

CASE 4376: Application of PAN AM.  
for an exception to Order R-3221,  
as amended, Chaves County, N.M.

Case Number

4376

Application  
Transcripts.

Small Exhibits

ETC.

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DAILY COPY, CONVENTIONS

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  
July 1, 1970

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. 4376

BEFORE: Elvis A. Utz, Examiner.

APPEARANCES:

For the Applicant: Gordon D. Ryan, Esq.

For the Oil Commission: George N. Hatch, Esq.

TRANSCRIPT OF HEARING

MR. RYAN: I am Gordon D. Ryan. I am here on behalf of the Applicant, Pan American Petroleum Corporation, Ft. Worth, Texas. I have one witness and I ask that he be sworn.

(Witness sworn.)

ROBERT E. McCLESKEY

being duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. RYAN:

Q Would you please state your name, by whom you are employed and in what capacity?

A I am Robert E. McCleskey. I am employed by Pan American Petroleum Corporation as an engineer. I am a senior-grade engineer with Pan American.

Q In Ft. Worth, Texas?

A Yes.

Q Mr. McCleskey, have you previously testified before this Commission and have your qualifications as an expert witness been admitted?

A No. I have not.

Q Would you briefly state your qualifications as to your education and your experience since graduating?

A I graduated from Texas Western College in El Paso, now known as University of Texas at El Paso, in 1963 with a

Bachelor of Science in Mechanical Engineering. I went to work for Pan American Petroleum Corporation in 1966 and I have worked for them since that time. The first year, in 1966, I was in the Brownfield Office. In 1967 I transferred into Ft. Worth and I have been working in Ft. Worth since then.

Q Does the area that is the subject of this Application come under your direct supervision.

A Yes. It does.

Q Did you cause this Application to be filed, presently pending before this Commission?

A Yes. I did.

MR. RYAN: Mr. Examiner, before I get into the merits of this case I would like to state that I am appearing here in association with Mr. Charles Malone of Roswell. The file, I believe, reflects a letter --

MR. HATCH: The letter is in the file.

MR. UTZ: I didn't ask for appearances. Are there other appearances to make?

Okay. You may proceed.

MR. RYAN: Does the Examiner require further qualification of the witness?

MR. UTZ: No, sir. He is qualified.

(Whereupon, Applicant's Exhibit 1 is marked for identification.)

Q (By Mr. Ryan) Mr. McCleskey, would you please

refer to what the Reporter has marked as Exhibit No. 1 and identify that Exhibit and explain what it purports to show?

A Exhibit No. 1 is a plat indicating the area in question. It incorporates four portions of four townships and ranges in Chaves County, New Mexico. The plat indicates, in Section 31, Township 14 South, Range 30 East, an area outlined in blue an exemption to the "No Pit" Order which Dalport received in October, 1969, Case No. 4230, Order No. 3965. This area of "No Pit" exemption is approximately three-quarters of a mile north of the Pan American Lusk "A" Lease which includes the entire Northeast corner of Section 6, Township 15 South, Range 30 East. The Lusk "A" Lease is outlined in orange. This Lease indicates two wells currently producing wells Number 1 and 2. It also indicates an approved location for Well Number 3 on this same Lease. We are requesting, with this Application, that we be granted an exception to the "No Pit" Order for the Northeast corner of this Section.

The two wells currently producing and any future wells on this Lease also shown on this plat on the bottom portion of the plat outlined in blue in an exception to the "No Pit" Order which was granted Jack McClellan in July, 1969, Case No. 4156, Order No. R-3784. Actually this exemption area continues on below the area of the map including not only the Southeast corner of Section 13, Township 15 South, Range

29 East, but includes all of the Northeast quarter of Section 24 directly south of Section 13 with the exception of the Northwest quarter of this Northeast quarter, Section 24. This "No Pit" exemption area is approximately two and a half miles southwest of Pan American Lusk "A" Lease. Also, not indicated on this map, but in conjunction with the area that is not included in this McClellan exemption is that portion of the Northeast quarter being the Northwest quarter of the Northeast quarter Section 24, Township 15 South, Range 29 East which is a portion of a Pan American exemption to the "No Pit" Order. Also included in this Pan American exemption to the "No Pit" Order is all of Section 25 which is directly south of this same area. The Pan American Case was Case No. 4240, Order R-3864. This was also in October, 1969.

Q Mr. McCleskey, is there any fresh water in this area?

A I made a visit to the State Engineer's Office yesterday afternoon and spoke with a Mr. Aiken with the State Engineer's Office and we looked over what records they had available for this area. They have no real detailed data as to fresh water in this particular area. However, they did have some maps of the particular area indicating windmills in the vicinity of this area.

Q Would you point those out, please?

A The map at the State Engineer's Office indicated two windmills in Section 1, Township 15 South, Range 29 East. These windmills were in the north half of Section 1. They would be approximately one mile west of the Lusk "A" Lease.

MR. UTZ: Were they together?

THE WITNESS: Right close together.

MR. UTZ: Can you get it down to a quarter section?

THE WITNESS: I didn't take it down that detailed, sir. It is approximately in the center of the north half.

MR. UTZ: I see.

THE WITNESS: And the windmills were -- well, my best estimate, within a couple of three hundred feet of one another, in this area. Also the maps at the State Engineer's Office indicated one windmill about two miles directly north of the Lusk "A" Lease which would place these in the north half of Section 30 -- Range 30 East -- excuse me -- Township 14 South, Range 30 East -- directly south or directly north.

MR. UTZ: Two windmills?

THE WITNESS: One windmill. Two miles north. We also had the same windmills indicated by our field personnel. Actually the maps in the State Engineer's Office confirmed the locations of these three windmills. However, we have no data as to whether these windmills are completed or what quantity of water they might produce.



Q (By Mr. Ryan) You can't ascertain that information from the State Engineering Office?

A We did not know and the records didn't indicate information as to this.

Q What is the surface drainage in this area?

A From the topographic map in our office the contour interval indicated generally in an east to west slope. However, the slope is approximately one hundred feet of drop in three miles, so this area is generally, relatively flat.

Q Do you have any more information for Exhibit 1?

A No.

(Whereupon, Applicant's Exhibit 2 was marked for identification.)

Q Will you refer now to what the Reporter has marked as Exhibit 2 and identify that Exhibit?

A Exhibit No. 2 is a pertinent data sheet for the "No Pit" exemption area in the Lusk "A" Lease, Double L Field, Chavez County, New Mexico. This data sheet indicates the proposed pit location for this Lease. The location will be in Unit B, Section 6, Township 14 South, Range 30 East. The estimated disposal rates, so far as current tests on wells on this Lease, the Lusk "A" Well No. 1 is producing four barrels of water per day. The Lusk "A" No. 2 is producing eight barrels per day. Lusk "A" No. 3 is not yet drilled, but is planned in the near future.

Q In your opinion do you think that the estimated disposal rates on the three well comparable to say Well No. 2?

A Possibly, being in the range of eight barrels a day.

Q In your opinion, would the granting of this Application not adversely affect correlative rights?

A It will not adversely affect them.

Q It would be in the best interest of conservation?

A Yes, sir. It would.

MR. RYAN: That is all I have on Direct.

Were Exhibits 1 and 2 prepared by you or under your direct supervision?

THE WITNESS: Yes. They were.

MR. RYAN: I would offer in evidence Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 1 and 2 were offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. McCleskey, did your field personnel ascertain as to whether these windmills were producing any water or not?

A Not to my knowledge. No, sir. They indicated that the windmills were there approximately one mile to the west,

in the case of the two windmills, and the one windmill, two miles north.

Q Do you know what they use for -- well, there is ranching in this area, isn't there?

A I don't know what the general use of the land is, sir.

Q Do you have any geological data as to what happens to the water when it goes through the pervious zones?

A No, sir.

Q Is it bedrock in this area -- is that where the hundred feet to three miles to the west is, or is that --

A That is surface drainage, the hundred feet in three miles.

Q Is that from west to east?

A No. East to west. If I said "west to east", I was in error.

Q East to west?

A East to west, right.

Q It would be interesting to know whether these windmills are actually producing any water or not and where they got their water from in this area -- if there is ranching -- and I have a pretty good hunch there is. Could you ascertain that information and let us know about these details?

A Yes, sir. I certainly will.

Q Is this State land or privately owned?

A I don't know.

MR. HATCH: These are listed as Lusk "A" wells one, two and three. I assuming that it is not State.

MR. UTZ: Section 32 is State, according to this map, but I would doubt that this Section is State. The way the Lease is named, I would presume that it was not.

You will give us that information?

THE WITNESS: Yes, sir. I certainly will.

MR. UTZ: All right. The witness may be excused.

(Witness excused.)

Statements in this case?

The case will be taken under advisement.

I N D E XWITNESS

ROBERT E. McCLESKEY

Direct Examination by Mr. Ryan

Cross Examination by Mr. Utz

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EXHIBITS

Applicant's 1

Applicant's 2

MARKED

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OFFERED AND  
ADMITTED

8

8

STATE OF NEW MEXICO )  
 )  
 COUNTY OF BERNALILLO )

I, PETER A. LUMIA, Certified Shorthand 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.

Peter A. Lumia  
 CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Forester hearing of Case No. 4326, heard by me on July 1, 1930.  
Richard M. [Signature], Secretary  
 New Mexico Oil Conservation Commission

**PAN AMERICAN PETROLEUM CORPORATION**OIL AND GAS BUILDING P. O. BOX 1410  
FORT WORTH, TEXAS-76101

MAIN OFFICE 0000

JUL 20 AM 8 22

July 16, 1970

File: PEH-354-986.510.1

Subject: Exception to Statewide "No Pit"  
Order  
Pan American's Lusk "A" Lease  
Double "L" Field  
Chaves County, New Mexico

Case 4376

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico 87501

Attention: Mr. E. A. Utz

Gentlemen:

Reference is to the hearing on the above subject held in Santa Fe July 1, 1970, Case No. 4376. Additional data were requested at the time of the hearing pertaining to the general use of the land in this area, data on what the three windmills referenced in the hearing were producing and whether or not there was a geologic barrier between the surface and subsurface fresh water sands.

Our field personnel recently contacted the land owner who operates a ranch in the area of our Lusk "A" lease. This land is used for cattle grazing. The land owner indicated that the three windmills closest to our Lusk "A" lease were not producing subsurface water but were actually used to pump rain water which is trapped in low spots on the surface to stock tanks in other locations on the ranch. The land owner also stated that there was no subsurface fresh water within approximately 7 miles of our Lusk "A" lease.

Based on the above, it is apparent that surface pit disposal on our Lusk "A" lease will not cause any pollution of water sand in this area. Should any additional information be required concerning this case, please contact this office.

Yours very truly,

D. L. Ray

REM:sl



## 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 20, 1970

Mr. Gordon Ryan  
Pan American Petroleum Corporation  
Post Office Box 1410  
Fort Worth, Texas 76101

Re: Case No. 4376  
Order No. R-3997  
Applicant:  
Pan American Petroleum Corp.

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



**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. 4376  
Order No. R-3997**

**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 July 1, 1970,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 20th day of July, 1970, 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 Lusk "A" Lease comprising the  
NE/4 of Section 6, Township 15 South, Range 30 East, NMPM, Double  
L-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

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CASE No. 4376  
Order No. R-3997

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 on its Lusk "A" Lease in the NE/4 of said Section 6 in an unlined surface pit located in Unit B of said Section 6.

(7) That it is anticipated that wells on the subject lease will produce approximately 20 barrels of water per day.

(8) That there appears to be no shallow fresh 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 the subject pit.

(9) That the applicant should be permitted to dispose of salt water produced by wells on its above-described Lusk "A" Lease in an unlined surface pit located in Unit B of Section 6, Township 15 South, Range 30 East, NMPM, Double L-Queen Pool, Chaves County, New Mexico.

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

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CASE No. 4376  
Order No. R-3997

on its Lusk "A" Lease comprising the NE/4 of Section 6, Township 15 South, Range 30 East, NMPM, Double L-Queen Pool, Chaves County, New Mexico, in an unlined surface pit located in Unit B of said Section 6.

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

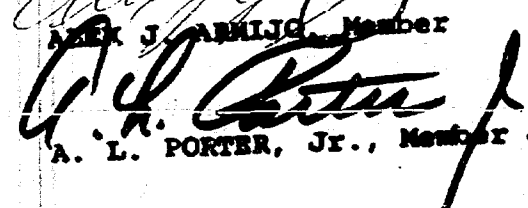
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

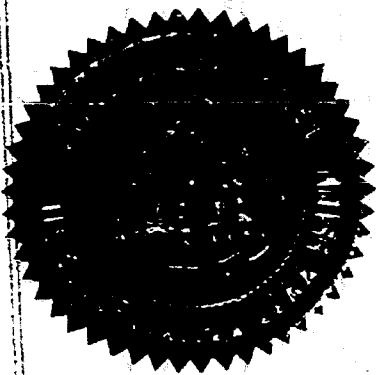
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
ALEX J. ARRIAGA, Member

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



esr/

4376

Heard 7-1-70

Rec. 7-7-70

Grant Peen Am an exception to  
R-3221 to allow them to dispose  
of SW in open pits on their  
"Leak A" lease in NE/4-6-155-30E.  
Double L"-Queen pool.

The volume from 3 wells should  
be about 20 BSWD.

There are two windmills  
approx 1 1/4 mi to west. No  
readings on these was avail-  
able.

Thurs 7/7

ATWOOD, MALONE, MANN & COOTER  
LAWYERS

P. O. DRAWER 700  
SECURITY NATIONAL BANK BUILDING  
ROSWELL, NEW MEXICO 88201  
[505] 622-6221

June 29, 1970

JEFF D. ATWOOD [1853-1960]

CHARLES F. MALONE  
RUSSELL D. MANN  
PAUL A. COOTER  
BOB F. TURNER  
ROBERT A. JOHNSON  
JOHN W. BASSETT

ROBERT E. SABIN  
RUFUS E. THOMPSON

Mr. Al Porter, Jr.  
Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico


RE: Case No. 4376

Dear Mr. Porter:

Please file the enclosed Entry of Appearance for the Examiner Hearing on July 1, 1970.

With regards,

Very truly yours,

  
Charles F. Malone

CM:sah  
Encl.  
cc: Mr. Guy Buell

MAIN OFFICE 010

70 JUN 30 PM 1 06

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, )  
DOUBLE L-QUEEN POOL, CHAVES COUNTY, ) No. 4376  
NEW MEXICO . )

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter of Roswell,  
New Mexico, hereby enter their appearance herein for the Applicant,  
Pan American Petroleum Corporation, with Gordon Ryan, Esquire  
of Fort Worth, Texas.

ATWOOD, MALONE, MANN & COOTER

BY Charles S. Malone  
Attorneys for Pan American  
Petroleum Corporation  
Post Office Drawer 700  
Roswell, New Mexico

Docket No. 16-70

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 1, 1970

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 4354: (Continued from the May 13, 1970, Examiner Hearing)

Application of Michael P. Grace and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 11, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, said acreage to be dedicated to a well to be drilled in either the NE/4 NW/4 or the NW/4 NE/4 of said Section 11. 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 4165: (Reopened):

In the matter of Case No. 4165 being reopened pursuant to the provisions of Order No. R-3795, which order established 160-acre spacing units and an 80-acre proportional factor of 4.77 for the East Bagley-Pennsylvanian Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

CASE 4173: (Reopened):

In the matter of Case No. 4173 being reopened pursuant to the provisions of Order No. R-3811, which order established 80-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil for the Hobbs-Drinkard Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio should not revert to 2000 to one.

CASE 4371: Application of Betty Oil Company for a waterflood expansion and amendment of Order No. R-2966, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Justis-McKee Unit Waterflood Project, Justis-McKee Pool, by the conversion to water injection of four additional wells in Units B and H of Section 24, Township 25 South, Range 37 East, and Units D and M of Section 19, Township 25 South, Range 38 East, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2966, as amended, to permit administrative approval for the drilling or conversion of additional injection wells at orthodox or unorthodox locations without a showing of well response.

CASE 4372: Application of International Hydrocarbons Incorporated for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 990 feet from the North and West lines of Section 8, Township 26 South, Range 33 East, Red Hills-Wolfcamp Gas Pool, Lea County, New Mexico.

CASE 4373: Application of Benson-Montin-Greer Drilling Corporation for pool redelineation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the following-described acreage from the East Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico.

TOWNSHIP 26 NORTH, RANGE 1 EAST

Section 20: W/2  
Section 29: All  
Section 32: All  
Section 33: W/2

TOWNSHIP 25 NORTH, RANGE 1 EAST

Section 4: W/2  
Section 5: All  
Section 8: All  
Section 9: W/2  
Section 17: All  
Section 20: All  
Section 29: W/2

and for the extension of the West Puerto Chiquito-Mancos Oil Pool to include the above-described acreage and the following-described acreage in said county:



Examiner Hearing - July 1, 1970

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Docket No. 16-70

(Case 4373 continued)

TOWNSHIP 24 NORTH, RANGE 1 WEST

Sections 1 through 36 - All

TOWNSHIP 24 NORTH, RANGE 1 EAST

Section 6: All

Section 7: All

Section 8: W/2

Section 17: W/2

Section 18: All

Section 19: All

Section 20: W/2

Section 30: All

CASE 4374: Application of Benson-Montin-Greer Drilling Corporation for expansion of a unit area, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Canada Ojitos Unit Area, authorized by Order No. R-2544, to include some 20,480 additional acres, more or less, of Federal, State and Fee lands in Township 24 North, Ranges 1 East and 1 West, Township 25 North, Ranges 1 East and 1 West; and Township 26 North, Range 1 East, Rio Arriba County, New Mexico.

CASE 4366: (Readvertised)  
Application of Mobil Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the well-bore of its Bridges State Well No. 109, a triple completion, located in Unit N of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4375: Application of Pan American Petroleum Corporation for an exception to Rule 104 C. I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception Rule 104 C. I of the Commission Rules and Regulations to permit the completion within 660 feet of another producing

CASE 4375 - Continued from Page 3 -

well of its Byers "A" Well No. 1 which is being directionally drilled in Unit C of Section 5, Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico, pursuant to Order No. R-3973.

CASE 4376: 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 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 Lusk "A" Lease comprising the NE/4 of Section 6, Township 15 South, Range 30 East, Double L-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in an unlined surface pit.

CASE 4377: Application of Champlin Petroleum Company for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State 32-7-33 Unit Area comprising 640 acres, more or less, of State lands in Section 32, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 4378: Application of Champlin Petroleum Company for a waterflood expansion and amendment of Order No. R-3550, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its State 32 Waterflood Project, Chaveroo-San Andres Pool, by the conversion of water injection of one additional well located in Unit B of Section 32, Township 7 South, Range 33 East, Roosevelt County, New Mexico. Applicant further seeks the amendment of Order No. R-3550 to permit administrative approval for the drilling or conversion of additional injection wells without a showing of well response.

Examiner Hearing - July 1, 1970

Docket No. 16-70

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CASE 4379: Application of Hal M. Stierwalt for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, for himself and as agent for Southern Union Production Company, 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 eight of Stierwalt's wells and four of Southern Union Production Company's wells located in Sections 1 and 2 of Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits located in the vicinity of said wells.

CASE 4380: Application of Shenandoah Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shugart Pool, Eddy County, New Mexico, by the injection of water into the Yates and Queen formations through its Shugart "B" Well No. 1 located in the SW/4 SE/4 of Section 33, Township 18 South, Range 31 East.

PERTINENT DATA SHEET  
"NO PIT" EXCEPTION  
PAN AMERICAN LUSK "A" LEASE  
DOUBLE "L" FIELD  
CHAVES COUNTY, NEW MEXICO

A) Proposed Pit Location:

To serve the Lusk "A" Lease; Unit "B", Section 6, T14S, R30E

B) Estimated Disposal Rates (Current)

Lusk "A" Well No. 1 = 4 BWPD

Lusk "A" Well No. 2 = 8 BWPD

Lusk "A" Well No. 3 = (Well not drilled)

C) Chloride Content of Water: 165,000 ppm.

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 4376

## PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS 76101

June 12, 1970

D. L. RAY  
DIVISION ENGINEER

File: PEH-298-986.510.1

Subject: Exception to Statewide "No Pit" Order  
Pan American's Lusk "A" Lease  
Double "L" 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 surface disposal of oil field brines. We are requesting this exception for our Lusk "A" lease in the Double "L" Field, Chaves County, New Mexico.

The Lusk "A" lease currently has two producing wells (Wells No. 1 and 2) and we are currently drilling Well No. 3. Recent tests indicate Well No. 1 to be producing approximately 4 BWPD and Well No. 2 is producing approximately 8 BWPD.

Lusk "A" lease covers the NE/4 of Section 6, T14S, R30E. The pit which would serve this lease is to be located in Unit "B".

By your Order No. R-3865, October, 1969, Dalport Oil Corporation was granted an exception to the "No Pit" order for their Amco Federal No. 2 located in the SW/4 of the NW/4 Section 31 T14S, R30E, Chaves County, New Mexico.

Yours very truly,

D. L. Ray

REM:jn

DOCKET MAILED

Date 6-18-70

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

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

CASE No. 4376

Order No. R-3997

*sum*  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 1, 1970,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of July, 1970, 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 Lusk "A" Lease comprising the  
NE/4 of Section 6, Township 15 South, Range 30 East, NMPM, Double  
L-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 produced by applicant's wells located on its Lusk "A" Lease in the NE/4 of said Section 6 in an unlined surface pit located

*in Unit B of said Section 6.*

(7) *that it is anticipated that wells on the subject lease will produce approximately 20 barrels of water per day.*

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

9) *That the applicant should be permitted to dispose of salt water produced by wells on its ~~land~~ above-described Lusk "A" Lease in an unlined surface pit located in Unit B of Section 6, Township 15 South Range 30 East, NM 9M, Double L. Green Pool, Chaves County New Mexico.*

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 on its Lusk "A" Lease comprising the NE/4 of Section 6, Township 15 South, Range 30 East, NMPM, Double L-Queen Pool, Chaves County, New Mexico, in an unlined surface pit located in Unit B

of said Section 6

(2) That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such recission 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.



1. *Cottus bairdii* Leach.  
2 to nest 3 1/2 to 4 gal. min.  
each nest several *Amia* eggs.  
2 to nest 1 mi. west of pit.  
50 ft apart.  
1 saw with 2 miles north of  
base 3 to 4 gal.

Sandy McCleary. Pan Am.

Cattaraugus.

Am. Barrier.

Pan Am Case. # 4376

Pain American  
= July 1, 1970 =

Rule-3221 —

Salt water disposal

Lusk "A" Lease - Double "L" -

Quinn - Pool Cherokee County -

pit - Unit B - NE 1/4 Sec 6

~~15~~ 30 E -

2 wells .

~~to~~ Lusk A 1 & 2

