

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986

OIL CONSERVATION DIVISION  
RECEIVED



'91 MAY 6 AM 9 05

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

*Case 10310  
DUE*

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

May 3, 1991

Mitchell Energy  
P. O. Box 4000  
The Woodlands, Texas 77387-4000

Attention: Mr. Mark Stevenson, Regulatory Manager

Re: Application for Administrative Approval  
of Salt Water Disposal, Yates Petroleum  
Corporation's David Ross "AIT" State #1  
Unit H, Section 35, T22S-R31E,  
Eddy County, New Mexico

Dear Mr. Stevenson:

Pursuant to our telephone agreement this afternoon, we are enclosing information which was requested by subpoena issued by the New Mexico Oil Conservation Division. This information, per our agreement, is limited from surface to 200' below the deepest injection interval, being 5,870 feet and is all the information which we have which falls into the categories listed in the subpoena. In accordance with our conversation, Mitchell has agreed not to continue the hearing, which has been set for this case, past the scheduled May 16, 1991 date and we agree that we will attempt to resolve this matter between now and the hearing date so that a hearing will not be necessary.

We look forward to a quick and amicable resolution to this matter.

Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson  
Land Manager

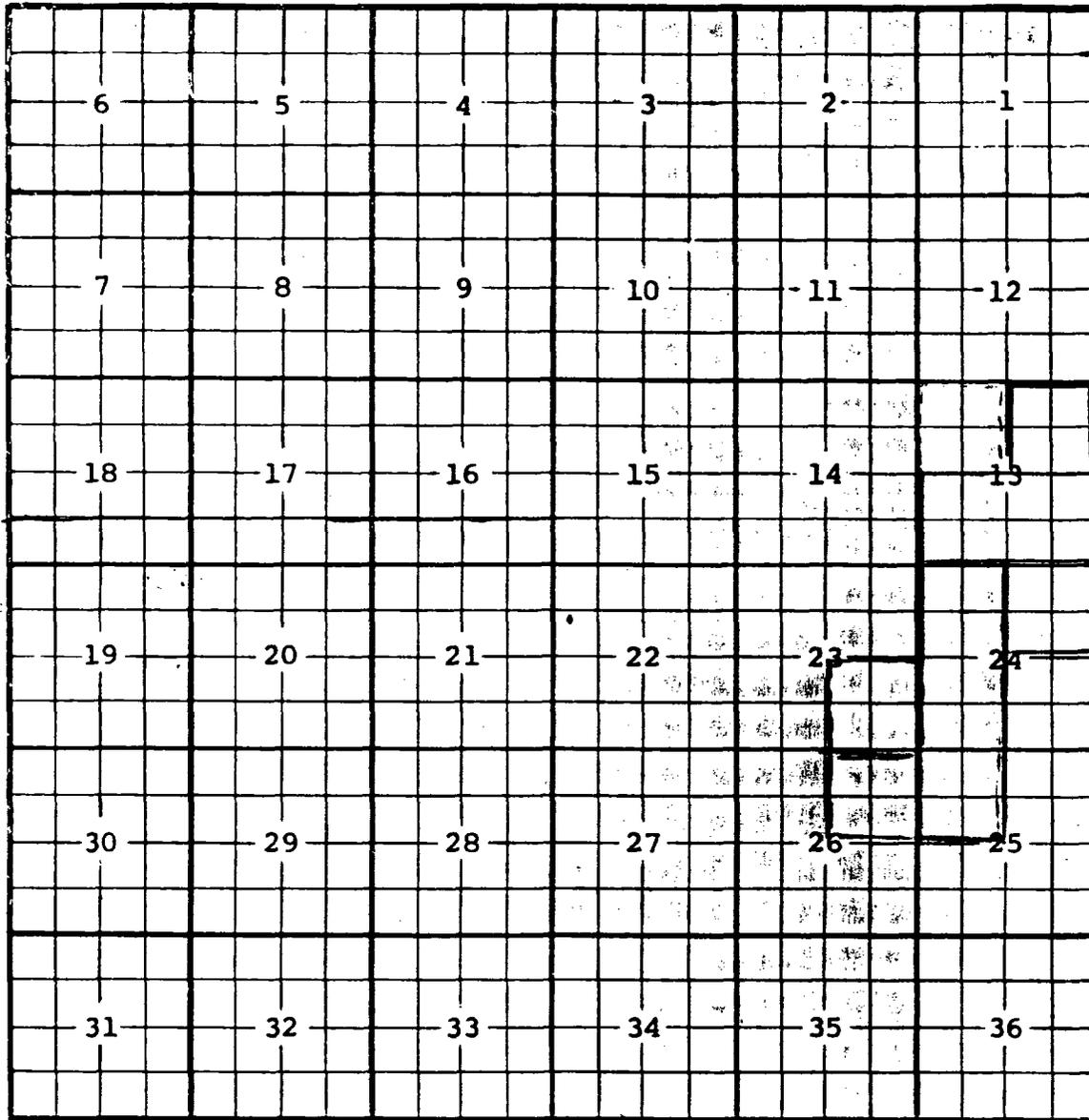
RGP/mw

Enclosures

cc: Mr. William LeMay, New Mexico Oil Conservation Division  
Mr. Ernest Carroll  
Ms. Karen Aubrey

COUNTY *Eddy Co.* POOL *Livingston Ridge - Delaware Oil*

TOWNSHIP *22 South* RANGE *31 East* NMPM



DESCRIPTION: *1/2 SEC 13 (R-8847, 1-10-89)*

EXT: *NE 1/4 SEC 13 (R-9096, 1-1-90) EXT: W 1/2 SEC 24, NW 1/4 SEC 25 (R-9134, 4-1-90)*

EXT: *NE 1/4 Sec. 24, NE 1/4 Sec. 26 (A-9326, 11-7-90) EXT: SE 1/4 SEC 23 (R-9019418, 2-1-91)*

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose:  Secondary Recovery  Pressure Maintenance  Disposal  Storage  
Application qualifies for administrative approval?  yes  no

II. Operator: Yates Petroleum Corporation  
Address: 105 S. 4th Street, Artesia, NM 88210

Contact party: Brian Collins Phone: (505) 748-1471

III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project?  yes  no  
If yes, give the Division order number authorizing the project \_\_\_\_\_.

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

\* VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

\*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

\* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)

\* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Brian Collins Title Petroleum Engineer

Signature: *Brian Collins* Date: March 27, 1991

\* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal. \_\_\_\_\_

## III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

## XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

---

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

March 27, 1991

New Mexico Energy & Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

Attention: David Catanach

Dear Mr. Catanach,

Enclosed please find our application for authorization to inject for the David Ross "AIT" Fed #1 located in Section 35-22S-31E of Eddy County.

Sincerely,



Brian Collins  
Petroleum Engineer

BC/th

Enclosures

C-108  
Application For Authorization To Inject  
Yates Petroleum Corporation  
David Ross "AIT" Fed #1  
H 35-22S-31E  
Eddy County, New Mexico

- I. The purpose of completing this well is to make a disposal well for produced Delaware Sand water into the Delaware Sand formation.  
  
Yates Petroleum plans to convert this well to a water disposal well into the Delaware Sand.
- II. Operator: Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210  
Brian Collins (505) 748-1471
- III. Well Data: See Attachment A
- IV. This is not an expansion of an existing project.
- V. See attached map, Attachment B
- VI. No wells within the area of review penetrate the proposed injection zone.
- VII.
  - 1. Proposed average daily injection volume approximately 5000 BWPD.  
Maximum daily injection volume approximately 15000 BWPD.
  - 2. This will be a closed system.
  - 3. Proposed average injection pressure-unknown  
Proposed maximum injection pressure--900 psi.
  - 4. Sources of injected water would be produced water from the Delaware Sand. (Attachment C)
  - 5. See Attachment C.
- VIII.
  - 1. The proposed injection interval is the portion of the Delaware Sand formation consisting of porous Sandstone from estimated depths:  
4500'-4590'  
4601'-4609'  
4622'-4626'  
5108'-5120'  
5328'-5334'  
5337'-5340'  
5343'-5346'

Application for Authorization to Inject  
David Ross "AIT" #1

-2-

5460'-5468'  
5475'-5484'  
5584'-5594'  
5599'-5601'  
5608'-5624'  
5626'-5636'  
5640'-5650'  
5654'-5659'  
5663'-5670'

2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 697 feet. There are no fresh water zones underlying the formation.
- IX. The proposed disposal interval may be acidized with 7-1/2% HCL acid, or 12-3 HF acid.
- X. Logs were filed at your office when the well was drilled.
- XI. No windmills exist within a one mile radius of the subject location.
- XII. Yates Petroleum Corporation has examined geologic and engineering data and has found that there is no evidence of faulting in the proposed interval.
- XIII. Proof of Notice
- A. Certified letters sent to the surface owner and offset operators-attached. (Attachment D)
- B. Copy of legal advertisement attached. (Attachment E)
- XIV. Certification is signed.

Yates Petroleum Corporation  
David Ross "AIT" Fed #1  
H 35-22S-31E

Attachment A  
Page 1

III. Well Data

- A. 1. Lease Name/Location:  
David Ross "AIT" Fed. #1  
H 35-22S-31E  
1980' FNL & 660' FEL
2. Casing Strings:  
a. Present Well Condition  
13-3/8" 54.5#, J55 @ 697' w/650 sx (circ)  
8-5/8" 32#, J55, 580 @ 4465' w/1650 sx  
(circ)  
5-1/2" 15.5#, 17#, J55 @ 8450' w/860 sx  
(TOC 4300')  
Present Status:  
SI. Unsuccessful completion attempt in  
Delaware 8232'-8249'.
3. Proposed well condition:  
Casing same as above except 5 1/2" casing will  
be cut above TOC estimated at 4300' by CBL  
and pulled.  
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-  
coated injection tubing @ 4400'
4. Propose to use Guiberson or Baker plastic-  
coated or nickel-plated packer set at 4400'.
- B. 1. Injection Formation: Delaware Sand
2. Injection Interval will be through perfora-  
tions from approximately 4500-5670'.
3. Well was originally drilled as an exploratory  
Delaware Sand oil well. Well will be Delaware  
Sand water disposal well (4500'-5670') when  
work is completed.
4. Perforations: 8232'-8249' Delaware  
CIBP 8150' + 35' cement
5. Next higher (shallower) oil or gas zone within  
2 miles--None  
Next lower (deeper) oil or gas zone within 2  
miles--Bone Spring

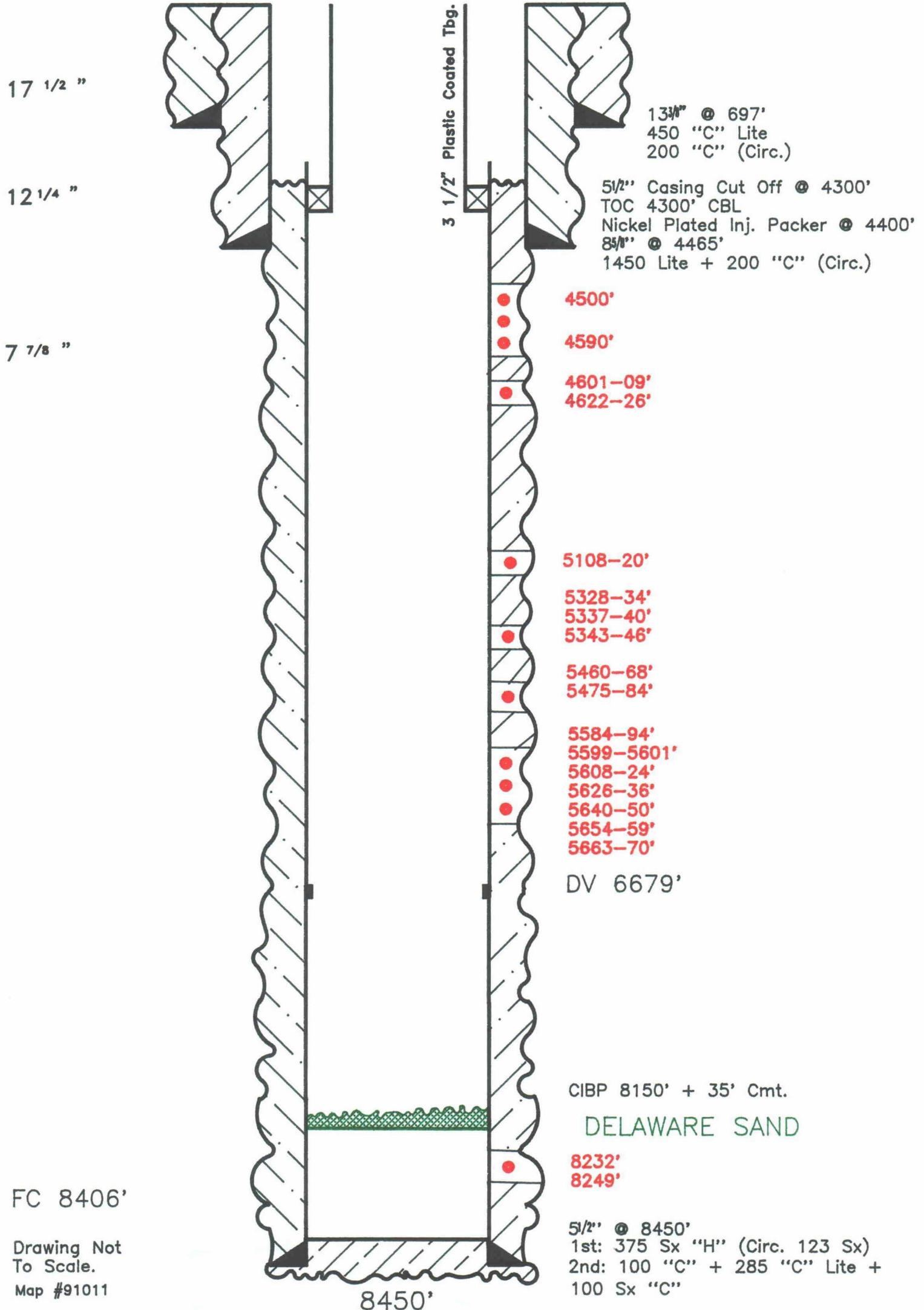
Attachment A Proposed Schematic

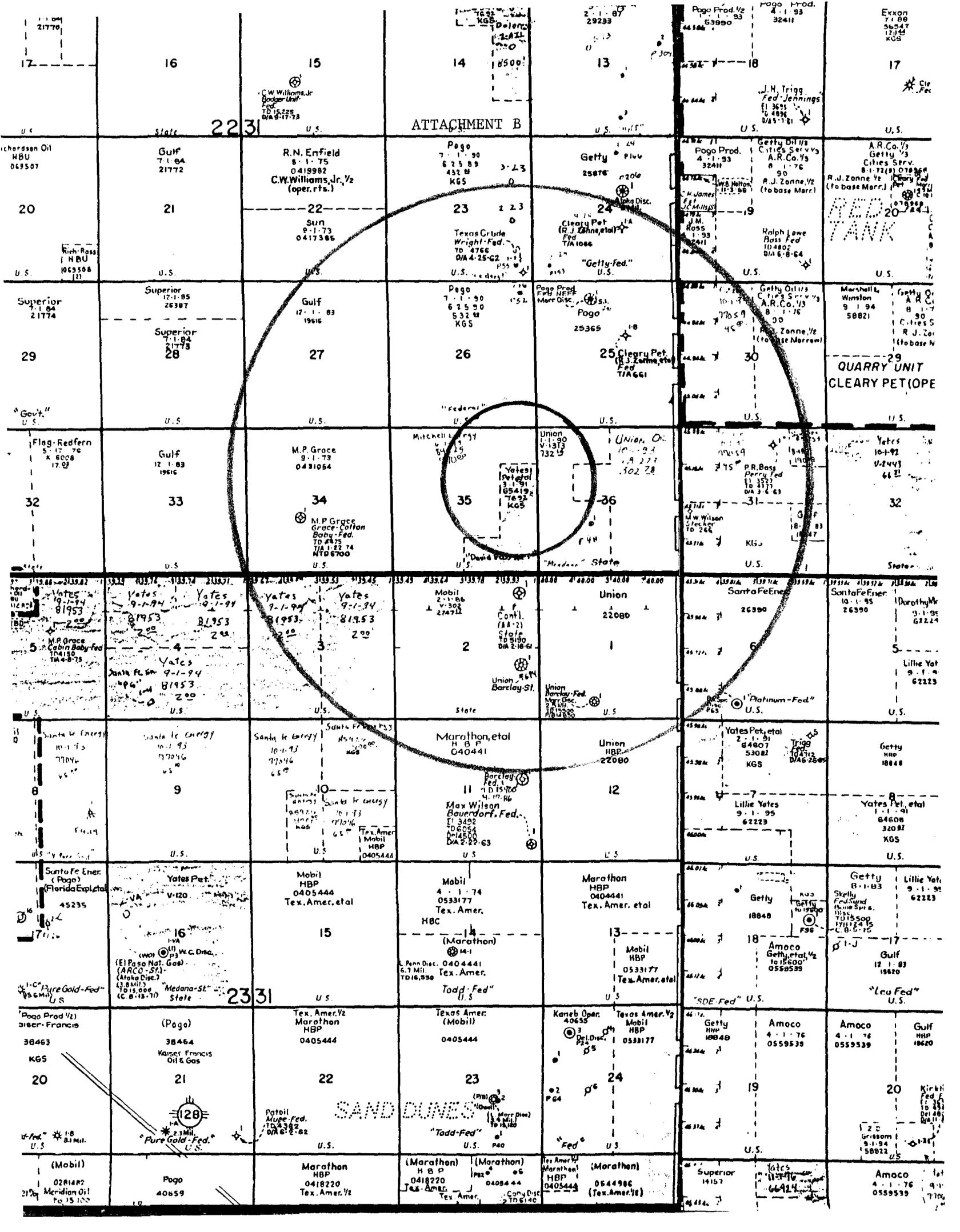
YATES PETROLEUM CORP.  
DAVID ROSS "AIT" FED. #1

H-35-22S-31E / 1980 FNL, 660 FEL

GL: 3463' ZERO: 19' KB: 3482'

FIELD AREA: Livingston Ridge/Medano





ATTACHMENT B

SAND DUNES

QUARRY UNIT  
CLEARY PET (OPE)

16 Gulf 7-1-84 21772	15 R.N. Enfield 8-1-75 0419982 C.W. Williams, Jr. 1/2 (oper. rts.)	14 Pogo 7-1-80 6 2 5 89 432 M KGS	13 Getty 25876	18 Pogo Prod. 1/2 4-1-93 32411	17 A.R. Co. 1/2 Getty 1/2 Cities Serv. vs 8-1-72 (9) 07856
20 Superior 12-1-85 26387	21 Sun 9-1-73 0417386	22 Gulf 12-1-83 19616	23 Texas Crude Wright-Fed. TO 4766 0/A 4-25-C2 P55-0-1	24 Cleary Pet (R. J. Zonne, et al) Fed T/A 1086	19 Getty Oil 1/2 Cities Serv. vs A.R. Co. 1/2 8-1-76 90 A. J. Zonne, 1/2 (to base Marr.)
29 Superior 7-1-84 21774	27 Gulf 12-1-83 19616	26 Pogo 7-1-80 6 2 5 90 532 M KGS	25 Cleary Pet (R. J. Zonne, et al) Fed T/A 661	30 Getty Oil 1/2 Cities Serv. vs A.R. Co. 1/2 8-1-76 90 A. J. Zonne, 1/2 (to base Marr.)	29 Marshall & Winston 9-1-94 58821
32 Flag-Redfern 5-1-76 K 6008 17.82	33 Gulf 12-1-83 19616	34 M.P. Grace 9-1-73 0431054	35 Union 9-1-90 V. 1373 732 13	31 P.R. Boss Perry Fed El 3527 TO 566 0/A 3-2-63	32 Yates 10-1-92 V. 2443 66 21
5 M.P. Grace Cabin Baby Fed T/A 180 T/A 8-75	4 Yates 9-1-94 81953	3 Yates 9-1-94 81953	2 Mobil 2-1-86 V. 322 274712	1 Union 22080	6 Santa Fe Ener 26990
8 Santa Fe Energy 10-1-93 77046	9 Santa Fe Energy 10-1-93 77046	10 Santa Fe Energy 10-1-93 77046	11 Marathon, et al H B P 040441	12 Union H B P 22080	7 Yates Pet, et al 2-1-91 53027 53082 KGS
16 Yates Pet. V. 120	15 Mobil H B P 0405444 Tex. Amer. et al	14 Mobil 4-1-74 0533177 Tex. Amer. H B C	13 Marathon H B P 0404441 Tex. Amer. et al	18 Lillie Yates 9-1-95 62223	8 Yates Pet, et al 1-1-91 64608 32082 KGS
20 Pogo Prod 1/2 dier-Francis 38463 KGS	21 Pogo 38464 Kaiser Francis Oil & Gas	22 Tex. Amer. 1/2 Marathon H B P 0405444	23 Tex. Amer. (Mobil) 0405444	17 Getty H B P 18848	17 Lillie Yates 9-1-95 62223
20 Pure Gold-Fed Psgm. U.S.	21 Pure Gold-Fed U.S.	22 Retail Mugg. Fed. TO 4382 0/A 2-82	23 Todd-Fed U.S.	18 Amoco Getty et al 1/2 to 15600 0558539	17 Gulf 12-1-83 19620
20 Meridian Oil To 15 100	21 Pogo 40659	22 Marathon H B P 0418220 Tex. Amer. 1/2	23 Marathon (H B P) 0418220 Tex. Amer.	19 Yates H B P 66421	20 Amoco 4-1-76 0559539

ATTACHMENT C  
WATER ANALYSIS REPORT  
-----

Company : YATES PET.  
Address : ARTESIA  
Lease : MEDANO ~~BA~~ V A  
Well : 1  
Sample Pt. : WELLHEAD

Date : 10-22-90  
Date Sampled : 10-19-90  
Analysis No. : 1

ANALYSIS -----		mg/L -----		* meq/L -----
1. pH	7.1			
2. H2S	POS			
3. Specific Gravity	1.085			
4. Total Dissolved Solids		115832.4		
5. Suspended Solids		NR		
6. Dissolved Oxygen		NR		
7. Dissolved CO2		NR		
8. Oil In Water		NR		
9. Phenolphthalein Alkalinity (CaCO3)				
10. Methyl Orange Alkalinity (CaCO3)				
11. Bicarbonate	HCO3	207.0	HCO3	3.4
12. Chloride	Cl	68799.0	Cl	1940.7
13. Sulfate	SO4	1750.0	SO4	36.4
14. Calcium	Ca	1480.0	Ca	73.9
15. Magnesium	Mg	268.2	Mg	22.1
16. Sodium (calculated)	Na	43328.2	Na	1884.7
17. Iron	Fe	0.0		
18. Barium	Ba	0.0		
19. Strontium	Sr	0.0		
20. Total Hardness (CaCO3)		4800.0		

PROBABLE MINERAL COMPOSITION  
-----

*milli equivalents per Liter +-----+		Compound	Equiv wt	X meq/L	= mg/L
74 *Ca <-----	*HCO3	Ca(HCO3)2	81.0	3.4	275
/----->		CaSO4	68.1	36.4	2480
22 *Mg ----->	*SO4	CaCl2	55.5	34.0	1888
<-----/		Mg(HCO3)2	73.2		
1885 *Na ----->	*Cl	MgSO4	60.2		
+-----+		MgCl2	47.6	22.1	1050
Saturation Values Dist. Water 20 C		NaHCO3	84.0		
CaCO3	13 mg/L	Na2SO4	71.0		
CaSO4 * 2H2O	2090 mg/L	NaCl	58.4	1884.7	110139
BaSO4	2.4 mg/L				

REMARKS:  
-----

Petrolite Oilfield Chemicals Group

Respectfully submitted,  
L MALLET

SCALE TENDENCY REPORT

Company : YATES PET.  
Address : ARTESIA  
Lease : MEDANO ~~BA~~ ✓/A  
Well : 1  
Sample Pt. : WELLHEAD

Date : 10-22-90  
Date Sampled : 10-19-90  
Analysis No. : 1  
Analyst : L MALLETT

STABILITY INDEX CALCULATIONS  
(Stiff-Davis Method)  
CaCO3 Scaling Tendency

S.I. = 0.2 at 60 deg. F or 16 deg. C  
S.I. = 0.3 at 80 deg. F or 27 deg. C  
S.I. = 0.4 at 100 deg. F or 38 deg. C  
S.I. = 0.5 at 120 deg. F or 49 deg. C  
S.I. = 0.5 at 140 deg. F or 60 deg. C

\*\*\*\*\*

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS  
(Skillman-McDonald-Stiff Method)  
Calcium Sulfate

S = 5743 at 60 deg. F or 16 deg C  
S = 6107 at 80 deg. F or 27 deg C  
S = 6335 at 100 deg. F or 38 deg C  
S = 6443 at 120 deg. F or 49 deg C  
S = 6522 at 140 deg. F or 60 deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,  
L MALLETT

ATTACHMENT D

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
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EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

March 28, 1991

CERTIFIED RETURN RECEIPT

Mitchell Energy Corporation  
400 W. Illinois Ave.  
Suite 1000  
Midland, Texas 79701

Dear Sir:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates' David Ross "AIT" State #1 located in Unit H of Section 35-T22S-R31E.

Should you have any questions, please feel free to contact me at (505) 748-1471.

Sincerely,

A handwritten signature in cursive script that reads 'Brian Collins'.

Brian Collins  
Petroleum Engineer

BC/th

Enclosure

## Attachment E

### Legal Notice

Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well, the "David Ross AIT Fed #1" located 1980' FNL & 660' FEL of Section 35, Township 22 South, Range 31 East of Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Delaware Sand will be re-injected into the Delaware Sand at a depth of 4500-5670 feet with a maximum pressure of 900 psi and a maximum rate of 15,000 BWPD.

All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, within 15 days. Additional information can be obtained by contacting Brian Collins at (505) 748-1471.

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

March 26, 1991

Artesia Daily Press  
503 W. Main  
Artesia, New Mexico 88210

Gentlemen,

Yates Petroleum Corporation desires to place a public notice in your newspaper for one day. The notice is enclosed.

Please place this notice in your paper Friday, March 29, 1991 and forward a copy of it along with your billing as soon as possible to:

Yates Petroleum Corporation  
105 S. 4th Street  
Artesia, NM 88210  
Attn: Brian Collins

If you have any questions, please contact me at 748-1471, Ext. 180. Thank you for your cooperation in this matter.

Sincerely,



Brian Collins  
Petroleum Engineer

BC/th

Enclosure

**KELLAHIN, KELLAHIN AND AUBREY**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

April 17, 1991

William J. LeMay  
Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Application for Administrative Approval  
of Salt Water Disposal, Yates Petroleum  
Corporation's David Ross "AIT" State #1  
Unit H, Section 35, T22S, R31E,  
Eddy County, New Mexico

Dear Mr. LeMay:

Mitchell Energy has asked our firm to oppose the  
granting of an administrative approval of Yates'  
request to dispose of salt water in the above wellbore.  
We request that this matter be set down for hearing on  
the next available docket.

Sincerely,



Karen Aubrey

xc: Mark Stephenson, Mitchell Energy  
Brian Collins, Yates Petroleum Corporation

1989/1trk417.031

**RECEIVED**

APR 17 1991

OIL CONSERVATION DIV.  
SANTA FE

# Affidavit of Publication

No. 13475

STATE OF NEW MEXICO,

County of Eddy:

Gary D. Scott being duly sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached Legal Notice

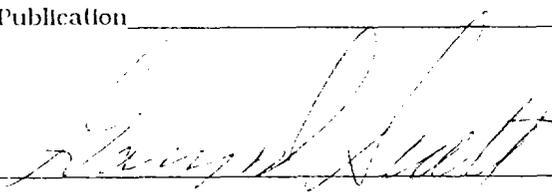
was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks on the same day as follows:

First Publication March 29, 1991

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_



Subscribed and sworn to before me this 8th day of April 1991

Barbara Ann Brown  
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1991

# Copy of Publication

Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Delaware Sand will be re-injected into the Delaware Sand at a depth of 4500-5670 feet with a maximum pressure of 900 psi and a maximum rate of 15,000 BWPD.

### LEGAL NOTICE

Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well, the "David Ross AIT Fed #1" located 1980' FNL & 660' FEL of Section 35, Township 22 South, Range 31 East of

All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, within 15 days. Additional information can be obtained by contacting Brian Collins at (505) 748-1471.

Published in the Artesia Daily Press, Artesia, N.M. March 29, 1991.

Legal 13475

CONSERVATION DIVISION  
RECEIVED  
11 APR 1991 AM 9 25

**KELLAHIN, KELLAHIN AND AUBREY**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

May 14, 1991

Mr. David Catanach  
Oil Conservation Division  
State Land Office  
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Yates Petroleum Corporation  
NMOCD Case No. 10312  
David Ross "AIT" Federal No. 1 SWD Well

Dear Mr. Catanach:

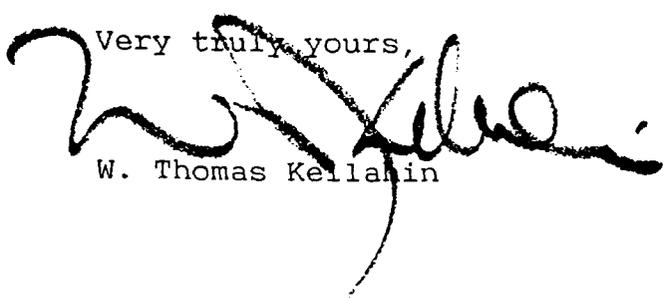
The referenced case is an administrative application of Yates Petroleum Corporation which was set for hearing because of the objection filed by Mitchell Energy Corporation.

On behalf of Mitchell Energy Corporation, I wish to withdraw its opposition to the referenced application of Yates Petroleum Corporation subject to the conditions set forth in the stipulation dated May 10, 1991, copy enclosed.

It is Mitchell's request that the conditions of the stipulation be incorporated into the Division Order approving this application.

It is Yates' request that this case be returned to you for administrative processing and that they not be required to come to the hearing now set for May 16, 1991.

Very truly yours,

  
W. Thomas Kellahin

WTK/tic  
Enclosure

Mr. David Catanach  
May 14, 1991  
Page 2

cc: Ernest Carroll, Esq.  
Losee & Carson  
Post Office Box 239  
Artesia, New Mexico 88210

Mr. Mark Stephenson  
Mitchell Energy Corporation  
Post Office Box 4000  
The Woodlands, Texas 77387-4000

RECEIVED MAY 14 1991

May 10, 1991  
VIA FAX AND FEDERAL EXPRESS

Mr. Randy G. Patterson  
Land Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210



Re: Application for Salt Water Disposal  
Yates Petroleum Corporation  
David Ross "AIT" State Well No. 1  
Unit H, Sec. 35, T22S, R31E  
Eddy County, New Mexico

Dear Mr. Patterson:

Mitchell Energy Corporation has reviewed the information provided with your May 3 letter in reference to the captioned matter. Our review indicates that several zones within the proposed disposal interval are potentially productive of hydrocarbons. We believe that injection of salt water into these zones may adversely affect the recovery of hydrocarbons. In the event a well in this area is completed as a producer in a correlative interval to the proposed disposal interval, we feel it may be necessary to amend or cancel the injection authority for the subject well.

Mitchell feels it has legitimate concerns about the proposed disposal operations and wishes to make those concerns known to the Oil Conservation Division. Mitchell is, however, also desirous of working with Yates on an equitable resolution of this conflict. Accordingly, we offer the following proposal for your consideration.

Mitchell is agreeable to withdrawing its protest, subject to the following conditions:

1. That the injection pressure be limited to 1200 psi; and
2. That the Authorization to Inject granted by the Oil Conservation Division include a provision to the effect that the injection authority shall be subject to review if a well within a one-mile radius of the subject well is completed in any zone within the correlative interval of the permitted disposal interval.

Yates Petroleum Corporation  
May 10, 1991  
Page 2

If this proposal is acceptable to Yates, please so indicate by signing in the space below and return one executed copy of this letter to me via Fax at 713-377-6910. Also please send one executed original to me by U. S. Mail and two executed originals to Mr. Tom Kellahin by express mail.

Thank you for your consideration and cooperation.

Very truly yours,

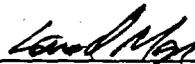
MITCHELL ENERGY CORPORATION



Mark N. Stephenson  
Manager  
Production-Regulatory Affairs

Agreed to and accepted this 13 day of May, 1991.

By: 

Title: 

MNS:kl

Ross1Ltr.MNS

cc: Mr. William LeMay - New Mexico Oil Conservation Division  
Mr. Ernest Carroll - Losee & Carson  
Mr. Tom Kellahin - Kellahin, Kellahin & Aubrey

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

MEMORANDUM

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division *WJL*

SUBJECT: RECENT FEDERAL ENVIRONMENTAL ACTION REGARDING  
EXPLORATION AND PRODUCTION WASTES

DATE: APRIL 25, 1991

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This memo summarizes and provides information on three recent federal actions involving oil and gas exploration and production wastes.

1. On February 25, 1991, EPA Region 6, Dallas, issued final Clean Water Act NPDES General Permits for oil and gas facilities in the Onshore Subcategory of the Oil and Gas Extraction Point Source Category for the States of Louisiana, New Mexico, Oklahoma and Texas. These permits prohibit all discharges of pollutants to waters of the U.S. from these facilities consistent with the requirements codified at 40 CFR Part 435, Subpart C. The permits became effective on March 27, 1991. Under the New Mexico permit (NMG 320000), discharges to "waters of the United States" (e.g. watercourses, rivers, streams, lakes, and playas, etc.) are prohibited, and operators are directed to operate in accordance with OCD Rules and Regulations. The permit does not require the operator to make application or contact EPA unless a discharge actually occurs. In the event of bypass or upset discharge, 24-hour reporting to EPA is required. (Note: Discharges specifically authorized by EPA-issued NPDES permits under the Agriculture and Wildlife Water Use, or Stripper Subcategories are not affected by this rule).
2. In a legal opinion issued by letter from EPA Region 6 on March 26, 1991, Laguna Gatuna (a natural playa salt lake in western Lea County) is now considered to be a "water of the United States" for purposes of regulation under the Federal Clean Water Act, and discharges of oil and gas wastes to the playa are prohibited without a federal NPDES permit. The opinion was requested by the NM Environment Department as a result of information provided by the US Fish and Wildlife Service. In the opinion, EPA states that under EPA's current definition of "waters of the U.S.", "even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act." As a result of this action and the effect of the new NPDES General Permit discussed above, facilities discharging oilfield wastes to

MEMORANDUM

April 25, 1991

Page -2-

playas may not be in compliance with the federal Clean Water Act even though they have OCD-approved state permits. All operators discharging to such playas should review these developments with legal counsel familiar with federal environmental law and be prepared to modify discharge methods if necessary. This action does not change the status of OCD-approved permits; these permits remain in effect. Any modification to operations would be as a result of the requirements of federal law.

3. On April 2, 1991, EPA Washington, by letter, issued a preliminary determination that wastes generated by crude oil and tank bottom reclamation facilities are exempt from Subtitle C (Hazardous Waste) provisions of RCRA. This opinion was requested by several operators in southeast New Mexico and west Texas as a result of EPA's action, effective last fall, listing certain production-related wastes containing naturally occurring benzene as hazardous wastes. The April 2nd determination will be made final when published in the Federal Register, likely within the next 60 days. In the meantime, OCD believes the EPA letter serves as notification to treating plants and other reclamation facilities that they can again receive and treat these wastes under current OCD-approved permits. However, facilities can receive only production wastes for treatment (i.e. no used motor oils, or refined product tank bottoms) and no RCRA-regulated solvents may be used to treat production wastes (e.g. no chlorinated solvents or solvent mixtures containing xylenes, toluene and other mixtures as listed in 40 CFR Part 261.31).

Copies of all EPA documents mentioned in this memorandum are available at OCD district offices or through the Environmental Bureau in Santa Fe.

WJM/DGB/sl

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

May 22, 1991

YATES PETROLEUM CORPORATION  
105 South 4th Street  
Artesia, New Mexico 88210

RE: CASE NO. 10312  
ORDER NO. R-9511

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office  
T. Kellahin