

CASE 4156: Application of JACK
L. McCLELLAN FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED.

Case Number.

4156

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 Jack L. McClellan for
an exception to Order No. R-3221, as
amended, Chaves County, New Mexico.

Case No. 4156

BEFORE: ELVIS A. UTZ, Examiner

Page 11 Pit Location

TRANSCRIPT OF HEARING

MR. UTZ: Case 4156.

MR. HATCH: Case 4156, application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Chaves County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the Applicant. I have one witness.

(Thereupon, Applicant's Exhibits A and B were marked for identification.)

JACK L. MCCLELLAN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Jack L. McClellan.

Q Are you the Applicant in Case 4156 presently before the Commission?

A Yes, sir.

Q Have you testified before the Oil Conservation Commission before, and made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are. Let me ask for other

appearances. You may proceed.

Q (By Mr. Kellahin) Mr. McClellan, what is proposed in your application in Case 4156?

A We have recently or are in the process of developing a Queen oil field, as shown on Exhibit A. We have encountered some water. We would like to be able to dispose of this water on the surface, inasmuch as we have drilled all the wells circled in red there with cable tool rigs.

Q You are referring to Exhibit A?

A Exhibit A, right. We have not encountered any water above the Queen formation. We do not feel that there is any fresh water present out there, nor anywhere within several miles within the proposed disposal site.

Q Your source of water is from the Queen formation?

A Our water is being produced in conjunction with the Queen, particularly in one well.

Q Which well is that?

A The 3-C, the well located in the southeast of the northeast of Section 24 is primarily the well that is producing a large amount of water.

Q What volume of water?

A It is producing approximately 85 barrels of water, and 85 barrels of oil per day.

Q What other wells are producing water?

A The rest in there are. They vary. It is difficult to tell. We completed the wells by virtue of a water frac of 25,000 gallons. All the wells you see depicted in Section 24 on the east half go to a common tank battery. We have tested them separately, and there is small amount of water, five barrels, I think probably the No. 4-C will make. Most of the wells in there are water-free.

Q Are you the operator of all the wells in this pool?

A No, sir, there is one well in there, Pan American has one well in the northwest quarter of the northeast quarter of Section 24.

Q Is this pool under a program of continuous development?

A Yes. The well currently drilling is 4-A, which is in the northeast of the southwest of 24.

Q Do you plan other wells in the future?

A Yes, we have a continuous development program.

Q Is it the intent of your application for an exception to the entire area?

A Yes, sir.

Q As I understand it from your previous testimony, the 3-C is the chief water producer in the pool at this time?

A Right.

Q What has been your experience in connection with

water as to volumes? Has it been increasing or decreasing, or stable?

A In Section 18, in the southwest quarter southwest quarter, this well was completed in the Queen formation, produced quite a large amount of water in conjunction with a small amount of oil. This well was pumped approximately four months, and toward the end the water was decreasing, the oil increasing. The well was subsequently drilled with a rotary rig to the San Andres formation, and we are now preparing to install a pump jack and again produce the well from the Queen formation.

Q As I understand, you said you completed this well with rotary tools?

A No, sir, it was with cable tool to the Queen, but on to the San Andres. What I am trying to say is, it is my opinion that the water is depletable, at least in that area. Whether it would apply to the 3-C down there, I don't know. It varies, the amount of water produced each day varies.

Q But you haven't found it to increase substantially?

A No, it doesn't increase. If anything, it decreases.

Q Were the wells drilled by you drilled to the Queen with cable tools?

A All of them.

Q Did you encounter any fresh water zones in the drilling of those wells?

A No, sir.

Q In the drilling of wells with cable tools, would you know when you encountered water, if you did?

A Yes, you would. Any fluid whatsoever is immediately detectable during the drilling of a cable tool hole.

Q And you encountered no fluids until you got to the Queen?

A That's correct.

Q Referring to Exhibit B, would you discuss the information shown on that exhibit?

A In an attempt to -- I was just going to refer to the Ground Water Report No. 3, which does not cover the area under consideration. It stops at a Township to the south of us. But, based on projecting that information on the north, which I assume would be true, it appears that the waterflow as depicted in that Report is to the southwest. I have made an inspection of this area up there. The only produced water in this vicinity is depicted by the red circle on Exhibit B, and is labeled the Little Lucky well, which is a windmill. Right due north of that, there are two windmills, but they are not producing subsurface water. They are pumping out of an earthen tank. Rain water drains in there, and they pump the water from that tank with two

windmills. I have discussed this with the rancher to make sure this is the case.

Q Whose ranch is that?

A I believe it is the Bogle.

Q Did you talk with the foreman of the Bogle ranch?

A I don't know if he was the foreman, the man that runs that particular portion of the ranch.

Q What did he tell you with regard to the presence of fresh water in that area?

A He said they had attempted to drill some wells for water, and were unsuccessful. There are certain areas, I believe, to the north of here that they did have some surface water, except that it was so highly gypsy, that the cattle wouldn't drink it.

Q You have marked on Exhibit B a proposed disposal area.

A These are two pits that I proposed to dispose of salt water in.

Q Are they presently there?

A Yes, they are both presently there.

Q How far would this Little Lucky well be from those pits?

A Approximately three miles to the northwest.

Q Did you examine the area in other directions from your disposal pits?

A Yes, there are no other tanks. As indicated on Exhibit B, they rely strictly on rain water.

Q And that would be to the west and to the southwest?

A Yes, that's correct. There are no other windmills or water wells in that area.

Q In your opinion, is there any fresh water in the area that could be damaged by continued use of the surface pits?

A No, sir, there is not. There is evidence by the 13 wells that we drilled by cable tools.

Q Did you contact the Office of the New Mexico State Engineer in Roswell in connection with this application?

A Well, I did through my Secretary to inquire if there was any literature available on this area, and was told there was not.

Q Were Exhibits A and B prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits A and B.

MR. UZF: Without objection, Exhibits A and B will be entered into the record of this Case.

(Thereupon, Applicant's Exhibits A and B were admitted in evidence.)

Q (By Mr. Kellahin) Mr. McClellan, you stated that this area is in a state of continuous development. Would you use the same disposal pits in the event further surface disposal is required?

A Up to the economic factor where if the well was too far away to lay a pipeline to that tank battery, then, of course, we could construct another tank battery, but at the present time the way the lease is currently being developed, the two tanks as shown on Exhibit B would be the two places where the water would be exposed.

Q And that is at the site of your tank battery?

A That's right.

Q Would you continue to use those unless you found it necessary to build another tank battery?

A Yes.

Q In that event, would you be willing to advise the Commission of any pits that would be placed in the area?

A Yes, sir.

Q And the amount of water to be placed in those pits?

A Yes.

Q But at the present time you are asking for continued use of the present pits?

A Right.

Q What volume of water are you putting in those pits?

A We have measured on several occasions, and I would say the average production is about 100 barrels total. Some is less than that. And very infrequently, of course, we produce them sufficient to get the allowable, but with all of them turning on twenty-four hours, we measured a volume of 100 barrels.

Q Based on your experience, you anticipate that will decline from the present wells?

A The indication we had on the 2-B, it appears the water is a depletable water.

MR. KELLAHIN: That completes the direct examination of the witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Now, this 100 barrels is from all wells?

A Yes. As I stated earlier, the one that makes almost all the water is the 3-C.

Q How does the rancher water his stock, from water tanks, from rain water?

A The only tank -- in fact, I made a personal examination of the area. It is that tank, the Little Lucky has one tank with the windmill, and then apparently the major watering source is up to the north where I have

indicated the windmills pumping from tanks, seems to be the main watering source for the cattle. There aren't a great many cattle in there that I have seen. There isn't any grass, it is just big regular sand hills.

Q What is the location that you want to put the pits in?

A One pit is presently in the northeast-northeast of 24, and then in the southeast-southeast of 13. The one in the southeast-southeast of 13, there probably is no water. It is within the limits of -- what is it, one barrel per day of 40 in this lease. The one we are making the water is in the northeast-northeast of 24.

Q What section is that Little Lucky well?

A It is in Section 28, in northwest-northwest. They are injecting there -- wait, you mean the windmill?

Q Yes.

A It is in Section 3, in the northwest-northwest. This is the best I can tell. I just had to judge by looking at the other wells, because there is no marker, of course.

Q What kind of water is there in the area?

A It is fresh water.

Q And stock uses it?

A Yes. Now, it is my understanding, also, that they have tried to establish other fresh water wells in other vicinities from this same zone, and it is not present or

it is fairly guppy. The man that I talked to owned the ranch and said this was unique, it is the only water well they have out there.

Q And you have pretty good evidence that the drainage is to the south-southwest?

A I am relying primarily on the Report, Ground Water Report 3 which I am projecting. In that whole area, it appears that the water drainage is to the southwest. The topography of the area, we are on a high ridge there, and the relief is to the south.

Q And you would have no idea as to how much water you might eventually produce in this?

A Well, of course, we are going to try to stay away from the area. It appears to the east of our present production is going to be water. We, of course, will not drill over in that area. The other wells are not producing any water. I have no idea of this Queen, I compared it to the Caprock Queen, I don't know what their situation is up there.

Q Did they encounter very much water in their wells? Do you know?

A I don't anticipate any water. I just don't know.

Q They did have some water, but you just don't know how much?

A I just kind of feel like the eastside of where they

are now is probably going to be water bearing in the Queen, but as we move west it will become more updip. The two gas wells depicted in 12 in the east-southwest of 12, and in the northwest-northwest of 13 are gas wells.

MR. UTZ: Any other questions of the witness?

MR. PORTER: The water well to which you refer in the area, do you know how deep it is?

THE WITNESS: No, I didn't ask. From the conversation, I didn't ask. I just don't know.

MR. HATCH: I don't understand why do they have windmills pumping out of tanks?

THE WITNESS: Bill Gasset went out there. We were both wondering, and I thought there were two windmills out there, so Bill went out there and checked himself, and told me those weren't water wells, they are producing out of tanks. And I was there the day before yesterday, and I had some time, and I drove out there, and there was a rancher working on the fence. There are two windmills, and the pipe instead of going into the ground, it angles out, and I asked him, and he said that is a tank the rain water drains into, and these windmills pumped it out over the hump and the cattle use it. I thought it was subsurface water, but he said it is rain water. The only water well in that whole area that he knew of and that I could find was the Little Lucky well.

MR. PORTER: You say that is three miles north of your disposal pit?

THE WITNESS: Three miles northwest, right. It is in the northwest-northeast of Section 3.

MR. HATCH: Your disposal pits are in --

THE WITNESS: In the northeast-northeast of 24, and in the southeast-southeast of 13. They are offsetting wells there.

MR. HATCH: And that water well would be in what section there?

THE WITNESS: The windmill?

MR. HATCH: Yes.

THE WITNESS: I thought I had marked it on the Exhibit.

MR. HATCH: Here it is, it is Section 3.

THE WITNESS: That is an estimated location. I took a compass out there and tried to determine the best I could where it was.

MR. UTZ: Does he have this water pit fenced?

THE WITNESS: It is in the process of being fenced. It is not fenced at the present time.

MR. UTZ: That is probably the idea, to keep the cows out of the water.

THE WITNESS: Are you talking about my pits or his pits?

MR. UTZ: No, the water pits.

THE WITNESS: Up north?

MR. UTZ: Yes.

THE WITNESS: It is fenced. In fact, they were putting a new fence in there now. I don't know why they are fencing it.

MR. UTZ: Any other questions?

MR. HATCH: On your Exhibit B, even though it shows on some maps what would be a windmill symbol on these circles, you have identified these as, say, rock tank below, that would be just a surface tank?

THE WITNESS: There are several of those out there. It is a small depression that apparently when they get a pretty good rain, the water accumulates. I believe the one that we call here the rock tank -- no, it is not, either. It is not labeled.

MR. HATCH: There is no windmill there?

THE WITNESS: No, the only windmill which you can see from any direction for miles is the Little Lucky well. Now, they have explored in there for water, because I imagine he is pretty short on water, and have been unsuccessful. When they do find it south of that windmill, it is highly gypsy. There is no aquifer in there, that is the problem. We have hit pockets of air in there, and almost all those wells in that area were cable tooled and drilled several years ago, and did not encounter water.

MR. PORTER: Did you drill, yourself, with cable tools?

THE WITNESS: All of them.

MR. UTZ: What is your analysis of the water?

THE WITNESS: My salt water?

MR. UTZ: Yes.

THE WITNESS: I believe it is about 155,000 parts per million, pretty salty.

MR. UTZ: Any other questions? You may be excused.

Any statements? The Case will be taken under advisement.
At this time, we will adjourn until 1:30 this afternoon.

I N D E X

WITNESS

JACK L. McCLELLAN

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Utz

PAGE

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10

ADMITTED IN
EVIDENCE

8

MARKED

2

EXHIBITS

Applicant's Exhibits A
and B

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.

Lamuel B. Carpenter

I do hereby verify that the foregoing is a complete record of the proceedings in the Forensic Hearing of June 25, 1956, held by me on June 25, 1956.

Min. 24100 Oil Conservation

SUITE 814
PETROLEUM BUILDING

JACK L. MCCLELLAN
GEOLOGIST AND OIL PRODUCER
P. O. BOX 848
ROSWELL, NEW MEXICO 88201

505 622-3200 OFFICE
505 622-4076 HOME

JULY 17, 1969

MAIN
JUL 18 AM 8 18

OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

RE: CASE No. 4156
ORDER No. R-3784

GENTLEMEN:

WITH REFERENCE TO THE ABOVE CAPTIONED CASE, PARAGRAPH 6 OF SAID CASE STATES THAT I WILL BE PERMITTED DISPOSAL OF SALT WATER IN THREE UNLINED PITS IN UNIT P OF SECTION 13 AND UNITS A AND H OF SECTION 24. EITHER I ERRONEOUSLY REPORTED THE LOCATION OF THESE PITS OR A TYPOGRAPHICAL ERROR HAS OCCURRED INASMUCH AS THERE IS NO PIT IN UNIT H OF SECTION 24 AND THE PIT ORDER REQUESTED PERTAINS TO THE PIT IN UNIT F OF SECTION 24.

THEREFORE, THIS LETTER IS TO REQUEST THAT THIS CHANGE BE MADE.

VERY TRULY YOURS,

Jack L. McClellan
JACK L. MCCLELLAN

JLMc:LT

JLMc
Jason advised me by phone
that McClellan is going to move the
pit to fit the order.
George

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 Blinebry 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.

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. 4156
Order No. R-3784

APPLICATION OF JACK L. McCLELLAN
FOR AN EXCEPTION TO ORDER NO. R-
3221, AS AMENDED, CHAVES 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, Jack L. McClellan, is the owner and
operator of certain wells located in the SE/4 of Section 13 and
in the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM,
Sulimar-Queen Pool, Chaves 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

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CASE No. 4156

Order No. R-3764

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 wells located in the SE/4 of Section 13 and in the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in three unlined surface pits located in Unit P of said Section 13 and in Units A and H of said Section 24.

(7) That the subject wells presently produce approximately 100 barrels of water per day.

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

(9) That the applicant should be permitted to dispose of salt water produced by wells located in said quarter-quarter sections in the three aforesaid unlined surface pits.

IT IS THEREFORE ORDERED:

(1) That the applicant, Jack L. McClellan, is hereby granted an exception to Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both,

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CASE No. 4156

Order No. R-3784

by his wells located in the SE/4 of Section 13 and the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in three unlined surface pits located in Unit P of said Section 13, and in Units A and H of said Section 24.

(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

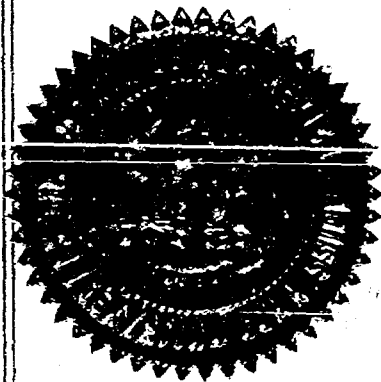
DAVID F. CARGO, Chairman

Alex J. Armijo

ALEX J. ARMIJO, Member

A. L. Porter, Jr.

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



esr/

Case 4156

Heard 6-25-69

Rec. 6-27-69.

Grant. Jack McClellan
exception to R 3221 for
sect. 13 + 24 - 155 - 29 E.
approx 3 Pits.

1 - P - 13 - 155 - 29 E.

1 - A - 24 " "

1 - H - " " "

I can find no evidence
of fresh water to be con-
tributed to the south of
this area which is the
direction of drainage. One
bedrock well 3 miles NNE
is the only fresh water well
in the area.

Thos. G. Jolly



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

July 8, 1969

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No.

4156

4144

Order No. R-3784 and R-3787

Applicant:

Jack L. McClellan & Sam G. Dunn

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

Aztec OCC

Other State Engineer Office

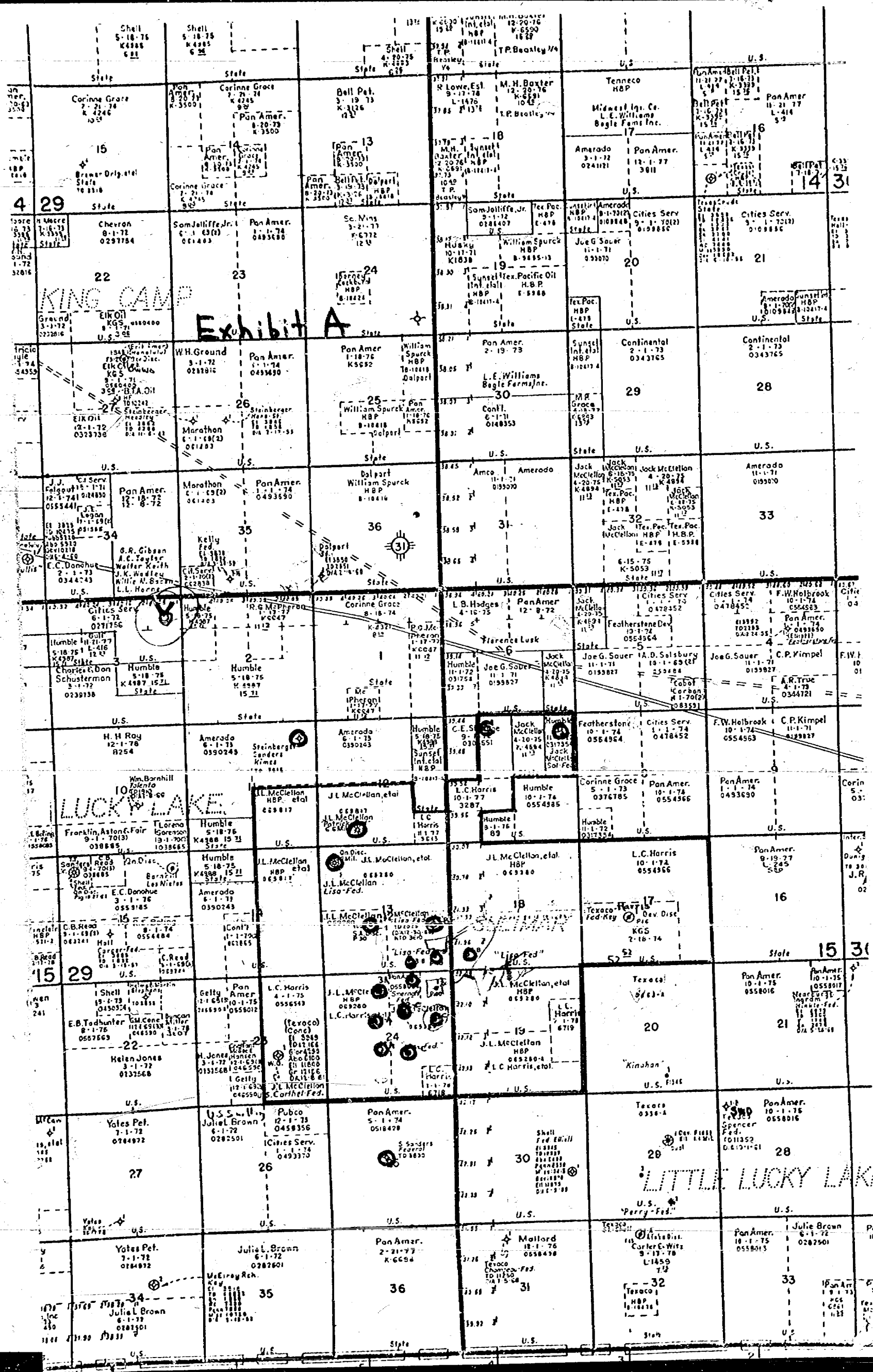
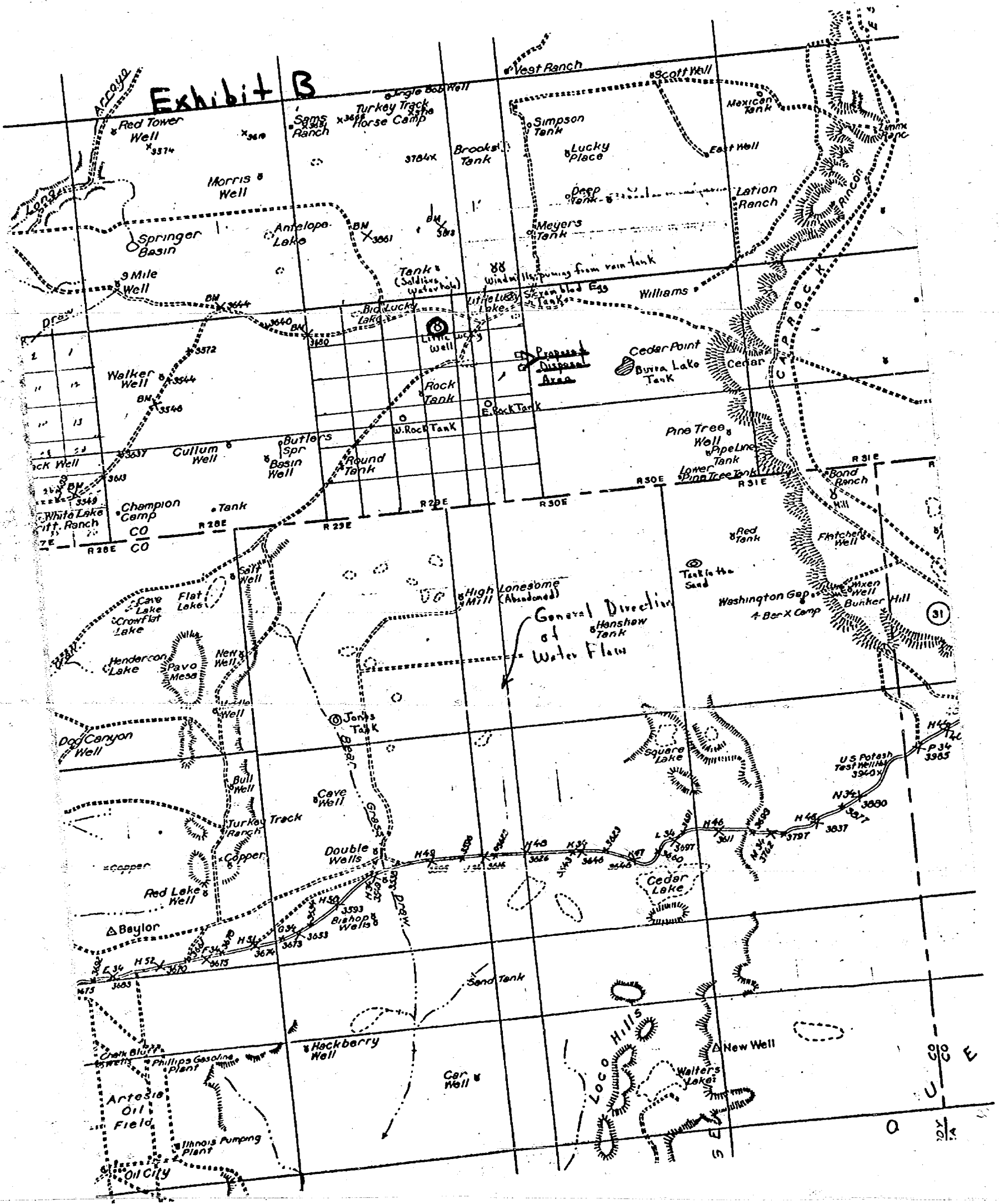


Exhibit B



BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF JACK L. MC CLELLAN FOR AN
EXCEPTION TO THE PROVISIONS OF
ORDER NO. R-3221, AS AMENDED, CHAVES
COUNTY, NEW MEXICO

MAILED
JUN 5 AM 2 38

APPLICATION

Suleman-Queen
Case 4156

Comes now Jack L. McClellan and applies to the Oil Conservation Commission of New Mexico for an exception to the provisions of Commission 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 and in support thereof would show the Commission:

1. Applicant is the operator of ten wells located in the NE/4 of Section 24, and the SE/4 of Section 13, Township 15 South, Range ²⁹~~39~~ East, N.M.P.M., Chaves County, New Mexico. Two of said wells are presently making approximately 100 barrels of water per day.

2. In applicant's opinion there is no fresh water supply in the vicinity of the subject wells and the water disposal wells used in conjunction therewith that would be contaminated or be subject to contamination by continued use of disposal pits on the surface of the ground, and that no surface or underground waters will be contaminated by continued surface disposal of the produced water.

Wherefore applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order granting an exception from the provisions of Order No. R-3221, as amended, to permit continued use of surface disposal

DOCKET MAILED

Date 6-12-69

pits in the NE/4 of Section 24, and the SE/4 of Section 13, in
Township 15 South, Range 39 East, N.M.P.M., Chaves County,
New Mexico.

Respectfully submitted,

JACK L. MC CLELLAN

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico

Attorneys for Applicant

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. 4156

Order No. R-3784

APPLICATION OF JACK L. McCLELLAN
FOR AN EXCEPTION TO ORDER NO. R-
3221, AS AMENDED, CHAVES 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 July 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, Jack L. McClellan, is the owner and
operator of certain wells located in the SE/4 of Section 13 and
in the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM,
Sulimar-Queen Pool, Chaves County, New Mexico.

(3) ~~That effective January 1, 1969,~~ ^{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 wells located in the SE/4 of Section 13 and in the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in ³unlined surface pits located in ~~said quarter sections~~. *Unit P of said Section 13 and in Units A and H of said Section 24.*

(7) *that the subject wells presently produce approximately 100 barrels of water per day.*

(8) *that there appears to be no shallow fresh water supplies in the vicinity of the subject leases for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pits.*

(9) *that the applicant should be permitted to dispose of salt water produced by wells located in said quarter-quarter sections in the three aforesaid unlined surface pits described.*

IT IS THEREFORE ORDERED:

(1) That the applicant, Jack L. McClellan, is hereby granted an exception to Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both by his wells located in the SE/4 of Section 13 and the NE/4 of Section 24, Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in three unlined surface pits located in Unit P of said Section 13, and in Units A and H of said Section 24.

(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.