



JIM-BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

November 26, 1986

Citation Oil & Gas Corporation  
16800 Greenpoint Park Drive  
South Atrium, Suite 300  
Houston, Texas 77060-2304

Case 9056

Re: State YI D Section 36, Township 24 South, Range 36 East  
Attention: Mr. Leonard Barker

Dear Sir:

This letter will acknowledge receipt of your copy of application seeking to obtain permission from the Oil Conservation Division to convert the above well to a saltwater injection well.

Because an oil and gas lease is entitled to use so much of the land as is necessary to explore for and remove the oil and gas, he does not need additional permission of the Commissioner to dispose of the Salt Water upon or under the leased land so long as the water being disposed of is produced exclusively from wells located on the leased premises. However, if any of the saltwater to be injected is produced from land not under the applicants state oil and gas lease, then the applicant, in addition to a disposal site easement, will be required to secure a regular right-of-way easement for a pipeline, roadway, or other means of conveyance under the rules pertaining to right-of-way.

Although, we have no objections at this time for the Oil Conservation Division to grant you permission to convert the aforesaid well to a water injection well the Land Commissioner reserves the right to refuse to grant an easement when to do so would be detrimental to the Trust.

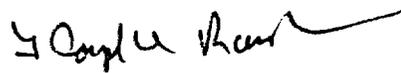
If your application is approved by the Oil Conservation Division and you are going to be injecting saltwater from wells located outside of the leased premises you have to complete and

Citation Oil & Gas Corporation  
November 26, 1986  
Page 2

return this forms with a \$300.00 fee. This fee covers (\$250.00) first annual rental, (\$20.00) appraisement fee and (\$30.00) filing fee.

If and when approved the saltwater disposal easement will be issued for one year.

Yours truly,



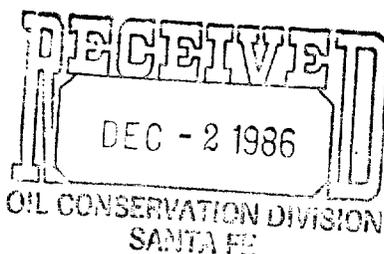
Floyd O. Prando, Director  
Oil and Gas Division

FOP/cb

cc: David Catanach

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
JOHN H. BEMIS



GUADALUPE PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

December 1, 1986

*Case 9056*

Citation Oil and Gas Corporation  
16800 Greenspoint Park Drive, South Atrium  
Suite 300 South  
Houston, Texas 77060-2304

Re: Conversion of the State Y No. 1 Well  
to Salt Water Disposal.

Gentlemen:

This letter is in response to your letter of November 14, 1986, to Doyle Hartman, Oil Operator, concerning your plans to convert the State Y No. 1 Well located in Unit D of Section 36, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico, to salt water disposal. This well is an immediate offset to the Hartman Custer State No. 1 which, although it has been shut-in during the last few months due to El Paso's refusal to purchase gas therefrom under its Purchase Agreement with Hartman, is a top allowable well in the Jalmat formation. Your proposal will result in the disposal of produced water into the formation from which the Custer State No.1 produces. Disposal into this zone will drastically reduce the already short life of this well, will result in the waste of hydrocarbons and impair the correlative rights of the interest owners in the Custer State No. 1.

As you may not be aware, we are currently involved in litigation with El Paso Natural Gas concerning its production policies in relationship to the Custer State No. 1 and other wells. One of the issues in this litigation is the water problem that we are having in the Jalmat reservoir. The disposal of water in the State Y No. 1 as you propose will only aggravate that problem. We have a disposal well in the area and would be willing to discuss with you an arrangement whereby you could utilize our disposal well. A reasonable fee for disposal would, of course, be charged.

Citation Oil and Gas Corporation  
December 1, 1986  
Page 2

We are hopeful that this matter can be resolved without our having to oppose an application for disposal of produced water in the State Y No. 1 at the Oil Conservation Division. If, however, you proceed with your plans, we will have no alternative but to vigorously oppose this proposal.

Very truly yours,

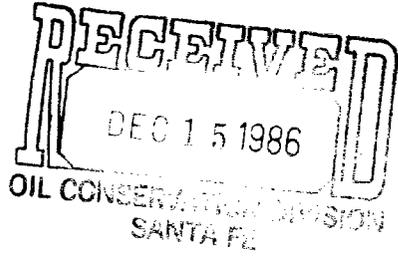
 for  
WILLIAM F. CARR

WFC/ab

cc: ✓ Richard L. Stamets  
W. Perry Pearce



DEC



December 12, 1986

Oil Conservation Division  
State of New Mexico Energy & Mineral Dept.  
P. O. Box 2088  
State Land Office Building  
Santa Fe, NM 87501

Re: Citation Oil & Gas  
State Y1, D, S36, T24S, R36E  
Lea County, NM  
Docket 38-36, Case 9056

Gentlemen:

Citation Oil & Gas respectfully requests a continuance to January 7, 1986 of the Examiner's Hearing of case number 9056 regarding our application to convert the captioned well to salt water disposal service.

Thank you for your consideration. If there are questions, please call.

Yours truly,

Leonard Barker  
Engineer

LB/rd  
cc: Lewis Burleson, Inc.  
Doyle Hartman, Inc.

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

DEC 15 1986

IN THE MATTER OF THE APPLICATION  
OF CITATION OIL AND GAS CORPORATION  
FOR SALT WATER DISPOSAL, LEA  
COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

Case No. 9056

ENTRY OF APPEARANCE

Comes now, CAMPBELL & BLACK, P.A., and hereby enters its  
appearance in the above-referenced case on behalf of Doyle  
Hartman, Oil Operator.

Respectfully submitted:

CAMPBELL & BLACK, P.A.

By

  
J. Scott Hall

P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

ATTORNEYS FOR DOYLE HARTMAN

I hereby certify that I mailed  
a copy of the foregoing to  
Citation Oil and Gas Corporation  
on this 15 day of Dec., 1986

  
J. Scott Hall

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
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*DEC*

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December 15, 1986

RECEIVED

DEC 15 1986

OIL CONSERVATION DIVISION

Richard L. Stamets, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87507-2088

Re: Case 9056: Application of Citation Oil and Gas Corp.  
for Salt Water Disposal, Lea County, New Mexico

Dear Mr. Stamets:

On behalf of Doyle Hartman, Oil Operator, this will confirm our understanding that on the advice of David Catanach, Hearing Examiner, the hearing on the above matter previously set for December 17, 1986 has been continued until the next examiner hearing on January 7, 1987.

As the applicant has been previously advised, Doyle Hartman opposes approval of the application for conversion of the State Y No. 1 Well to a salt water disposal facility. Accordingly, please find enclosed our Entry of Appearance on behalf of Doyle Hartman, Oil Operator.

Very truly yours,

*J. Scott Hall*  
J. Scott Hall

JSH/dmg

cc: Citation Oil and Gas Corporation