

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 20, 1969

Sun Oil Company
DX Division
Post Office Box 1416
Roswell, New Mexico 88201

Attention: Mr. C. T. McClanahan

Gentlemen:

Reference is made to Commission Order No. R-2057, dated September 7, 1961, which authorized the dual completion of Sunray Mid-Continent Oil Company's State "O" Well No. 3, located in the SW/4 SE/4 of Section 12, Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico, in such a manner as to permit the production of oil through two-inch tubing from perforations in the interval from 1763 feet to 2178 feet and to dispose of produced salt water through the 8 5/8 x 5 1/2-inch annulus into the Rustler anhydrite and Yates formations in the open-hole interval from 386 feet to 884 feet.

The above-approved use of the subject well was predicated principally upon Finding No. 3 of the order, which states, "That inasmuch as the quantities of salt water to be disposed of through the proposed installation are small, the subject application should be approved."

Testimony by Sunray's witness at the hearing was that the water production from the State "O" Lease at that time was approximately five barrels per day, but that Sunray expected to produce perhaps as much as 10 to 20 barrels per day, and that with additional development the total might go as high as 40 barrels per day, which would be the maximum.

It is noted that water disposal into the subject well has averaged 142 barrels per day during the last five months reported, and that monthly averages have gone as high as 157 barrels per day.

*Sunray retained an
attorney to oppose
the disposal of water
into the subject well
and the Commission
has ordered the
disposal of water
into the subject well
to be continued.*

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In view of current volumes being disposed of into this well, and also in view of the Commission's current policy of discouraging salt water disposal into any well in which the salt section is open, it is requested that you commence a study to find an alternative source of water disposal for this lease. We feel that you should be able to make such arrangements within 60 days.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/ir

cc: Mr. W. A. Gressett
Oil Conservation Commission
Drawer DD
Artesia, New Mexico 88210