

State of New Mexico
Energy, Minerals and Natural Resources Department

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October 24, 2016

Mr. Philip Dellinger, Chief
Ground Water/UIC Section, Region 6
United States Environment Protection Agency
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**RE: REVIEW OF UNDERGROUND INJECTION CONTROL CLASS II ACTIVITIES
WITHIN THE STATE OF NEW MEXICO FOR POSSIBLE INJECTION INTO
UNDERGROUND SOURCES OF DRINKING WATER**

Dear Mr. Dellinger:

Reference is made to your request on behalf of the United States Environmental Protection Agency (EPA) for a review of current oil and gas injection activities occurring within New Mexico that may potentially impact Underground Sources of Drinking Water (USDWs) and their relationship to exempted aquifers associated with operations permitting injection into USDWs. This review was to specifically identify impacts due to Underground Injection Control (UIC) Class II operations potentially injecting directly in USDWs. This request was submitted to the New Mexico Oil Conservation Division (Division) in an EPA correspondence dated August 31, 2016.

I. State Underground Injection Control (UIC) Program General Information

The Division prepared general guidelines for the protection of USDWs as part of the *Class II Demonstration* dated September 15, 1981. The demonstration was submitted to the EPA as part of the effort by the state to obtain primacy for management of Class II wells in New Mexico. The proposed program was approved by the EPA on March 7, 1982, and recorded in Code of Federal Regulations (CFR) Title 40, Part 147, Subpart GG, Section 1600.

Section j. Aquifer Protection, Aquifer Exemption of the *Class II Demonstration* presented the argument that the original concept for the use of formal aquifer designations and aquifer exemptions, as proposed in 40 CFR 104.6, was not practical based on the common occurrences of hydrocarbon reservoirs and aquifers in the same lithologic units and the expense for formal declaration of numerous exempted aquifers not supported by budget. This concept was supported by two studies included in the demonstration (Appendices I and II) and summarized in a technical paper by Wilson and Holland (1984).

The demonstration detailed, in Appendix II, the prototype approval process for each of the three Class II well categories: Enhanced Oil Recovery (ER wells), Produced Fluid Disposal (SWD wells or Class II disposal wells), and Liquid Hydrocarbon Storage (HS wells).

Following the approval of the state UIC program, a new source of produced water became prolific: coal-bed methane (CBM) wells. This new source of hydrocarbon production was not considered in the original *Class II Demonstration* and was determined to be within the regulatory authority of the Division. The produced water from CBM wells was considered to be equivalent to produced fluids from oil and gas wells and applications for disposal were assessed using the same approval process as SWD wells.

The demonstration approval process for ER wells provided the following reasoning for limited application of exempted aquifers in areas with ER projects in response to 40 CFR 146.4:

There seems little necessity for elaborate aquifer exemptions related to ER Projects for the following reasons:

- (1) The pressure sinks surrounding the producing wells in an ER project cause injected fluids to move inward toward producing wells rather than outward toward any other part of the formation. Such contained movement eliminates the direct potential for contamination of USDWs which may be located elsewhere in the same formation.*
- (2) The Division knows of no instance in the State where drinking water is being produced and consumed by the public from an aquifer which is also an oil and/or gas reservoir at the same horizontal and vertical section. Some USDWs exist within the same vertical section but horizontally removed from the hydrocarbon zone. The San Andres formation in Eddy County provides excellent examples of both of these situations. These conditions are discussed and extensively referenced in Appendix A-1. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 51]*

The demonstration approval process for SWD wells includes the following stipulation in response to 40 CFR 146.4:

All applications for approval of SWD wells not within an oil or gas zone or within one mile thereof will contain data on water quality in the proposed disposal interval. Any SWD well proposed for disposal into a formation or zone containing water of 10,000 mg/l TDS [Total Dissolved Solids] or less which is not an exempted aquifer will be set for public hearing before a Division examiner. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 52]

This criterion is incorporated in the Division's regulation under Rule 19.15.26.8(E) New Mexico Administrative Code (NMAC). Additionally, the state UIC program included specific regulation by limiting disposal by SWD wells in Lea County to formations older than the Triassic age (Rule 19.15.26.8(E)(1) NMAC).

The demonstration also contained the following recommendation for future assessment for aquifer exemptions for portions of the Capitan Reef aquifer within Lea County:

Based upon this study the Division proposes that the Tansil, Yates, Seven Rivers, Queen, Grayburg, and San Andres formations of Lea County be classified as exempt aquifers. Please refer to Figures 8 and 9 of the Lea County Report, Appendix A-2 [Hiss (1980)] and Resource Map No. 6 from "Stratigraphy and Ground-Water Hydrology of the Capitan Aquifer, Southeastern New Mexico and Western Texas" by William L. Hiss (PhD Thesis, University of Colorado 1975) [Hiss (1976)] for the vertical and horizontal sections to be exempted. Because of the gradational nature of the back reef facies a more precise description is not proposed. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 53]

To respond to EPA's request, the reviews of UIC Class II operations were divided and grouped based on the four major geographic areas of oil and gas activities. This separation provides the ability to discuss the corresponding Class II activities based on mutual geologic and hydrologic characteristics. These areas included the San Juan Basin, the Raton Basin, the Bravo Dome area, and the Permian Basin (see Figure 1). Of these four groups, the Permian Basin has the most Class II well activity due the significant increase in the volume of produced water associated with the recent expansion of horizontal well completions in Permian-age formations.

II. Class II Operations in the San Juan Basin

Class II activities in the San Juan Basin includes historical oil and gas operations along with recent shallow CBM production and current exploration activities of the Mancos Shale using horizontal well completions. The development of the oil potential of the Mancos Shale, as well as any new interest in further development of CBM resources, has subsided due to the decrease in commodity prices. The majority of oil and gas operations, including the recent efforts for Mancos Shale development and CBM production, is concentrated in the northern half of the San Juan Basin (see Figures 2A and 2B).

There are numerous aquifers in the San Juan Basin with the potential for classification as USDWs, but these aquifers have variable water quality characteristics relative to their location in the structural basin and the associated aquifer's recharge area (see Figure 2B). The Jurassic Morrison Formation is an example of a commonly occurring lithologic unit with potential as an USDW in the vicinity of the recharge area created by the exposure of formation outcrops along the south boundary of the basin. Groundwater occurring in this formation along the south edge of the basin contains TDS concentrations significantly below 10,000 milligrams per liter (mg/L). However, as this lithologic unit is followed to the north towards the center (axis) of the basin, the water quality degrades as the influence of recharge decreases resulting in TDS concentrations in excess of 10,000 mg/L (Kelley and others, 2014).

The volume of produced water in the San Juan Basin is relatively minor when compared to the level of production activity. This geographical area contains 99 active Class II disposal wells and

represents only 12 percent of the total amount of SWD wells operating in New Mexico. Most of the Class II disposal wells have permitted intervals within the upper Cretaceous Mesaverde Group (the Menefee Formation), the lower Cretaceous Dakota Sandstone, and the Jurassic sequence of Morrison-Bluff-Entrada Formations. The SWD wells utilizing these lithologic units for disposal are frequently located over the deepest part of the structural basin where the TDS concentrations of the formation fluids exceeds 10,000 mg/L.

The Division utilized the state UIC program's process for exempted aquifers for two applications involving disposal injection into protectable waters as defined by 40 CFR 146.4. Both applications were reviewed through Division hearings and were approved for exempted aquifer status (Division Order No. R-10168-A/Case No. 11179 and Division Order No. R-10847/Case No. 11470). Of these two orders, the exempted aquifer in the Entrada Formation provides the highest probability for future hearings for exempted aquifer determination.

ER activities are also limited with only 39 active ER wells in the San Juan Basin. Of the 39 ER wells, 20 wells are associated with a single oil field (Hospah oil field) with production from a Gallup Sandstone reservoir that initiated production in the 1930s and has been determined not to be a USDW in this portion of the basin.

III. Class II Operations in the Bravo Dome Area

The development and production of carbon dioxide (CO₂) resources southeast of the Raton Basin has required a very limited number of Class II disposal wells (see Figure 3A). The interior portion of the Bravo Dome CO₂ field (the AMOCO Unit) has gas production with little water content. Recent expansion of development along the western flank of the dome has increased produced water content, but this additional volume of water has necessitated only one additional SWD well. Disposal is permitted for the Permian Glorieta Formation which, in this area, has porosity but is void of any formation water.

IV. Class II Operations in the Raton Basin

Class II operations in the Raton Basin are limited to SWD wells in support of CBM production (see Figure 4A). The development of CBM resources in the southern portion of the Raton Basin (within New Mexico) remains stagnant and the current number of Class II disposal wells associated with production is seven. ER wells and HS wells are not employed in the Raton Basin. Disposal is permitted in the deep interval from the lower Cretaceous Dakota Sandstone to the Permian Glorieta Formation. Various analytical reports of formation fluids provided in applications for injection permits have demonstrated TDS concentrations above 10,000 mg/L for the lithologic units utilized for disposal of CBM produced waters.

V. Class II Operations in the Permian Basin

The Permian Basin represents the greatest concentration of Class II wells operating in New Mexico. Approximately 89 percent of all active SWD wells and nearly 99 percent of the

approximately 3,200 active ER wells operate within the New Mexico portion of the Permian Basin. There are two prominent occurrences in the Permian Basin where there are both hydrocarbon reservoirs and aquifers classified as USDWs following EPA definitions. These locations are the Roswell Artesian Basin aquifer system and the Capitan Reef aquifer system.

Shallower USDWs within the Permian Basin, such as the Ogallala aquifer (Ogallala and Blackwater Draw Formations) and aquifers within the Dockum Group (Santa Rosa Formation), are excluded from this review since they are protected under Rule 19.15.26.8(E)(1) NMAC and are not available for Class II activities.

The eastern extent of the Roswell Artesian Basin aquifer system parallels the Pecos River drainage from north of the city of Roswell to north of the city of Carlsbad (see Figure 6A). This aquifer system has both a shallow alluvial aquifer that is principally recharged by the Pecos River and a deeper, artesian aquifer that is recharged through exposures of the aquifer formation along the Sacramento Mountains which forms the western boundary of the basin (see Figure 6B).

The shallow alluvial aquifer is separated from the artesian aquifer by an aquitard composed of the formations known as the Artesia Group (Tansil Formation, Yates Formation, Seven Rivers Formation, Queen Formation, and Grayburg Formation). The artesian aquifer occurs within the San Andres Formation which is beneath the Artesia Group and contains both hydrocarbon resources as well as protectable waters. The artesian aquifer represents a significant USDW while the quality and quantity of groundwater from the shallow alluvial aquifer is variable due to discharges from surface uses (agriculture) and drought impacts to the Pecos River. A more extensive discussion is found in the two Appendices of the *Class II Demonstration* (Holland and others, 1979; and Holland and others, 1980).

Review of the Class II wells located in the Roswell Artesian Basin aquifer system revealed no issues for the portions of the San Andres Formation which is both an USDW and a hydrocarbon reservoir. Class II injection wells for support of hydrocarbon production are typically authorized for permitted intervals that are deeper than the San Andres Formation and contain TDS concentrations significantly above 10,000 mg/L.

There are occurrences of hydrocarbon resources in the Artesia Group located to the east of the Pecos River and the eastern boundary of the artesian aquifer. These shallow oil fields are very mature and a few are being operated using ER wells with no indication of impacts to either of the aquifer systems.

The Capitan Reef aquifer system is the lithosome that comprises the reef complex, the Goat Seep reef, and the facies transition of the backreef area (the shelf aquifers contained in the Artesia Group as described by Hiss (1980); see Figure 5B). The Capitan Reef aquifer system in New Mexico extends from the recharge area of the Guadalupe Mountains, west of the city of Carlsbad, and extends in an arc to the southeast corner to the state line with Texas (see Figure 5A).

Hiss describes the general ground-water movement as follows:

Water entering the Capitan aquifer in the Guadalupe Mountains moved slowly northeastward and then eastward along the northern margin of the Delaware Basin to a point southwest of present-day Hobbs. Here it joined and comingled with a relatively larger volume of ground water moving northward from the Glass Mountains along the eastern margin of the Delaware Basin. From this confluence, the ground water was discharged from the Capitan aquifer into the San Andres Limestone, where it then moved eastward across the Central Basin Platform and Midland Basin, eventually to discharge into stream draining to the Gulf of Mexico (Page 294; Hiss, 1980).

The quality of groundwater in the Capitan Reef aquifer system is variable with location. The western segment of the Capitan Reef aquifer system is recognized as a USDW and is utilized as a source for both domestic and municipal water supply wells. The eastern portion of the aquifer contains both protectable waters, based on TDS concentrations, as well as productive oil and gas fields in formations of the Artesia Group along the facies transition in the forereef (see inset of Figure 5A). Due to this common occurrence, the *Class II Demonstration* identified this area of the aquifer in Lea County for future assessment.

In 2009, the Division identified the need for further study of the Capitan system and its relationship with Class II well activities along the eastern portion in Lea County. The EPA provided funding for the evaluation which resulted in a report that identified a list of 30 wells with a higher risk of injection into the Capitan Reef. A copy of the report (RESPEC Consulting and Services Topical Report RSI-2048) is attached.

As a result of this review, the 2009 consultant's report prepared for the Division, and the review of current injection applications, the Division has identified existing injection operations in proximity to the Capitan Reef that require supplemental assessment including the wells identified in the 2009 RESPEC report. The Division has compiled a list of 32 wells which require additional investigation to determine the potential or necessity for establishing exempted aquifers (see Table 1).

Though not reported as HS wells, there are two gas storage operations in the Permian Basin. Both operations utilize depleted oil and gas reservoirs that are below Permian-age rocks with no potential for USDW classification.

VI. Summary

The greatest potential for occurrences of USDWs containing injection operations is within the Permian Basin. Of the two areas with USDWs in the Permian Basin, the Capitan Reef aquifer system contains both ER wells and SWD wells that have injection activities in association with a USDW. Many of the Class II wells listed in Table 1 are associated with older ER projects along the backreef area of the Reef aquifer that include formations that transition into the reef complex.

Many of these ER wells and their original injection authority predate the Safe Drinking Water Act and the related UIC Program.

Equally, the older SWD wells (including the 7406 JV-S Lea 20 No. 1) were authorized through Division hearings that predate the UIC Program. Other SWD wells were approved with the best information available regarding the delineation of the aquifer and were assessed as having no hydrologic connection with the Reef system.

There is no indication in the Division's historical record of any Class II injection authority being approved for operation within a recognized USDW. Additionally, there is no evidence of acute impacts such as the degradation of a water supply system observed with the injection activities listed in Table 1; however, the potential for long-term effects of the listed activities and their possible association with any USDWs should be examined.

The operation of Class II wells within the remaining three areas, the San Juan Basin, the Bravo Dome area, and the Raton Basin, have not exhibited any indications of existing conflicts with potential USDWs and injection intervals that may require an exempted aquifer determination. Additionally, the use of the state's UIC application process has successfully addressed USDWs and exempted aquifer determinations for individual Class II SWD wells in the San Juan Basin.

VII. State UIC Program Proposed Efforts for Resolution

This review has identified potential USDW issues for management of the Capitan Reef aquifer system in Lea County. The Division finds this review as an opportunity to complete the initial effort outlined in the *Class II Demonstration* for addressing exempted aquifers, to assess the Class II wells identified in the 2009 RESPEC report, and establish a process for managing future applications for Class II activities in the proximity of the Capitan Reef.

The Division proposes to continue the effort to review the wells listed in Table 1 for determination of the necessity for exempted aquifer in each case. This would include detailed technical review of the well's operation, review of the original application for the injection authority, and assessment of the potentials for impacts to the Capitan Reef aquifer system using current hydrologic information and mapping tools.

The wells listed in Table 1 that are associated with ER activities will be assessed by reviewing the current operation of the ER project which is typically an older waterflood for this area of the Artesia Group. This would provide a greater scope on the impacts and identify any additional wells not included in the 2009 RESPEC report.

Once a determination for exempted aquifer status has been completed, then the Division would meet with the operator and discuss the findings and options. This may include a determination of no action, a requirement for the operator to apply for an exempted aquifer specific to the injection activity, or initiation a hearing by Division to have the injection authority either restricted or revoked.

The content of this response was prepared by Phillip Goetze of the Division's Engineering Bureau. If

additional information is required or if there questions about the content of this correspondence, please contact either Mr. Goetze (phillip.goetze@state.nm.us; direct: 505.476.3466) or myself at your convenience.

Sincerely,



DANIEL SANCHEZ
Field Operations Bureau Chief / UIC Program Manager

JDS/prg

References:

- Hiss, W. L., 1976, Structure of the Permian Guadalupian Capitan Aquifer, Southeast New Mexico and West Texas, Resource Map 6, New Mexico Bureau of Geology and Mineral Resources, one sheet.
- Hiss, W. L., 1980, *Movement of Ground Water in Permian Guadalupian Aquifer Systems, Southeastern New Mexico and Western Texas*, in New Mexico Geological Society Guidebook, 31st Field Conference, Trans-Pecos Region, 1980, p. 289-294.
- Holland, Michael T., Parkhill, T., Wilson, L., Logsdon, M., and Stahl, M., 1980, *Aquifer Evaluation for UIC: Search for a Simple Procedure*, in New Mexico State Demonstration for Class II Wells, Appendix II (referenced in Demonstration as Appendix A-2). Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Holland, Michael T., Wilson, L., Stahl, M., and Jenkins, D., 1979, *Aquifer Designation for UIC: Prototype Study in Southeastern New Mexico*, in New Mexico State Demonstration for Class II Wells, Appendix I (referenced in Demonstration as Appendix A-1). Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Kelley, Shari, Engler, T., Cather, M., Pokorny, C., Yang, C., Mamer, E., Hoffman, G., Wilch, J., Johnson, P., and Zeigler, K., 2014, Hydrologic Assessment of Oil and Gas Resource Development of the Mancos Shale in the San Juan, New Mexico, New Mexico Bureau of Geology and Mineral Resources Open-file Report 566; 64 p.
- Minnick, Matthew D., 2009, Capitan Reef Injection Well Study, RESPEC Consulting and Services Topical Report RSI-2048, April 2009, 14 p. Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Wilson, Lee, and Holland, Michael T., 1984, *Aquifer Classification for the UIC Program*:

Prototype Studies in New Mexico, in *Ground Water*, Volume 22, Number 6, November-December Issue, p. 706-716.

ATTACHMENTS:

Figures

- Figure 1. Map Showing Locations of Major Oil and Gas Activities
- Figure 2A. Geologic Map of the San Juan Structural Basin
- Figure 2B. Schematic Cross Section of the San Juan Basin Showing Potential Aquifers
- Figure 3A. Location Map Showing the Bravo Dome Carbon Dioxide Field
- Figure 3B. General Stratigraphic Column in the Vicinity of the Bravo Dome Field
- Figure 4A. Map Showing the General Geology of the Raton Basin
- Figure 4B. Relevant Stratigraphic Column and Relationship to Aquifer Occurrences in the Raton Basin as Shown in the Schematic Cross Section
- Figure 5A. Maps Showing the General Location of the Capitan Reef Aquifer System
- Figure 5B. Relevant Stratigraphic Column and Relationship to Aquifer Occurrences in the Capitan Reef Lithosome as Shown in the Schematic and Correlation Cross Sections
- Figure 6A. Map Showing the Location of the Roswell Basin Aquifer System
- Figure 6B. Stratigraphic Column and Relationship to Aquifer Occurrences in the Roswell Artesian Basin as Shown in the Schematic Cross Section

Tables

- Table 1. Summary Table of Active Injection Wells Requiring Further Investigation

Copy of Evaluation Report

- Minnick, Matthew D., 2009, Capitan Reef Injection Well Study, RESPEC Consulting and Services Topical Report RSI-2048, April 2009, p. 14.

cc: UIC Class II Program File



Oil Conservation Division
Energy, Minerals and Natural Resources Department
State of New Mexico

Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs

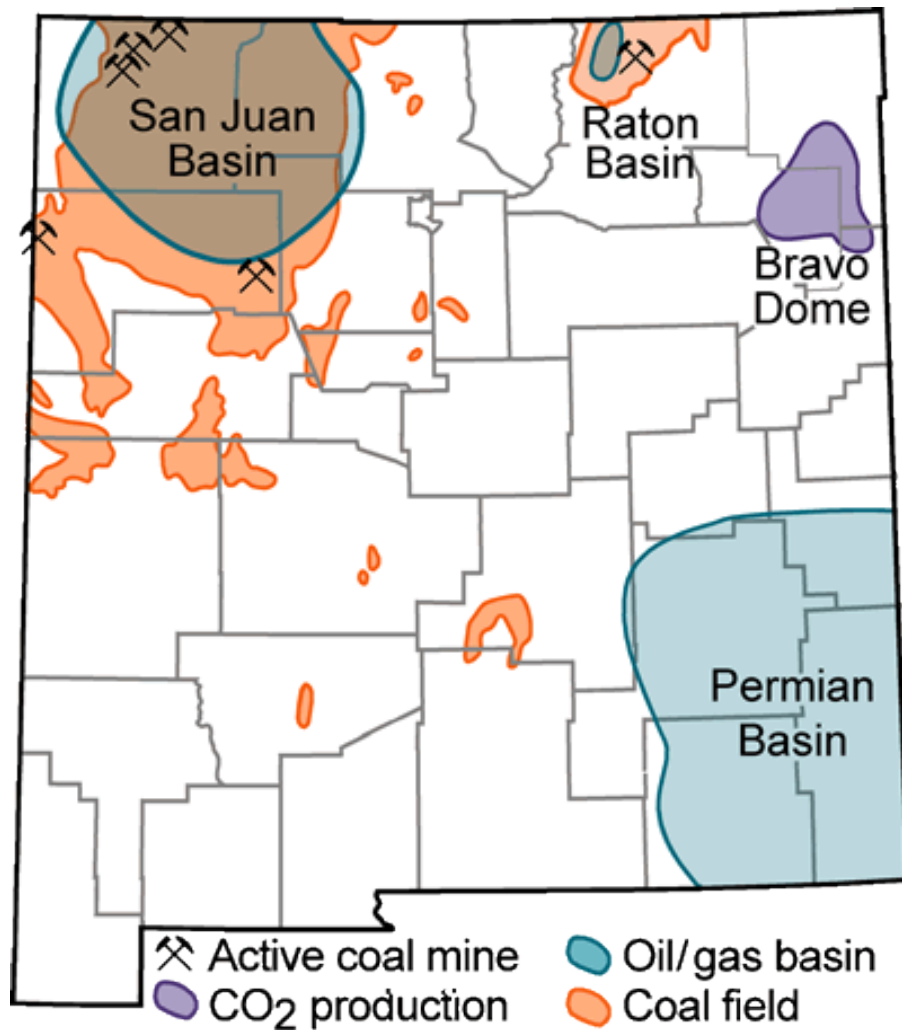


FIGURE 1. Map Showing Locations of Major Oil and Gas Activities
(Including Coal-Bed Methane Production)



Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: San Juan Basin

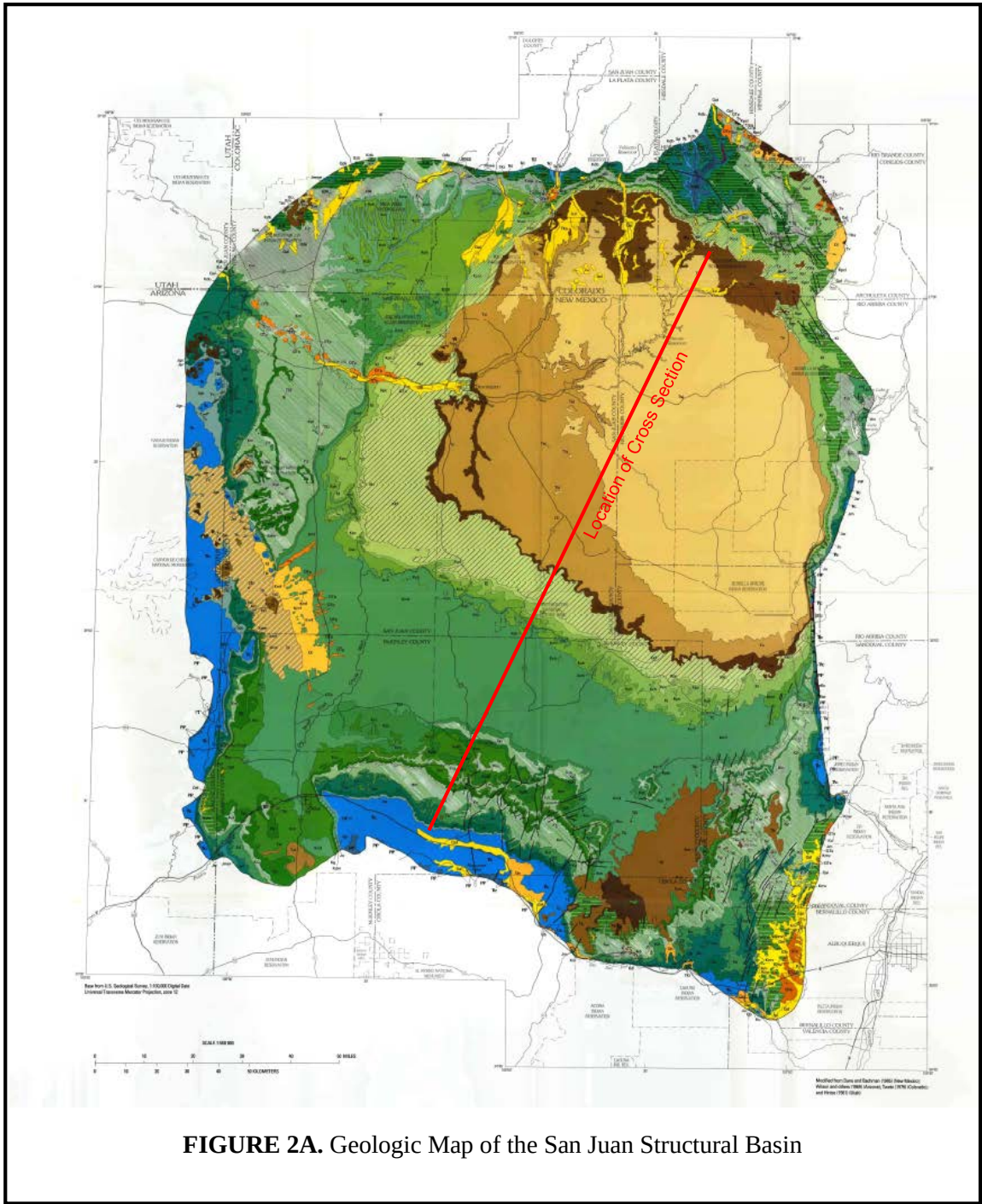


FIGURE 2A. Geologic Map of the San Juan Structural Basin

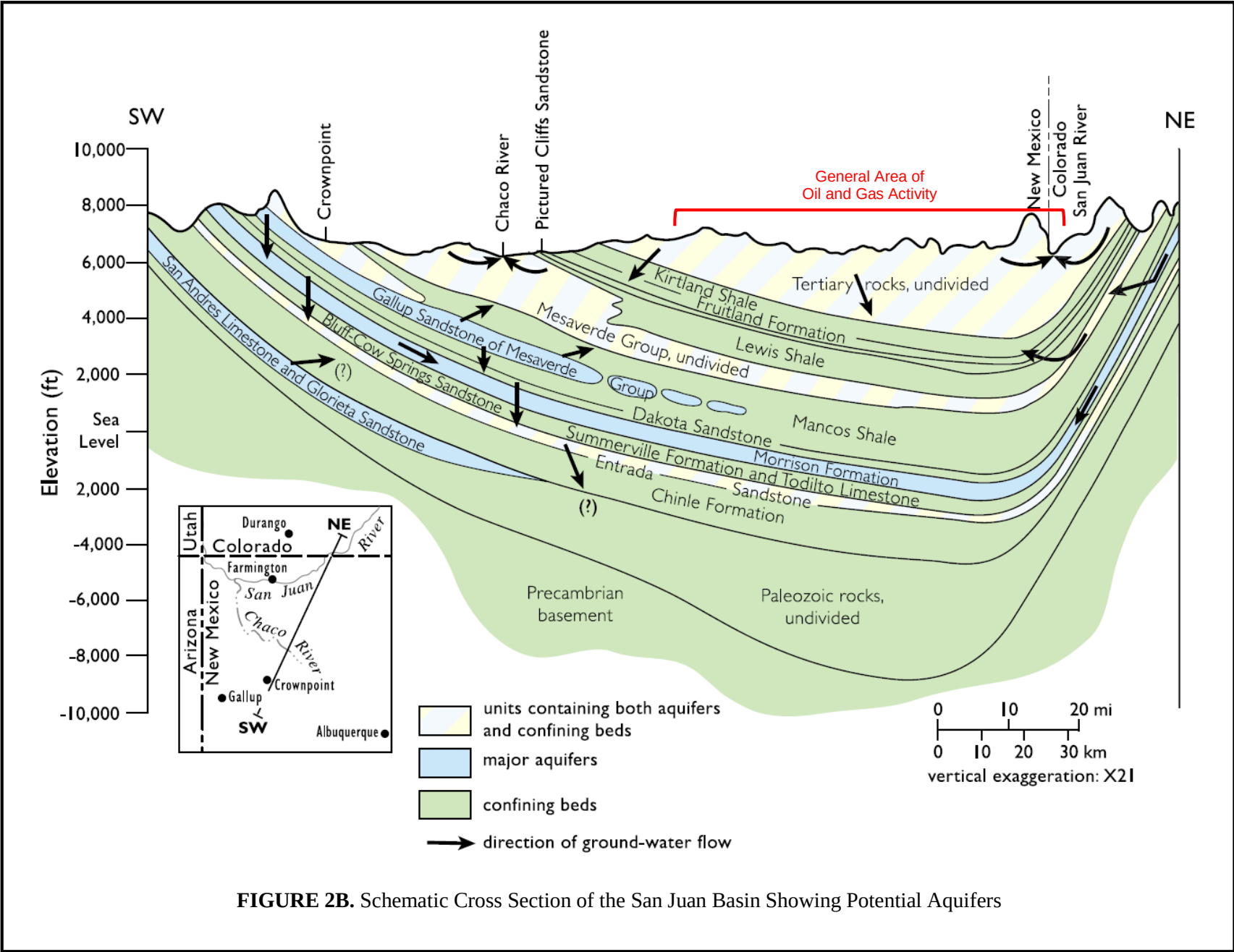
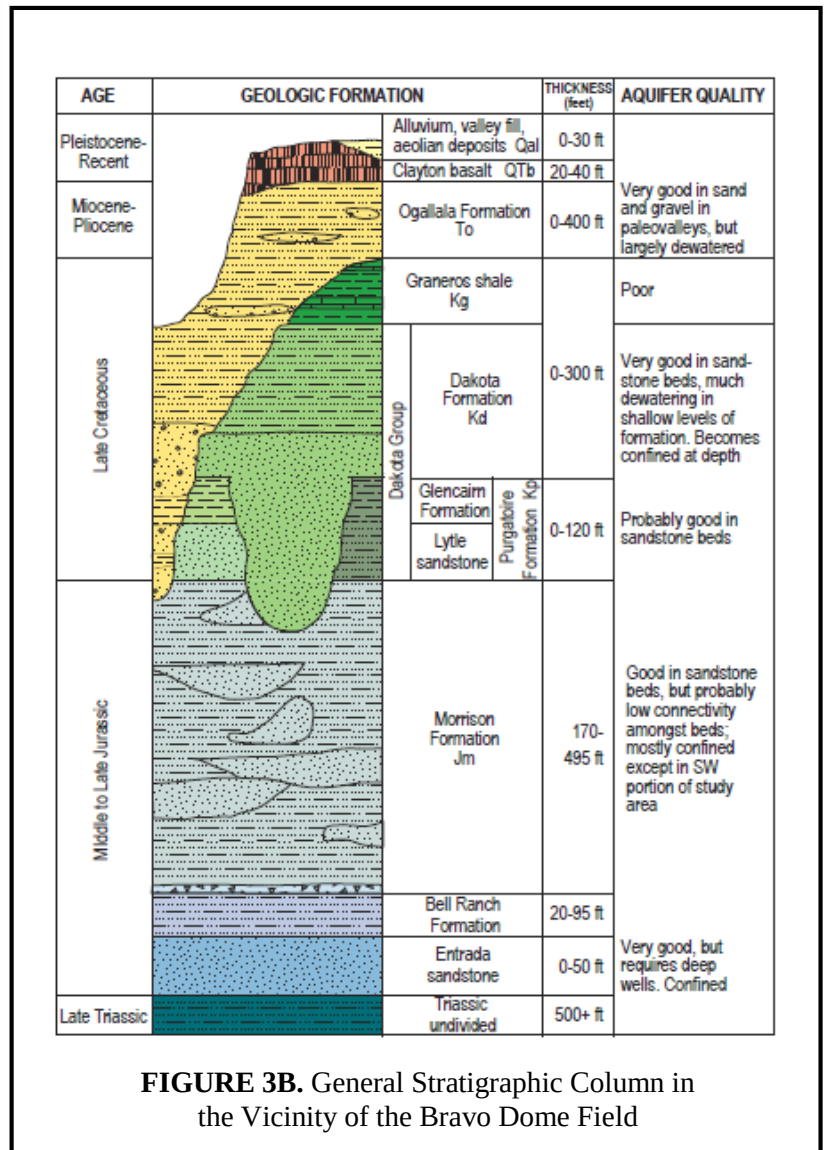
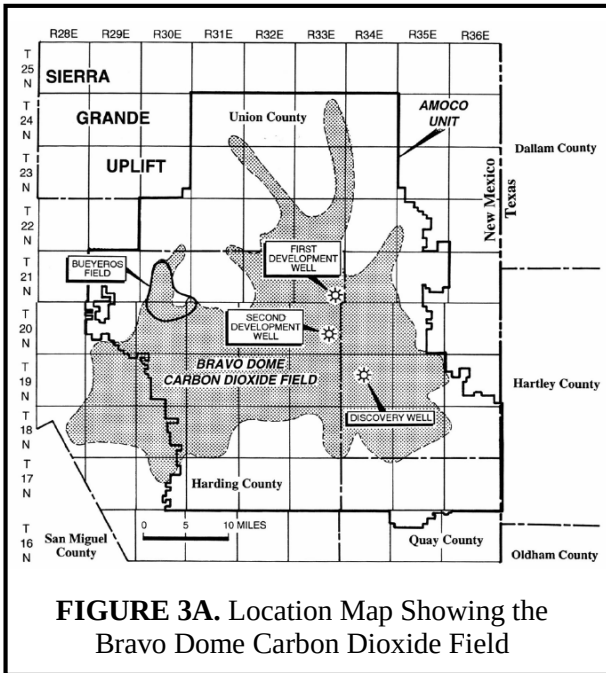


FIGURE 2B. Schematic Cross Section of the San Juan Basin Showing Potential Aquifers



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Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Bravo Dome Area





Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Raton Basin

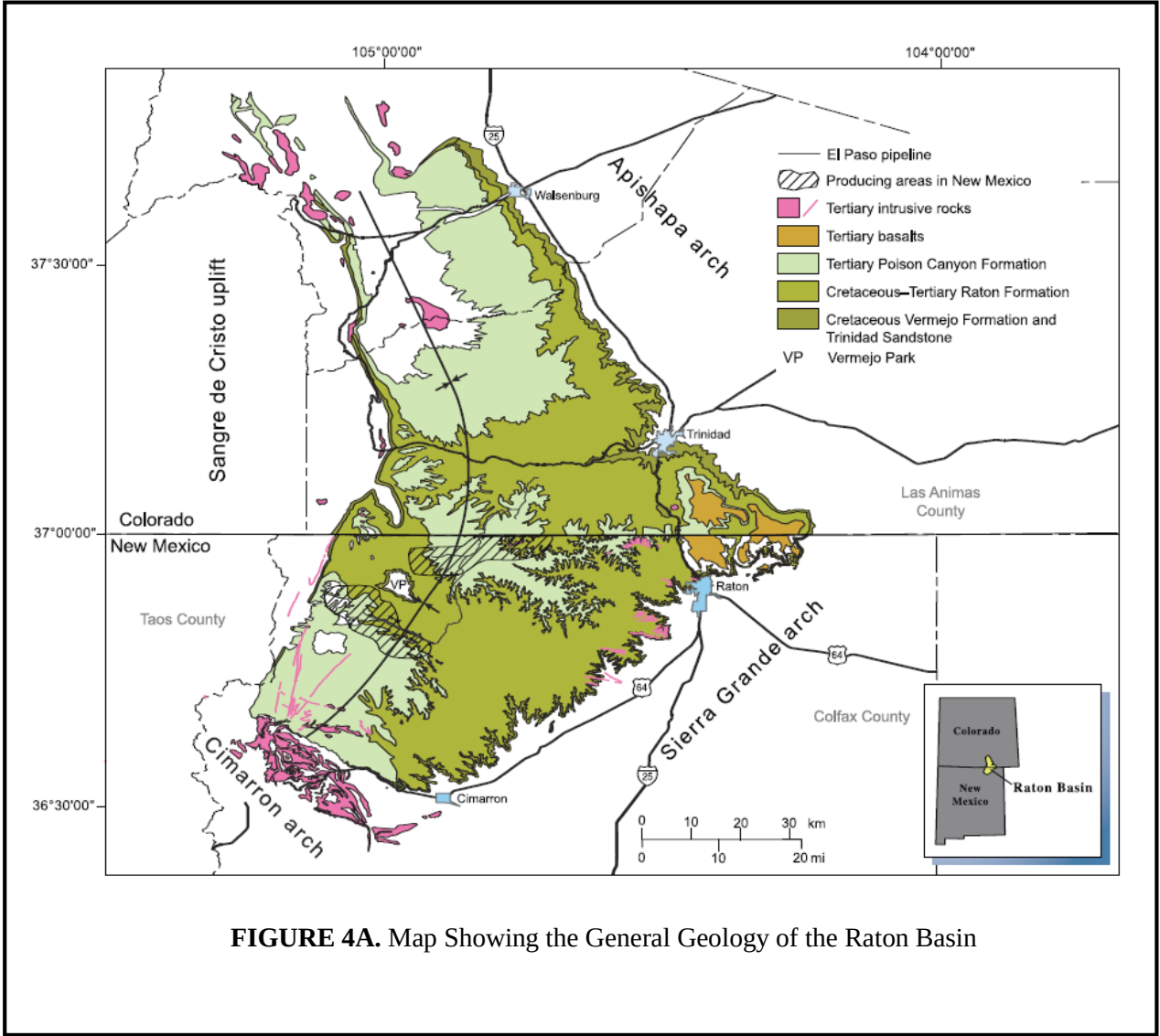
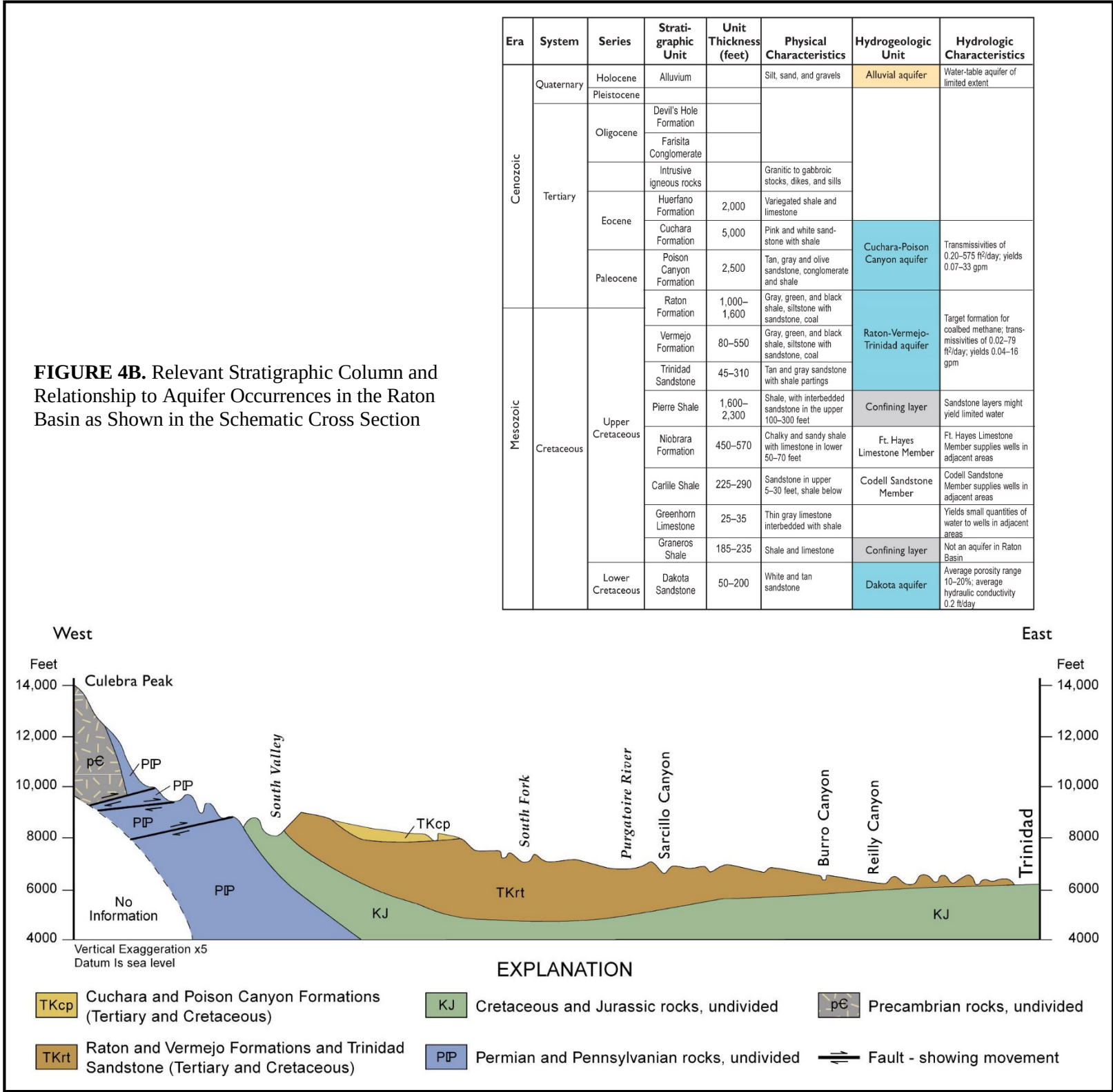
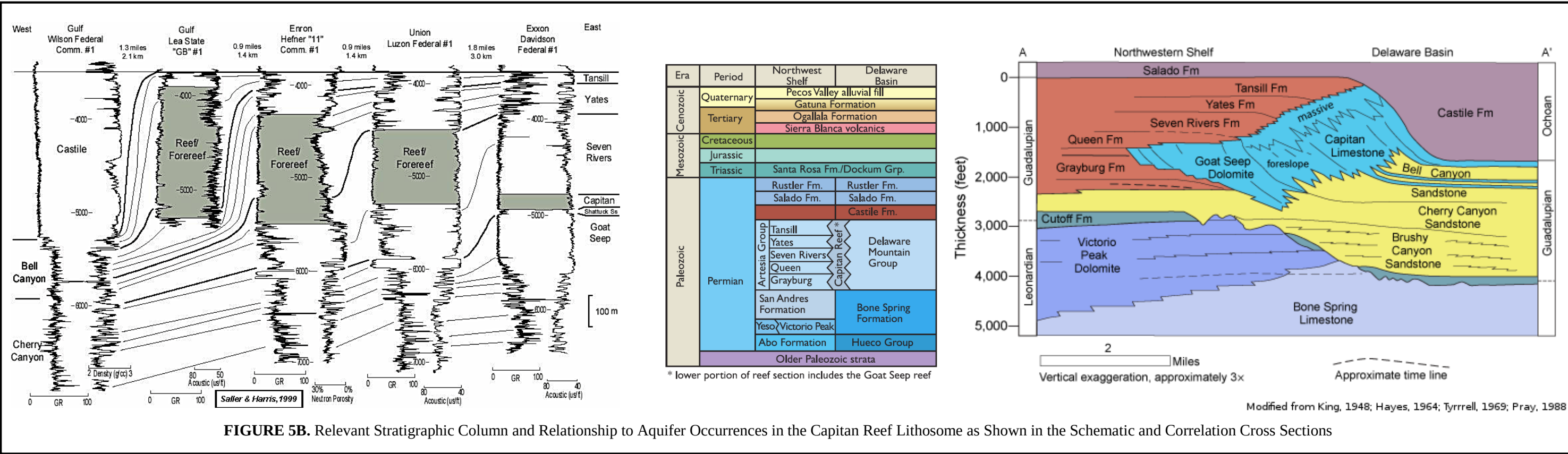
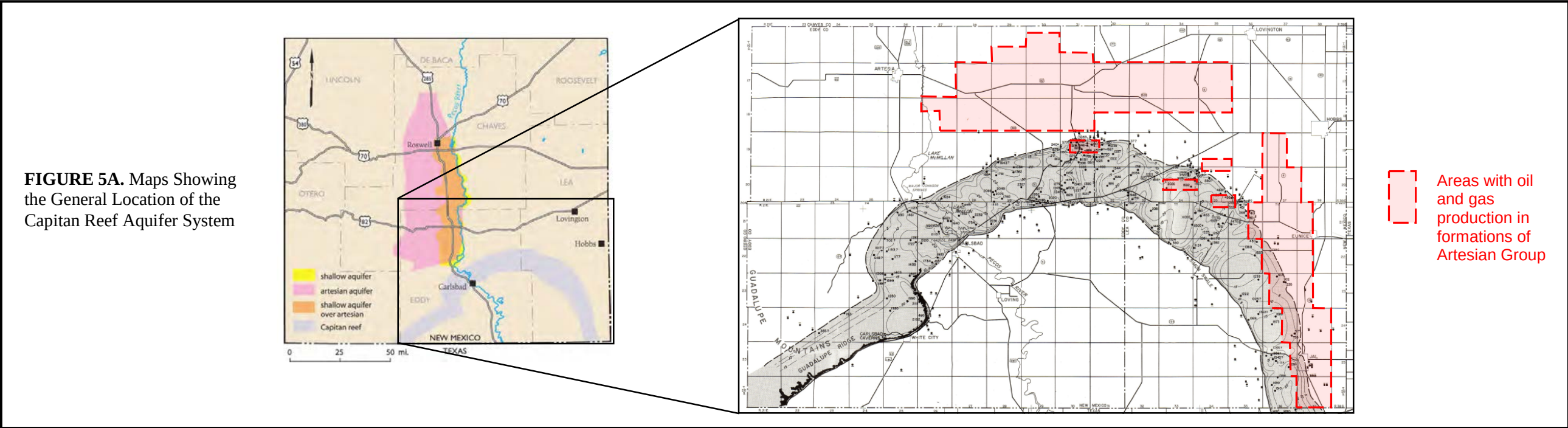


FIGURE 4A. Map Showing the General Geology of the Raton Basin



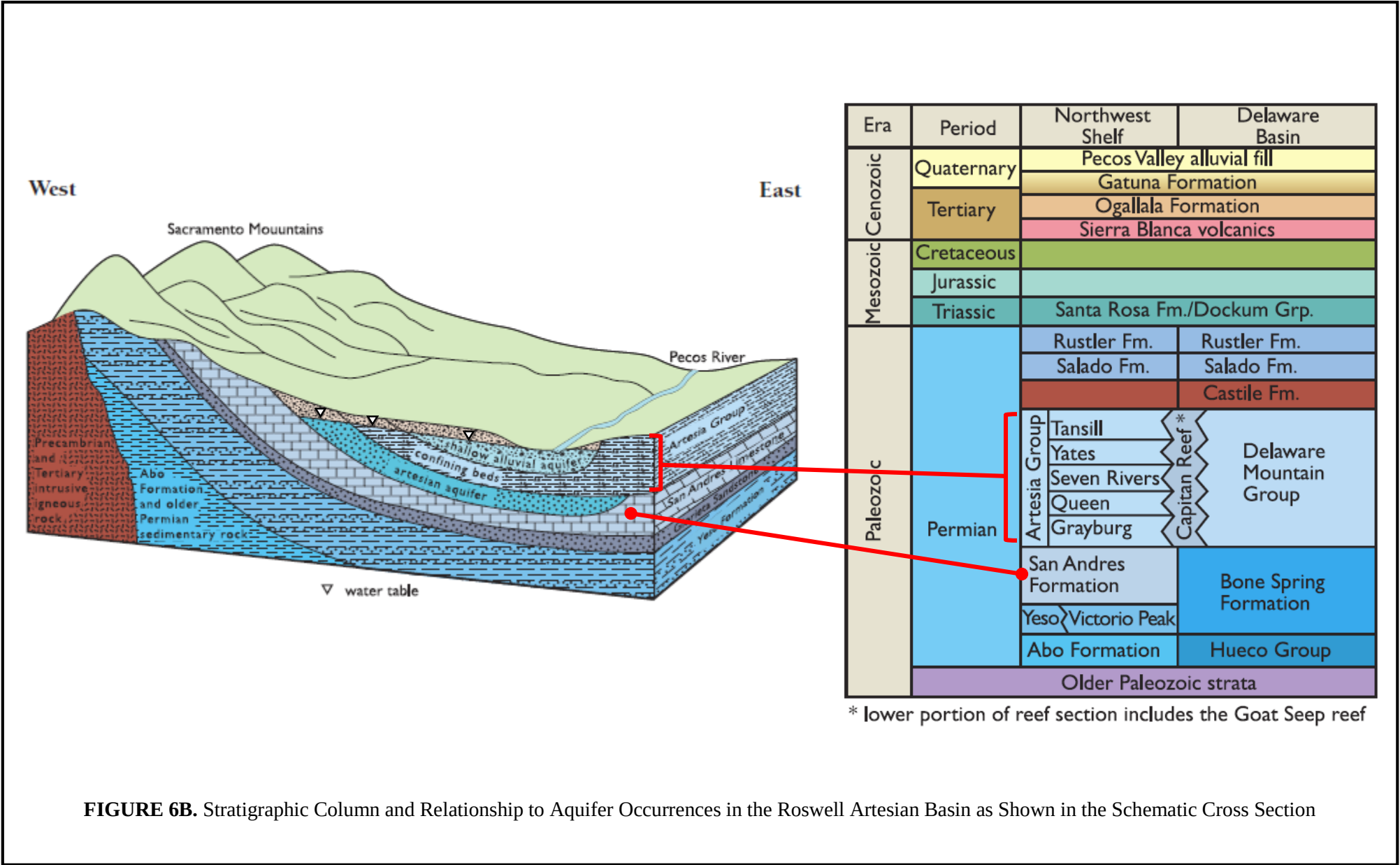
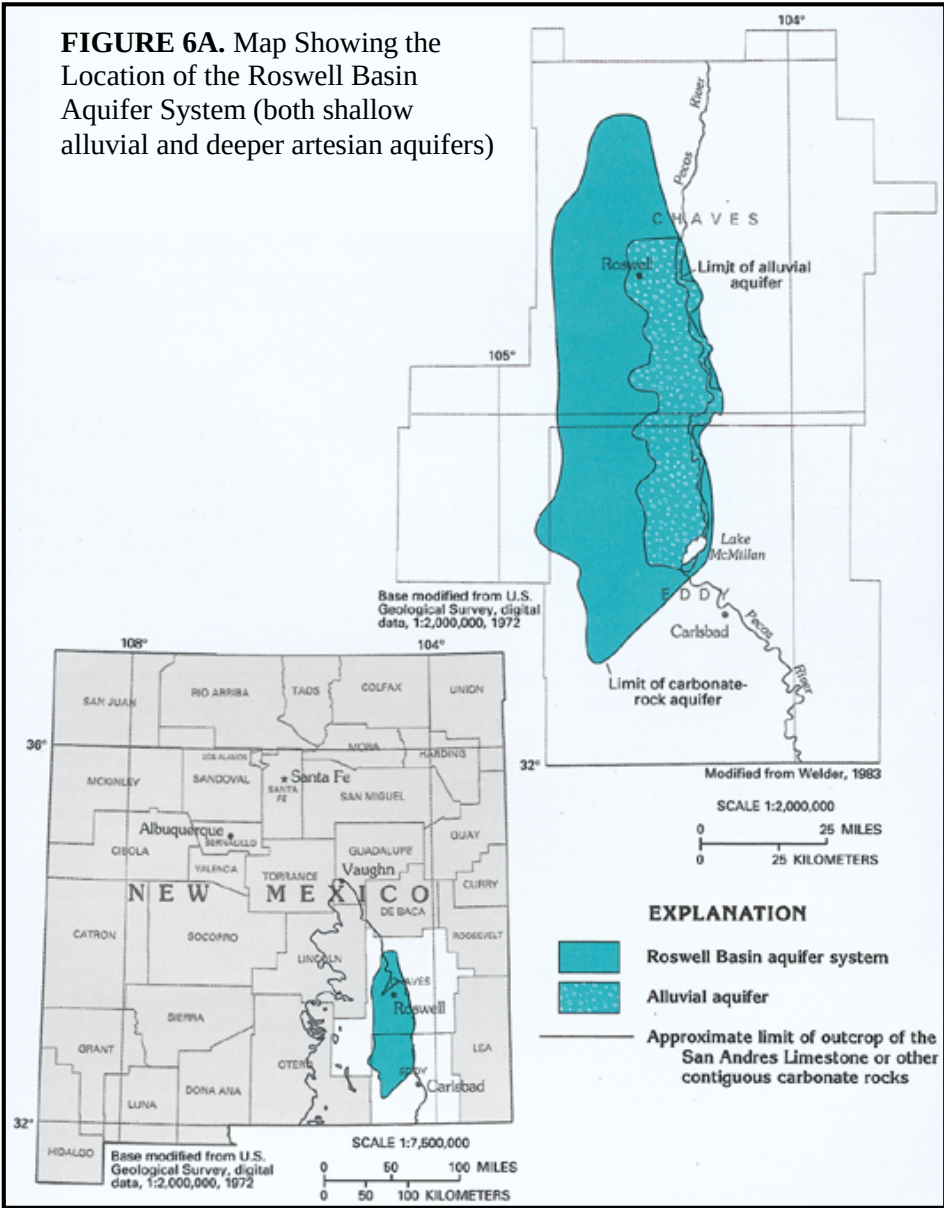


Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Permian Basin and the Capitan Reef Aquifer System





Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Permian Basin and Roswell Basin Aquifer System





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Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs

Table 1. Summary Table of Active Injection Wells Requiring Further Investigation

Report ID Number	Well Identification No.	Well Name	Current Operator	Location (UL-Sec-Twn-Rge)	OCD Designated Pool	Well Type	Injection Authority	Source Identifying Potential
1*	30-015-02446	SALADAR FEDERAL NO. 4	MNA ENTERPRISES LTD CO	K (NE¼SW¼)-33-20S-28E	SALADAR;YATES	ER	WFX-869	RESPEC Report RSI-2048
2*	30-015-02448	SALADAR FEDERAL NO. 6	MNA ENTERPRISES LTD CO	K (NE¼SW¼)-33-20S-28E	SALADAR;YATES	ER	WFX-869	RESPEC Report RSI-2048
3*	30-015-02449	SALADAR FEDERAL NO. 8	MNA ENTERPRISES LTD CO	N (SE¼SW¼)-33-20S-28E	SALADAR;YATES	ER	WFX-869	RESPEC Report RSI-2048
4*	30-015-02450	SALADAR B NO. 2	MNA ENTERPRISES LTD CO	L (NW¼SW¼)-33-20S-28E	SALADAR;YATES	ER	Shut-in (expired authority)	RESPEC Report RSI-2048
5*	30-015-24179	SALADAR FEDERAL NO. 12	MNA ENTERPRISES LTD CO	K (NE¼SW¼)-33-20S-28E	SALADAR;YATES	ER	WFX-869	RESPEC Report RSI-2048
6*	30-025-08606	CONE JALMAT YATES POOL UNIT NO. 105	BREITBURN OPERATING LP	L (NW¼SW¼)-13-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	R-2495^	RESPEC Report RSI-2048
7*	30-025-08640	CONE JALMAT YATES POOL UNIT NO. 502	BREITBURN OPERATING LP	L (NW¼SW¼)-24-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	WFX-206	RESPEC Report RSI-2048
8*	30-025-08648	CONE JALMAT YATES POOL UNIT NO. 107	BREITBURN OPERATING LP	D (NW¼NW¼)-24-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	R-2495^	RESPEC Report RSI-2048
9*	30-025-08579	JALMAT FIELD YATES SAND UNIT NO. 123	BREITBURN OPERATING LP	P (SE¼SE¼)-10-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	R-2243^	RESPEC Report RSI-2048
10*	30-025-08588	JALMAT FIELD YATES SAND UNIT NO. 121	BREITBURN OPERATING LP	N (SE¼SW¼)-11-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	R-2243^	RESPEC Report RSI-2048
11*	30-025-08590	JALMAT FIELD YATES SAND UNIT NO. 114	BREITBURN OPERATING LP	J (NW¼SE¼)-11-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	R-2243^	RESPEC Report RSI-2048
12*	30-025-08601	JALMAT FIELD YATES SAND UNIT NO. 116	BREITBURN OPERATING LP	L (NW¼SW¼)-12-22S-35E	JALMAT;TAN-YATES-7 RVRS (OIL)	ER	Currently producer (R-2243)	RESPEC Report RSI-2048
13	30-015-26524	HADSON FEDERAL NO. 1	VANGUARD OPERATING, LLC	O (SW¼SE¼)-11-19S-31E	SWD;YATES-SEVEN RIVERS	SWD	SWD-700	RESPEC Report RSI-2048
14	30-015-26730	HADSON FEDERAL NO. 3	VANGUARD OPERATING, LLC	G (SW¼NE¼)-11-19S-31E	SWD;YATES-SEVEN RIVERS	SWD	SWD-479	RESPEC Report RSI-2048
15	30-025-32735	PRONGHORN SWD NO. 1	COG OPERATING LLC	B (NW¼NE¼)-24-19S-32E	SWD;YATES-SEVEN RIVERS	SWD	SWD-536	RESPEC Report RSI-2048
16	30-025-02431	LEA UNIT NO. 8	LEGACY RESERVES OPERATING, LP	B (NW¼NE¼)-12-20S-34E	SWD;SEVEN RIVERS	SWD	SWD-189^	RESPEC Report RSI-2048
17	30-025-02459	CRUCES FEDERAL NO. 3	BURK ROYALTY CO., LTD.	N (SE¼SW¼)-26-20S-34E	LYNCH;YATES-SEVEN RIVERS	SWD	R-9000	RESPEC Report RSI-2048
18	30-025-02507	W H MILNER FEDERAL NO. 4	BURK ROYALTY CO., LTD.	C (NE¼NW¼)-35-20S-34E	SWD;YATES	SWD	R-3779^	RESPEC Report RSI-2048
19	30-025-02501	NEAL NO. 3	BURK ROYALTY CO., LTD.	A (NE¼NE¼)-35-20S-34E	LYNCH;YATES-SEVEN RIVERS	ER	R-4283-A	RESPEC Report RSI-2048
20	30-025-02476	SILVER FEDERAL NO. 4	STEVEN D RUPPERT	O (SW¼SE¼)-28-20S-34E	SWD;YATES-SEVEN RIVERS	SWD	R-3724^	RESPEC Report RSI-2048
21	30-025-02466	BALLARD DE FEDERAL NO. 3	BLACK MOUNTAIN OPERATING LLC	D (NW¼NW¼)-27-20S-34E	SWD;SEVEN RIVERS	SWD	SWD-354	RESPEC Report RSI-2048
22	30-025-02494	B V LYNCH A FEDERAL NO. 2	MAS OPERATING CO.	P (SE¼SE¼)-34-20S-34E	SWD;YATES-SEVEN RIVERS	SWD	R-7971	RESPEC Report RSI-2048
23	30-025-12580	B V LYNCH A FEDERAL NO. 10	MAS OPERATING CO.	C (NE¼NW¼)-34-20S-34E	SWD;YATES-SEVEN RIVERS	SWD	R-4612	RESPEC Report RSI-2048
24	30-025-02448	D AND E FEDERAL NO. 1	CHESTNUT EXPLORATION AND PRODUCTION, INC.	N (SE¼SW¼)-22-20S-34E	SWD;SEVEN RIVERS	SWD	SWD-326	RESPEC Report RSI-2048
25	30-025-20386	WHITTEN NO. 1	NEW MEXICO SALT WATER DISPOSAL COMPANY	I (NE¼SE¼)-14-20S-34E	SWD;SEVEN RIVERS	SWD	SWD-525	RESPEC Report RSI-2048
26	30-025-23985	WALLEN FEDERAL NO. 2	DAKOTA RESOURCES INC (I)	C (NE¼NW¼)-20-20S-34E	SWD;YATES-SEVEN RIVERS	SWD	SWD-249	RESPEC Report RSI-2048
27	30-015-26710	WELCH FEDERAL NO. 7	BILL G TAYLOR AND HARVEY R TAYLOR	P (SE¼SE¼)-5-21S-27E	CEDAR HILLS;YATES	SWD	SWD-425	RESPEC Report RSI-2048
28	30-015-22055	EXXON STATE NO. 8	PYOTE WELL SERVICE, LLC	O (SW¼SE¼)-15-21S27E	SWD;YATES	SWD	R-13043	RESPEC Report RSI-2048
29	30-025-25957	7406 JV-S LEA 20 NO. 1	CHANCES PROPERTIES COMPANY	P (SE¼SE¼)-20-26S-36E	SWD; CAPITAN REEF	SWD	SWD-210^	Identified as result of EPA 2016 review request
30	30-025-01671	FEDERAL 18 B NO. 4	COG OPERATING LLC	H (SE¼NW¼)-18-19S-33E	SWD; SEVEN RIVERS	SWD	SWD-589	Identified as result of EPA 2016 review request
31	30-025-09807	MARALO SHALES B NO. 2	OWL SWD OPERATING, LLC	P (SE¼SE¼)-25-25S-36E	SWD;YATES-SEVEN RIVERS	SWD	SWD-1127	Identified as result of disposal application in vicinity
32	30-025-09807	BROWN NO. 5	OWL SWD OPERATING, LLC	E (SW¼NW¼)-25-25S-36E	SWD;YATES-SEVEN RIVERS	SWD	R-5196^	Identified as result of disposal application in vicinity

*Colors represent grouping of individual injection wells that are part of active waterflood units.

^Indicates injection authority predates primacy approval date of March 7, 1982.

CAPITAN REEF INJECTION WELL IMPACT STUDY

Topical Report RSI-2048

prepared for

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

April 2009



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**CAPITAN REEF INJECTION WELL
IMPACT STUDY**

Topical Report RSI-2048

by

Matthew D. Minnick

RESPEC

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April 2009

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1.0 OBJECTIVES

The objective of this preliminary study was to increase the New Mexico Energy, Minerals, and Natural Resources Department (NMERD), Oil Conservation Division's ability to protect the water quality in and around the Capitan Reef and to protect the Carlsbad area's drinking water source. This aquifer vulnerability study focused primarily on identifying brine injection wells that have the potential to contaminate the freshwater resource of the Capitan Reef aquifer.

2.0 TASKS

The primary task and deliverable of this study was to identify wells currently permitted to inject into or near the upper or lower portions of the Capitan Reef boundary. The wells considered consist of those within 1 mile of Capitan Reef that are injecting and/or have injected within the past 2 years. Well completion reports and electronic log (elogs) data were obtained to determine the perforation depths and subsequent formation of injection to identify wells that have potential for contaminating groundwater in the area. A Geographic Information System (GIS) layer of the wells was generated and delivered in a format compatible with the Oil Conservation Division's risk-based data management system (RBDMS).

A list of wells found to meet the criteria was generated with the following attributes:

- American Petroleum Institute (API) numbers
- Injection location (above, into, or adjacent to Capitan Reef)
- Injection formation
- Well data source.

A new table, WELLSINJECT_SENAREA, was created in the RDBMS_BASE_GIS SQL database. The table includes wells that meet the criteria and the associated attributes.

3.0 METHODS

The primary source of data used for this project was the procuring agency's wells database and catalog of electronic completion reports and elogs. The New Mexico Environmental Department was also contacted as a data source, but no wells were found to fit the criteria stipulated under the project task from this agency. Using the task criteria, wells were identified that had been injecting in the last 2 years within 1 mile of the Capitan Reef. Oil Conservation Division's wells database was queried by well type and water injected per year to narrow down the spatial search. A 1-mile buffer was created around the surface boundaries for the Capitan Reef. The boundaries used were from the Phase 1 study that was digitized from open file reports developed by the U.S. Geological Survey in the mid-1970s [Hiss, 1975]. The buffered surface boundaries of Capitan Reef were used to perform a spatial selection of the wells in **ArcGIS**.

For the list of wells found to match the criteria, electronic documents, including well completion reports, status changes, perforation permits, and elogs, were downloaded. Many wells did not have elogs and some had only a few supporting documents where available. The perforated or open hole injection interval was determined from the supporting documents. This was done with careful attention to the evolution of the well outlined in the documentation to pinpoint the most recent injection interval. The injection formation and other formation tops were also recorded from the completion reports and elogs where available. Subsequently, the injection location attribute was populated based on the understanding of the injection interval and formation relative to the depth and thickness of the Capitan Reef. A second interpretation of the injection location was also done comparing the injection interval from the documentation with the structure contour and isopach data of the Capitan Reef developed by Hiss [1975]. The structure interval and isopach maps were used to develop interpolated surfaces to define the subsurface structure of the Capitan Reef. Wells and associated injection intervals were visually inspected and compared with the interpolated structure to further refine injection intervals.

4.0 RESULTS

A total of 298 wells were found to fit the criteria outlined in the project task. A table of the selected wells is contained in Appendix A (included on CD). The full datatable was uploaded into the RDBMS_BASE_GIS SQL database as specified by the Oil Conservation Division. From the preliminary findings based solely on well completion data, 139 wells are injecting above, 84 wells adjacent, and 75 below the Capitan Reef. The spatial distribution of the well injection locations from the initial findings are presented in Figure 4-1.

The injection intervals were reanalyzed using the 1975 Hiss interpolation of the subsurface structure of the Capitan Reef. A three-dimensional (3D) model of the Capitan Reef was built in ESRI's **ArcScene** using Hiss' interpolation and the 298 wells and injection intervals were added to the 3D structure model in Figure 4-2. The spatial distribution of the 3D interpolated injection well locations is presented in Figure 4-3. According to Hiss' structural interpolation, a set of 30 wells was found to be injecting close to, if not into, Capitan Reef. These 30 higher risk wells are presented in Table 4-1 and Figure 4-4. From the 3D interpolation, Exxon State 08 was found to be injecting approximately 70 feet above Capitan Reef (Figure 4-5). It is therefore difficult to identify the impact of the wells identified here in this subset.

The Hiss structural interpolation is an approximation based on limited data that may not reflect exact spatial relations between Capitan Reef and well injection intervals. The close spatial proximity to the Capitan Reef of these wells does not prove these wells are impacting Capitan Reef, just that they are a potential source of vulnerability. A modern structural interpolation using all available data would help to better define the subsurface structure of Capitan Reef and the proximity to the well injection intervals. To verify whether injection either below or above the Capitan Reef is safe under various aquifer stress conditions, additional work must be done to characterize the vertical hydraulic gradients.

A plot of the chloride concentration [Hiss, 1975] reveals a trend of lower chloride concentrations on Capitan Reef with concentrations increasing basinward (Figure 4-6). Recent water-quality data was not compared to historic data or injection well locations.

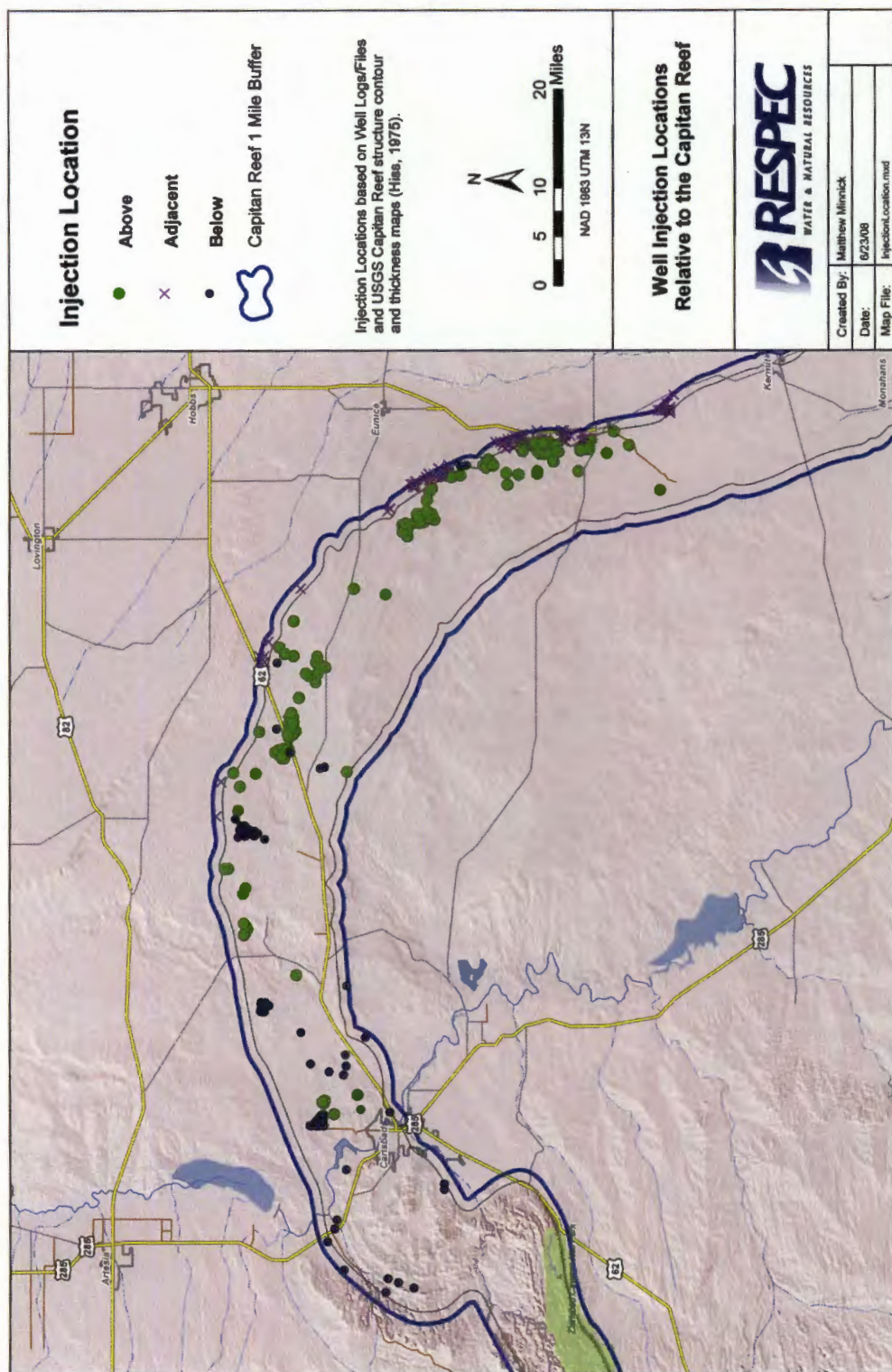


Figure 4-1. Locations of All Active Injection Wells Within 1 Mile of the Capitan Reef. Injection intervals derived from supporting well documents.

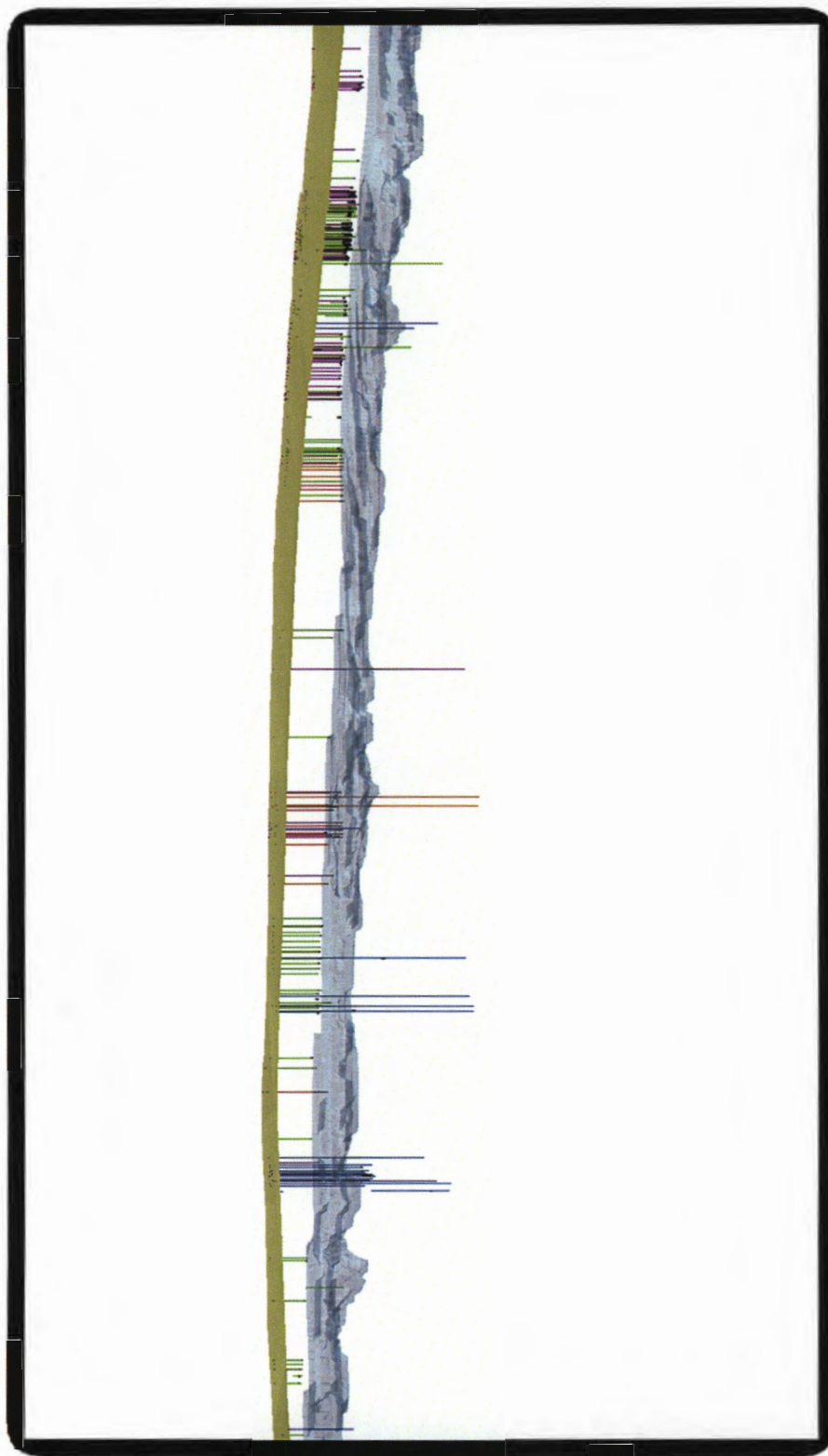


Figure 4-2. Three-Dimensional Interpolation of the Capitan Reef Created From Structure and Isopach Contours (From Hiss [1975]). Wells are colored according to injection location, green—above, blue—above, purple—adjacent, red—into. Injection intervals are colored black.

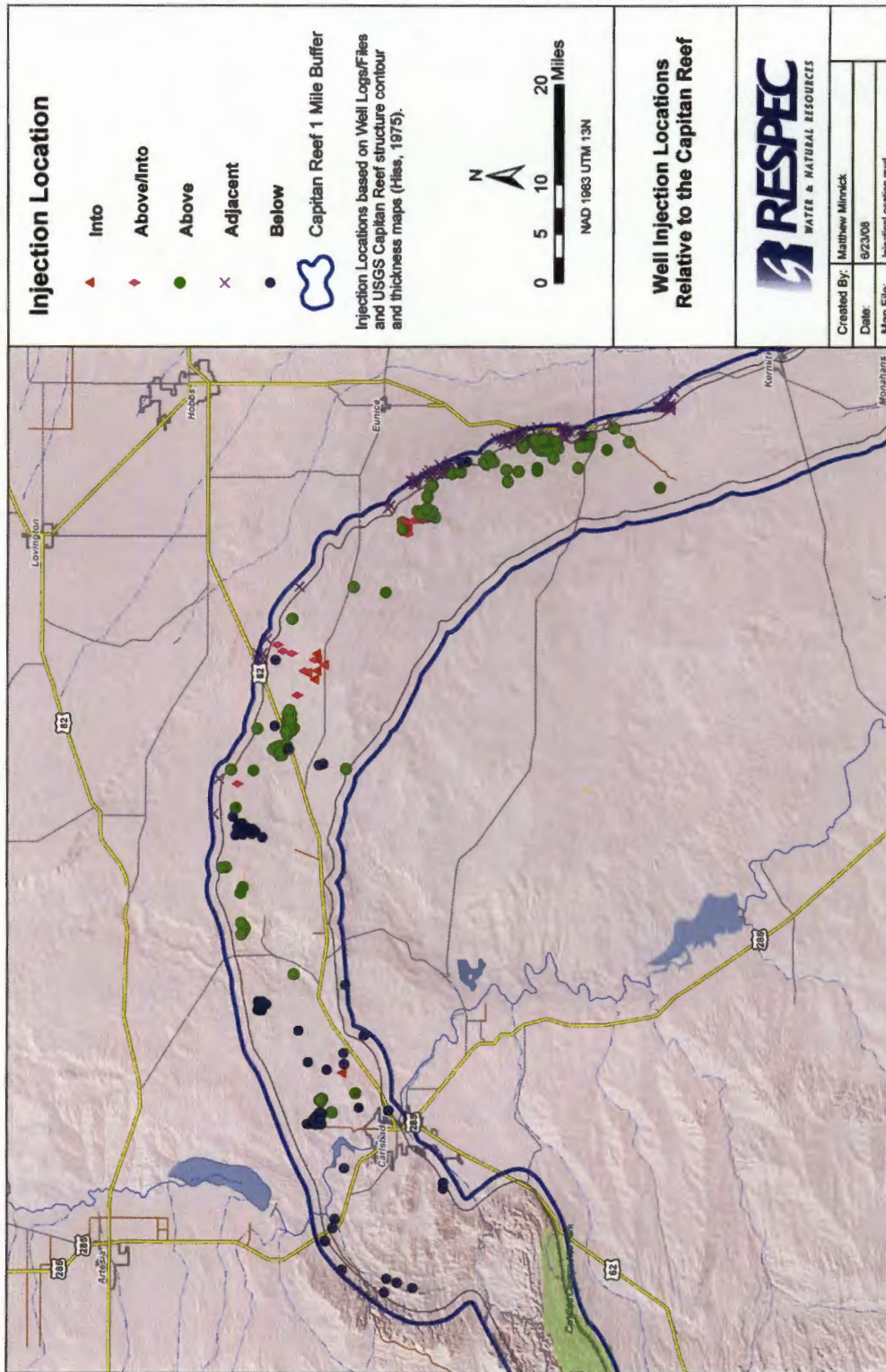


Figure 4-3. Revised Well Injection Intervals Derived From the Three-Dimensional Interpolation of the Capitan Reef.

Table 4-1. List of Higher Risk Wells Identified Using the Three-Dimensional Interpolation of the Capitan Reef (Page 1 of 2)

API No.	Well Name	Injection Location	Interpolated Injection Location	Injection Formation
3001502449	SALADAR UNIT 008	Above	Above	Yates
3001502446	SALADAR UNIT 004	Above	Above	Yates
3001502448	SALADAR UNIT 006	Above	Above	Yates
3001502450	SALADAR UNIT 002	Above	Above	Yates
3001524179	SALADAR UNIT 012	Above	Above	Yates
3002502459	CRUCES FEDERAL 003	Above	Above/Into	Yates
3002508640	CONE JALMAT YATES POOL UNIT 502	Above	Above/Into	Yates
3002508590	JALMAT FIELD YATES SAND UNIT 114	Above	Into	Yates
3002508579	JALMAT FIELD YATES SAND UNIT 123	Above	Above/Into	Yates
3002508606	CONE JALMAT YATES POOL UNIT 105	Above	Above/Into	Yates
3002508588	JALMAT FIELD YATES SAND UNIT 121	Above	Into	Yates
3002508601	JALMAT FIELD YATES SAND UNIT 116	Above	Above/Into	Yates
3002508648	CONE JALMAT YATES POOL UNIT 107	Above	Above/Into	Yates
3001526524	HADSON FEDERAL 001	Above	Above	Yates
3001526710	WELCH FEDERAL 007	Above	Above	Yates
3002502476	SILVER FEDERAL 004	Above	Into	Seven Rivers
3002502466	BALLARD DE FEDERAL 003	Above	Into	Seven Rivers
3001526730	HADSON FEDERAL 003	Above	Above	Yates/Seven Rivers
3002502507	W H MILNER FEDERAL 004	Above	Into	Seven Rivers
3002502431	LEA UNIT 008	Above	Above/Into	Yates
3002502494	B V LYNCH A FEDERAL 002	Above	Into	Yates/Seven Rivers
3002502448	D AND E FEDERAL 001	Above	Above/Into	Yates
3002502501	NEAL 003	Above	Into	Yates
3002520386	WHITTEN 001	Above	Above/Into	Seven Rivers/Queen

Table 4-1. List of Higher Risk Wells Identified Using the Three-Dimensional Interpolation of the Capitan Reef (Page 2 of 2)

API No.	Well Name	Injection Location	Interpolated Injection Location	Injection Formation
3002512580	B V LYNCH A FEDERAL 010	Above	Into	Yates
3002528528	LEA UNIT SWD 002	Above	Above/Into	Seven Rivers
3002523985	WALLEN FEDERAL 002	Above	Above/Into	Seven Rivers
3002532735	PRONGHORN SWD 001	Above	Above/Into	Yates/Seven Rivers
3001520387	GOVERNMENT D 001	Below	Into	Delaware
3001522055	EXXON STATE 008	Above	Above	Yates

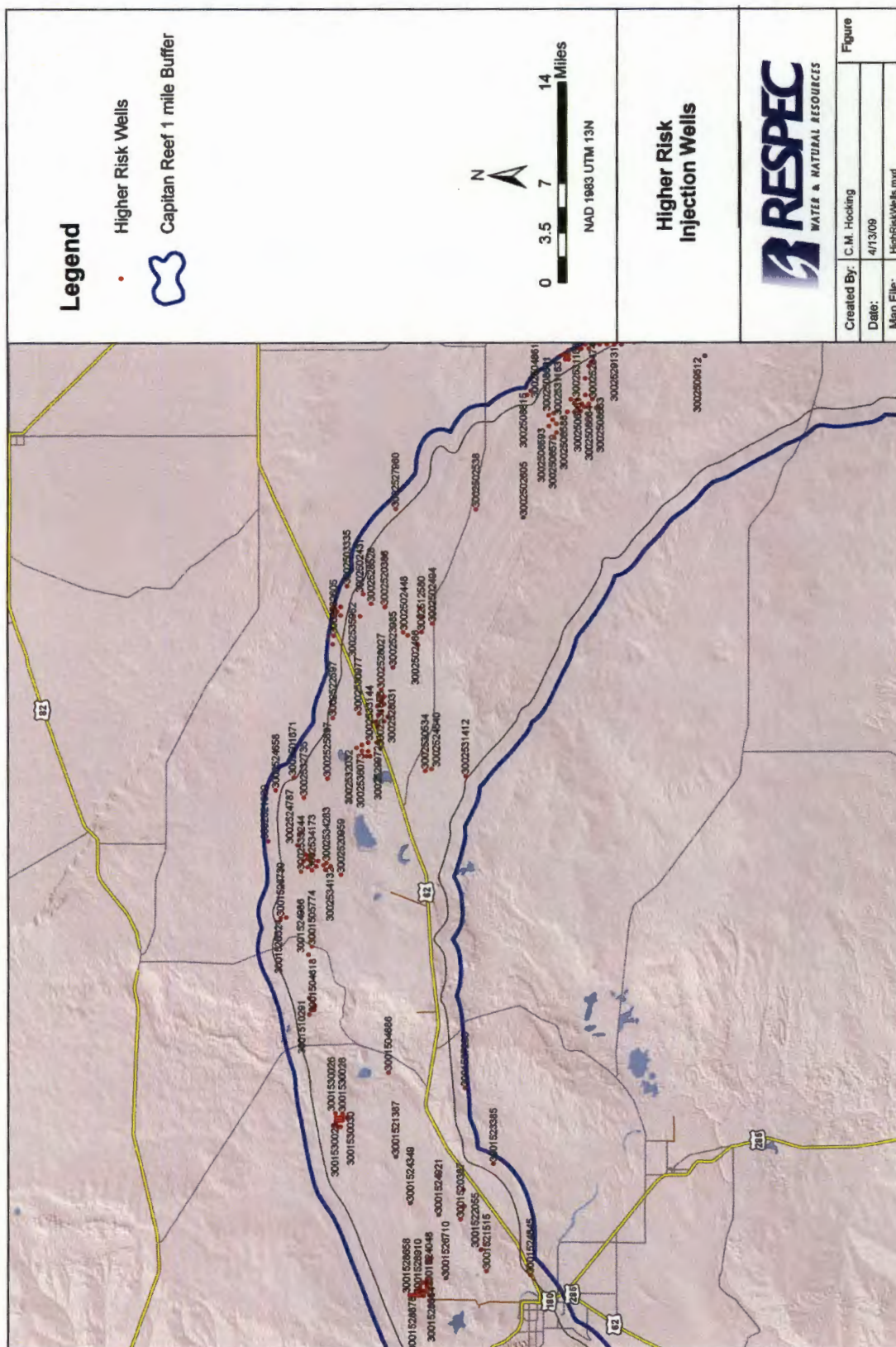


Figure 4-4. Injection Location Map of the 30 Wells Representing Higher Risk.

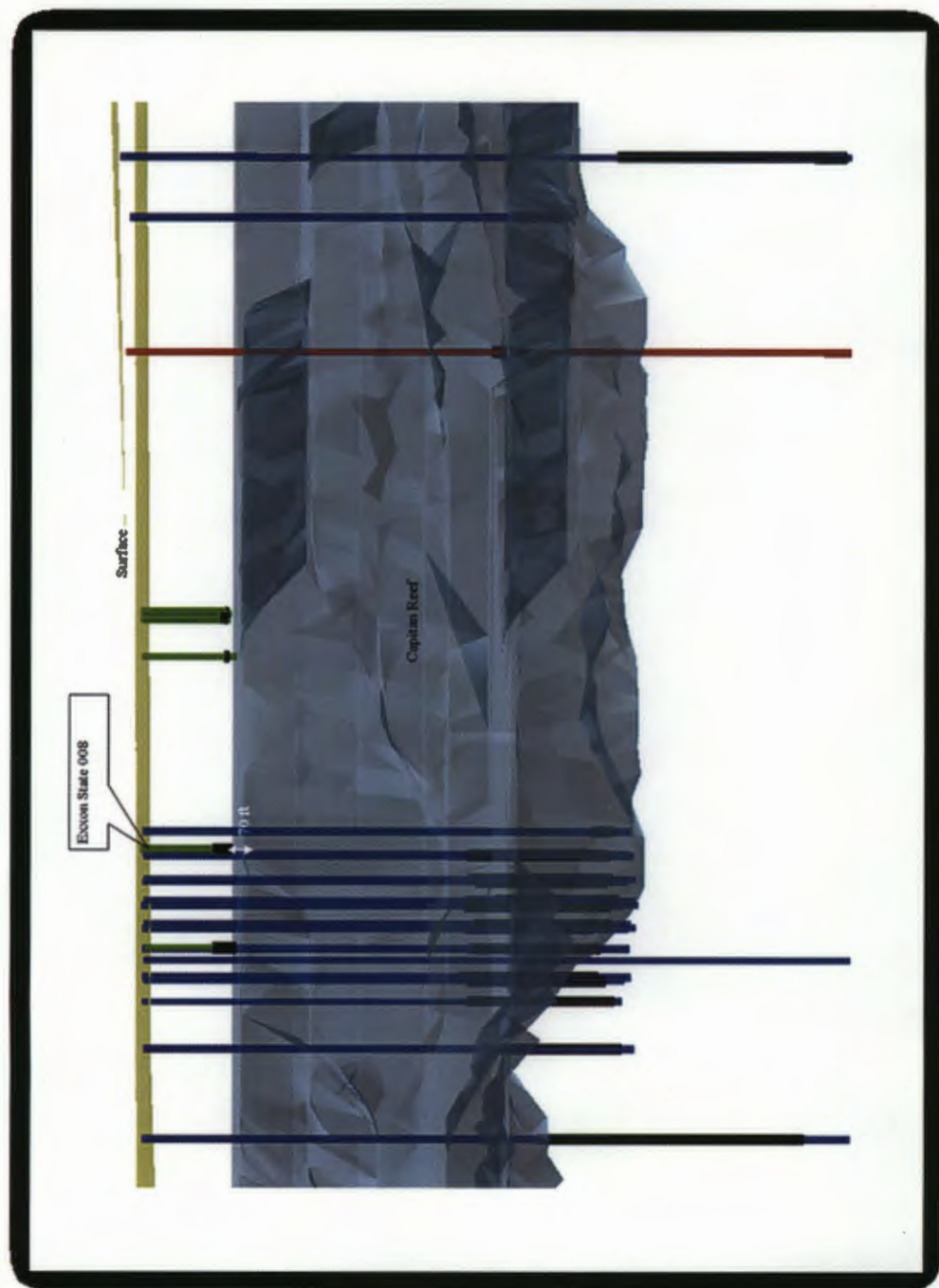


Figure 4-5. View of the Exxon State 008 Well Injection Interval in Relation to the Capitan Reef. Three-dimensional interpolation of the Capitan Reef created from structure and isopach contours (from Hiss [1975]). Wells are colored according to injection location, green—above, blue—below, purple—adjacent, and red—into. Injection intervals are colored black. In this figure, Exxon State 008 is injecting approximately 70 feet above the reef.

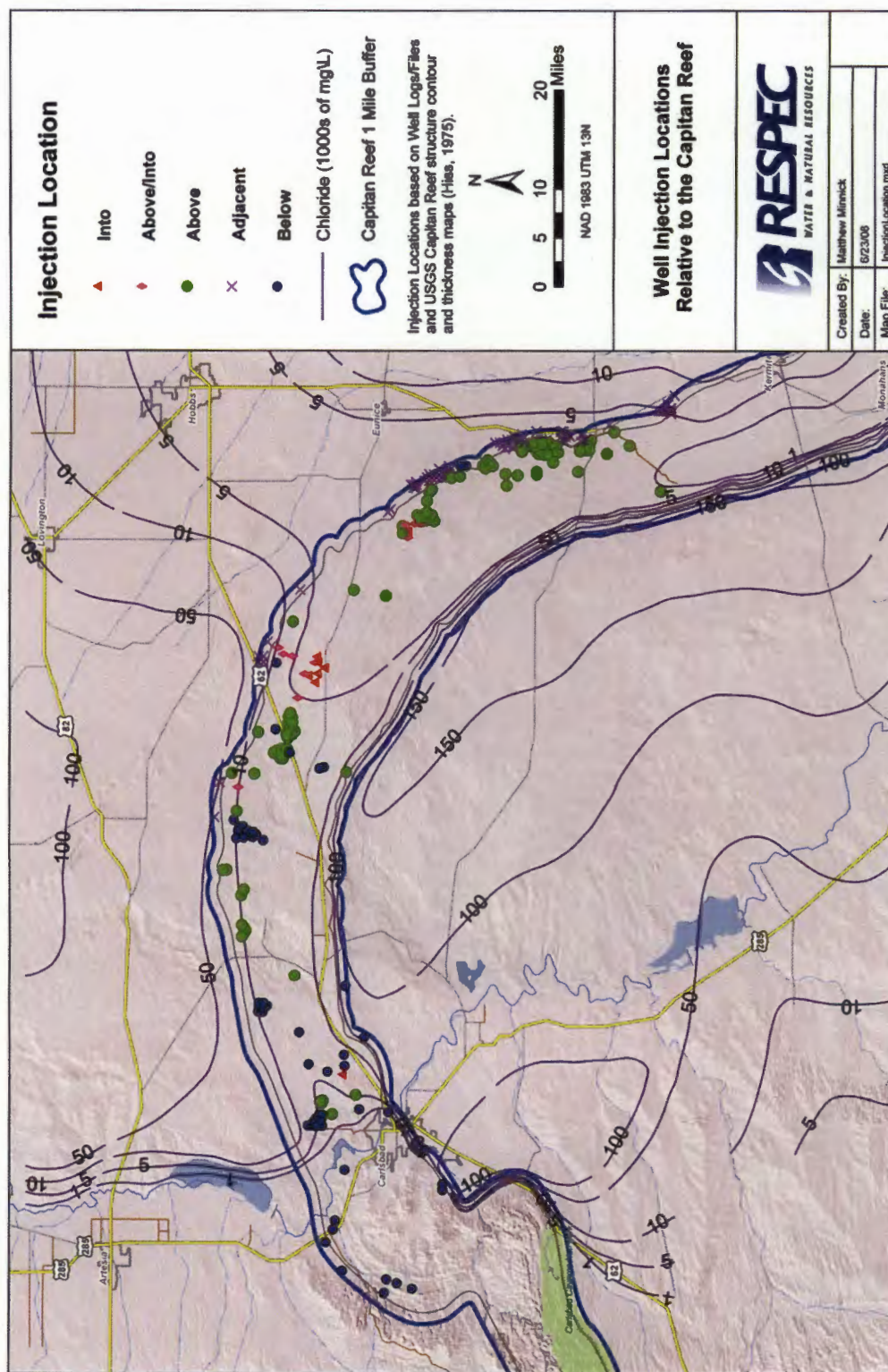


Figure 4-6. Injection Location Map Coupled With Chloride Concentrations Interpolated by Hiss [1975]. Injection locations represented here are derived from the three-dimensional interpolation of the reef.

5.0 RECOMMENDATIONS

Out of the 298 wells identified that match the task criteria, 30 wells were found to be of higher risk for potential to impact the Capitan Reef aquifer. Out of the 30 higher risk wells, 29 wells are injecting above the Capitan Reef in the Yates and Seven Rivers Formations and possibly into Capitan Reef. One well, GOVERNMENT D 001, is injecting just below or possibly into the Capitan Reef. This study is a regional survey of risk potential and does not attempt to understand the local scale structural features, faults, and lithology that control interformational flow and potential impact of brine injection. Understanding these features on a local scale is important to further assessing the potential impact of these wells. Using the results from this regional study, areas of focused research may be identified around suspect wells and areas of high vulnerability, including the fresh water, saline groundwater interface and the Pecos River. A more detailed and accurate subsurface visualization using data from all available resources should be built to provide a framework for assessing the potential impact of the higher risk wells and defining vulnerable areas of the Capitan Reef. Structural features, including faults that may provide preferential flow paths for injected brine to reach the Capitan Reef, need to be identified. Highly porous lithologic units or evaporites susceptible to dissolution also need to be identified in the subsurface framework. Other data, including groundwater flow and geochemistry, can also be visualized to further support the understanding of the aquifer.

ESRI's GIS can provide the platform to store, analyze, visualize, and disseminate the geology and groundwater data. Detailed geostatistical subsurface interpolations can be built using C-Tech's **Mining Visualization Systems (MVS)** and imported into an **ArcHydro** groundwater geodatabase schema for analysis with groundwater flow and geochemistry data. Coupling of this data with analytical and numerical models can provide a powerful decision support tool. Products developed from this system, including visualizations and animations, provide powerful and defensible litigation support material. This system would increase the NMERD Oil Conservation Division's ability to protect the water quality in and around the Capitan Reef and protect the Carlsbad area's drinking water source.

6.0 REFERENCES

Hiss, W. L. 1975. *Map Showing Thickness of the Permian (Guadalupian) Capitan Aquifer, Southeast New Mexico and West Texas*, prepared by the U.S. Geological Survey in cooperation with the New Mexico State Engineer.

APPENDIX A

**TABLE OF WELLS MEETING
THE TASK CRITERIA**

(CD ROM)

Capitan Reef Injection Well Impact Study
Topical Report RSI-2048

RESPEC
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April 2009

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	MYERS LANGLIE MATTX UNIT 039	Adjacent	Adjacent	Queen	OCD	3,333	3,650	3,541	3,650	1,205		2,940		3,540				0	27,717	9,509	32,2699	-103.2081
3002511048	MYERS LANGLIE MATXX UNIT 244	Adjacent	Adjacent	Queen	OCD	3,314	3,666	3,472	3,617	1,185		2,960		3,2264				0	44,737	43,766	32,2264	-103.2081
3002511323	LANGLIE JAL UNIT 019	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,250	3,620	3,354	3,609	1,120	1,220	2,692	2,918	3,149	3,454			2,917	34,319	40,290	32,1720	-103.1913
3002511149	COOPER JAL UNIT 242	Adjacent	Adjacent	Yates/Seven Riv	OCD	3,303	3,190	2,962	3,190	1,150			2,855	2,985				17,334	193,121	106,867	32,2073	-103.2051
3002511036	MY ERS LANGLIE MATXX UNIT 137	Adjacent	Adjacent	Queen	OCD	3,321	3,588	3,454	3,588	1,158			2,940	3,193				0	12,966	65,970	32,2517	-103.2083
3002511019	MY ERS LANGLIE MATXX UNIT 136	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,327	3,615	3,460	3,615	1,170	1,270	2,740	2,950	3,230	3,590			0	26,764	81,753	32,2517	-103.2039
3002511322	LANGLIE JAL UNIT 020	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,239	3,560	3,397	3,560	1,175			3,239	3,481				9,241	117,168	163,224	32,1421	-103.1913
3002511301	LANGLIE JAL UNIT 017	Adjacent	Adjacent	Queen/Grauburg	OCD	3,233	4,006	3,504	3,700	1,100	1,200	2,680	2,879	3,100	3,515			6,707	74,665	106,892	32,1720	-103.1997
3002511022	MYERS LANGLIE MATTX UNIT 173	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,328	3,620	3,464	3,620	1,165			2,922	3,215				0	6,362	45,762	32,2445	-103.2041
3002510901	MYERS LANGLIE MATTX UNIT 071	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,325	3,650	3,459	3,647	1,165	1,255	2,740	3,090		3,495			0	41,391	48,542	32,2626	-103.2081
3002511480	LANGLIE JAL UNIT 033	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,228	3,577	3,375	3,521	1,110	1,434	2,650	2,829	3,043	3,395			8,346	102,447	97,320	32,1656	-103.1988
3002511290	COOPER JAL UNIT 228	Adjacent	Adjacent	Yates	OCD	3,267	3,134	3,040	3,120	1,105			2,957					9,070	116,297	68,500	32,1937	-103.2041
3002511029	MYERS LANGLIE MATTX UNIT 175	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,311	3,620	3,477	3,620	1,170			2,921	3,272	3,538			0	1,710	91,869	32,2418	-103.1988
3002511038	MYERS LANGLIE MATTX UNIT 235	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,306	3,570	3,410	3,570				2,916					0	49,402	48,292	32,2330	-103.1959
3002511488	SOUTH LANGLIE JAL UNIT 004	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,125	3,353	3,127	3,353	1,090	1,185	2,610	2,760	2,965	3,205			0	113,400	113,400	32,1965	-103.1965
3002511162	COOPER JAL UNIT 220	Above	Above	Seven Rivers/Qui	OCD	3,276	3,600	2,986	3,600	1,109	1,224	2,820	2,979	3,210				6,750	106,774	57,453	32,1973	-103.2082
3002511288	COOPER JAL UNIT 239	Above	Above	Yates/Seven Riv	OCD	3,268	3,180	2,828	3,180	1,089			2,869					8,808	116,643	66,967	32,1901	-103.2081
3002511141	COOPER JAL UNIT 116	Above	Above	Yates/Seven Riv	OCD	3,326	3,641	2,980	3,641	1,100			2,980	3,215	3,598			12,286	114,459	65,712	32,2119	-103.2081
3002511476	LANGLIE JAL UNIT 055	Adjacent	Adjacent	Seven Rivers/Qui	OCD	3,241	3,511	3,370	3,511		1,251	2,650	2,846	3,070	3,460			3,605	41,221	51,669	32,1584	-103.1988
3002511173	LANGLIE JACK UNIT 006	Adjacent	Adjacent	Seven Rivers/Qui	OCD																	

