

CASE 4155: Application of PAN AM.
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY.

Case Number.

4/55

Application

Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 25, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American
Petroleum Corporation for an
Exception to Order No. R-3221,
as amended, Lea County, New
Mexico.

Case 4155

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

RECEIVED
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MR. UTZ: Case 4155.

MR. HATCH: Case 4155, application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Lea County, New Mexico.

MR. BUELL: For Pan American Petroleum Corporation, Guy Buell. We have one witness, Mr. Wells, who testified in the previous Case, 4154, and has previously been sworn.

MR. UTZ: Any other appearances? You may proceed.

(Thereupon, Applicant's Exhibits 1 through 5 were marked for identification.)

BILL WELLS

called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows?

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Wells, you are the same Bill Wells who testified in Case 4154 previously heard by the Examiner?

A Yes, I am.

Q In connection with your testimony in Case 4155, I wish you would look first at what has been identified as Pan American Exhibit No. 1. What is that exhibit?

A Exhibit No. 1 is a map of the area of our requested no pit exception. Exhibit 1 is a map of the area of our request no pit exempt area which we are asking in Sections

28 and 33, which are outlined in red tape. We have also shown on this map all wells in the area, and they are color coated as to their producing interval.

Q Before we go to the other areas that are distinguished, I wish you would state for the benefit of the record the various pools that produce in the area, and how you distinguish the wells completed therein.

A There are four pools producing in this area, the Lusk-Strawn pool, which is color coated in gold; the Lusk-Yates pool, which is color coated in blue; the Lusk-Morrow, which is color coated green; and the Lusk-Delaware is shown as red.

Q Now, let's go to these other areas. I notice to the left in the bottom of your exhibit you have a portion of an area that is labeled Potash No Pit exempt area. What is the significance of that?

A This is a portion of the area which has been designed by the Commission as exempt from the Statewide No-Pit Order. It includes the Potash area.

Q Is it a much larger area?

A Yes, it extends many miles to the south and southwest.

Q I notice an area in blue. Would you relate this for the record ?

A We show in the upper lefthand corner of our map

in Section 19, we show a blue square which is Tenneco's no pit exempt area.

We also show to the southeast of that in Section 32, another blue square indicating Texaco's exception to the no pit Order.

We show in the upper righthand corner of this map a note, "Hudson and Hudson No Pit Exempt area," located approximately two miles to the northeast.

Now, we show to the southeast of our requested area, Larry S. Squires exempt area, which is a four-section exempt area. I believe it coincides with the Laguna Plata dry lake bed.

Q I also notice an outline of a portion of what is labeled on this map as the Plains Unit. Would you comment on that?

A Yes, this is the Pan American operated Plains Federal Unit. It is outlined in black dashed tape.

Q And it is only a portion of the Plains Unit, as shown on this Exhibit?

A Yes, sir.

Q But Sections 28 and 33 are both wholly within the Plains Unit?

A Yes, sir.

Q And Pan American is the operator?

A Yes, sir.

Q Looking at our two Sections 28 and 33, you mentioned earlier that four pools produce in this area. Do we have production from all four of the pools?

A Yes, sir, within these two Sections, we do.

Q Now, let's see, we have seven wells completed in Sections 28 and 33, Do any of them at this time produce substantial quantities of water, and by substantial quantities of water I mean more water than one barrel per day on 40 assigned acres?

A Only one well. Our Pan American unit Federal Well No. 9 located in section 33 in the southeast quarter of the northwest quarter now produces about 35 barrels of water per day.

Q Has Pan American currently investigated the feasibility of further development on Sections 28 and 33?

A Yes, we are.

Q Is that with the application that was requested in the form of exceptions for Sections 28 and 33, and all the wells thereon?

A Yes sir, we were in anticipation of future development, and the possible need for disposal.

Q Certainly, if putting salt water near the surface pit from an existing well now will not cause any harm to any fresh water, putting additional salt water in the same pit from wells drilled in the future couldn't cause any harm?

A Yes, sir, right.

Q So the scope of the application is really for Sections 28 and 33, and those wells now in existence and future wells, is that correct?

A Yes, sir.

Q Now, you mentioned Well No. 9 was currently making in excess of 1 barrel per day for 40-assigned acres?

A Yes, sir.

Q In that connection, would you look at Exhibit 2, and state what that is?

A Exhibit 2 is a pertinent Data Sheet showing data about this well, the Plains Unit Federal Well No. 9. It produces from the Lusk-Delaware pool. It produces 35 barrels of water a day, with a chloride content of approximately 160,000 parts per million.

Q If the Commission approves your request here today and grants an exception for Sections 28 and 33, where will the pit be located that the produced water at this time for No. 9 will be placed into?

A It will be located in Unit E of Section 28, Township 19 South, Range 32 East, which just to the north, in the Section just to the north of the section that well No. 9 is.

Q What is the size of that pit?

A It is 33 by 45 feet.

MR. UTZ: Where will it be located from the No. 2 well?

THE WITNESS: From the No. 2, it would be in the next unit over the east, Unit E.

THE BUELL: Southeast of the northwest, Section 28.

THE WITNESS: It would be directly east in the next unit over.

MR. UTZ: Unit F?

THE WITNESS: I am wrong, then. It is located immediately adjacent east to Well No. 2. That is where our battery for this whole deal is.

MR. BUELL: So it would be in the southwest of the northwest of Section 28?

THE WITNESS: Right.

Q (By Mr. Buell) Turn now to Exhibit No. 3, please.

A Exhibit 3 is a commercial water analysis of the water from our plains Unit No. 9 from the Delaware, showing a chloride content as mentioned earlier of 160,000 parts per million.

Q Go back to Exhibit No. 1 now for a minute, and let me ask you this. From your analysis of previously issued Commission Orders, have you observed whether the State Engineer has found in areas around Sections 28 and 33 that there was not a sufficient quantity of fresh water to be protected from surface disposal of salt water?

A Yes, sir, this has been found in each of these

cases shown, each of these exceptions.

Q The nearest one to our Section 33 would be the Texaco exception in Section 32, which offsets 33 to the west, is that not correct?

A Yes, sir.

Q What about the Squires four-section exception which offsets our Section 33 at the southeast corner?

A Yes, this is also just adjacent to both ours and the Potash no pit exception area.

Q And the Potash area was exempt in the Commission's original no pit Order, is that not correct?

A Well, shortly thereafter, when they exempted this area.

Q Is it your understanding that the theory behind that exception was that for years, waste water from Potash operations had been placed on the surface, and if any harm was going to occur, it already had?

A Yes, sir, and the relative amounts of water that an oil company would put on the surface as to what was being dumped by the Potash companies was minimal and would be no additional harm in the area.

Q Let's look at Sections 28 and 33. Are there any fresh water wells on either of these two sections?

A No, sir, there are not.

Q Not even a windmill?

A No, sir, nothing on these two sections. The nearest

fresh water wells to these two sections is approximately six miles west -- I believe it is four-and-a-half miles north-northwest. And there is one about three or three-and-a-half miles northeast.

Q Is it your understanding that people who ranch in that area buy water from a pipeline to give to their cattle?

A Yes, sir, that is true, that is what I understand.

Q I have heard that in drilling operations for an oil and gas well, that you can tell when you have encountered a fresh water -- a water strata could be either fresh or salt water, is that correct?

A Yes, sir.

Q In the drilling of our wells, did we encounter any fresh water?

A No, sir, we haven't noticed any of this, and it is our understanding that other operators in the area have not noticed fresh water flowing through the potential zones.

Q Now, we have shown for the record that in our area and adjacent to our area, the State Engineer found there was no fresh subsurface water to protect. We have that based on all the data we can examine there is no fresh water to protect on Sections 28 and 33. Under those circumstances, if we place water in an unlined surface pit on either of these two sections, if it moves off, what is going to happen.

Let's look at the topography of this general area, and see if we had any surface drainage from our lined pit, what would happen to it?

A I believe that is Exhibit No. 4.

Q What does that Exhibit show?

A This Exhibit is an enlarged regional map of a portion of the same area shown on Exhibit 1. It is a surface topographic map. I believe these are twenty-foot contour -- or fifty-foot contours, I am not sure. But it does show the surface topography in the area.

Q We have some of the same land on this exhibit as we had previously, and let's orient the Examiner on this map.

A Our requested exempt area, Sections 28 and 33, are shaded in red and so designated. We show an expanded area of the Potash no pit exempt area. It is outlined in blue, and has a note on that.

Additionally, the Texaco and Tenneco exempt area is shown shaded in blue. An additional feature on this map that wasn't shown on the previous is the V. S. Welch and Pan American exempt area located in the Shugart pool area. This is northwest of our requested exemption.

We show L. C. Squires no pit exempt area just to the southeast of our requested area. This again is covering the Laguna Plata area, the salt lake.

Q And again a portion of the Potash exempt area?

A Yes, sir.

Q Looking at that map of the surface, in which direction from Sections 28 and 33 is the surface of the earth dipping?

A The slope in the area of our request is to the south and southwest into the Potash exempt area.

Q So if we have surface drainage of any water we put into the pit on Sections 28 and 33, it would simply drain into another exempt area?

A Yes, that is true.

Q Do you have any other comments on this exhibit?

A No, sir, I don't believe I do.

Q Let's go now to Exhibit No. 5.

A Exhibit No. 5 is a map contoured on the top of the Redbeds, and the area of our requested exempt or requested exception. Again, we show our requested exemption shaded in red. This is Sections 28 and 33. We show a portion of the Potash no pit exempt area, and the same previous exemptions. We also show the Hudson and Hudson no pit exempt area located in the northeast of our exempted area.

Q I notice the datum on some of these contours -- here is one, 3,750. Is that below the San Andres?

A No, sir, these are elevations above sea level,

as opposed to the normal structure map below sea level. In other words, these are positive datums.

Q About how far in the general area are these datums below the surface of the earth?

A 300 to 400 feet.

Q Let me ask you this, what is the significance of the top of the Redbeds with regard to fresh subsurface water?

A Hydrologic studies of this area have determined that the Redbeds are actually the base of any possible fresh water bearing zones. It is actually a core marker for the top of the rustler anhydrite, I believe is what it is. But below this point, they have determined there is no fresh water.

Q Now, in what direction are we dipping in at this subsurface interval from our two section area, 28 and 33?

A Again, we are dipping to the south and southwest into the Potash no pit exempt area.

Q Would it be your opinion, based on your general knowledge of the strata and its formation, that from the surface of the earth to a datum point 300 to 400 feet below, such as we are looking at here, that all the intervening strata in that interval would also be dipping in the same direction?

A Yes, sir, I feel that they would.

Q In your opinion, then, if any of the salt water

that we put in an unlined pit on Sections 28 and 33 percolates below the surface and migrates off 28 and 33, where will it go?

A Due to the structural portion of it, I feel it will move south and southwest into the no pit exempt area. Also, from a review of the studies in this area, it has been determined that movement of any potential ground water or any possible ground water anywhere in this area will flow toward the no pit area or to the south and southwest.

Q Mr. Wells, based on your study which has shown that the State Engineer in areas around us has found there was not sufficient fresh water to protect, and our study which has revealed that on Sections 28 and 33, if there is any fresh subsurface water there, we can't locate it, nor have any of the ranchers located it, and that all drainage from 28 and 33 will be to an exempt area, what is your recommendation to the Commission?

A My recommendation would be that the Commission grant us an exception to the Statewide No Pit Order for Sections 28 and 33, all wells currently thereon, and all future wells to be drilled on these two sections.

MR. BUELL: May it please the Examiner, that is all we have to offer at this time. I would like to formally offer Exhibits 1 through 5, inclusive.

MR. UTZ: Applicant's Exhibits 1 through 5 will

be entered into the record.

(Thereupon, Applicant's Exhibits 1 through 5 were admitted in evidence.)

MR. UTZ: Are there any questions of the witness?

MR. PORTER: I believe you mentioned that the nearest fresh water was three to three-and-a-half miles to the east?

THE WITNESS: Yes, sir.

MR. PORTER: Do you know how deep that water is?

THE WITNESS: It is producing from the Santa Rosa. I think that is in this area probably about 350 to 400 feet.

MR. PORTER: That is all I have.

MR. UTZ: Any other questions? The witness may be excused. Any statements? The Case will be taken under advisement.

I N D E XWITNESS

BILL WELLS

Direct Examination by Mr. Buell

PAGE

2

EXHIBITSApplicant's Exhibits 1
through 5MARKED

2

ADMITTED IN
EVIDENCE

14

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and for
the County of Bernalillo, State of New Mexico, do hereby
certify that the foregoing and attached Transcript of
Hearing before the New Mexico Oil Conservation Commission
was reported by me, and that the same is a true and correct
record of the said proceedings, to the best of my knowledge,
skill and ability.

Samuel B. Mortelette

I do hereby certify that the foregoing is
a complete record of the proceedings of
the Regular hearing of Case No. 4155
heard by me on June 25, 1969
Samuel B. Mortelette
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

July 8, 1969

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Guy Buell
Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas 76101

Re: Case No. 4154
4155
Order No. R-3783 and R-3788
Applicant:
Pan American

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x - R-3788

Aztec OCC

Other State Engineer Office (R-3788)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4155
Order No. R-3788

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 7th day of July, 1969, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Pan American Petroleum Corporation,
is the owner and operator of certain wells located in Sections
28 and 33, Township 19 South, Range 32 East, NMPM, Lusk Field,
Lea County, New Mexico.

(3) That Order (3) of Commission Order No. R-3221, as
amended, prohibits in that area encompassed by Lea, Eddy, Chaves,
and Roosevelt Counties, New Mexico, the disposal, subject to minor
exceptions, of water produced in conjunction with the production
of oil or gas, or both, on the surface of the ground, or in any
pit, pond, lake, depression, draw, streambed, or arroyo, or in
any watercourse, or in any other place or in any manner which

-2-

CASE No. 4155

Order No. R-3788

would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's wells located in said Sections 28 and 33, in an unlined surface pit located in Unit E of said Section 28.

(7) That wells presently located in said sections presently produce approximately 35 barrels of water per day.

(8) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(9) That the applicant should be permitted to dispose of salt water, produced by its wells located in said Sections 28 and 33, in the above-described surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its wells located in Sections 28 and 33, Township 19 South, Range 32 East, NMPM, Lusk Field, Lea County, New Mexico, in an unlined surface pit located in Unit F of said Section 28 until further order of the Commission.

-3-

CASE No. 4155

Order No. R-3788

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.


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

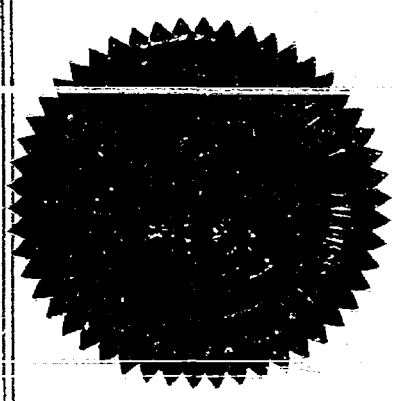
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary



esr/

Case 4155-

Heard 6-25-69

Rec: 6-27-69.

Grant Pan Am an exception
to R-3221 for scenic

28 & 33 - 195-32 E Luck
field. The pit to be in

unit - E - 28 195-32 E.

This area has exceptions
on all sides. There appears
to be no potable water to
contaminate.

Thos. G. Giff

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1969

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4151: Application of Northern Natural Gas Company for the suspension of certain provisions of Rules 14 (A) and 15 (A) of Order No. R-1670, as amended, of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico. Applicant, in the above-styled cause, seeks suspension, for a period of one year from July 1, 1969, of those provisions of Rules 14 (A) and 15 (A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide, respectively, for the cancellation of unproduced allowable and the shutting-in of over-produced wells. Applicant seeks said suspension for the Blinebry, Eumont, Jalmat, Monument-McKee, and Tubb Gas Pools.

CASE 4152: Application of Anadarko Production Company for an amendment of Order No. R-3628, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3628, which authorized the institution of a waterflood project in the Loco Hills Sand Unit Area, Loco Hills Pool, by the injection of water through certain wells located in Township 18 South, Range 29 East, Eddy County, New Mexico. Applicant seeks to delete 3 injection wells located or to be located in Section 4 of said Township and Range and to substitute in lieu thereof the following 3 wells in said Section 4;

A well to be drilled 2460 feet from the North line and 180 feet from the East line;

A well to be drilled 1980 feet from the South and West lines;

A well to be drilled 10 feet from the South line and 1650 feet from the West line.

Applicant further seeks a procedure whereby other injection wells may be substituted administratively for those previously authorized in order to have an efficient injection pattern.

CASE 4141: (Readvertised)
Application of McCasland Disposal System for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the

Seven Rivers formation in the intervals from approximately 3756 feet to 3851 feet and from approximately 3918 feet to 3939 feet, respectively, in the Getty Oil Company J. H. Day Wells Nos. 1 and 2, both located in the NW/4 of Section 6, Township 22 South, Range 36 East, Jalmat Field, Lea County, New Mexico.

CASE 4153: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp and Pennsylvanian formations in the interval from approximately 9508 feet to 10,000 feet in its L. W. Ward Well No. 5 located in Unit J of Section 11, Township 13 South, Range 38 East, Bronco-Wolfcamp Pool, Lea County, New Mexico.

CASE 4107: (Continued from the April 23, 1969 Examiner Hearing)
Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 4144: (Continued from the June 4, 1969, Examiner Hearing)
Application of Sam G. Dunn Oil Operations for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 1910 feet to 1950 feet in its E. Faircloth "C" Well No. 1 located in Unit N of Section 32, Township 7 South, Range 27 East, Acme-San Andres Pool, Chaves County, New Mexico.

CASE 4154: Application of Pan American Petroleum Corporation for a pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Blinberry oil pool for its State "C" Tract 11 Well No. 3 located in the NW/4 SE/4 of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 28,510 barrels to said well.

CASE 4155: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said

(Case 4155 continued)

exception would be for the applicant's wells located in Sections 28 and 33, Township 19 South, Range 32 East, Lusk Field, Lea County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits in said sections.

CASE 4156: Application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's wells located in the SE/4 and NE/4, respectively, of Section 13 and 24, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant, seeks authority to dispose of salt water produced by said wells in unlined surface pits located in said quarter sections.

CASE 4157: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Eunice-Monument Unit Area comprising 1516 acres, more or less, of State and fee lands in Township 20 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 4158: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Eunice-Monument Unit Area by the injection of water into the Grayburg and San Andres formations through 18 wells located in Section 24, Township 20 South, Range 36 East, and in Sections 19, 20, 21, 29 and 30, Township 20 South, Range 37 East, Eunice-Monument (Grayburg-San Andres) Pools, Lea County, New Mexico.

CASE 4159: Application of Southwestern Natural Gas Company, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill at an unorthodox oil well location 2310 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

PAN UNION ELEGRAM

R. W. MCFALL
PRESIDENT

SYMBOLS	
DL	Day Letter
NL	Night Letter
LT	International Letter Telegram

Telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA052 NSC159
MS FWB098 JB PIB 2 EXTRA=FAX FORT WORTH
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NMEX=

TE 4 1112A CDT=

1969 JUN 4 AM 10 35

REQUEST YOU DOCKET HEARING ON JUNE 25TH TO CONSIDER
OUR REQUEST FOR EXCEPTION TO STATEWIDE NO PIT RULE FOR
SECTIONS 28 AND 33-T198-R32E, LEA COUNTY, NEW MEXICO.
WATER TO BE DISPOSED OF INTO PIT LOCATED IN SECTION 28
AND WILL BE PRODUCED FROM PAN AMERICAN'S PLAINS UNIT
WELL NO 9, LUSK-DELAWARE POOL, LEA COUNTY, NEW MEXICO.
ANTICIPATED VOLUXE 120 BOPD
D L RAY DIVISION ENGINEER PAN AMERICAN PETROLEUM
CORPN=

WU1201(R2-65)

ANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

6-12-69
W. L. M. M.

PERTINENT DATA SHEET
"NO PIT" EXCEPTION
LUSK AREA
LEA COUNTY, NEW MEXICO

Chloride Content
160,000 PPM

Quantity
35 BWPD

Pool
Lusk Delaware

Pit Size
33' x 45'

Source of Produced Water
Plains Unit Federal Well #9

Location of Pit
Unit E, Section 28
T19S, R32E

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
PAN AM EXHIBIT NO. 3
CASE NO. 4155

HALLIBURTON DIVISION LABORATORY
HALLIBURTON COMPANY
MIDLAND DIVISION

LABORATORY WATER ANALYSIS

No. 113-223-69To Ena American Petroleum CorporationDate 6-15-69Hobbs, New Mexico

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by _____

Date Rec. 6-11-69Well No. Plains Fed. #9Depth 4925' 36"Formation DelawareCounty LeaField Lusk DelawareSource ProducedResistivity .052 @ 68 F.Specific Gravity 1.181pH 5.6Calcium (Ca) 33,200

*MPL

Magnesium (Mg) 4,080Chlorides (Cl) 160,000Sulfates (SO₄) 120Bicarbonates (HCO₃) 50Soluble Iron (Fe) 15

Remarks:

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
PAN AM'S EXHIBIT NO. 3
CASE NO. 4155

Respectfully submitted,

Analyst: Whitfield

cc:

HALLIBURTON COMPANY

By Frank Whitfield

DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4155

Order No. R-3221

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of July, 1969, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Pan American Petroleum Corporation,
is the owner and operator of the certain wells located in Section
28 and 33, ~~the Plains Unit Federal Well No. 9,~~
~~located in Unit F of Section 33,~~ Township 19 South, Range 32
East, NMPM, Lusk Field, Lea County, New Mexico.

(3) ~~That effective January 1, 1962,~~ ^{That} Order (3) of Commission
Order No. R-3221, as amended, prohibits in that area encompassed
by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the
disposal, subject to minor exceptions, of water produced in
conjunction with the production of oil or gas, or both, on the
surface of the ground, or in any pit, pond, lake, depression,
draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water, ~~produced by applicant's~~ *well located in Section 28 and 33,* ~~aforesaid Plains Unit Federal Well No. 9,~~ *unit of E. F. F.* in an unlined surface pit located in Section 28, said township and range.

(7) That ~~the subject wells~~ *the subject wells* presently located in said section ~~presently produce approximately~~ *presently produce approximately* 35 barrels of water per day.

(8) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(9) That the applicant should be permitted to dispose of salt water, produced by its wells located in said section 28 and 33, in the above-described surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its wells located ~~to be located~~ in Sections 28 and 33, Township 19 South, Range 32 East, NMPM, Lusk Field, Lea County, New Mexico, in an unlined surface pit located in Unit F of said Section 28 until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

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

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