CASE 5008: Application of HONDO DRILLING FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

CASE Mo. 500

Application,

Transcripts,

Small Ekhibts

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO June 27, 1973 3 EXAMINER HEARING IN THE MATTER OF: 7 Case No. 5008 Application of Hondo Drilling Company for salt water disposal,) 8 Lea County, New Mexico. 9 10 11 12 13 BEFORE: ELVIS A. UTZ, 14 Examiner. 16 18 19 TRANSCRIPT OF HEARING 20 21 22 23 24

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MR. UTZ: Call next case 5008.

MR. CARR: Case 5008, Application of Hondo Drilling Company for salt water disposal, Lea County, New Mexico.

MR. LOSEE: Mr. Examiner, A. J. Losee, Losee & Carson, Artesia, New Mexico, appearing on behalf of Hondo Drilling Company, I have one witness, Mr. Jack Allen

JACK ALLEN,

was called as a witness, and after being duly sworn, testified as follows:

MR. UTZ: Are there other appearances in the case? (No response.)

MR, UTZ: Proceed.

DIRECT EXAMINATION

BY MR. LOSEE:

- Q Will you state your name, please?
- 17 A Jack L. Allen, I spell that A-1-1-e-n.
 - Q Where do you live, Mr. Allen?
 - A I live in Roswell, New Mexico.
- 20 Q What is your occupation?
- 21 A I'm a consulting geologist, in Roswell.
 - Q Have you previously testified before the Commission and had your qualifications as an expert witness approved?
 - A Yes, I have.

MR. LOSEE: Are Mr. Allen's qualifications acceptable?

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MR. UTZ: Yes, they are.

(by Mr. Losee) Would you state the purpose of the application of Hondo Drilling Company in this case?

The purpose of this application is to dispose of produced waters in the Triple "X" Delaware Sand Pool and the Hondo Drilling Company No. 2 Gulf "Nw" State Well, located in Lot 6 of Section 6, Township 24 South, Range 33 East, Lea County, New Mexico, in the zone that is presently producing in the rest of the pool, preferably the interval 5034 to 5038; or in the absence of that approval, for injection into the interval 5128 to 5134, which is the equivalent to the Olds Sand Section in that part of the Delaware Basin.

Would you please refer to what has been marked as Exhibit 1 and explain what is portrayed by this Exhibit?

Exhibit 1 is a copy of a field plat in the Triple "X" It shows the location of wells in the Triple "X" Pool and the location of the proposed injection well.

Well No. 1, the discovery well in the Triple "X" Pool, was drilled in the southwest quarter of the southwest quarter of Section 6. Well No. 2"NW", which is the second well drilled by Hondo Drilling Company, is located in an offset location, directly north of the discovery The second well drilled in the pool was drilled by Tom Ingram, which is located directly south of the

SIMMS BLDG. • P.O. 80X 1082 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 8710: 1216 First national bank bldg. Rast • Albuquerque, new Mexico 87108 discovery well in Section 7; therefore, the Hondo No. 2 was actually the third well drilled in the pool.

The fourth well drilled was drilled by Hondo Drilling Company as a west offset to the discovery well in the southeast corner of Section 1. Since this map was made, Conoco has drilled a southwest diagonal offset to the discovery well and Tom Ingram is presently attempting completion in a well, a direct offset to his subsequent development in the Triple "X" Pool located in Lot 2 of Section 7, 24, 33.

- Q Mr. Allen, in what month was the discovery well completed?
- A The discovery well, which was drilled by Hondo Drilling Company, was initiated in December of '72, but completed in January of '73.
- Please refer to what has been marked as Exhibit 3, being the log of the Gulf "NW" State No. 2, and if you care to elaborate on it or refer to the next exhibit, either would be fine.
- A Okay.

MR. UTZ: Mr. Losee, did you say No. 2 or 3?
MR. LOSEE: Two.

MR. UTZ: I thought you said three.

(answer continues by Mr. Allen) Okay. Exhibit No. 2 is a Borehole Compensated Sonic Gamma Ray Log of the Hondo Drilling Company Gulf "NW" No. 2. It shows the

producing section in the pool, stratigraphic markers in this particular well would be top of the Delaware Lime at a depth of 4978, Delaware Sand at 5005. The producing zone, or Ramsey Sand, is located at a depth of 5031. The Ford Shale in this test is located at a depth of 5058, and the top of the Olds Sand is located at a depth of 5078.

These are stratigraphic marks that can be recognized over the whole of the Delaware Basin. They are quite continuous over the whole basin and are readily recognized by people who work in the area.

The producing zone in the Triple "X" Pool is the Ramsey Sand and it is characterized by Sonic Log reading of greater than 85 microseconds on the Sonic Log. You will note that there are approximately four feet of pay section, or what might be classified as producing section, in this particular well.

This zone is presently perforated and has been tested, and Hondo Drilling Company has attempted to produce oil from this zone. It presently, however, is not capable of production of oil. It is proposed -- Our primary purpose is to inject other produced water in the field into this zone.

Please refer to what has been marked as Exhibit 3, and explain what is portrayed by this exhibit.

Exhibit No. 3 is a north-south structure cross section in the Triple "X" Field. It is a reproduction of four electric logs, the northernmost one being Hondo Drilling Company N-2 State "NW". The next northerly one is the Gulf State "NW" No. 1, which is the discovery well, and the Tom Ingram State "O" No. 1, and the Tom Ingram State "O" No. 2 Well is the southernmost well. This is an illustration of the producing zone in the Triple "X" Pool and it shows the thickness of the producing sand varies from well to well. Also, it shows its structural position relative to each other.

You will note that each of the marker beds here are correlative and readily recognizable from well to well.

I have marked on the exhibit the top of the Delaware Lime, the top of the Delaware Sand Group, the top of the Ramsey Sand, the top of the Ford Shale, the top of the Olds Sand.

The Ramsey Sand is the most permeable zone in the area. The Ford Shale is a relatively impermeable zone and it can be carried over the whole of the Delaware Basin and especially in this particular vicinity. The Olds Sand, I have marked here, is merely the top of a subsequent of additional sands that are present throughout the Delaware Basin.

Mr. Allen, would you explain why the applicant prefers to inject the produced water into the producing sections?

dearnley, meier & associates

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209 SIMMS BLDG.+ P.O. BOX 1092+PHONE 243-6691+ALBUQUERQUE, NEW MEXICO 87103	1216 PIRST NATIONAL BANK BLDG. EAST + ALBUQUERQUE, NEW MEXICO 87108	

	PAGE 8
	The applicant wishes to inject water into the producing
	section, first, because that section is already perforated
	and has been stimulated and treated such that it is
	presently the most permeable zone in the wellbore, and
•	it is possible to inject with a minimum of further expense
	Secondly, injection of produced waters in the field will
	tend to conserve resevoir engineering in this area and
٠.	actually benefit production in the vicinity.
	Mr. Allen, if the alternate plan is the one approved by
	the Commission that is the injection into what you
	have denoted the Olds Sand on this exhibit Is there
	a barrier that separates the Olds Sand from the Ramsey
	Sand, from the producing sand?
	Yes, there is a barrier, and I have labeled the barrier
	the Ford Shale. It is a relatively impermeable barrier
	over the whole of the Delaware Basin.
	Do you have an estimate as to the additional expense that
	would be necessary to complete this well for injection
	into the Olds Sand?
:	Yes, sir, I do.
	What is that estimate?
	The alternate zone would have to be perforated. To do
	this one would have to drill out the plug that is presently
	above that alternate zone, and perhaps the zone would have

to be treated to make it as permeable as the zone that we

dearnley, meier & associates

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PAGE 9
propose to put the fluid in, and that estimate would
vary from \$3,000 to \$5,000, depending upon the degree
that the well would have to be treated.
Would you please refer to what has been marked as Exhibit
4?
Yes, sir.
Explain what is portrayed by that exhibit.
Exhibit No. 4 is a diagramatic sketch of the Hondo Drillin
Company No. 2 Gulf "NW" State Well. It shows the total
depth of the well as 5170 feet, the top of the cement
plug at 5129, top of the cement behind the casing, the
5 and 1/2-inch casing is at approximately 4635. We have
5 and 1/2-inch casing set at a total depth in this well
and our present perforations are at 5034 to 38.
What surface pipe was run into the well and is it
Four hundred two feet of surface casing was set and
cement was circulated to the surface. Fresh waters are
produced in this area to a depth of 325 feet.
So that actually your surface is set below any known
producing fresh water?
Yes, sir.
Are there any other perforations in this well other than
those in the Ramsey Sand to which you earlier eluded?
No, sir, there are not.

Would the operator propose to utilize plastic coated tubing?

Yes, sir, the diagram, Exhibit No. 4, indicates that we

would use 2 and 3/8-inch plastic coated tubing for injection

Mr. Allen, do you have an opinion as to whether this type

of completion for saltwater disposal will protect any

]		TIODII HAVOI III VIIC GICA:
	7	A . **	Yes, it will protect all known fresh waters in the area.
	8	Q	Do you have an opinion, Mr. Allen, as to whether or not
AF).	9		it will recover oil that would not otherwise be recovered
	10		by this injection program?
	11	A	Yes, sir, I think it will recover additional reserves of
ς 	12	1	oil.
97108	13	Q	Please refer to what has been marked as Exhibit 5, being
BUQUERQUE, NEW MEXIGO 87108	14		the diagramatic sketch of the alternate injection, and
Σ \$ ₩ Z	15	*	explain how it differs from the preferred zone.
A QUE.	16	A	Exhibit No. 5 is a diagramatic plan of the alternate
8 0 0 0 0	17	÷.	solution to the problem. It differs from Exhibit 4 in
15T • AL	18	a V	that perforations here are in the Olds Sand which is at
.0 G.	19		5128 to 34. The packer, which is a Gilberson CVL, would
IZIOFIRST NATIONAL BANK BLOG. EAST	20		be located at a different point. It would be located at
NAL B	21	: !	approximately 5098 in this sand, which is below the
¥ Z	22		perforations in the Ramsey Sand.
7 F RS	23.	Q	Please refer to what has been marked as Exhibit 6 and
121	24		explain what data is reflected on this exhibit.
	25	A	Exhibit 6 is a table which reflects fluid produced from

purposes.

fresh water in the area?

Q

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dearnley, meier & associates proming service.

		7.00	
		Tayone Pool. It tabulates by the month	
		the Triple "X" Delaware Pool. It tabulates by	
4.3	1 t	he Triple "X" became the three presently producing	
	2	the Triple "X" Delaware Pool. To the Triple "X" Delaware Pool. To the Triple "X" Delaware Pool. To the Triple "X" producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently producing oil and water produced in the three presently produced in the three presently producing oil and water produced in the three presently producing oil and the produced in the three presently produced in the three	
	3	wells; The Hondo Drilling Company Rederal. No. 1 State "O", and the Hondo No. 1 Newman Federal. No. 1 State "O", and the Hondo No. 1 Newman Federal.	
	4	No. 1 State "O", and the Hondo Does the applicant propose, at least at this time, to ther wells into its Gulf "NW" State	
	5 Q	Does the applicant propose, at least at least the last th	
	6	inject water from 100	
ssociates	7	No. 2? Yes, sir. We propose to inject produced fluids from Yes, sir. We propose to inject produced fluids from	
oci.	8 A	Yes, sir. We proposed into this "NW" No. 2.	
aSS(,	Yes, sir. We propose to other wells in the Pool into this "NW" No. 2. Other wells in the Pool into this "NW" No. 2. And that would also possibly be other wells other than	
∞ ∞	9	and that would also possibly be	
meier	10 \ Q	those of the applicant?	,
ey,π	11 12 A	Yes, sir.	٠.
dearnley,	2017	Okay. What type of system would use for this injection? Would it be an open system or	
de	87.78 01.78	use for this injection? Would Iv	
9 . 6 N	₩ O X O X X M W	a closed system?	
. γ	2 × 15	aratem III mil	
	50 10	A It would be a closed system injected into the reservoir under approximately three	
17 17	รายการ	injected into the surface.	
Samuel Communication	18	hundred pounds pressure at the surface.	i
e e e e e e e e e e e e e e e e e e e	รู้ ค พ พ พ 19	Q Do you have an opinion as	
# © 	9 P	program into the Ramsey Sain	
र १ कि. 	* × × 20	protect correlative rights? protect correlative rights?	
*.	Ö 4 21	protect correlative rights: A yes, sir, I think it would prevent waste and protect The would also dispose of the water	
	0 0 F 4 2	Yes, sir, I think it would prevent Yes, sir, I think it would also dispose of the water correlative rights. It would also dispose of the water the correlative rights.	an
	BLDG	correlative rights. It would also did correlative rights.	
	1MM5	in a manner that is approve	!
T ₁₀ " 1" - 10 - 10 - 10 - 10 - 10	800	surface disposal.	
	-	25	

Were Exhibits 1 through 6 prepared by you or under your direction and supervision? A Yes, sir. MR. LOSEE: I move the introduction of Exhibits 1 through 6. MR. UTZ: Without objections, Exhibits 1 through 6 will be entered into the record of this case. MR. LOSEE: That concludes the direct portion of our case; Mr. Examiner. CROSS-EXAMINATION MY MR. UTZ: Mr. Allen, have you consulted Mr. Ingram and the other operators in this pool regarding the injection into the producing zone? Yes, sir, I have consulted with Mr. Ingram. I am presently working with him in the State "0" No. 2, and he has no objections. Q bo they concur with your idea of repressuring or this pressure maintenance sort of system? Yes, sir. I have spoken to a geologist with Union who is not presently an operator in the area, but have had no opinions from that particular geologist. Q Is the injection zone here down structure or up structure or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or what position is it in in regard to the other producing or		a by you or under your
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THE TOTAL TON 11 BY MR. UTZ: 12 Q Mr. Allen, have you consulted Mr. Ingram and the other operators in this pool regarding the injection into the producing zone? 13 Presently working with him in the State "O" No. 2, and he has no objections. 16 Do they concur with your idea of repressuring or this pressure maintenance sort of system? 18 Pressure maintenance sort of system? 19 Yes, sir. I have spoken to a geologist with Union who is not presently an operator in the area, but have had no opinions from that particular geologist.	sociat	MR. LOSEE: That concludes the direct
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Yes, sir. I have spoken to a geologist with a yes, sir. I have spoke	· ****	18 Q Do they concur with your Idea of
is not presently an operator in the area, but have had no opinions from that particular geologist. no opinions from that particular geologist.	ι	pressure maintenance sort of system.
is not presently an openion of the particular geologist. no opinions from that particular geologist. no opinions from that particular geologist.		Yes, sir. I have spoken to a geologian and have had
here down structure		is not presently an open
Q Is the injection zone here dome 23 Q Is the injection is it in in regard to the other production is it in in regard to the other production.	* * * * * * * * * * * * * * * * * * *	down structure
or what position is it in an area		23 Q Is the injection zone here down
24	rans.	or what position is it in in 10822
25 wells?	No.	1192

NEW MEXICO 87103	MEXICO 87108
209 SIMMS BLDG. + P.O. BOX 1092 - PHONE 243-6691 - ALBUQUERQUE, NEW MEXICO 87103	1216 FIRST NATIONAL BANK BLDG. EASTOALBUQUERQUE, NEW MEXICO 87108

		PAGE 13
1	A	If you will refer to the cross section, you will note
2		that it is structurally lower than the other producing
3		wells.
4	Q	Slightly?
5	A	Yes, sir.
6	Q	In regard to the annulus and the surface of your injection
7		well, do you state what you are going to do in the way
8		of protecting tubing from the annulus?
9	A	I did not state that.
10	Q	Do you know what you are going to do?
11	A	Not at this time, no.
12	Q	Would you fill it with fluid?
13	A	Yes, sir.
14	Q	With a gauge set at the surface, which is common
15		practice?
16	A	I would imagine so, yes, sir.
17) /	MR. UTZ: Are there other questions of the witness?
18		(No response.)
19		MR. UTZ: He may be excused. Are there statements
20		in the case?
21		(No response.)
22	4	MR. UTZ: The case will be taken under advisement.
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STATE OF NEW MEXICO SS. COUNTY OF BERNALILIO)

I, JOHN DE LA ROSA, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

COURT REPORTER

I do hereby certify that the foregoing la a complete record of the proceedings in New Mexico Oil Conservation Examiner Commission

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3	JACK ALL	<u>en</u>	Pa	g e
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5	Cross-Examinat	tion by Mr. Utz	12	
6	() () () () () () () () () ()			
7	in the second se			
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9				
10				
11				
12		EXHIBITS		
13	Applicant	;¹s	Offered	Admitted
14	Exhibit 1	Field Plat	4.	12 * * * * * * * * * * * * * * * * * * *
15	Exhibit 2	Log	5	12
16	Exhibit 3	Structure cross section	6	12
17	- 222 A.A. II	Diagram sketch	9	12
18	Exhibit 4	Diagram sketch	10	12
19	Exhibit 5	Data table	10	12
20	Exhibit 6	pava vabro		
21				
22	2			
2	3			



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 16, 1973

	Raı	Case No	5008
» T Todas	4	order No.	R-4588
Mr. A. J. Losee Losee & Carson		Applicant:	-
Attorneys at Law Post Office Box 219 Artesia, New Mexico 88210		Hondo Dril	Ling Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

very truly yours.

A. L. PORTER, Jr. Secretary-Director

ALP/ir				
Copy of orde	r also sent to:			<u></u>
Hobbs OCCArtesia OCC			·	•
Aztec OCC_		÷	.;	
other	State Engineer	Office		

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5008 Order No. R-4588

APPLICATION OF HONDO DRILLING COMPANY FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of July, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Hondo Drilling Company, is the owner and operator of the Gulf "NW" State Well No. 2, located in Lot 6 of Section 6, Township 24 South, Range 33 East, NMPM, Triple "X" Delaware Pool, Lea County, New Mexico.
- (3) That the applicant proposes to utilize said well to dispose of produced salt water into the Ramsey Sand section of the Delaware formation, with injection into the perforated interval from approximately 5034 feet to 5038 feet.
- (4) That the injection should be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 4995 feet; that the casing-tubing annulus should be filled with an inert fluid; and that a pressure gauge should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.
- (5) That approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

-2-Case No. 5008 Order No. R-4588

IT IS THEREFORE ORDERED:

(1) That the applicant, Hondo Drilling Company, is hereby authorized to utilize its Gulf "NW" State Well No. 2, located in Lot 6 of Section 6, Township 24 South, Range 33 located in Lot 6 of Section 6, Township 24 South, New Mexico, East, NMPM, Triple "X" Delaware Pool, Lea County, New Mexico, to dispose of produced call water into the Pamper, gand gestion to dispose of produced salt water into the Ramsey sand section of the Delaware formation, injection to be accomplished through 2 3/8-inch plastic coated tubing installed in a packer set at approximately 4995 feet, with injection into the perforated interval from approximately 5034 feet to 5039 feet. interval from approximately 5034 feet to 5038 feet;

PROVIDED HOWEVER, that the tubing shall be plastic-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

- That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ARMIJO Member

PORTER, Jr., Member & Secretary

SEAL

Union Oil and Gas Division: Central Region

Union Oil Company of California 500 North Marienfeld, Midland, Toxas 79701 Telephone (915) 682-9731

Union

Midland District

OIL CONSERVATION COMM.
Souts Fo

June 22, 1973

New Mexico Oil Conservation Commission P. O. Box 2088
Santa Fe, New Mexico 87105

Gentlemen:

Triple X Delaware Pool Lea County, New Mexico Salt Water Disposal Well Case 5008

Union Oil Company of California has been informed that Hondo Drilling Company seeks to utilize its No. 2 Gulf "NW" State well, Lot 6, Sec. 6, T-24S, R-33E, Triple X Delaware Pool, Lea County, New Mexico, for disposal of produced salt water.

This is to advise that Union waives objection to disposal through the perforated interval 5128-5134 feet in the subject well. We must object, however, to any disposal through perforations 5034-5038 feet which is the pay zone in the field. We believe disposal operations, if conducted through the upper set of perforations, might jeopardize oil recovery from under our lease whereas injection via the lower set of perforations would be into the Delaware sand aquifer.

Union's leasehold interest is located directly west of the proposed injection well and we believe limiting disposal to the perforated interval 5128-5134 feet should not cause any undue hardship and is in the best interest at this time for protecting correlative rights.

Very truly yours,

L. F. Thompson

District Operations Manager

Trought

HRW:rb

cc: Hondo Drilling Company

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 27, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4983: (Continued from the June 6, 1973, Examiner Hearing)

Application of Gulf Oil Corporation for simultaneous well dedication and non-standard locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of two wells to a standard 640-acre gas proration unit comprising all of Section 35, Township 21 South, Range 36 East, prising all of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, said wells being the Eumont Gas Pool, Lea County, New Mexico, said wells being the W. A. Ramsay (NCT-A) Wells Nos. 20 and 7 at non-standard locations in the center of Units E and N, respectively, of said Section 35.

CASE 4966: (Continued from the June 6, 1973, Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 200 percent charge for risk involved in drilling said well.

CASE 5008:

Application of Hondo Drilling Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 5034 feet to 5038 feet, or in the alternative, from 5128 feet to 5134 feet in its Gulf or in the alternative, from 5128 feet to 5134 feet in its Gulf "NW" State Well No. 2 located in Lot 6 of Section 6, Township 24 South, Range 33 East, Triple "X" Delaware Pool, Lea County, New Mexico.

CASE 5009: Application of Wendell C. Welch for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 35, Township 17 South, Range 27 East, Eddy County, New Mexico.

- CASE 5010: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Pennsylvanian formation underlying the N/2 of Section 18, Township 18 South, Range 26 East adjacent to the West Atoka Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North line and 660 feet from the West line of said Section 18, the unorthodox location of which was previously approved by Commission Order No. R-4508. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.
- CASE 5011: Application of El Paso Natural Gas Company for extension of Order No. R-4342, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the provisions of Order No. R-4342, which order authorized the applicant to produce certain non-marginal wells in the San Juan 32-9 Unit Area, Blanco Mesaverde Pool, San Juan County, New Mexico, at full capacity while conducting tests, making up said overproduction by underproducing other non-marginal wells within the participating area.
- CASE 5012: Application of Gandy Construction for an oil treating plant permit; Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 11, or the SW/4 of Section 12, Township 10 South, Range 35 East, Lea County, New Mexico.
- CASE 5013: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through its Lea Wells Nos. 4 and 6 located in Units I and O, respectively, of Section 29, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

Applicant further seeks an administrative procedure for the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.

CASE 5014: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the W/2 of Section 26, Township 25 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit.

(Case 5014 continued from page 2)

Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5015: Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests down to and including the Morrow formation underlying the S/2 of Section 16, Township 24 South, Range 26 East, adjacent to the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 4988: (Continued and Readvertised)

Application of Texaco Inc. for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Blinebry, Tubb, and Drinkard Oil Pools in the wellbore of its A. H. Blinebry Well No. 28 located in Unit A of Section 29, Township 22 South, Range 38 East, Lea County, New Mexico.

- CASE 5016: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of the Seven Rivers-Queen Unit Area comprising 2262 acres, more or less, of State and Fee lands in Townships 22 and 23 South, Range 36 East, Lea County, New Mexico.
- CASE 5017: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Seven Rivers-authority to institute a waterflood project in its Seven Rivers and Queen Unit Area by the injection of water into the Seven Rivers and Queen formations through 28 wells located in Sections 27, 34, and 35, Township 22 South, Range 36 East, and Sections 2 and 3, Township 23 South, Range 36 East, Lea County, New Mexico.
- CASE 5018: Southeastern nomenclature case calling for an order for the creation, extension and contraction of certain pools, and the assignment of an oil discovery allowable, Lea and Roosevelt Counties, New Mexico.
 - (a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Humble City-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation

Examiner Hearing - Wednesday - June 27, 1973

Docket No. 17-73 -4-

(Case 5018 continued from page 3)

Shipp No. 4 located in Unit I, of Section 11, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Also the assignment of an oil discovery allowable of approximately 47,970 barrels of oil to the aforesaid Shipp Well No. 4.

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Shinnery-Queen Pool. The discovery well is the Burleson & Huff Cinco de Mayo Federal No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

(c) Contract the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

(d) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Contract the South Prairie-Cisco Pool in Roosevelt County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

(f) Extend the East Brunson-Granite Wash Fool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

(g) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

(h) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM

(1) Extend the Justis Tutb-Drinkard Pool in Les County, New Mexico, to include therein:

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Sec.6, T-24-S, R-33-E Lea County, N.M.

To Accompany Form C-108

Alternate Plan

- ເບກ of Cement © 4635' /5-1/2" Csg. set @ PD -2-3/3" Jubing ( Plasele Coated ) 50001 -Ramsey Sand Perfs.@ 5034-33" Guiberson KVL Packer w/ Type HI Hydr. Anchor @ 5098° 51001 -Bottom of Tubing @ 5112' a Perforate Olds Sand ® 5128-34 ° Drill Out Cement Plug to TD TD 5170' Diagrammatic Sketch Hondo Drilling Company No.2-Gulf "NW" State

Sec.6, 2-24-S, R-33-E Lea County, New Mexico

To Accompany Form C-198

OIL CONSERVATION COLLAR DOM EXHIBIT NO. 5 CASE NO. 500 % Submitted 192 Hearing Date

Triple X Delaware

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BEFORE EXAMINATION	COWWIPPION
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CASE NO 5008	3
Submitted by	<u> </u>
Hearing Date	

LAW OFFICES

### LOSEE & CARSON, P.A.

A.J. LOSEE JOEL M. CARSON 300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505 746-3508

29 May 1973



Mr. Daniel S. Nutter, Examiner Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Dear Dan:

Enclosed herewith, you will please find triplicate copies of the Application of Hondo Drilling Company for authority to dispose of salt water by injection into a porous formation, Triple "X" Delaware field, Lea County, New Mexico. This is the application I orally gave to you in your office on last Wednesday, and you will note the perforations proposed are at 5034-38 subsurface, or, in the alternative, at 5128-34 subsurface.

I understand this will be set for hearing before an examiner on June 27. If there is any further information you will require, please let me know.

Very truly yours,

LOSEE & CARSON, P.A.

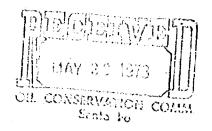
- Jose

A. J. Losee

AJL:jw Enclosures

cc: Mr. Tom Sivley w/enclosures

DOM: 6-12-13



# BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF HONDO DRILLING COMPANY FOR
AUTHORITY TO DISPOSE OF SALT WATER
BY INJECTION INTO A POROUS FORMATION, TRIPLE "X" DELAWARE FIELD,
LEA COUNTY, NEW MEXICO

Case No. 5008

## APPLICATION

COMES applicant by its attorneys, and respectfully states:

- 1. Applicant is the operator of its Gulf "NW" State Well No. 2, located 1,980 feet from the South line and 660 feet from the West line (Lot 6) in Section 6, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico, in the Triple "X" Delaware field.
- 2. Applicant presently proposes to dispose of approximately 100 barrels of salt water produced in conjunction with the production of oil from offsetting wells of applicant in the Triple "X" Delaware field, by injection into its said Gulf "NW" State Well No. 2, into the producing interval in the Triple "X" Delaware field through perforations 5034-38 subsurface, or, in the alternative, into the Olds Sand Section of the Delaware formation through perforations 5128-34 subsurface.
- 3. There is attached hereto and by reference made a part hereof, a) plat showing location of proposed injection well and all other wells within a radius of two miles and the lessees within said two-mile radius; b) log of proposed injection well; c) diagrammatic sketch of proposed injection

well utilizing present producing interval, and diagrammatic sketch of alternative plan to use Olds Sand Section.

4. The granting of this application will be in the interest of conservation and will prevent waste.

WHEREFORE, applicant prays:

- A. That this matter be set for hearing before an examiner at the earliest possible date.
- B. That applicant be granted authority to dispose of salt water by injection through its Gulf "NW" State Well No. 2 into the presently producing interval of the Triple "X" Delaware field, or, in the alternative, through the Olds Sand Section of the Delaware formation.
- C. And for such other relief as may be just in the premises.

HONDO DRILLING COMPANY

Y: C

For LOSEE & CARSON, P.A. P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicant

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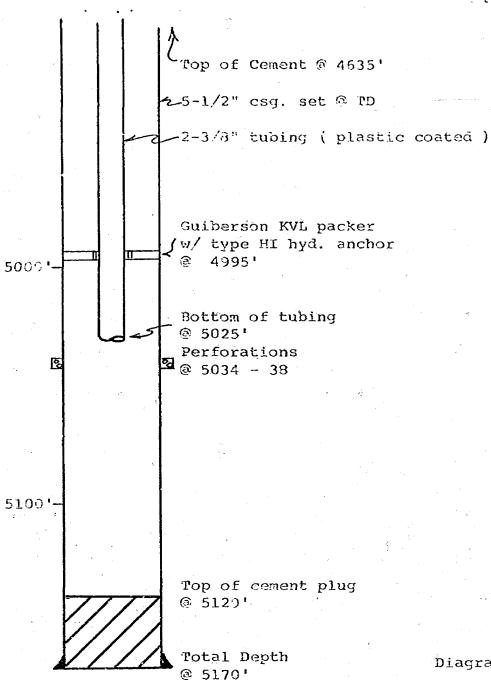
### NEW MEXICO OIL CONSERVATION COMMISSION

# APPLICATION TO DISPOSE OF SALT WATER BY INJECTION INTO A POROUS FORMATION

OPERATOR		<del></del>	ADDRESS			
Hondo Drilling	Company	•	Box 11	6 Midland,	fexas	79701
LEASE NAME	WELL NO.	FIELD	le "X" Delaw	COUNTY		
Gulf "NW" Stat		2 Triple		are 	Lea	
~		5.				
UNIT LETTER $oldsymbol{\hat{L}}$	; WE	LL IS LOCATED 198	30 FRET FR	DM THE South	LINE AND	660 FEET FROM THE
West Line, SECTION	6 тох	VNSHIP 24 S	RANGE 33 E	···-		
NAME OF STRING	· SIZE	CASING SETTING DEPTH	AND TUBING DAT		I	TOP DETERMINED BY
SURFACE CASING	- ,	0211110021111	JACKS CEMEN	1000000000	, E,N	TOP DETERMINED BY
	8-5/8"	402'	275	Sarfa	ce	Circulated
INTERMEDIATE						
			·	-		
LONG STRING	5-1/2"	5168'	200	4635		Calculated
TUBING	3 1/2			PTH OF TUBING PACKER		Odredraded
Plastic Coated	2-3/8"	5025	1.0	KVL w/ Type	HI Hy	d. Anchor
NAME OF PROPOSED INJECTION FORMA	TION		TOP OF FORM		, –	OF FORMATION
Upper Delaware-		yon	5005	War and the second	Belo	w TD 5170'
IS INJECTION THROUGH TUBING, CASIN	G, OR ANNULUS?	1 .	· 1	POSED INTERVAL(S) OF IN		
Tubing	[ ]	NO, FOR WHAT PURPOS	rations	5034 - 50		
IS THIS A NEW WELL DRILLED FOR DISPOSAL?		ducing Wel		ALLY DRICLED?	ZONE OTH	L EVER BEEN PERFORATED IN ANY TER THAN THE PROPOSED INJEC- E? NO
LIST ALL SUCH PERFORATED INTERVAL	, i	-				
<del>-</del>		j.	4 · ·			
DEPTH OF BOTTOM OF DEEPEST FRESH WATER ZONE IN THIS AREA 32	5	DEPTH OF BOTTOM OF OIL OR GAS ZONE IN T	NEXT HIGHER THIS AREA NOne	DEPTH OF TO	OP OF NEXT ZONE IN THI	L'OWER IS AREA Unknown
ANTICIPATED DAILY MINIMUM INJECTION VOLUME (BBLS.)	85	OPEN OR CLOSE	ED TYPE SYSTEM	PRESSURE? Pressu	ravity or re	APPROX. PRESSURE (PSI;
ANSWER YES OR NO WHETHER THE FOL ERALIZED TO SUCH A DEGREE AS TO B STOCK, IRRIGATION, OR OTHER GENERA	LOWING WATERS ARE UNFIT FOR DOMES	ric, i	TO BE DISPOSED OF Brackish	NATURAL WATER IN DISPO SAL ZONE Brackish	- ARE WAT	ER ANALYSES ATTACHED?
NAME AND ADDRESS OF SURFACE OWN		1		DI GCKIDII	_1	
Carl Johnson	Box 787	Lovington,	New Mexic	o 88 <b>26</b> 0		
LIST NAMES AND ADDRESSES OF ALL	PERATORS WITHIN	ONE-HALF ( ) NILE OF	THIS INJECTION WEL			
Gulf Oil Compan	y Box 11	50 Midlan	d, Texas	79701		
Union Oil of Ca	lifornia	Security I	National B	ank Bldg. R	oswell	, New Mexico
Tom Ingram Box	1757 Ro	swell, New	Mexico 8	8201		
Continental Oil	Company	Box 460	Hobbs, Ne	w Mexico 88	240	
			\$			
HAVE COPIES OF THIS APPLICATION B	EEN SURFACE OW	NER	EACH OPERAT	OR WITHIN ONE-HALF MILE	1	MEXICO STATE ENGINEER
		Yes	ı · · ·	Yes	Υe	
ARE THE FOLLOWING ITEMS ATTACHED THIS APPLICATION (SEE RULE 701-B)	YO PLAT'OF ARE	Yes	Yes		PIAGRAM	MATIC SKETCH OF WELL
hereby co	ertify that the in	formation above is	true and complete	to the best of my kno	wledge and	i belief.
All utlan	w'	P	resident		May	23, 1973

(Signature) (Title)

NOTE: Should waivers from the State Engineer, the surface owner, and all operators within one-half mile of the proposed injection well. not accompany this application, the New Mexico Oil Conservation Commission will hold the application for a period of 15 days from the date of receipt by the Commission's Santa Fe office. If at the end of the 15-day waiting period no protest has been received by the Santa Fe office, the application will be processed. If a protest is received, the application will be set for hearing, if the applicant so requests. SEE RULE 701.

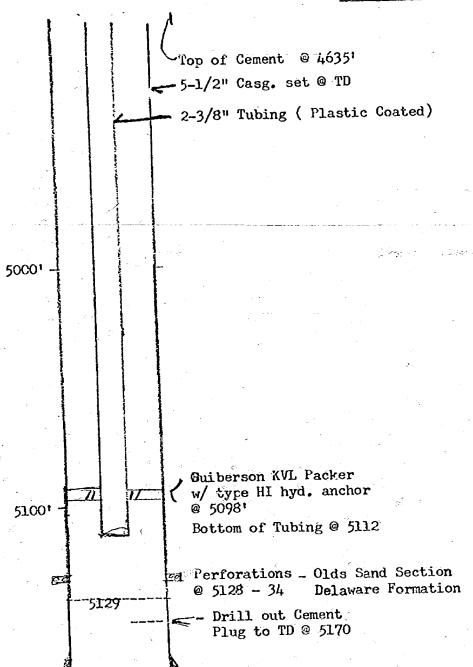


Diagrammatic Sketch

Hondo Drilling Company No.2 Gulf "NW" State Sec.6, T-24-S, R-33-E Lea County, N.M.

To Accompany Form C-108

# Alternative Plan for Disposal of Salt Water



Diagrammatic Sketch

Hondo Drilling Company No 2 Gulf "NW" State Sec. 6, T-24S, R-33-E Lea Cou nty New Mexico

To Accompany Plan 1 - Form C-108

# BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR

THE PURPOSE OF CONSIDERING: CASE No. 5008 Order No. R-4588

APPLICATION OF HONDO DRILLING COMPANY FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

# BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27 at Santa Fe, New Mexico, before Examiner Elvis A. Utz

NOW, on this day of July 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

- (1) That due public notice having been given as required by FINDS: law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Hondo Drilling Company is the owner and operator of the ____Gulf "NW" State Well No. 2 located in Unit 6 of Section 6. Township 24 South, East , NMPM, Triple "X" Delaware Pool County, New Mexico.
- (3) That the applicant proposes to utilize said well to games Sand Section of the dispose of produced salt water into the Delaware formation, with injection into the perforated from approximately 5128 A feet to 5136 A feet.
  - -(4) That the injection should be accomplished through 23/8 -inch plastic-lined tubing installed in a packer set at

approximately 495 feet; that the casing-tubing annulus should be filled with an inert fluid; and that a pressure gauge should be attached to the annulus by the annulus left open at the surface in order to determine leakage in the casing, tubing, or packer.

(5) That approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

### IT IS THEREFORE ORDERED:

(1) That the applicant, <u>Hondo Drilling Company</u> ,
is hereby authorized to utilize itsGulf "NW" State Well No. 2 ,
located in Unit 6 of Section 6, Township 24 South, Range
33 East NMPM, Triple "X" Delaware Pool Lea
County, New Mexico, to dispose of produced salt water into the Kansay and section
formation, injection to be accomplished through  Alaski coaled  2 3/8inch_tubing installed in a packer set at approximately
4995 feet, with injection into the perforated interval
from approximately 5034 feet to 5038 feet;

PROVIDED HOWEVER, that the tubing shall be plastic-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus or the annulus left open at the surface in order to determine leakage in the casing, tubing, or packer.

- (2) That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

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Exam Arg 6/27/13

JerryLosee

Honds Drlg Co

Salt water disposal

Delaware formation

selfornation three perf int 5128-5134

G"NW" State Weee 910 2

Lot 6 Section 6 T245, R33E

Triper X-Delaware L'za Count,