



JIM-BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 26, 1986

Citation Oil & Gas Corporation
16800 Greenpoint Park Drive
South Atrium, Suite 300
Houston, Texas 77060-2304

Case 9056

Re: State VI D Section 36, Township 24 South, Range 36 East
Attention: Mr. Leonard Barker

Dear Sir:

This letter will acknowledge receipt of your copy of application seeking to obtain permission from the Oil Conservation Division to convert the above well to a saltwater injection well.

Because an oil and gas lease is entitled to use so much of the land as is necessary to explore for and remove the oil and gas, he does not need additional permission of the Commissioner to dispose of the Salt Water upon or under the leased land so long as the water being disposed of is produced exclusively from wells located on the leased premises. However, if any of the saltwater to be injected is produced from land not under the applicants state oil and gas lease, then the applicant, in addition to a disposal site easement, will be required to secure a regular right-of-way easement for a pipeline, roadway, or other means of conveyance under the rules pertaining to right-of-way.

Although, we have no objections at this time for the Oil Conservation Division to grant you permission to convert the aforesaid well to a water injection well the Land Commissioner reserves the right to refuse to grant an easement when to do so would be detrimental to the Trust.

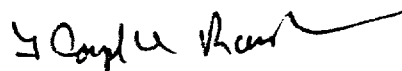
If your application is approved by the Oil Conservation Division and you are going to be injecting saltwater from wells located outside of the leased premises you have to complete and

Citation Oil & Gas Corporation
November 26, 1986
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return this forms with a \$300.00 fee. This fee covers (\$250.00) first annual rental, (\$20.00) appraisement fee and (\$30.00) filing fee.

If and when approved the saltwater disposal easement will be issued for one year.

Yours truly,



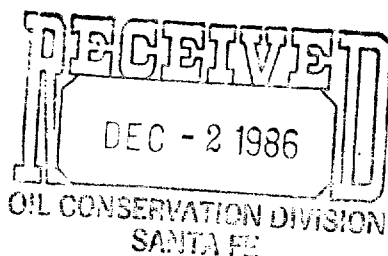
Floyd O. Prando, Director
Oil and Gas Division

FOP/cb

cc: David Catanach

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS



GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 1, 1986

Case 9056

Citation Oil and Gas Corporation
16800 Greenspoint Park Drive, South Atrium
Suite 300 South
Houston, Texas 77060-2304

Re: Conversion of the State Y No. 1 Well
to Salt Water Disposal.

Gentlemen:

This letter is in response to your letter of November 14, 1986, to Doyle Hartman, Oil Operator, concerning your plans to convert the State Y No. 1 Well located in Unit D of Section 36, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico, to salt water disposal. This well is an immediate offset to the Hartman Custer State No. 1 which, although it has been shut-in during the last few months due to El Paso's refusal to purchase gas therefrom under its Purchase Agreement with Hartman, is a top allowable well in the Jalmat formation. Your proposal will result in the disposal of produced water into the formation from which the Custer State No. 1 produces. Disposal into this zone will drastically reduce the already short life of this well, will result in the waste of hydrocarbons and impair the correlative rights of the interest owners in the Custer State No. 1.

As you may not be aware, we are currently involved in litigation with El Paso Natural Gas concerning its production policies in relationship to the Custer State No. 1 and other wells. One of the issues in this litigation is the water problem that we are having in the Jalmat reservoir. The disposal of water in the State Y No. 1 as you propose will only aggravate that problem. We have a disposal well in the area and would be willing to discuss with you an arrangement whereby you could utilize our disposal well. A reasonable fee for disposal would, of course, be charged.

Citation Oil and Gas Corporation
December 1, 1986
Page 2

We are hopeful that this matter can be resolved without our having to oppose an application for disposal of produced water in the State Y No. 1 at the Oil Conservation Division. If, however, you proceed with your plans, we will have no alternative but to vigorously oppose this proposal.

Very truly yours,

 for
WILLIAM F. CARR

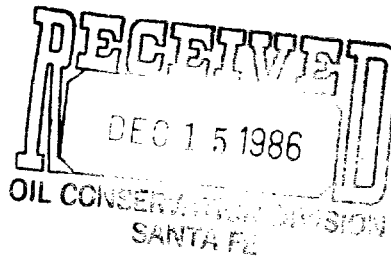
WFC/ab

cc: ✓ Richard L. Stamets
W. Perry Pearce



DEC

December 12, 1986



Oil Conservation Division
State of New Mexico Energy & Mineral Dept.
P. O. Box 2088
State Land Office Building
Santa Fe, NM 87501

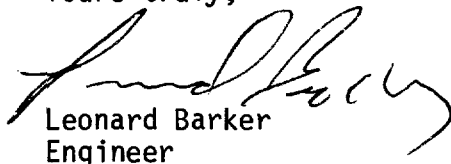
Re: Citation Oil & Gas
State Y1, D, S36, T24S, R36E
Lea County, NM
Docket 38-36, Case 9056

Gentlemen:

Citation Oil & Gas respectfully requests a continuance to January 7, 1986 of the Examiner's Hearing of case number 9056 regarding our application to convert the captioned well to salt water disposal service.

Thank you for your consideration. If there are questions, please call.

Yours truly,


Leonard Barker
Engineer

LB/rd

cc: Lewis Burleson, Inc.
Doyle Hartman, Inc.

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

DEC 15 1986

IN THE MATTER OF THE APPLICATION
OF CITATION OIL AND GAS CORPORATION
FOR SALT WATER DISPOSAL, LEA
COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

Case No. 9056


ENTRY OF APPEARANCE

Comes now, CAMPBELL & BLACK, P.A., and hereby enters its
appearance in the above-referenced case on behalf of Doyle
Hartman, Oil Operator.

Respectfully submitted:

CAMPBELL & BLACK, P.A.

By


J. Scott Hall

P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

ATTORNEYS FOR DOYLE HARTMAN

I hereby certify that I mailed
a copy of the foregoing to
Citation Oil and Gas Corporation
on this 15 day of Dec., 1986


J. Scott Hall

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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DEC

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December 15, 1986

RECEIVED

DEC 15 1986

OIL CONSERVATION DIVISION

Richard L. Stamets, Director
New Mexico Oil Conservation Division
P.O. Box 2038
Santa Fe, New Mexico 87501-2088

Re: Case 9056: Application of Citation Oil and Gas Corp.
for Salt Water Disposal, Lea County, New Mexico

Dear Mr. Stamets:

On behalf of Doyle Hartman, Oil Operator, this will confirm our understanding that on the advice of David Catanach, Hearing Examiner, the hearing on the above matter previously set for December 17, 1986 has been continued until the next examiner hearing on January 7, 1987.

As the applicant has been previously advised, Doyle Hartman opposes approval of the application for conversion of the State Y No. 1 Well to a salt water disposal facility. Accordingly, please find enclosed our Entry of Appearance on behalf of Doyle Hartman, Oil Operator.

Very truly yours,

J. Scott Hall
J. Scott Hall

JSH/dmg

cc: Citation Oil and Gas Corporation