

Case Number

4240

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
October 22, 1969

EXAMINER HEARING

-----)
IN THE MATTER OF:)

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

Case No. 4240

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Case No. 4240.

MR. HATCH: Case 4240. Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico.

MR. BUELL: May the record reflect the same appearances that was in the previous case, Case No. 4232?

(Whereupon, Applicant's Exhibits 1 and 2 were marked for identification.)

BILL WELLS

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Wells, are you the same Bill Wells who testified in Case 4232 and your qualifications as a petroleum engineer were admitted in the record?

A Yes, sir, I am.

Q In connection with this case, would you please state at the outset your recommendation and Pan American's request so that the Examiner can again evaluate your testimony and exhibits in light of your recommendation?

A All right. Pan American is requesting an exception to the state-wide no-pit order for its

Smernoff Federal lease and its LaRue Federal leases in Chaves County, New Mexico. Both of these leases are located in Township 15 South, Range 29 East.

Q All right, sir. In connection with your testimony, would you first look at what has been identified as Pan American's Exhibit No. 1? What is that exhibit?

A Exhibit No. 1 is a map of the Sulimar-Queen Pool area within which both of these leases are located.

We show on this map outlined in black tape the recently granted Jack L. McClellan no-pit exempt area.

Q The area that was approved for McClellan is outlined in heavy black and white dash tape?

A Yes, sir, and it includes the southeast quarter of Section 13 and the northeast quarter of Section 24 in the previously mentioned township and range.

Q My notes reflect that that was Case 4156 and the order granting the no-pit exception was Order R-3784. Are my notes correct?

A Yes, sir, that's true.

Q What other area or areas are you highlighting on Exhibit 1?

A I have shown outlined by a red boundary our Smernoff Federal lease which is located in the northwest

quarter of the northeast quarter of Section 24 and our LaRue Federal lease located in -- well, including all of Section 25. These are the two areas we are requesting this exemption for.

Q You said red. That looks orange to me.

A Did I say red? I meant orange. I'm sorry.

Q All right, sir. What is the forty well lease to the north, the one, forty well lease that you have outlined in orange?

A This is our Smernoff Federal lease.

Q Is that lease completely developed with one well?

A Yes, sir, it is. As you said, it's a forty acre lease.

Q All right. The lease to the south, is it comprised of the entirety of Section 25?

A Yes, sir, it does.

Q Is that lease fully developed?

A No, sir, it isn't. This lease is under an active stage of development right now. We, in September of this year, completed our LaRue Federal No. 1 located in the northwest of the northwest quarter of this section.

We are now drilling and approaching total

depth on our well number 2, which is located immediately south of the number one well.

Of course, completion data on this well will help us make a decision on where we go from there, as far as development goes on this lease.

Q Is it our request to the commission here today that the no-pit exception be extended and cover not only the one completed well and the well that is being completed, but all subsequent wells that are completed in the same pool on our lease in Section 25?

A Yes, sir, that's true.

Q Mr. Wells, has Pan American made an effort to determine whether or not there are any fresh sub-surface waters in the immediate area of these two leases?

A Yes, sir, we have. Our field people have visually inspected the area and they have indicated to us that the nearest windmill to our requested exempt area is approximately three to four miles east of the Smernoff Federal lease, located in Section 24.

Additionally, we have visited with and talked to personnel with the State Engineer's office, examined their maps. This seems to coincide closely with what our field people tell us as to the location of the nearest

windmill.

Q Does the State Engineers office know of any fresh sub-surface waters in this area?

A There's none that they know of. They know of none.

Q Have we made any contact, our field people contacted operators and drilling contractors who have drilled wells in this area to determine if they encountered any fresh water?

A Yes, sir. The majority of the wells in this area were drilled with cable tool rigs and the operators of the wells drilled with these rigs report that they encountered no fresh water whatsoever drilling to these depths.

These wells are located from 1900 to 2000 feet deep.

Q Is our area of our application very near the application that was heard previously on the application of Dalport Oil Corporation in Case No. 4230 here today?

A It's the southwest of that area. I don't know the exact mileage. I estimate just from looking at it that it's some four to five miles southwest of the Double "L" Pool.

Q All right, sir. Are there any federal leases in this area?

A Yes, sir. Our LaRue and Smernoff leases are both federal leases and in this connection, of course, you are required to have the USGS approval for your cementing and casing program for these wells.

Q What are their requirements in this area with regard to cementing the surface casing?

A In this particular area, they do not require circulation of surface cement, of cement to the surface pipe, which indicates to me that they are not concerned with fresh water.

Q Because normally, where you have fresh sub-surface waters, you are required to circulate your cement to the surface of your surface casing?

A Yes, sir, in order to isolate the zones.

Q Since the nearest windmill is over three miles away, would you suppose that the nearest fresh water is approximately that same distance away?

A Yes, sir. The nearest non-fresh water is at least that distance.

Q What alternate method will we have of disposing of this water, other than putting it in the surface pit?

A This water would have to be trucked to some other disposal point. Our current average cost out in the southeast New Mexico area for trucking produced water is twenty-five cents a barrel, so for this particular well producing water, we would be talking about something in the neighborhood of \$600.00 a month alone for salt water disposal cost.

Q Would you look now at Exhibit number 2? What is that Exhibit?

A Exhibit number 2 is a pertinent data sheet which shows several factors concerning this application. I would -- I believe it's pretty much self-explanatory, but I would like to stress two facts on it.

First, our proposed pit location where our pits would be located if this request were granted for the Smernoff lease it would be located in Unit "B", which is the Smernoff lease of Section 24, T 15 South, R 29 East.

For the LaRue Federal lease, it would be located in Unit "D" of Section 25. Also, under Section "B" of the pertinent data sheet we have shown our estimated disposal rates which are 30 barrels of water per day for LaRue Federal lease. This is based on the current or most recent test of our LaRue Federal No. 1 which shows water

production ranging from 60 to 80 barrels of water per day.

Our Smernoff Federal well number 1 is not now making water. There's no current water production from this well. However, it is included within the area of Mr. McClellan's exception and we -- our feeling is that in the future if this well should start to make water, we would like to go ahead and get an exception now, rather than having to come back.

Q Since other wells in the same pool are making water, you would probably anticipate sometime in the future that this well would make water?

A Yes, sir, it possibly could.

Q Mr. Wells, in view of the fact that there are no fresh sub-surface waters in this area, is there any way that pollution could be caused by disposing of the produced water in surface pits?

A No, sir, I don't feel that there is.

Q Would economic waste result if we have to resort to some other method than surface pits?

A Yes. As I mentioned, it would probably cost us something in the neighborhood of \$600.00 a month to dispose of this water.

Q Do you have anything else you would care to add at this time?

A No, sir.

MR. BUELL: May it please the Examiner, that concludes our direct examination.

I would like to offer Pan American's Exhibits 1 and 2.

MR. NUTTER: Pan Am's Exhibits 1 and 2 will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Wells, in the event that further development should occur on this LaRue Federal and you happen to be down structure on the lease and start making considerable volumes of water, could this dry hole, which is in almost the center of Section 25, be used for water disposal?

A I don't believe. I am not real sure, but I don't believe pipe was set in that well and it would be quite costly, of course, to re-enter it and make a suitable disposal well of it.

Q Is this the completion date on that or is that the lease date, January 30, 1940?

A That would be the completion date.

Q So, it's an old well?

A Yes, very old. You can imagine what the mechanical situation might be.

Q I see. Are these two leases all the leases that Pan American has in the area?

A No, sir. We have a state lease immediately south of Section 25 and we also -- that's a 640 acre lease. We also have an 80 acre lease in Section 23 to the northwest of our LaRue Federal lease; also, in Section 8 to the northeast.

MR. BUELL: All of our acreage is polka dotted, Mr. Examiner.

MR. NUTTER: I see. Are there further questions of the witness? He may be excused.

Do you have anything further, Mr. Buell?

MR. BUELL: No, Mr. Examiner, I do not.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 4240?

We will take the case under advisement.

I N D E X

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<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
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STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I, GLENDA BURKS, 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.

Glenda Burks
Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1240, heard by me on 10/22, 1967.
[Signature] Examiner
New Mexico Oil Conservation Commission

**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. 4240
Order No. R-3864**

**APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION 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 October 22, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 28th day of October, 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 Smerhoff Federal Lease comprising the NW/4 NE/4 of Section 24 and the LaRue Federal Lease comprising all of Section 25, both in 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

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Order No. R-3864

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 and to be located on said Smernoff Federal and LaRue Federal Leases in two unlined surface pits located in Unit B of said Section 24 and Unit D of said Section 25.

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

(8) That the applicant should be permitted to dispose of salt water produced by its wells located and to be located on said Smernoff Federal and LaRue Federal Leases in the above-described surface pits.

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 and to be located on its Smernoff Federal Lease comprising the

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NW/4 NE/4 of Section 24 and its LaRue Federal Lease comprising all of Section 25, both in Township 15 South, Range 29 East, NMPN, Sulimar-Queen Pool, Chaves County, New Mexico, in two unlined surface pits located in Unit B of said Section 24 and Unit D of said Section 25 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.

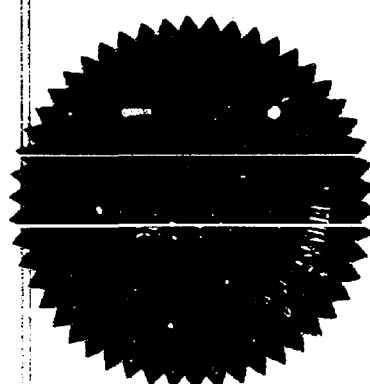
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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



esr/

DOCKET NO. 29-69

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 22, 1969

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

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

CASE 4213: (Continued from the September 10, 1969, Examiner Hearing)

Application of Texo Oil Company for pool redelineation, creation of a new gas pool, an unorthodox gas well location, and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the vertical limits of the South Corbin-Queen Pool to permit the creation of a new basal Penrose gas pool for its Buffalo Unit Well No. 11 located at an unorthodox gas well location 2310 feet from the South line and 330 feet from the West line of Section 35, Township 18 South, Range 33 East, Lea County, New Mexico. Applicant further seeks approval of an 80-acre non-standard gas proration unit comprising the N/2 SW/4 of said Section 35, to be dedicated to the above-described well.

CASE 4230: Application of Dalport Oil Corporation 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 on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's AMCO Federal Well No. 2 located in the SW/4 NW/4 of Section 31, Township 14 South, Range 30 East, Double L Field, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit located in the vicinity of said well.

CASE 4231: Application of Western States Producing Company for salt water disposal, Roosevelt 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 4174 feet to 4388 feet in its State "30" Well No. 3, located in Unit 1 of Section 30, Township 7 South, Range 33 East, Chavero-San Andres Pool, Roosevelt County, New Mexico.

- CASE 4232: Application of Pan American Petroleum Corporation for a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Baskett "D" Lease by the injection of water into the San Andres formation through its Baskett "D" Well No. 4 located in Unit I of Section 11, Township 8 South, Range 30 East, Cato-San Andres Pool, Chaves County, New Mexico.
- CASE 4233: Application of Aztec Oil & Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formations in the open-hole interval from 3929 feet to 3990 feet in its State SK Well No. 1 located in Unit G of Section 16, Township 24 South, Range 36 East, Jalmat Field, Lea County, New Mexico.
- CASE 4234: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the upper Morrow and lower Morrow formations underlying Section 12, Township 23 South, Range 24 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at a standard location 1650 feet from the North and East lines of said Section 12, and within one mile of the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4235: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jack A-29 lease by the injection of water into the Seven Rivers-Queen formations through its Jack A-29 Wells Nos. 2 and 4 located, respectively, in Unit 1 and 0 of Section 29, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4236: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Anderson Ranch Unit Area by the injection of water into the Wolfcamp formation through its Anderson Ranch Unit Wells Nos. 4 and 5, located, respectively, in Units B and J of Section 11, Township 16 South, Range 32 East, Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

CASE 4237: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Monument-Tubb and Weir-Blinbry Pools in the well-bores of the following four wells located in Township 20 South, Range 37 East, Lea County, New Mexico:

Britt "B" Well No. 18 - Unit N - Section 10
Britt "B" Well No. 19 - Unit B - Section 15
Britt "B" Well No. 20 - Unit L - Section 10
Britt "B" Well No. 21 - Unit J - Section 10

CASE 4238: Application of McCasland Disposal System for the amendment of Order No. R-3781, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3781, to permit the disposal of produced salt water in the Yates formation, in addition to the previously authorized Seven Rivers formation, in its Getty Oil Company J. H. Day Well No. 2 located in Unit D of Section 6, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico. Overall disposal interval would be from 3543 feet to 3939 feet.

CASE 4239: Application of Amini Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the SE/4 of Section 8, Township 14 South, Range 34 East, Lea County, New Mexico. Said acreage to be dedicated to a well to be drilled at a standard location in said quarter section and within one mile of the Cerca-Upper Pennsylvanian Pool. Also to be considered will be the costs of drilling said

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well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

- CASE 4240: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks exceptions 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. Said exceptions would be for applicant's Smernoff Federal Well No. 1 located in Unit B of Section 24 and LaRue Federal Well No. 1 located in Unit D of Section 25, both in Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of water produced by said wells in two unlined surface pits located in said Units B and D.
- CASE 4241: Application of Pennzoil United, Inc., for a non-standard gas proration unit or the creation of a new gas pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the E/2 of Section 21, Township 24 South, Range 26 East, White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, said unit to be dedicated to applicant's Allied Federal 21 Well No. 1 located at a standard location in Unit J of said Section 21. In the alternative, applicant seeks the deletion of said Section 21 from the White City-Pennsylvanian Gas Pool and the creation of a new Morrow gas pool for said Allied Federal 21 Well No. 1.
- CASE 4242: Application of Pennzoil United, Inc., for a non-standard gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C II, to permit the recompletion of its Mescalero Ridge Well No. 1 at a non-standard location 660 feet from the South and West lines of Section 20, Township 19 South, Range 34 East, and within one mile of the Quail Ridge-Morrow Gas Pool, Lea County, New Mexico.

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(Continued from the October 8, 1969, Examiner Hearing)

CASE 4223: Application of Resler and Sheldon for two waterflood projects, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute two waterflood projects by the injection of water into the Grayburg, and possibly other formations in the perforated interval from approximately 3555 feet to 3617 feet in their Kelly Well No. 3 and into the Queen, and possibly other formations in the perforated interval from approximately 3439 feet to 3689 feet in their Steeler Well No. 1, said wells being located, respectively, in Unit M of Section 16, and Unit I of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. In the alternative, applicants seek authority to dispose of produced salt water in said wells in the intervals as described above.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
PAN AMERICAN PETROLEUM CORPORATION)
FOR AN EXCEPTION TO ORDER NO. R-3221,)
AS AMENDED, CHAVES COUNTY, NEW MEXICO.)

No. 4240

ENTRY OF APPEARANCE

The undersigned, Atwood, Malone, Mann & Cooter of Roswell,
New Mexico, hereby enters its appearance in this case as New Mexico
counsel for Pan American Petroleum Corporation.

Dated this 20th day of October, 1969.

ATWOOD, MALONE, MANN & COOTER

By 

P. O. Drawer 700
Roswell, New Mexico 88201

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING P. O. BOX 1410

FORT WORTH, TEXAS-76101

D. L. RAY
DIVISION ENGINEER

September 29, 1969

File: PEH-456-986.510.1

*Case 4240*Subject: Exception to Statewide "No Pit" Order
Pan American's Smernoff Federal and
LaRue Federal Leases, Sulimar-Queen
Field, Chaves County, New MexicoNew Mexico Oil Conservation Commission (3)
Post Office Box 871
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully requests that a hearing be docketed to consider our application for an exception to Rule R-3221, which prohibits disposal of oilfield brines on the ground surface. We are requesting this exception for our LaRue Federal Well No. 1 and Smernoff Federal Well No. 1 in the Sulimar Queen Field, Chaves County, New Mexico.

The LaRue Federal Well No. 1 is currently being completed in the Queen, and based on current testing, we estimate this well will produce something in the neighborhood of 80 BWPD. The Smernoff Federal Well No. 1 is currently a Queen producer and produces water free. We are, however, requesting an exception for this well in the event water production does occur.

These wells and the pits which would serve them are located as follows:

LaRue Federal Well No. 1 - Unit D, Section 25 T15S R29E
Smernoff Federal No. 1 - Unit B, Section 24 T15S R29E

By your order No. R-3784, Jack L. McClellan was granted approval to dispose of disposed water from the Queen on the surface into unlined pits located in Sections 13 and 24 of T15S R29E, Sulimar Queen Pool, Chaves County, New Mexico.

Yours very truly,

D.L. Ray

WCW:jn

DOCKET MARKED

Date 10-9-69

PERTINENT DATA SHEET
"NO PIT" EXCEPTION
PAN AMERICAN SMERNOFF FEDERAL
& LARUE FEDERAL LEASES
SULIMAR QUEEN POOL
CHAVES COUNTY, NEW MEXICO

A) Proposed Pit Locations:

To serve Smernoff Fed. lease; Unit B, Section 24,
T-15-S, R-29-E.
To serve LaRue Fed. lease; Unit D, Section 25,
T-15-S, R-29-E

B) Estimated Disposal rates (Current):

Smernoff Fed. = 0 BWP
LaRue Fed. = 80 BWP

C) Chloride Content of Water: 190,000 ppm

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____

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. 4240

Order No. R-3864

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION 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 October 22, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 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 Smernoff Federal, ^{lease comprising the} Well No. ~~1~~
~~NW14 NE14 of Section 24~~
~~located in Unit B of Section 24~~, and the LaRue Federal, ^{lease comprising} Well No. ~~1~~
~~all of Section 25~~
~~located in Unit D of Section 25~~, both in 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 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

wells located and to be located on the said
produced by applicant's ~~aforesaid Smernoff Federal Well No. 1~~
~~Smernoff Federal and La Rue Federal Leases~~
~~and La Rue Federal Well No. 2~~ in two unlined surface pits located

in ~~said~~ Units B and D. *of said Section 24 and Unit D of said Section 25.*

(1) 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 pits.

(2) That the applicant should be permitted to ~~continue~~ to dispose of salt water produced by its wells located and to be located on ~~the~~ ~~the above described leases~~ said Smernoff Federal and La Rue Federal Leases in the above described surface pits.

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 and to be located on its Smernoff Federal Lease comprising the NW/4 NE/4 of Section 24 and its LaRue Federal Lease comprising all of Section 25, both in Township 15 South, Range 29 East, NMPM, Sulimar-Queen Pool, Chaves County, New Mexico, in two unlined surface pits located in Unit B of said Section 24 and Unit D of said Section 25 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.

CASE 4241: Application of PENNZOIL
UNITED FOR A NON-STANDARD GAS PRO-
RATION UNIT & NEW GAS POOL.

Dismissed