

Rand - This letter
should probably be
either sent back
or destroyed because
it came in after
the case was taken
under advisement.
What do you think?
Bill

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May 16, 1996

VIA FEDERAL EXPRESS

State of New Mexico
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. William J. LeMay, Chairman

Re: Case No, 11358, Order Nos. R-7637-A and R-8139-A

Gentlemen:

A de novo hearing before the Commission was held in the referenced case on March 12. In this case, Nearburg seeks to have the Commission rescind Division Order R-7637, which authorized Anadarko to dispose of water into its Dagger Draw SWD #1 well located in the NW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico. Since the date of the hearing, Nearburg Producing Company has drilled its Osage Boyd-15 #5 Well in the SW/4 of Section 15, which well is a direct offset to the Anadarko saltwater disposal well.

Enclosed herewith is a copy of the drill-stem test for the Osage Boyd-15 #5 Well which indicates that the Canyon "C" Zone (which is the same zone into which saltwater is disposed into in the Anadarko saltwater disposal well) is capable of commercial production of oil and gas.

We ask that the Commission consider this new evidence in rendering its decision in this case. We believe that this new evidence clearly demonstrates that, pursuant to the Commission's responsibility under N.M. Stat. Ann. §70-2-12.B(4) (1978) to protect against water encroachment which reduces or tends to reduce the total ultimate recovery of oil from a pool, the order authorizing water disposal in the Anadarko disposal well should be rescinded.

State of New Mexico Oil Conservation Commission
May 16, 1996
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Very truly yours,

TURNER & DAVIS

By:


J. Randy Turner

JRT:lf
Enclosure

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