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June 1, 1998

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In Re: Application by Southwest
Royalties, Inc., for Approval
of water injection, McGuffin #2
and Gonzales 31, 6-Y, T-9-S,
R-33-E, NMPM, Lea County, NM

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Gentlemen,

You received, May 21, 1998, two Applications for Authority to inject in connection with the Flying "M" San Andres Unit. The Operator, Southwest Royalties, Inc., proposes to inject into the McGuffin #2, located in Unit "E" of Sec. 29, and into the Gonzales 31, "6-Y", located in Unit "I", Sec. 31, both in T-9-S, R-33-E, NMPM.

Mrs. Margaret McGuffin owns the surface and one-half, (50%) of the minerals in the NW $\frac{1}{4}$ Sec. 29, upon which the proposed injection well, McGuffin #2 is located, and owns the surface on the W $\frac{1}{2}$ and W $\frac{1}{2}$ E $\frac{1}{2}$ Sec. 31, 460 feet west of the proposed Gonzales 31 "6-Y" injection well. The E $\frac{1}{2}$ E $\frac{1}{2}$ Sec. 31 is within her ranch.

It is not practical, nor economically feasible for Mrs. McGuffin to employ an attorney, geologists or engineers to prepare a formal objection and request a hearing, however to the extent possible she would like to object to your automatic approval of the McGuffin #2 Application, primarily in connection with the possibility of fresh water contamination, and also to the probability that approximately 50% of the injection benefits will accrue to lands outside the Unit Area and not subject to the Unit; conversely being for benefit of the Applicant to the detriment of the Unit non-operators and mineral/royalty owners.

The McGuffin #2 Application does contain an analytical report of water taken, we assume, from a windmill located upon the W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 29. The exact distance from the injection well to the windmill is unknown, however in order to avoid the possibility of contamination problems the Applicant should be required to give you assurances over and above the simple repeating of your C-108, Paragraph XII.

The McGuffin #2, was completed 5-16-74, (24 years) and it is doubtful if the integrity of the casing and cement has been questioned or tested these past 24 years.

There is no particular problem in connection with the Gonzales 31 injection

well, however being a diagonal offset to the southwest corner of the Unit, the injection of produced water will be about 90% for benefit of Applicant and 10% for benefit of the Unit.

In summary, and as mentioned above, to avoid future problems with water contamination and to determine actual benefits to the Unit, as opposed to benefits solely for the Applicant, these two Applications should be carefully considered and not automatically-administratively approved.

Respectfully Submitted,



R.M. Richardson

RMR

CC: Margaret McGuffin
Southwest Royalties, Inc.