

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

*CASE NO. 10395
ORDER NO. R-9628*

**APPLICATION OF HAL J. RASMUSSEN OPERATING,
INC. FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 3 and 17, 1991, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 17th day of January, 1992, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Hal J. Rasmussen Operating, Inc., proposes to utilize the James N. Evans Mobil State Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 16, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico to dispose of Seven Rivers formation produced salt water back into the Seven Rivers formation of the Jalmat Gas Pool, with gravity-fed non-pressure assisted injection into the perforated interval from approximately 3260 feet to 3269 feet.

(3) At the time of the hearing, Robert W. Lansford, engineer and Executive Vice-President of Lanexco, Incorporated, which operates Jalmat Gas wells within the immediate area, appeared and entered an objection to the subject application; however he offered no technical evidence in support of the objection.

(4) The vertical limits of the Jalmat Gas Pool extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, as described by Division Order No. R-8170.

(5) *Within the half-mile "area of review" around the subject wellbore there exist fifteen wellbores that penetrate the Jalmat Gas Pool (eight plugged and abandoned wells, two listed as temporarily abandoned and five Jalmat producing wells). Extensive review of the well records on file with the Division and evidence presented at the hearing on these fifteen surrounding wells show that:*

- a) *Two of the wells within the area of review were completed in an era where nitroglycerin shots in a large open-hole interval was the accepted practice. In particular, the Chevron U.S.A., Inc.'s J.F. Janda NCT-E Well No. 3 located in Unit A of Section 21 and Lanexco, Inc.'s Texaco State Well No. 1 located in Unit P of Section 16 were stimulated using this technique. The shot intervals in both wells include the corresponding depth interval as the proposed injection well.*
- b) *The Lanexco Inc. Texas State Well No. 2 located in Unit I of Section 16, currently a Yates gas producing well, is completed open-hole from 3077 feet to 3300 feet.*
- c) *Two plugged and abandoned wells within the area of review, the Shell Oil Company, Inc. State "A" Well No. 1 located in Unit J and the Socony Mobil Oil State "C" Well No. 1 located in Unit N, both in said Section 16, are somewhat questionable due to their ages and plugging techniques of the times, were drilled in the 1930s.*

FINDING: Collectively considering the suspect nature of the aforementioned completions and/or pluggings of the aforementioned wells within the area of review, there is sufficient doubt that the injected fluids would be confined in the injection interval and the risk that a conduit for movement of such re-injected fluids to other formations by way of said wellbores is sufficient to warrant *denial* of this application.

(6) The applicant failed to provide adequate testimony to show that approval of this application at this time is in the best interest of conservation, would prevent the premature watering-out of productive horizons, would serve to prevent undue waste and would serve to protect correlative rights.

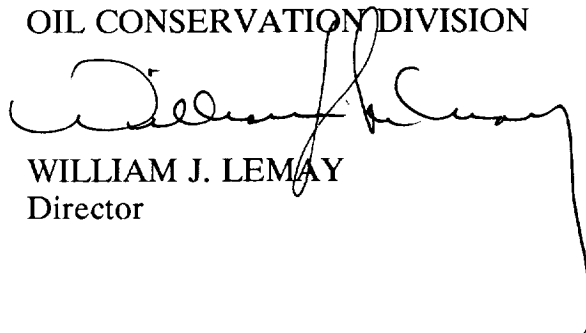
IT IS THEREFORE ORDERED THAT:

(1) The application of Hal J. Rasmussen Operating, Inc., to utilize the James N. Evans Mobil State Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O), Section 16, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Seven Rivers formation of the Jalmat Gas Pool, is hereby *denied*.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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