

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. 8323  
Order No. R-7693-A

APPLICATION OF BLANCO ENGINEERING  
INC. FOR SALT WATER DISPOSAL,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 16, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 30th day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) This Case was first heard on September 5, 1984, and Division Order No. R-7693 authorized Blanco Engineering, Inc. to utilize the Pan American Flint Gas Com Well No. 1 located 1980 feet from the South and East lines of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, for salt water disposal into the Atoka formation.

(3) Yates Petroleum Corporation is the owner of an oil and gas lease in the N/2 SE/4 of said Section 22.

(4) The applicant, Blanco Engineering, Inc., did not notify Yates Petroleum Corporation of its application for salt water disposal as required by Division Rule 701 B. 2.

(5) Case No. 8323 was reopened in order to permit Yates Petroleum to appear and present testimony.

(6) Yates Petroleum Corporation appeared and presented testimony in opposition to Blanco's proposed salt water disposal operations based upon allegations that said well was

capable of commercial production and waste would occur if it was converted to disposal.

(7) While the evidence presented by Yates Petroleum was insufficient to determine if said well is capable of commercial production of oil and gas, in order to protect correlative rights and prevent waste, an opportunity should be provided for the subject well to be tested for up to a maximum of 45 days from the date of this order to determine if said well is capable of such commercial oil and gas production.

(8) Case 8323 should be reopened March 27, 1985, at which time Yates Petroleum Corporation should reappear and show why the Pan American Flint Gas Com Well No. 1 should not be utilized as a salt water disposal well.

(9) Yates Petroleum Corporation should notify the Supervisor of the Division's Artesia district office and Paul White of Blanco Engineering, Inc. at a reasonable length of time prior to conducting any production tests on said well so they may at their discretion witness the tests.

(10) If upon conclusion of the production testing of said well it is determined to be non-commercial, Yates Petroleum Corporation should, prior to the March 27, 1985 Hearing, return the wellbore and the well's surface location to a condition as near as possible to that originally received by Yates Petroleum Corporation from Blanco Engineering.

(11) In the event said well is determined to be capable of commercial production of oil or gas, Yates Petroleum Corporation should reimburse Blanco Engineering, Inc. any costs, expended by Blanco, that benefitted Yates Petroleum Corporation in the re-entry of said well, said reimbursement costs to be determined at the March 27, 1985 reopening of this case.

(12) Division Order No. R-7693 should be vacated pending the March 27, 1985, hearing.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-7693 is hereby vacated pending the outcome of a further hearing in this matter.

(2) Yates Petroleum Corporation is hereby granted 45 days from the date of this order to determine if the Pan American Flint Gas Com Well No. 1 located 1980 feet from the South and East lines of Section 22, Township 18 South, Range 26 East,

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NMPM, Eddy County, New Mexico, is capable of commercial oil and gas production.

(3) Case 8323 shall be reopened at the March 27, 1985 regularly scheduled Division Examiner Hearing at which time Yates Petroleum Corporation may reappear and show why the Pan American Flint Gas Com Well No. 1 should not be utilized as a salt water disposal well.

(4) The Supervisor of the Division's Artesia district office and Paul White of Blanco Engineering, Inc. shall be notified at a reasonable length of time prior to the conducting of any production tests on said well so they may at their discretion witness the tests.

(5) In the event Yates Petroleum Corporation, upon conclusion of the production tests, determines said well to be non-commercial, the mechanical condition of the wellbore and the well's surface location shall be returned to the condition in which it was received by Yates Petroleum Corporation and said condition shall be accomplished prior to the March 27, 1985 reopening of this case.

(6) 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



R. L. STAMETS,  
Director

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