

Jones, William V., EMNRD

From: John Coulthurst [john.coulthurst@yahoo.com]
Sent: Friday, October 28, 2011 6:19 PM
To: Paul Thompson; Jones, William V., EMNRD
Cc: Wanda_Weatherford@blm.gov; scott mcLeod; Jack McLeod; Perrin, Charlie, EMNRD
Subject: Re: Disposal or Injection application from Coulthurst Management & Investments Inc., LLC:
Erin #2 30-043-20862 Menefee Formation 525 to 580 feet

Dear Mr. Jones and Paul Thompson,

Thank you for our letter.

A couple of comments.

1. Historically, Coulthurst Management took control of the South San Luis Field around 1991. We drilled about 5 wells and inherited about 10-12 shallow Menefee wells along with 1 water well which was drilled to the 700-900 foot level which is Not the Menefee.
2. Over a period of about 10 years starting around 2000, with the mandate of Charlie Perin, Coulthurst Management plugged All the Old wells with the approval of the BLM and with BLM personal monitoring each well with the approved procedure . You are free, of course, to check with Stephen Mason who approved each well engineering wise. By the way, both Steve and Charlie were very helpful with their detailed suggestions and patience, by the way. We were always constrained by our cash flow for which they were quite understanding.
3. From 1991, with our first producing oil well, the Erin 2, the well we wish to now use for disposal purposes, we used an old vertical separator (bot from Giant Refining) and put the separated water into open pits. This was the water used for free by the Rancher for the cattle.
4. Around 2002, the separator was ruined by a significant freeze in the winter which caused an oil spill. Charlie Perin called me up with the good news! Over a period of years we dug up all three pits down to bedrock which was about 12 feet, cleaned up the contaminated soil with the expertise of Envirotech. We also, installed a new horizontal separator which works beautifully to this day.
5. The rancher asked me to allow his using the water well which according to the BLM files was drilled to 900 feet and the point lookout. About 250 feet Below the Menefee. So, I allowed his using the water well.

Question- Since we have never completed the paperwork giving the water well to the BLM, why don't we just plug the water well? Wouldn't that make our task very easy? We would be happy to have some of our separated water put into an open water vessel provided by the rancher.

Regards

John Coulthurst
Coulthurst Management & Inv. Inc. LLC
510-655-1676

Looking forward to your comments

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From: Paul Thompson <paul@walsheng.net>
To: John Coulthurst <jcoulthurst@webtv.net>; John Coulthurst <john.coulthurst@yahoo.com>
Sent: Friday, October 28, 2011 1:02 PM
Subject: FW: Disposal or Injection application from Coulthurst Management & Investments Inc., LLC: Erin #2 30-043-20862 Menefee Formation 525 to 580 feet

From: Paul Thompson [mailto:paul@walsheng.net]
Sent: Friday, October 28, 2011 11:26 AM
To: John Coulthurst; John Coulthurst
Subject: FW: Disposal or Injection application from Coulthurst Management & Investments Inc., LLC: Erin #2 30-043-20862 Menefee Formation 525 to 580 feet

John, I got this letter back from Will Jones. I just got back from vacation on Wed. I'd need some help with the land questions (offsetting tract owners). Several of the offsetting wells don't have reported information as to where casing was set and how it was cemented, or how the well was plugged. They could ask you to re-enter those P&A wells and confirm that they are plugged properly (this could be very expensive). Let me know how you would like to proceed. Paul

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Thursday, October 06, 2011 3:43 PM
To: Paul Thompson
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Warnell, Terry G, EMNRD; Perrin, Charlie, EMNRD
Subject: Disposal or Injection application from Coulthurst Management & Investments Inc., LLC: Erin #2 30-043-20862 Menefee Formation 525 to 580 feet

Hello Paul,
Hope you are doing OK?

Terry Warnell passed this on to me to review as it seems to be a well proposed to be used for local re-injection of produced waters. He mentioned you were leaving for 30 days after this week so, I looked it over this AM and wanted to propose a few things and give you some feedback.

Apparently the Menefee starts from surface in this area and extends to what depth? This reservoir apparently has or had some oil in it and also has fresher waters that at least cattle can drink. From your notes it appears there is a deeper (Point Lookout) well approx 2000 feet away that is an actual fresh water well – so the proposal to “dispose” above a used water interval would make the EPA frown on New Mexico.

In addition, the presence of offsetting producing wells in the Menefee puts it into the “Pressure Maintenance” classification which must be first set up at an examiner hearing where land issues and reservoir engineering issues would be considered. We realize this is very shallow and marginal producing area, so I talked to our attorney and he mentioned that if there are no objections from the noticed or affected parties, then we could work from affidavits (at least from an engineer and a landman). This means the notices must be done thoroughly as shown in the attached example. If the examiner needs more than what is in the affidavits, then it could be continued until the other info is provided. In order to set up a hearing, the applicant, Coulthurst Mgt & Inv. Inc. would need to have its attorney supply Florene Davidson of the Santa Fe OCD office with its advertisement and she will assign a Case number and put it on the docket for 30 days from now.

If you have a decision from Coulthurst, you could get this process started tomorrow.

Other questions I have which could be answered at the hearing:

- a. The AOR well table. If you would take out the wells that are shallower than about 500 feet or put them in another table and add a column in this table addressing the cement sacks used and the cement top or cement coverage of each well, that would be easier for the reviewer. If a well has no pipe but the open hole was plugged and abandoned, list the location of plugs above and below the proposed injection interval. It does seem there may be some wells within ½ mile that may have cementing issues such as plugs set so the injection interval is not bounded to prevent vertical movement of waters – of course if you intent to only inject waters from the surrounding two wells, this would be a consideration and different from a commercial disposal well. But Coulthurst should be prepared in case some remedial cementing is required.
- b. List the separately owned “tracts” of lands within the ½ mile AOR and each tract’s owner or owners – similar to the attached example – your landman may need to do this, especially if this is heard at hearing. One issue that first must be addressed for Pressure Maintenance or Waterflooding is the Lands involved and the agreement between owners.
- c. The subject well may be watered out – a production rate vs time plot from 1991 when this well was drilled to the present would put this in perspective.

Thanks for the thorough application,
Regards,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



Warnell, Terry G, EMNRD

From: Paul Thompson [paul@walsheng.net]
Sent: Monday, October 03, 2011 8:38 PM
To: Warnell, Terry G, EMNRD
Subject: RE:

No. The Erin #2 is operated by Coulthurst Management. Paul

-----Original Message-----

From: Warnell, Terry G, EMNRD [mailto:TerryG.Warnell@state.nm.us]
Sent: Friday, September 30, 2011 12:58 PM
To: paul@walsheng.net
Subject: FW:

Paul, is South San Luis Oil Field Waterflood Joint Venture the Operator of Erin Well No. 2?
If so please submit the Change of Operator form (C-145) to the OCD Aztec office.

-----Original Message-----

From: Sandy Nutt [mailto:sandy@walsheng.net]
Sent: Friday, September 30, 2011 9:35 AM
To: Warnell, Terry G, EMNRD
Subject: FW:

Sandra K. Nutt
Walsh Engineering & Production Corp.
7415 E. Main St.
Farmington, NM 87402
505-327-4892 office
505-327-9834 fax

-----Original Message-----

From: Paul [mailto:paul@walsheng.net]
Sent: Friday, September 30, 2011 7:22 AM
To: Sandy
Subject:

This E-mail was sent from "RNPF5AB46" (MP C3300/LD533C).

Scan Date: 09.30.2011 09:22:22 (-0400)
Queries to: walsh@walsheng.net

Warnell, Terry G, EMNRD

To: paul@walsheng.net
Cc: Jones, William V., EMNRD; Ezeanyim, Richard, EMNRD
Subject: Coulthurst Application

Hi Paul,

Please send me the injection and production plots for the water flood

Go-Tech shows no reported injection and the only real reported oil production shown is the Erin #2 with no reported water production

If the water flood is not active then your Pressure Maintenance Expansion Application will have to go to hearing, or are you just looking for a Salt Water Disposal

Terry Warnell
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3466 ~ Fax 505.476.3462