE 7023: (Continued from September 17, 1980, Examiner Hearing)
Application of Shell Oil Company for pool creation and temporary special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Pennsylvanian oil pool for its Askew Well No. 1 located in Unit L of Section 2, Township 5 South, Range 33 East, and the promulgation of special pool rules therefor, including a provision for 80-acre spacing.
- CASE 7019: (Continued from September 17, 1980, Examiner Hearing)
Application of Amoco Production 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 30, Township 23 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7032: Application of Dalport Oil Corporation for an exception to Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located between Units L and M of Section 9, Township 15 South, Range 30 East.
- CASE 7033: Application of Adams Exploration Inc. for three non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three 80-acre non-standard proration units in the Vada-Pennsylvanian Pool, comprising the following acreage: SE/4 NE/4 and NE/4 SE/4 of Section 12, N/2 NE/4 of Section 12, and S/2 SE/4 of Section 2, all in Township 9 South, Range 34 East.
- CASE 6940: (Continued from August 20, 1980, Examiner Hearing)
Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6996: (Continued from September 3, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7034: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its Atlantic Well No. 1 located in Unit O of Section 32, Township 26 North, Range 6 West.

CASE 7035: Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallegos-Gallup and Basin-Dakota production in the wellbore of its Delhi Taylor Well No. 1 located in Unit M of Section 4, Township 26 North, Range 11 West.

CASE 7036: Application of J. Gregory Merrion for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 34, Township 25 North, Range 6 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7037: Application of Mesa Petroleum Co. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbore of its State Com AF Well No. 28 located in Unit I of Section 36, Township 29 North, Range 10 West.

CASE 7020: (Continued from September 3, 1980, Examiner Hearing)

Application of Mesa Petroleum Co. for pool creation, special pool rules and an oil discovery allowable, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup oil pool for its South Blanco Federal Well No. 1-6 located in Unit A of Section 6, Township 23 North, Range 7 West, and special rules therefor, including a provision for 80-acre spacing units. Applicant further seeks a discovery allowable for the aforesaid well.

CASE 6822: (Continued from September 17, 1980, Examiner Hearing)

In the matter of Case 6822 being reopened pursuant to the provisions of Order No. R-6293 which order created the West Double X-Wolfcamp Gas Pool as a retrograde gas condensate pool and set special production limitations therein. Operator(s) may appear and present evidence to establish the true nature of the reservoir and proper rates of withdrawal therefrom.

CASE 7038: Application of Natura Energy Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NE/4 of Section 6, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7039: Application of Red Mountain & Associates for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Chaco Wash-Mesaverde Oil Pool by the injection of water into the Chaco Wash Sand formation through eight wells at various orthodox and unorthodox locations in Section 28 of Township 20 North, Range 9 West.

CASE 7040: Application of Belco Petroleum Corporation for reclassification or a new gas pool and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Wilson Strawn Pool as a gas pool or, in the alternative, the creation of a new gas pool for its State 12 Well No. 1 located in Unit G of Section 12, Township 21 South, Range 34 East; applicant further seeks approval of a standard gas proration unit for said well comprising the E/2 of said Section 12, or in the alternative, a non-standard unit comprising the NE/4, N/2 SE/4 and SE/4 SE/4 of said Section 12.

CASE 6618: (Reopened and Readvertised)

In the matter of Case 6618 being reopened pursuant to the provisions of Order No. R-6103 which order created the Travis-Yates Gas Pool in Eddy County, New Mexico, with temporary special rules and regulations including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing units.

CASE 6648: (Reopened and Readvertised)

In the matter of Case 6648 being reopened pursuant to the provisions of Order No. R-6124 which order promulgated temporary special rules and regulations for the North Caprock-Mississippian Pool in Lea County, New Mexico, including a provision for 160-acre spacing and a 4000 to one gas-oil ratio limitation. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing with a 2000 to one GOR.

JAMES T. JENNINGS
SIM B. CHRISTY IV
DEAN G. CONSTANTINE

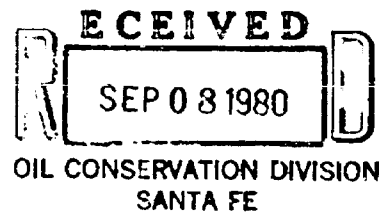
LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

September 5, 1980

Case 7032

Joe D. Ramey, Director
Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501



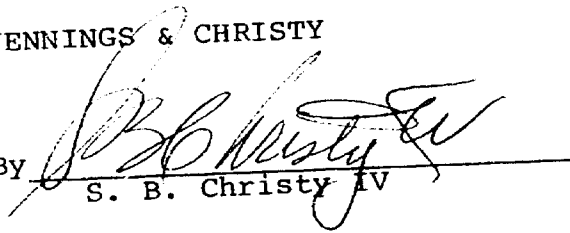
Dear Sir:

In behalf of our client Dalport Oil Corporation, we enclose herewith in triplicate Application for disposal of salt water in connection with Dalport's No. 2 Holbrook Federal "B" Well in Section 9 of Township 15 South, Range 30 East, N.M.P.M., Chaves County, New Mexico.

It would be appreciated if the Division would consider, after notice, setting the matter for its earlier Examiner hearing.

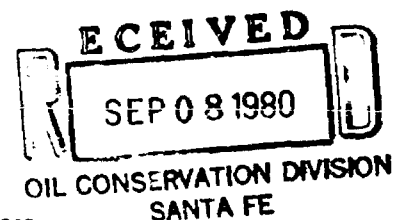
Respectfully,

JENNINGS & CHRISTY

By 
S. B. Christy IV

SBC/jy
Encl.

cc: Dalport Oil Corporation (Dallas)
Dalport Oil Corporation (Corpus Christi)



BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DALPORT OIL CORPORATION FOR A PERMIT
FOR THE DISPOSAL OF SALT WATER
PRODUCED FROM THE DALPORT NO. 2
HOLBROOK FEDERAL "B" WELL LOCATED
IN UNIT L OF SECTION 9, TOWNSHIP
15 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 7032

APPLICATION

COMES NOW Dalport Oil Corporation, a Delaware corporation
(Dalport), authorized transact business in the State of New Mexico,
and states:

1. Dalport is the operator of a producing oil well in Unit L
of Section 9, Township 15 South, Range 30 East, N.M.P.M., Chaves
County, New Mexico, located approximately 1,650 feet from the South
line and 990 feet from the West line of said Section 9, which well
produces oil and associated hydrocarbons in paying quantities;
in addition to oil, said well produces approximately 18 barrels
of salt water per day.

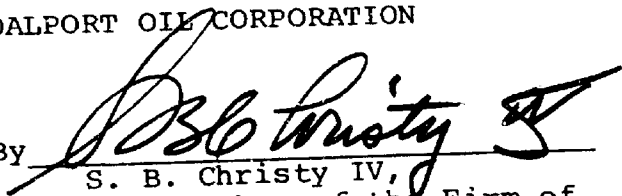
2. By this Application, Dalport seeks to dispose of produced
water from said well into an unlined pit located between Units L
and M of said Section 9. It is the information and belief of
Dalport that there are no fresh water bearing formations in the
area of said well and pit which might be contaminated by the
continued disposal of salt water from said well into said pit,
and that no correlative rights would be violated as a result of
such authority. That in order to prevent waste without the
violation of correlative rights of any interested party, Dalport

should be granted authority to dispose of salt water produced from said well into said pit.

WHEREFORE, Dalport Oil Corporation respectfully requests the Division to set the above matter down for hearing, and after notice and hearing, to enter an Order permitting the disposal of salt water produced from the Dalport No. 2 Holbrook Federal "B" Well into a pit, or any supplemental, amended or substitute pits, located between Units L and M of Section 9; and for all proper relief.

DALPORT OIL CORPORATION

By


S. B. Christy IV,
As a Member of the Firm of
Jennings & Christy
P. O. Box 1180
Roswell, New Mexico 88201

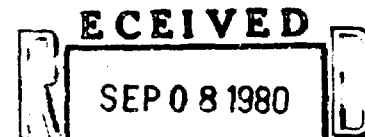
ATTORNEYS FOR THE APPLICANT

cc: United States Geological Survey
Albuquerque, New Mexico

cc: Commissioner of Public Lands
of the State of New Mexico

cc: Dalport Oil Corporation (Dallas)

cc: Dalport Oil Corporation (Corpus Christi)



BEFORE THE OIL CONSERVATION DIVISION
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
SANTA FE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DALPORT OIL CORPORATION FOR A PERMIT
FOR THE DISPOSAL OF SALT WATER
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HOLBROOK FEDERAL "B" WELL LOCATED
IN UNIT L OF SECTION 9, TOWNSHIP
15 SOUTH, RANGE 30 EAST, N.M.P.M.,
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CASE NO. 7032

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in addition to oil, said well produces approximately 18 barrels
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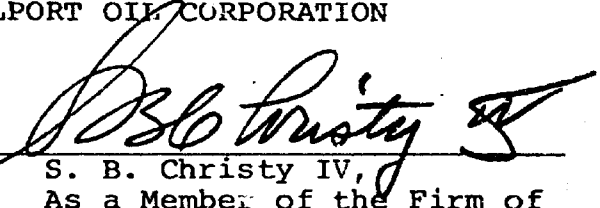
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continued disposal of salt water from said well into said pit,
and that no correlative rights would be violated as a result of
such authority. That in order to prevent waste without the
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WHEREFORE, Dalport Oil Corporation respectfully requests the Division to set the above matter down for hearing, and after notice and hearing, to enter an Order permitting the disposal of salt water produced from the Dalport No. 2 Holbrook Federal "B" Well into a pit, or any supplemental, amended or substitute pits, located between Units L and M of Section 9; and for all proper relief.

DALPORT OIL CORPORATION

By


S. B. Christy IV,
As a Member of the Firm of
Jennings & Christy
P. O. Box 1180
Roswell, New Mexico 88201

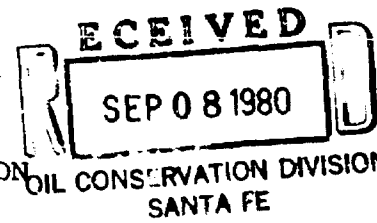
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cc: Commissioner of Public Lands
of the State of New Mexico

cc: Dalport Oil Corporation (Dallas)

cc: Dalport Oil Corporation (Corpus Christi)



BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DALPORT OIL CORPORATION FOR A PERMIT
FOR THE DISPOSAL OF SALT WATER
PRODUCED FROM THE DALPORT NO. 2
HOLBROOK FEDERAL "B" WELL LOCATED
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CHAVES COUNTY, NEW MEXICO.

CASE NO. 2032

APPLICATION

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in addition to oil, said well produces approximately 18 barrels
of salt water per day.

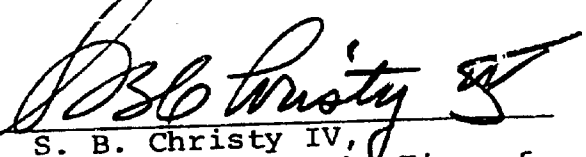
2. By this Application, Dalport seeks to dispose of produced
water from said well into an unlined pit located between Units L
and M of said Section 9. It is the information and belief of
Dalport that there are no fresh water bearing formations in the
area of said well and pit which might be contaminated by the
continued disposal of salt water from said well into said pit,
and that no correlative rights would be violated as a result of
such authority. That in order to prevent waste without the
violation of correlative rights of any interested party, Dalport

should be granted authority to dispose of salt water produced from said well into said pit.

WHEREFORE, Dalport Oil Corporation respectfully requests the Division to set the above matter down for hearing, and after notice and hearing, to enter an Order permitting the disposal of salt water produced from the Dalport No. 2 Holbrook Federal "B" Well into a pit, or any supplemental, amended or substitute pits, located between Units L and M of Section 9; and for all proper relief.

DALPORT OIL CORPORATION

By


S. B. Christy IV,
As a Member of the Firm of
Jennings & Christy
P. O. Box 1180
Roswell, New Mexico 88201

ATTORNEYS FOR THE APPLICANT

- cc: United States Geological Survey
Albuquerque, New Mexico
- cc: Commissioner of Public Lands
of the State of New Mexico
- cc: Dalport Oil Corporation (Dallas)
- cc: Dalport Oil Corporation (Corpus Christi)

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7032

ORDER NO. R-6491

APPLICATION OF DALPORT OIL CORPORATION

FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, CHAVES COUNTY,

NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this day of October, 19 80, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Dalport Oil Corporation, is
the owner and operator of the Hallbrook "B" Federal Lease
comprising the SW 1/4
located in Unit of Section 9, Township 15 South,
Range 30 East, NMPM, Vest Ranch Pool,
Chaves County, New Mexico.

(3) That Order (3) of Division 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 ^{Wells on} applicant's above-described ^{lease} ~~well~~ into an unlined surface pit located in Units ^A ~~L/~~ ^{and M} of said Section 9.

(7) That applicant's Holbrook "B" Federal Lease produces approximately 18 barrels of water per day.

(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 nature of the reservoir of said _____ Pool is such that reinjection of produced water into said reservoir would result in greater ultimate recovery of oil and gas therefrom thereby preventing waste.~~

(9) ~~That~~ That to prevent the waste of oil and gas in said Vest Ranch - Queen Pool, ~~permanent~~ authority to dispose of produced water from applicant's Holbrook "B" Federal Lease in an unlined surface pit on said lease should be granted.

~~(11) That the applicant should be permitted to dispose of water produced from said _____ in an unlined surface pit on said lease until _____~~

IT IS THEREFORE ORDERED:

(1) That the applicant, Dalport Oil Corporation, is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its Halbrook "B" Federal Lease comprising the SW 1/4 of Section 9, Township 15 South, Range 30 East, NMPM, Vest Ranch - Queen Pool, Chaves County, New Mexico, in an unlined surface pit located in Units L/ and M of said Section 9. ~~until _____, 19____~~

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

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

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