

CASE 4086: Application of HANSON  
OIL CO. FOR A DUAL COMPLETION  
AND SALT WATER DISPOSAL, LEA CO.

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Case Number.

4086

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Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

March 26, 1969

EXAMINER HEARING,

-----  
IN THE MATTER OF: )

)  
Application of Hanson Oil )  
Company for a dual comple-) )  
tion and salt water dispo-) )  
sal, Lea County, New )  
Mexico. )

Case No. 4086

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BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4086.

MR. HATCH: Case 4086, application of Hanson Oil Company for a dual completion and salt water disposal, Lea County, New Mexico.

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

MR. UTZ: Any other appearances? You may proceed.

(Witness sworn.)

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

HARRY SCHRAM

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Harry Schram.

Q By whom are you employed?

A I am Manager of Hanson Oil Company, in Roswell, New Mexico.

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

A Yes, sir.

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

MR. UTZ: Yes.

Q Mr. Schram, are you familiar with the application of Hanson Oil Company in Case 4086?

A Yes, sir.

Q What is proposed by Hanson in that application?

A The applicant in this case seeks authority to dually complete its CSA Federal Well No. 1, located in Unit L, of Section 29, Township 26 South, Range 37 East, in the Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Yates Formation, and the disposal of produced salt water into the Seven Rivers Formation, through parallel strings of tubing.

Q Referring to the multiple-page exhibit which has been marked as Exhibit A, would you identify the first exhibit in there? Is that the application?

A It is actually the application, which is on the standard Form C-108.

Q How much salt water do you propose to dispose of in this well?

A The most recent tests have been -- well, the last test was 121 barrels of water per day.

Q And do you anticipate 150?

A One hundred to 150 limit.

Q What is the source of this water?

A The source of the water is from the Yates Formation, from 3,116 to 3,135 feet, and we would like to inject the water through the second string of tubing into the Seven Rivers Formation below the 3,172 to 3,197.

Q Now, referring to what has been marked as Exhibit Number 1 of Exhibit A, would you identify that exhibit?

A Exhibit Number 1 is a land ownership map, showing the location of the Hanson Number 1 CSA Federal Well in relation to other leases and wells around it.

Q Referring to what has been marked as Exhibit 2, would you identify that exhibit?

A Exhibit Number 2 is a gamma ray density log with the top of the Seven Rivers mark, and the perforations that are producing in the Yates Formation, and those that are anticipated for injection in the Seven Rivers Formation.

Q What is the present state of this well?

A Presently, the well is producing from the Yates Formation at 3,116 to 3,135, through four perforations. At the present time, there is a retrievable bridge plug set at 3,150, which isolates the Seven Rivers Formation.

Q Has the Seven Rivers Formation ever produced in this well?

A Yes, the perforations are in the casing now. And we tested that zone that we are applying to inject into, and produced 25 barrels of water per hour.

Q Did it make any oil?

A No, sir.

Q Has it ever produced oil?

A No, sir.

Q Has it ever produced oil in this area?

A Yes, sir, in the field.

Q How close to your well?

A Well, not in any of the offsets. This particular pay produces upstructure, up on top of the Yates-Seven Rivers structure of the main field, which you can see in Exhibit 6.

Q But, in your opinion, would the injection of water into the Seven Rivers Formation as you propose cause any adverse effect on any production in the area?

A No, sir, not at 150 barrels a day.

Q Referring to what has been marked as Exhibit Number 3, would you identify that exhibit?

A Exhibit 3 is a diagrammatic sketch of the No. 1 CSA Federal Well, showing the proposed dual completion, relative

position of the perforations, the packer, and the casing.

Q Will you use an internally-coated tubing for your salt water injection string?

A Yes, sir, we would use a plastic-coated tubing that we would be injecting through.

Q What pressure do you anticipate will be necessary to inject into the Seven Rivers Formation?

A I do not think it would exceed 1,000 pounds.

Q Would that be including the hydrostatic head in the injection string?

A No -- well, really, at that point we don't know exactly what it would take, because the only fluids that we have pumped into this have been acid, and it took acid on a vacuum. So, actually, there would be very little pressure involved in the thing.

Q Now, referring to what has been marked as Exhibit Number 4, of Exhibit A, would you identify that exhibit?

A Exhibit Number 4 is a water analysis of the water that is presently being produced from the Yates Formation.

Q Would you consider that water corrosive?

A Well, it is not highly corrosive. It is certainly corrosive to some extent.

Q But you would not anticipate it would cause any



problems in this well?

A No, we have not had any problems with it to date.

Q Referring to Exhibit 5 of Exhibit A, would you identify that?

A This is the water analysis of the water that was produced from the Seven Rivers Formation, in which we anticipate injecting in the Yates water.

Q Now, referring to what has been marked as Exhibit Number 6, would you identify that exhibit?

A Exhibit 6 is a structural contour map of the Scarborough field, a structural contours on top of the Yates Formation, and shows the CSA Federal No. 1 Well, in relation to those wells around it and to the overall structure.

Q The well would appear to be at the outer boundary of the Scarborough field?

A Yes, definitely.

Q Referring to what has been marked as Exhibit Number 7, would you identify that exhibit?

A Exhibit Number 7 is merely a geological resume of the Scarborough-Yates field, which was prepared originally for the Roswell Geological Society, but is applicable in this case.

Q And that gives the history and characteristics of

tne producing formation?

A Yes.

Q Did you send notices of this application to the offset operators?

A Yes, sir. In Exhibit 8 are the receipts for certified mail, and Exhibit 9 is the return receipts thereof.

Q Have you had any objection from any of those offsetting operators?

A Not to us directly. I think the Commission has a letter from Mr. Tom Lineberry.

Q Now, you are familiar with the letter written by Mr. Lineberry, are you not?

A Yes, sir.

Q I believe in this letter he states that would endanger fresh water supplies in the area?

A Yes, sir, that is what he says.

Q In your opinion, is this a correct statement?

A No. I think that any shallow rights at all would be protected by injecting this water through a parallel string and into a lower formation, than what we are presently producing from.

Q What disposition is presently being made of this water? Are you trucking it?

A No, this well is shut in at the present time. But when we -- well, we thought we had a place to put this water with Wolfson Oil Company that has the lease to the north of us; and we prepared to pipe the water over to Continental Oil Company, and they were going to take it into their system there. And we came to find out that Wolfson had been notified by Lineberry that under no circumstances could they join us in laying a line to Continental, and we also found out from Wolfson that he is charging a royalty for taking that water across his surface, which, under no circumstances, would we --

Q Do you know how much royalty he is charging?

A One cent a barrel.

Q Is it your position that you would not be willing to pay one cent a barrel to cross his land?

A No, sir, we would not.

Q And that is the reason for your application to utilize this well?

A Yes, sir.

Q In your opinion, will the use of your well for salt water disposal in the CSA Federal Well No. 1 cause any adverse effect on the interest of the surface interests?

A No, sir.

Q Was Exhibit A, consisting of nine numbered exhibits,

prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time, I offer Exhibit A.

MR. UTZ: Witnout objection, Exhibit A, which includes nine parts, will be entered into the record of this case.

(Whereupon, Applicant's Exhibit A was admitted into evidence.)

MR. KELLAHIN: That is all I have on direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Schram, as I understand your application, it is your proposal to produce through a string of two and a sixteenth-inch tubing from approximately 3,116 feet, and to inject salt water down another string of tubing below a packer into a formation at 3,172, and the packer being set at 3,150?

A Yes, sir.

Q Now, as far as the uncemented portion of your casing from 323 to 2,800, is it any different in this application than it has been for a number of years?

A No, sir, this is, I think is a standard casing program in the area. We have built wells on both federal and

state leases, and in every case this has been roughly the same program.

Q How old is this well?

A This well was drilled in -- it hasn't been but about three or four years.

Q Well, three or four years is accurate enough.

A It was drilled in 1965.

Q Is this oil corrosive that you are producing?

A We haven't had any trouble. It is corrosive to a certain extent. I think the Yates is almost anywhere. But up to that date, we never had any trouble at all with it. And, of course, we are treating it with chemicals all the time.

Q And you intend to continue treating it?

A Yes, sir.

Q Do you treat the salt water, or is it necessary?

A Well, actually, you are treating the salt water and the oil at the same time. We have a chemical pump that we use on the pumping unit, and injecting chemicals at that point, which is to stop any corrosion.

Q Did I understand you to say that Mr. Lineberry was charging a one-cent-a-barrel for water going across his surface acreage?

A Yes, sir, that is what we were told by Wolfson Oil Company, and they are apparently paying him that.

MR. UTZ: Any other questions of Mr. Schram? You may be excused. Any statements?

MR. HATCH: We have a letter received by the Commission from Mr. Tom Lineberry, dated March 15th, 1969, received by the Commission on March 17th.

I wish to protest the application by Hanson Oil Company, Roswell, New Mexico, for a salt water disposal well on their CSA Federal Lease, Section 29, Township 26 South, Range 37 East, Lea County, New Mexico. I am the surface owner of this acreage. In the application by Hanson Oil Company, it is shown that there is no cement behind the casing in the well proposed to be used for salt water disposal from 323 feet down to a depth of 2,800 feet. There is fresh potable water in this area below 328 feet, so it is obvious that this well should not be allowed to even be a producing oil well, unless the salt section at least is cemented off at approximately 1,300 feet to 2,000 feet. Should the packer leak and a hole come in the casing, which will happen sooner or later, this will be a perfect setup for more pollution of our fresh water in this area. I beg that this application be denied.

Tom Lineberry.

MR. UTZ: The case will be taken under advisement.

I N D E X

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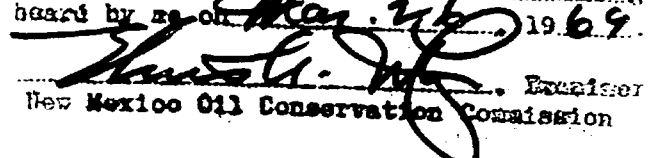
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STATE OF NEW MEXICO       )  
                                   )  
 COUNTY OF BERNALILLO    )       ss.

I, SAMUEL MORTELETTE, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4086 heard by me on May 26, 1969.  
  
 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. ARMIGO  
MEMBER

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

April 1, 1969

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

Re: Case No. 4086  
Order No. R-3722  
Applicant:  
Hanson Oil Company

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           

Aztec OCC           

Other State Engineer Office and  
Bureau of Land Management

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. 4086  
Order No. R-3722

APPLICATION OF HANSON OIL COMPANY  
FOR A DUAL COMPLETION AND SALT WATER  
DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 26, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of April, 1969, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Hanson Oil Company, seeks authority  
to complete its CSA Federal Well No. 1, located in Unit L of Sec-  
tion 29, Township 26 South, Range 37 East, NMPM, Scarborough  
Yates-Seven Rivers Pool, Lea County, New Mexico, as a dual com-  
pletion to produce oil from the Yates formation in the interval  
from 3116 feet to 3135 feet through 2 1/16-inch tubing and to  
dispose of produced salt water into the Seven Rivers formation  
in the interval from 3172 feet to 3197 feet through a parallel  
string of 2 1/16-inch plastic-lined tubing, with separation of  
the zones by a packer set at approximately 3150 feet.

(3) That approval of the dual completion and salt water  
disposal as set out above will prevent the drilling of unnecessary  
wells, and will otherwise prevent waste and protect correlative  
rights.

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CASE No. 4086

Order No. P-3722

IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Company, is hereby authorized to complete its CSA Federal Well No. 1, located in Unit L of Section 29, Township 26 South, Range 37 East, NMPM, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, as a dual completion to produce oil from the Yates formation in the interval from 3116 feet to 3135 feet through 2 1/16-inch tubing and to dispose of produced salt water into the Seven Rivers formation in the interval from 3172 feet to 3197 feet through a parallel string of 2 1/16-inch plastic-lined tubing, with separation of the zones by a packer set at approximately 3150 feet;

PROVIDED HOWEVER, that the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(2) 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. ARMIJO, Member

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

  
esr/

Case 4086

Heard 3-26-69

Rec. 3-27-69

Spent Hansen Oil Co. permission  
to finally complete their CSA.  
Fed. #1, Scarborough - pool. ~~the~~  
Injection of SW shall be thru  
2 1/2" plastic coated tubing - under  
a packer into S.R. for then  
perf. 3172 - 3197.

Yates oil to be produced  
thru 2 1/2" tubing set at 3100'.  
There is 316' of cement above  
the Yates pay which is  
considered satisfactory  
for ~~the~~ a producing oil  
well in Lee Co.

*[Signature]*

3116

2800

316

OIL CONSERVATION COMMISSION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

March 18, 1969

C  
O  
P  
Y

Mr. Tom Linebery  
P. O. Box 1536  
Midland, Texas

Re: Case 4086

Dear Mr. Linebery:

Your letter protesting the application of Hanson Oil Company to dually complete its CSA Federal Well No. 1, located in Unit L of Section 29, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, has been received by the Commission. The letter will be made a part of the record in the case.

A copy of the objection is being sent to the applicant.

Very truly yours,

GEORGE M. HATCH  
Attorney

GMH/esr

OIL CONSERVATION COMMISSION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

March 18, 1969

Mr. Jason W. Kellahin  
Attorney at Law  
P. O. Box 1769  
Santa Fe, New Mexico

Re: Case 4086

Dear Mr. Kellahin:

I am enclosing a copy of an objection the Commission has received concerning the above-described case.

Very truly yours,

GEORGE M. HATCH  
Attorney

GMH/ear  
Enclosure

C  
O  
P  
Y

TOM LINEBERY  
*Registered & Commercial Herdords*

RANCH - KERMIT, TEXAS

BOX 1536 - MIDLAND, TEXAS

March 15, 1969

Mr. A. L. Porter  
Secretary-Director  
State of New Mexico Oil Conservation  
Commission  
Santa Fe, New Mexico

*file in Case 4086*

Dear Mr. Porter:

I wish to protest the application by Hanson Oil Company, Roswell, N. M., for a salt water disposal well on their CSA Federal Lease, Section 29, Twp. 26 South, Range 37 East, Lea County, N. M. I am the surface owner of this acreage.

In the application by Hanson Oil Company it is shown that there is no cement behind the casing in the well proposed to be used for salt water disposal from 323 ft. down to a depth of 2800 ft. There is fresh potable water in this area below 328 ft.; so, it is obvious that this well should not be allowed to even be a producing oil well unless the salt section at least is cemented off at approximately 1300 ft. to 2000 ft. Should the packer leak and a hole come in the casing, which will happen sooner or later, this well is a perfect set-up for more pollution of our fresh water in this area.

I beg that this application be denied.

Very truly yours,

*Tom Linebery*  
Tom Linebery



DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 26, 1969

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 4078: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Devils Fork-Gallup Pool and an undesignated Mesaverde oil pool in the well-bore of his NCRA State Well No. 3 located in Unit L of Section 16, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 4079: Application of Robert B. Holt for the creation of a new pool, assignment of a discovery allowable, and the promulgation of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Middle Pennsylvanian oil pool for his Aztec State Well No. 2 located in Unit A of Section 26, Township 13 South, Range 32 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 48,715 barrels to said well. Applicant further seeks the promulgation of special pool rules for said pool, including a provision for 160-acre proration units and the assignment of 80-acre allowables.
- CASE 3975: (Reopened)  
In the matter of Case No. 3975 being reopened pursuant to the provisions of Order No. R-3618, which order established 80-acre spacing units for the East Bluitt-San Andres Pool, Roosevelt County, New Mexico, for a period of approximately two months. All interested parties may appear and present evidence as to whether the subject area is indeed a separate common source of supply or an extension of the Bluitt-San Andres Gas Pool. Further, in the event said East Bluitt-San Andres Pool is found to be an extension of said Bluitt-San Andres Gas Pool, the Commission will consider the amendment of the Special Rules and Regulations governing the Bluitt-San Andres Gas Pool to provide for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals from the gas cap and oil rim.
- CASE 4080: Application of Monsanto Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Black River Unit Area comprising 14,961.23 acres, more or less, of State, Federal and Fee lands

CASE 4080 - Continued

in Townships 25 and 26 South, Ranges 23 and 24 East, Eddy County, New Mexico.

CASE 4081: Application of Curtis Hankamer for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brushy Draw Deep Unit Area comprising 9,672.53 acres, more or less, of State and Federal lands in Township 26 South, Ranges 29 and 30 East, Eddy County, New Mexico.

CASE 4082: Application of Sam D. Ares for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Yates-Seven Rivers formation in the open-hole interval from approximately 3358 to 3495 feet in his Arnott Ramsey "A" Well No. 3, located 660 feet from the North and West lines of Section 2, Township 25 South, Range 36 East, Jalmat Yates Seven Rivers Pool, Lea County, New Mexico.

CASE 4083: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Penrose Skelly Pool and the Paddock Pool in the well-bore of its Eunice King Well No. 7 located in Unit G of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, with the provision that no more than one allowable will be produced from said well.

CASE 4084: Application of Olen F. Featherstone for the creation of a new pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for his Cabot State Well No. 1 located in the NE/4 NW/4 of Section 29, Township 15 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

CASE 4085: Application of Tamarack Petroleum Corporation, 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 formation in the perforated interval from approximately 4948 feet to 5043 feet in its Cabot 23 State Well No. 2 located in Unit C of Section 23, Township 19 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

- CASE 4086: Application of Hansen Oil Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its CSA Federal Well No. 1 located in Unit 2 of Section 29, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Yates formation and the disposal of produced salt water into the Seven Rivers formation through parallel strings of tubing.
- CASE 4087: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (unconventional) of its McCallister Well No. 1 located in Unit 3 of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to produce oil from undesignated Drinkard and Abo oil pools through parallel strings of tubing.
- CASE 4071: (Continued from the March 19, 1969, Regular Hearing)  
Application of E. J. Sivley for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Federal Silver Well No. 4 located in the SW/4 SE/4 of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, in such a manner as to permit production of oil from the Yates-Seven Rivers formations and the disposal of produced salt water into the Lower Seven Rivers formation.
- CASE 4088: Application of Paul M. Mershon, Jr., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying Section 21, Township 22 South, Range 23 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and East lines of said Section 21, and within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool. 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 4089: Application of Paul M. Mershon, Jr., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the North and East lines of Section

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Docket No. 9-69

Examiner Hearing - March 26, 1969

21, Township 22 South, Range 23 East, Indian Basin-  
Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 4090: Application of Getty Oil Company for an exception to Commission Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to re-enter and deepen approximately 3500 feet in the Yates formation four wells located in Sections 19 and 30 of Township 20 South, Range 34 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string provided the production string would be cemented to the surface.

CASE 4091: Application of Union Oil Company of California for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elliott Federal Well No. 1 located in Unit O of Section 27, Township 11 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Field Ranch-Wolfcamp Pool and the disposal of produced salt water into the San Andres, Glorieta, Blinberry, Tubb and Abo formations in the open-hole interval from approximately 4458 feet to 8050 feet.

CASE NO. 4086

APPLICATION OF HANSON OIL COMPANY FOR APPROVAL FOR A DUAL  
COMPLETION AND SALT WATER DISPOSAL, SCARBOROUGH YATES-  
SEVEN RIVERS POOL, LEA COUNTY, NEW MEXICO

The applicant in the above-styled cause, seeks authority to dually complete its CSA Federal Well No. 1 located in Unit L of Section 29, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Yates Formation and disposal of produced salt water into the Seven Rivers Formation through parallel strings of tubing.

THE FOLLOWING EXHIBITS ARE IN SUPPORT OF THIS APPLICATION.

BEFORE RECEIVING OIL	
OIL CONSERVATION COMMISSION	
<i>applied</i>	EXHIBIT NO. <i>A</i>
CASE NO. <i>4086</i>	

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Exhibit No. 8	Receipts For Certified Mail
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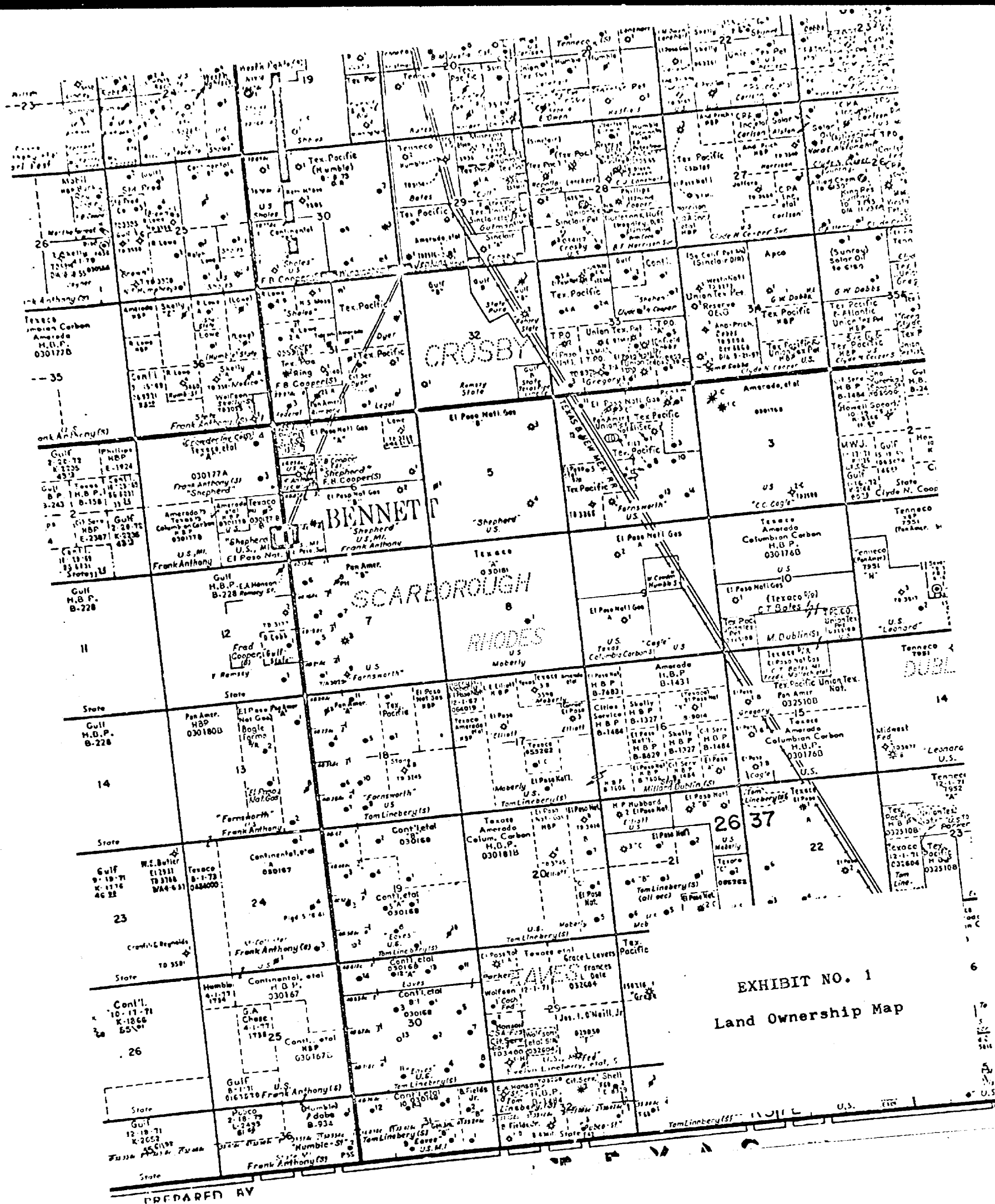
NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION TO DISPOSE OF SALT WATER BY INJECTION INTO A POROUS FORMATION

OPERATOR <b>Hanson Oil Company</b>		ADDRESS <b>P. O. Box 1515, Roswell, New Mexico</b>	
LEASE NAME <b>CSA Federal</b>	WELL NO. <b>1</b>	FIELD <b>Scarborough</b>	COUNTY <b>Lea</b>
LOCATION UNIT LETTER <b>L</b> WELL IS LOCATED <b>2310</b> FEET FROM THE <b>S</b> LINE AND <b>330</b> FEET FROM THE <b>W</b> LINE, SECTION <b>29</b> TOWNSHIP <b>26-S</b> RANGE <b>37-E</b> NMPM.			
CASING AND TUBING DATA			
NAME OF STRING	SIZE	SETTING DEPTH	SACKS CEMENT
SURFACE CASING	<b>8-5/8"</b>	<b>323'</b>	<b>125</b>
INTERMEDIATE			
LONG STRING	<b>5-1/2"</b>	<b>3386'</b>	<b>200</b>
TUBING	<b>2-1/16"</b>	<b>3100'</b>	NAME, MODEL AND DEPTH OF TUBING PALMER <b>Inj. tbg. @ 3150' on HOWCO R3 pkr.</b>
NAME OF PROPOSED INJECTION FORMATION <b>Seven Rivers</b>		TOP OF FORMATION <b>3139'</b>	BOTTOM OF FORMATION <b>Unknown</b>
IS INJECTION THROUGH TUBING, CASING, OR ANNULUS? <b>2-1/16" tubing</b>		PERFORATIONS OR OPEN HOLES? <b>Perforations</b>	PROPOSED INTERVAL(S) OF INJECTION <b>3172-3197'</b>
IS THIS A NEW WELL DRILLED FOR DISPOSAL? <b>No</b>	IF ANSWER IS NO, FOR WHAT PURPOSE WAS WELL ORIGINALLY DRILLED? <b>Oil and gas production</b>		HAS WELL EVER BEEN PERFORMED IN ANY ZONE OTHER THAN THE PROPOSED INJECTION ZONE? <b>Yes</b>
LIST ALL SUCH PERFORATED INTERVALS AND SACKS OF CEMENT USED TO SEAL OFF OR SQUEEZE EACH <b>3116-3135' Well is producing oil and gas.</b>			
DEPTH OF BOTTOM OF DEEPEST FRESH WATER ZONE IN THIS AREA <b>Unknown</b>		DEPTH OF BOTTOM OF NEXT HIGHER OIL OR GAS ZONE IN THIS AREA <b>3135'</b>	DEPTH OF TOP OF NEXT LOWER OIL OR GAS ZONE IN THIS AREA <b>3197'</b>
ANTICIPATED DAILY INJECTION VOLUME (BBLs.) <b>100</b>	MINIMUM <b>150</b>	MAXIMUM <b>Open</b>	IS INJECTION TO BE BY GRAVITY OR PRESSURE? <b>Pressure</b>
ANSWER YES OR NO WHETHER THE FOLLOWING WATERS ARE MINERALIZED TO SUCH A DEGREE AS TO BE UNFIT FOR DOMESTIC, STOCK, IRRIGATION, OR OTHER GENERAL USE - <b>Yes</b>		WATER TO BE DISPOSED OF <b>Yes</b>	NATURAL WATER IN DISPOSAL ZONE <b>Yes</b>
NAME AND ADDRESS OF SURFACE OWNER (OR LESSEE, IF STATE OR FEDERAL LAND) <b>Tom Lineberry and/or Evelyn Lineberry, Kermit, Texas</b>		APPROX. PRESSURE (PSI) <b>1000</b>	
LIST NAMES AND ADDRESSES OF ALL OPERATORS WITHIN ONE-HALF (1/2) MILE OF THIS INJECTION WELL			
<b>Continental Oil Co., P. O. Box 460, Hobbs, New Mexico</b>			
<b>El Paso Natural Gas Co., Bank of Southwest Bldg., Midland, Texas 79701</b>			
<b>Cities Service Oil Co., P. O. Box 4906, Midland, Texas 79701</b>			
<b>Wolfson Oil Co., 311 Midland National Bank Bldg., Midland, Texas 79701</b>			
<b>Texaco, Inc., P. O. Box 728, Hobbs, New Mexico</b>			
HAVE COPIES OF THIS APPLICATION BEEN SENT TO EACH OF THE FOLLOWING?	SURFACE OWNER <b>Yes</b>	EACH OPERATOR WITHIN ONE-HALF MILE OF THIS WELL <b>Yes</b>	THE NEW MEXICO STATE ENGINEER <b>Yes</b>
ARE THE FOLLOWING ITEMS ATTACHED TO THIS APPLICATION (SEE RULE 701-B)?	PLAY OF AREA <b>Yes</b>	ELECTRICAL LOG <b>Yes</b>	DIAGRAMMATIC SKETCH OF WELL <b>Yes</b>

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

*Harry P. Abraham* Exploration Manager March 7, 1969  
(Signature) (Title) (Date)

NOTE: Should waivers from the State Engineer, the surface owner, and all operators within one-half mile of the proposed injection well, not accompany this application, the New Mexico Oil Conservation Commission will hold the application for a period of 15 days from the date of receipt by the Commission's Santa Fe office. If at the end of the 15-day waiting period no protest has been received by the Santa Fe office, the application will be processed. If a protest is received, the application will be set for hearing, if the applicant so requests. SEE RULE 701.





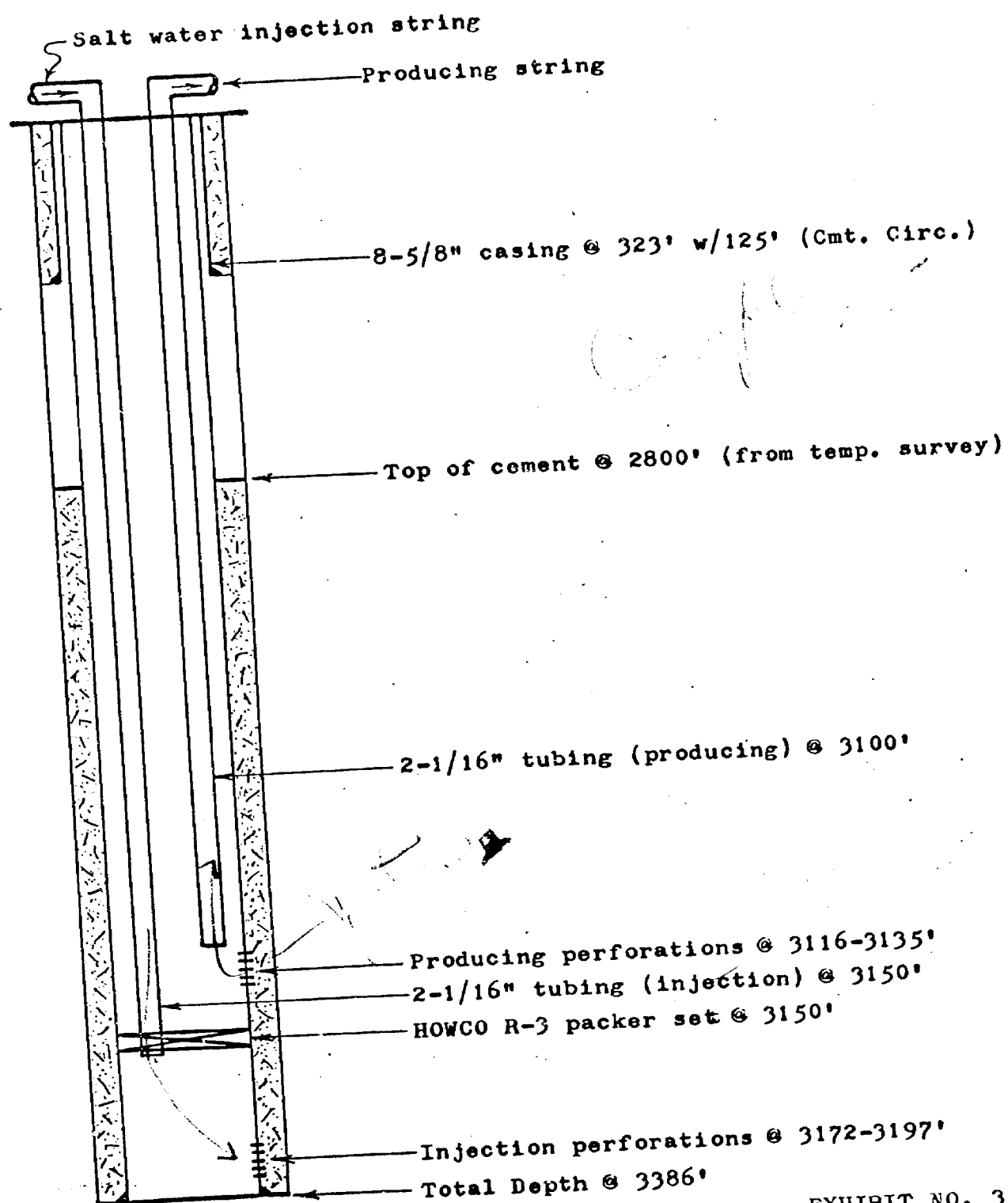


EXHIBIT NO. 3

Diagrammatic Sketch

Hanson Oil Co. - #1 CSA Federal  
 Sec. 29, T-26-S, R-37-E, N.M.P.M.  
 Lea County, New Mexico

SAMPLE NO. \_\_\_\_\_

THE WESTERN COMPANY  
Service Laboratory

WATER ANALYSIS

Operator	Hanson Oil Company	Date Sampled	5-29-68
Well	CSA #1	Date Received	6-5-68
Field		Submitted by	Hobbs District
Formation		Worked by	Capps
Depth		Other Description	
County	Lea, New Mexico		

CHEMICAL DETERMINATIONS

Density	1.010 @ 78°F	pH	7.7
Iron	No Trace	Hydrogen Sulfide	Very Strong Trace
Sodium and Potassium	4,300 ppm	Bicarbonate	1,195 ppm
Calcium	600 ppm	Sulfate	2,160 ppm
Magnesium	340 ppm	Phosphate	ppm
Chloride	6,400 ppm	as Sodium Chloride	ppm

Remarks:

for Stiff type plot (in meq./l.)

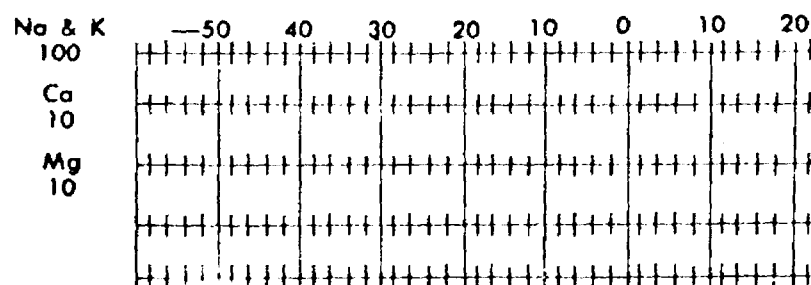


EXHIBIT NO. 4

Yates Formation (3116-3135')  
Water Analysis

Hanson Oil Company  
#1 CSA Federal  
Sec. 29, T-26-S, R-37-E  
Lea County, New Mexico

Per \_\_\_\_\_

SAMPLE NO. \_\_\_\_\_

District: \_\_\_\_\_

# **THE WRIGHT COMPANY** *"Engineered Well Services"*

GEOLOGICAL AND CHEMICAL LABORATORIES

## **WATER ANALYSIS**

County Lea County, New Mexico  
 Field Scarborough  
 Operator Hanson Oil Company  
 Well #1 CSA Federal  
 Depth 3172 - 3197  
 Formation Seven Rivers

Date Sampled July 28, 1965  
 Date Received March 19, 1969  
 Submitted By Pete Schram  
 Worked By Steve Blesch  
 Other Description

Properties of Sample		
Density	1.010 @ 63°	Chloride 3,200 PPM
pH	8.5	Hydrogen Sulfide Very strong trace
Total Solids (Estimated)	7,100 PPM	Iron None

Remarks

EXHIBIT NO. 5

Seven Rivers Formation (3172-3197')  
 Water Analysis

Hanson Oil Company  
 #1 CSA Federal  
 Sec. 29, T-26-S, R-37-E  
 Lea County, New Mexico

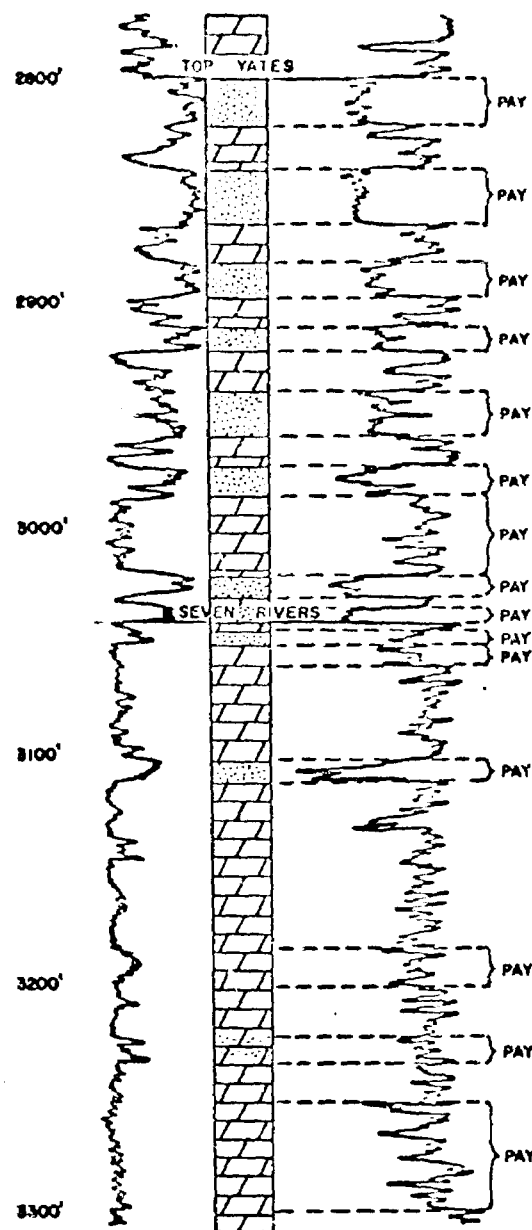
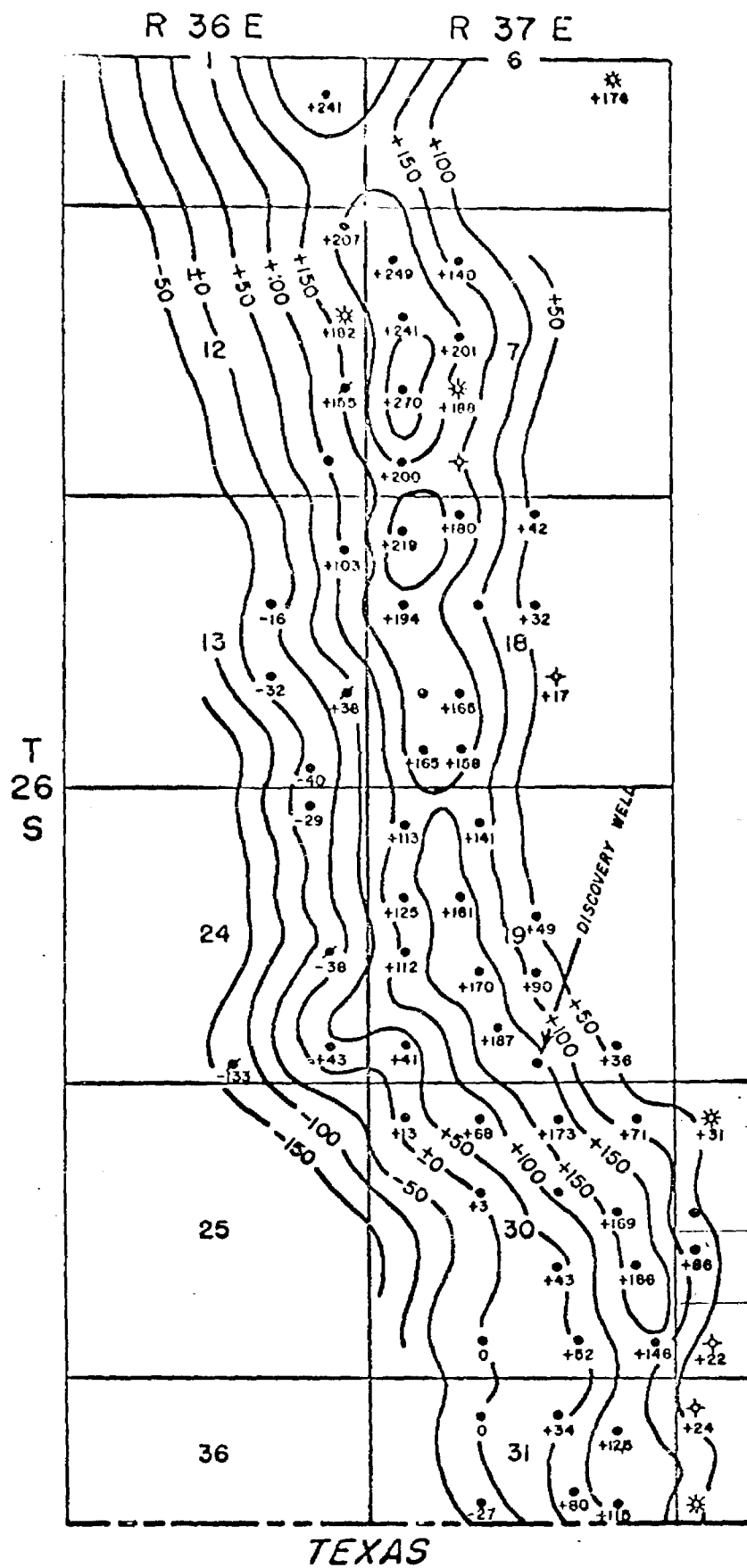
*Steve Blesch*

EXHIBIT NO. 6

Structural Contour Map

Scarborough Field  
Lea County, New Mexico

AVERAGE ELEVATION 2956  
SCALE 1" = 82'



SCARBOROUGH FIELD

LEA COUNTY, NEW MEXICO

STRUCTURAL CONTOURS ON  
TOP OF YATES FM.

SCALE IN MILES  
0 1

HARRY F. SCHRAM

JUNE, 1966

# ROSWELL GEOLOGICAL SOCIETY SYMPOSIUM

Author: Harry F. Sohrum  
Affiliation: Hanson Oil Co., Inc.  
Date: September, 1966

Field Name: Scarborough Yates - Seven Rivers  
Location: T-26-S, R. 36 & 37 E., N.M.P.M.  
County & State: Lea County, New Mexico

Discovery Well: Continental Oil Co. - #1 Eaves Federal "A-19"  
SE $\frac{1}{4}$ SE $\frac{1}{4}$ , Sec. 19, T-26-S, R-37-E, N.M.P.M.  
Lea County, New Mexico

EXHIBIT NO. 7

Geological Resume

Exploration Method Leading to Discovery: Probably subsurface.

Scarborough Field  
Lea County, New Mexico

## Pay Zone:

Formation Name: Yates & Seven Rivers Depth & Datum Discovery Well: 2895 = +43

Lithology Description: Yates alternating sandstone and dolomite, and Seven Rivers dolomite with some associated sand beds. Seven Rivers reservoirs may range from reef dolomite through granular and fracture type porosity. The pay may encompass all or any part of the two formations.

Approximate average pay: 500' gross        net Productive Area 2840 acres

Type Trap: Several structural highs aligned on a north-south axis. Reef buildup has occurred within both formations along the western edge of the Central Basin Platform. Sand pays are due, at least in part, to stratigraphic draping over the north-south trending anticline.

Reservoir Data: Yates Fm. sand. Carbonate reservoirs vary from zone to zone.

14.1 % Porosity, 4.6 Md Permeability, 46.8 % Sw, 10.3 % So

Oil: 37°

Gas: Sour Water varies from zone to zone and may be fresh to brine to sulphur.

Water:        Na+K,        Ca,        Mg,        Cl,        SO<sub>4</sub>,        CO<sub>2</sub>, or HCO<sub>3</sub>,        Fe

Specific Gravity        Resistivity        ohms @        °F

Initial Field Pressure:        psi @        datum Reservoir Temp.        °F

Type of Drive: A very strong water drive from the west. Each zone appears to have a separate oil-water contact, although in recent years communication between zones appears to have taken place.

Normal Completion Practices: Drill through section, run radio-active log, set casing through and perforate. Treatment depends on reservoir and may be either acidized or fractured.

Type completion: Either flowing or pumping. Normal Well Spacing 40 Acres

Deepest Horizon Penetrated & Depth: Blinberry @ 5880' = -2934. Total Depth reached @ 6000'.

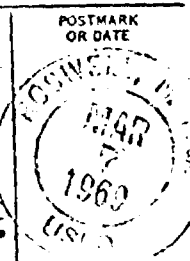
Other Producing Formations in Field: None

## Production Data:

YEAR	TYPE	No. of wells @ yr. end		PRODUCTION OIL IN BARRELS GAS IN MMCF		YEAR	TYPE	No. of wells @ yr. end		PRODUCTION OIL IN BARRELS GAS IN MMCF	
		Prod.	S.I. or Abd.	ANNUAL	CUMULATIVE			Prod.	S.I. or Abd.	ANNUAL	CUMULATIVE
58	OIL	41	4	345,122	7,922,359	62	OIL	45	11	320,649	9,229,638
	GAS			N.A.			GAS			310,218	
59	OIL	45	5	358,215	8,267,481	63	OIL	51	8	390,912	9,550,287
	GAS			563,690			GAS			382,113	
60	OIL	44	7	309,107	8,625,696	64	OIL	51	10	408,424	9,941,199
	GAS			433,310			GAS			378,896	
61	OIL	47	8	294,835	8,934,803	65	OIL	56	15	486,534	10,349,623
	GAS			287,493			GAS			389,839	

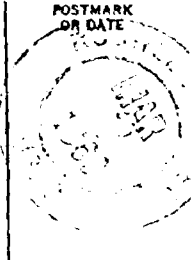
No. 211432

## RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <b>Cities Service Oil Co.</b>		POSTMARK OR DATE 
STREET AND NO. <b>P. O. Box 4906</b>		
CITY AND STATE <b>Midland, Texas 79701</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

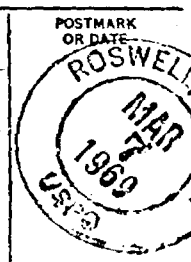
No. 211430

## RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <b>Continental Oil Co.</b>		POSTMARK OR DATE 
STREET AND NO. <b>P. O. Box 460</b>		
CITY AND STATE <b>Hobbs, New Mexico</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

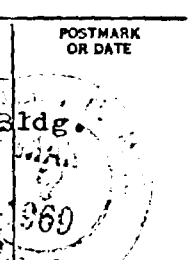
No. 211434

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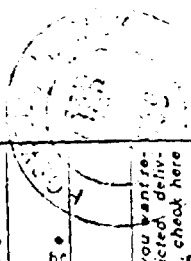
SENT TO <b>Texaco, Inc.</b>		POSTMARK OR DATE 
STREET AND NO. <b>P. O. Box 728</b>		
CITY AND STATE <b>Hobbs, New Mexico</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

No. 211433

## RECEIPT FOR CERTIFIED MAIL—20¢

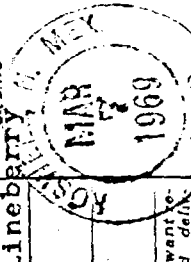
SENT TO <b>Wolfson Oil Co.</b>		POSTMARK OR DATE 
STREET AND NO. <b>311 Midland National Bank Bldg.</b>		
CITY AND STATE <b>Midland, Texas 79701</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

## RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <b>El Paso Natural Gas Co.</b>		POSTMARK OR DATE 
STREET AND NO. <b>Bank of Southwest Bldg.</b>		
CITY AND STATE <b>Midland, Texas 79701</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

No. 211431

## RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <b>Tom Lineberry or Evelyn Lineberry</b>		POSTMARK OR DATE 
STREET AND NO. <b>Kermit, Texas</b>		
CITY AND STATE <b>Kermit, Texas</b>		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 <b>CAUTION—NOT FOR INTERNATIONAL MAIL</b> (See other side)		

No. 211429

EXHIBIT NO. 8

Receipts For Certified Mail

Hanson - #1 C.S.A. Federal  
Application For Disposal of Salt Water

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☒ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71545-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71545-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

3-11-69

CSS-16-71545-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

3-10-69

CSS-16-71545-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE** 1939

☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

3-10-69

CSS-16-71545-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71545-4 GPO

EXHIBIT NO. 9

Return Receipts

Hanson - #1 C.S.A. Federal  
Application For Disposal of Salt Water

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

Case 4086

A P P L I C A T I O N

Comes now HANSON OIL COMPANY and applies to the Oil Conservation Commission of New Mexico for approval of a dual completion and salt water disposal for its No. 1 CSA Federal Well located 2310 feet from the South line and 330 feet from the West line of Section 29, Township 26 South, Range 37 East, N.M.P.M., Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, and in support thereof would show the Commission:

Applicant is the operator of the No. 1 CSA Federal Well, originally drilled to a total depth of 3400 feet. The Seven Rivers Formation when tested, flowed water at the rate of 25 barrels per hour, and has never been productive of oil or gas.

Applicant proposes to set a packer at approximately 3150 feet and complete the well with two strings of 2-1/16 inch tubing, completing the well in such manner as to permit continued production from the Yates Formation from the producing interval from 3116 feet to 3131 feet, and to dispose of produced water into the Seven Rivers Formation in the interval from 3172 feet to 3197 feet.

Water injection will be at the approximate rate of 121 barrels per day.

Injection of water into the Seven Rivers Formation will not adversely affect oil or gas production in the vicinity of the well, the rights of offset operators will not be impaired, and approval of the dual completion of the subject well as proposed is in the interests of conservation and the prevention of waste.

WHEREFORE, applicant prays that this application be set for hearing before the Commission or the Commission's duly

DOCKET IN 1150

Date 3-14-69



appointed examiner, and that after notice and hearing as required by law, the Commission approve the dual completion and salt water disposal as prayed for.

Respectfully submitted,

HANSON OIL COMPANY

BY: Jason W. Kellahin  
Kellahin & Fox  
Post Office Box 1769  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

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. 4086

Order No. R- 3722

APPLICATION OF HANSON OIL COMPANY  
FOR A DUAL COMPLETION AND SALT WATER  
DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 26, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1969, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Hanson Oil Company, seeks authority  
to complete its CSA Federal Well No. 1, located in Unit L of Sec-  
tion 29, Township 26 South, Range 37 East, NMPM, Scarborough Yates-  
Seven Rivers Pool, Lea County, New Mexico, as a dual completion  
to produce oil from the Yates formation in the interval from  
3116 feet to 3135 feet <sup>through 2 1/6-inch tubing</sup> and to dispose of produced salt  
water into the Seven Rivers formation in the interval from 3172  
feet to 3197 feet through <sup>a</sup>parallel strings of 2 1/6-inch  
plastic lined tubing, with separation of the zones by a  
packer set at approximately 3150 feet.

(3)

(3/14) That approval of the dual completion and salt water disposal as set out above will prevent the drilling of unnecessary wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Company, is hereby authorized to complete its CSA Federal Well No. 1, located in Unit L of Section 29, Township 26 South, Range 37 East, NMPM, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, as a dual completion to produce oil from the Yates formation in the interval from 3116 feet to 3135 feet <sup>through 2 1/6-inch tubing</sup>, and to dispose of produced salt water into the Seven Rivers formation in the interval from 3172 feet to 3197 feet through <sup>a</sup> parallel string of 2 1/6-inch plastic lined tubing, with separation of the zones by a packer set at approximately 3150 feet;

PROVIDED HOWEVER,

PROVIDED FURTHER, that the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(2) 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.