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REPORT OF	
OIL COMPANY	
Case No.	3 2
Section	PTC
Hearing Date	

(Witnesses sworn.)

MR. KELLAHIN: I would like to call up my first witness, Mr. Larry Squires.

(Whereupon, Applicant's Exhibits Numbers 1, 2, and 3 were marked for identification.)

Applicant, Mr. LARRY C. SQUIRES

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Larry C. Squires.

Q Are you the applicant in Case 4047 presently before the Commission, Mr. Squires?

A Yes, sir.

Q What business are you engaged in?

A I am a veterinarian and a rancher.

Q And in connection with your operations as a rancher, are the lakes which are the subject matter of this application located on your ranch?

A They are located on my family's ranch.

Q And that is the --

A W. M. Snyder Estate.

Q Are you the manager of the W. M. Snyder Estate?

A Yes, sir.

Q Insofar as their ranching operations are concerned?

A General manager over everything.

Q Are you familiar with the area involved in this application, Mr. Squires?

A Yes, I have been familiar with it for quite some time.

Q Just what is it you are proposing to do here?

A Realizing the need for safe, economical, or inexpensive ways to put produced salt water in the area, it seemed to me a logical assumption that the salt lake would be a good place to put it, if it didn't endanger any fresh water supplies.

Of course, being in the ranching business, and we are very cognizant of what water means to us, and we sure don't want to hurt any of it, so I propose to find out or set out to find out if it would, in fact, harm any fresh water reserves in this area, or any other area. And I hired Mr. Ed Reed, a hydrologist from Midland to do some technical work, and give me an opinion on the area, and if there was any water there, and water that we didn't know about. Our water wells have been bad for a number of years, and have been abandoned in this area.

Q Do you presently have any fresh water supply in the vicinity of these lakes?

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A No, sir.

Q Have you attempted or has an attempt been made in past years to develop water supplies in the area of these lakes?

A Well, we have some old wells there that were drilled many years ago, that have gone or are bad; and since the Potash Company has laid their water lines, we were able to stop using them. We have got a good water well three miles north of this area that we had piped from our water well down to the house. The house sets right between these two large lakes.

Q It is your testimony that there is no usable water within the vicinity of the lakes?

A No, sir.

Q There are three lakes involved here, Mr. Squires, Laguna Plata, that is being used for water disposal at the present time.

A I understand that National Potash is putting brine in the lake now, yes.

Q And then Laguna Gatuna, that lake is not presently being used, is it?

A Not to my knowledge, no.

Q And then the third lake is Laguna Tonto, a small lake in Township 19 South, Range 33 East. Do you propose to use that lake for water disposal?

A No, I don't think so. It is the smallest of the three lakes, and we don't feel like it would ever be needed.

MR. PORTER: It is the northernmost lake, isn't it?

MR. KELLAHIN: That's correct.

THE WITNESS: Yes, sir.

Q Where will the water you propose to dispose of in these lakes come from, Mr. Squires?

A From produced oil wells in the area. It would be economical to get it there.

Q Would it be your intent to hold this open to any oil company for water disposal?

A Yes, sir, because many of us feel that the water should be put in a natural salt area instead of on the ground, and I think that some area needs to be provided for the oil companies in that area.

Q You are aware, are you not, Mr. Squires, that this Commission has approved continued surface disposal of salt water in the vicinity of Laguna Gatuna?

A Yes, sir, I am aware of this.

Q And you are aware, are you not, that the Commission has removed from the provisions of their salt water disposal order that portion of the land lying to the west of Laguna Plata?

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A Yes, sir.

Q And it is not included in the requirements for salt water disposal?

A Yes, sir.

MR. KELLAHIN: That is all I have on direct examination.

MR. PORTER: Does anyone have a question of Mr. Squires?

Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Squires, did I understand you to say you didn't propose to use Laguna Tonto?

A Mr. Reed, I think can clarify this better than I can. We decided that it wouldn't really be needed.

Q Now, the application and the advertisement for the case were for the three lakes, Laguna Plata, Laguna Gatuna, and Laguna Tonto, and I was wondering if you were proposing at this time to dismiss the portion of the application and the case relating to Laguna Tonto?

A I just don't feel like we would probably ever use this lake. Mr. Kellahin can sure answer that better than I can.

MR. KELLAHIN: If the Commission please, it is not our intent to abandon our application for approval of the use of Laguna Tonto, although the chances are quite unlikely of it ever

being used. If the Commission wishes to eliminate it, why, there would be no serious objection from us. We did apply for it, however, and we would like to leave it in there.

Q (By Mr. Nutter) In studying the application and being somewhat familiar with the area involved here, I think that Laguna Tonto is structurally somewhat higher than the other two lakes, and it might simplify your case if this one particular lake were not included.

MR. KELLAHIN: I think we will cover that in the other witness's testimony.

A I don't pretend to be an expert on where this water goes, or anything. That is why I have Mr. Reed. He will be here in a minute.

MR. PORTER: Does that conclude your examination of the witness, Mr. Nutter?

MR. NUTTER: Yes, sir.

MR. MATKINS: I have a question or two.

CROSS EXAMINATION

BY MR. MATKINS:

Q Have you entered into any preliminary negotiations with any oil companies at this time to dispose of water on these lakes?

A No, sir.

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Q You do not have any notion at this time of the amount of water that might be placed upon these lakes?

A I feel that I have a notion. I feel like it won't be very much.

Q What makes you say that?

A Because there is not much water produced in this area. But I would much prefer that, rather than this water being put on our ranch, it be put in this lake, and there is some being put in an open pit on our ranch adjacent to this one lake, and I think it is far better to put it in this lake than it is to put it in that open pit.

Q Do you feel if there is not much water to be placed on the lake, there is a real need for this additional storage area?

A I think that there is a possibility that there will be a much greater need in the years to come. I don't have a crystal ball.

Q You don't have any fee land within these lakes, do you?

A I do.

Q Which one?

A The one next to the highway, Laguna -- the lake in the middle.

Q Laguna Gatuna?

A Gatuna. It is land that is bought by the W. M. Snyder on a State purchase contract.

Q You have it under purchase contract at this time?

A From the State, yes.

Q The vast majority of this land is either federal or state lease land, isn't that right?

A That's correct.

MR. MATKINS: That is all I have.

MR. PORTER: As I understand, we have three different ownerships in this area, federal, state, and fee.

MR. KELLAHIN: May I ask a couple of questions?

REDIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Squires, have you made application from the Bureau of Land Management for a special use permit for the federal land involved here?

A Yes, I have.

Q And have you made an application to the State of New Mexico, Public Land Commissioner, for a business lease on the state lands located within these lakes?

A Yes, I have.

Q What information did you get from the Bureau of Land Management in regard to your application?

A They told me to go ahead and file a special land use permit. I told them what I wanted to do, and they said that whatever the Oil Conservation Commission said, that it was fine with them.

Q You haven't as yet received the permit, is that correct?

A No, sir, it is pending the outcome of this hearing, as I understand it.

MR. KELLAHIN: That is all.

MR. PORTER: Does anyone else have a question? The witness may be excused.

ED L. REED

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A My name is Ed L. Reed.

Q What business are you engaged in, Mr. Reed?

A I am a consulting hydrologist.

Q Where are you located?

A Midland, Texas.

Q Have you done hydrological work in the State of New