

TRANSCRIPT OF HEARING

1 MR. NUTTER: Call next Case No. 4536.

2 MR. HATCH: Case No. 4536, application of Eastland
3 Oil Company for an exception to Order No. R-3221, as amended,
4 Eddy County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the
7 applicant. We have one witness I would like to have sworn.

8 (Witness sworn.)

9 (Whereupon, Applicant's Exhibits 1 through 5 were
10 marked for identification.)

11 GEORGE NEAL,

12 having been first duly sworn, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A George Neal.

17 Q By whom are you employed and in what position, Mr.
18 Neal?

19 A By the Eastland Oil Company as vice president.

20 Q Have you testified before the Oil Conservation
21 Commission or one of its Examiners and made your
22 qualifications a matter of record?

23 A I have.

24 MR. KELLAHIN: Are the witness' qualifications
25 acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Kellahin) Mr. Neal, are you familiar with the application in Case No. 4536?

A Yes, I am.

Q Briefly, what's proposed by the applicant in this case?

A Eastland Oil Company is requesting the exception to the provisions of Commission Order R-3221 as amended to permit surface disposal of produced water on two leases in the Power Grayburg-San Andres Pool.

Q Now, referring to what has been marked as the Applicant's Exhibit No. 1, would you identify that exhibit?

A This is a land plat showing the general area in which these two leases are located. The leases are indicated by yellow coloring and approximately the five miles of graded area shown around the two leases.

Q What does the pink coloring signify?

A The pink is leases on which exceptions have been granted for the disposal of surface water on -- disposal of water on surface pits.

Q Now, immediately adjacent to the yellow area, there is two quarter quarter sections in pink; are those exceptions granted to Eastland Oil Company by Order R-4047?

A That is correct; approximately six months ago.

Q And is it approximately the same situation with the wells for which you are presently making application?

dearnley-meier

1 A It is. These other two leases have been drilled since
2 those leases were -- applications made for these two
3 leases.

4 Q Now, referring to what has been marked as Exhibit No.
5 2, would you identify that exhibit?

6 A Exhibit 2 is a location plat on which has been marked
7 the wells on the -- is known as the Allied State Lease
8 has one well; it's 320 acres in one well and also the
9 salt water pit has been identified on this location plat.

10 Q It shows the location of the pit, does it not?

11 A Yes.

12 Q Exhibit No. 3, what does that show?

13 A It is the second lease for which application is made.
14 It's the Kenwood Federal Lease and the two wells
15 producing are identified as well as the location of the
16 salt water pit.

17 Q And that also shows the pit location by footage?

18 A That is correct.

19 Q Now, turning to what has been marked as Exhibit No. 4,
20 would you identify that exhibit?

21 A Exhibit No. 4 is a composite, USDS composite made of
22 two maps. USDS contoured on the surface indicate the
23 drainage of the surface water in the area and two leases
24 are identified by being colored yellow. The general
25 drainage is from north to south into the Salt Lake area

dearnley-meier 10/10/10

1 on the Cedar Lake Draw shown below the south --
2 basically south of the two leases.

3 Q Where is the Salt Lake in relation to your leases?

4 A They are south.

5 Q They are south about how far?

6 A Approximately three miles and on further.

7 Q Is that potable water that's in those lakes?

8 A It is not.

9 Q Are they seasonal?

10 A Yes, with rainfall they increase and decrease.

11 Q Now, have you made a check to determine if there are
12 any water wells within a five-mile radius of your leases?

13 A I have.

14 Q Did you find any?

15 A There are no water wells; there are no windmills.

16 Q I believe the exhibit shows a stock tank; what is the
17 nature of that tank?

18 A Approximately a quarter of a mile south of the Allied
19 State lease is a steel water tank. It's used for stock
20 water. Water is hauled into this tank by the surface
21 lessee there for stock water.

22 Q In your experience in drilling in this area, did you
23 encounter any fresh water?

24 A We did not.

25 Q And have you found any fresh surface waters anywhere,

1 like stock tanks or surface tanks other than the metal
2 tanks?

3 A None to my knowledge.

4 Q Is there any water that could be damaged, in your
5 opinion, by continued use of surface pits for water
6 disposal?

7 A No, sir, there is not.

8 Q Now, turning to what has been marked as Exhibit No. 5,
9 would you identify that exhibit?

10 A Exhibit 5 is Oil Conservation Commission Form C-116,
11 most recent well tests of the three wells in question
12 on the two leases to indicate the amount of water that
13 they are making. The Allied State No. 1 Well is making
14 forty-one barrels of water which initially was potentialled
15 for seventy-six barrels of water and decreased steadily
16 in the two months it's been producing. The Kenwood
17 Federal 1 and 3 Wells are making essentially eleven and
18 eight barrels of water for a total of nineteen and they
19 have also been decreasing since they were completed.

20 Q Would you expect the water production to continue to
21 decrease?

22 A I would, yes, sir.

23 Q Has that been your experience on the other adjacent
24 lease for which you got an exception?

25 A It has. The water is practically down to less than five

1 barrels a day on the other two leases.

2 Q Were Exhibits 1 through 5 prepared by you or under your
3 supervision?

4 A They were.

5 MR. KELLAHIN: At this time I would offer in
6 evidence Exhibits 1 through 5.

7 MR. NUTTER: Eastland's Exhibits 1 through 5 will
8 be admitted in evidence.

9 MR. KELLAHIN: That completes our case, Mr. Nutter.

10 MR. NUTTER: Are there any questions of the witness?
11 You may be excused.

12 (Witness excused.)

13 MR. NUTTER: Do you have anything further, Mr.
14 Kellahin?

15 MR. KELLAHIN: That's all, Mr. Nutter. Thank you.

16 MR. NUTTER: Does anyone have anything they wish
17 to offer in Case No. 4536? Take the case under advisement.
18
19
20
21
22
23
24
25

I N D E X

WITNESS

PAGE

GEORGE NEAL

Direct Examination by Mr. Kellahin

2

E X H I B I T S

Applicant's 1 through 5

2

dearnley-meier

1 STATE OF NEW MEXICO)
) ss
 2 COUNTY OF BERNALILLO)

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

9
 10 Sylvia Amaro
 Court Reporter

11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 I do hereby certify that the foregoing is
 23 a correct and true transcript of the proceedings in
 the hearing held on the 15th day of 1971.
 24 Sylvia Amaro
 25 Court Reporter

dearnley-meier