

## **Jones, William V., EMNRD**

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**From:** Jones, William V., EMNRD  
**Sent:** Monday, July 20, 2009 1:06 PM  
**To:** 'billy@pwlrc.net'  
**Cc:** Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Reeves, Jacqueta, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD  
**Subject:** Disposal application from McKay Oil Corp: Inexco Fed #6 30-005-63740 Proposed Abo Gas Disposal

Hello Bill:

This application as proposed to use existing Abo gas perforations to dispose of Abo water production cannot be approved. Disposal into a highly fractured, tight gas reservoir will likely cause waste of gas in offsetting wells or in undrilled areas to the North, West or East of this well. Considerations to use depleted producing intervals for disposal are being handled at Examiner hearings from now on (Policy Change). At those hearings, the applicant should present detailed facts possibly including economics which may support this type of proposal.

In this case, McKay could possibly propose disposal into the (proven non-productive) Wolfcamp or deeper intervals in preferably a well offstructure (new drill or re-entry). The Yeso and Tubb may be an option – but only if the insitu waters are more than 10,000 mg/l of TDS and this would have to be proven with logging and swabbing. This may also be true of the Wolfcamp.

Other items on this application:

- 1) The PO box is wrong on the newspaper notice. Also, you should put a layman's distance/direction on all newspaper notices. (i.e. this well is located 20 miles SE of Roswell.)
- 2) The Wellbore Diagram does not have the open hole or the DV tool listed. Please list depths of all DV tools on subject wells and on AOR wells in future applications. The DV tool on this one was listed on the Cement Bond Log. The logs show an open hole interval which was not shown on your submittal.
- 3) This is proposed to dispose of Abo waters – please send a water analysis of these Abo waters.
- 4) The surface pipe in this area is set to about 1,000 feet – looks like through the San Andres and to the top of the Yeso. But it has lots of trouble with cementing, so the San Andres may have karst features? Anyway, if there are any windmills or other water sources that can be analyzed, please locate these and send an analyzed sample.
- 5) Please have a geologist send formation tops from surface to TD on C-108 applications.
- 6) The number of inactive wells STILL as of today shows to be too many on the web site – which is the only place we are allowed to look for compliance with Rule 5.9. If it is true that McKay has put another well online, please get something in writing from Gail's attorneys or from Daniel Sanchez. We would need something official stating the Rule 5.9 is OK before we can consider this application.

Please advise McKay Oil Corp of this application being denied and the possibility of presenting this at an Examiner Hearing. Let me know if they reach compliance with Rule 5.9 and set this to hearing – if so, I will pass this documentation on to Florene.

Please note:

Florene will not accept an SWD application for an examiner hearing until McKay is proven to be in compliance with Rule 5.9 (another Policy Change).

Regards,

William V. Jones PE  
New Mexico Oil Conservation Division

# **DENIED 7/20/09** Injection Permit Checklist (7/17/09)

Case \_\_\_\_\_ R- \_\_\_\_\_ SWD \_\_\_\_\_ WFX \_\_\_\_\_ PMX \_\_\_\_\_ IPI \_\_\_\_\_ Permit Date \_\_\_\_\_ UIC Qtr **(JAS)**

# Wells 1 Well Name: INEXCO Fed #6

API Num: (30-) 205-63740 Spud Date: 7/6/05 New/Old: N (UIC primacy March 7, 1982)

Footages: 980 FSL/490 FWL Unit M Sec 19 Tsp 5S Rge 22E County Citrus

Operator: McKay Oil Corp. Contact Bill Prichard

OGRID: 14424 RULE 5.9 Compliance (Wells) 6/179 (Finan Assur) OK

Operator Address: PO - BOX 2014, Roswell, NM 88202-2014

Current Status of Well: Non-ECON ABO Gas well

Planned Work to Well:

Planned Tubing Size/Depth: 2 7/8 @ 2950'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>12 1/8 8 5/8</u>	<u>1012</u>	<u>275 (+300 w/1")</u>	<u>CIRC</u>
Existing <input type="checkbox"/> Intermediate				
Existing <input checked="" type="checkbox"/> Long String	<u>7 7/8 5 1/2</u>	<u>4233</u>	<u>1010 + 596</u>	

DV Tool 2218 Liner Open Hole Yes Total Depth \_\_\_\_\_

Well File Reviewed ☒

Diagrams: Before Conversion ☒ After Conversion ☒ Elogs in Imaging File: SRL

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	<u>2500</u>	<u>Tyler</u>	<u>NO</u>
Above (Name and Top)	<u>2726</u>	<u>Rock</u>	<u>NO</u>
Injection.....			
Interval TOP:	<u>2978</u>	<u>abo</u>	<u>Yes</u>
Injection.....			
Interval BOTTOM:	<u>4146</u>	<u>abo</u>	<u>Yes</u>
Below (Name and Top)		<u>WC.</u>	<u>NO</u>

NO West Slope abo En  
Smaller on Surface  
595 PSI Max. WHIP  
NO Open Hole (Y/N)  
NO Deviated Hole?

Sensitive Areas: Capitan Reef Civil House Salt Depths \_\_\_\_\_

..... Potash Area (P&H) Polish Lessee Noticed

Fresh Water: Depths: 70-600' Wells none Analysis? — Affirmative Statement ☒

Disposal Fluid Sources: abo Analysis? ☒

Disposal Interval Production Potential/Testing/Analysis Analysis: Depleted Gas Zone

Notice: Newspaper(Y/N) ☒ Surface Owner BLM Mineral Owner(s) BLM

RULE 26.7(A) Affected Parties: McKay only

Area of Review: Adequate Map (Y/N) ☒ and Well List (Y/N) ☒

Active Wells 1 Num Repairs 0 Producing in Injection Interval in AOR Yes

..P&A Wells 0 Num Repairs — All Wellbore Diagrams Included? —

Questions to be Answered:

Run Survey To See where Gas Remain  
Look @ STRUCTURE & Move off STRUCTURE  
Deepen To WC / LOG + Test / Inject

Required Work on This Well: Put D.V. Tools in Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_

AOR Repairs Needed: W.B.D's Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_

Put OK - AOR Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_

DATE IN <u>7/10/09</u>	SUSPENSE	ENGINEER <u>Jones</u>	LOGGED IN <u>7/13/09</u>	TYPE <u>SWD</u>	PIGW APP NO. <u>0919431736</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



30-COS-63740

Incess Fed. #6

54 McKay Oil Corp  
(14424)

## ADMINISTRATIVE APPLICATION CHECKLIST

Chaves Co. NM

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

### Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Billy E. Prichard  
Print or Type Name

Billy E. Prichard  
Signature

Agent for McKay Oil Corporation  
Title

7/8/09  
Date

billy@pwllc.net  
e-mail Address