

Case NO.

6594

Application

Transcripts

Small Exhibits

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Flag-Redfern Oil Co. for ) CASE  
an exception to Order No. R-3221, Eddy ) 6594  
County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3028 Plaza Blanca (CSE) 471-2461  
Santa Fe, New Mexico 87501

# I N D E X

## JOHN SWENDIG

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SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 2020 Plaza Blanca (SOS) 471-2432  
 Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6594.

2 MR. PADILLA: Application of Flag-Redfern  
3 Oil Company for an exception to Order Number R-3221, Eddy  
4 County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Santa Fe,  
6 New Mexico, appearing on behalf of the applicant, and I  
7 have one witness.

8 MR. STAMETS: I'd like to have him stand  
9 and be sworn, please.

10  
11 (Witness sworn.)  
12

13 JOHN SWENDIG

14 being called as a witness and being duly sworn upon his oath,  
15 testified as follows, to-wit:  
16

17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Swendig, would you please state your  
20 name, by whom you're employed, and in what capacity?

21 A John Swendig, employed by Flag-Redfern Oil  
22 Company as a petroleum engineer.

23 Q Mr. Swendig, have you previously testified  
24 before the Oil Conservation Division and had your qualifi-  
25 cations as a petroleum engineer accepted and made a matter

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Paseo Blanco (SSE) 471-2403  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED (NOT) HAND REPORTER  
3036 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

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of record?

A Yes, I have.

Q And have you made a study of and are you familiar with the facts of this case?

A Yes, sir.

MR. KELLAHIN: We tender Mr. Swendig as an expert witness.

MR. STAMETS: He's considered qualified.

Q Would you please refer to what we've marked as Applicant Exhibit Number One, identify the acreage in question in Section 2, and summarize what Flag-Redfern is seeking to accomplish?

A Exhibit One is a location plat showing Flag-Redfern's New Mexico State Lease outlined in red, being the southwest quarter of Section 2, Township 19 South, 31 East, Eddy County, New Mexico.

We have completed one well on this lease, the New Mexico State No. 1.

Q That well produces from what formation, Mr. Swendig?

A It's producing from the Shugart Field and is producing from the Queen-Grayburg and Premier sections. The well initially potentialied for 22 barrels of oil and 41 barrels of water in February of 1979. On a recent test of June 30th, 1979, it produced 45 barrels of oil and 53 barrels

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (903) 411-2462  
Santa Fe, New Mexico 87101

1 of water, and Flag-Redfern is requesting an exception to  
2 R-3221 to allow for the disposal of produced water in an  
3 unlined surface pit.

4 Q What are you currently doing with that  
5 produced water?

6 A Produced water at the present is being  
7 trucked by I&W Hauling Company out of Loco Hills and is  
8 being disposed of in a pollution control system located on  
9 the Carlsbad-Hobbs Highway in the vicinity of the Halfway  
10 Bar.

11 Q What is the current daily water production  
12 from the lease?

13 A It averages 53 to 55 barrels a day.

14 Q And the well was completed when?

15 A In February of 1979.

16 Q And what is the cumulative production in  
17 oil since that date?

18 A Cumulative oil production has been 4283  
19 barrels as of June 1, 1979, and a cumulative water production  
20 of 4920 barrels.

21 Q You said that well is averaging about 50  
22 to 55 barrels a day?

23 A Of water, yes, sir.

24 Q Can you give us the high and low ranges  
25 since February?

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Main Street (SOS) 411-3461  
Santa Fe, New Mexico 87501

1 A It will range from 30 barrels a day to  
2 approximately 80 barrels a day.

3 Q Now how far is it from the well to the  
4 disposal facilities one way in miles?

5 A I would estimate it to be 20 to 25 miles  
6 one way.

7 Q And what is it costing Flag-Radfern to  
8 dispose of the produced water by trucking?

9 A Ninety to ninety-six cents a barrel.

10 Q You've shown on your Exhibit Number One  
11 in Section 2 a 40-acre tract outlined in yellow that has  
12 the name J. D. Cook on it. Would you describe for us what  
13 that is?

14 A There are three tracts outlined in yellow  
15 and these three tracts, the J. D. Cook tract in the south --  
16 I mean the northwest of the southeast, has most recently  
17 received an exception to R-3221 for a no-pit order. This  
18 order is Number R-5472, entered into June 6th, 1979.

19 Q And would you summarize briefly what that  
20 order permits Mr. Cook to do?

21 A That order allows Mr. Cook to dispose of  
22 produced water from the No. 1 State Well in an unlined  
23 surface pit.

24 Q Is there any limitation on Mr. Cook as to  
25 the amount of water that he may dispose of in an unlined

1 surface pit?

2 A No, sir.

3 Q All right, sir, in the north half of Sec-  
4 tion 2 there appears to be two different producing units  
5 outlined in yellow. Would you describe each of those?

6 A The 30-acre tract outlined in the north-  
7 west of the northwest of Section 2 is the Keohane and Westall  
8 State E Lease, and the exception was granted for this tract  
9 by Order R-4015, dated August 19th, 1970.

10 Q And would you summarize what that particu-  
11 lar order allows the Keohane and Westall operators to do  
12 with that unit?

13 A It allows Keohane and Westall to dispose  
14 of water from the existing well and any future existing  
15 wells to be disposed of in unlined surface pits.

16 Q Is there any limitation on the maximum  
17 amount of water that may be deposited in the unlined sur-  
18 face pit?

19 A No, sir.

20 Q All right, sir, would you describe the  
21 larger unit outlined in yellow in the north half of Section  
22 2?

23 A This tract originally was operated by  
24 Mask, Jennings, Keohane and Westall, and they were granted  
25 an exception to R-3221 by R-3800, dated July 9th, 1969, and

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SSE) 471-2462  
Santa Fe, New Mexico 87501



1 it allows them to dispose of wells -- dispose of produced  
2 water from wells in the northeast quarter and the east half  
3 of the northwest quarter of Section 2.

4 Q Is there any limitation on the -- that  
5 proration unit or the wells within that unit, set by the  
6 Commission, limiting the volumes of water that can be dis-  
7 posed of in the unlined surface pit?

8 A No, sir.

9 Q Do any of the other orders previously ap-  
10 proved by the Commission -- well, let's strike that. Let  
11 me ask you another question.

12 What are your plans for the 160-acre unit  
13 consisting of the southwest quarter of Section 2?

14 A We anticipate that we'll drill an addi-  
15 tional well in the very near future, within the next two  
16 months, and that eventually we'll develop the full 160 acres,  
17 four wells.

18 Q Would it be your desire on behalf of Flag-  
19 Redfern to have an order from the Commission allowing you  
20 to dispose of water produced from the existing well or any  
21 subsequent well drilled upon that particular unit, the  
22 water from which may be disposed of in the unlined surface  
23 pit?

24 A Yes, sir, we would.

25 Q Let's talk for a minute about the source

SALLY WALTON BOYD  
CERTIFIED shorthand reporter  
3030 Plaza Blanca (995) 471-3483  
Santa Fe, New Mexico 87501

1 of the water from the existing well.

2 Do you have any opinion with regards to the  
3 source of that water?

4 A. We are completed in three zones, and the --  
5 it's our belief that the majority of the water is coming  
6 from the lower Grayburg section, and that in future wells  
7 that we would not complete in this section, and hopefully,  
8 we would reduce our water production from subsequent wells.

9 Q. Let me have you turn to Exhibit Number Two  
10 and would you identify that for us?

11 A. Exhibit Number Two is a portion of a topo-  
12 graphic, USGS topographic map, showing portions of Lea  
13 County and Eddy County.

14 Again on this map in Section 2 I've out-  
15 lined Flag-Redfern's New Mexico State lease in red and  
16 showing certain water wells and windmills marked in yellow.

17 There is a water well located in Section  
18 35, due north of the Section 2. This water well is owned  
19 by Garrell Westall and has been inactive for the past ten  
20 years. I have no knowledge as to how deep the well is or  
21 the quality of water that it was producing.

22 Q. You've talked about the well in Section  
23 35, is that it?

24 A. Yes.

25 Q. The water well identified here, and who is

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2820 Plaza Blanca (988) 411-2482  
Suite 20, New Mexico 87101

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-2482  
Santa Fe, New Mexico 87501

1 the owner of that well?

2 A Garrell Westall.

3 Q Have you been in contact personally with

4 Mr. Westall?

5 A I've talked to Mr. Westall's brother, who

6 is familiar with Mr. Westall's, Garrell Westall's operations

7 and he, Mr. Ray Westall is the one I received the informa-

8 tion from.

9 Q Did he convey to you any indication that

10 they desired to either replace that water well or to pro-

11 duce from that existing water well in Section 35?

12 A They have no plans to produce that fresh

13 water well.

14 Q Did you advise him of the proposed appli-

15 cation of Flag-Redfern to dispose of produced brines in

16 an unlined surface pit in Section 2?

17 A Yes, sir, I did.

18 Q And what, if any, objection did he have

19 to that?

20 A He had no objection.

21 Q Going clockwise around, I believe in just

22 about Section 9, there's another -- what appears to be a

23 windmill, is that correct?

24 A Yes, sir, it's actually in Section 8, and

25 there is a windmill there.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2026 Plaza Barcos (505) 471-2463  
Santa Fe, New Mexico 87501

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Q Describe that for us.

A The only thing I could say is there's a windmill over the hole. There's no water in the tank and the windmill is not active at the time we made the field inspection.

Q Okay. At the time you made your field inspection, Mr. Swendig, was there any evidence of any kind to indicate that that windmill or the facilities around it had been used in the recent past?

A No, sir, there's no indication that it had been used recently.

Q Would you describe for us any other sources of potential fresh water in the area?

A Located to the southwest of the New Mexico State Lease there is the Lusk Ranch, underlined in yellow. There's a windmill in Section 28 and a windmill in Section 33 that are active at the time we were there.

Q And that's part of the Lusk Ranch operation?

A Yes, it's part of the Lusk ranchhouse operation.

Q Now, have you made an examination or discussed with any individuals or personnel at the State Engineer's Office for the State of New Mexico, concerning sources of fresh water in the area?

A I've called the State Engineer's Office

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
1010 Plaza Blanca (S&S) 471-2461  
Santa Fe, New Mexico 87501

1 in Roswell and talked to Mr. Jim Wright and this area is  
2 not in a fresh water -- classified as in a fresh water  
3 basin, and their inventory of water does not extend into  
4 Section -- or Range 31. They had inventoried Range 32 on  
5 the east side, but not into Range 31 East, and his indica-  
6 tion was the only fresh water that would be known in this  
7 area would be from the Triassic and would be a a depth esti-  
8 mated to be approximately 240 feet.

9 Q In your opinion, Mr. Swendig, will disposal  
10 of water on the surface in unlined surface pits in any way  
11 pose a risk to that particular fresh water formation?

12 A No, sir, I do not believe so.

13 Q In your opinion will disposal as proposed  
14 by the Applicant in this case run the risk of contaminating  
15 any shallow fresh waters areas -- fresh water sources in  
16 the area?

17 A No, sir.

18 Q In your opinion are there present or  
19 reasonably foreseeable beneficial uses that may be made of  
20 any fresh water sources in the area that might be contaminated  
21 by the subject pit?

22 A No, sir, I don't believe so.

23 Q Let me have you look at Exhibit Number  
24 Three and identify that.

25 A Exhibit Three is just a location schematic

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (S.E.) 411-2403  
Sunrise, Fla., New Mexico 87501

1 showing the location of production facilities to the existing  
2 well. We have currently a heater-treater and two 210-barrel  
3 stock tanks, a 210-barrel fiberglass water tank, and it also  
4 shows where we would propose to build a disposal pit, 40-  
5 foot by 40-foot, and 6 foot deep.

6 Q Summarize for me quickly what you'll do  
7 once the water gets produced from the well to the time it  
8 gets dumped in the disposal pit.

9 A The oil and water will be separated in  
10 the heater-treater and the water will be disposed directly  
11 to the pit.

12 Q Would you describe the general dimensions  
13 of that disposal pit and how it would be constructed?

14 A It would be 40-foot square and 6-foot deep  
15 and --

16 Q Just bulldoze it out of the ground?

17 A Just bulldozed out and levees put up  
18 around it. The fence will be -- the pit will be fenced to  
19 keep any livestock from getting into the water.

20 Q In your examinations of this area, Mr.  
21 Swendig, did you see any cattle or other stock in the area?

22 A No, sir, there was none observed.

23 Q Would you describe what the general surface  
24 of this area is like?

25 A It's rolling sand hills with a cover of

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3038 Plaza Blanca (S.S.) 411-2492  
Santa Fe, New Mexico 87501

1 Shinnery.

2 Q In your opinion, Mr. Swendig, is it econ-  
3 omically possible for Flag-Redfern to continue to truck  
4 the volumes of water produced to the disposal facility some  
5 20 miles or more away?

6 A The -- trucking the water makes the wells  
7 in the area economically unattractive and if it is necessary  
8 to continue trucking water throughout the life of the well,  
9 it will probably impair the continued development of the  
10 lease and possibly the premature abandonment of the well.

11 Q Would you please refer to Exhibit Number  
12 Four and identify that for us?

13 A Exhibit Number Four is a well information  
14 sheet that we discussed previously.

15 Q And Exhibit Number Five?

16 A Exhibit Number Five is just a listing of  
17 the information on the three exceptions to the no-pit order  
18 in Section 2.

19 MR. KELLAHIN: If the Examiner please,  
20 we'd request the Examiner to take administrative notice of  
21 the transcripts and orders entered in those cases listed  
22 on Exhibit Number Five.

23 MR. STAMETS: The Examiner will take ad-  
24 ministrative notice of those cases.

25 Q And Exhibit Number Six, Mr. Swendig?

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2010 Plaza Blanca (955) 471-2462  
San Antonio, New Mexico 87301

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A Exhibit Number Six are water analyses, there are two separate water analyses taken on the well, which are showing the water to be disposed of to be high chlorine content and to be brackish water, high solids.

Q In your opinion, Mr. Swendig, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, sir, I believe it would be.

MR. KELLAHIN: That concludes our examination. Let me ask you about Exhibits One through Six. Were they prepared by you or subject to your direction and supervision?

A Yes, they were prepared by me.

MR. KELLAHIN: We move the introduction of Exhibits One through Six.

MR. STAMETS: These exhibits will be admitted.

MR. KELLAHIN: That concludes our examination.

# CROSS EXAMINATION

BY MR. STAMETS:

Q May I see the topo sheet?

MR. KELLAHIN: Let me ask you this question.



SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (516) 471-2463  
Santa Fe, New Mexico 87501

1 While we're looking at Exhibit Number Two, Mr. Swendig,  
2 what is the general direction of drainage from the water  
3 disposed of in unlined pit? What would be the general area  
4 of drainage?

5 A It would be generally to the south or the  
6 southwest.

7 Q (Mr. Stamets continuing.) Mr. Swendig,  
8 have you investigated the -- any drainage patterns in the  
9 area? You indicated it would be south-southwest. Have  
10 you studied any of the ground water reports in the area to  
11 see --

12 A No, sir, I have not. The drainage to the  
13 south, it would be just from observation of the general  
14 area by our field personnel.

15 Q I wonder if any of these cases that were  
16 referenced here has drainage information? Did anybody  
17 check to see that?

18 MR. KELLAHIN: I have checked, Mr. Examiner,  
19 and to the best of my knowledge there is no ground water  
20 studies in any of those cases.

21 MR. STAMETS: Let's go off the record a  
22 minute.

23 (There followed a discussion  
24 off the record.)

25 MR. STAMETS: Okay, let's go back on the

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3120 Plaza Blanca (SOS) 471-2463  
Santa Fe, New Mexico 87501

1 record.

2 Q Mr. Swendig, does Flag-Redfern have any  
3 objection if the Examiner also takes notice of the available  
4 ground water reports for Eddy County in reaching a deter-  
5 mination in this case?

6 A Yes, fine.

7 Q You agree?

8 A Yes, sir, I agree.

9 Q That that's okay? You have no objection?

10 A I have no objection, yes, sir.

11 Q Okay. Are there any other questions of  
12 this witness? He may be excused.

13 Anything further in this case?

14 The case will be taken under advisement.

15  
16 (Hearing concluded.)  
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## REPORTER'S CERTIFICATION

I, SALLY W. BOYD, a Court Reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, knowledge, and skill, from my notes taken at the  
time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SSE) 471-9463  
Santa Fe, New Mexico 87301

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6594  
Order No. R-6083

APPLICATION OF FLAG-REDFERN OIL CO.  
FOR AN EXCEPTION TO ORDER NO. R-3221,  
AS AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11, 1979,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of August, 1979, the Division  
Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Flag-Redfern Oil Co., is the  
owner and operator of the New Mexico State Lease, consisting  
of the SW/4 of Section 2, Township 19 South, Range 31 East, NMPM,  
Shugart Field, Eddy County, New Mexico.
- (3) That Order (3) of Division 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.

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Case No. 6594  
Order No. R-6083

(5) That the State Engineer has designated, pursuant to Section 70-2-12 (15), N.M.S.A., 1978 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 as an exception to the provisions of the aforesaid Order (3) to permit the disposal of salt water produced by applicant's wells located on the above-described lease into an unlined surface pit located in Unit K of said Section 2.

(7) That applicant's only producing well on said lease, the New Mexico State Well No. 1 located in Unit K of said Section 2 produces approximately 50 barrels of water per day.

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

(9) That approval of the subject application will not cause waste nor impair correlative rights, and the applicant should be permitted to dispose of water produced from said State Well No. 1 in an unlined surface pit on said lease until further order of the Division.

IT IS THEREFORE ORDERED:

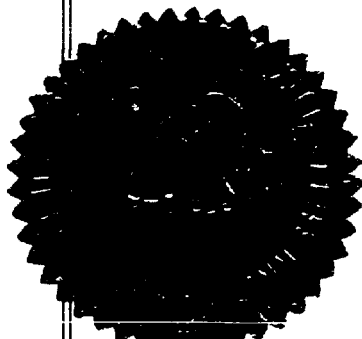
(1) That the applicant, Flag-Redfern Oil Co., is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its New Mexico State Lease, located in the SW/4 of Section 2, Township 19 South, Range 31 East, NMPM, Shugart Field, Eddy County, New Mexico, in an unlined surface pit located in Unit K of said Section 2.

(2) That the Director of the Division may by administrative order rescind such authority whenever it reasonably appears to the 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 Division may deem necessary.

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Case No. 6594  
Order No. R-6083

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

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BEFORE: Richard L. Stamets

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For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3018 Plaza Blanca (995) 471-2442  
Santa Fe, New Mexico 87501

## I N D E X

## JOHN SWENDIG

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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3021 Plaza Blanca (665) 411-2462  
Santa Fe, New Mexico 87501



SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3010 Plaza Blanca (995) 471-2432  
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6594.  
2 MR. PADILLA: Application of Flag-Redfern  
3 Oil Company for an exception to Order Number R-3221, Eddy  
4 County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Santa Fe,  
6 New Mexico, appearing on behalf of the applicant, and I  
7 have one witness.

8 MR. STAMETS: I'd like to have him stand  
9 and be sworn, please.

10  
11 (Witness sworn.)

12  
13 JOHN SWENDIG  
14 being called as a witness and being duly sworn upon his oath,  
15 testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Swendig, would you please state your  
20 name, by whom you're employed, and in what capacity?

21 A John Swendig, employed by Flag-Redfern Oil  
22 Company as a petroleum engineer.

23 Q Mr. Swendig, have you previously testified  
24 before the Oil Conservation Division and had your qualifi-  
25 cations as a petroleum engineer accepted and made a matter

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1 of record?

2 A Yes, I have.

3 Q And have you made a study of and are you  
4 familiar with the facts of this case?

5 A Yes, sir.

6 MR. KELLAHIN: We tender Mr. Swendig as an  
7 expert witness.

8 MR. STAMETS: He's considered qualified.

9 Q Would you please refer to what we've marked  
10 as Applicant Exhibit Number One, identify the acreage in  
11 question in Section 2, and summarize what Flag-Redfern is  
12 seeking to accomplish?

13 A Exhibit One is a location plat showing Flag-  
14 Redfern's New Mexico State Lease outlined in red, being the  
15 southwest quarter of Section 2, Township 19 South, 31 East,  
16 Eddy County, New Mexico.

17 We have completed one well on this lease,  
18 the New Mexico State No. 1.

19 Q That well produces from what formation,  
20 Mr. Swendig?

21 A It's producing from the Shugart Field and  
22 is producing from the Queen-Grayburg and Premier sections.  
23 The well initially potentialied for 22 barrels of oil and 41  
24 barrels of water in February of 1979. On a recent test of  
25 June 30th, 1979, it produced 45 barrels of oil and 53 barrels

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1 of water, and Flag-Redfern is requesting an exception to  
 2 R-3221 to allow for the disposal of produced water in an  
 3 unlined surface pit.

4 Q What are you currently doing with that  
 5 produced water?

6 A Produced water at the present is being  
 7 trucked by I&W Hauling Company out of Loco Hills and is  
 8 being disposed of in a pollution control system located on  
 9 the Carlsbad-Hobbs Highway in the vicinity of the Halfway  
 10 Bar.

11 Q What is the current daily water production  
 12 from the lease?

13 A It averages 53 to 55 barrels a day.

14 Q And the well was completed when?

15 A In February of 1979.

16 Q And what is the cumulative production in  
 17 oil since that date?

18 A Cumulative oil production has been 4283  
 19 barrels as of June 1, 1979, and a cumulative water production  
 20 of 4920 barrels.

21 Q You said that well is averaging about 50  
 22 to 55 barrels a day?

23 A Of water, yes, sir.

24 Q Can you give us the high and low ranges  
 25 since February?

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1 A It will range from 30 barrels a day to  
2 approximately 80 barrels a day.

3 Q Now how far is it from the well to the  
4 disposal facilities one way in miles?

5 A I would estimate it to be 20 to 25 miles  
6 one way.

7 Q And what is it costing Flag-Redfern to  
8 dispose of the produced water by trucking?

9 A Ninety to ninety-six cents a barrel.

10 Q You've shown on your Exhibit Number One  
11 in Section 2 a 40-acre tract outlined in yellow that has  
12 the name J. D. Cook on it. Would you describe for us what  
13 that is?

14 A There are three tracts outlined in yellow  
15 and these three tracts, the J. D. Cook tract in the south --  
16 I mean the northwest of the southeast, has most recently  
17 received an exception to R-3221 for a no-pit order. This  
18 order is Number R-5472, entered into June 8th, 1979.

19 Q And would you summarize briefly what that  
20 order permits Mr. Cook to do?

21 A That order allows Mr. Cook to dispose of  
22 produced water from the No. 1 State Well in an unlined  
23 surface pit.

24 Q Is there any limitation on Mr. Cook as to  
25 the amount of water that he may dispose of in an unlined

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1 surface pit?

2 A. No, sir.

3 Q. All right, sir, in the north half of Sec-  
4 tion 2 there appears to be two different producing units  
5 outlined in yellow. Would you describe each of those?

6 A. The 30-acre tract outlined in the north-  
7 west of the northwest of Section 2 is the Keohane and Westall  
8 State E Lease, and the exception was granted for this tract  
9 by Order R-4015, dated August 19th, 1970.

10 Q. And would you summarize what that particu-  
11 lar order allows the Keohane and Westall operators to do  
12 with that unit?

13 A. It allows Keohane and Westall to dispose  
14 of water from the existing well and any future existing  
15 wells to be disposed of in unlined surface pits.

16 Q. Is there any limitation on the maximum  
17 amount of water that may be deposited in the unlined sur-  
18 face pit?

19 A. No, sir.

20 Q. All right, sir, would you describe the  
21 larger unit outlined in yellow in the north half of Section  
22 2?

23 A. This tract originally was operated by  
24 Mask, Jennings, Keohane and Westall, and they were granted  
25 an exception to R-3221 by R-3800, dated July 9th, 1969, and

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1 it allows them to dispose of wells -- dispose of produced  
2 water from wells in the northeast quarter and the east half  
3 of the northwest quarter of Section 2.

4 Q Is there any limitation on the -- that  
5 proration unit or the wells within that unit, set by the  
6 Commission, limiting the volumes of water that can be dis-  
7 posed of in the unlined surface pit?

8 A No, sir.

9 Q Do any of the other orders previously ap-  
10 proved by the Commission -- well, let's strike that. Let  
11 me ask you another question.

12 What are your plans for the 160-acre unit  
13 consisting of the southwest quarter of Section 2?

14 A We anticipate that we'll drill an addi-  
15 tional well in the very near future, within the next two  
16 months, and that eventually we'll develop the full 160 acres,  
17 four wells.

18 Q Would it be your desire on behalf of Flag-  
19 Redfern to have an order from the Commission allowing you  
20 to dispose of water produced from the existing well or any  
21 subsequent well drilled upon that particular unit, the  
22 water from which may be disposed of in the unlined surface  
23 pit?

24 A Yes, sir, we would.

25 Q Let's talk for a minute about the source

1 of the water from the existing well.

2 Do you have any opinion with regards to the  
3 source of that water?

4 A We are completed in three zones, and the --  
5 it's our belief that the majority of the water is coming  
6 from the lower Grayburg section, and that in future wells  
7 that we would not complete in this section, and hopefully,  
8 we would reduce our water production from subsequent wells.

9 Q Let me have you turn to Exhibit Number Two  
10 and would you identify that for us?

11 A Exhibit Number Two is a portion of a topo-  
12 graphic, USGS topographic map, showing portions of Lea  
13 County and Eddy County.

14 Again on this map in Section 2 I've out-  
15 lined Flag-Redfern's New Mexico State lease in red and  
16 showing certain water wells and windmills marked in yellow.

17 There is a water well located in Section  
18 35, due north of the Section 2. This water well is owned  
19 by Garrell Westall and has been inactive for the past ten  
20 years. I have no knowledge as to how deep the well is or  
21 the quality of water that it was producing.

22 Q You've talked about the well in Section  
23 35, is that it?

24 A Yes.

25 Q The water well identified here, and who is

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CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (505) 471-4463  
Santa Fe, New Mexico 87501

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CERTIFIED SHORTHAND REPORTER  
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1 the owner of that well?

2 A Garrell Westall.

3 Q Have you been in contact personally with  
4 Mr. Westall?

5 A I've talked to Mr. Westall's brother, who  
6 is familiar with Mr. Westall's, Garrell Westall's operations  
7 and he, Mr. Ray Westall is the one I received the informa-  
8 tion from.

9 Q Did he convey to you any indication that  
10 they desired to either replace that water well or to pro-  
11 duce from that existing water well in Section 35?

12 A They have no plans to produce that fresh  
13 water well.

14 Q Did you advise him of the proposed appli-  
15 cation of Flag-Redfern to dispose of produced brines in  
16 an unlined surface pit in Section 2?

17 A Yes, sir, I did.

18 Q And what, if any, objection did he have  
19 to that?

20 A He had no objection.

21 Q Going clockwise around, I believe in just  
22 about Section 9, there's another -- what appears to be a  
23 windmill, is that correct?

24 A Yes, sir, it's actually in Section 8, and  
25 there is a windmill there.



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CERTIFIED SHORTHAND REPORTER  
8120 Plaza Blanca (95) 471-2482  
Santa Fe, New Mexico 87501

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Q Describe that for us.

A The only thing I could say is there's a windmill over the hole. There's no water in the tank and the windmill is not active at the time we made the field inspection.

Q Okay. At the time you made your field inspection, Mr. Swendig, was there any evidence of any kind to indicate that that windmill or the facilities around it had been used in the recent past?

A No, sir, there's no indication that it had been used recently.

Q Would you describe for us any other sources of potential fresh water in the area?

A Located to the southwest of the New Mexico State Lease there is the Lusk Ranch, underlined in yellow. There's a windmill in Section 28 and a windmill in Section 33 that are active at the time we were there.

Q And that's part of the Lusk Ranch operation?

A Yes, it's part of the Lusk ranchhouse operation.

Q Now, have you made an examination or discussed with any individuals or personnel at the State Engineer's Office for the State of New Mexico, concerning sources of fresh water in the area?

A I've called the State Engineer's Office

1 in Roswell and talked to Mr. Jim Wright and this area is  
2 not in a fresh water -- classified as in a fresh water  
3 basin, and their inventory of water does not extend into  
4 Section -- or Range 31. They had inventoried Range 32 on  
5 the east side, but not into Range 31 East, and his indica-  
6 tion was the only fresh water that would be known in this  
7 area would be from the Triassic and would be a a depth esti-  
8 mated to be approximately 240 feet.

9 Q In your opinion, Mr. Swendig, will disposal  
10 of water on the surface in unlined surface pits in any way  
11 pose a risk to that particular fresh water formation?  
12

13 A No, sir, I do not believe so.

14 Q In your opinion will disposal as proposed  
15 by the Applicant in this case run the risk of contaminating  
16 any shallow fresh waters areas -- fresh water sources in  
17 the area?

18 A No, sir.

19 Q In your opinion are there present or  
20 reasonably foreseeable beneficial uses that may be made of  
21 any fresh water sources in the area that might be contaminated  
22 by the subject pit?

23 A No, sir, I don't believe so.

24 Q Let me have you look at Exhibit Number  
25 Three and identify that.

A Exhibit Three is just a location schematic

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1 showing the location of production facilities to the existing  
2 well. We have currently a heater-treater and two 210-barrel  
3 stock tanks, a 210-barrel fiberglass water tank, and it also  
4 shows where we would propose to build a disposal pit, 40-  
5 foot by 40-foot, and 6 foot deep.

6 Q Summarize for me quickly what you'll do  
7 once the water gets produced from the well to the time it  
8 gets dumped in the disposal pit.

9 A The oil and water will be separated in  
10 the heater-treater and the water will be disposed directly  
11 to the pit.

12 Q Would you describe the general dimensions  
13 of that disposal pit and how it would be constructed?

14 A It would be 40-foot square and 6-foot deep  
15 and --

16 Q Just bulldoze it out of the ground?

17 A Just bulldozed out and levees put up  
18 around it. The fence will be -- the pit will be fenced to  
19 keep any livestock from getting into the water.

20 Q In your examinations of this area, Mr.  
21 Swendig, did you see any cattle or other stock in the area?

22 A No, sir, there was none observed.

23 Q Would you describe what the general surface  
24 of this area is like?

25 A It's rolling sand hills with a cover of

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3028 Plaza Blanca (665) 471-2462  
Santa Fe, New Mexico 87101

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CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (606) 471-2462  
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1 Shinnery.

2 Q In your opinion, Mr. Swendig, is it econ-  
3 omically possible for Flag-Redfern to continue to truck  
4 the volumes of water produced to the disposal facility some  
5 20 miles or more away?

6 A The -- trucking the water makes the wells  
7 in the area economically unattractive and if it is necessary  
8 to continue trucking water throughout the life of the well,  
9 it will probably impair the continued development of the  
10 lease and possibly the premature abandonment of the well.

11 Q Would you please refer to Exhibit Number  
12 Four and identify that for us?

13 A Exhibit Number Four is a well information  
14 sheet that we discussed previously.

15 Q And Exhibit Number Five?

16 A Exhibit Number Five is just a listing of  
17 the information on the three exceptions to the no-pit order  
18 in Section 2.

19 MR. KELLAHIN: If the Examiner please,  
20 we'd request the Examiner to take administrative notice of  
21 the transcripts and orders entered in those cases listed  
22 on Exhibit Number Five.

23 MR. STAMETS: The Examiner will take ad-  
24 ministrative notice of those cases.

25 Q And Exhibit Number Six, Mr. Swendig?

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1 A Exhibit Number Six are water analyses,  
2 there are two separate water analyses taken on the well,  
3 which are showing the water to be disposed of to be high  
4 chlorine content and to be brackish water, high solids.

5 Q In your opinion, Mr. Swendig, will approval  
6 of this application be in the best interests of conservation,  
7 the prevention of waste, and the protection of correlative  
8 rights?

9 A Yes, sir, I believe it would be.

10 MR. KELLAHIN: That concludes our examin-  
11 ation. Let me ask you about Exhibits One through Six.  
12 Were they prepared by you or subject to your direction and  
13 supervision?

14 A Yes, they were prepared by me.

15 MR. KELLAHIN: We move the introduction of  
16 Exhibits One through Six.

17 MR. STAMETS: These exhibits will be ad-  
18 mitted.

19 MR. KELLAHIN: That concludes our examina-  
20 tion.

21  
22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q May I see the topo sheet?

25 MR. KELLAHIN: Let me ask you this question.

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1 While we're looking at Exhibit Number Two, Mr. Swendig,  
2 what is the general direction of drainage from the water  
3 disposed of in unlined pit? What would be the general area  
4 of drainage?

5 A It would be generally to the south or the  
6 southwest.

7 Q (Mr. Stamets continuing.) Mr. Swendig,  
8 have you investigated the -- any drainage patterns in the  
9 area? You indicated it would be south-southwest. Have  
10 you studied any of the ground water reports in the area to  
11 see --

12 A No, sir, I have not. The drainage to the  
13 south, it would be just from observation of the general  
14 area by our field personnel.

15 Q I wonder if any of these cases that were  
16 referenced here has drainage information? Did anybody  
17 check to see that?

18 MR. KELLAHIN: I have checked, Mr. Examiner,  
19 and to the best of my knowledge there is no ground water  
20 studies in any of those cases.

21 MR. STAMETS: Let's go off the record a  
22 minute.

23 (There followed a discussion  
24 off the record.)

25 MR. STAMETS: Okay, let's go back on the

1 record.

2 Q Mr. Swendig, does Flag-Redfern have any  
3 objection if the Examiner also takes notice of the available  
4 ground water reports for Eddy County in reaching a deter-  
5 mination in this case?

6 A Yes, fine.

7 Q You agree?

8 A Yes, sir, I agree.

9 Q That that's okay? You have no objection?

10 A I have no objection, yes, sir.

11 Q Okay. Are there any other questions of  
12 this witness? He may be excused.

13 Anything further in this case?

14 The case will be taken under advisement.

15

16

(Hearing concluded.)

17

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CERTIFIED SHORTHAND REPORTER  
1028 Plaza Blanca (888) 471-2401  
Santa Fe, New Mexico 87501

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 65946 heard by me on 7-11 1979  
Richard R. V. Hunt, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (666) 471-2442  
Saniti Po, New Mexico 87301





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

**August 17, 1979**

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

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

Re: CASE NO. 6594  
ORDER NO. R-6083

**Applicant:**

Flag-Redfern Oil Co.

**Dear Sir:**

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

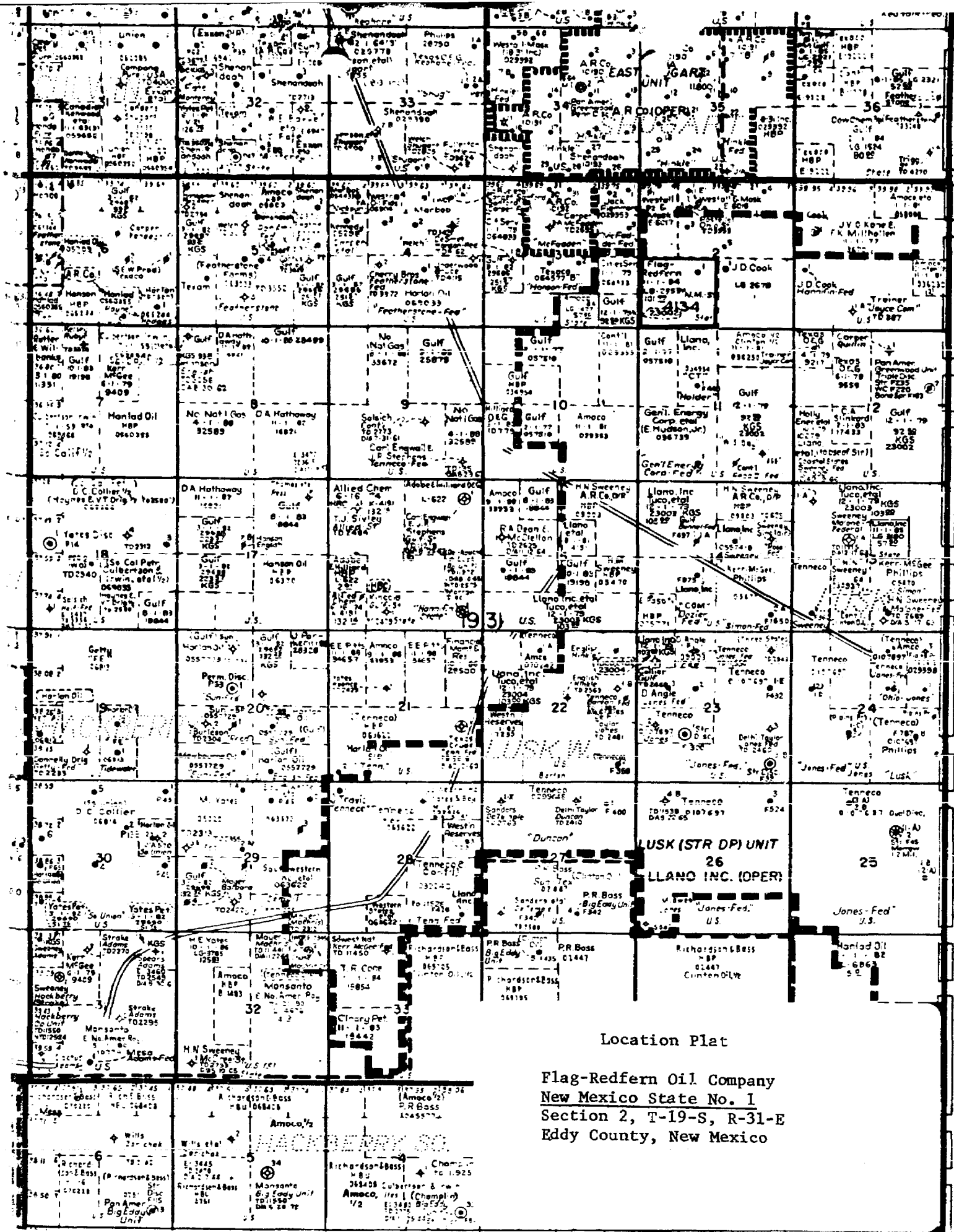
JOE D. RAMEY  
Director

**JDR/fd**

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	<u>          </u>

**Other**



Location Plat  
Flag-Redfern Oil Company  
New Mexico State No. 1  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

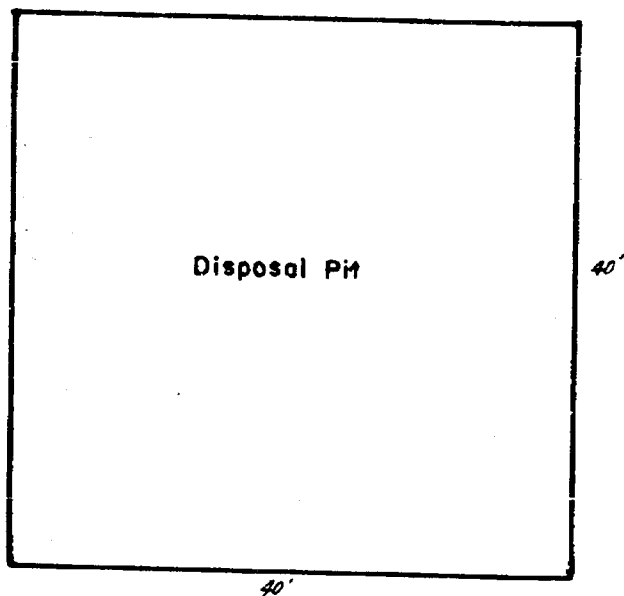
○ 4'x20' Heater Treater

○  
Well No. 1

○ 210 bbl. Stock Tank

○ 210 bbl. Stock Tank

○ 210 bbl. Water Tank




LEAD EXAMINER STATEMENTS  
OIL CONSERVATION DIVISION

Flag Redfern EXHIBIT NO. 3

CASE NO. 6594

Submitted by \_\_\_\_\_

Hearing Date 11 Jul 79

 **Flag-Redfern Oil Company**

1200 WALL TOWERS WEST • MIDLAND, TEXAS 79702  
P. O. BOX 22 • PHONE (815) 823-6104

**LOCATION SCHEMATIC**

**NEW MEXICO - STATE No. 1**

Well Information

Operator: Flag-Redfern Oil Company

Well Name: New Mexico State No. 1 (LG-2353)

Location: 1980' FWL & 1980' FSL Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Field Name: Shugart

Producing Formation: Queen, Grayburg and Premier

Producing Intervals: Queen 3407 - 3456  
Grayburg 3899 - 3926  
Premier 4039 - 4156

Initial Potential: 2-7-79 Pumped 24 hrs 22 BO 41 BW GOR 545 Gty 33°

Current Production: 6-30-79 Pumped 24 hrs 45 BO 53 BW

BEFORE EXAMINER SIGNATURES OIL CONSERVATION DIVISION	
Flag-Redfern	EXHIBIT NO. <u>4</u>
CASE NO.	<u>6594</u>
Submitted by	_____
Hearing Date	<u>11 Jul 79</u>

Exceptions to Order No. R-3221  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Case No. 5950, Order No. R-5472  
Date: June 8, 1977  
Operator: Joe Don Cook  
Lease: State Well No. 1  
Location: Unit J, Section 2, T-19-S, R-31-E

Case No. 4408, Order No. R-4015  
Date: August 19, 1970  
Operator: Keohane and Westall  
Lease: State "E"  
Location: Lot 4, Section 2, T-19-S, R-31-E

Case No. 4169, Order No. R-3800  
Date: July 9, 1969  
Operator: Mask, Jennings, Keohane, and Westall  
Lease: State  
Location: E/2 NW/4 and the NE/4, Section 2, T-19-S, R-31-E

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
<i>F/Ag Ref</i>	EXHIBIT NO. <u>5</u>
CASE NO.	<u>6594</u>
Submitted by	<u>E</u>
Hearing Date	<u>11 Jul 79</u>

FLAG-REDFERN OIL COMPANY  
NEW MEXICO STATE NO. 1  
Water Analysis

	3-23-79	4-19-79
pH	7.01	7.35
Specific Gravity	1.075	1.080
Dissolved Solids	104,769	98,063
Bicarbonate ( $\text{HCO}_3$ )	415	329
Chlorides (Cl)	62,907	58,000
Sulfates ( $\text{SO}_4$ )	3,125	3,250
Calcium (Ca)	3,200	7,200
Magnesium (Mg)	4,034	1,944
Total Hardness ( $\text{CaCO}_3$ )	24,600	26,000

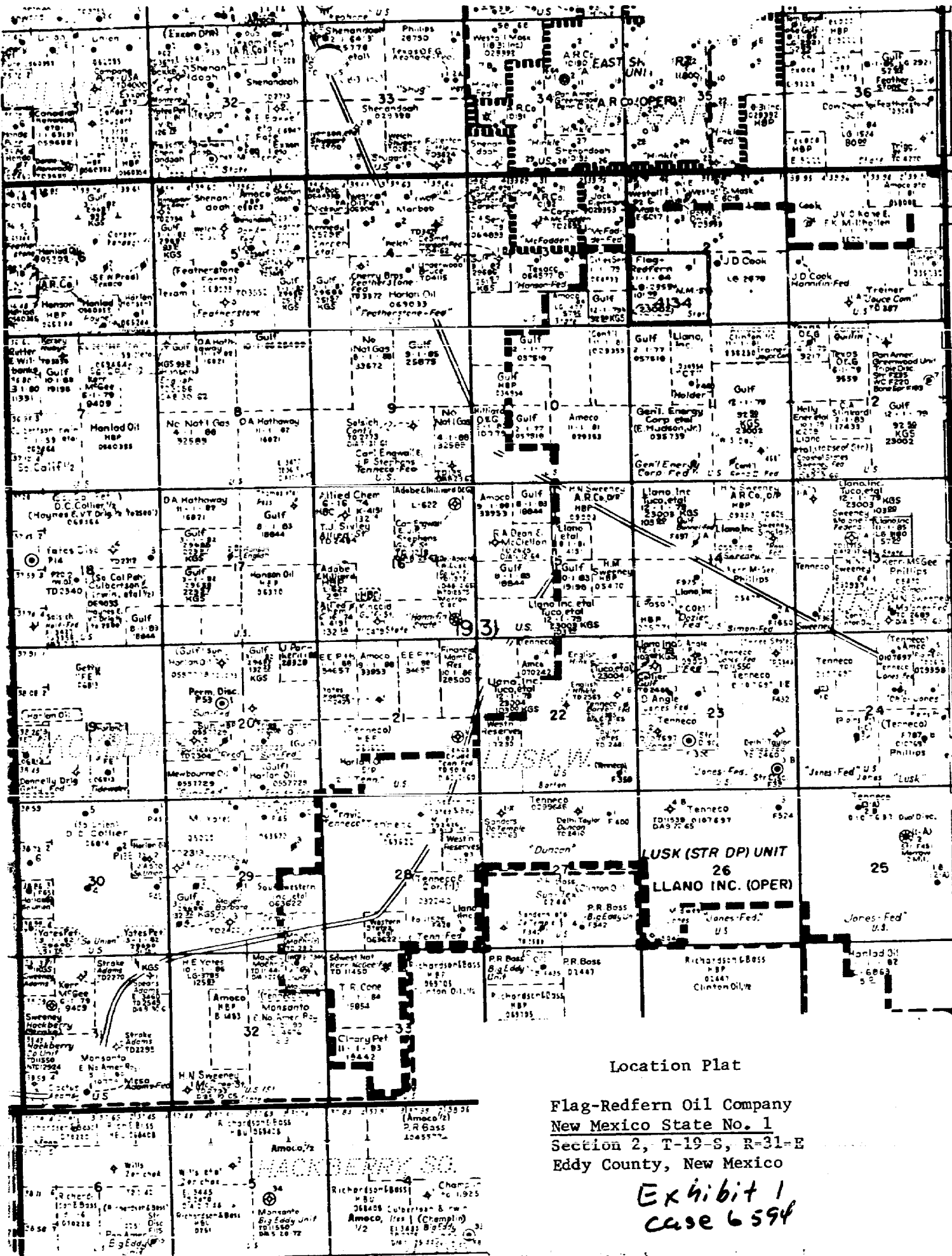
BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. \_\_\_\_\_

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_



Location Plat  
Flag-Redfern Oil Company  
New Mexico State No. 1  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico  
Exhibit 1  
Case 6594

○ 4' x 20' Heater Treater

○  
Well No. 1

○ 210 bbl. Stock Tank

○ 210 bbl. Stock Tank

○ 210 bbl. Water Tank

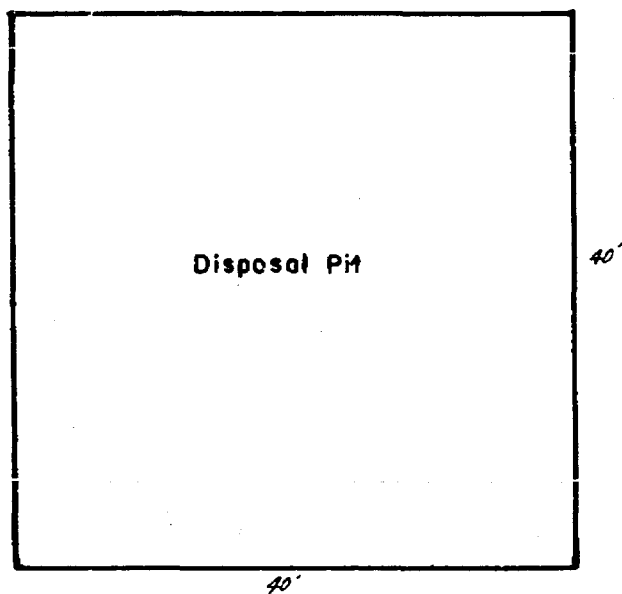


Exhibit 3  
case 6594



**Flag-Nedfern Oil Company**

1208 WALL TOWERS WEST • MIDLAND, TEXAS 79702  
P. O. BOX 23 • PHONE 6814 6836184

LOCATION SCHEMATIC  
NEW MEXICO - STATE No. 1



Well Information

Operator: Flag-Redfern Oil Company

Well Name: New Mexico State No. 1 (LG-2353)

Location: 1980' FWL & 1980' FSL Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Field Name: Shugart

Producing Formation: Queen, Grayburg and Premier

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Premier 4039 - 4156

Initial Potential: 2-7-79 Pumped 24 hrs 22 BO 41 BW GOR 545 Gty 33°

Current Production: 6-30-79 Pumped 24 hrs 45 BO 53 BW

Exhibit 4  
Case 6594

Exceptions to Order No. R-3221  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Case No. 5950, Order No. R-5472  
Date: June 8, 1977  
Operator: Joe Don Cook  
Lease: State Well No. 1  
Location: Unit J, Section 2, T-19-S, R-31-E

Case No. 4408, Order No. R-4015  
Date: August 19, 1970  
Operator: Keohane and Westall  
Lease: State "E"  
Location: Lot 4, Section 2, T-19-S, R-31-E

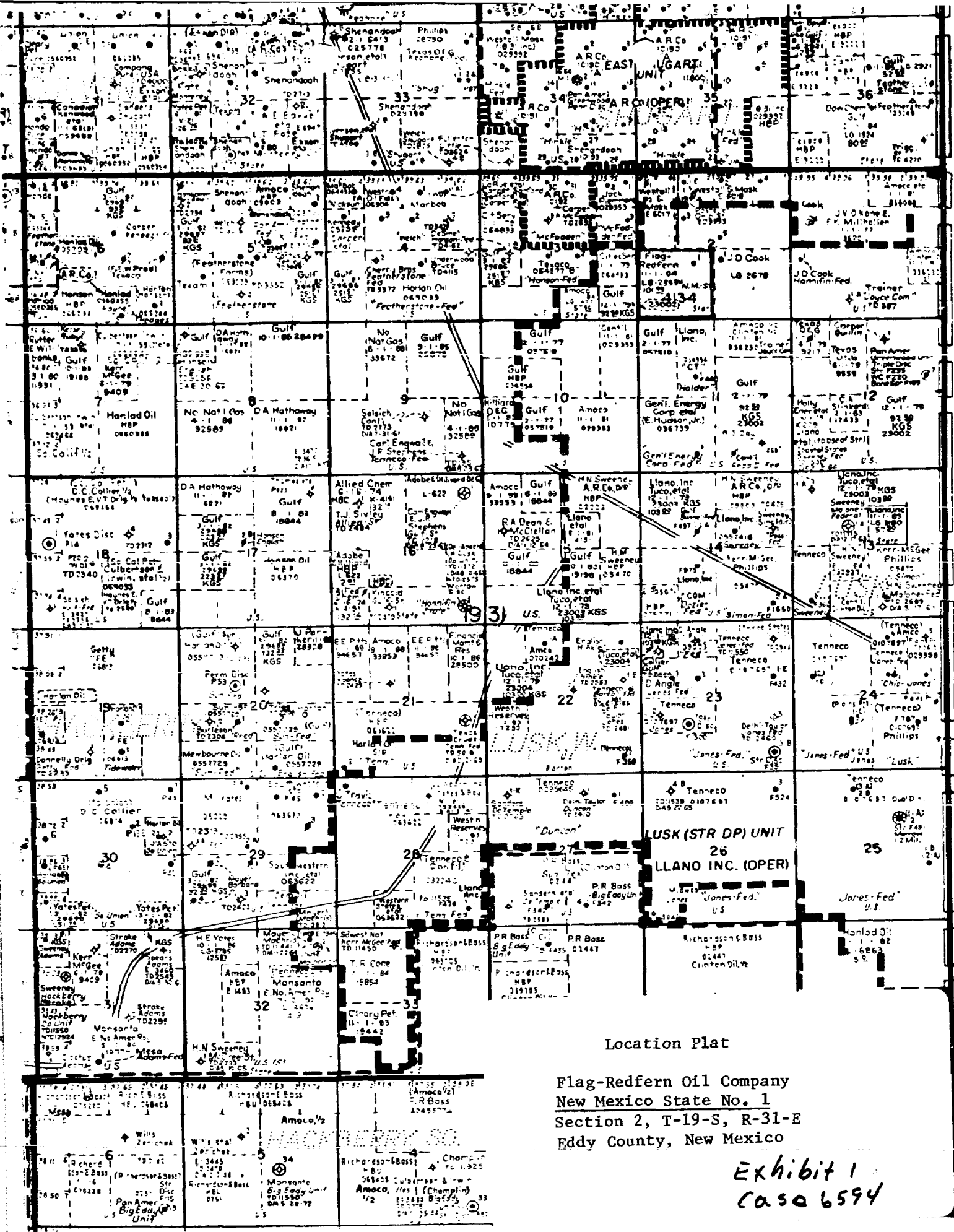
Case No. 4169, Order No. R-3800  
Date: July 9, 1969  
Operator: Mask, Jennings, Keohane, and Westall  
Lease: State  
Location: E/2 NW/4 and the NE/4, Section 2, T-19-S, R-31-E

Exhibit 5  
Case 6594

FLAG-REDFERN OIL COMPANY  
NEW MEXICO STATE NO. 1  
Water Analysis

	<u>3-23-79</u>	<u>4-19-79</u>
pH	7.01	7.35
Specific Gravity	1.075	1.080
Dissolved Solids	104,769	98,063
Bicarbonate ( $\text{HCO}_3$ )	415	329
Chlorides (Cl)	62,907	58,000
Sulfates ( $\text{SO}_4$ )	3,125	3,250
Calcium (Ca)	3,200	7,200
Magnesium (Mg)	4,034	1,944
Total Hardness ( $\text{CaCO}_3$ )	24,600	26,000

Exhibit 6  
Case 4594



Flag-Redfern Oil Company  
New Mexico State No. 1  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Exhibit 1  
Case 6594

○ 4' x 20' Heater Treater

○  
Well No. 1

○ 210 bbl. Stock Tank

○ 210 bbl. Stock Tank

○ 210 bbl. Water Tank

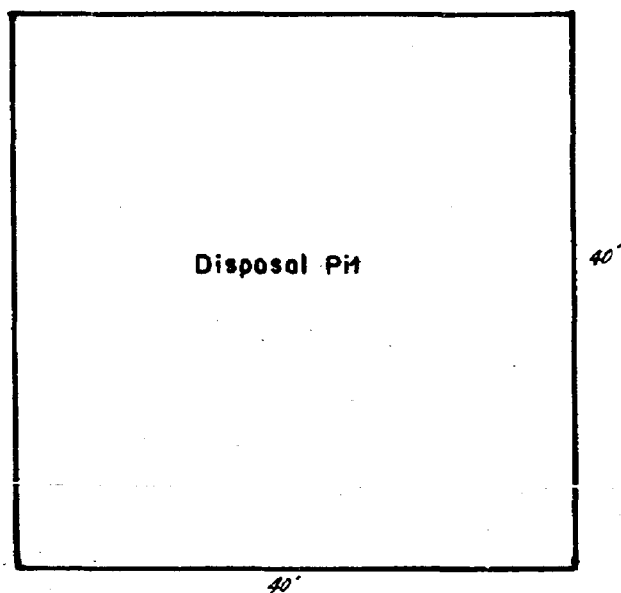


Exhibit 3  
case 6594



**Flag-Redfern Oil Company**

1200 WALL TOWERS WEST • MIDLAND, TEXAS 79702

P. O. BOX 23 • PHONE (817) 623-1104

LOCATION SCHEMATIC  
NEW MEXICO - STATE No. 1

Well Information

Operator: Flag-Redfern Oil Company

Well Name: New Mexico State No. 1 (LG-2353)

Location: 1980' FWL & 1980' FSL Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Field Name: Shugart

Producing Formation: Queen, Grayburg and Premier

Producing Intervals: Queen 3407 - 3456  
Grayburg 3899 - 3926  
Premier 4039 - 4156

Initial Potential: 2-7-79 Pumped 24 hrs 22 BO 41 BW GOR 545 Gty 33°

Current Production: 6-30-79 Pumped 24 hrs 45 BO 53 BW

Exhibit 4  
case 6594

Exceptions to Order No. R-3221  
Section 2, T-19-S, R-31-E  
Eddy County, New Mexico

Case No. 5950, Order No. R-5472  
Date: June 8, 1977  
Operator: Joe Don Cook  
Lease: State Well No. 1  
Location: Unit J, Section 2, T-19-S, R-31-E

Case No. 4408, Order No. R-4015  
Date: August 19, 1970  
Operator: Keohane and Westall  
Lease: State "F"  
Location: Lot 4, Section 2, T-19-S, R-31-E

Case No. 4169, Order No. R-3800  
Date: July 9, 1969  
Operator: Mask, Jennings, Keohane, and Westall  
Lease: State  
Location: E/2 NW/4 and the NE/4, Section 2, T-19-S, R-31-E

Exhibit 5  
Case 6594

FLAG-REDFERN OIL COMPANY  
NEW MEXICO STATE NO. 1  
Water Analysis

	<u>3-23-79</u>	<u>4-19-79</u>
pH	7.01	7.35
Specific Gravity	1.075	1.080
Dissolved Solids	104,769	98,063
Bicarbonate ( $\text{HCO}_3$ )	415	329
Chlorides (Cl)	62,907	58,000
Sulfates ( $\text{SO}_4$ )	3,125	3,250
Calcium (Ca)	3,200	7,200
Magnesium (Mg)	4,034	1,944
Total Hardness ( $\text{CaCO}_3$ )	24,600	26,000

Exhibit 6  
case 6544



- CASE 6590: Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6591: Application of Exxon Corporation for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the NE/4 of Section 2, Township 24 South, Range 36 East.
- CASE 6592: Application of Maddox Energy Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Malaga Well No. 1 located in Unit G of Section 3, Township 24 South, Range 28 East, to produce gas from the Atoka and Morrow formations through parallel strings of tubing.
- CASE 6593: Application of Dyco Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres, Giorieta and Tubb formations in the open-hole interval from 4894 feet to 8725 feet in its C. S. Stone Well No. 3 located in Unit F of Section 22, Township 15 South, Range 38 East, Medicine Rock-Devonian Pool.
- CASE 6594: Application of Flag-Redfern Oil Co. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in an unlined surface pit located in Unit K, Section 2, Township 19 South, Range 31 East, Shugart Field.
- CASE 6595: Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SW/4 of Section 30, Township 8 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6270: (Reopened and Readvertised)
- In the matter of Case 6270 being reopened pursuant to the provisions of Order No. R-5771 which order created the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, and provided for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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Docket No. 26-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 18, 1979

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

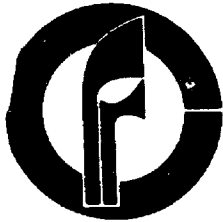
Dockets Nos. 27-79 and 28-79 are tentatively set for hearing on July 25 and August 8, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1979

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

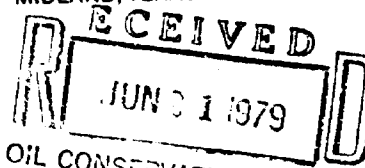
The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 6583: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of B.S. Mesa-Gallup and Basin-Dakota production in the wellbore of its Jicarilla Apache 102 Well No. 13 located in Unit B of Section 10, Township 26 North, Range 4 West.
- CASE 6584: Application of Texas Oil & Gas Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 2 660 feet from the South line and 1930 feet from the East line of Section 16, Township 18 South, Range 31 East, to test the Wolfcamp through Mississippian formations, the E/2 of said Section 16 to be dedicated to the well.
- CASE 6574: (Continued from June 13, 1979, Examiner Hearing)
- Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6563: (Continued from June 27, 1979, Examiner Hearing)
- Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.
- CASE 6585: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesigned Fruitland and West Kutz-Pictured Cliffs production in the wellbores of its Paul Wells Nos. 1 and 2 located in Units G and C of Section 19, Township 27 North, Range 11 West.
- CASE 6586: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Conner-Fruitland and undesigned Pictured Cliffs production in the wellbores of the following wells: Big Field Well No. 2 in Unit C of Section 3; Big Field Well No. 5 in Unit P of Section 10; Dinero Well No. 1 in Unit H of Section 13; and Molly Pitcher Well No. 2 in Unit H of Section 14, all in Township 30 North, Range 14 West.
- CASE 6587: Application of Caribou Four Corners, Inc., for three unorthodox well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following wells in the Cha Cha-Gallup Pool: Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the East line, respectively, of Section 18, Township 29 North, Range 14 West; and Kirtland Well No. 2 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West.
- CASE 6588: Application of Caribou Four Corners, Inc., for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 64.32-acre non-standard oil proration unit comprising the NW/4 NW/4 and that part of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool.
- CASE 6589: Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "BV" No. 2 Well 2109 feet from the North line and 1778 feet from the West line of Section 25, Township 17 South, Range 28 East, to test the Morrow formation, the N/2 of said Section 25 to be dedicated to the well.



# Flag-Redfern Oil Company

1200 WALL TOWERS WEST • MIDLAND, TEXAS 79701 • PHONE (915) 683-5184



Mailing address:  
P. O. Box 2280  
Midland, Texas 79702

OIL CONSERVATION DIVISION  
SANTA FE  
June 18, 1979

File:

*Case 6594*

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

Gentlemen:

Flag-Redfern Oil Company requests a hearing before the Commission seeking an exception to Order No. R-3221 to allow for disposal of produced water in an unlined surface pit. This pit would serve Flag-Redfern's New Mexico State Well No. 1 located in Unit K, Section 2, Township 19 South, Range 31 East, Eddy County, New Mexico. The well is currently producing 38 barrels of oil and 60 barrels of water per day.

Thank you for your consideration.

Very truly yours,

John H. Swendig

JHS/dlp

ROUGH

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING  
HELD BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6594

ORDER NO. R- 6083

APPLICATION OF FLAG-REDFERN OIL CO.

FOR AN EXCEPTION TO ORDER NO. R-3221,  
AS AMENDED, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets  
NOW, on this August day of July, 19 79, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Flag-Redfern Oil Co., is  
the owner and operator of the New Mexico State Lease,  
consisting of the SW 1/4  
located in Unit K of Section 2, Township 19 South  
Range 31 East, NMPM, Shugart Field, Pool,  
Eddy County, New Mexico.

(3) That Order (3) of Division 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.



(11) That the applicant should be permitted to dispose of water produced from said \_\_\_\_\_ in an unlined surface pit on said lease until \_\_\_\_\_.

IT IS THEREFORE ORDER

(1) That the applicant, Flag-Redfern Oil Co., is hereby granted an exception to Order (3) of Division Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, from its New Mexico State Lease, located in Unit the 50/4 of Section 2 Township 19 South, Range 31 East, NMPM, Shugart Field xxxxPool, Eddy County, New Mexico, in an unlined surface pit located in Unit K of said Section 2, until \_\_\_\_\_, 19\_\_\_\_.

(2) That the Director of the Division may by administrative order rescind such authority whenever it reasonably appears to the 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 Division may deem necessary.

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