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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 4, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of V. S. Welch )  
for an exception to Order No. )  
R-3221, as amended, Eddy County, )  
New Mexico. )

Case 4146

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. HATCH: Case 4146, application of V. S. Welch for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. JENNINGS: I am James T. Jennings, Jennings and Copple, Roswell, appearing on behalf of the Applicant, and I have one witness, Mr. B. M. Keohane.

(Thereupon, Applicant's Exhibit No. 1 was marked for identification.)

B. M. KEOHANE

called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name to the Examiner, please?

A My name is B. M. Keohane.

Q What is your occupation?

A Oil Producer.

Q Are you familiar with the application that has been filed here on behalf of Mr. V. S. Welch?

A Yes, I am.

Q Basically, it is an application to dispose of

produced salt water in unlined open pits in the northeast quarter section of Section 28, Township 18 South, Range 31 East?

A Yes.

Q Mr. Keohane, what is the nature of this production?

A Well, this production is on a farm-out the man got from Gulf, and his production today is on two wells, and he is drilling the third, just because he wants to be doing something, I think. The first two wells that he has there now make 84 barrels of water per day, and 90 barrels of oil.

Q The No. 1 well is located in the northeast quarter of the northeast quarter of Section 28?

A That's right.

Q Was that completed about December, 1968?

A I believe that's right.

Q Where is the No. 2 well?

A It is a direct offset to the south, which is in the northeast of the southeast of the northeast. They are both 330 foot locations.

Q And the No. 3 well?

A It is in the northeast of the northwest of the northeast, 330 foot location, 330 feet from the north line

and 1,650 feet from the east line of Section 28.

Q It has not yet been completed?

A No, it is in the process of being drilled.

Q I believe the No. 2 well was completed in April?

A That's right.

Q Mr. Keohane I hand you what has been marked as Exhibit No. 1, and ask you to explain briefly what this exhibit reflects.

A Well, this exhibit reflects the northeast quarter of Section 28, and is the 160 that we are asking for the exception at this time. It is adjoining the two 40-acre exceptions that was granted to Mr. V. S. Welch in January, I believe January 15th, in the same section.

Q Was that the Hearing that was held in January in Case 4024, in which Order R-3670 was entered?

A I believe that is right. And the yellow area down to the southwest there is the exempt area, but it is called the Potash area which is exempted from the Order. And the drainage from the area that we are asking about now goes south and west toward the Potash area. And the closest surface wells in there are stock wells, and they are probably in the Triassic, and they are not very

strong wells, either. It is about five miles northeast, and a well about four miles west, and about six miles southwest which is in the exempt area. The ranchers in there obtain their water from the Potash company, just gratis, and before the Potash company laid the lines from the **cap** rock to the Potash mines to take water through there, the only time they could graze that country is when they had tank water.

Q Referring to Exhibit 1, there is an area that has been marked in blue. I believe that is the west half of section -- east half of Section 27?

A The east half of Section 27 is the Stanolin or the Stanolin has deeper wells. Under that lease in Section 27, we own the rights to 4,500 feet, and Pan-Am owns the rights below 4,500 feet.

Q Do you know if an exception to the No-Pit Rule has been granted as to that area?

A I understand that it has.

Q Mr. Keohane, where is the pit in which the production will be disposed of located?

A It would be by the No. 1 Well, which would be in the northeast quarter of the northeast quarter. It would be by No. 1, which is the southeast corner of that

40.

Q Do you know of any fresh or potable water in the vicinity?

A No, I don't. In fact, we have drilled over 60 wells in that general area. We have turned some over to Atlantic for waterflood, some to the Shenendoah with cable tools, and have not encountered any fresh water.

Q Do you feel that this disposal of the water into unlined pits will injure the fresh water or present any threat to any of the fresh water?

A I don't believe it will. I believe the evaporation would be enough to take care of it.

Q Mr. Keohane, you testified in Case No. 4024, did you not?

A I did.

Q Mr. Keohane, was this Exhibit No. 1 prepared by you or under your supervision?

A My engineers.

Q Under your supervision?

A I prepared it, yes.

MR. JENNINGS: We would like to offer Applicant's Exhibit No. 1, and we would also like to offer the testimony which was heretofore presented in Case 4024 on January 15, 1969, and also the testimony which was offered on May 21st

in connection with the Pan American application in Case No. 4132.

MR. NUTTER: Exhibit No. 1 will be admitted in evidence in this Case, and the record in Case 4024, the application of V. S. Welch, will be incorporated by reference in this Case, as will the record in Case No. 4132, the application of Pan American.

(Thereupon, Applicant's Exhibit No. 1 was admitted into evidence.)

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Keohane, at the January Hearing of Case 4024, you mentioned that there was a water well at your old camp which was in this immediate vicinity. What was the location again of that?

A This well is down in the northwest quarter of the southwest quarter of Section 35, which is about a mile-and-a-half diagonally southeast. It is a light well for domestic use at the lease house, which we don't have a leaseman there now, and they are not using the well now.

Q Now, I don't recall the depth of that well.

What was that again?

A I believe it is producing from probably about 180 feet, or something like that, 180 to 200 feet. It is real shallow, comparatively.

Q But that water is not being used at the present time?

A No. We used to have a man who lived down there but we don't now.

Q In any event, the application that you have today is for an exception which would be farther away from that well than the other one was?

A Yes. It is a mile farther away than the Pan-American.

Q And these wells shown on your exhibit are all the deep wells?

A Yes, ranch wells. They really have tried, I guess, at sometime or other in the past to find water, but never could.

MR. NUTTER: Any other questions of Mr. Keohane? You may be excused. Do you have anything further?

MR. JENNINGS: Nothing.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4146? We will take the Case under



advisement, and call Case 4147.

I N D E XWITNESSPAGE

B. M. KEOHANE

Direct Examination by Mr. Jennings

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Cross Examination by Mr. Nutter

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EXHIBITSMARKEDADMITTED IN  
EVIDENCEApplicant's Exhibit  
No. 1

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STATE OF NEW MEXICO    )  
                                   ) SS.  
 COUNTY OF BERNALILLO )

I, SAMUEL MORTELETTE, Court Reporter in and  
 for the County of Bernalillo, State of New Mexico, do  
 hereby certify that the foregoing and attached Transcript  
 of Hearing before the New Mexico Oil Conservation  
 Commission was reported by me, and that the same is a  
 true and correct record of the said proceedings, to the  
 best of my knowledge, skill and ability.

Samuel P. Mortelette

I do hereby certify that the above is  
 a true and correct copy of the  
 transcript of the hearing held on  
 the 6/4 day of June, 1969.  
Osman, Secretary  
 New Mexico Oil Conservation Commission