

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*M.S.*

IN THE MATTER OF THE HEARING )  
CALLED BY THE OIL CONSERVATION )  
DIVISION FOR THE PURPOSE OF )  
CONSIDERING: APPLICATION OF )  
V-F PETROLEUM, INC. FOR SALT )  
WATER DISPOSAL BY INJECTION )  
INTO A POROUS FORMATION, LEA )  
COUNTY, NEW MEXICO )

Docket No.

*Case 8591*

OBJECTION BY JOHN JAMES MOTSCH TO  
APPLICATION FOR SALT WATER DISPOSAL

COMES NOW John James Motsch, R. R. #1, Box 71, Lovington, New Mexico, 88260, and files his objection to the Division approving the Application of V-F Petroleum, Inc. for authority to dispose of salt water by injection into a porous formation, namely, the Devonian Formation in the Mayme Graham #1 Well located 660 feet from the South line and 1,980 feet from the West line of Section 9, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and, for grounds, states:

1.

That I am the owner in fee simple of the surface estate of the South Half (S/2) of Section 9, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, upon which the Mayme Graham #1 Well is situated.

2.

In addition to owning in fee simple the above described surface estate upon which the Mayme Graham #1 Well is situated, I

own and claim ownership to all right, title and interest in and to the Mayme Graham #1 Well, the casing and the well location. The Mayme Graham #1 Well was abandoned and plugged in September, 1970, and is not a producing well.

3.

Upon information and belief, V-F Petroleum, Inc. holds Oil and Gas Leases on the Southwest Quarter (SW/4) of Section 9, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, by reason of Assignments to it from Special Services Co., said Oil and Gas Leases being recorded in Book 338, Pages 861 to 868, inclusive, Oil and Gas Records, Lea County, New Mexico, copies of which are attached hereto, marked Exhibits "A", "B", "C" and "D", respectively, and made a part hereof by reference. These Leases were not in existence at the time I purchased the South Half (S/2) of said Section 9 and further the mineral estate under the Southwest Quarter (SW/4) of said Section 9 was unleased at the time I purchased the South Half (S/2) of said Section 9.

4.

That Applicant, V-F Petroleum, Inc., has not made any agreement with me for the use of the above described well, casing, location nor the surface of my land. Therefore, the Oil Conservation Division should not approve Applicant's request to inject salt water into the Mayme Graham #1 Well until such time that Applicant satisfies the Oil Conservation Division that an agreement has been reached between Applicant and me as the surface owner to use the abandoned well casing, the surface location around the well, and surface estate.

5.

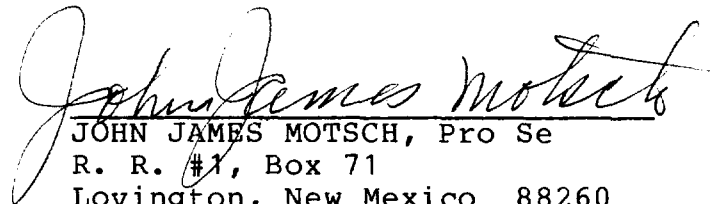
That the Application of V-F Petroleum, Inc. reflects an intention to inject a daily volume of 500 barrels of salt water for disposal purposes into the Mayme Graham #1 Well, with a maximum anticipated daily injection volume of 1,000 barrels. Upon information and belief, the only producing well on the Southwest Quarter (SW/4) of Section 9, Township 15 South, Range 36 East, located in the Northwest Quarter of the Southwest Quarter (NW/4SW/4) of said Section 9, produces no more than 200 barrels per day of salt water for disposal. I further object to the disposal of any produced water in the Mayme Graham #1 Well produced off of the Lease of Applicant, which means that Applicant, even if this Division should make a determination granting the Application of V-F Petroleum, Inc. to dispose of salt water as sought, should not be permitted to inject water produced from sources outside the Southwest Quarter (SW/4) of Section 9, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, until such time as Applicant satisfies this Division that an appropriate agreement has been entered into between Applicant and me as surface owner.

6.

I further object to the proposed salt water disposal well because same is located approximately 100 feet from one of my fresh water wells and windmill and I should not be subjected to the risk that disposal operations may contaminate my fresh water well.

WHEREFORE, I, John James Motsch, object to the issuance of a permit to V-F Petroleum, Inc. as requested in its Application and request the Division to deny said Application.

DATED this 15th day of April, 1985.

  
JOHN JAMES MOTSCH, Pro Se  
R. R. #1, Box 71  
Lovington, New Mexico 88260  
Telephone: 505-396-5551

CERTIFICATE OF SERVICE

I hereby certify that on April 16, 1985, I mailed by first class mail, postage prepaid, a true copy of the foregoing Objection of John James Motsch to Donna Whiles, Land Administrator of V-F Petroleum, Inc., One Marienfeld Place, Suite 580, Midland, Texas, 79701.

  
John James Motsch



17. Lessee Interest Clause. If Lessee does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, rentals, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessee hereunder.

J. D. GRAHAM, JR.  
J. D. GRAHAM, JR.

THE STATE OF \_\_\_\_\_ TEXAS ACKNOWLEDGMENT  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.  
Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.  
Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF NEW MEXICO NEW MEXICO ACKNOWLEDGMENT  
COUNTY OF LEA

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of JUNE, 1981  
by: J. D. GRAHAM, JR.  
Betty Kelly  
Notary Public in and for \_\_\_\_\_  
County, New Mexico  
My Commission Expires: 3-24-83

9742  
No. \_\_\_\_\_  
OIL, GAS AND MINERAL LEASE  
FILED  
JUN 26 1981  
at 11:45 a.m. and Recorded in  
Book \_\_\_\_\_ Page \_\_\_\_\_  
By \_\_\_\_\_ County Clerk  
Deputy \_\_\_\_\_  
Filed for Record this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
at \_\_\_\_\_ M.  
By \_\_\_\_\_ Deputy  
Recorded in \_\_\_\_\_ County  
Record of \_\_\_\_\_  
Book \_\_\_\_\_  
By \_\_\_\_\_ Deputy

ILLEGIBLE

THIS AGREEMENT made and entered into this 14th day of June, 1931, by and between

Edna Pryor, a widow

hereinafter called "Lessor", whether one or more, and Special Services Co. hereinafter called "Lessee".

WITNESSETH: That for and in consideration of the sum of Ten and no/100 Dollars...

All of the SE/4 of Section 8 and the SW/4 of Section 9, T-15-S, R-36-E

This lease covers all of the land described above, including any interests therein that any signatory herein has the right or power to lease...

TO HAVE AND TO HOLD the leased premises for a term of three (3) years from the date hereof...

1. Result of the Oil Lease shall accrue to Lessor at the well or to the credit of Lessee in the pipeline...

2. Result of the Gas Lease shall accrue to Lessor or to the credit of Lessee in the pipeline...

3. Result of the Other Substances Lease shall accrue to Lessor, as royalty on any substances covered by this lease...

4. Net Royalty. If at any time, or from time to time, either before or after the expiration of the primary term...

5. Term of Lease. If operations for drilling or mining on the leased premises, or on lands with which the leased premises are pooled or unitized...

6. Deferral of Operations. Lessee shall pay or tender to the Lessor a rental of Three Hundred Twenty and no/100 Dollars...

7. Pooling. If Lessee should drill and abandon a dry hole a well on the leased premises...

8. Pooling. If used as herein granted the right, at any time during or after the expiration of this lease...

9. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

10. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

11. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

12. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

13. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

14. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

15. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

16. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

17. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

18. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

19. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

20. Assignment. The change of ownership of the leased premises may be assigned in whole or in part...

ILLEGIBLE

EXHIBIT "B"

11. **Lessee Interest Clause.** If Lessee does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, rentals, and payments herein provided hereunder shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessee hereunder.

12. **Warranty.** Lessee hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, at any time, to refund for Lessee, by payment, any mortgage, lease or other liens on the leased premises in the event of default of payment by Lessee, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessee hereunder.

13. **Severance.** Lessee, its successors and assigns, shall have the right at any time, in whole or in part, by delivering or mailing a release to the Lessee or by placing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so severed.

14. **Force Majeure.** This lease and all of the rights, obligations and covenants hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party execute this lease, or should any party execute this lease and it not named above as a Lessee, it shall nevertheless be binding upon the party or parties executing the same.

15. **Headings For Convenience.** The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

Edna Pryor  
EDNA PRYOR

THE STATE OF \_\_\_\_\_ } TEXAS ACKNOWLEDGMENT  
COUNTY OF \_\_\_\_\_ }  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_

Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ }  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_

Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF TEXAS } NEW MEXICO ACKNOWLEDGMENT  
COUNTY OF MIDLAND }

The foregoing instrument was acknowledged before me this 16th day of June, 1981

EDNA PRYOR

Linda Foster Linda Foster  
Notary Public in and for \_\_\_\_\_  
County, TEXAS

My Commission Expires: 9-7-81

No. 97813  
OIL, GAS AND MINERAL LEASE

FILED  
JUN 26 1981  
at \_\_\_\_\_ M and Recorded in  
Book \_\_\_\_\_ Page \_\_\_\_\_  
By Donna Dunge County Clerk  
Deputy

Filed for Record this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_ at \_\_\_\_\_ County, \_\_\_\_\_, A. D. 19\_\_\_\_





11. Lessee Interest Clause. If Lessee does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, rentals, and any other sums payable hereunder shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an established nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessee hereunder.

12. Warranty. Lessee hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, at any time, to release for Lessee, by payment, any mortgage, lease or other liens on the leased premises in the event of default of payment by Lessee, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessee hereunder.

13. Surrender. Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a written notice to the Lessee or by placing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so surrendered.

14. Parties Bound. This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party named above as Lessee fail to execute this lease, or should any party execute this lease who is not named above as a Lessee, it shall nevertheless be binding upon the party or parties executing the same.

15. Headings For Convenience. The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any provision.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

GRAHAM-JENIKE RANCH, a limited partnership.  
 By: George A. Graham, Jr.  
 GEORGE A. GRAHAM, JR.,  
 Sole General Partner

THE STATE OF \_\_\_\_\_ TEXAS ACKNOWLEDGMENT  
 COUNTY OF \_\_\_\_\_  
 Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
 known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.  
 Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19 \_\_\_\_\_

Notary Public in and for \_\_\_\_\_  
 County, \_\_\_\_\_  
 Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
 known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.  
 Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19 \_\_\_\_\_

THE STATE OF New Mexico NEW MEXICO ACKNOWLEDGMENT  
 COUNTY OF Sedillo  
 The foregoing instrument was acknowledged before me this 16th day of June 19 81  
 by GEORGE A. GRAHAM, JR., Sole General Partner of GRAHAM-JENIKE RANCH, a limited partnership.

OFFICIAL SEAL  
Albino Amador  
 NOTARY PUBLIC - NEW MEXICO  
 NOTARY BOND FILED WITH SECRETARY OF STATE  
 1976-08-01-1981-06-15

My Commission Expires: \_\_\_\_\_

No. 9754  
 OIL, GAS AND MINERAL LEASE

FILED  
 JUN 26 1981  
 STATE OF NEW MEXICO - COUNTY OF LEA  
 Recorded in Book 338 Page 866 and Recorded in Book \_\_\_\_\_ Page \_\_\_\_\_  
 By George A. Graham, Jr. County Clerk  
 Deputy \_\_\_\_\_  
 Filed for Record this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ M.  
 County Clerk \_\_\_\_\_ Deputy \_\_\_\_\_  
 A. D. 19 \_\_\_\_\_  
 County \_\_\_\_\_  
 County Clerk \_\_\_\_\_ Deputy \_\_\_\_\_

This AGREEMENT made and entered into this 14th day of June 1981, by and between

Eleanor Graham, a widow

hereinafter called "Lessor", whether one or more, and Special Services Co. hereinafter called "Lessee".

WITNESSETH, That, for and in consideration of the sum of Ten and no/100 Dollars (\$ 10.00), receipt of which is hereby acknowledged and of the covenants hereon provided and the agreements of Lessee hereon contained in and to the hereunto granted, lease and let exclusively unto Lessee, its successors and assigns, all of the land hereinafter described, together with any and every right therein for the purpose of exploring for, producing and operating all other methods and all drilling, producing and operating wells or means for the recovery of oil, gas and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, that may be produced from any well or mine on the leased premises, including primary, secondary, tertiary, cycling, or some maintenance methods of recovery and all other methods, whether now known or unknown with all incidental rights therein, and to establish and utilize facilities for surface and subsurface disposal of salt water, and to construct, maintain and repair pipelines, tanks, pipelines, electric power and telephone lines, power stations, machinery and structures thereon, to produce, store, transport, treat and remove all substances described above, and the proceeds therefrom, together with the right of surface and ground to and from said land, the land hereby leased is situated in the County of Lea State of New Mexico, and is described as follows:

All of the SE/4 of Section 8 and the SW/4 of Section 9, T-15-S, R-36-E

This lease covers all of the land described above, including any interests therein that any signatory herein has the right or power to lease, and in addition it covers all of the land which the Lessor hereinafter reserves or may hereafter acquire by purchase, lease or otherwise, and which is now or hereafter owned by the Lessor.

The Lessor hereby grants, leases and lets to the Lessee, and shall be effective to cover all such land irrespective of the number of acres or acres therein, that the land included within this lease is estimated to comprise 320 acres, whether actually more or less, and such land is hereinafter referred to as the "leased premises".

3/10 LESSEE AND TO HOLD the leased premises for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as oil, gas or other hydrocarbons or other minerals or liquid substances or either or any of them, are produced from the leased premises or from lands well, which the leased premises are pooled or unitized.

1. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

2. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

3. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

4. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

5. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

6. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

7. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

8. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

9. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

10. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

11. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

12. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

13. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

14. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

15. If production of the primary term is not to be ascertained as follows:  
a. If production of the primary term is not to be ascertained as follows:  
b. If production of the primary term is not to be ascertained as follows:  
c. If production of the primary term is not to be ascertained as follows:

ILLEGIBLE

13. **Lessee Interest Clause.** If Lessee does not own, or have the right to have, the entire mineral interest in the land described above, then the royalties, rentals, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessee hereunder.

14. **Warranty.** Lessee hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, at any time, to release Lessee, by payment, any mortgage, lease or other liens on the leased premises in the event of default of payment by Lessee, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessee hereunder.

15. **Surrender.** Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release in writing to Lessee or by placing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, agreements or covenants of this lease as to the acreage so surrendered.

16. **Force Hereof.** This lease and all of the rights, obligations and covenants hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party named above as Lessee fail to execute this lease, or should any party execute this lease who is not named above as a Lessee, it shall nevertheless be binding upon the party or parties executing the same.

17. **Headings for Convenience.** The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

Eleanor Graham  
ELEANOR GRAHAM

THE STATE OF \_\_\_\_\_ TEXAS ACKNOWLEDGMENT  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the identical person whose name \_\_\_\_\_ subscribed to the foregoing instrument, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

THE STATE OF NEW MEXICO NEW MEXICO ACKNOWLEDGMENT  
COUNTY OF LEA  
The foregoing instrument was acknowledged before me this 16th day of June, 1981

by ELEANOR GRAHAM  
Gene Villers  
Notary Public in and for Lea  
County, New Mexico

My Commission Expires: July 20, 1985

9785  
No. \_\_\_\_\_  
OIL, GAS AND MINERAL LEASE

FILED  
JUN 26 1981  
STATE OF NEW MEXICO - COUNTY OF LEA

Filed for Record this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.  
By \_\_\_\_\_ County Clerk  
Deputy \_\_\_\_\_  
Recorded in \_\_\_\_\_ County Clerk  
By \_\_\_\_\_ Deputy  
Book \_\_\_\_\_ Page \_\_\_\_\_  
and Recorded in \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_

Donna Hwang County Clerk  
Deputy \_\_\_\_\_

1812 CHICAGO  
APR 15 1935  
OIL CONSERVATION DIVISION  
SANTA FE

**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: APPLICATION OF ) Docket No. 8591  
V-F PETROLEUM, INC., FOR SALT )  
WATER DISPOSAL BY INJECTION )  
INTO A POROUS FORMATION, )  
LEA COUNTY, NEW MEXICO )

**MEMORANDUM IN SUPPORT OF V-F  
PETROLEUM INC.'S APPLICATION  
FOR SALT WATER DISPOSAL**

Applicant, V-F Petroleum Inc., by and through its attorneys, Kellahin & Kellahin, files this Memorandum in Support of its Application for Salt Water Disposal.

On January 25, 1985, V-F Petroleum Inc., ("V-F") filed an application with the Commission to inject salt water into the Devonian formation in the Mayme Graham #1 Well, located 660 feet from the South line and 1,980 feet from the West line of Section 9, Township 15 South, Range 36 East, in Lea County, New Mexico. The Graham #1 Well was plugged and abandoned in September, 1970. V-F holds a valid mineral lease covering the Graham #1 Well by virtue of a July 21, 1981 assignment from Special Services Co. of seven

June 14, 1981 leases from the Graham - Jenike Ranch, Eleanor Graham, Edna Pryor, Mary Louise Carson, Joel M. Carson, II, Cynthia P. Duchatschek, and J. D. Graham, Jr.

V-F is currently producing oil on this lease from the V-F Graham #1 Well. Salt water is also being produced with the oil and it is, therefore, a necessary part of V-F's production operations to dispose of such salt water. Salt water is currently being disposed of by trucking.

V-F is applying to the Commission for authority to convert the Graham #1 Well to a salt water disposal well. The project<sup>43</sup> rate of injection into the Devonian is 500 barrels per day.

The leases held by V-F under assignment from Special Services Co., specifically state that the lease is for the exploration, drilling, producing and operating of wells or mines for the recovery of oil, gas, and other hydrocarbons, and all other minerals or substances, that may be produced from any well on the leased premises. The leases further grant the right "to establish and utilize facilities for surface and subsurface disposal of salt water" and the right "to produce, store, transport, treat and remove all substances described above, and the

products therefrom."

The right of Applicant to use the Graham #1 Well for salt water disposal is clearly within the provisions of the lease. Such a right is subject only to a prima facie showing, under the Commission's rules and regulations, that V-F is entitled to dispose of salt water in the well.

Opposition to V-F's Application for Salt Water Disposal has been filed with the Commission by John James Motsch, the fee owner of the surface land upon which the Graham #1 Well is located. Mr. Motsch claims ownership to all right, title, and interest in and to this well, the casing, and the well location, and further claims that the Commission should not approve V-F's application until such time as the Commission is satisfied that an agreement has been reached between V-F and Motsch to use the surface estate, the abandoned well and the casing.

As the Commission is well aware, it has no jurisdiction to determine title to an interest in land. Any assertions by Mr. Motsch as to ownership of the Graham #1 Well, and its casing or the dominance of the surface estate over the mineral estate are properly addressed to the District Court, not the Oil Conservation Commission.



We are, however, glad to supply the Commission with a short summary of the case law addressing Mr. Motsch's assertions.

It is a well-established principle of law that a mineral estate is dominant over the surface estate.

The oil and gas lessee's estate is the dominant estate and the lessee has an implied grant, absent an express provision for payment, of free use of such part and so much of the premises as is reasonably necessary to effectuate purposes of the lease....

Sun Oil Company v. Whitaker, 483 S.W.2d 808 (Tex. 1972).

In Atlantic Refining Company v. Bright & Schiff, 321 S.W.2d 167 (Tex. Civ. App. 1959) the Court held:

A lessee, as a necessary appurtenance to the mineral estate, owns the right to use so much of the surface as may be necessary to enforce and enjoy the mineral lease... This is because a grant or reservation of minerals would be wholly worthless if the grantee or reserver could not enter upon the land in order to explore for and extract the minerals granted or reserved. The purpose of the possessory right in the lessee is to enable him to perform under the terms of the lease. (citations omitted)

See, Craft v. Freeport Oil Company, 563 S.W.2d 866 (Tex. Civ. App. 1978); Ball v. Dillard, 602 S.W.2d

521 (Tex. 1980); Texaco, Inc. v. LeRoy Spires, Jr., 435 S.W.2d 550 (Tex. Civ. App. 1968); Humble Oil & Refining Company v. Williams, 420 S.W.2d 133 (Tex. 1967); Warren Petroleum Corp. v. Martin, 483 S.W.2d 808 (Tex. 1972).

The fact that Mr. Motsch may own the surface upon which the Graham #1 Well is located or that he may own the casing or the well bore, (questions not before this Commission), does not change the fact that the mineral lessee's rights are superior, for the purposes stated in the lease, to those of the surface owner and Applicant does not have to effect any agreement with Motsch before it can utilize the Graham #1 Well. First of all, the disposal of salt water is expressly covered by the provisions of the lease assigned to V-F. Secondly, the disposal of salt water produced on the lease is a necessary and integral part of Applicant's production operations and is vital to effecting its rights to explore for and produce hydrocarbons from the leased premises. In Lewis v. Ada Oil Company, 279 So.2d 622 (Miss. 1973), the surface owner (Lewis) refused to allow the mineral lessee (Ada) to lay a pipeline for disposal of salt water produced along with oil from a well on the lease. The Court found that disposal of the salt

water was a part of the overall operation and did not constitute any unreasonable interference to the right of Lewis to fully enjoy his surface rights.

The Courts have specifically found that a lease for the purpose of exploring mining and operating for oil and other minerals, includes the right to use of an abandoned well.

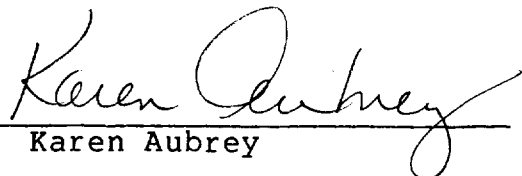
In Browning v. Mellon, 636 S.W.2d 536 (Tex. Ct. App. 1982), the land owner leased the mineral estate to Mellon. Subsequently, he sold the surface estate to Browning, subject to previously executed mineral leases. Browning attempted to prevent Mellon from using a plugged and abandoned well on the leased premises. The Court granted an injunction enjoining Browning from interfering with Mellon's exploration and development of minerals, including use of the abandoned well.

In Eubank v. Twin Mountain Oil Corporation, 406 S.W.2d (Tex. Ct. App. 1966), a dispute over use of three abandoned oil wells, the Court similarly found that Twin Mountain, successor in title to the owner of the mineral interest, by virtue of its lease, was entitled to possession and control of the premises for the purpose of mineral development, including the right to the use of the abandoned oil wells.

In Gutierrez v. Davis, 618 F.2d 700 (10th Cir. 1980), lessee Davis, drilled through the plug and casing of an abandoned well without permission of Gutierrez, the surface owner and lessor. Gutierrez sued for conversion, although he did not allege that Davis removed or harmed the casing in any way. The Court found that Gutierrez had not been wrongfully deprived of personal property by Davis' use of the well. Additionally, there were no restrictions in the lease on exploration and drilling. The Court thus found, that absent express language to the contrary, a fair reading of the lease gave Davis the right to drill through any part of the real estate, including the plug and casing of the abandoned well when, as here, it was a reasonable use within the stated purpose of the lease.

The use of the Graham #1 Well for salt water disposal is a reasonable use of it, within the stated purpose of V-F Petroleum's leases.

KELLAHIN & KELLAHIN  
Post Office Box 2265  
Santa Fe, New Mexico 87501

By:   
Karen Aubrey

Attorneys for Applicant

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Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

May 9, 1985

**HAND DELIVERED**

Mr. Gilbert Quintana  
Examiner  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

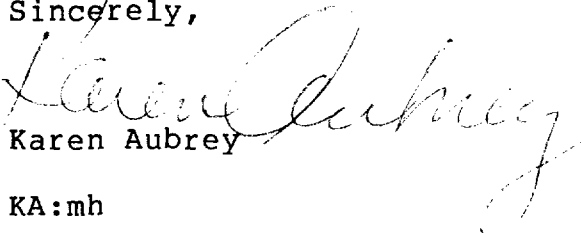
Re: Case No. 8591

Dear Mr. Quintana:

Enclosed please find a proposed Order reflecting the testimony and evidence presented on May 8, 1985 in the above matter.

Your prompt entry of an Order in this case will be appreciated.

Sincerely,



Karen Aubrey

KA:mh

cc: Mr. V. F. Vasicek  
V-F Petroleum Inc.  
One Marienfeld Place, Suite 580  
Midland, Texas 79701

**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:

APPLICATION OF V-F PETROLEUM,       )  
INC., FOR SALT WATER DISPOSAL     )        Case No. 8591  
BY INJECTION INTO A POROUS         )        Order No. \_\_\_\_\_  
FORMATION, LEA COUNTY,             )  
NEW MEXICO                           )

**PROPOSED ORDER OF THE DIVISION**

**BY THE DIVISION:**

This matter came on for hearing at 8:00 a.m. on May 8, 1985 at Santa Fe, New Mexico before, Examiner Gilbert Quintana.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1985, 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, VF Petroleum Inc., is the mineral lessee of the SE/4 of Section 8 and the SW/4 of Section 9, T15S, R6E, Lea County, New Mexico, under Leases dated June 14, 1981.
3. That the Applicant proposes to utilize the Mayme-Graham Well #1 located 660 feet from the South line and 1,980 feet from the West line of Section 9, T15S, R36E for the disposal of produced salt water, with injection into the Devonian formations at an interval from approximately 13,474 feet to 13,564 feet.

4. That the injection should be accomplished through a 2 3/8-inch plastic lined tubing installed in a packer set at approximately 13,375 feet; that the casing-tubing annulus should be filled with an inert fluid; and that a pressure gauge or approved leak detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

5. That the injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 6,800 pounds per square inch.

6. That the Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the injection interval.

7. That the operator shall notify the supervisor of the Hobbs district office of the Division, of the date and installation of the disposal equipment so the same may be inspected.

8. That the operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

9. That approval of the subject application will prevent the drilling of unnecessary wells, prolong the economic life of existing wells, prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED:**

1. That the Applicant, V-F Petroleum Inc., is hereby authorized to use the Mayme-Graham Well #1 located 660 feet from the South line and 1,980 feet from the West line of Section 9, T15S, R36E, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Devonian Formation, injection to be

accomplished through a 2 3/8t-inch tubing installed in a packer set at approximately 13,375 feet, with injection into the perforated interval from approximately 13,474 feet to 13,564 feet;

**PROVIDED HOWEVER**, that the injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 6,800 psi.

(2) That the Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection interval.

(3) That the operator shall notify the supervisor of the Hobbs district office of the Division, of the date and time of the installation of disposal equipment so that the same may be inspected.

(4) That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

(5) That the applicant shall conduct disposal operations and submit monthly reports in accordance with Rules, 702, 703, 704, 705, 706, 708 and 1120 of the Division Rules and Regulations.

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



- 4 -

Case No. 8591

Order No. \_\_\_\_\_

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

RICHARD L. STAMETS  
Division Director

S E A L





TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

May 26, 1986

ORDER SWD-300

THE APPLICATION OF V-F PETROLEUM INC.

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), V-F Petroleum, Inc. made application to the New Mexico Oil Conservation Division on May 5, 1986, for permission to complete for commercial salt water disposal its Mayme Graham No. 1 well located in Unit N of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

The Division Director finds:

- (1) That application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, V-F Petroleum Inc. is hereby authorized to complete its Mayme Graham No. 1 Well, located in Unit N of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for commercial disposal purposes into the Devonian formation at approximately 13,600 feet to approximately 13,900 feet through 2 3/8 inch plastic lined tubing set in a packer located at approximately 100 feet above the top of the proposed injection interval.

That Ordering Paragraph No. 4 of Division Order No. R-7960 authorizing the applicant to dispose only water produced from

their lease in the SE/4 of Section 8 and the SW/4 of Section 9, Township 15 South, Range 36 East, NMPM, is hereby placed in abeyance.

IT IS FURTHER ORDERED:

That the operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2720 psi.

That the Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Devonian formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

That the operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

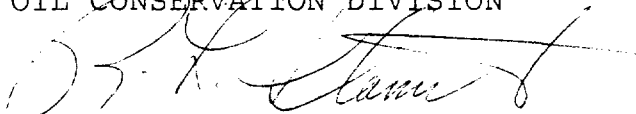
That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

That the Division Director may rescind or suspend this injection authority if it becomes apparent that the injected water is not being confined to the injection zone or it is endangering any fresh water aquifers.

Approved at Santa Fe, New Mexico, on this 26th day of May,  
1986.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



R. L. STAMETS,  
Director

S E A L

REMARKS: Division Order No. R-7960, dated June 12, 1985, authorized the applicant to dispose of produced water from their Leases in Sections 8 and 9, Township 15 South, Range 36 East, into the Devonian formation from 13,474 to 13,564 in the above described well. This Administrative Order authorizes a change in the disposal interval to 13,600-13,900 feet, and also authorizes the applicant to utilize said well as a commercial disposal well.

xc: OCD - Hobbs  
Case File - 8591