

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

CASE NO. 1163

TRANSCRIPT OF HEARING

OCTOBER 17, 1956
DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 17, 1956

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IN THE MATTER OF: :
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CASE 1163: Application of the Oil Conservation Commission of :
the State of New Mexico on its own motion for an :
order amending Rule 701 of the Statewide Rules and :
Regulations. Applicant, in the above-styled cause, :
seeks an order amending Rule 701 to provide, under :
certain conditions, for administrative approval of :
salt water disposal projects without the necessity :
of a hearing. :
:
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BEFORE:

Mr. A. L. Porter
Mr. E. S. (Johnny) Walker

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: We will proceed to Case 1163 and ask Mr. Man-
kin to come forward.

MR. GURLEY: Application of the Oil Conservation Commission
of the State of New Mexico on its own motion for an order amending
Rule 701 of the Statewide Rules and Regulations.

(Witness sworn.)

W A R R E N M A N K I N

a witness, called on behalf of the applicant, having been first duly
sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. GURLEY:

Q State your name, position, please, sir.

A Warren Mankin, District Engineer, Oil Conservation Commission.

Q Have you had an opportunity, Mr. Mankin, in your official capacity, to study the facts in the case at bar?

A I have.

Q What are your conclusions and recommendations thereon?

A My conclusion and recommendation is that at the present time Rule 701 which is a rule that requires a hearing for the approval of disposal wells and other types of injection and pressure maintenance projects should be amended to allow administrative approval when the injection zone is a non-productive zone in the area over the well. And as a result of this particular recommendation, I have prepared a proposed addition to Rule 701 which sets out certain requirements that would have to be met to allow administrative approval to be given, instead of having it come for a hearing in all cases. This concerns only with salt water disposal wells; has no concern over secondary recovery projects or other pressure maintenance projects. At this time, I would like to briefly indicate that I would propose to add Rule 701 "C". In other words, adding the "C" portion of the presently "A" and "B" portions of Rule 701 to allow administrative approval. That particular rule which I suggest that would be added would be the following:

"The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701 (a) above without notice and hearing for salt water dis-

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posal wells when the disposal zone is to be one that is non-productive of oil or gas.

Applicants shall:

- (1) determine that the salt water or other waters containing minerals in such an amount as to be unfit for domestic, stock, irrigation or other general uses and may be disposed of by injection into formations that are non-productive zones of oil or gas within a radius of two miles of the proposed well, and,
- (2) determine that the disposal zone, if it contains water, that the water is mineralized by processes of nature to such a degree that the water is unfit for domestic stock, irrigation or other general uses, and,
- (3) determine that the disposal zone is below the base of the Triassic formations in Lea County only, and,
- (4) case the disposal well and cement the casing in such a manner that there will be no danger to oil, gas or fresh water reservoirs, and,
- (5) submit in triplicate to the Commission at Santa Fe on the form entitled "Application to Dispose of Salt Water by Injection into a proven formation not productive of oil or gas, and,
- (6) at the same time send a copy of the above application form to all offset operators, the N. M. State Engineers Office at Santa Fe and to the surface owner of the land on which the well is located.

If any objection is made to the Commission that the proposed plan as contained on the application will cause damage to oil, gas or fresh water resources, then a hearing will be held on the application. If no objection is received within 15 days from the date the Commission receives the application, then an administrative order shall be processed. The Commission may waive the 15 day waiting period if waivers are received from all offset operators, and the surface owners, and no objection is made by the New Mexico State

Engineer's Office.

That is my recommendation. I have, at the present time that particular proposal is being stenciled -- a stencil is being cut and a proposal will be sent out to all the operators, the form which I have suggested is one which is extremely similar to what is being used in Texas, and it is entitled "Application to dispose of salt water into a porous formation not productive of oil and gas." There are certain items to be filled out on the disposal well, I won't go into them, unless there is some question in regard as to what the questions are.

MR. PORTER: Would you like to introduce those two as exhibits, 1 and 2 in this case?

A Yes, I would like to introduce as Exhibit No. 1 the proposed exhibit, Rule 701 "C", and Exhibit 2, the proposed form to be used in the application.

MR. GURLEY: These exhibits were prepared by you, sir?

A Yes, and changed from forms that were utilized in Texas from similar proceedings.

MR. GURLEY: Have you anything further to offer in this case?

A Yes, the only other thing that I have is that it will be noted that this is for injection into a porous formation, not productive of oil or gas, there will be possible injection below the oil water contact and that possibly should be approved, but there are so many ramifications of not allowing that to be done adminis-

tratively, that I would not recommend that that be granted adminis-
tratively, that that should be subject of a hearing; there are many
things that won't appear in an application that would be best served
by a hearing. It's my recommendation that this be approved to cut
down on the number of hearings that would be desired, particularly,
in Lea County, with the present problem that we have had on the
hearings in the past. And to have hearings only for injections be-
low the oil-water contact or other conditions that were not met by
this order.

MR. GURLEY: I would like to ask at this time that Ex-
hibits 1 and 2 be admitted into evidence.

MR. PORTER: Are there objections to admission of these
Exhibits? They will be admitted.

MR. GURLEY: Mr. Cooley has a question, sir.

QUESTIONS BY MR. COOLEY:

Q Mr. Mankin, in the event there is no objection by any of
the parties entitled to object to administrative application, in-
stead of it not being incumbent upon the application, if they deem
it not necessary --

A Yes, as was indicated -- inference was made if it was not
satisfactory the Commission would not approve it and would call it
for a hearing, but if there are no other objections it would be pro-
cessed, if the Commission felt that it was proper.

Q The Commission could, in its discretion call it to a hear-
ing? A Yes.

MR. GURLEY: Your wording is that the Commission "may" grant administrative approval?

MR. COOLEY: It "shall," the way he read it. That's what prompted my question.

A In other words, it's your recommendation that this should be changed that the Commission "may," rather than "shall"?

Q I would think so.

A I would be agreeable to that change.

MR. PORTER: Does anyone have a question of Mr. Mankin?

QUESTIONS BY MR. BROWN:

Q Mr. Mankin, in your proposal you referred to zone and formation both, I wonder if you actually might have meant to infer to horizon, in which case it would cover the possibility of injecting below gas-oil contact?

A No, it's not my intention that it would be below the oil-water contact, it's into a formation not productive of oil and gas.

Q For example, in the Hobbs Pool, then it would require a hearing for water to be injected into the San Andres formation regardless of depth?

A Yes.

Q So actually then, you do mean horizon --

A All right, I'll --

Q -- rather than zone?

A Yes, I'll buy that.

MR. PORTER: Mr. Walker, I believe you had a question.

MR. WALKER: Don Walker, Gulf. Mr. Mankin, you say the

surface owner would be the man with the grazing right; that would be the man that would need to know, or the man who has the fee land, just a little interpretation there, you said surface owner, I certainly don't see that he would be particularly affected except it might protect him some, get the water off the surface.

A The person who has the surface rights, whether they be grazing or purposes of living on it. Surface owner.

MR. BROWN: I noticed in your notification that you didn't specify any particular radius on the offset operators, do you have any thought in mind of specifying it?

A No, I first thought of a certain radius, within a radius of say a mile or something, but I thought it would possibly be adequate to all offset operators in all directions from the lease.

MR. BROWN: That would be constituted direct offset operators, diagonal?

A Wherever there is a point touching another lease, diagonal or direct.

MR. BROWN: In other words, if you have a very large lease, you could have several?

A Yes, it would possibly mount in most people taking the fifteen day waiting period rather than trying to get waivers from all offset operators.

MR. PORTER: Does anyone else have a question?

MR. WALKER: Not a question, I want to make a statement when you are ready.

MR. PORTER: Just a moment. Are there any other questions of the witness? I believe we have admitted the exhibits.

MR. GURLEY: Yes, sir.

MR. PORTER: Mr. Mankin, you may be excused.

(Witness excused.)

MR. WALKER: We feel that the Commission staff is right and we do need administrative approval for cases as suggested by Mr. Mankin and we would like to restrict the approval to the instances where we aren't producing oil and gas in the immediate area, as recommended by Mr. Mankin.

MR. PORTER: Thank you, Mr. Walker. Mr. Brown, do you have a statement?

MR. BROWN: Yes, sir. Stanolind Oil and Gas Company also desires to go on record in support of the Commission's application in 1163 provided that the conditions as outlined by Mr. Mankin are included in the order.

MR. PORTER: Thank you, Mr. Brown. Does anyone else have a statement? If there is nothing further in this case, it will be taken under advisement.

