

CASE 5619: AGUA, INC. FOR AN
EXTENSION OF TIME, ORDER NO.
R-4495-A, LEA COUNTY, NM

CASE NO.

5619

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 20, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Agua, Inc. for an
extension of time, Order No. R-4495-A,
Lea County, New Mexico.

CASE
5619

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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Conservation Commission:

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1 MR. NUTTER: The hearing will come to order. The
2 first case we will call now is Case 5619, which is the
3 application of Agua, Inc. for an extension of time to Order
4 No. R-4495-A, Lea County, New Mexico.

5 Call for appearances, please.

6 MR. JENNINGS: James T. Jennings of Jennings, Christy
7 and Copple, appearing for Agua and we will have one witness,
8 Mr. Abbott.

9 (THEREUPON, the witness was duly sworn.)

10 W. G. ABBOTT

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. JENNINGS:

15 Q Would you state your name and occupation, please, sir?

16 MR. SPERLING: Mr. Jennings, another appearance.
17 James E. Sperling, Modrall, Sperling, Roehl, Harris and Sisk,
18 Albuquerque, appearing on behalf of Exxon Company, U.S.A.

19 A My name is W. G. Abbott, I'm manager of Agua,
20 Incorporated, Hobbs, New Mexico.

21 Q (Mr. Jennings continuing.) Mr. Abbott, did you
22 heretofore testify in Case 5592, I believe, in which the
23 original Order No. R-4495-A was entered?

24 MR. NUTTER: I believe that would be Case 5562.

25 (THEREUPON, a discussion was held off the record.)

1 Q (Mr. Jennings continuing.) First of all, what are
2 you actually requesting in the application which you have
3 filed here, Mr. Abbott?

4 A We would like an extension of time to continue to
5 dispose of produced salt water from the Blinebry-Drinkard
6 SWD system through perforations in the San Andres formation
7 from forty-two thirty to forty-three twenty in our SWD C-2
8 well.

9 MR. NUTTER: Mr. Abbott, before we get into this,
10 may I, for my own mind's sake, clarify exactly what happened
11 here? This well has been used for salt water disposal for
12 quite some time, is that correct?

13 A Yes.

14 MR. NUTTER: And it was down into an open-hole
15 interval deep in the formation?

16 A Yes.

17 MR. NUTTER: And we had a hearing in Case Number
18 5562, in which we amended the disposal authority and allowed
19 disposal into a perforated interval for a limited period of
20 time?

21 A That's right.

22 MR. NUTTER: And this case today is seeking an
23 extension of time for that perforated interval disposal?

24 A Yes, sir.

25 MR. NUTTER: Okay.

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1 A. We would like to continue disposal into this
 2 perforated interval for ninety days from February 7th.

3 Q (Mr. Jennings continuing.) That is when your
 4 present extension expires, is that correct?

5 A. Yes, sir, February 7th, 1976.

6 Q Mr. Abbott, just relate to the Commission what
 7 action you have taken since the original hearing in this
 8 matter, I think it was September 26th.

9 A. Yes, it was necessary for us to continue disposal
 10 into this interval in order to dispose of the water produced
 11 in this system since our H-35 well has been shut in and at
 12 the present time we are moving along with the drilling of a
 13 new disposal well, our SWD A-22.

14 I will run down the progress report on this well
 15 briefly. On August 21st, '75, we started the initial work
 16 to find a suitable well for disposal and on October 14th we
 17 received casing and tubing bids for this well. On October 20th,
 18 '75, we surveyed the well site in a two-and-half acre surface
 19 plat for locating the well. About the 24th of October we
 20 received a bid for drilling this A-22 well. Then it was
 21 necessary for us to get AFE approval from all parties, or a
 22 majority of the parties in the Blinebry-Drinkard SWD, which
 23 we did with our AFE one forty-nine. Then the next thing, we
 24 had a hearing in Santa Fe on November 21st to seek approval
 25 to drill this well.

1 We have ordered most of the equipment. Let's see,
2 on December 22nd we received approval to drill this SWD A-22
3 well, although there were some restrictions on the well which
4 we didn't think that Agua should take it upon themselves to
5 drill the well with these restrictions, without getting
6 approval from the parties in the system and, therefore, we
7 had a meeting of the parties to our disposal system and at
8 that meeting it was approved that we go ahead and drill this
9 A-22 well.

10 Q Was that on January 7th?

11 A Yes, on January 7th. So about that same day we sub-
12 mitted our intention to drill, the Commission form C-101.

13 Q I hand you what has been marked as Agua's Exhibit
14 Number One, is that a copy of the C-101 which you filed in
15 connection with the well?

16 A Yes, sir.

17 Q You had the original in your possession?

18 A Yes, sir.

19 Q This copy shows that it has been approved by the
20 representative of the OCC office in Hobbs?

21 A Yes, it has been approved by Mr. Sexton at the
22 Hobbs Oil Conservation Commission office with one addition,
23 requesting us to run a temperature survey after we cement
24 the seven-inch pipe.

25 Q We'll get back to that, Mr. Abbott, why don't you

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1 just continue.

2 A. Then after this meeting we ordered the valves and
3 centrifugal pumps, redwood tanks, they are very scarce. We
4 have ordered the tanks but they won't be ready to be delivered
5 until July of '76 so that means we will have to use temporary
6 tankage after we complete this well.

7 We have ordered five-and-a-half-inch tubing strings
8 and received it and shipped it to Odessa to be plastic coated.
9 The surveyor has been working on the profile in the lines that
10 will run to the A-22 well. On the fourteenth of this month we
11 have signed a contract with Cactus Drilling Company to drill the
12 A-22 well and we plan to spud that well on Monday the 26th.

13 So that is the latest status on this A-22 well so
14 we will have to complete that well and tie in the well to
15 the existing lines. We will have to rig up centrifugal pumps
16 to kick the water from the H-35 location to this well and
17 after that is done then we plan to work on our SWD C-2 by
18 bleeding off the oil blanket in the annulus and pulling the
19 tubing and the equipment, the tubing with a packer and re-run
20 the tubing and load the annular space again with oil and at
21 that time we will be conforming with the Commission Order.

22 MR. NUTTER: Now, the perforations would be open
23 to the annulus, however?

24 A. Yes, sir.

25 MR. NUTTER: What keeps the oil from going into

1 the perforations?

2 A. It will float on top of the water. We will apply
3 pressure and the oil will float on the water and depress
4 the water into the perforations, so we should end up with
5 oil down to the top of the perforations.

6 MR. NUTTER: But there is enough pressure in the
7 formation to keep the column in the annulus from flowing into
8 it?

9 A. Yes, well, the oil we will use will be the proper
10 gravity so under static conditions it will stay in the
11 annulus and then we can monitor the pressure on that annulus
12 in the oil, in order that we can tell if we have any tubing
13 or casing leaks. It works very well.

14 Q (Mr. Jennings continuing.) Do you have to negotiate
15 a lease for the well site, too?

16 A. Yes, we are negotiating the lease. It has been
17 approved by Agua. It is a lease from Cities Service. Cities
18 Service has the surface lease and they are in the process of
19 executing the lease and they will send it to us for execution.

20 Q Mr. Abbott, referring to what has been marked as
21 Exhibit Two, would you refer to that and tell the Commission
22 what it is?

23 A. Yes, this Exhibit Two shows a graph of the water
24 disposed in this Blinbry-Drinkard salt water disposal system
25 and on the left of this exhibit, it is a graph exhibit, it

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1 shows the water disposed, barrels per day. You will note that
2 over four years the water has steadily increased in this
3 system and it started out roughly around six thousand barrels
4 a day and it is up to approximately eighty-five hundred barrels
5 a day. Also it is very interesting to see that the connected
6 wells, that is shown on the right of this graph, has steadily
7 increased also and there has been quite a few connections
8 requested recently and we may have to turn them down because
9 we don't have the capacity until we get this A-22 well drilled.

10 MR. NUTTER: Mr. Abbott, is all of this disposal
11 shown on Exhibit Number Two going into the C-2 well?

12 A. Yes, sir, at the present time it is.

13 MR. NUTTER: And it always has? This is disposal
14 into that well?

15 A. It is the disposal into the whole system.

16 MR. NUTTER: Is that H-35 down south, is it included
17 in this system?

18 A. Yes, and that well has been shut in, I believe since
19 the nineteenth of September.

20 MR. NUTTER: But this disposal is not the C-2 only?

21 A. No, sir.

22 MR. NUTTER: Okay.

23 A. But it is for the Commission's information. We are
24 in an area with the Blinebry-Drinkard salt water disposal
25 system where there are approximately nine hundred or nine

1 hundred and fifty wells, producing wells. Of that nine
2 hundred and fifty producing wells there are about four hundred
3 and thirty to four, forty wells connected to the system. So
4 when we talk about disposal in the Binebry-Drinkard salt
5 water disposal system, we have to realize that those four
6 hundred and forty wells that are connected represent probably
7 seven thousand to ten thousand barrels of oil per day and
8 anything that affects this system will affect the oil production
9 because the operators can't put the water on the ground.

10 Q (Mr. Jennings continuing.) Mr. Abbott, how long
11 do you estimate that it will take you to finish drilling of
12 the well?

13 A We think we can drill the well in two weeks.

14 Q And then you have some right-of-way to obtain?

15 A Yes, we are working on the right-of-way. We have
16 to acquire some more right-of-way from the land owners in
17 the area.

18 Q Is it true that right-of-way is easy to come by
19 in that area?

20 A No, it is very difficult.

21 Q Do you feel that if you are allowed ninety days from
22 February 7th that you can get the right-of-way and get the
23 well completely drilled and equipped so that you will be able
24 to dispose of a substantial portion of the water from the
25 system into that well?

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1 A. We hope that time will be sufficient. We think it
2 will be unless we run into some unknown problems.

3 Q. You feel that you can do it?

4 A. Yes.

5 Q. Did you prepare Exhibit Two or was it prepared
6 under your supervision?

7 A. Yes, sir.

8 Q. And I believe that you stated that Exhibit Number
9 One is a true copy of the original Form which was filed and
10 approved by the OCC?

11 A. That's right.

12 MR. JENNINGS: We offer Exhibits One and Two.

13 MR. NUTTER: Agua's Exhibits One and Two will be
14 admitted into evidence.

15 (THEREUPON, Agua's Exhibits One and Two
16 were admitted into evidence.)

17 MR. NUTTER: Are you through, Mr. Jennings?

18 MR. JENNINGS: Yes.

19 MR. NUTTER: Are there any questions of the witness?
20 Mr. Sperling?

21 MR. SPERLING: First I might direct to the Examiner,
22 is this a continuation of Case Number 5562, is that what this
23 is?

24 MR. NUTTER: It is actually advertised as a new
25 case. However, it is for consideration of the amendment, I

1 suppose, of Order No. R-4495-A, which amended the original
2 order to permit disposal into the perforated zone also and
3 the effect of this hearing would be to amend R-4495-A, I think
4 if it were approved.

5 MR. SPERLING: Okay. Do I understand that matters
6 of record in Case 5562 are included in this case?

7 MR. NUTTER: They are not, unless you make that
8 motion.

9 MR. SPERLING: I ask that that record be made part
10 of this record.

11 MR. NUTTER: The record in Case Number 5562 will
12 be incorporated in the record of Case 5619.

13 MR. SPERLING: I do that principally, Mr. Examiner,
14 to eliminate the necessity of including in this record a
15 number of factual things with reference to times and plans
16 and date and so forth.

17 CROSS EXAMINATION

18
19 BY MR. SPERLING:

20 Q Mr. Abbott, what is the status of the H-35 well
21 at this time?

22 A That well has been shut in according to our
23 emergency order issued by the Commission.

24 Q Are there any plans to reactivate that well, what
25 is its future?

1 A. Yes, we plan to bleed the well down. It still has
2 approximately eleven hundred pounds on the well and we will
3 bleed the water from that well when we have some place to
4 put the water and we plan to bleed it down after we complete
5 this A-22 well.

6 Q. Well, you are not able to bleed that water from
7 that well into the C-2 well?

8 A. No, it doesn't have the capacity at the present time.

9 Q. What volume are we talking about as contained in
10 the H-35?

11 A. I have no idea.

12 Q. How do you know that you don't have the capacity
13 in the C-2 then?

14 A. We don't have the hourly capacity to bleed it down.
15 We are disposing of an average of three hundred and eighty-five
16 barrels per hour in the C-2 well. That's the average. That
17 averages from a low of, say, two hundred and fifty up to
18 five hundred barrels per hour and the well just won't stand
19 any more.

20 Q. Well, since the emergency order issued on September
21 26th, 1975, has the C-2 well been your only disposal well on
22 the system?

23 A. Yes, sir.

24 Q. Are you telling me that with the drilling of the
25 new well, which is dealt with in the C-101 as Exhibit Number One

1 in this hearing, that you will then have the necessary capacity
2 to bleed the H-35 well down?

3 A. We hope we will, yes, because we will be putting
4 approximately a hundred and fifty barrels per hour into the
5 C-2 which will, let's see, leave us about two hundred and
6 thirty-five barrels per hour to be disposed in the A-22. So,
7 we hope to get our A-22 well of a large enough capacity so
8 we could bleed this water back into it.

9 Q. When do you plan to do all of this with reference
10 to the C-2 well and the H-35 and the new well, in what
11 sequence?

12 A. Oh, well, first we have to complete the A-22 well
13 and tie some lines into that well so the water will gravity
14 to that well from two lines in the system. Then we will, or
15 at the same time, we will have two centrifugal pumps at the
16 H-35 well, which will kick the water on up to A-22 so that
17 all of the water that will gravity to the H-35 well will
18 be either diverted or pumped to the new well location.

19 Q. Well, will the first function to be performed by
20 the -- what do you call it -- the A-22 well?

21 A. The A-22 well.

22 Q. The A-22 well, be to accomplish the bleed off on the
23 H-35 well?

24 A. No, I don't think that will be the first. We haven't
25 been instructed by anybody to bleed that pressure off of that

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1 H-35 well. It's Agua's intention to do it in order that we
2 can observe the pressure on that well and also around that
3 well.

4 Q Well the reason, as I understood it, the filing of
5 Case 5562 in the first place was the difficulty encountered
6 in connection with the H-35 well, is that right?

7 A Well, the difficulty was the order issued by the
8 Commission, right, which shut in the well.

9 Q Okay. Now, it would seem logical to me to overcome
10 those difficulties that some effort or some plan would have
11 been made to do just that so that the demands on the C-2
12 would be reduced.

13 A Well, I don't know what you mean by that.

14 Q Well, the H-35 was the original disposal well, right?

15 A Yes, sir.

16 Q That was shut in by the order of the Commission?

17 A Right.

18 Q As I understood it and anticipated some kind of
19 difficulty insofar as a leak was concerned, was that the
20 initial problem?

21 A The Commission thought there was a leak.

22 Q Was there?

23 A There was no leak. We have run radioactive tracers
24 and temperature surveys and there was no leak.

25 Q Well, in your opinion is the H-35, assuming that the

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1 bleed off is accomplished, still usable as a disposal well?

2 A. Yes, sir, under limited disposal I believe that
3 it is. I say limited, to fifty to a hundred barrels per hour.

4 Q. And you do have in your plans, the use of that well
5 for disposal purposes, to the extent indicated?

6 A. Yes, but it will be necessary to have another
7 hearing before the Commission, unless the Commission issues
8 a blanket order for that area.

9 Q. Do you expect to apply for such a hearing?

10 A. At the present time, yes.

11 Q. All right. Is that going to be during the three-
12 months interval that you are asking for on the extension?

13 A. We don't know. We will apply for a hearing on
14 the H-35 well after we bleed the water back and the pressure
15 off of the well to observe how the well acts and then we will
16 have to work with the Commission in that there is pressure
17 on the surface pipe of that well, which is common to that
18 area and it may be necessary to pull the tubing, perforate the
19 seven-inch pipe, circulate cement up into the surface or do
20 some other remedial work.

21 Q. But you do expect to follow a program of remedial
22 work, is that what you are testifying?

23 A. Yes, whatever the Commission requires.

24 Q. All right, now, insofar as the equipment is concerned
25 for the C-2 well, no, the A-22 well, you outlined some of the

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1 equipment that had been obtained. What do you lack? I think
2 your statement was that you had ordered most of the equipment
3 and that you had received the tubing and it was being coated
4 and you detailed some other items, what don't you have?

5 A. The biggest items that we have not received as yet
6 are the two thousand barrel redwood tanks and we expect those
7 to be erected in July.

8 Q. But in the interim you can make temporary arrange-
9 ments for other tankage?

10 A. For the tankage, yes.

11 Q. And you expect to do that?

12 A. Yes.

13 Q. So, you really don't have any equipment that would
14 prevent you from proceeding after the well is drilled?

15 A. Not unless we run into something unforeseen like
16 the arrival of valves, centrifugal pumps, transformers and
17 so on. It has all been ordered but sometimes the delivery
18 dates aren't too firm.

19 MR. NUTTER: Excuse me, Mr. Sperling. Do you have
20 your casing on hand?

21 A. Yes, it will be on hand, yes.

22 MR. NUTTER: Both strings?

23 A. Yes.

24 Q. (Mr. Sperling continuing.) What contingency planning
25 have you done in the event that you do encounter some difficulty

1 insofar as completing the well is concerned? Do you have
2 any alternative sites?

3 A. No, at the present time we don't.

4 Q. Are you looking for any?

5 A. No.

6 Q. You spoke of certain restrictions being contained
7 in, as I understand it, the approval from the Commission
8 insofar as the A-22 well is concerned. What were those?

9 A. The Commission put a limitation of a surface pressure
10 of a hundred psi on the well, which Agua didn't think was
11 realistic and therefore we had a meeting with the operators
12 and the operators, the parties to the system, thought that
13 it would be best to go ahead and drill the well and if it
14 was necessary to alter the rules for this well, we would
15 have another hearing before the Commission.

16 Q. By surface pressure do you mean injection pressure?

17 A. Yes, sir.

18 MR. JENNINGS: The word was "wellhead pressure"
19 at the hearing, where they defined it as "wellhead".

20 MR. SPERLING: Okay.

21 Q. (Mr. Sperling continuing.) Now, you mentioned the
22 pumps were on order. Do you have an anticipated or promised
23 or indicated delivery date?

24 A. I imagine we do. We think we can get the pumps in
25 plenty of time.

1 Q By plenty of time, do you mean from ninety days
2 after February 7th?

3 A Yes.

4 Q I'm not sure that I understand what your plans are
5 for the C-2 after you have completed the drilling and the
6 connection of the system to the A-22 well. I take it that
7 your plan is not to squeeze the perforations in the upper
8 interval, is that right?

9 A That's right.

10 Q Why?

11 A It wasn't ordered by the Commission.

12 Q Then you are going to float the oil on top of the
13 water?

14 A Yes, sir.

15 Q In the vicinity of these perforations?

16 A Above the perforations.

17 Q Will you continue to use the well, though, for salt
18 water disposal purposes and in what fashion?

19 A We'll be injecting into the open hole section from
20 forty-four hundred to five thousand feet.

21 Q I'm not clear on how it is that the fluid stays at
22 that level when you are injecting into it?

23 A Well, the packer will be set below the perforations
24 in this well, that means that the perforations are then open
25 to the annulus of the well. That's the annulus between the

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1 five-and-a-half-inch tubing string and the seven-inch casing
2 string. We will pump into that annulus a sufficient volume
3 of oil which will displace the water through the perforations
4 down to the packer. If the oil goes into the perforations,
5 fine, but we will end up with a column of oil at the minimum,
6 from the top of the perforations to the top of the well.

7 Q Okay, so, you will have in effect, a standing
8 column of oil within the annulus, is that right?

9 A Yes, sir.

10 Q And is there a way of determining that that
11 continues in suspension or status quo or whatever?

12 A Yes, there will be a pressure gauge on top of the
13 well, so we will always have a positive pressure on that oil.
14 If that oil were displaced by salt water, we would lose that
15 buoyancy pressure at the top of the wellhead.

16 Q Okay. You expressed confidence, Mr. Abbott, that
17 all of this can be accomplished so that the A-22 well will be
18 usable as a disposal well within the extension period that
19 you are requesting?

20 A Yes, sir.

21 Q I take it from that that you have no plan to come
22 back to the Commission for a further extension?

23 A Not unless we need it. We hope that we won't need
24 any further extension.

25 Q What would be the type of thing that would require

1 you to ask for a further extension?

2 A. If one of the land owners in the area would not give
3 us or sell us a right-of-way and it was necessary to go to court
4 to get the right-of-way or some other reason. That's the
5 only thing I can think of.

6 Q. Well, what area and how many land owners are we
7 talking about?

8 A. Probably two or three, total.

9 Q. The rest of the right-of-way has been acquired, is
10 that right?

11 A. Yes, it will be acquired when the lease is signed
12 with Cities Service for the location of the well.

13 Q. Well, when was it that this location was selected?

14 A. About October 20th, previous to October 20th.

15 Q. Well, have you been pursuing negotiations with Cities
16 Service since October 20th on the location of a well location?

17 A. No, we secured tentative approval. They sent us
18 a lease which we approved and it was the first draft of the
19 lease and we sent it back to them and they are issuing a final
20 lease to us. The reason we didn't sign the lease immediately
21 was that it was a lease where the meter started running when
22 the lease was signed and we wanted everything else in order
23 before we signed the lease.

24 Q. Well, you don't want to get the right-of-way until
25 the lease is signed and you don't want to sign the lease until

1 you get the right-of-way, is that what you are saying?

2 A. Well, in this lease they provided the right-of-way
3 on the lands that they own around this A-22 well.

4 Q. They own the surface around this well?

5 A. Yes, sir.

6 Q. What is the distance of the a-22 well from the H-35?

7 A. I would say approximately four miles.

8 Q. What is the distance from the A-22 well to the
9 C-2 well?

10 A. I think it is around three-and-a-half miles, three-
11 and-a-half to four miles.

12 Q. And the distance from the H-35 to the C-2?

13 A. Six miles.

14 Q. Do I understand, Mr. Abbott, that if the C-2 well
15 is completed and equipped and ready for use within the
16 extension period, that you will immediately begin to use
17 that well?

18 A. The A-22 well?

19 Q. Yes.

20 A. Yes, we will begin to use it as quickly as we can.

21 Q. In other words, you won't use the extension, if it
22 were given, just because you have it?

23 A. No.

24 MR. SPERLING: That's all I have, Mr. Examiner.

25 MR. NUTTER: Are there any other questions of

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1 Mr. Abbott? He may be excused.

2 (THEREUPON, the witness was excused.)

3 MR. NUTTER: Do you have anything further?

4 MR. JENNINGS: Nothing further.

5 MR. NUTTER: Do you have anything further, Mr.

6 Sperling?

7 MR. SPERLING: No, sir.

8 MR. NUTTER: Does anyone have anything they wish

9 to offer in Case 5619?

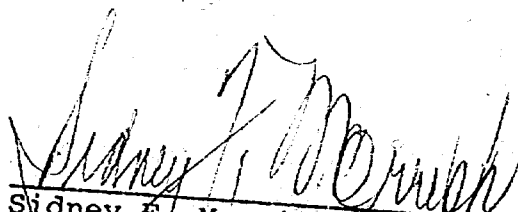
10 MR. CARR: Mr. Examiner, we have received a letter
11 from L. H. Bird, Manager of the Production Department, Mid-
12 continent Division of Exxon in Midland stating that they have
13 no objection to continued injection in the interval involved
14 in this case for a three-month period, beginning on February 7th,
15 provided that no further extension of time be requested or
16 approved.

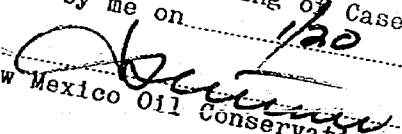
17 MR. NUTTER: Thank you. Is there anything further
18 in this case? We will take Case Number 5619 under advise-
19 ment.
20
21
22
23
24
25

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5619
heard by me on 1/20, 1974

Examiner
New Mexico Oil Conservation Commission

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JANUARY 20, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO.

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 5614: Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota gas production and oil produced from an undesignated Gallup pool in the wellbore of its Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5615: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morely EW Well No. 1, located 660 feet from the South and East lines of Section 27, Township 17 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 27 to be dedicated to the well.
- CASE 5616: Application of Atlantic Richfield Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to its W. H. Harrison "D" WN Com Well No. 1, located in Unit L of said Section 29 and its W. H. Harrison "A" WN Well No. 2, at an unorthodox location 660 feet from the North and West lines of said Section 29.
- CASE 5617: Application of Robinson Resource Development Company, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1530 feet from the North line and 330 feet from the East line of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, the N/2 of said Section 18 to be dedicated to the well.
- CASE 5618: Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Primo Well No. 1A, located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to produce gas from the Pictured Cliffs, Chacra and Mesaverde formations.
- CASE 5117: (Reopened)
- In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691, which order established temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on less than 320-acre spacing and why the special depth bracket allowable should remain in effect.
- CASE 5619: Application of Agua, Inc. for an extension of time, Order No. R-4495-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the February 7, 1976, deadline to cease the disposal of produced salt water through perforations from 4,230 feet to 4,320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 5603: (Continued from January 7, 1976 Examiner Hearing)
- Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Langlie-Mattix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre proration units: the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie-Mattix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalmat proration unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant seeks approval for the unorthodox Jalmat location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the wells and a charge for the risk involved in re-entering, drilling, and completing said well.
- CASE 5604: (Continued from January 7, 1976 Examiner Hearing)
- Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal Well No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

Dockers Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1976

9 A.M. - OIL CONSERVATION COMMISSION - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5592: (De Novo)

Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the open-hole interval from approximately 4000 to 5000 feet in its Blinbry-Drinkard SWD System Well No. A-22 located 817 feet from the North line and 965 feet from the East line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

Upon application of Agua, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5571: (De Novo)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTE: Case No. 5592, above, will be dismissed at the request of applicant.



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

Re: CASE NO. 5619
ORDER NO. R-4495-B

Mr. James Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

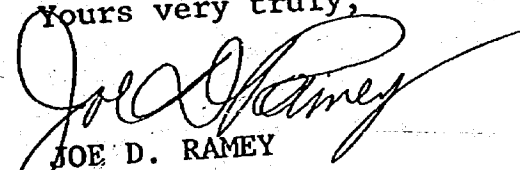
Applicant:

Agua, Inc.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other James Sperling

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5619

Order No. R-4495-B

APPLICATION OF AGUA, INC. FOR
AN EXTENSION OF TIME, ORDER
NO. R-4495-A, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976,
at Santa Fe, New Mexico, before Examiner DSN.

NOW, on this _____ day of _____, 1976 the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Agua, Inc., is the operator of the
SWD Well No. C-2, located in Unit C of Section 2, Township 22
South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That by Order No. R-4495, dated March 21, 1973, the
Commission authorized the use of said well for salt water
disposal purposes, provided that disposal would be into the
San Andres formation through the open-hole interval from 4,400
feet to 5,000 feet.

(4) That ~~the applicant seeks the amendment of said Order~~
No. R-4495 ~~to permit disposal of produced salt water into~~
~~the aforesaid open hole interval as well as into perforations~~
between 4,230 feet and 4,320 feet.

Was amended to also permit, until February 7, 1976, the

by Order No. R-4495-A, dated October 7, 1975,

- (5) That the applicant seeks the amendment of said Order No. R-4495-A to permit an additional 90-day period for disposal into the aforesaid perforated interval.
- (6) That the applicant is presently in the process of providing an additional disposal well for its salt water disposal system in the subject area.
- (7) That applicant has assured the Commission that the additional disposal well and related facilities can be put into operation prior to the expiration of the requested 90-day extension of time.
- (8) That upon placing said well and related facilities in operation, applicant will be able to reduce disposal volumes in the subject well to a ^{level} ~~volume~~ which the open-hole interval from 4400 feet to 5000 will accept, and will then be able to discontinue disposal into the perforated interval from 4230 feet to 4320 feet.
- (9) That the 90-day extension of time for disposal into the aforesaid perforated interval should be approved.

IT IS THEREFORE ORDERED:
"PROVIDED FURTHER"

(1) That the ~~Section~~ ^{"PROVIDED FURTHER"} of Order No. 1 of Commission Order No. R-4495-A is hereby amended to read in its entirety as follows:

"PROVIDED FURTHER, that disposal into the aforesaid perforated interval from 4,230 feet to 4,320 feet shall not occur after ~~four months from the date of this order,~~ and proper action shall be taken by the applicant to the satisfaction of the Supervisor of the Hobbs District Office of the Commission to prevent such disposal."

May 7, 1976,

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Agua EXHIBIT NO. 1
CASE NO. 5619

Form C-101
Revised 1-1-65

1. Indicate Type of Lease

STATE ☐ FEDERAL ☒

2. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> Disposal <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Term or Lease Name
2. Name of Operator AGUA, INC.		9. Well No. System A-22
3. Address of Operator P. O. Box 1978 Hobbs, New Mexico 88240		10. Field and Pool, or Wildcat
4. Location of Well UNIT LETTER <u>A</u> LOCATED <u>817</u> FEET FROM THE <u>North</u> LINE <u>965</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>22</u> TWP. <u>22S</u> RGE. <u>37E</u> NMPM		17. County Lea
19. Proposed Depth 5000'		19A. Formation San Andres
20. Rotary or C.T. Rotary		
21. Elevations (Show whether DP, RT, etc.) 3352.0' GL		21A. Kind & Status Plug. Bond Blanket
21B. Drilling Contractor		22. Approx. Date Work will start

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	9-5/8"	36#	315'	160	Circulated
8-3/4"	7"	20#	4000'	540	315'

- (1) Drill 12-1/4" hole to 320'. Set 9-5/8", 36#, K-55 ST&C csg. @ 315'. Cmt. w/160 sx. cmt. Circulate.
- (2) WOC 24 hrs.
- (3) Drill out from under surface string w/8-3/4" hole to 5000' T.D.
- (4) Swing 7", 20#, K-55 ST&C csg. @ 4000' w/pkr. shoe. Cement w/540 sx. cmt. to tie to surface casing. WOC 24 hrs. RUN TEMP SURVEY
- (5) Drill out cement plug.
- (6) Treat OH (4000-5000') w/10,000 gals. 15% HCl.
- (7) Run 5-1/2", 15.50#, K-55, LT&C internally plastic-lined tubing to 4000'. Fill csg.-tbg. annulus w/inhibited oil.

APPROVAL VALID

FOR 30 DAYS UNLESS

DRILL IS COMMENCED,

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE FLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed W. G. Abbott Title Manager Date 1/7/76

(This space for State Use)

APPROVED BY [Signature] DATE 1/7/76
CONDITIONS OF APPROVAL, IF ANY:

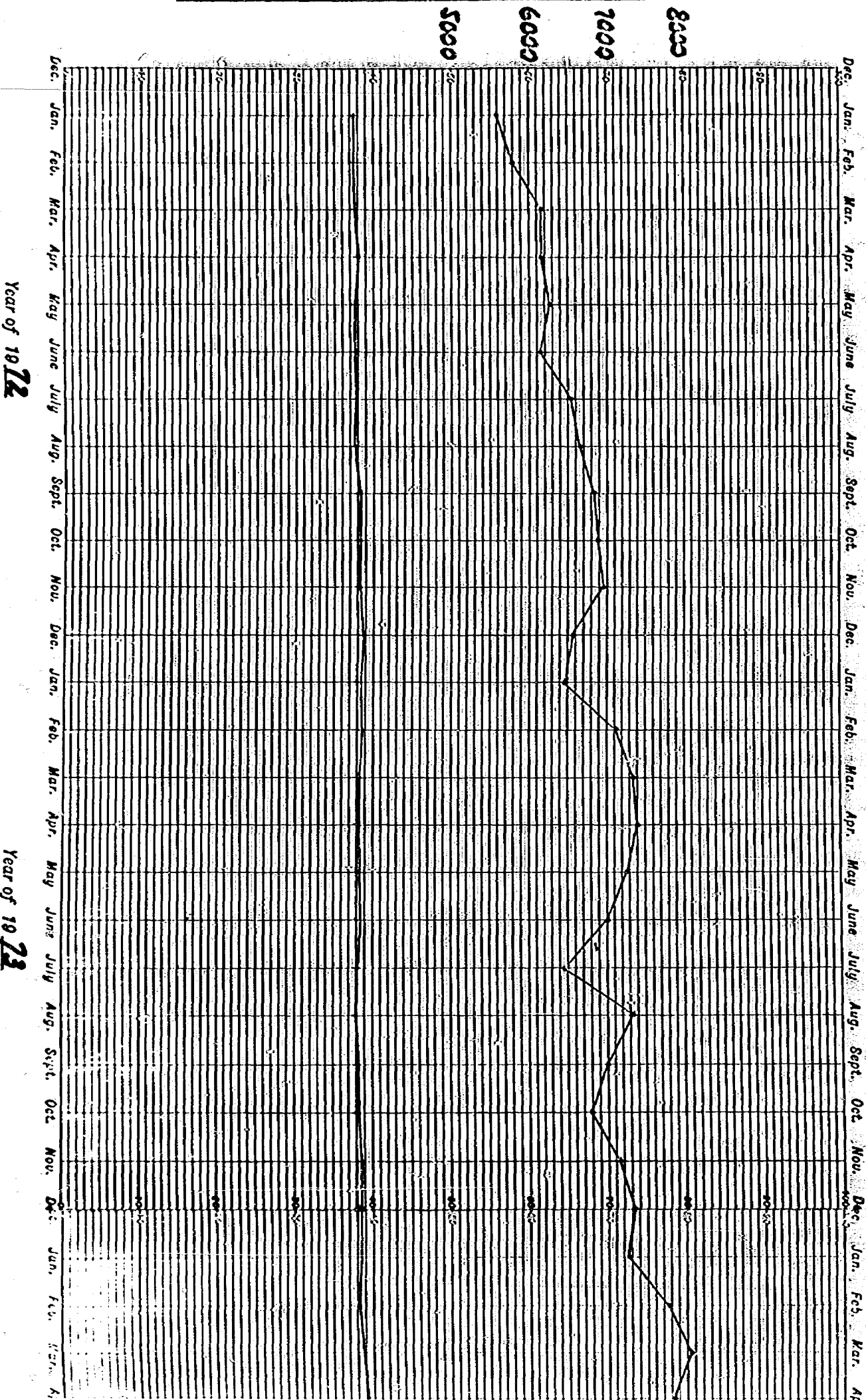


CODEx BOOK COMPANY, INC. NORWOOD, MASSACHUSETTS

AGUATINC.

BLINER- DEINKARD SALT WATER DIS

WATER DISPOSED - 17 BPD

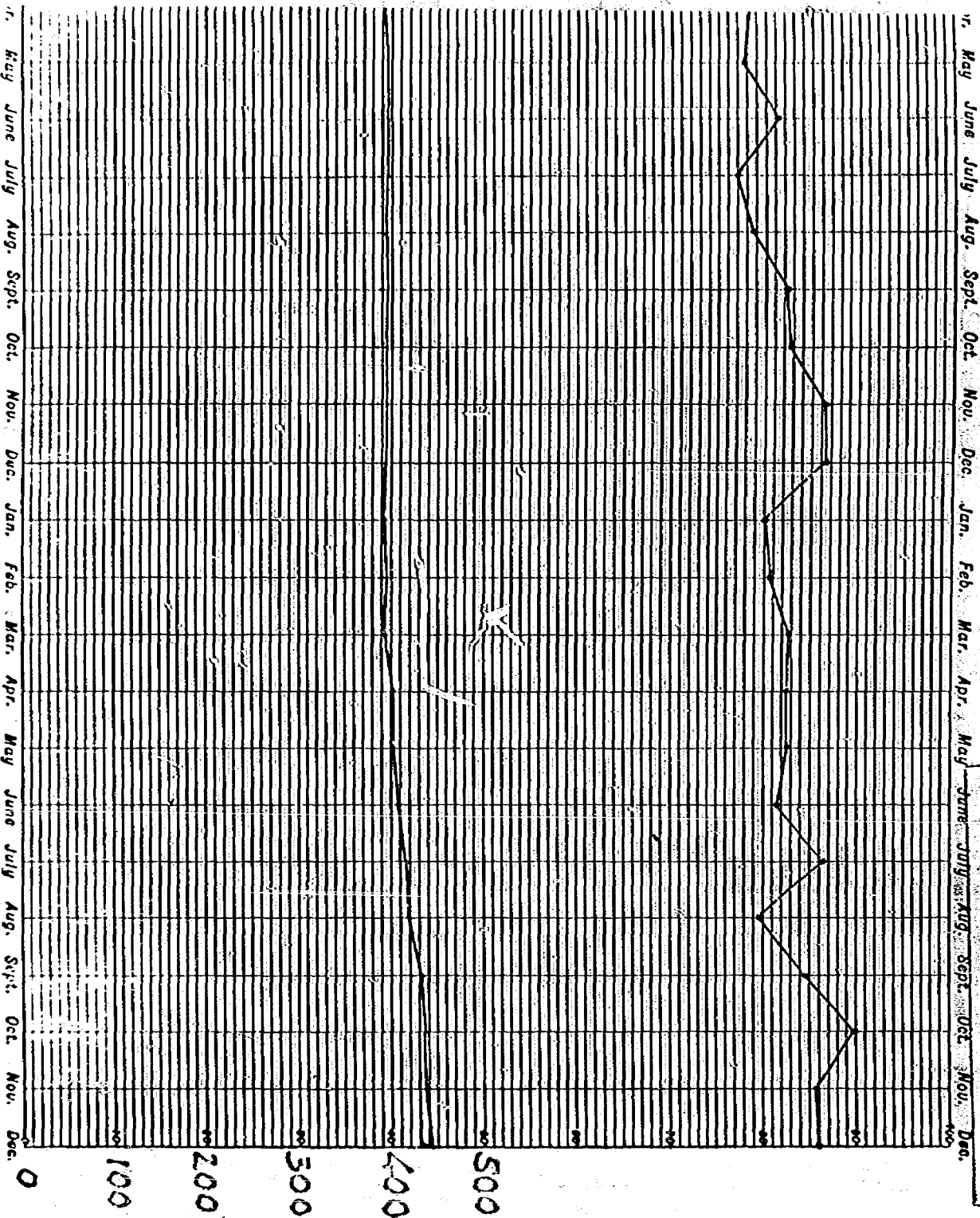




CODER BOOK COMPANY, INC. NORWOOD, MASSACHUSETTS

POSAH SYSTEM

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 5419



Year of 1924

Year of 1925

No. Wells Connected

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79701

PRODUCTION DEPARTMENT
MIDCONTINENT DIVISION
L. H. BYRD
MANAGER

0002. 5619
[Signature]

RECEIVED
JAN 19 1976
OIL CONSERVATION COMM.
Santa Fe

January 16, 1976

Application of Agua, Inc. to
Amend Order No. R-4495-A
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTN: Mr. Joe D. Ramey

Agua, Inc. has informed us that they wish to continue injection of salt water for a 3-month period into the interval from 4230 to 4320 feet in their injection well, SWD Well #C-2, located in Unit C of Section 2, T 22 S, R 37 E, Lea County, New Mexico. Exxon has no objection to the continued injection into the above mentioned interval for the 3 month period beginning on February 7, 1976, provided that no further extension of time will be requested or approved. We plan to attend the January 20, 1976 hearing on this application in order to ascertain Aguas' plans to cease injection in to the above mentioned interval in their SWD Well C-2.

Yours very truly,

[Signature]
L. H. Byrd

cc: Agua, Inc.

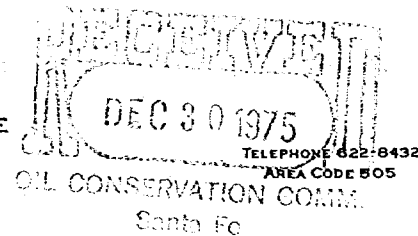
HNR/cb

A DIVISION OF EXXON CORPORATION

Case 5619

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 86201



December 29, 1975

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: William Carr, General Counsel

RE: ORDER R-4495-A AND ORDER R-5137

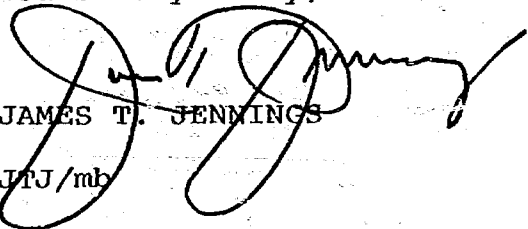
Gentlemen:

Enclosed herewith you will find an Application to Amend Order No. R-4495-A entered in Case No. 5562 and an Application for De Novo Hearing on Order No. R-5137 entered in Case No. 5592, both in triplicate. Hopefully, the Application for De Novo Hearing can be set down before the Commission on January 20 and the Application to Amend Order No. R-4495-A will be set down before the Examiner on January 21.

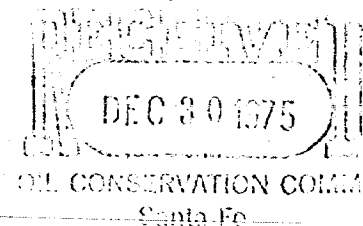
As I will be in Santa Fe on January 20, I would appreciate it if you could put the hearing scheduled for January 21 early on the docket so I can return to Roswell that day.

Please send me, if it is available, a copy of the Transcript in Case No. 5592 as I would like to review it before the hearing and will return it to you immediately. If you have any questions or if there are any problems in connection with the hearings, please let me know.

Yours very truly,


JAMES T. JENNINGS
JJJ/mb
Encl.

cc: Agua, Inc.
James E. Sperling, Esq.



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
AGUA, INC. TO AMEND ORDER NO. R-4495-A,
LEA COUNTY, NEW MEXICO.

APPLICATION TO AMEND ORDER NO. R-4495-A

Comes now Agua, Inc. and hereby makes Application to Amend Order No. R-4495-A heretofore entered in Case No. 5562 on October 7, 1975, to permit it to continue to dispose of produced salt water into the San Andres formation in the interval from 4,230 feet to 4,320 feet below the surface for a period of three months from February 7, 1976, and in support thereof states:

1. That by Order No. 4495-A entered in Case No. 5562 on October 7, 1975, the Applicant was authorized to dispose of produced salt water into its SWD Well #C-2 located in Unit C of Section 2, Township 22 South, Range 37 East, N.M.P.M., into the San Andres formation through perforations from the interval from 4,230 feet to 4,320 feet and into the open hole interval from 4,400 feet to 5,000 feet. That said Order further provided that the disposal into perforations from 4,230 feet to 4,320 feet should not occur after four months from the date of the Order.

2. That on October 21, 1975, the Applicant filed an Application for Authority to Dispose of Produced Salt Water into the San Andres formation in its No. A-22 Well located in Section 22, Township 22 South, Range 37 East, N.M.P.M. This Application was set down for hearing before an Examiner in Case No. 5592 on November 19, 1975, and an Order of the Commission was not entered approving the salt water disposal well until Order No. R-5137 was entered on December 16, 1975.

3. That the Applicant has filed an Application for a De Novo Hearing on Order No. R-5137 heretofore entered in Case No. 5592, and

that said matter has been set down for hearing before this Commission on January 20, 1976.

4. That the Commission's Order that Applicant shut-in its Blinebry-Drinkard Salt Water Disposal Well No. H-35 located in Unit H of Section 35, Township 22 South, Range 37 East, N.M.P.M., is still in force and effect and it is necessary for the Applicant to dispose of the water produced from approximately 130 wells in the Blinebry-Drinkard area which was formerly produced into its H-35 Well into its SWD Well No. C-2.

5. That by reason of the delay in issuing the Order approving the new Salt Water Disposal Well No. A-22, it is not now possible for the Applicant to complete and equip said well for salt water disposal purposes on or before February 7, 1976, and that the Applicant should be allowed to dispose of produced salt water in the interval from 4,230 feet to 4,320 feet and into the open hole interval from 4,400 feet to 5,000 feet for an additional period of three months from and after February 7, 1976.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner at an early date, publish the Notice as required by law and after hearing issue its Order amending Order No. R-4495-A to dispose of produced salt water into the San Andres formation in the perforated interval from 4,230 feet to 4,320 feet for an additional period of three months from February 7, 1976.

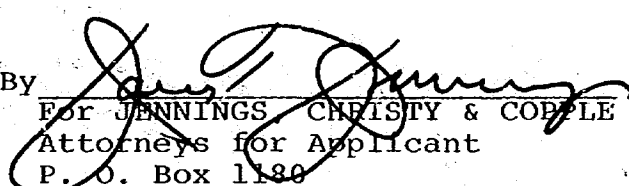
Respectfully submitted,

AGUA, INC.

DOCKET MAILED

Date 1/12/76

By


For JENNINGS CHRISTY & COPPLE
Attorneys for Applicant
P. O. Box 1180
Roswell, New Mexico 88201

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5619
Order No. R-4495-B

APPLICATION OF AGUA, INC. FOR AN
EXTENSION OF TIME, ORDER NO.
R-4495-A, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of February, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Agua, Inc., is the operator of the SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That by Order No. R-4495, dated March 21, 1973, the Commission authorized the use of said well for salt water disposal purposes, provided that disposal would be into the San Andres formation through the open-hole interval from 4,400 feet to 5,000 feet.
- (4) That by Order No. R-4495-A, dated October 7, 1975, said Order No. R-4495 was amended to also permit, until February 7, 1976, the disposal of produced salt water into perforations between 4,230 feet and 4,320 feet.
- (5) That the applicant seeks the amendment of said Order No. R-4495-A to permit an additional 90-day period for disposal into the aforesaid perforated interval.
- (6) That the applicant is presently in the process of providing an additional disposal well for its salt water disposal system in the subject area.

-2-

Case No. 5619
Order No. R-4495-B

(7) That applicant has assured the Commission that the additional disposal well and related facilities can be put into operation prior to the expiration of the requested 90-day extension of time.

(8) That upon placing said well and related facilities in operation, applicant will be able to reduce disposal volumes in the subject well to a level which the open-hole interval from 4,400 feet to 5,000 will accept, and will then be able to discontinue disposal into the perforated interval from 4,230 feet to 4,320 feet.

(9) That the 90-day extension of time for disposal into the aforesaid perforated interval should be approved.

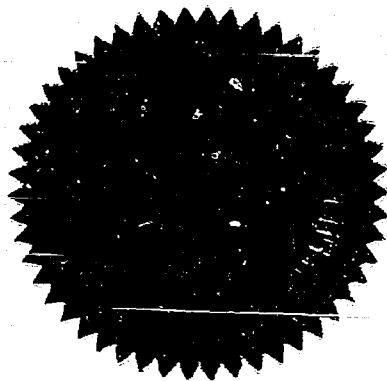
IT IS THEREFORE ORDERED:

(1) That the "PROVIDED FURTHER" Section of Order No. 1 of Commission Order No. R-4495-A is hereby amended to read in its entirety as follows:

"PROVIDED FURTHER, that disposal into the aforesaid perforated interval from 4,230 feet to 4,320 feet shall not occur after May 7, 1976, and proper action shall be taken by the applicant to the satisfaction of the Supervisor of the Hobbs District Office of the Commission to prevent such disposal."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary