

David Catanach

From: David Catanach
To: Jerry Sexton
Subject: Goodwin SWD No. E-31
Date: Monday, March 18, 1996 10:45AM

Jerry,

We've had some meetings recently with Mr. Bob Abbott, owner of the Goodwin Treating Plant / Goodwin SWD No. E-31. As you probably know, the Environmental Bureau is trying to get them to clean up and/or close the treating plant portion of their facility. They've essentially told us that the company is nearly bankrupt and that they do not have the resources to clean up the treating plant. We are negotiating an agreement with Bill Carr, their attorney, whereby the Division will allow Petro-Thermo the opportunity to sell the treating plant, and if they cannot sell it within a reasonable period of time, the Division will initiate bond forfeiture proceedings and use this money to begin clean up. At the meeting, Bob Abbott told us that the disposal well is owned and operated by Agua Inc., which currently has two disposal wells left. He asked me if Agua could continue to utilize the disposal well even if the treating plant is shut down, inasmuch as the disposal well continues to make a small monthly profit. I told him that the Division would evaluate the condition of the well and then make that determination. My concerns are:

- 1) the well, operated since 1967, has never had a casing-pressure test. We really don't know the mechanical condition of the well; and,
- 2) Agua may choose to operate the well only until it becomes unprofitable, and then they would walk away, as they will likely do with the treating plant.

According to Diane, Agua Inc. still has a \$50,000 blanket plugging bond in place for their wells.

I would agree to let Agua continue operating this well if they first demonstrate that the well has mechanical integrity. In this regard, I would recommend that they be required to run a casing pressure test. In addition, I think that we should require them to run a packer in the well for continued operation.

If you agree with this please let me know so I can write a letter to Bob Abbott detailing our decision.

Thanks,
David



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 4, 1996

Mr. Bob Abbott
C/O Mr. William F. Carr
Campbell, Carr & Berge, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Re: Goodwin SWD Well No. E-31
Unit E, Section 31-T-18S-R-37E
Lea County, New Mexico

Dear Mr. Abbott:

Reference is made to a recent meeting between yourself, Mr. William F. Carr and various Division personnel regarding the Goodwin Treating Plant and the Goodwin SWD Well No. E-31. Among the issues addressed at this meeting was the question of whether or not Agua Inc., should be allowed to continue operating the Goodwin SWD Well No. E-31, even though the Goodwin Treating Plant will not, most likely, be in operation.

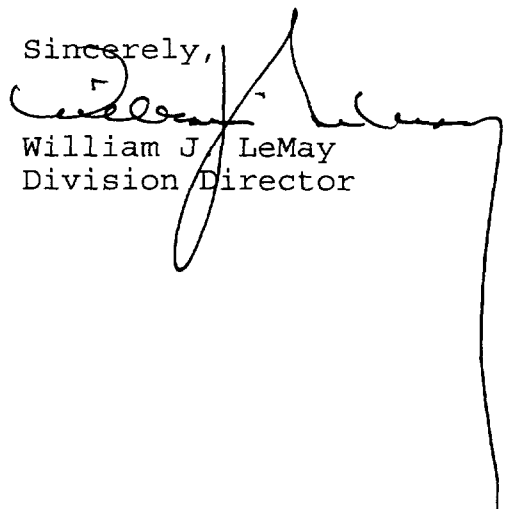
The Division has examined the injection permit for the subject well (SWD-68, dated September 2, 1967) and various test data on the well throughout it's operation history. As a result of this review, the Division has determined that continued use of the Goodwin SWD Well No. E-31 for disposal is contingent upon Agua, Inc., meeting the following requirements:

- a) a mechanical integrity casing pressure test shall be conducted on the well in accordance with Division procedures, and this test shall be witnessed by a representative of the Division;
- b) plastic-lined tubing shall be set in a packer at a depth of approximately 4,450 feet;
- c) the well shall be operated in accordance with all applicable Division rules and regulations.

Failure to comply with the above-described requirements within 45-days from the date of this letter shall subject the well to immediate shut-in and a subsequent determination by the Division of whether or not the well should be plugged and abandoned.

Please advise Mr. Jerry Sexton of the Division's Hobbs District Office of your intent to comply with the above-described procedures in order that the tests may be scheduled.

Sincerely,


William J. LeMay
Division Director

xc: Mr. Jerry Sexton, OCD-Hobbs
D. Catanach
File-SWD-68 ✓

OPERATOR: AGUA, a division of Petro-Thermo Corporation

OIL CONSERVATION DIVISION
RECEIVED

WELL NAME: Goodwin

'93 APR 25 AM 8 58

WELL LOCATION (UL-S-T-R): E31-18S-37E

**PLEASE CHECK THOSE ITEMS LISTED BELOW WHICH BEST DESCRIBE
THE NATURE OF THE DISPOSAL OPERATIONS WITHIN THE SUBJECT WELL**

X The subject well is currently being utilized for the purpose of commercially disposing oil and gas production waste originating from multiple sources and/or multiple operators for a fee or some other type of compensation.

 The subject well is currently being utilized solely for the purpose of disposing oil and gas production waste originating from wells operated by our company only.

 The subject well is currently being utilized solely for the purpose of disposing oil and gas production waste originating from wells within an exploratory or secondary recovery unit(s) which our company operates.

 The subject well is currently being utilized primarily for the purpose of disposing oil and gas production waste originating from wells operated by our company, however, we do accept, by agreement and/or system capacity basis, oil and gas production waste originating from wells not operated by our company for a fee or some other type of compensation.

 Other (Please explain) _____

 All of the oil and gas production waste is transported to the subject well by pipeline or pipeline gathering system.

 All of the oil and gas production waste is transported to the subject well by tank truck.

X The oil and gas production waste is transported to the subject well by pipeline or pipeline gathering system and tank truck.

 The oil and gas production waste disposed of in the subject well originates from a single formation or pool.

X The oil and gas production waste disposed of in the subject well originates from multiple formations or pools.

ADDITIONAL COMMENTS: _____

NEW MEXICO OIL CONSERVATION DIVISION
CASING--BRADENHEAD TEST

OPERATOR: AGUA, INC

LEASE: GOODWIN

PROD: SA, BP, DEL, CL

FOOTAGE: 1980-N SECTION 31

FOOTAGE: 660-W PRESS LMT NA

WELL NO: SWD-68

WELL # 31 --

UNIT LTR E

TWN 18 S RANGE 37 E

TYPE LEASE TYPE WELL S

DATE INJ. BEGAN

TEST DATE 29-Oct-92 TEST TYPE BHT

OPERATOR REP: ROBERT

CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS

SURFACE 13 3/8 325 NDB 400SX

INTERM-1

INTERM-2

PROD 9 5/8 2948 NDB 850SX

LINER 7 2881 4466 350SX

TUBING 2 7/8 4389 O B 390

IF WELL IS ON VACUUM: SI MIN. TBG PRESS.

CSG: VACUUM ,STATIC APPROX. HRS/DAY WELL

REMARKS: SNC NO

REPAIR LETTER DATE DATE REPAIR

TEST DATE 05-Nov-93 TEST TYPE BHT

OPERATOR REP: ROBERT

CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS

SURFACE 13 3/8 325 NDB 400SX

INTERM-1

INTERM-2

PROD 9 5/8 2948 NDB 850SX

LINER 7 2881 4466 350SX

TUBING 2 7/8 4389 O B 250 PUMP NOT RUNNING

IF WELL IS ON VACUUM: SI MIN. TBG PRESS.

CSG: VACUUM ,STATIC APPROX. HRS/DAY WELL

REMARKS: COPY FOR JERRY SNC NO

REPAIR LETTER DATE DATE REPAIR

TEST DATE 11-10-94 TEST TYPE BHJ PASS/FAIL BS04

OPERATOR REP: ROGER

CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS

SURFACE 13 3/8 325 NDB 400SX

INTERM-1

INTERM-2

PROD 9 5/8 2948 NDB 850SX

LINER 7 2881 4466 350SX

TUBING 2 7/8 4389 O B

IF WELL IS ON VACUUM: SI MIN. TBG PRESS

CSG: VACUUM STATIC APPROX. HRS/DAY WELL 24 Hrs. Auto

REMARKS: SNC NO

REPAIR LETTER DATE DATE REPAIRED

NEW MEXICO OIL CONSERVATION DIVISION
CASING--BRADENHEAD TEST

OPER: 30-025-21183

FOOTAGE 1980-N SECTION 31 TWN 18 S RANGE 37 E
FOOTAGE 660-W PRESS LMT NA TYPE LEASE TYPE WELL S
ORDER NO. SWD-68 DATE IND. BEGAND 88041-1878

TEST DATE 05-Nov-93 TEST TYPE BHT PASS/FAIL BS04
OPERATOR REP: ROBERT OCD REP: BUDDY HILL
CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS
SURFACE 13 3/8 325 NDB 400SX

INTERM-1
INTERM-2

PROD 9 5/8 2948 NDB 850SX
LINER 7 2881 4466 350SX
TUBING 2 7/8 4389 O B 250 PUMP NOT RUNNING
IF WELL IS ON VACUUM: SI. MIN. TBG PRESS.
CSG: VACUUM ,STATIC. APPROX. HRS/DAY WELL .
REMARKS: COPY FOR JERRY SNC NO
REPAIR LETTER DATE . DATE REPAIR .

TEST DATE 10-Nov-94 TEST TYPE BHT PASS/FAIL BS04
OPERATOR REP: ROGER OCD REP: TURNACLIFF
CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS
SURFACE 13 3/8 325 NDB 400SX

INTERM-1
INTERM-2
PROD 9 5/8 2948 NDB 850SX
LINER 7 2881 4466 350SX
TUBING 2 7/8 4389 O B 1250
IF WELL IS ON VACUUM: SI. MIN. TBG PRESS.
CSG: VACUUM ,STATIC. APPROX. HRS/DAY WELL 24 HRS A
REMARKS: SNC NO
REPAIR LETTER DATE . DATE REPAIR .

TEST DATE 11-9-95 TEST TYPE BHJ PASS/FAIL BS04
OPERATOR REP: Bob Fritzel OCD REP: Charlie
CASING SIZE SET AT TOP CMT CEMENTED PRESSURE REMARKS
SURFACE 13 3/8 325 NDB 400SX
INTERM-1
INTERM-2
PROD 9 5/8 2948 NDB 850SX
LINER 7 2881 4466 350SX
TUBING 2 7/8 4389 O B
IF WELL IS ON VACUUM: SI. MIN. TBG PRESS
CSG: VACUUM ,STATIC. APPROX. HRS/DAY WELL
REMARKS: SNC 116
REPAIR LETTER DATE . DATE REPAIRED .

Copy for Jerry Septon