

Case Number

4379

Application

Transcripts.

Small Exhibits

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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  
July 1, 1970

EXAMINER HEARING

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

Application of Hal M. Stierwalt for )  
an exception to Order No. R-3221, as )  
amended, Eddy County, New Mexico. )  
----- )

Case No. 4379

BEFORE: Elvis A. Utz, Examiner.

APPEARANCES:

For the Applicant: Hal M. Stierwalt, Pro se

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

TRANSCRIPT OF HEARING

HAL M. STIERWALT

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

MR. HATCH: Will you state your name?

MR. STIERWALT: Hal M. Stierwalt.

MR. HATCH: And you are representing yourself in this case?

MR. STIERWALT: Right, and in a left-handed way, Southern Union. We have a private agreement which is not a public agreement whereby I am operating Southern Union's property in this particular area and this is the reason that I am representing them as an agent. Dan called me about that and said that since there was no official papers to the effect that I was the operator that we have to handle it in this respect.

MR. HATCH: In other words, those words are still being carried under the name of Southern Union?

THE WITNESS: Right, they are still handling the paperwork, but I am handling the physical operation. They kind of leave me alone to do what I feel is necessary to keep the thing running.

MR. HATCH: All right. Would you continue?

THE WITNESS: I am here today, as stated in the Application, to apply for an exception to the Commission Order

No. R-3221 for the right to dispose of salt water in unlined pits in Eddy County, New Mexico, Sections 1 and 2, Township 16 North, Range 30 East. The Exhibit which I present at this time marked Exhibit 1 shows the leases in question. There are actually four leases involved here. The pink labeled leases are the Southern Union federal lease which I operate. The green lease, the north section is the State BC Lease and the south lease is the State BN Lease. The white remainder of the Section 1 which is in white is the Southern Union Taylor Federal Lease. This Exhibit shows the proposed plots where the pits are located, where it will be necessary to dump the salt water. You will see that one of these spots in the southwest corner of Section 2 is actually owned by the Mobil Western Shell Unit, but the tank battery that serves the well, both BC and BN Lease wells, is located there and therefore we would dispose of the water at the tank battery rather than at each individual well.

This Exhibit shows two-water windmills ; one of them approximately three miles south of us. This well is completed. 350 feet in a red-sand section. I am not certain exactly what this would be -- this would be probably a member of the Rustler, I would guess. Nobody seems to know whether it's part of the upper red bed which in not down to the Rustler yet or whether it is the Rustler, but we will guess it is Rustler because it

has a fairly high phosphate water and kind of a funny taste to it.

The other well which is located some five and a half miles as the crow flies is clear over in Township 31, Section 14, which is Range 31, Section 14 -- I beg your pardon -- it is a very good water well. It is only 150 feet deep and it has a real fine clear water. The other edge of it is a basin and I think it is probably just a trap of surface waters actually. Most of this area is covered by sand dunes and underlay. In the vicinity of my two sections there, the sections I am on, underlay with a pretty heavy layer of caliche like material. In these two sections is kind of a little draw and I would imagine that this is where all of your surface drainage goes down into this little draw and stops because as you come down south of surface elevation it goes back up through the sand dunes and hills and from where they have dug the leaching pits you can get an idea of how the surface underlies this sand area there, that permanent surface, I guess you would call it. It is really difficult to tell. I have scouted this area all around here and these are the only two windmills I could find.

There is a windmill over to the east of us there several miles that is broken down. It is clear back over on the County road. That cuts through there to Haggerman Highway, maybe

about seven and a half miles from us, and it is completely broken down -- I mean, there is no way it could be producing.

This well to the south is producing into a tank and the well to the east is producing.

The yellow spot up in Section 3 is the exception granted to Kersey in Order No. R-3773 where he is disposing of his salt water produced out of the well up there.

MR. HATCH: Mr. Stierwalt, what is the writing over here?

THE WITNESS: That was -- I swiped this map and that was where somebody had checked that other well over there and had made a notation that, I guess, Dick down there at Artesia went out and looked at it. Five or six years ago the well went dry, it says. If you can't read it, I can read it on this copy.

MR. HATCH: I think I can make it out, but I can't make out the three hundred and --

THE WITNESS: It is about 300 feet deep. It says, "Abandoned". "ABD" is what somebody has written on it.

MR. HATCH: But this is not your writing on here?

THE WITNESS: No, no. The only writing I have done on there is with colored pencil. The rest of that was on this map when I got it which I cannot --

MR. UTZ: What is the word below "Dick" there?

THE WITNESS: "Inspection". Dick Stamets went out there probably and made an inspection of these things, I guess, at your request.

MR. UTZ: Okay. You may continue.

THE WITNESS: Well, basically our problem boils down to this: Out there these wells are receiving quite a bit of water from the Mobil flood to the east and probably from the Shell flood -- I mean, the Mobil flood to the west and the Shell flood to the east, because we have had water show up in these previously non-producing wells. The water is not as salty as it used to be. That used to be about one hundred sixty thousand parts chlorides in there and it is down now to around 135, so I feel like this water has to be some of the fresh water being injected in the two floods. We are far enough away from any disposal systems that the truckers want quite a little bit of money to haul water out. It is something like thirty-seven cents a barrel. Was the best quote or bid, whatever you want to call it, that I have been able to see, which makes it fairly uneconomical to produce these low-volume wells if you have to pay this much to haul the water away. Another thing is that we are down to the point on production if we can't do something inexpensive with the water we are going to have to abandon the wells, so I feel like it is good conservation practice to do it this way since the land does not have

any shallow surface waters which would be contaminated by this activity and it certainly won't affect any other operator's correlative rights in there.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Stierwalt, what water is Shell using for injection?

A Oppalatta water which they are purchasing from -- I am not sure what the name of it is now -- it used to be the Double Eagle Corporation, but I think it belongs to Kiwana now. A pipeline comes off from a cap about seven miles east of there and comes right across into the Mobil waterflood plant there.

Q Is that fresh water?

A Yes, sir. Very good fresh water. In fact, the ranchers have made a deal, apparently, with the water company of some type because they have some little-metal tanks set along this line with a little-float valve and they keep those with water for the stock in that area, and right south of this proposed disposal point there is a tap in the line where anyone can come in with a truck and pick up fresh water if they need it, just south of that battery in Section 2, the point noted as a proposed-disposal point. This is, I believe, an eight-inch-water line they have layed through there, but the water rights that are supplying it are all back on the cap. The bottom of the well probably would be higher than the surface down here.



Q Is all the surface drainage to the west?

A Generally southwest. It is hard to say because it is so rough there. There is ridges all through there and, like I say, right south of this section is kind of a little sink, I'd call it, just a kind of low place and there is not much drainage out there because we don't have much rain and when it does rain it doesn't run off where you can follow it very well because it is soft sand and it just seeps right in.

Q Does it eventually drain into the Pecos River or some draw?

A I would imagine it would eventually get into that major draw that comes down, oh, about ten miles south of there. I don't know the name of it. You cross it on the road just after you leave Loco Hills there. I don't know -- we just call it the first draw. It is kind of a way it is referred locally. It may have another name. There is another small draw up above that, but it comes in from the other direction.

Q I was wondering why these people couldn't use that water for waterflooding.

A I have talked to Mobil about that and they are not too desirous of taking on any more produced water. If we had some more of that good Oppalatta water, they'd probably jump at the chance, but they are not soliciting business on the produced water because they do have to treat it and it costs them

additional money.

Q Are they treating their own produced water?

A Yes, sir. They are treating their own produced water. They have chemical tanks set and pumps. They are treating it. The extent of the treatment I couldn't say. I just know they are treating it.

My original attempt was to get this property, when we got some water from them to put into the Unit, but it seems like we got quite a little bit of real estate there that is not developed between the two and it makes it a little bit tough to step across that far and pick up some other property without getting into --

Q How much water is this producing?

A Currently that is shown as the Southern Union Federal, which is the white portion of Section 1 -- about twenty barrels of water a day, but the well No. 6, the water there is flowing water right now. The pumping unit has broken, but that is -- it is not functioning, but it is actually flowing water out through the tubing and until we get the unit fixed and get the well back on production I imagine at first it will make quite a bit of water which we hope eventually it will start cutting oil again and the water would decrease. When we first started off, probably 40, 50 barrels a day of just water. We do have a big water producer on that Lease, also and we are full of

water when everything is shut in right at this time because we have no place to go with the water. The green lease over there are commingling into the single battery and they are making about -- with the exception of -- well, I'd say the wells are producing, making about 18 to 20 barrels a day. The No. 5 well will make about 60 barrels of water a day.

We took a tank truck out there one day and pumped it two days until it filled up a 120 barrel tank truck with about two barrels of oil, so it has received a good shot from the flood, but we are not being very efficient because we haven't got any oil into these things.

Q Do you know how much total water the green area is making?

A Maybe about 20 barrels a day. We can't economically produce No. 5 because it doesn't make enough oil to pay the electric bill. There is three wells producing, BN -- excuse me -- that is BV4 and 6 and the BN No. 1.

MR. HATCH: The other large water producers would be produced if this were approved?

THE WITNESS: No, sir. I wouldn't produce them unless we can get them around to an economic ratio. In other words, we have got to cut less than 75 percent to afford to run the pump again because they crowd our separation equipment. These leases originally were virtually no water at all in the

formation. In fact, we put fresh water into the wells in order to get the salt out of the perforation so they would produce and with the advent of this situation our separation equipment is so small, we are just -- the ability to separate our own water is so small that we can't tolerate the 60 or 70 barrels of water a day. We just don't have the facilities for it.

Q (By Mr. Utz) Is that water coming from the Mobil operation or the Shell operation?

A I think we are getting it from both sides. My hope is that one of the wells will pick up and make a real good run at producing some oil.

Q You would require a pit at each one of these four-tank batteries?

A There are pits there now. They are not being used. The pit location shown just below the Southern Union Taylor 6, which is on the west side of Section 1, about the center, there is no pit there at the present time. However, that well does not have a flow line to the battery and we would possibly put a temporary tank there and try that well out. That is the one I was saying about flowing water out the tubing and if in a couple of three days we didn't start cutting some oil, we'd more than likely abandon that operation.

Q Let's get this lease business straightened out. You say the white lease is the Southern Union Taylor?

A Right. Section 1, the white Section, is Southern Union Taylor. Taylor Federal Lease would be the proper name. It is the Southern Union Taylor Federal Lease. The pink is the Southern Union Federal Lease. That is my Lease. The green is the Humble BC Lease. That is all except that which is in the southeast quarter and the southeast quarter is the BN Lease. Those two are commingled into a single-tank battery. I just kind of think it is one lease because it all goes to the same place.

Q Do you know how much it costs to treat this water for injection?

A No, sir. I don't.

Q Evidently it costs more than buying fresh water.

A Right. They are paying, to my knowledge, or at least the contract was offered to me when we anticipated flooding in this area ourselves -- it was two and three-quarter cents a barrel for the fresh water, so I would assume, since they are not interested in taking my produced water, that they feel that they can treat the water -- it costs more to treat the water.

MR. HATCH: You don't have negotiations with Shell. You only have those with Mobil?

THE WITNESS: I am not going to say. I was going to say something off the record.

(Whereupon, there was a discussion  
off the record.)

Q (By Mr. Utz) Then all of these leases together are  
producing somewhere between 125 and 200 barrels of water and  
probably will produce more?

A Yes, sir.

Q How much oil are you getting from them?

A We are getting about 25 barrels a day.

Q From all of them?

A The whole group.

Q It looks like a pretty good water field.

A Yes, sir. We have some wells that haven't made any  
water yet that we have hopes of picking up an oil bank before  
we make water, I mean, it is just one of these salvage operations  
-- you hang on as long as you can and eventually you have to  
go down.

Q So far as you know there is no fresh water in the  
area that is being used for domestic or stock purposes?

A No, sir.

Q Any further questions of the witness?

MR. HATCH: I have one. Have you discussed your sur-  
face disposal with the USGS?

THE WITNESS: No. I have not.

MR. UTZ: The witness may be excused.

Statements in the case?

The case will be taken under advisement.

The Hearing is adjourned.

I N D E X

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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 hearing of Case No. 4379  
 held by me on July 1, 1970  
Peter A. Lumia, Reporter  
 New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87801

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

July 15, 1970

Mr. Hal M. Stierwalt  
1114 Woodcastle Drive  
Corsicana, Texas 75110

Re: Case No. 4379  
Order No. R-3996  
Applicant:  
Hal M. Steirwalt

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. 4379  
Order No. R-3996

APPLICATION OF HAL M. STIERWALT  
FOR AN EXCEPTION TO ORDER NO.  
R-3221, AS AMENDED, EDDY 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 15th 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, Hal M. Stierwalt, is the owner and  
operator of eight wells, and he is the agent for Southern Union  
Production Company for the operation of four wells, all in Sec-  
tions 1 and 2 of Township 16 South, Range 30 East, NMPM, West  
Henshaw-Grayburg Pool, Eddy 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 watercourse, or in any other place or in any manner

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CASE No. 4379

Order No. R-3996

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, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company, seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by wells located on the following four leases in Sections 1 and 2 of Township 16 South, Range 30 East, NMPN, West Henshaw-Grayburg Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells:

New Mexico "BC" Lease comprising Lots 9, 10, 15, and 16 of Section 2,

New Mexico "BN" Lease comprising the E/2 SW/4, SW/4 SE/4, and E/2 SE/4 of Section 2,

Southern Union Federal Lease comprising Lots 11, 12, 15, and 16, and N/2 SW/4 of Section 1,

Southern Union Taylor Federal Lease comprising Lots 6, 9, 10, 13, and 14 of Section 1.

(7) That there appears to be no water in the vicinity of the above-described leases for which a present or reasonably foreseeable beneficial use is or will be impaired by contamination from unlined surface pits located in the vicinity of the subject wells.

(8) That the applicant, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company should be permitted

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CASE No. 4379  
Order No. R-3996

to utilize unlined surface pits for the disposal of salt water produced by wells located on the above-described four leases.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company, 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 wells on the following four leases located in Sections 1 and 2 of Township 16 South, Range 30 East, MNPM, West Henshaw-Grayburg Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells:

New Mexico "BC" Lease comprising Lots 9, 10, 15, and 16 of Section 2,

New Mexico "BN" Lease comprising the E/2 SW/4, SW/4 SE/4, and E/2 SE/4 of Section 2,

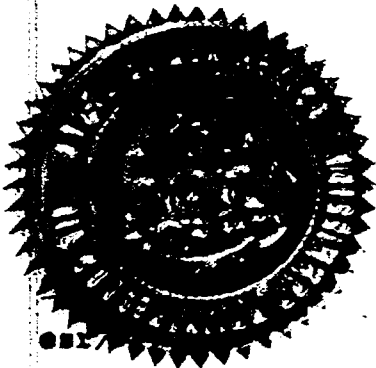
Southern Union Federal Lease comprising Lots 11, 12, 15, 16, and N/2 SW/4 of Section 1,

Southern Union Taylor Federal Lease comprising Lots 6, 9, 10, 13, and 14 of Section 1.

(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. ARMISTEAD, Member

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

4379

Heard July 1-70  
Rec'd 7-10-70

Grant. Gab M. Stierwalt.  
~~permissions to dispose of~~  
~~water~~ Produced water  
on the:

1. N. Mex. 'Bc' lease consisting of  
lots 9, 10, 15 & 16 sec. 2
2. N. Mex. 'BN' lease consisting  
of E/2 SW/4, SW/4 SW/4, E/2 SE/4  
sec. 2
3. So. Union Dred lease consisting  
of lots 11, 12, 15 & 16 and N/2  
SE/4.
4. So. Union Daylor lease consisting  
of lots 9, 10, 13 & 14.

The water on these leases  
will probably be from either  
the Mobil or Shell waterfloods.  
Chances are good according to  
Bill Heskett that the  
water front has passed  
most of these leases &  
so little production of oil or  
water will be realized.

Thos. J. [Signature]

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:



(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.

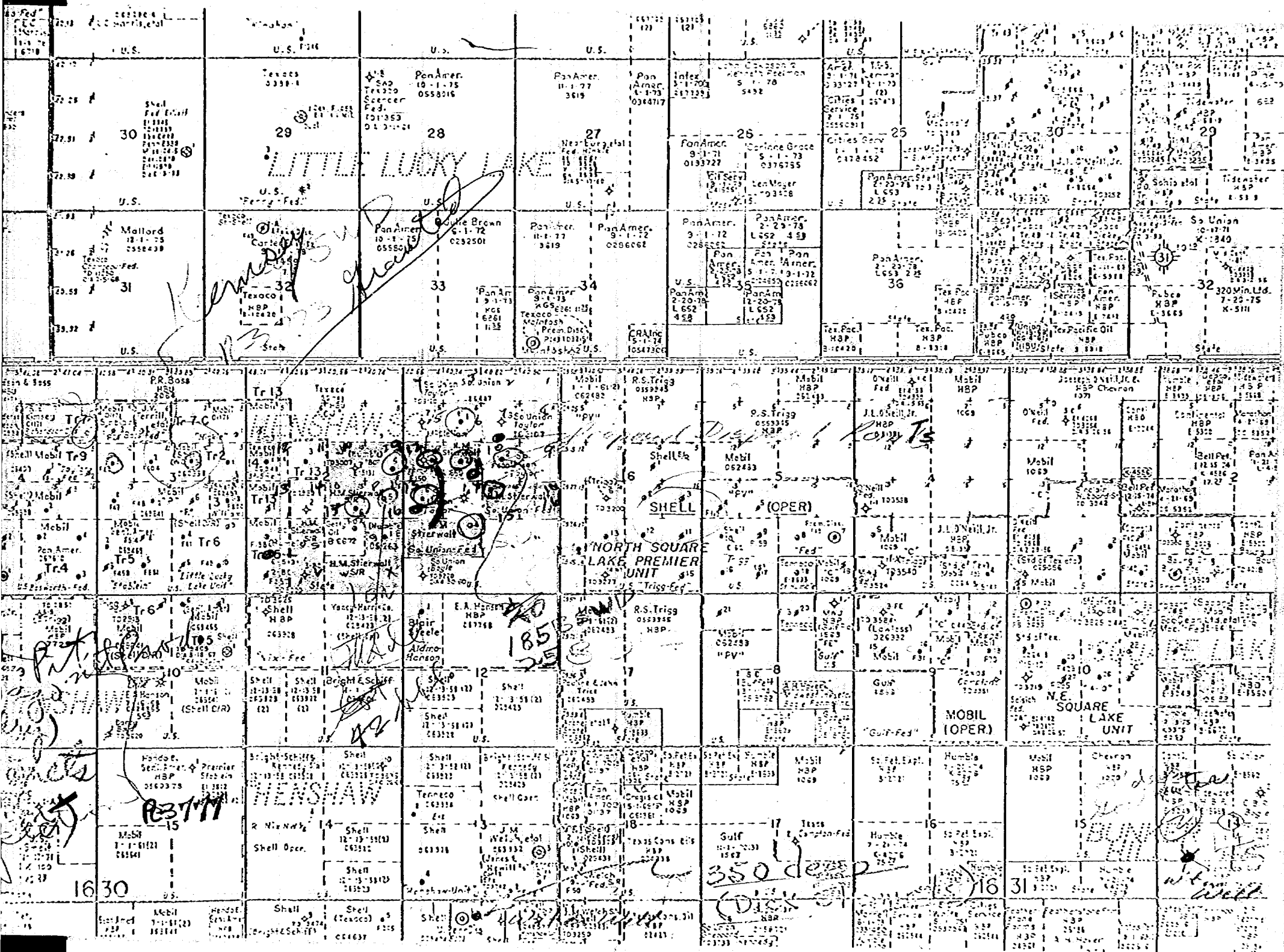
CASE 4377: Application of Champlin Petroleum Company for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State 32-7-33 Unit Area comprising 640 acres, more or less, of State lands in Section 32, Township 7 South, Range 33 East, Chaveroo-San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

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.

[illegible]



HAL M. STIERWALT  
1114 Woodcastle Dr.  
Corsicana, Texas 75110

970 JUN 12 AM 8 17

New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico

Case 4379

Gentlemen;

Please place the following four leases on the Docket  
for the July 1, 1970 hearing. The leases require an exemp-  
tion to the no pit order.

- Am* (1) New Mexico "BC" State Lease (E-5131) Three wells in  
Section 2, T-16-S, R-30-E, Eddy County, 50 BWP. *50*
- Am* (2) New Mexico "BN" State Lease (OG-623) One well in  
Section 2, T-16-S, R-30-E Eddy county, 20 BWP. *20*
- Revised* (3) So. Union Federal Lease (NM06407) Four Wells in  
Section 1, T-16-S, R-30-E, Eddy County 40 BWP. *40*
- in file* (4) Taylor Federal Lease Nm 06407A Four Wells in  
Section 1, T-16-S, R-30-E, Eddy County 75 BWP. *75*

All twelve of the wells, are shut in because the cost  
to truck the water from the leases prohibits the production  
of the oil.

Please put my name on the mailing list for commission  
information.

Thank you.

Yours very truly,

*Hal M. Stierwalt*  
Hal M. Stierwalt

DOCKET MAILED

Date 6-18-70

*1114 Woodcastle Dr.  
Corsicana, Texas 75110*

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. 4379

Order No. R-3996

APPLICATION OF HAL M. STIERWALT  
FOR AN EXCEPTION TO ORDER NO.  
R-3221, AS AMENDED, EDDY 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        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, Hal M. Stierwalt, is the owner and  
operator of eight wells, and he is the agent for Southern Union  
Production Company for the operation of four wells, all in Sec-  
tions 1 and 2 of Township 16 South, Range 30 East, NMPM, West  
Henshaw-Grayburg Pool, Eddy 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 watercourse, or in any other place or in any manner

-2-

CASE No. 4379

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, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company, seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal *wells located on the following four leases* of salt water produced by ~~eight of his wells and four of Southern Union Production Company's wells located~~ in Sections 1 and 2 of Township 16 South, Range 30 East, NMPM, West Henshaw-Grayburg Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells:

- New Mexico "BC" Lease comprising Lots 9, 10, 15, and 16 of Section 2,
- New Mexico "BN" Lease comprising E/2 SW/4, <sup>SW/4 SE/4</sup> SW/4 SW/4, and E/2 SE/4 of Section 2,
- Southern Union Federal Lease comprising Lots 11, 12, 15, ~~and 16~~, and N/2 SE/4 of Section 1,
- Southern Union Taylor Federal Lease comprising Lots 9, 10, 13, and 14 of Section 1.

(7) That there appears to be no water in the vicinity of the above-described leases for which a present or reasonably foreseeable beneficial use is or will be impaired by contamination from unlined surface pits located in the vicinity of the subject wells.

(8) That the applicant, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company should be permitted to utilize unlined surface pits for the disposal of <sup>salt</sup> water produced by wells located on the above-described four leases.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hal M. Stierwalt, for himself and as agent for Southern Union Production Company, 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 right of his wells and~~ *by wells on the following four leases* four of Southern Union Production Company's ~~wells~~ located in Sections 1 and 2 of Township 16 South, Range 30 East, NMPM, West Henshaw-Grayburg Pool, Eddy County, New Mexico, in unlined surface pits located in the vicinity of said wells:

*New Mexico "BC" Lease comprising Lots 9, 10, 15, and 16 of Section 2,*

*New Mexico "BN" Lease comprising E/2 SW/4, SW/4 SE/4, and E/2 SE/4 of Section 2,*

*~~Southern Union~~ Federal Lease comprising Lots 11, 12, 15, 16, and N/2 SE/4 of Section 1*

*Southern Union Taylor Federal Lease comprising Lots 9, 10, 13, and 14 of Section 1.*

(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.