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September 15, 1995

Mr. Michael E. Stogner
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Case No. 11358 - Application of Nearburg Exploration Company
to Terminate Salt Water Disposal

Dear Mike:

Enclosed is the Order that Nearburg Exploration Company
proposes to be entered in the referenced case and the disk suitable
for WordPerfect 5.1.

If you have any questions regarding this proposed order,
please let me know.

Very truly yours,

TURNER & DAVIS

By: 
J. Randy Turner

JRT/lf
Enclosures

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 11358

APPLICATION OF NEARBURG EXPLORATION COMPANY
TO TERMINATE SALT WATER DISPOSAL INTO CERTAIN
INJECTION WELLS BY RESCINDING NMOCD PERMIT SWD-336
AND BY RESCINDING ORDER R-7637 FOR ANADARKO
PETROLEUM CORPORATION'S OSAGE WELL NO. 1
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came up for hearing at 8:15 a.m. on September 7, 1995, at Santa Fe, New Mexico, before Examiner, Michael E. Stogner.

NOW, on this _____ day of _____, 1995, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The Applicant, Nearburg Exploration Company, seeks the termination of injection of salt water into two certain disposal wells by rescinding Division Administrative Order SWD-336 and Division Order No. R-7637.

(3) Division Administrative Order SWD-336 granted Yates Petroleum Corporation the right to operate as a salt water disposal well, its Osage No. 1 SWD Well, located 1,980 feet from the north line and 1,980 feet from the east line (Unit G) of Section 21, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, by injecting produced salt water into the Canyon Formation.

(4) Order No. R-7637, dated August 23, 1984, authorized Anadarko Petroleum Corporation to dispose of produced salt water into the Cisco/Canyon Formation through its Dagger Draw SWD Well

No. 1, located 1,495 feet from the north line and 225 feet from the west line (Unit E) of said Section 22.

(5) N.M. Stat. Ann. SS70-2-12B.(4) (1978) requires the Division to protect any stratum which is capable of production of oil or gas in commercial quantities from any encroachment of water which would reduce or tend to reduce the ultimate recovery of oil or gas from any oil or gas pool.

(6) Since the date that NMOCB Permit SWD-336 and Order R-7637 were issued, the development of the Dagger Draw field has extended to the area surrounding the Yates Osage No. 1 Well and the Anadarko Dagger Draw SWD Well No. 1.

(7) Continued disposal of water into the Yates Osage No. 1 SWD Well and the Anadarko Dagger Draw SWD Well No. 1 could reduce or tend to reduce the ultimate recovery of oil or gas from the Cisco/Canyon Formation in the Dagger Draw field.

(8) Accordingly, in order to protect the ultimate recovery of oil or gas from the Cisco/Canyon Formation in the Dagger Draw field, and in order to prevent waste and to protect correlative rights, it is necessary to cease the injection of produced water into the Yates Osage No. 1 SWD Well and the Anadarko Dagger Draw SWD Well No. 1.

IT IS THEREFORE ORDERED THAT:

(1) Yates Petroleum Corporation shall immediately cease injection water into its Osage No. 1 SWD Well, as described above.

(2) Anadarko Petroleum Corporation shall immediately cease injecting water into the Anadarko Dagger Draw SWD Well No. 1, as described above.

(3) Yates Petroleum Corporation shall, within thirty (30) days from the date of this order, plug and abandon its Osage No. 1 SWD Well in accordance with the rules and regulations of the Division.

(4) Anadarko Petroleum Corporation shall, within thirty (30) days from the date of this order, plug and abandon its Dagger Draw SWD Well No. 1 in accordance with the rules and regulations of the Division.

(5) 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 CONSER-
VATION DIVISION**

WILLIAM J. LEMAY, Director