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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 9, 1970

EXAMINER HEARING

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)
IN THE MATTER OF:)

Application of Keohane)
and Westall for an)
exception to Order No.)
R-3221, as amended,)
Eddy County, New Mexico }

Case No. 4408

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)
BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Case 4408.

MR. HATCH: 4408, application of Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. JENNINGS: I am James Jennings of Jennings, Christy and Coppins, Roswell, appearing on behalf of Keohane and Westall.

B. M. KEOHANE,

a witness, first being duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, please?

A B. M. Keohane.

Q Mr. Keohane, are you the operator, one of the operators, of a well located in Lot 2 of Section 2, Township 19 South, Range 31 East?

A Lot 4.

Q Lot 4?

A Yes.

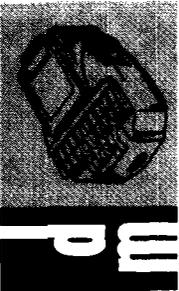
Q Are there other lands embraced in this lease?

A Another forty to the southwest-southwest to the northwest.

Q You and Mr. Gerald Westall are the operators?

A Yes, sir.

Q What is the exact location of the well or wells on this



property?

A The well that is on this property now is 990 from the north and 330 from the west line from Section 2.

Q What pool is that located in?

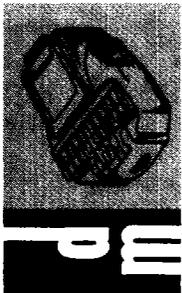
A In the Shugart Pool.

Q When was that well drilled, Mr. Keohane?

A That was quite a few years ago and we let it sit a long time and as it was a dry hole in the Yates, we carried it on down to the Queen. I'd say it's been producing about six years.

Q What has been the production from that well during the last two or three months?

A Well, Atlantic has instituted waterflood north of it and they put an injection line pretty close to the north line of Section 2 and along in April we got an increase from our oil, from our normal settled production of eight barrels per day to about twenty-five barrels and we had to get an increase in allowable to run the oil and that went along for that month and the next month it fell off and now it's back to eight barrels but we get about twenty-five barrels of water with our oil and we didn't used to have any water and that is the reason we didn't apply for an exception when the Mask-Jennings-Keohane-Westall lease to the east 4169 was applied for a year ago last July and now it's necessary for us to apply on



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this other eighty.

Q You seek to dispose of the salt water produced in this well and any other wells you might drill on the eighty acre lease into an unlined pit in Lot 4 of Section 2?

A That's correct.

Q Mr. Keohane, to your knowledge is there any fresh or potable water in the vicinity?

A Not that anyone uses. There is a little up in there, an old well we drilled years ago in the old Hinkel lease that we sold the water. The people showed this as being potable but there wasn't very much of it and not being used from at the present time.

Q Where do the ranchers in the vicinity get their water?

A All of them get their water from the Potash Company's pipeline.

Q Are there other operators who are disposing of the water into open, unlined pits in the area?

A Yes, the offsetting 240 acres to the east is exception No. 4169.

Q Mr. Keohane, are you referring, looking at what has been marked as Applicant's Exhibit 1?

A That's correct.

Q That's a plat of the area?

A That's correct.

Q When you refer to the exception No. 4122 to the east,

is that a Pan-American?

A 4169 is the Mask-Jennings-Keohane and Westall exception.

Q When was that granted?

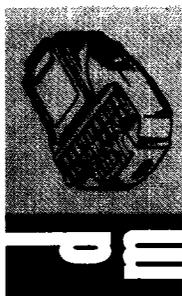
A That was in July of last year.

Q Referring to that same exhibit, what other exceptions are shown?

A To the north, one mile north, the east half of Section 27 is the Pan-American's exception 4132 and then the V. S. Welch exception is the northwest quarter and the north half of the southwest quarter of Section 27. That's exception 4024 and the V. S. Welch exception being the northeast quarter of Section 28 is 4146, exception number.

Q Mr. Keohane, are you familiar with the Gulf lease, which is located in Section 22, Township 18 South, Range 31 East?

A Section 22 is a Gulf lease that was a lease that was bought in Washington, the east half of Section 21 is the Keohane Federal of the Gulf and they drilled a well in the northeast to the southeast or the southeast to the northeast, I am sorry, their No. 3 and attempted to make a Delaware well and didn't and they used that for some time for an injection well and then later, after the Welch and Pan-American's exceptions were granted, I am sure they obtained an exception and started using open pits instead



of injecting the water.

Q Are you familiar with the number of wells that have been drilled in this vicinity, Mr. Keohane?

A A number of them.

Q With a number of wells?

A Yes.

Q Have you participated in the drilling of them?

A Over sixty.

Q Have you encountered any fresh water?

A No, we have not.

Q Do you feel, Mr. Keohane, that it would prevent economic waste if you are allowed to dispose of water into an open, unlined pit in this area?

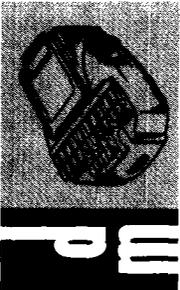
A I am sure it would because I don't know how we would do it. There is no one else injecting it and it is the only well we have.

Q No one else injecting it.

MR. JENNINGS: That is all at this time. We would like to offer -- was Exhibit No. 1 prepared by you or under your supervision?

A I prepared them.

MR. JENNINGS: We would like to offer this exhibit and we would also like to offer the testimony that was presented before the Commission in Case 4024, 4132, 4146, and 4169. We



have nothing further.

MR. NUTTER: Exhibit No. 1 will be admitted in evidence and by reference we will incorporate the records of Cases 4024, 4132, 4146 and 4169, is that correct?

A Yes, sir.

MR. NUTTER: Mr. Keohane, you just mentioned the well there at the lease house?

A Yes.

Q And on previous testimony, I know you have given the location on that, whereabouts is that?

A It is in the -- let me see that map -- by the house, the old Cothart, the old Shugart Well. It is in the southwest of the northwest of Section 35, I would say probably about, well, that well, 660, probably about 330 from the west line.

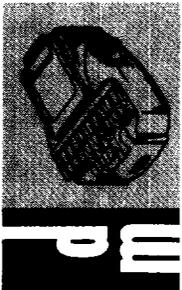
MR. NUTTER: Right near that "S" in the word Shugart?

A No, that number one in the northwest to the southwest 235 is the old original Cothart Well. I mean the northwest to the southwest.

MR. NUTTER: Northwest to southwest?

A Yes, the well is shown. I had it up there.

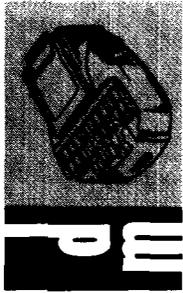
MR. NUTTER: That well would be in the opposite direction from the pit that the drainage is into in this exempt area?



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A Our pits are down in the northwest to the southwest.
Our pits farther down than the well, quite a bit.

MR. NUTTER: Anything further, Mr. Jennings?

MR. JENNINGS: No, sir.

MR. NUTTER: Any more questions of the witness?

You may be excused. If you have nothing further in Case 4408,
the case will be taken under advisement.

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