

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico

11 September 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of M & W of Lovington, CASE
Inc. for amendment to Division Order 8702
No. R-3616, Roosevelt County, New
Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Jeff Taylor
Division: Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: William F. Carr
Attorney at Law
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I N D E X

JOHNIE W. WILSON

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E X H I B I T S

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1
2 MR. QUINTANA: Call next Case
3 8702.

4 Application of M & W of Lov-
5 ington, Incorporated, for amendment to Division Order No. R-
6 3616, Roosevelt County, New Mexico.

7 MR. CARR: May it please the
8 Examiner, my name is William F. Carr, with the law firm of
9 Campbell and Black, P. A., of Santa Fe, appearing on behalf
10 of M & W, Inc. of Lovington.

11 I have one witness who needs to
12 be sworn.

13 MR. QUINTANA: Are there other
14 appearances in this case?

15 If not, remain standing to be
16 sworn in.

17
18 (Witness sworn.)
19

20 JOHNIE W. WILSON,
21 Being called as a witness and being duly sworn upon his
22 oath, testified as follows, to-wit:
23
24
25

DIRECT EXAMINATION

BY MR. CARR:

Q Would you state your full name and place of residence?

A Johnie Wayne Wilson, Lovington, New Mexico.

Q By whom are you employed and in what capacity?

A I'm employed by M & W of Lovington. I'm the president of the company.

Q Have you previously testified before the Oil Conservation Division?

A No, I have not.

Q Would you review briefly your work experience for Mr. Quintana?

A I have not -- do not have a degree.

I went to work in the oilfield in 1950. I've worked in all phases of the oil industry. I worked for Joseph I. O'Neill in 1955, employed as a drilling and production, completion, recompletion hand. I worked for him for eight and a half years, and went to work for Union Oil of California and worked for them for almost ten years in drilling and completion, recompletion workovers, and since 1971 have been employed by M & W in the capacity of workovers, recompletions, and all phases of it.

1 Q What is the primary business of M & W?

2 A We are oil and gas producers.

3 Q Are you familiar with the application
4 that's been filed today in this case on behalf of M & W?

5 A Yes, I am.

6 MR. CARR: Are the witness'
7 qualifications acceptable?

8 MR. QUINTANA: Did you say that
9 you were President of M & W?

10 A Yes, sir.

11 MR. QUINTANA: The witness is
12 qualified to testify on -- on areas within this experience
13 as he just specified.

14 Q Would you briefly state what M & W seeks
15 with this application today?

16 A We seek permission or an amendment to the
17 original order of salt water disposal in the O'Neill State
18 No. 1. The original order designated that the well would be
19 a salt water disposal well through 4-1/2 inch casing and we
20 are asking today that we be allowed to cut this casing and
21 run plastic-coated tubing and coated packer, and set it at
22 4100 feet, approximately, in 8-5/8ths intermediate zone and
23 dispose in the same interval that we're disposing in at the
24 present time.

25 Q Is a copy of the order that we're seeking

1 amendment of, Order R-3616, marked as M & W Exhibit Number
2 One?

3 A That is correct.

4 Q Would you now refer to what has been mar-
5 ked as Exhibit Number Two and identify this for Mr. Quin-
6 tana?

7 A Exhibit Number Two is our Form 108, an
8 Application for Authorization to Inject. and supporting do-
9 cuments with the maps with the yellow or shaded area of
10 one-half mile radius of the disposal well, and all support-
11 ing schematics and data attached.

12 Q What is the name of the subject well?

13 A It is the O'Neill State No. 1-L.

14 Q And do you know when that well was orig-
15 inally drilled?

16 A Yes. That well was originally drilled in
17 12-29th of '63.

18 Q Would you now review for the Examiner the
19 status of the well, provide Mr. Quintana in so doing with
20 some brief history and explain to him why we're here today?

21 A All right, sir. We took over operations
22 of this lease from Joseph I. O'Neill in the latter part of
23 April, first of May.

24 The disposal well had been shut down with
25 a leak in their tubing sometime in November of '84, and we

1 assumed operations of the lease and went in and attempted to
2 pull and fish the tubing out of the hole and were unable to
3 do so in that we got inside the pipe and had our tubing parted
4 below 6426.

5 We ran wash pipe into the hole trying to
6 wash over the pipe and got outside the casing and took a
7 core of cement, cement from behind the pipe and determined
8 that the casing was parted and slipped over to one side, and
9 we were not able to get back into the original hole.

10 So we are proposing that we are allowed
11 to cut this casing off right at the base of the 8-5/8ths
12 casing and set the plastic-coated string at that point with
13 a 2-inch by 8-5/8ths inch packer, which will be externally
14 and internally coated also, and continue injecting into this
15 zone we're presently injecting into.

16 Q Now, Mr. Wilson, you acquired this well
17 in April or May of this year.

18 A That is correct.

19 Q And prior to working on the well and during
20 the time you've been working on the well, have you been
21 in communication with the Hobbs District Office of the Oil
22 Conservation Division?

23 A Yes, sir, I've been in contact with Mr.
24 Sexton and discussed with him the situation that we have at
25 the present time.

1 Mr. Sexton advised us that he had no
2 questions whatsoever of our continuing to dispose in the
3 well. He gave us permission to dispose at the wellsite with
4 our packer set at 4100 feet inside the 4-1/2 now on a tempo-
5 rary basis until this hearing, and he had Oil Conservation
6 Commission personnel on location while we were working the
7 well over and he felt that it would be fine with him with no
8 problem.

9 Q Now, when you were working on the well
10 the Commission was present.

11 A That is correct.

12 Q You have reviewed this proposal with Mr.
13 Sexton.

14 A That is correct.

15 Q And you're currently using the well for
16 disposal.

17 A That is correct.

18 Q And are you seeking authority to increase
19 the disposal rates or anything in this hearing?

20 A No, sir, we will be continuing injecting
21 at the prevent rate of 90 to 100 barrels per day out of the
22 one producing well in the field.

23 Q And so what you're attempting to do here
24 today is simply get an authorization to set a packer and to
25 continue to use the well for salt water disposal purposes.

1 A That is correct.

2 Q Would you refer to the plat which is con-
3 tained in Exhibit Number Two, identify this, and generally
4 review the information on the plat for the Examiner?

5 A The plat of the disposal well indicates
6 the surface pipe, which is 13-3/8ths, ran from surface to
7 399.97 feet.

8 Q Yes. Mr. Wilson, are you looking at the
9 area plat or are you looking at the schematic?

10 A Oh, I'm sorry. I'm sorry.

11 Q Why don't we go to the area plat first
12 and --

13 A All right.

14 Q -- just use it so we can orient everyone
15 as to the area we're talking about.

16 A Okay. The area is one-half mile area
17 concerning the immediate area surrounding the disposal well;
18 in this one-half mile area there is only one producing well
19 and this our San Andres well that we are producing at pre-
20 sent. All the other wells in this half-mile circle have
21 been plugged and abandoned.

22 Q And the -- this area, or radius -- or
23 area of review is the shaded area on this plat.

24 A That is correct, shaded in yellow.

25 Q This plat also shows the lease ownership

1 in the area.

2 A That is correct.

3 Q Are there plugged and abandoned wells in
4 the area of review?

5 A That is correct.

6 Q And have you attached to this exhibit
7 schematic drawings of each of those plugged and abandoned
8 wells which penetrate the injection zone?

9 A That is correct.

10 Q Does Exhibit Two also contain tabular da-
11 ta on each of these wells?

12 A Yes, sir. On each well there is a tabu-
13 lar data sheet corresponding.

14 Q And these tables contain all the informa-
15 tion required by Oil Conservation Division Form C-108 and
16 Rule 701.

17 A That is correct.

18 Q Mr. Wilson, there are four schematics at-
19 tached right behind the plat in this exhibit. How many of
20 those are actually plugged and abandoned wells?

21 A Three of them are plugged and abandoned
22 wells. The fourth is a schematic of our producing well
23 which originally was drilled to the horizon that we are now
24 disposing of water in in the Permo-Penn Bough C section, and
25 it has later been plugged back to the San Andres section,

1 which it is now producing from.

2 Q Now the very last page of this Exhibit
3 Number Two is a schematic of the O'Neill State Salt Water
4 Disposal Well No. 1, and would you now go to that and review
5 it for the Examiner?

6 A Yes, sir. It is a complete schematic of
7 all the pipe that has been set in this well.

8 The surface pipe was drilled from surface
9 to 399.97 feet. Cement was circulated back to surface.

10 The intermediate hole was drilled and 8-
11 5/8ths inch casing set. Cement was brought back to 1200
12 feet from the surface. It is set at 4293 feet at the base.

13 The 4-1/2 inch string was set at 9750 and
14 cement was brought back to 6630 feet. At present, as the
15 arrow indicates, the 4-1/2 inch casing is parted at 6426
16 feet, approximately. That's tubing measurements.

17 We have a stub of 2-inch tubing that is
18 still protruding in the 4-1/2 inch casing with a packer in
19 the bottom portion from 6430 to slightly above the perfor-
20 ated interval of 9679 to 9685.

21 Q Would you now tell Mr. Quintana what it
22 is you propose to do with this well?

23 A We propose to cut this 4-1/2 inch casing
24 at the base of the 8 and 5 at approximately 4100 feet, and
25 pull and retrieve this 4-1/2 inch casing, run a 2-3/8ths

1 inch sulfa plastic coated tubing string with a Baker Locset
2 plastic coated internally and externally 8-5/8ths packer set
3 at 4100 feet and continue disposing in this well at the in-
4 terval of 9679 to 85.

5 Q And this is what you have reviewed with
6 Mr. Sexton.

7 A That is correct.

8 Q Will you fill the annular space with an
9 inert fluid and put a pressure gauge on the surface?

10 A That is correct. The annular space be-
11 tween the tubing and the 8 and 5 casing will be filled with
12 a treated packer fluid and pressure maintained on the back
13 side of this packer at all times.

14 Q Now exactly what formation are you injec-
15 ting, or using for disposal?

16 A It is a section of the Wolfcamp pay,
17 Permo-Penn pay. It was called the Bough C section.

18 Q You've indicated that you've got one pro-
19 ducing well in the area and that it produces water, I be-
20 lieve.

21 A That is correct.

22 Q Are you disposing water from any other
23 well in this disposal well?

24 A No.

25 Q And you are presently using it for that

1 purpose.

2 A That is correct.

3 Q What are the daily injection rates or
4 disposal rates?

5 A They run from 90 to 100 barrels per day.

6 Q And what would you recommend as the maxi-
7 mum rate you'd be authorized to disposal of?

8 A I see no reason that we would increase on
9 water production. I feel that our present rate would be
10 sufficient.

11 Q Is this system an open or a closed sys-
12 tem?

13 A It's closed from the tank to through the
14 wells.

15 Q Is a gravity or --

16 A It is a gravity system and we anticipate
17 no pressure at all.

18 Q Do you anticipate any compatibility prob-
19 lems resulting from the disposal of the water?

20 A No, sir, they have been injecting into it
21 for about ten years with no compatibility problem so we see
22 no reason to have a compatibility problem at this time.

23 Q Are there any fresh water zones in the
24 area?

25 A No, sir.

1 Q Are there any within even three or four
2 miles?

3 A Not to my knowledge. There may be one
4 within three miles or four but not any closer than that.

5 Q And there are no windmills in the area?

6 A No.

7 Q Have you given notice to the surface
8 owner or the offsetting owners?

9 A No, sir, we didn't feel that we needed to
10 in that we are not changing anything other than the casing
11 string in the well and we will not be changing the disposal
12 horizons or anything (not understood.)

13 Q And so no notice had to be given since
14 you're not changing any -- your present use of any of the
15 land.

16 A Correct.

17 Q You're not increasing the disposal rate.

18 A No, sir.

19 Q Are there any other disposal wells in the
20 area?

21 A No, sir.

22 Q Have you examined geologic and engineer-
23 ing data and found as a result of this any evidence of
24 faults or other connections which would communicate the dis-
25 posal zone with fresh water?

1 A We have examined and found no indications
2 of such.

3 Q And is there any fresh water there that
4 anything could communicate with?

5 A Not in the area that we're disposing in.

6 Q In your opinion will granting this appli-
7 cation be in the best interest of conservation, the preven-
8 tion of waste, and the protection of correlative rights?

9 A Yes, it will.

10 Q Were Exhibits One and Two compiled under
11 your direction and supervision?

12 A That is correct.

13 MR. CARR: Mr. Quintana, at this
14 time we would offer into evidence M & W Exhibits One and
15 Two.

16 MR. QUINTANA: Exhibits One and
17 Two will be entered as evidence.

18 MR. CARR: That concludes my
19 direct examination of Mr. Wilson.

20

21 CROSS EXAMINATION

22 BY MR. QUINTANA:

23 Q Mr. Wilson, why did you decide to cut the
24 casing at -- the 8-5/8ths inch casing at 4100 feet and not
25 -- do you believe that the casing below that is too (not un-

1 derstood)? Why -- why 4100 feet? Why not to, let's say,
2 for example, 6000 feet?

3 A The shale in this area cutting from the
4 old drilled hole usually prohibits pulling the casing from
5 those depths.

6 We feel relatively safe in that we can
7 pull the 4-1/2 casing from the 8 and 5, from inside the 8
8 and 5 with no problems.

9 If we go further down to cut the casing
10 string, we feel the chances of pulling it are very slim and
11 we just hate to have more shot holes and possibly more
12 troubles later on down the hole if we try to cut deeper.

13 Q You've talked to our District Office and
14 they indicated to you that they saw no problem with this de-
15 sign?

16 A I talked to Mr. Sexton and he said that
17 he saw no problem with it. He said it would take a hearing
18 to get approval; that he could not approve it but he would
19 grant us permission to continue injecting into the system as
20 was until the hearing date.

21 Q Forgive me for being a little bit dense
22 on this one, but I -- you only plan to inject in the same
23 zone, right?

24 A That is correct.

25 Q Are you going to set your packer at 4100

1 feet and then extend your 2-3/8ths tubing down from there or
2 are you just going to --

3 A Our tubing will be set at that depth.

4 Q At 4100 feet?

5 A Yes, sir.

6 Q Are there other zones between 4100 feet
7 and your present existing zone that would take water?

8 A No producing horizons in that field at
9 all and we feel that there is no faults or porosity or per-
10 meability in that area and we have had a study group to
11 study this to determine that they felt there was no horizons
12 there that would take water.

13 MR. QUINTANA: I have no fur-
14 ther questions at this time of the witness.

15 Mr. Wilson, if I do have some
16 further questions while I'm writing up this order, will you
17 be available to answer them via telephone?

18 A Certainly.

19 MR. QUINTANA: Fine.

20 Are there further questions of
21 the witness?

22 If not, he may be excused.

23 Case 8701 will be taken --
24 8702, excuse me, will be taken under advisement.

25

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division was reported by me; that the said
transcript is a full, true, and correct record of the hear-
ing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8702
heard by me on SEPT. 11 1985.

William P. Quinter Examiner
Oil Conservation Division