

Case Number

4408

Application
Transcripts.

Small Exhibits

ETC.

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. 4408
Order No. R-4015

APPLICATION OF KECHANE AND WESTALL
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 9:30 a.m. on August 19, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of August, 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, Kechane and Westall, is the owner
and operator of a lease comprising Lot 4 and the SW/4 NW/4 of
Section 2, Township 19 South, Range 31 East, NMPM, Shugart 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 pro-
duction 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

-2-

CASE No. 4408

Order No. R-4015

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 or to be located on the above-described lease in an unlined surface pit located in said Lot 4.

(7) 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.

(8) That the applicant should be permitted to dispose of water produced by wells located or to be located on the above-described lease in an unlined surface pit located in the above-described Lot 4.

IT IS THEREFORE ORDERED:

(1) That the applicant, Keohane and Westall, 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 located or to be located on its lease comprising Lot 4 and the SW/4 NW/4 of Section 2, Township 19 South, Range 31 East, NMPM, Shugart Pool, Eddy County, New Mexico, in an unlined surface pit located in said Lot 4.

-3-

CASE No. 4408

Order No. R-4015

(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.

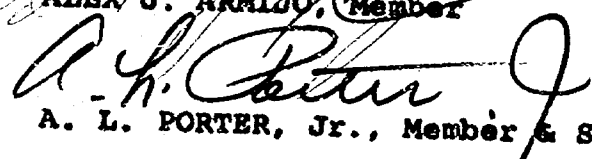
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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. ARMILLO, Member


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



esr/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 19, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Keohane
and Westall for an
exception to Order No.
R-3221, as amended,
Eddy County, New Mexico

Case No. 4408

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



MR. NUTTER: Case 4408.

MR. HATCH: 4408, application of Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. JENNINGS: I am James Jennings of Jennings, Christy and Coppls, Roswell, appearing on behalf of Keohane and Westall.

B. M. KEOHANE,

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, please?

A B. M. Keohane.

Q Mr. Keohane, are you the operator, one of the operators, of a well located in Lot 2 of Section 2, Township 19 South, Range 31 East?

A Lot 4.

Q Lot 4?

A Yes.

Q Are there other lands embraced in this lease?

A Another forty to the southwest-southwest to the northwest.

Q You and Mr. Gerald Westall are the operators?

A Yes, sir.

Q What is the exact location of the well or wells on this



property?

A The well that is on this property now is 990 from the north and 330 from the west line from Section 2.

Q What pool is that located in?

A In the Shugart Pool.

Q When was that well drilled, Mr. Keohane?

A That was quite a few years ago and we let it sit a long time and as it was a dry hole in the Yates, we carried it on down to the Queen. I'd say it's been producing about six years.

Q What has been the production from that well during the last two or three months?

A Well, Atlantic has instituted waterflood north of it and they put an injection line pretty close to the north line of Section 2 and along in April we got an increase from our oil, from our normal settled production of eight barrels per day to about twenty-five barrels and we had to get an increase in allowable to run the oil and that went along for that month and the next month it fell off and now it's back to eight barrels but we get about twenty-five barrels of water with our oil and we didn't used to have any water and that is the reason we didn't apply for an exception when the Mask-Jennings-Keohane-Westall lease to the east 4169 was applied for a year ago last July and now it's necessary for us to apply on

this other eighty.

Q You seek to dispose of the salt water produced in this well and any other wells you might drill on the eighty acre lease into an unlined pit in Lot 4 of Section 2?

A That's correct.

Q Mr. Keohane, to your knowledge is there any fresh or potable water in the vicinity?

A Not that anyone uses. There is a little up in there, an old well we drilled years ago in the old Hinkel lease that we sold the water. The people showed this as being potable but there wasn't very much of it and not being used from at the present time.

Q Where do the ranchers in the vicinity get their water?

A All of them get their water from the Potash Company's pipeline.

Q Are there other operators who are disposing of the water into open, unlined pits in the area?

A Yes, the offsetting 240 acres to the east is exception No. 4169.

Q Mr. Keohane, are you referring, looking at what has been marked as Applicant's Exhibit 1?

A That's correct.

Q That's a plat of the area?

A That's correct.

Q When you refer to the exception No. 4122 to the east,

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is that a Pan-American?

A 4169 is the Mask-Jennings-Keohane and Westall exception.

Q When was that granted?

A That was in July of last year.

Q Referring to that same exhibit, what other exceptions are shown?

A To the north, one mile north, the east half of Section 27 is the Pan-American's exception 4132 and then the V. S. Welch exception is the northwest quarter and the north half of the southwest quarter of Section 27. That's exception 4024 and the V. S. Welch exception being the northeast quarter of Section 28 is 4146, exception number.

Q Mr. Keohane, are you familiar with the Gulf lease, which is located in Section 22, Township 18 South, Range 31 East?

A Section 22 is a Gulf lease that was a lease that was bought in Washington, the east half of Section 21 is the Keohane Federal of the Gulf and they drilled a well in the northeast to the southeast or the southeast to the northeast, I am sorry, their No. 3 and attempted to make a Delaware well and didn't and they used that for some time for an injection well and then later, after the Welch and Pan-American's exceptions were granted, I am sure they obtained an exception and started using open pits instead



of injecting the water.

Q Are you familiar with the number of wells that have been drilled in this vicinity, Mr. Keohane?

A A number of them.

Q With a number of wells?

A Yes.

Q Have you participated in the drilling of them?

A Over sixty.

Q Have you encountered any fresh water?

A No, we have not.

Q Do you feel, Mr. Keohane, that it would prevent economic waste if you are allowed to dispose of water into an open, unlined pit in this area?

A I am sure it would because I don't know how we would do it. There is no one else injecting it and it is the only well we have.

Q No one else injecting it.

MR. JENNINGS: That is all at this time. We would like to offer -- was Exhibit No. 1 prepared by you or under your supervision?

A I prepared them.

MR. JENNINGS: We would like to offer this exhibit and we would also like to offer the testimony that was presented before the Commission in Case 4024, 4132, 4146, and 4169. We



have nothing further.

MR. NUTTER: Exhibit No. 1 will be admitted in evidence and by reference we will incorporate the records of Cases 4024, 4132, 4146 and 4169, is that correct?

A Yes, sir.

MR. NUTTER: Mr. Keohane, you just mentioned the well there at the lease house?

A Yes.

Q And on previous testimony, I know you have given the location on that, whereabouts is that?

A It is in the -- let me see that map -- by the house, the old Cothart, the old Shugart Well. It is in the southwest of the northwest of Section 35, I would say probably about, well, that well, 660, probably about 330 from the west line.

MR. NUTTER: Right near that "S" in the word Shugart?

A No, that number one in the northwest to the southwest 235 is the old original Cothart Well. I mean the northwest to the southwest.

MR. NUTTER: Northwest to southwest?

A Yes, the well is shown. I had it up there.

MR. NUTTER: That well would be in the opposite direction from the pit that the drainage is into in this exempt area?

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PAGE 8

A Our pits are down in the northwest to the southwest.

Our pits farther down than the well, quite a bit.

MR. NUTTER: Anything further, Mr. Jennings?

MR. JENNINGS: No, sir.

MR. NUTTER: Any more questions of the witness?

You may be excused. If you have nothing further in Case 4408,
the case will be taken under advisement.

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PAGE 9

I N D E X

WITNESS

PAGE

B. M. KEOHANE

Direct examination by Mr. Jennings

2

E X H I B I T S

OFFERED
AND
ADMITTED

Applicant's Exhibit No. 1

7

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PAGE 10

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, SOVEIDA GONZALES, 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.


COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings at
the Bernalillo hearing of Case No. 4408
held by me on 8/19, 1970.

 Examiner
New Mexico Oil Conservation Commission



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

August 21, 1970

Mr. James T. Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4408
Order No. R-4015
Applicant:
Keohane and Westall

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's Office

Docket No. 19-70

DOCKET: REGULAR HEARING - WEDNESDAY - AUGUST 19, 1970

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

- ALLOWABLE:
- (1) Consideration of the oil allowable for September and October, 1970;
 - (2) Consideration of the allowable production of gas for September, 1970 from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, September, 1970.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 a.m.

CASE 4414: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea, Chaves, and Eddy Counties, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Townsend-Morrow Gas Pool. The discovery well is the Avance Oil & Gas Company State ETA No. 2 located in Unit 1 of Section 8, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
SECTION 8: SE/4

(b) Extend the Allison-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 12: S/2

(c) Extend the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
SECTION 36: NW/4

(d) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
SECTION 24: E/2 NE/4

(e) Extend the EK Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
SECTION 19: SE/4
SECTION 20: SW/4

(f) Extend the Hobbs-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
SECTION 19: S/2

(g) Extend the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM
SECTION 21: N/2 and N/2 N/2 N/2 S/2

(h) Extend the Paduca-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM
SECTION 1: W/2
SECTION 12: W/2

(i) Extend the Springs-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
SECTION 3: Lots 1, 2, 7, 8, 9, 10,
15 and 16

(j) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
SECTION 26: SW/4 NE/4

(k) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 33: NW/4

(l) Extend the Northwest Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 5: SW/4

CASE 4413: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit Stanley Leonard Jones dba Francisca Corporation and all other interested parties to appear and show cause why the Francisca Corporation Beeman Well No. 1 located 1980 feet from the South and West lines of Section 2, Township 24 South, Range 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4172: (Reopened)

In the matter of Case No. 4172 being reopened pursuant to the provisions of Order No. R-3816, which order established 80-acre spacing units for the Northeast Lovington-Pennsylvanian 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.

CASE 4399: Application of Pan American Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle in the wellbore production from the Blinbry, Tubb, and Drinkard Oil Pools in its Southland Royalty "A" Well No. 8 located in Unit O of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4400: Application of David C. Collier for an exception to Order No. R-3221, as amended, Eddy 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 Southern Federal Lease in Units A, C, E, G, I, K, and M of Section 30, Township 19 South, Range 31 East, North Hackberry Yates-Seven Rivers Pool, Eddy County, New Mexico.

- CASE 4401: Application of Read and Stevens, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen, San Andres, Glorieta, and Delaware formations in the open-hole interval between the 8 5/8 inch casing shoe at 3998 feet and the top of the cement at 6109 feet in its Getty State "B.G." Well No. 1 located in Unit K of Section 12, Township 19 South, Range 34 East, Quail-Queen Pool, Lea County, New Mexico.
- CASE 4402: Application of Reserve Oil and Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cooper-Jal Unit Area comprising 2581 acres, more or less, of Federal and fee lands in Township 24 South, Ranges 36 and 37 East, Lea County, New Mexico.
- CASE 4403: Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by water injection through 26 wells into the Lower Seven-Rivers and Queen formations underlying its Cooper-Jal Unit Area, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 4404: Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by water injection through 23 wells into the Tansill, Yates, and Upper and Middle Seven-Rivers formations underlying its Cooper-Jal Unit Area, Jalmat Pool, Lea County, New Mexico.
- CASE 4405: Application of Reserve Oil and Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Langlie-Jal Unit Area comprising 1080 acres, more or less, of fee lands in Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 4406: Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by water injection through 13 wells into the Seven Rivers and Queen formations underlying its South Langlie-Jal Unit Area, Langlie-Mattix Oil Pool, Lea County, New Mexico.
- CASE 4407: Application of Tenneco Oil Company for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Dakota oil well location 1980 feet from the South and East lines of Section 13, Township 17 North, Range 9 West, Hospah Field, McKinley County, New Mexico, said location being closer than 330 feet to an inner boundary line.

- CASE 4408: Application of Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicants, in the above-styled cause, seek 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 applicants' State Well No. 1, located in Unit D of Section 2, Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.
- CASE 4409: Application of Anadarko Production Company for two waterflood expansions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of its Federal Q Waterflood Project by the conversion to water injection of three additional wells in Units J, L, and P of Section 3, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico. Applicant further seeks the expansion of the Stallworth Oil and Gas Company Parke Waterflood Project by the conversion to water injection of one additional well in Unit H of said Section 3.
- CASE 4410: Application of Major, Giebel & Forster for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 of Section 28, Township 25 South, Range 37 East, Crosby-Devonian Pool, Lea County, New Mexico, said acreage to be dedicated to a well to be drilled in said quarter section. Also, to be considered will be the cost 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 4411: Application of Continental Oil Company for an exception to Rule 104 C I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I of the Commission Rules and Regulations to permit the completion within 660 feet of another producing well in the same formation of its State H-35 Well No. 10 located 2030 feet from the North line and 1780 feet from the East line of Section 35, Township 17 South, Range 34 East, Vacuum Pool, Lea County, New Mexico.
- CASE 4412: Application of Continental Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates and Seven Rivers formations through two wells on its McCallister "A" lease in Section 24, Township 26 South, Range 36 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico.

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

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July 30, 1970

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Ida Rodriguez

RE: KEOHANE AND WESTALL APPLICATION FOR EXCEPTION TO ORDER R-3221

Enclosed herewith you will find the Application of Keohane & Westall
for an exception to Order R-3221 covering one well located in the
Shugart Pool.


JAMES T. JENNINGS

JTJ/mb

Encl.

cc: B. M. Keohane

DOCKET MAILED

Date 8-6-70

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF KEOHANE & WESTALL FOR AN
EXCEPTION TO ORDER NO. R-3221 TO
PERMIT THE DISPOSAL OF PRODUCED
SALT WATER INTO AN UNLINED OPEN
SURFACE PIT IN EDDY COUNTY, NEW
MEXICO.

Case 4408

APPLICATION

COME NOW KEOHANE & WESTALL (B. M. Keohane and Garel Westall), by their attorneys, Jennings, Christy & Copple, and seek an exception to Order R-3221, as amended, to permit the disposal of produced salt water into an open unlined surface pit located in Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$) Section 2, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support of their application state:

1. Applicants are the Operators of a lease covering Lot 4 and the SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 2, Township 19 South, Range 31 East, upon which the Keohane & Westall State No. 1 Well, located 330 feet from the West line and 990 feet from the North line of Lot 4, has been completed and is producing from the Shugart Pool.

2. That said well produced 543 barrels of oil during April, 114 barrels during May and 240 barrels during June of 1970.

3. That there is a waterflood project immediately North of the lease and the well has commenced producing a small amount of salt water and during the month of July, 1970 produced 20 barrels of salt water per day, which water is being disposed of in an unlined open pit located in Lot 4 Section 2, Township 19 South, Range 31 East.

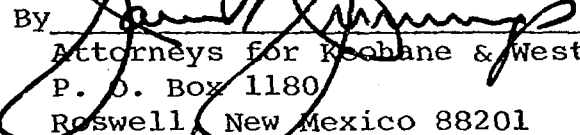
4. Applicants seek permission to dispose of the produced salt water produced from the above described well and any other well which Applicants may drill upon their lease into open unlined pits located in Lot 4 Section 2, Township 19 South, Range 31 East, or other portions of the land embraced in said lease, as an exception to Order R-3221, as amended.

5. That there is no fresh or potable water in the vicinity and the only water available in the vicinity for any purpose is from the pipeline serving the potash mines in the area. That there are no salt water disposal facilities available in the area and it is not economical to truck the produced salt water to a disposal facility.

6. Approval of this application for an exception to Order R-3221, as amended, will prevent waste, protect correlative rights and will not injure any fresh water or present any threat of such injury.

WHEREFORE, Applicants request that this application be set for hearing before the Commission or one of its examiners and that the Commission enter its Order granting Applicants an exception to Order R-3221, as amended, in accordance with this application.

JENNINGS, CHRISTY & COPPLE

By 
Attorneys for Robane & Westall
P. O. Box 1180
Roswell, New Mexico 88201

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4408

Order No. R- 4015

APPLICATION OF KEOHANE AND WESTALL
FOR AN EXCEPTION TO ORDER NO. R-3221,
AS AMENDED, EDDY COUNTY, NEW MEXICO.

[Signature]
ORDER OF THE COMMISSION

BY THE COMMISSION:

9:30

This cause came on for hearing at 9 a.m. on August 19, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of August, 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, Keohane and Westall, is the owner
a lease comprising Lot 4 and the SW 1/4 NW 1/4
and operator of ~~the State Well No. 1, located in Unit D~~ of Sec-
tion 2, Township 19 South, Range 31 East, NMPM, Shugart 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
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 or to be located on the above-described lease~~ produced by applicant's ~~aforesaid State Well No. 1~~ in an unlined surface pit located in said Lot 4.

(7) *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.*

(8) *That the applicant should be permitted to dispose of water produced by wells located or to be located on the above-described lease in an unlined surface pit located in the above-described Lot 4.*

IT IS THEREFORE ORDERED:

(1) That the applicant, Keohane and Westall, 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 the State Well No. 1,~~ *the wells located or to be located on its lease comprising Lot 4 and the SW 1/4 NW 1/4 of A* ~~located in Unit B of~~ Section 2, Township 19 South, Range 31 East, NMPM, Shugart Pool, Eddy County, New Mexico, in an unlined surface pit located *in said Lot 4*.

(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.

Case 4408:

Application of Keohane and Westall
for an exception to Order No. R-3221, Case 4408
Eddy County, New Mexico.

Applicants, in the above-styled cause, ask
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
Pecos, Eddy, Chaves, and Roosevelt Counties,
New Mexico. Said exception would be
for applicants' 2 Wells No. 1, located
in Unit D of Sec 2, Township 19 South,
Range 31 East, Sugar L Pool, Eddy
County, New Mexico.

CASE 4409: Appli. of ANADARKO
PROD. CO. FOR TWO WATERFLOOD
EXPANSIONS, EDDY COUNTY, N. MEX.