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BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION)
AND ESTABLISHMENT OF FIELD RULES TO) CAUSE NO. 10
GOVERN OPERATIONS IN THE KEOTA FIELD,)
WELD COUNTY, COLORADO) ORDER NO. 10-5

REPORT OF THE COMMISSION

This cause came on for hearing before the Commission on November 21, 1977 at 9 a.m., in Room 110, State Centennial Building, Denver, Colorado, which was continued from the hearing of October 17, 1977 on the petition of Edward L. Dunbar and Miles T. Gillette, to determine that the authority to waterflood in Order No. 10-3, does not include authority to dispose of produced water and oil field wastes underground; that said order be terminated because of the operator's abandonment of the plan of development; that said order was invalid for failure to give notice in compliance with the Rules and Regulations of the Commission, and was obtained through fraud; and that the operator of the unit be ordered to cease and desist from disposing of the produced water and oil field wastes underground through any well on the unit, until it has complied with the Commission's Rules and Regulations.

FINDINGS

The Commission finds as follows:

1. That due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
2. That the Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.
3. That on August 20, 1963, the Commission issued its Order No. 10-3, which among other things, approved a certain Unitization Agreement, as amended, for the Keota "J" Sand Unit Area, and further approved a plan for injection of water into the "J" Sand and authorized the unit operator to inject water into the "J" Sand reservoir through injection wells in such quantities as shall be reasonably determined by the operator to best achieve maximum recovery of oil without waste. In addition, the operator is authorized to make such changes in the operation as may be required to facilitate the efficient development thereof, subject to the approval of the Director.
4. That the Unit Agreement has not been terminated since there is still production from wells located in the unit area.
5. That the Unit Agreement, as amended, permits changes in the operation of the unit and no time period is set forth in said agreement whereby the cessation of injection would result in automatic abandonment of the plan of injection.
6. That to the extent the injection of water has been for disposal purposes, such injection has not been approved pursuant to application under Rule 329, Underground Disposal of Water of the Rules and Regulations of the Commission, and Pepper Tank Company must file an application in accordance with said rule.
7. That no evidence was presented at the hearing to indicate that there has been waste or a violation of correlative rights.
8. That the requests for relief set forth in Application No. 3 of the Petition, are barred by Sections 34-60-111 and 34-60-115 CRS 1973, as amended, as well as laches.



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(over)

ORDER

NOW, THEREFORE, IT IS ORDERED, that Applications 1 and 3 of the Petition submitted August 29, 1977 by Edward L. Dunbar and Miles T. Gillette are hereby dismissed.

IT IS FURTHER ORDERED, that Pepper Tank Company shall make application for disposal of the produced water from the wells in the Keota Field pursuant to Rule 329, Underground Disposal of Water of the Rules and Regulations of the Oil and Gas Conservation Commission, within 30-days of receipt of this order or cease injection of said produced water.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

ORDERED this 21st day of November, 1977.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Frank J. Piro
Frank J. Piro, Secretary