

NEW MEXICO OIL CONSERVATION DIVISION

STATE LAND OFFICE BUILDING

STATE OF NEW MEXICO

CASE NOS. 10379, 10399, 10391, 10394,
10400, 10352, 10372, 10402

Continued and Dismissed Cases

CASE NO. 10395

In the Matter of:

The Application of Hal J. Rasmussen
Operating, Inc., for Salt Water
Disposal, Lea County, New Mexico.

BEFORE:

DAVID R. CATANACH

Hearing Examiner

State Land Office Building

October 17, 1991

REPORTED BY:

CARLA DIANE RODRIGUEZ
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.
General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

1 EXAMINER CATANACH: We'll call the
2 hearing to order this morning for Docket No.
3 30-91.

4 At this time we'll call the
5 continuances and dismissals.

6 Case 10379 is dismissed. Case 10399 is
7 continued to November 7th. Case 10391 is
8 continued to October 31st. Case 10394 is
9 dismissed. Case 10400 is continued to the 31st
10 of October. Case 10352 is dismissed. Case 10372
11 is continued to November 21st. Case 10402 is
12 dismissed. And that's it.

13 At this time we'll call Case 10395.

14 MR. STOVALL: Application of Hal J.
15 Rasmussen Operating, Inc., for salt water
16 disposal, Lea County, New Mexico.

17 EXAMINER CATANACH: I understand this
18 case was heard at a previous Examiner hearing and
19 was readvertised. Are there any additional
20 appearances or testimony at this time?

21 MR. STOVALL: Mr. Examiner, the thing
22 we need to determine, it was continued because
23 notice had not been given to the State Land
24 Office, the surface owner. We need to find out
25 from Mr. Bruce whether such notice was, in fact,

1 given.

2 Let's leave the record open until the
3 end of the hearing. We're going to have to check
4 with Jim. Either that or continue it. Your
5 choice.

6 EXAMINER CATANACH: We'll leave the
7 record open and see if we can get ahold of Mr.
8 Bruce.

9 (And there were further proceedings had
10 but not herein reported, and the following
11 proceedings were had in Case 10395, to-wit:)

12 EXAMINER CATANACH: At this time I
13 understand we've had communication with Jim
14 Bruce. We'll continue Case 10395 until October
15 31st.

16 (And the proceedings concluded.)
17
18
19

20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case No. 10395,
23 heard by me on October 17 1991.

24 David R. Catanch, Examiner
25 Oil Conservation Division


1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4) ss.
COUNTY OF SANTA FE)

5
6 I, Carla Diane Rodriguez, Certified
7 Shorthand Reporter and Notary Public, HEREBY
8 CERTIFY that the foregoing transcript of
9 proceedings before the Oil Conservation Division
10 was reported by me; that I caused my notes to be
11 transcribed under my personal supervision; and
12 that the foregoing is a true and accurate record
13 of the proceedings.

14 I FURTHER CERTIFY that I am not a
15 relative or employee of any of the parties or
16 attorneys involved in this matter and that I have
17 no personal interest in the final disposition of
18 this matter.

19 WITNESS MY HAND AND SEAL October 19,
20 1991.

21
22
23 
24 CARLA DIANE RODRIGUEZ, RPR
25 Certified Shorthand Reporter No. 91

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10395

5
6 IN THE MATTER OF:

7
8 The Application of Hal J. Rasmussen

9 Operating, Inc., for Salt Water

10 Disposal, Lea County, New Mexico.

11
12
13
14 BEFORE:

15 MICHAEL E. STOGNER

16 Hearing Examiner

17 October 3, 1991

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19
20
21 REPORTED BY:

22 CARLA DIANE RODRIGUEZ
23 Certified Shorthand Reporter
24 for the State of New Mexico
25

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

THE HINKLE LAW FIRM
500 Marquette, NW, #800
Albuquerque, New Mexico 87102
BY: JAMES W. BRUCE, ESQ.

ALSO APPEARING:

MR. ROBERT W. LANSFORD

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1 EXAMINER STOGNER: Call next case, No.
2 10395.

3 MR. STOVALL: Application of Hal J.
4 Rasmussen Operating, Inc., for salt water
5 disposal, Lea County, New Mexico.

6 EXAMINER STOGNER: Call for
7 appearances.

8 MR. BRUCE: Mr. Examiner, my name is
9 Jim Bruce from the Hinkle Law Firm in
10 Albuquerque, here representing the Applicant. I
11 have one witness to be sworn.

12 EXAMINER STOGNER: Are there any other
13 appearances?

14 MR. LANSFORD: Yes. I'm Robert
15 Lansford with Lanexco, Incorporated, offset
16 operator. I would like to protest that.

17 MR. STOVALL: Just for the record, you
18 are an employee of Lanexco, is that correct?

19 MR. LANSFORD: Yes. I'm an engineer
20 and the executive vice-president of Lanexco,
21 Incorporated.

22 MR. STOVALL: You are not an attorney,
23 however?

24 MR. LANSFORD: That is correct.

25 MR. STOVALL: Okay. You understand

1 that under the laws of the State of New Mexico
2 that we cannot permit you to represent Lanexco as
3 counsel and cross-examine, but we can permit you
4 to make a statement or whatever. Do you
5 understand that?

6 MR. LANSFORD: That's fine.

7 EXAMINER STOGNER: Are there any other
8 appearances? If not, Mr. Bruce.

9 DENNIS DEREK MOORE

10 Having been first duly sworn upon his oath, was
11 examined and testified as follows:

12 EXAMINATION

13 BY MR. BRUCE:

14 Q. Would you please state your name for
15 the record.

16 A. I'm Dennis Derek Moore.

17 Q. Where do you reside?

18 A. I live in Midland, Texas.

19 Q. What is your occupation and who is your
20 employer?

21 A. I'm a petroleum engineer, and I'm
22 employed by Hal J. Rasmussen Operating,
23 Incorporated.

24 Q. Have you previously testified before
25 the OCD as an engineer and had your credentials

1 accepted as a matter of record?

2 A. Yes, I have.

3 Q. Are you familiar with the matters
4 related to this application?

5 A. Yes, I am.

6 MR. BRUCE: Mr. Examiner, Is the
7 witness considered acceptable?

8 EXAMINER STOGNER: Mr. Moore is so
9 qualified.

10 Q. (BY MR. BRUCE) Briefly, Mr. Moore,
11 what does Rasmussen Operating seek in this
12 application?

13 A. We propose to inject disposal water
14 into the Seven Rivers formation.

15 Q. Referring to Exhibit No. 1, would you
16 describe where the well is located and also refer
17 to Lanexco's wells in the area.

18 A. Our well is in the southwest quarter of
19 Section 16, in Lea County, Township 23, Range 36.

20 Q. Is that the blue dot?

21 A. That's the blue dot on this exhibit,
22 yes, sir. Lanexco has, I believe, three wells in
23 this section. There is a red dot which is Well
24 #2, that we'll refer to later. Excuse me. Yes,
25 that's Well #2. Then we have a Well No. 1 that's

1 south of that and east of the blue dot, and 2B,
2 which is also east and south of the blue dot.

3 Q. Please move on to Exhibit 2, and what
4 is that?

5 A. This is our application for
6 authorization to inject, and the Form C-108.

7 Q. Going through this exhibit a little bit
8 here, first of all turn to page 2.

9 MR. BRUCE: And, Mr. Examiner, I've
10 marked the pages on this exhibit to make it a
11 little easier.

12 Q. Does that identify the wells within the
13 area of review?

14 A. Yes, sir, it does.

15 Q. What are pages 3 and 4, Mr. Moore?

16 A. 3 and 4 are listing of wells who fall
17 within this area, whose records we've examined.

18 Q. These are the wells that are not
19 plugged and abandoned?

20 A. The wells on page 3 are not plugged and
21 abandoned. Some of the wells on page 4 are
22 plugged and abandoned.

23 Q. Do pages 3 and 4 give some basic
24 information on each of these wells?

25 A. Yes, they do.

1 Q. What do pages 7 through 13 represent?

2 A. These are plugged and abandoned wells
3 that fall within the area of review.

4 Q. Have you reviewed the material
5 tabulated on pages 3 and 4 and all the materials
6 on the plugged and abandoned wells?

7 A. Yes, I have.

8 Q. To the best of your knowledge, are
9 there any problem wells within the area of
10 review?

11 A. Not to the best of my knowledge, no.

12 Q. In your opinion, the wells are such
13 that, when the water is injected into the Seven
14 Rivers, there should be no communication of that
15 water to another zone?

16 A. Not that we can tell, no, sir. I
17 believe that's true.

18 Q. Referring to page 14 of the exhibit,
19 what does that represent?

20 A. This is the data on our proposed
21 injection.

22 Q. Would you describe a little bit of the
23 history of the Mobil State #1 well and its
24 current status?

25 A. It was originally completed as a Yates

1 well, and then it was subsequently tested in the
2 Seven Rivers and tested all water. And we have
3 plugged and tested phi-H again, and it's
4 noncommercial.

5 Q. Please discuss your proposed injection
6 operations.

7 A. ~~We~~ propose to squeeze cement off the
8 Yates perforations that are presently open, drill
9 up the cast-iron bridge plug that separates them
10 from the Seven Rivers perforations, and then set
11 a packer and inject under a packer in the Seven
12 Rivers.

13 Q. What is your average proposed injection
14 volume?

15 A. About 5,000 barrels a day.

16 Q. And what do you anticipate as the
17 maximum injection volume?

18 A. About 7,000 barrels a day.

19 Q. Will the water be injected under
20 pressure?

21 A. ~~No~~, no surface pressure.

22 Q. No surface pressure. And why is that?

23 A. The other injection wells in the area
24 that are injecting into similar formations do not
25 have any injection pressure.

- 1 Q. Is this a closed system?
- 2 A. What do you mean by "closed system"?
- 3 Q. Well, referring to paragraph 7-2.
- 4 A. It is closed, yes.
- 5 Q. Where will the injection water come
- 6 from?
- 7 A. ~~It~~ will also come from the Seven Rivers
- 8 formation on wells south of here in Section 21.
- 9 Q. In your opinion, will there be a
- 10 compatibility problem between the injected water
- 11 and the formation water?
- 12 A. No, sir.
- 13 Q. Will there be any stimulation program
- 14 on the Mobil State well?
- 15 A. No, sir. We don't anticipate any.
- 16 Q. Okay. Now, as you know, Mr. Moore,
- 17 Lanexco is here to protest this case. In your
- 18 opinion, will injection into the Seven Rivers
- 19 formation, via the Mobil State #1 well, harm the
- 20 Lanexco wells?
- 21 A. No, sir.
- 22 Q. Why is that?
- 23 A. Well, I have two exhibits. We have
- 24 Exhibit 3--
- 25 Q. Okay. Please refer to Exhibit 3 and

1 Exhibit 4, then.

2 A. --and Exhibit 4, which is a structure
3 map of this area, and a cross-section that
4 represents the same information.

5 I would direct your attention to the
6 top of the Yates and the top of the Seven Rivers
7 and see that Lanexco's well, the #2 well, is the
8 one we referred to and the one we've shown on the
9 maps. The other two wells in the area are
10 completed in the same interval.

11 Q. They're completed in the Yates?

12 A. Yes, sir. They're completed in the
13 Yates formation. They're open-hole completions.

14 As you can see, our well is
15 up-structure from them, so that our perforation
16 will be in the Seven Rivers and it will be below
17 anything that they have exposed.

18 Q. Looking at Exhibit 4, what does that
19 red square indicate?

20 A. That red square is our perforations in
21 the Seven Rivers formations that we will inject
22 into.

23 Q. So, in your opinion, you will be
24 injecting into a separate formation from the
25 Lanexco wells?

1 A. Yes, sir.

2 Q. Would you please now refer to Exhibits
3 5, 6 and 7, and discuss for the Examiner what
4 they represent.

5 A. Okay. 5 is Lanexco's #2 well that we
6 have referred to in our exhibit, showing current
7 production and production history. 6 is the data
8 we obtained from a test on these Seven Rivers
9 perforations shown on the cross-section.

10 Q. That's the injection formation?

11 A. That's the injection formation, the
12 perforations we propose to inject into. As you
13 can see, this formation is already wet. We were
14 able to produce in the neighborhood of 3,000
15 barrels a day with no hydrocarbon shows, and we
16 propose to put the water back in that formation.

17 Q. And what is Exhibit 7?

18 A. Exhibit 7 is a projection of what the
19 well should deliver if it was completely pumped
20 down. We were not able to pump all the fluid
21 that the formation would deliver with the
22 equipment that we had, and by using a Vogel IPR
23 curve projection, it shows this well should
24 deliver in the neighborhood of 4,700 barrels a
25 day of water from the perforations that we

1 propose to inject into.

2 Q. And again, you produced no hydrocarbons
3 from that formation?

4 A. No, sir, none that we could detect.

5 Q. What conclusion do you draw from
6 Exhibits 3 through 7?

7 A. That we are injecting into a formation
8 that is geologically isolated from the Yates
9 perforations--the Yates formation; that is, the
10 Seven Rivers. It's a reef formation that is
11 already wet, and would do no additional damage.
12 And it is, again, isolated from the formation
13 that Lanexco is producing from. We see no
14 potential for harm.

15 Q. If there was communication, in your
16 opinion what would be the current status of the
17 Lanexco wells?

18 A. We feel like that if these formations
19 were in communication, their well would already
20 be producing large volumes of water, like we saw
21 in ours.

22 Q. Finally, Mr. Moore, what are Exhibits 8
23 and 9?

24 A. 8 is the publication where we, by law,
25 notified the public of our intention to--of our

1 application, and then 9 is our return receipts
2 from offset operators showing that we've notified
3 these people.

4 Q. These are the return receipts from when
5 the C-108's were mailed out?

6 A. Yes. We mailed copies to them with our
7 proposal.

8 Q. You're aware, aren't you Mr. Moore,
9 that there was an error in the advertisement?

10 A. Yes, sir, and we subsequently notified
11 Lanexco of this error. It shows we proposed to
12 inject 500,000 barrels, which is a typo.

13 Q. In your opinion, is the granting of
14 this application in the interest of conservation,
15 the prevention of waste and the protection of
16 correlative rights?

17 A. Yes, it is.

18 Q. Were Exhibits 1 through 9 prepared
19 under your direction or compiled from company
20 records?

21 A. Yes, they were.

22 MR. BRUCE: Mr. Examiner, I move the
23 admission of Exhibits 1 through 9.

24 EXAMINER STOGNER: Exhibits 1 through 9
25 will be admitted into evidence.

EXAMINATION

BY MR. STOGNER:

Q. Mr. Moore, who is the surface owner out here?

A. The State of New Mexico.

Q. Were they notified?

A. I believe so.

Q. Do you have a record of that?

A. No, sir, I do not. I don't know for sure.

Q. Will you be able to provide that for me?

A. I hope to.

MR. BRUCE: We will, Mr. Examiner.

EXAMINER STOGNER: Thank you, Mr. Bruce.

Q. Mr. Moore, is Hal J. Rasmussen operating presently operating wells in the Jalmat gas pool or have operated Jalmat gas wells?

A. Yes, we have.

Q. So you are aware that the Jalmat gas pool is a prorated gas pool, is that correct?

A. Yes, sir.

Q. With that, it makes it--I don't want to say odd but sort of eye catching, that you're

1 disposing water into a gas pool. Could you be a
2 little bit more thorough on which zones are gas
3 bearing and, perhaps, are there any wells that
4 are producing either gas or oil in the Seven
5 Rivers, either to the north or the south? We do
6 have this cross-section and you show the
7 perforations, but that's to the east and west.

8 A. The ones that I'm aware of, if you'll
9 look on the structure map, you will see that in
10 Section 21, about the middle of the section
11 there's a #1 and a #2?

12 Q. Yes.

13 A. We have acquired those two wells and we
14 have one of them producing oil now out of the
15 Seven Rivers formation. Again, the Seven Rivers
16 is a separate formation from the Yates formation,
17 and there are zones within the Yates formation
18 that can produce some water and some oil in the
19 lower Yates.

20 Again, there are permeability barriers
21 between these two formations that have shown to
22 be adequate to provide isolation.

23 Q. I take it these two wells, #1 and #2,
24 are perhaps some of the contributing wells to the
25 water to be disposed of?

1 A. They are, yes, sir.

2 Q. The Seven Rivers in these two wells, is
3 it a water-drive reservoir? What kind of
4 mechanism is it?

5 A. Yes, sir. Again, this is a reef
6 section, so it is a strong water drive. The
7 highs noted on this structure map, several of
8 these are producing oil. This #112 also in
9 Section 21, that's now operated by Clayton
10 Williams, Hal J. Rasmussen was formerly the
11 operator of that well, it produces oil with large
12 volumes of water also.

13 Q. Which well was that?

14 A. #112 in Section 21. So we feel that we
15 have been able to produce oil out of the Seven
16 Rivers in the upper reef section or in this reef
17 section on these highs, and then what we propose
18 to do is just reinject it into the reef section
19 on a separate feature, but still within the
20 reef. They are in communication.

21 Q. Is there a notable oil/water contact
22 interval that can be mapped in the Seven Rivers
23 formation?

24 A. Not that we've been able to map, no,
25 sir.

1 Q. How about any Seven Rivers production
2 to the north, in Section 16, or to the adjacent
3 section north of that Section 16?

4 A. There is some production. I have that
5 information. It would take me a minute to get it
6 organized to give to you, but I do have some of
7 that information.

8 Q. In your memory of this information, how
9 far north are we talking about? Say those #1 and
10 #3 wells, are there any just adjacent to it, like
11 the #1A in Section 16, or the #4 or #2 in 16,
12 roughly?

13 A. The #1A is plugged, I believe. The
14 symbol on the map indicates that it is, anyway.
15 And what was the other one?

16 Q. Going up north up on we have a #4.

17 A. #4, I'm not sure what that production
18 is. If you like, I will check.

19 Q. Yeah, why don't you check for me. And
20 at this point let's go to the east. Directly to
21 the east there's a #1 well also in the southeast
22 quarter/southeast quarter of Section 16. Do you
23 know if that's producing from the Seven Rivers or
24 the Yates, or some other, for that matter?

25 A. Okay. On the--that's in Section 15, I

1 believe?

2 Q. I see one in 15, a #1 designated, but
3 it looks like it's plugged and abandoned.

4 A. Okay. Maybe I misunderstood the well
5 you're referring to.

6 Q. The #1 well in the southeast
7 quarter/southeast quarter of 16.

8 A. Okay. I believe that's the Lanexco
9 well and it's producing out of the Yates. There
10 are two zones in the Yates that we call the Jay
11 sands that have been oil productive, and also
12 producing water.

13 Q. If you could take Exhibit No. 1
14 subsequent to this hearing and, perhaps, in the
15 sections surrounding, like 8, 9, 10, 15, 16, 17,
16 20, 21 and 22, and perhaps code those as present
17 or current Seven Rivers producers, I think it
18 would be of some help or benefit.

19 A. Okay. That's all the surrounding
20 sections to Section 16?

21 Q. Yes.

22 A. Okay. We can do that.

23 EXAMINER STOGNER: And, Mr. Bruce, if
24 you see that gets submitted to me along with the
25 proof of notification to the State Land Office?

1 MR. BRUCE: Yes, sir.

2 MR. STOVALL: In addition, Mr.

3 Examiner, I suggest Mr. Bruce or Rasmussen submit
4 an affidavit in conjunction with the certificate
5 so we don't just have loose certificates of
6 receipt in the file, an affidavit of compliance
7 with the rule.

8 Q. Now, going to Exhibit 2, your
9 tabulation of all the wells within a half-mile
10 radius, they appear to have been Jalmat tested in
11 the beginning and nothing that was TD'd at a
12 lower depth at a lower test?

13 A. Yes, sir, I believe that's correct.

14 Q. Are the cement records that you have on
15 the production string, are they adequate to cover
16 the proposed injection zone?

17 A. The ones I have examined are, yes, sir.

18 Q. Have you examined them all that you
19 have listed?

20 A. I think I have. I'm trying to see if
21 there's any that I haven't looked at. There's
22 one that we do not have information on.

23 Q. Which one is that?

24 A. That's the Clayton Williams State A #4,
25 the last one on the list. I will obtain that

1 information.

2 Q. Yes, if you would. I can't make the
3 notation out, under the surface casing.

4 A. I'll see if that information is
5 available, and if it is we'll obtain it, from
6 Clayton Williams or whomever.

7 Q. That must be a relatively new well?
8 The reason I say that, didn't Rasmussen sell most
9 of their producing wells to Mr. Williams?

10 A. Yes, we did. I guess this would
11 reflect that they're now the operator, so in
12 response to your query, it does not necessarily
13 mean it's a new well.

14 Q. Yes. If you'll give me the amounts of
15 cement behind each--

16 A. Yes, I'll give that to you, if it's
17 available.

18 Q. And if it's not available, please let
19 us know--

20 A. I will do so.

21 Q. --so we can make it available.

22 A. Okay. If Clayton Williams has it, I
23 will get it. If they don't, I'll let you know so
24 you can find it.

25 Q. Thank you. And, as I understand it, as

1 far as the injection goes, this will be on
2 vacuum?

3 A. Yes, sir.

4 Q. The source wells, how many source wells
5 are we talking about that's producing this 5- to
6 7,000 barrels of water?

7 A. Right now we only have one, and it's
8 only producing 3,000 to 3,500. In the future, we
9 will probably do the other one, and would assume
10 that it would get a similar type water
11 production.

12 Q. Which wells are those?

13 A. These wells are in Section 21, and
14 those are the two that I directed your attention
15 to earlier. In Section 21, to the right of the
16 label "21" there's a 1 and 2 that show to be oil
17 wells on the structure map.

18 Q. How about the 112?

19 A. The 112 is operated by Clayton
20 Williams, and they're disposing in an existing
21 disposal well.

22 Q. Where are the #1 and #2 wells being
23 disposed of now, the water?

24 A. We have a temporary arrangement with
25 Clayton Williams to utilize their disposal well

1 until we can hopefully obtain permission to do
2 our own.

3 Q. Where is their disposal well?

4 A. Let me find it on here. They have
5 two. One is in Section 16, in the northern part
6 of the section. I believe it's the #1 well. I
7 have the information. Anyway, it's in the north
8 part of Section 16. And the other well is, I
9 believe, in Section 15, over in the eastern part
10 of the section. I'm trying to find it now.

11 Again, I have that information and I
12 can get it for you now, but they're both in
13 excess of a mile wide.

14 Q. Do you know what formations they're
15 injecting into?

16 A. I'm not sure. I believe one of them is
17 into Lower Seven Rivers, and one of them is
18 either Queen or Grayburg.

19 Q. Neither one of them are Seven Rivers
20 injectors?

21 A. Neither one of them are analogous to
22 this well, no, sir.

23 Q. Do you know if there's any other
24 disposal wells that are injecting into the Seven
25 Rivers in this four-section area?

1 A. None that I know of.

2 Q. Do you know if there's one nearby
3 anywhere?

4 A. I don't know of one.

5 Q. Do you know if this is the first one?

6 A. I don't know that, either.

7 Q. When this well was completed, was it
8 stimulated?

9 A. Yes, sir, I believe it was. I thought
10 that I had that information in here.

11 Q. Is that information that should be in
12 the well record?

13 A. Yes, sir, the information is
14 available. It will take a few minutes.

15 EXAMINER STOGNER: I'll take judicial
16 notice of the well record in the OCD files of
17 this particular well.

18 THE WITNESS: Okay.

19 EXAMINER STOGNER: Are there other
20 questions of this witness?

21 MR. STOVALL: Just one question, I
22 guess procedurally. If the land office has not
23 been notified, do we need to leave this case open
24 and continue it for two weeks to make sure that's
25 done? or you run the risk of having to start

1 over.

2 MR. BRUCE: I believe so, Mr. General
3 Counsel.

4 EXAMINER STOGNER: I'm sure you'll be
5 in touch with us on the outcome of the
6 notification, Mr. Bruce.

7 THE WITNESS: Mr. Examiner, when the
8 well was originally completed in the Yates
9 formation, our proposed injection well was
10 stimulated with a thousand gallons of acid and
11 then it was frac'd with 40,000 pounds of sand.

12 When it was perforated in the Seven
13 Rivers, it was treated with 2,500 gallons of
14 acid.

15 Q. (BY MR. STOGNER) In your opinion, is
16 there any chance that those two zones would have
17 been communicated with the two fracturing
18 techniques?

19 A. No, sir, I don't think so, simply
20 because I feel like if those were in
21 communication, we would see evidence that that's
22 the case simply because the other one makes so
23 much water, the lower zone, the one we propose to
24 inject into.

25 EXAMINER STOGNER: Are there any other

1 questions of this witness at this time? If not,
2 he may be excused.

3 Mr. Bruce, do you have any closing
4 statements at this time?

5 MR. BRUCE: No, sir, not at this time.

6 EXAMINER STOGNER: Mr. Lansford, would
7 you like to say something at this time? I
8 believe you have a document you would like to
9 enter into the record?

10 MR. LANSFORD: Yes, sir.

11 EXAMINER STOGNER: Why don't you come
12 forward so we can hear you and make sure you're
13 clearly on the record.

14 MR. LANSFORD: Lanexco, Incorporated,
15 has several wells in the Jalmat. Just in
16 passing, we're in the beginning of litigation now
17 of one of our Jalmat gas wells in Section 22.

18 One of the offset operators is
19 injecting supposedly 184-foot below the Seven
20 Rivers. We're producing out of the Yates and
21 Seven Rivers.

22 After they started injecting 184-foot
23 below our bottom perforations, it took less than
24 90 days for us to start getting their injection
25 water.

1 But back to the Rasmussen injection
2 well, I would like to point out that our Texas
3 State #2 is open hole. The elevation, on their
4 well and our well, is approximately a 27-foot
5 difference in elevations, and our well is open
6 hole from 3,077 foot to 3,300 foot. It was
7 initially shot with 270 quarts of nitro, and most
8 of--

9 MR. STOVALL: Mr. Examiner, I hate to
10 interrupt, but there's a little concern that
11 you're making statements in the record here that
12 are unsworn.

13 I'm going to recommend that we go ahead
14 and swear this person as a witness. There will
15 be no examination and we'll give him the
16 opportunity to have these factual statements be
17 sworn statements. Any objection, Mr. Bruce?

18 MR. BRUCE: No, sir.

19 EXAMINER STOGNER: I think that would
20 be more proper at this time, Mr. Lansford. Some
21 of the statements you are making appear to be
22 more than just statements and factual accounts.

23 MR. STOVALL: If you would stand and
24 raise your right hand.
25

ROBERT W. LANSFORD

Having been first duly sworn upon his oath, was examined and testified as follows:

EXAMINATION

BY MR. STOVALL:

Q. Let me ask you, if I might take the liberty of just qualifying you at this point, since you are now testifying, would you again state your name and position with Lanexco?

A. I'm Robert W. Lansford. I'm an engineer and executive vice-president of Lanexco, Incorporated. I've appeared before the Commission several times.

I received my B.S. degree at Cameron University in 73, worked as an engineer for Halliburton. I worked for Halliburton for 13 years, and I worked Schlumberger Logging for one year, and I was with Alpha-21 Production Company for eight years, and with Lanexco for three.

Q. You're familiar with Lanexco's operations in this area, I assume?

A. Yes.

Q. Now, you've made some statements already prior to your being sworn with respect to specific information about Lanexco-operated

1 wells. At the time you made those statements
2 they were not under oath. Rather than repeat all
3 that information, would you reaffirm that the
4 information which you have already stated is, in
5 fact, accurate and truthful to the best of your
6 knowledge?

7 A. Yes, sir.

8 Q. Okay. Proceed.

9 A. All right. Both the Yates and Seven
10 Rivers are naturally high in porosity and
11 permeability. They do have a low frac gradient.

12 In Rasmussen's well, it was perforated
13 in the Yates previously. Now they said they're
14 going to squeeze that off with cement. I would
15 like to point out that that is extremely easy to
16 communicate through and channel.

17 I feel like our well, being open hole
18 and I shot it with 270 quarts of nitroglycerine
19 back in April of 1951, that it's pretty well
20 fractured. Most of the wells in that area were
21 drilled in the 50s or early 50s.

22 Needless to say, the cementing has been
23 improved considerably, you know, in the later
24 dates than what they were in the 50s.

25 I can sympathize with Rasmussen wanting

1 to dispose of 5,000 barrels of water a day, but
2 then again, I don't want to dispose of it
3 either.

4 EXAMINER STOGNER: Do you have anything
5 further, Mr. Lansford?

6 MR. LANSFORD: I would like to submit
7 this letter from Charles Kemp. He's an operator
8 operating in Section 16 and Section 15, and he is
9 producing out of the Yates and Seven Rivers,
10 also.

11 I'm just a little concerned that once
12 communication is established between that Seven
13 Rivers and Yates, which is easy to do, you're
14 going to lose any reserves or gas.

15 EXAMINER STOGNER: Do you have that
16 letter, Mr. Lansford?

17 MR. LANSFORD: Yes.

18 MR. STOVALL: I assume you're acting as
19 the messenger in carrying this letter, is that
20 correct?

21 MR. LANSFORD: Yes, sir, I told Mr.
22 Kemp that I would bring it.

23 EXAMINER STOGNER: This letter is dated
24 September 25, 1991. It will be placed in the
25 record. You may get a copy of it if you like,

1 Mr. Bruce, at this time.

2 Mr. Lansford, do you have anything
3 further?

4 MR. LANSFORD: No, sir, that's all.

5 EXAMINER STOGNER: Does anybody else
6 have anything further at this time, in this case?

7 Mr. Bruce, this case will have to be
8 continued to at least the October 17, 1991
9 hearing, due to the misadvertisement in the Lea
10 County paper. Provided that you supplement the
11 data today with the additional information I
12 requested, at that time it should be taken under
13 advisement. If not, if the notification has not
14 been adequate, then we can continue it to another
15 time in which it could be taken under
16 advisement.

17 With this, I'm going to continue Case
18 10395 to the October 17th hearing. Thank you.

19 (And the proceedings concluded.)

20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case no. 10395
23 heard by me on 3 October 19 91.

24  , Examiner
25 Oil Conservation Division

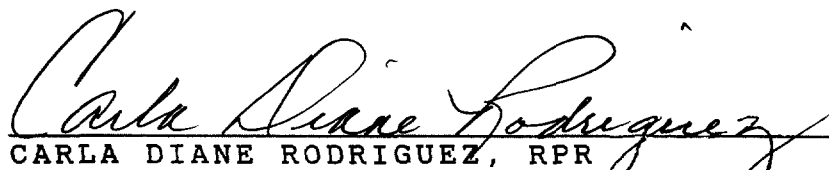
1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4 COUNTY OF SANTA FE) ss.
5

6 I, Carla Diane Rodriguez, Certified
7 Shorthand Reporter and Notary Public, HEREBY
8 CERTIFY that the foregoing transcript of
9 proceedings before the Oil Conservation Division
10 was reported by me; that I caused my notes to be
11 transcribed under my personal supervision; and
12 that the foregoing is a true and accurate record
13 of the proceedings.

14 I FURTHER CERTIFY that I am not a
15 relative or employee of any of the parties or
16 attorneys involved in this matter and that I have
17 no personal interest in the final disposition of
18 this matter.

19 WITNESS MY HAND AND SEAL October 10,
20 1991.
21
22

23 
24 CARLA DIANE RODRIGUEZ, RPR
25 Certified Shorthand Reporter No. 91

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date NOVEMBER 7, 1991 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Paul Haden	Mawbours Oil	midland
J. Daniel Overton	Mawbours Oil	Midland, TX
James Burr	Humble Con Firm	ABQ
Scott Herick	Pontera Energy Co.	Albuquerque.
Don Arneson	Pontera Energy Co.	Albuquerque
William F. Lee	Campbell, Lee, Boye + Jordan	Santa Fe
W. Kelleher	Kelleher Kelleher	Albuquerque Santa Fe

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 7, 1991 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10395

5
6 IN THE MATTER OF:

7
8 The Application of Hal J. Rasmussen
9 Operating, Inc., for Salt Water
Disposal, Lea County, New Mexico.

10
11
12
13
14 BEFORE:

15 DAVID R. CATANACH

16 Hearing Examiner

17 State Land Office Building

18 November 7, 1991

19
20
21
22 REPORTED BY:

23 CARLA DIANE RODRIGUEZ
24 Certified Shorthand Reporter
for the State of New Mexico

25
ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

JAMES G. BRUCE, ESQ.

The Hinkle Law Firm
500 Marquette N.W., Suite 800
Albuquerque, New Mexico 87102

1 EXAMINER CATANACH: Let's call the
2 hearing to order this morning for Docket 32-91.

3 At this time we'll call Case 10395.

4 MR. STOVALL: Application of Hal J.
5 Rasmussen Operating, Inc., for salt water
6 disposal, Lea County, New Mexico.

7 EXAMINER CATANACH: It's my
8 understanding that this case was held open
9 pending the receipt of certain documents
10 concerning notification.

11 MR. BRUCE: Mr. Examiner, Jim Bruce for
12 the Applicant. Mr. Stogner, at the hearing on
13 this case, I believe in September of 1991,
14 requested certain documentation regarding notice
15 and also a revised land plat indicating the Yates
16 and Seven Rivers producers in the area of
17 interest.

18 We sent that material to the OCD last
19 Thursday. Apparently it has been lost.

20 MR. STOVALL: Not lost. It's not in
21 the case file, Mr. Bruce.

22 MR. BRUCE: It's not in the case file
23 yet. I would ask that the case be taken under
24 advisement with the potential of reopening it to
25 receive the materials requested by Mr. Stogner,

1 in the event they cannot be located.

2 MR. STOVALL: The reason for doing that
3 is, it was continued because the Land Office had
4 not been notified, and if the Land Office has
5 been properly notified, there is no reason to
6 continue and keep the case open. That was the
7 only reason for actually continuing to keep the
8 record open.

9 MR. BRUCE: The materials included an
10 Affidavit of Notice regarding notification to the
11 Land Office and the original certified return
12 receipt.

13 MR. STOVALL: As long as the Land
14 Office has been properly notified and had the
15 opportunity to appear here, then we can find the
16 documents which Mr. Bruce claims to have sent and
17 put those in the record.

18 EXAMINER CATANACH: All right. That
19 being the case, we'll take Case 10395 under
20 advisement.

21 (And the proceedings concluded.)
22

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner's office of Case No. 10395,
heard by me on November 7 1991.

David R. Catanach, Examiner
Oil Conservation Division

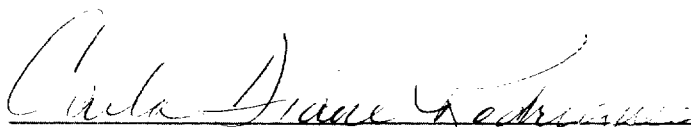
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Carla Diane Rodriguez, Certified
Shorthand Reporter and Notary Public, HEREBY
CERTIFY that the foregoing transcript of
proceedings before the Oil Conservation Division
was reported by me; that I caused my notes to be
transcribed under my personal supervision; and
that the foregoing is a true and accurate record
of the proceedings.

I FURTHER CERTIFY that I am not a
relative or employee of any of the parties or
attorneys involved in this matter and that I have
no personal interest in the final disposition of
this matter.

WITNESS MY HAND AND SEAL November 14,
1991.


CARLA DIANE RODRIGUEZ, RPR
CSR No. 91