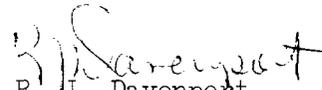


is approximately  $1\frac{1}{2}$  miles. Pump and pipe line facilities to move produced water to this well are estimated to cost \$9,920.00. Disposal charges at the injection well would be five cents (\$0.05) per barrel, resulting in a \$4.00 per day or \$120.00 per month disposal charge. This procedure would again place the well at the economic limit immediately.

Wherefore, there are no fresh water zones in the subject area, and disposal of produced water would result in premature abandonment resulting in the loss of additional natural resources, applicant requests the Commission grant an exception to the "No Pit" rule on the subject one-well lease. Should the Commission not grant this exception administratively, applicant desires it be set for hearing at the next regularly scheduled date for hearings before the Commission.

Very truly yours,

MACDONALD OIL CORPORATION

  
R. U. Davenport  
Division Engineer

RJD:mh

cc: USGS - Artesia, New Mexico

Att: Figure 1 - Production Decline Curve  
Figure 2 - Lease Plat  
Figure 3 - Monthly Production Tabulation  
Figure 4 - 1 copy Radioactivity Log



MACDONALD OIL CORPORATION

711 PETROLEUM LIFE BLDG

MIDLAND, TEXAS 79701

December 12, 1968

DEC 13 1968 AM 8 34

*Set for hearing  
Jan 15?  
Class H-27*

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

Attention: Mr. A. L. Porter, Jr.  
Secretary-Director

Re: Application of Macdonald Oil Corporation for Administrative Approval for Exception to the "No Pit" Rule on it's Sinclair Parke Lease, Jackson Abo Pool, Section 22, T-17-S, R-30-E, Eddy County, New Mexico

Gentlemen:

Macdonald Oil Corporation hereby requests administrative approval for an exception to the "No Pit" rule on its Sinclair Parke #1 Well located 2310 feet from the North line and 2308 feet from the West line, Unit Letter F, Section 22, T-17-S, R-30-E, Jackson Abo Pool, Eddy County, New Mexico. In support of this request we would like to present the following:

1. There are no fresh water formations in the area, as evidenced by the fact that residents of the community of Loco Hills, New Mexico, and the surrounding area, rely on pipe line water from the Caprock Area in Lea County, located several miles East of the area in question.
2. Operators in the immediate vicinity are also required to purchase Caprock Area water or Red Lake water (Artesia Water Basin located several miles West of the subject area) to initiate and maintain secondary recovery operations by waterflood.
3. The attached production decline curve, Exhibit No. 2, indicates there will be an additional recovery of 14,170 barrels of oil to an economic limit of 200 barrels of oil per month. Transportation and disposal charges of twenty-three cents (\$0.23) per barrel for water disposal at the current water production rate of 80 barrels of water per day would cost approximately \$18.40 per day or \$552.00 per month. This would place the well at the economic limit immediately.
4. The nearest water disposal system operated by a producing company

DOCKET MAILED

Date 1-7-69