

C. MELVIN NEAL (1907 - 1968)  
J.W. NEAL

RECEIVED  
OIL CONSERVATION DIVISION  
NEAL & NEAL, P.C.  
LAWYERS  
NEAL BUILDING - P.O. BOX 278  
HOBBS, NEW MEXICO  
88241-0278

TELEPHONE  
AREA 505-397-3614  
FAX  
505-393-7405

'90 NOV 21 AM 8 51

November 20, 1990

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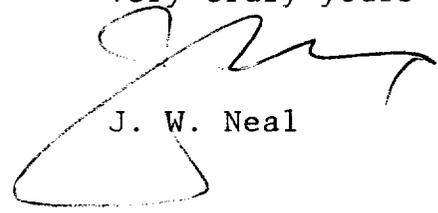
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Mobil Producing to Inject Produced Water

Gentlemen:

Enclosed herewith please find Protest to Authorization and Request for Hearng by Snyder Ranches, Inc. for filing in the above matter.

Very truly yours



J. W. Neal

JWN/b  
Encls.

cc: Mobil Exploration & Producing  
Attention: Mr. G. N. Miller  
cc: Mr. W. Perry Pearce

(Each W/Copy of Protest and Request)

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF MOBIL PRODUCING TX&NM, INC. TO  
INJECT PRODUCED WATER.

10233

PROTEST TO AUTHORIZATION TO INJECT WATER

COMES NOW Snyder Ranches, Inc. and files this its Protest to the granting of the authorization to inject water as outlined in the Application filed by Applicant, and states:

1. That Snyder Ranches did not receive notification of this Application until November 15, 1990 and by reason thereof, should be permitted to intervene and file its objection in the above matter.

2. That in accordance with the Supreme Court Decision styled "Snyder Ranches, Inc. vs. Oil Conservation Commission of the State of New Mexico and Mobil Producing Texas & New Mexico, Inc., No. 18,860" any order granted authorizing the injection of water should specifically set forth that Mobil Producing shall not have the right or be permitted to trespass upon the lands belonging to Snyder Ranches, Inc., being the surface and minerals.

3. That the application sets forth a trespass upon the property of Snyder Ranches in that a water well was tested by Champion Chemicals without the consent of Snyder Ranches, or any agent, servant or employee of Mobil Producing to go upon

any property belonging to Snyder Ranches and such activity on the part of applicant was in bad faith and that Snyder Ranches is entitled to be protected by the Oil Conservation Division from further trespass on its surface or minerals.

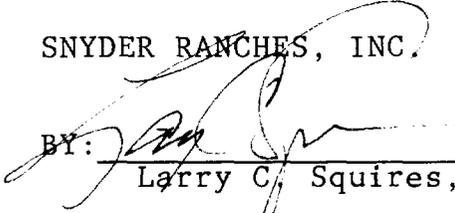
4. That on information and belief the injection of the water as proposed, coupled with the approval of the permits already issued by this Division will constitute a hazard to the ogalalla water formations in the area in that the water pressures to be injected will be comparable to that in the vaccum pool which has sufficient water pressures that have a real danger to the fresh water in the ogalalla formation and that the continued injection of the water in this area in the volumes that are being proposed constitutes an immediate danger.

5. That the proposed well is near adjacent offsetting wells that heretofore have experienced large water flow during the drilling or re-entry thereof which evidenced a greater need and required that the Oil Conservation Division supervise and insure that adequate precautions are being taken and will be required to protect the fresh water.

6. The Oil Conservation Division has an obligation to protect the fresh water of the State of New Mexico and nothing contained in the Application shows what protection, if any, the ogalalla formation will receive beyond a reasonable doubt.

WHEREFORE, Snyder Ranches moves that the Application be denied or, in the alternative, that adequate safe guards be made and required by the Division of periodic inspections by disinterested and independent experts to determine whether or not pressures are or will be built into the disposal area to the point that fresh water formation will be protected and that the Division direct Mobil Producing not to trespass upon the property, surface and minerals, of Snyder Ranches, Inc.

SNYDER RANCHES, INC.

BY: 

Larry C. Squires, President

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF MOBIL PRODUCING TX&NM, INC. TO  
INJECT PRODUCED WATER.

REQUEST FOR HEARING

COMES NOW Snyder Ranches, Inc. and requests a public hearing in the above styled and numbered cause, and that such hearing be held after January 1, 1991 due to other commitments of Snyder Ranches, Inc.

SNYDER RANCHES, INC.

BY:   
Larry C. Squires, President

C. MELVIN NEAL (1907 - 1968)

J.W. NEAL

**NEAL & NEAL, P.C.**

LAWYERS

NEAL BUILDING - P.O. BOX 278

HOBBS, NEW MEXICO  
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TELEPHONE  
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505-393-7405

'90 DEC 18 AM 9 04

December 17, 1990

Mr. W. J. LeMay, Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Mobil Application for Injection Authorization

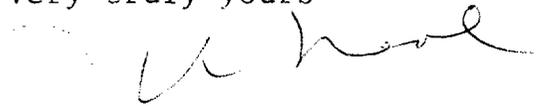
Dear Mr. LeMay:

*Case 10233*

I acknowledge receipt of a copy of the letter from W. Perry Pearce dated December 14, 1990 regarding the above matter.

We concur that the application should be scheduled for hearing on January 24, 1991.

Very truly yours



J. W. Neal

JWN/b

cc: Mr. W. Perry Pearce

*10233*

MONTGOMERY & ANDREWS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

OF COUNSEL  
William R. Federici

J. O. Seth (1883-1963)  
A. K. Montgomery (1903-1987)  
Frank Andrews (1914-1981)

'90 DEC 17 AM 9 35

December 14, 1990

SANTA FE OFFICE  
325 Paseo de Peralta  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

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ALBUQUERQUE OFFICE  
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201 Third Street, N.W.  
Post Office Box 26927  
Albuquerque, New Mexico 87125-6927

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REPLY TO SANTA FE OFFICE

Victor R. Ortega  
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John B. Pound  
Gary Kilpatric  
Thomas W. Olson  
William C. Madison  
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Scott K. Atkinson  
Catherine E. Pope  
Phyllis Savage Lynn  
Lorri Krehbiel  
Richard C. Mertz  
Susan M. McMichael  
Laura A. Ward

*DC*

*Case 10233*

Mr. William J. LeMay  
Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Mobil Application for Injection Authorization

Dear Mr. LeMay:

We have been informed that in objection to Mobil's request for authorization to inject into its State 27-1 Well in Section 27, Township 18 South, Range 35 East has been filed by Snyder Ranches, Inc. Snyder Ranches requested that the matter be set for hearing no earlier than January 1991.

This letter is a request that the application be scheduled for the hearing on January 24, 1991.

Thank you for your assistance with this matter.

Sincerely,

*W. Perry Pearce*  
W. Perry Pearce

WPP:gr:189  
File #9781-88-03  
cc: Rodney Bounds  
J.W. Neal, Esquire



OIL CONSERVATION DIVISION

NEAL & NEAL, P.C.

Attorneys at Law

Neal Building, P.O. Box 278  
Hobbs, New Mexico 88241-0278  
Telephone 505-397-3614  
Fax 505-393-7405

'91 JAN 9 AM 9 52

C. Melvin Neal (1907-1968)  
J. W. Neal

January 7, 1991

Mr. William J. LeMay, Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504-2088

*Case 10233*

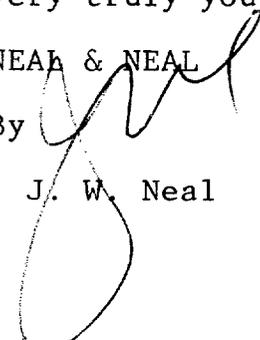
Re: Mobil Application for Injection Authorization

Dear Mr. LeMay:

I acknowledge receipt of a copy of Mr. Pearce's letter addressed to you of January 2nd, in regard to postponing this matter until February 21, 1991. Please be advised that we have no objection to this continuance and will be glad to accommodate Mr. Pearce in connection therewith.

Very truly yours,

NEAL & NEAL

By 

J. W. Neal

JWN/sp

cc: Larry C. Squires  
cc: W. Perry Pearce

MONTGOMERY & ANDREWS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

OF COUNSEL  
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January 29, 1991

ALBUQUERQUE OFFICE  
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Phyllis Savage Lynn  
Lorri Krehbiel  
Richard C. Mertz  
Susan M. McMichael  
Laura A. Ward

Mr. William J. LeMay  
Director, Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Case No. 10233 - Application of Mobil Producing Texas  
New Mexico, Inc. for Saltwater Disposal

Dear Mr. LeMay:

This letter is a request that the above-referenced case be continued to the Division's hearing scheduled for March 7, 1991. This continuance is necessitated because of scheduling conflicts for proposed witnesses.

Thank you for you assistance with this matter.

Sincerely,



W. Perry Pearce

WPP:gr:2  
File #10384-91-01  
cc: Mark Moshell, Mobil  
J. W. Neal, Esq.

DIVISION  
MONTGOMERY & ANDREWS

OF COUNSEL  
William R. Federici

J. O. Seth (1883-1963)  
A. K. Montgomery (1903-1987)  
Frank Andrews (1914-1981)

PROFESSIONAL ASSOCIATION  
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Telephone (505) 982-3873  
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January 2, 1991

ALBUQUERQUE OFFICE  
Suite 1300  
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201 Third Street, N.W.  
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Phyllis Savage Lynn  
Lorri Krehbiel  
Richard C. Mertz  
Susan M. McMichael  
Laura A. Ward

William J. LeMay, Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Mobil Application for Injection Authorization

Dear Mr. LeMay:

Mobil has filed an application for permission to inject into its State 27-1 Well located in Section 27, T. 18 S., R. 35 E. This matter is presently scheduled for hearing before the Division's Examiner on ~~January 24~~, 1991.

*February 7*  
Because of scheduling conflicts for expected witnesses, Mobil requests that this hearing be continued to the hearing on February 21, 1991. By copy of this letter, I am informing Mr. J. W. Neal, counsel for Snyder Ranches, Inc. which is objecting to this application, of this requested continuance.

Thank you for your attention to this matter.

Sincerely,

  
W. Perry Pearce

WPP:gr:205  
File #9781-88-03  
cc: Rodney Bounds  
J.W. Neal, Esq.

*M.S.*  
*Case 10233*



GARREY CARRUTHERS  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

OIL CONSERVATION DIVISION  
RECEIVED

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POST OFFICE BOX 1980  
HOBBS NEW MEXICO 88241-1980  
(505) 393-6161

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC \_\_\_\_\_  
DHC \_\_\_\_\_  
NSL \_\_\_\_\_  
NSP \_\_\_\_\_  
SWD  \_\_\_\_\_  
WFX \_\_\_\_\_  
PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

Y Mobil Prod. TX-NM Inc. State Lic. #1-B 2715-28  
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton  
Supervisor, District 1

/ed

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF MOBIL EXPLORATION )  
& PRODUCING U.S., INC. APPLICATION )  
FOR WATER DISPOSAL WELL, STATE )  
SECTION 27 LEASE, WELL NO. 2, )  
VACUUM DEVONIAN, SOUTH FIELD, )  
LEA COUNTY, NEW MEXICO. )

REQUEST FOR HEARING

Snyder Ranches, Inc. requests a public hearing upon the Application for authorization to inject filed by Mobil Exploration & Producing U.S., Inc.

STEPHENSON, CARPENTER, CROUT & OLMSTED  
Post Office Box 669  
Santa Fe, New Mexico 87504  
505-982-4611  
and

  
\_\_\_\_\_  
OF NEAL & NEAL  
Post Office Box 278  
Hobbs, New Mexico 88240  
505-397-3614  
(Attorneys for Snyder Ranches, Inc.)

NEAL & NEAL, P. C.

C. MELVIN NEAL (1907-1968)  
J.W. NEAL  
ERIC D. DIXON

LAWYERS  
NEAL BUILDING - P.O. BOX 278  
HOBBS, NEW MEXICO  
88241-0278

TELEPHONE  
AREA 505-397-3614

March 9, 1988

Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

*Case No. 9337*  
*-M.G.*

Gentlemen:

We represent Snyder Ranches, Inc. in connection with the protest of the application for authorization to inject filed by Mobil Exploration & Producing U.S., Inc., Post Office Box 633, Midland, Texas 79702. This application is dated March 2, 1988. Please show our objection thereto and entry of appearance in this proceedings by J. W. Neal, of Neal & Neal, Post Office Box 278, Hobbs, New Mexico 88240, and Michael R. Comeau, of Stephenson, Carpenter, Crout & Olmsted, Post Office Box 669, Santa Fe, New Mexico 87504.

Very truly yours

J. W. Neal

JWN/b

cc: Mobil Exploration & Producing U.S., Inc.  
cc: Mr. Michael R. Comeau  
cc: Snyder Ranches, Inc.

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF MOBIL EXPLORATION  
& PRODUCING U. S., INC. APPLICATION  
FOR WATER DISPOSAL WELL, STATE  
SECTION 27 LEASE, WELL NO. 2,  
VACUUM DEVONIAN, SOUTH FIELD,  
LEA COUNTY, NEW MEXICO.

RECEIVED  
OCT 11 1955  
OIL CONSERVATION DIVISION

P R O T E S T

COMES NOW Snyder Ranches, Inc., by and through its attorneys, J. W. Neal, of Neal & Neal, Hobbs, New Mexico, and Michael R. Comeau, of Stephenson, Carpenter, Crout & Olmsted, Santa Fe, New Mexico, and files this Protest to the application to inject water in a disposal well situated in Section 27, Township 18 South, Range 35 East, Vacuum Devonian, South Field, Lea County, New Mexico, and for grounds thereof, states:

1. That Mobil Exploration & Producing U.S., Inc. has no legal or statutory authority to inject at the particular location as upon information and belief, they have no rights of way, salt water disposal agreements or any other valid agreement authorizing the injection of water or the use of the surface which is owned by the State of New Mexico subject to a grazing lease held by Snyder Ranches, Inc.

2. That Snyder Ranches, Inc. is the owner of the minerals and surface of the NW/4 NW/4 of Section 26, Township 18 South,

Range 38 East, and is within one-half mile from the proposed injection well.

3. That there has been no plan or statement or method enclosed in the application which would restrict any water of any kind or character produced or otherwise or other fluids injected into the proposed well to not encroach or be forced upon the properties belonging to Snyder Ranches, Inc.

4. Snyder Ranches, Inc. has not consented to or authorized the disposal of one gallon of water or other fluids upon any of its properties.

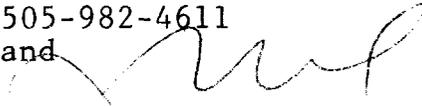
5. That the Oil Conservation Division, without the consent of the adjacent owners, has no authority to authorize an underground trespass upon properties belonging to Snyder Ranches, Inc. and the deliberate action on its part attempting to do so constitutes a tort under the Laws of the State of New Mexico and if continued and authorized may constitute a wilful and wanton misconduct by public officials.

6. There has been no environmental study or other study showing the impact upon the property of Snyder Ranches, Inc., nor the impact upon the value or effect upon its state grazing lease issued by the State of New Mexico.

7. That the Division has no jurisdiction to authorize the actions as requested by the Applicant.

8. That the authorizing of the injection by this Division constitutes a trespass on Snyder Ranches lands and the Division's authorization of such injection would constitute an unlawful taking of Snyder Ranches' property without compensation in violation of the Fifth and Fourteenth Amendments to the United States Constitution under Article 2, Section 20 of the Constitution of the State of New Mexico.

WHEREFORE, having fully protested, Snyder Ranches prays that the Division deny the application in toto.

STEPHENSON, CARPENTER, CROUT & OLMSTED  
Post Office Box 669  
Santa Fe, New Mexico 87501  
505-982-4611  
and 

---

OF NEAL & NEAL  
Post Office Box 278  
Hobbs, New Mexico 88240  
505-397-3614  
(Attorneys for Snyder Ranches, Inc.)

C. MELVIN NEAL (1907-1968)  
J.W. NEAL  
ERIC D. DIXON

NEAL & NEAL, P. C.

LAWYERS  
NEAL BUILDING - P.O. BOX 278  
HOBBS, NEW MEXICO  
88241-0278

TELEPHONE  
AREA 505-397-3614

March 9, 1988

State Land Office  
Post Office Box 1148  
Santa Fe, New Mexico 87501

Attention: Mr. Bill Humphries

Re: Section 27, Township 18 South, Range 34 East  
Snyder Ranches Grazing Lease

Gentlemen:

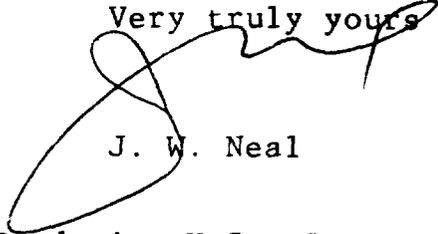
We have been served by Mobil Exploration & Producing U.S., Inc. with an Application for Water Disposal Well situated in Section 27, Township 18 South, Range 35 East. This Application was apparently filed with the Oil Conservation Division on March 2, 1988. The property upon which the well bore is located is upon state land which is within the grazing lease of Snyder Ranches. To our knowledge there has been no right of way, salt water disposal lease or any other action taken by the Land Office authorizing the use of this well for disposal purposes. At least we have not received such notice from you. By reason thereof we have this day written Mobil advising them to cease and desist from using the surface to dispose of produced water from other areas not appurtenant to the well in question which is merely a form of commercial salt water disposal. Snyder Ranches is also the owner of property situated in the NW/4 NW/4 of Section 26, Township 18 South, Range 38 East in which they own the surface and the minerals. We are objecting to this application on the grounds that neither the Oil Conservation Division nor the State of New Mexico have any authority to permit the injection of water in such a manner as to encroach to the slightest degree upon our property. As you know, as the grazing lessee, we have the obligation to prevent waste upon lands on which we have a lease. We believe the disposal which is now being conducted without authority constitutes a waste and, for that reason we have requested Mobil to immediately stop injecting water.

NEAL & NEAL, P.C.

Page -2-

I request that you have someone contact us immediately concerning what rights of way, easements or permits have been granted by the State to authorize Mobil to commence injecting water into a dry hole and using and damaging the surface of our state grazing lease.

Very truly yours



J. W. Neal

JWN/b

cc: Mobil Exploration & Producing U.S., Inc.  
cc: Mr. Michael R. Comeau  
cc: Snyder Ranches, Inc.

C. MELVIN NEAL (1907-1968)  
J.W. NEAL  
ERIC D. DIXON

NEAL & NEAL, P. C.

LAWYERS  
NEAL BUILDING - P.O. BOX 278  
HOBBS, NEW MEXICO  
88241-0278

TELEPHONE  
AREA 505-397-3614

March 9, 1988

Mobil Exploration & Producing U.S., Inc.  
Post Office Box 633  
Midland, Texas 79702

Attention: Mr. M. E. Sweeney  
Environmental & Regulatory Manager

Re: 7.01 - Notice of Application for Water  
Disposal Well, State Sec. 27 Lease, Well  
No. 2, Vacuum Devonian, South Field,  
Lea County, New Mexico

Gentlemen:

We represent Snyder Ranches, Inc. of Lovington, New Mexico, and acknowledge receipt of your letter to them dated March 2, 1988 advising of an application for water disposal well. Please be advised that Snyder Ranches, Inc. is the holder of a State Grazing Lease issued by the State of New Mexico and one of its statutory obligations is to prevent waste upon the surface of the property. Please be advised that to our knowledge you have no right to be on the surface to dispose of any produced water as any oil and gas lease you have upon this property does not give you the authority to use the surface for water produced from other sources outside the particular wells. To our knowledge there have been no rights of way or easements granted by the State of New Mexico authorizing your entry upon this property.

You are further notified that to our knowledge you have not furnished any environmental impact study to determine the effect of the disposal of produced water in the particular well which you have described. You are further advised that Snyder Ranches, Inc. is the owner of the surface and minerals under the NW/4 NW/4 of Section 26, Township 18 South, Range 38 East. You have no authority and you do not have Snyder Ranches permission to permit any water that is injected into the proposed site to permit any such water to encroach to the slightest degree upon any of the minerals or surface of Snyder Ranches.

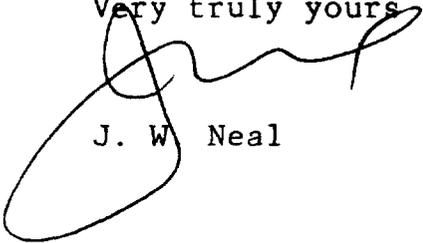
NEAL & NEAL, P.C.

Page -2-

Until such time that you can satisfy the undersigned that you can prohibit the encroachment of water upon this property, you are hereby notified to immediately cease and desist from any further activity or we will take such action as we deem necessary to protect the interest of our client.

You are further notified it is the position of Snyder Ranches that the Oil Conservation Division does not have any authority of any kind or character or jurisdiction to permit you to inject water in the proposed site whereby any water to the extent of one ounce encroaches upon the property belonging to my client. We have been advised you are presently injecting water into the well. We are advising you we believe this to be unlawful and unauthorized and in violation of our rights as surface lessee and in violation of our rights of the surface and minerals of the property.

Very truly yours



J. W. Neal

JWN/b

cc: Mr. Michael R. Comeau  
cc: Snyder Ranches

MONTGOMERY & ANDREWS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

OF COUNSEL  
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A. K. Montgomery (1903-1987)  
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Michael H. Harbour	Richard C. Mertz
Katherine W. Hall	Susan M. McMichael
Robert J. Mroz	Laura A. Ward
Richard L. Puglisi	

March 11, 1991

**HAND-DELIVERED**

**RECEIVED**

MAR 11 1991

**OIL CONSERVATION DIVISION**

SANTA FE OFFICE  
325 Paseo de Peralta  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

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REPLY TO SANTA FE OFFICE

Mr. Jim Morrow  
Hearing Examiner/Chief Engineer  
New Mexico Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Case 10233, Application of Mobil Exploration &  
Producing for Saltwater Disposal

Dear Mr. Morrow:

At the hearing of this case on Thursday, March 7, you requested that the parties address you in writing with regard to certain materials outside the present case record which we wished you to consider in this case.

This letter is a request made on behalf of Mobil Exploration & Producing U.S., Inc., that in considering Mobil's application in this case, you review the record and proceedings before the Oil Conservation Commission in Case No. 9337. This case involved an application by Mobil to inject saltwater into its State 27 Well No. 2 which is located in the same section as the well in the current case. The record of the Commission hearing in that case contains extensive testimony and exhibits relating to the disposal of produced water in the Siluro-Devonian formations underlying this area and is, therefore, I believe, pertinent to this hearing.

By copy of this letter, I am informing J.W. Neal, who opposed this application on behalf of Snyder Ranches, of this request.

Mr. Jim Morrow  
March 11, 1991  
Page 2

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Perry Pearce".

W. Perry Pearce

WPP/gr:103  
File No. 10384-91-01  
cc: J.W. Neal, Esquire

MONTGOMERY & ANDREWS

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March 15, 1991

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REPLY TO SANTA FE OFFICE

Mr. Jim Morrow  
Hearing Examiner  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Application of Mobil Exploration & Producing U.S., Inc.  
for Saltwater Disposal, OCD Case 10233

Dear Jim:

Following the hearing of this matter last week, the engineers at Mobil have considered steps which might be taken to respond to concerns raised by the opponents of this application, Snyder Ranches, about contamination of fresh water sources as a result of the disposal operations. Several items were mentioned at the hearing which include periodic pressure testing, maintenance of pressure on the annular space of the disposal well and periodic sampling of the closest water well on the Snyder Ranches property in the NW/4NW/4 of Section 26, Township 18 South, Range 35 East.

After considering these options, Mobil requests that consideration be given to adoption of certain disposal operations procedure which would exceed those normally required for other saltwater disposal operations under state and federal regulation, but which would minimize the risk and burden to both parties to this case.

Mobil suggests that an order in this case approving the saltwater disposal application contain a provision for testing of the tubing-casing annulus annually, bradenhead testing annually, and the continuance of monthly reporting of average wellhead injection pressures. These requirements, particularly the annual

Mr. Jim Morrow  
March 15, 1991  
Page 2

pressure testing of the tubing-casing annular space, are in excess of normal requirements but are in Mobil's opinion reasonable safeguards.

At the hearing of this matter, a question was asked about maintenance of positive pressure on the annular space and after reviewing this matter, the Mobil engineers have advised me that they believe that the maintenance of a positive pressure might increase the risk to operations since it would put additional strain on downhole equipment through pressure fluctuations which might result from periodic temperature changes and might not be reflective of any potential contamination to Snyder Ranches property.

In addition, at the hearing it was suggested that periodic testing of water in the Snyder Ranches well might be appropriate as a safeguard against contamination. Mobil requests that this periodic testing of Snyder Ranches well by Mobil not be required since each test would necessarily require the entry on Snyder Ranches lands by Mobil personnel and because a deterioration in water quality in this well is more likely to be from sources other than the Mobil disposal in the Devonian formation. The testimony in this record is that there are numerous oil and gas operations in the vicinity and that in fact shallower horizons have been used as disposal zones in the past have required high pressure injection for disposal. Mobil is concerned that any requirement for testing the Snyder Ranches well by Mobil would threaten to embroil Mobil in a dispute between Snyder Ranches and some other operator or operators. We are aware from the testimony in this record that, although oil and gas operations have been conducted in this vicinity for some time, Snyder Ranches has not found it necessary to implement a periodic testing regime. For these reasons we believe that it is appropriate for Snyder Ranches itself to assume this testing burden if it believes that testing is necessary.

Mobil continues to seek ways to protect New Mexico's environment, both by seeking ways of environmentally sound disposal of produced water and by proper operation and maintenance of those disposal facilities. Mobil believes that increasing the frequency of testing the annular space to annually, continuing the annual bradenhead test as required by the state, and the daily monitoring of wellhead injection pressure, with monthly reporting of average injection pressures, provide adequate and appropriate safeguards and believes that the maintenance of pressure on the annular space or periodic testing of private landowners water supplies are inappropriate and unnecessary burdens on operations.

Mr. Jim Morrow  
March 15, 1991  
Page 3

Thank you for your consideration of these comments and  
consideration of this application.

Sincerely,



W. Perry Pearce

WPP/gr:116  
File #10384-91-01  
cc: J.W. Neal, Esq.  
Robert G. Stovall, Esq.



OIL CONSERVATION DIVISION  
RECEIVED

NEAL & NEAL, P.C.

*Attorneys at Law*

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Telephone 505-397-3614  
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'91 MAR 21 AM 9 00

C. Melvin Neal (1907-1968)  
J. W. Neal

March 19, 1991

Mr. Jim Morrow  
Hearing Examiner/Chief Engineer  
New Mexico Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Case No. 10233, Application of Mobil Exploration  
& Producing for Salt Water Disposal

Dear Mr. Morrow:

We acknowledge receipt of a copy of Mr. Pierce's letter hand delivered to you on March 15, 1991, regarding the above matter.

As far as the pressures outlined on the first and second pages, we will yield to the engineering staff as to that being satisfactory. However, we strongly object to the requirements that Snyder Ranches be responsible for conducting water analysis. This burden should not be placed upon the lessee of state lands nor upon any private individual. Mobil is there for an economic purpose which means millions of dollars to Mobil in comparison to the tests that will cost \$30 to \$50. The monitoring of the fresh water and the test is an environmental requirement that the State Engineer would be very interested in. The request is completely unreasonable on the part of Mobil as it is their water that is being injected and whether or not the fresh water later becomes contaminated is a matter that would have to be determined at the time. Certainly, all the operators in the area have a duty to protect the fresh waters of the State of New Mexico that belong to the public. The minor cost involved in this request is so insignificant when you consider the millions of dollars that will create a benefit for the use of this disposal well by Mobil. Reading between the lines, it is apparent that Mobil is attempting to dodge possible liability in the future if contamination should occur.

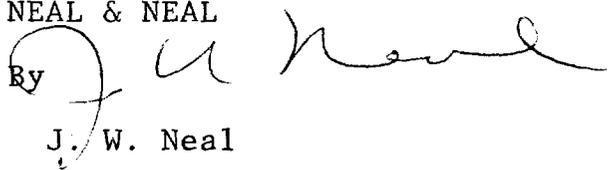
We are not prepared to accept the last paragraph of the letter because this is the attitude that has permitted contamination in the Ogalalla formation in Lea County and the Commission well knows that this has been going on for years because of poor operating procedures to protect the fresh water. The Commission will be completely remiss in accepting anything, but it is best to protect the fresh water by appropriate definite monitoring of the injection wells. Certainly, if they were not being used for injection wells, then there would not be a problem of contamination. The bottom line is the people who inject the water should be responsible therefor.

Snyder Ranches suggests that Mobil be required to hire an independent water laboratory to test the water well in Section 26 on a quarterly basis, with a copy of the analysis furnished to the OCD and also to Snyder Ranches. We think it should not be done by a chemical company that also sells chemicals to Mobil, because of a possible conflict of interest. We further suggest that if the actual sampling is to be done by a Mobil employee, that Mr. Squires or his employee be present so as to insure that the proper water well is sampled. As to entry upon Snyder Ranches land for testing, Snyder Ranches will not object to this entry for testing purposes and the trespass problem will be eliminated if Mobil will contact Snyder Ranches and Mr. Squires or his employee will go with him.

Very truly yours,

NEAL & NEAL

By

  
J. W. Neal

JWN/b

cc: Montgomery & Andrews

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
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March 27, 1991

MONTGOMERY & ANDREWS  
Attorneys at Law  
P. O. Box 2307  
Santa Fe, New Mexico 87505

RE: CASE NO. 10233  
ORDER NO. R-9474

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad  
J. W. Neal