

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 6 November 1985

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Reeves Drilling and CASE
10 Petroleum Corporation for salt 8742
11 water disposal, San Juan County,
12 New Mexico.

13 BEFORE: David Catanach, Examiner
14

15 TRANSCRIPT OF HEARING
16

17 A P P E A R A N C E S
18

19 For the Division: Jeff Taylor
20 Attorney at Law
21 Legal Counsel to the Division
22 Energy and Minerals Dept.
23 Santa Fe, New Mexico 87501

24 For the Applicant:
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I N D E X

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MR. CATANACH: Call Case 8742.

MR. TAYLOR: The application of Reeves Drilling and Petroleum Corporation for salt water disposal, San Juan County, New Mexico.

MR. CATANACH: Are there appearances in this case?

MR. REEVES, Yes, sir, Denny Reeves.

MR. CATANACH: Mr. Reeves, have you previously testified before the Oil Conservation Division?

MR. REEVES: No, I haven't.

MR. CATANACH: Would you briefly state your educational background and working qualifications?

MR. REEVES: Educational, well, I graduated high school.

MR. CATANACH: And your working background in the oil industry.

MR. REEVES: Well, I've been working on the oil leases for -- since 1981 right now. We started down in Cuba, interest in wells down there, and I've been working mostly in secondary recovery wells and small production wells since 1981.

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2 MR. CATANACH: So you've had
3 quite a bit of experience in the disposal wells?

4 MR. REEVES: Not in disposal
5 wells. This is -- on this particular lease this is the one
6 we're having the water problems with. I'm not that familiar
7 on the disposal well itself.

8 MR. CATANACH: But you've
9 worked with secondary operations, did you say?

10 MR. REEVES: Yeah, down --
11 small, and small recovery on some of the wells down in the
12 Cuba area.

13 MR. CHAVEZ: Mr. Reeves, what
14 is your interest in Reeves Drilling Company?

15 MR. REEVES: I'm the President.

16 MR. CATANACH: Okay, Mr. Reeves
17 is qualified to testify and he is President of the company.

18 MR. REEVES: I would just like
19 to run through the -- what we propose to do on the injection
20 well for this particular area that we have in this well.

21 This lease currently, it has
22 five old wells on it and they all make water. What we're
23 trying to get here is one disposal well to put back into
24 production the, actually the Sheila No. 1, which is on the
25 lease and we propose to use the Malco Copple No. 2 Well.

We tested this well just by

1
2 pumping and it makes about 70 barrels of water and very lit-
3 tle casinghead gas with a small amount of oil, so we plan to
4 use this one for the injection. It has 7-inch casing in it.

5 The other old wells on the pro-
6 perty have 5-1/2 and there are some casing leaks in the 5-
7 1/2, so we plan to use this one and set the tubing in the
8 packer and test the 7-inch for leaks, and if there are leaks
9 in this then we plan to run 5-1/2 casing over the cement and
10 to stop the leaks.

11 And we're planning to put it
12 back into the Gallup Sandstone, which is the same area that
13 the well is producing out of, the Sheila No. 1 is producing,
14 and the last test run on that it was producing about 130
15 barrels of water and approximately 40 barrels of oil.

16 And so everything is shut in
17 currently on this lease because there's no way to get rid of
18 the water.

19 MR. CHAVEZ: Mr. Reeves, right
20 now you're only considering producing one well.

21 MR. REEVES: Right.

22 MR. CHAVEZ: How many wells to-
23 tal will you be producing if you get approval?

24 MR. REEVES: Well, if we get
25 approval we want to -- we plan on drilling a new one now,
which he's having trouble with, and we plan -- we think that

1
2 one is probably going to make water, too, but there's two
3 others, the Malco Copple No. 3 and possibly the No. 6, we
4 want to try to reproduce those.

5 MR. CHAVEZ: Do you have an
6 idea or estimate of what your ultimate amounts of water will
7 be --

8 MR. REEVES: Well, I know the
9 original tests, the people who had the lease before we did
10 tested the No. 8 and it was in the neighborhood of 38 bar-
11 rels a day on that well, so we project probably about the
12 same amount on the old wells; maybe an extra 40 barrels of
13 water per well.

14 We haven't run any tests on the
15 No. 6 or No. 3, we ran some swabbing tests on and it's mak-
16 ing about 5 barrels of water but no oil at this time, so --
17 but with the new well, if the new well that we plan on
18 drilling now, if it does the same thing as the Sheila, which
19 is -- it's an offset well, there's a possibility there'll be
20 another 100 to 130 barrels of water. So we could total up
21 to in the neighborhood of 250 barrels of water in this dis-
22 posal well.

23 MR. CHAVEZ: Mr. Reeves, has --
24 have there been other disposal or injection wells within
25 this area?

MR. REEVES: Not that I know

1
2 of, not any close.

3 MR. CHAVEZ: What would have
4 been the closest one that you know of?

5 MR. REEVES: The closest one I
6 know of would be back around the Hogback area. It would be
7 about probably seven miles back to the west, which it's
8 Chase Energy now. It was BOA, I mean Overland Oil and Gas.
9 That would be the closest one that I know in this area, but
it was -- it wasn't Gallup disposal; it was Dakota.

10 MR. CHAVEZ: But to your know-
11 ledge are there any aquifers between the surface and the in-
12 jection interval in this well?

13 MR. REEVES: Yeah, there is,
14 Point Lookout Sands. There is a fresh water zone there.

15 MR. CHAVEZ: Do you have an
16 analysis of the water in that zone?

17 MR. REEVES: No.

18 MR. CHAVEZ: Is that water used
19 within that area for any purpose?

20 MR. REEVES: Not that I know
21 of. They don't -- the only reason I know that there's fresh
22 -- none of the old reports have it but on the Sheila we en-
23 countered the fresh water at around 800 and some odd feet
24 when that was drilled a year and a half ago.

25 MR. CHAVEZ: By granting this

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application how much more oil do you think you could produce on the lease?

MR. REEVES: Well, right now with the last test that was run on the Sheila Well, we figure around 40 barrels a day right now and possibly more.

The original tests were around 100 barrels a day of oil and it was dropping off but the water was -- was gaining on us. We were picking up around 100, 130 barrels of water.

MR. CHAVEZ: Okay, the total, once you get all the wells on production that you desire to get on, about how much oil do you think there will be -- (inaudible)?

MR. REEVES: If the new well does anything I would say probably close to 100 barrels a day.

MR. CHAVEZ: That's all I have.

QUESTIONS BY MR. CATANACH:

MR. CATANACH: Mr. Reeves, on page one of your Exhibit Number One you have the data sheet on the wells in the area of review?

MR. REEVES: Yes.

MR. CATANACH: On the Malco

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2 Copple No. 6, is that all the information that you have on
3 this well as far as -- well, what we would like to see are
4 the tops of the cement and the casing. Do you have any of
5 those?

6 MR. REEVES: No, not with me, I
7 don't.

8 MR. CATANACH: Could that be
9 provided later to us?

10 MR. REEVES: Yes. There are
11 some temperature surveys on it and there was a squeeze job
12 done later by Dugan Production who had the lease before us,
13 which he's got some estimated tops off of temperature sur-
14 veys on those.

15 MR. CATANACH: Also on the Mal-
16 co Copple No. 3, is that the same situation?

17 MR. REEVES: There was -- there
18 is a temperature survey on that one and there has been on
19 work done since the squeeze jobs on that one as far as I
20 know on record.

21 MR. CATANACH: How about the
22 Malco Copple No. 8?

23 MR. REEVES: That one has the
24 same thing. They did two different squeeze jobs on it and
25 they have temperature surveys on the tops on that one and
there are from the last squeeze job on the No. 8, I do know

1
2 that there is a still a leak in that particular well.

3 MR. CATANACH: There is a
4 casing leak in that well?

5 MR. REEVES: The squeeze job
6 didn't hold on it.

7 MR. CATANACH: Do you know
8 where that leak is?

9 MR. REEVES: They put it
10 approximately about 1500 feet. The squeeze job, the tops
11 are shown approximately about 1500 feet on both wells, the
12 No. 8 and No. 6 after the squeeze job.

13 MR. CATANACH: Okay, the Sheila
14 No. 1, is that -- do you have access to information about
15 that well?

16 MR. REEVES: Yeah, I can get
17 it. We plan to operate that one if this disposal well --
18 that's the purpose of just -- we're going to take over
19 operations of that particular well.

20 MR. CATANACH: Did you state
21 that there was not a water analysis from the Gallup zone?

22 MR. REEVES: There is a water
23 analysis from the Gallup; not from the fresh water zone in
24 the Point Lookout.

25 MR. CATANACH: And you do have
a Gallup water analysis?

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3 MR. REEVES: Yes, off of the
4 Sheila Well.

5 MR. CATANACH: Mr. Reeves,
6 there is Gallup production within two miles of the well?

7 MR. REEVES: Yes. Yes, there
8 is.

9 MR. CATANACH: Have any of the
10 operators contacted you and have they entered any objections
11 to your disposal?

12 MR. REEVES: No, I've had
13 nobody get back to me on anything.

14 QUESTIONS BY MR. TAYLOR:

15 MR. TAYLOR: Could you list for
16 us the surface owner or tell us -- or just tell us for the
17 record the surface owner and offset operators within --
18 let's see, the surface owner and the offset operators within
19 a half mile?

20 MR. REEVES: The only surface,
21 the most -- the lease is BLM except for one section that the
22 Sheila No. 1 is sitting on and that belongs to the Wagonrod
23 Ranch out of Mancos, that particular well, but the rest of
24 the well, the rest of the area is BLM surface.
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MR. TAYLOR: Who owns the surface where the injection well is?

MR. REEVES: It's BLM, BLM surface.

MR. TAYLOR: Have you given written notice to BLM of your application, have you sent them a copy?

MR. REEVES: No, not the BLM.

MR. TAYLOR: Who is Mr. W. M. Galloway?

MR. REEVES: That was the last -- there's a well to the west of it that's been plugged and abandoned. That's the only operator I could find on that particular --

MR. TAYLOR: Oh, this is an operator?

MR. REEVES: There's an abandoned well on that, within half a mile, and he's the one that shows to be the operator.

MR. TAYLOR: You're going to have to send a copy of this to BLM. They have to have written notice of it, and I assume you got the offset operators by these receipts? These are all the offset operators?

MR. REEVES: Yes, right, within a half a mile radius.

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MR. TAYLOR: I guess that's all
the questions I have.

MR. CATANACH: The application
that Mr. Reeves filed previously will be entered into
evidence at this time.

Are there any other questions
of the witness?

If not, he may be excused.

Is there anything further in
Case 8742?

If not, it will be taken under
advisement.

(Hearing concluded.)

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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 (Commission) was reported by me; that the said transcript is a full, true, and correct record of the hearing, 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. 872 heard by me on November 8 1985.

David Cotnam, Examiner
Oil Conservation Division