NEW MEXICO OIL CONSERVATION DIVISION

STATE LAND OFFICE BUILDING

STATE OF NEW MEXICO

CASE NO. 10433

IN THE MATTER OF:

The Application of Geodyne Operating Company to Amend Division Administrative Order No. SWD-449, Eddy County, New Mexico.

BEFORE:

DAVID R. CATANACH

Hearing Examiner

State Land Office Building

January 9, 1992

REPORTED BY:

CARLA DIANE RODRIGUEZ
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.
General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.C.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
BY: **WILLIAM F. CARR, ESQ.**

APPEARING PRO SE:

JESSE F. RAYROUX

I N D E X

E X H I B I T S

EXAMINER CATANACH: At this time we'll call Case 10433.

MR. STOVALL: Application of Geodyne Operating Company to amend Division Administrative Order No. SWD-449, Eddy County, New Mexico.

EXAMINER CATANACH: Are there appearances in this case?

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell, Carr, Berge & Sheridan of Santa Fe. We represent Geodyne Operating Company and I have one witness.

EXAMINER CATANACH: Are there other appearances in this case?

MR. STOVALL: State your name and tell briefly who you are.

MR. RAYROUX: Jesse F. Rayroux. I'm a landowner right near this well, and I have a protest for it.

MR. STOVALL: Would you spell your name for the court reporter so she can get that?

MR. RAYROUX: J-E-S-S-E, F, R-A-Y-R-O-U-X.

MR. STOVALL: Let me explain briefly,

if you don't mind, Mr. Carr. Since you are representing yourself and I assume you're not well familiar with our process here--is that a correct assumption here?

MR. RAYROUX: Yes.

MR. STOVALL: Mr. Carr will put on his witnesses who will try to establish a case to authorize what they request in the application. I think you're familiar with what the application requests, probably more so than I am at this point.

After he's questioned each witness, you will have the opportunity to ask them any questions you want to about what they have testified about. You can't use them to testify for your protest or your opposition to it, but you can certainly ask them questions about what they've presented and where they got their information. If you have any other information, any reason to question anything they've asked or want to clarify it, you can do that.

After he's finished with all his witnesses, do you intend to put on any actual testimony about facts and information, other than just an opinion and a protest? Do you have some

specific things you want to tell us about that?

MR. RAYROUX: I have some letters from individuals that I want to present.

MR. STOVALL: But you're not planning to put on any technical or scientific or geologic or engineering-type testimony, is that correct?

MR. RAYROUX: No, I don't have any of that kind of information.

MR. STOVALL: After Mr. Carr is finished with all his witnesses, I'll ask you to be sworn as well when I go ahead and swear the witnesses, and you can present whatever you have, and then he'll have the opportunity to question you if he has any questions about that.

Any questions about how we're going to proceed with this?

MR. RAYROUX: No.

EXAMINER CATANACH: You may proceed, Mr. Carr.

MR. STOVALL: Let's swear the witnesses.

EXAMINER CATANACH: Will the witnesses please stand to be sworn in?

MR. STOVALL: Go ahead and stand up to be sworn.

(The witnesses were duly sworn.)

RICHARD L. STAMETS

Having been first duly sworn upon his oath, was examined and testified as follows:

EXAMINATION

BY MR. CARR:

Q. Would you state your full name for the record, please.

A. I'm Richard L. Stamets.

Q. By whom are you employed and in what capacity?

A. I'm an independent oil and gas consultant, petroleum geologist, employed by Geodyne Operating Company in this case.

Q. Have you previously testified before this Division and had your credentials as a geologist accepted and made a matter of record?

A. Yes.

Q. Are you familiar with the well and the area that is the subject of this application?

A. Yes.

Q. Are you familiar with the application filed in this case on behalf of Geodyne?

A. Yes.

MR. CARR: Are the witness's

Qualifications acceptable?

EXAMINER CATANACH: They are.

Q. Mr. Stamets, would you briefly state what Geodyne seeks with this application?

A. In this application, it seeks to convert its Amoco "19" Well No. 2 in Section 19, 22, 26, Filaree Dome (Delaware) Field in Eddy County from temporary abandoned status to salt water disposal.

Q. Could you refer to what has been marked for identification as Geodyne Exhibit No. 1--it's marked on the second page, Mr. Catanach--and identify this, please?

A. Yes. This is the 108 and all the attachments that were filed as a part of the standard application process.

Q. Now, this application is indicated to be an amended application, is that correct?

A. That's correct.

Q. Could you, before we get into the application, provide a brief background of the events that have resulted in today's hearing?

A. Right. Geodyne contacted me, I guess, in early October for help with this application, and I helped them put it together. We filed it

then October 16th for administrative approval.

There was one well within a half-mile of the proposed salt water disposal well that was not cemented across all the injection interval. So when the order was issued, then, Salt Water Disposal Order 449, it had a provision that this offset operator's well had to be cemented across that part of the injection interval.

Geodyne did not want to go to this expense and they did not want to try and enter into another operator's well and take the liability that was associated with that.

Q. So how have you amended the application?

A. Well, Geodyne came up the hole, as far as their injection well was concerned. What they're proposing now is to inject only into an interval which is cemented in all the offset wells within the half-mile radius.

Q. Let's go to what is numbered page 3 of Exhibit No. 1 and I would ask you to identify that and review it, please.

A. That is the map of the area. The injection well is marked by the big black arrow. The half-mile radius circle is shown on there,

identifying the wells which would be in the area of review. It shows the leases and wells at least within two miles of the proposed well.

Q. And the leasehold ownership is indicated on this plat?

A. That's correct.

Q. Let's move now to the next page in this exhibit, and I would ask you to review that for the Examiner.

A. Starting with item 6, the area of review wells, what we see there are the completion information on all the wells within the half-mile area of review. It shows all the wells have been cemented through the proposed injection interval, and most of them circulated back through the surface. I believe all of them are.

There is one P & A well, which we'll get to in a minute, and we have the schematic on that as we move along. Let's see, we do have that Bob Enfield well that is noted on the second page, and that is right above number 7.

You can see the well on the map and it's indicated to be plugged and abandoned at 618 feet. There was no record of that well in this

office. I did call the district office in Artesia and did confirm that that well had not been drilled any deeper than that. Since it does not penetrate the injection interval, we have not gone ahead and included any data on it.

Q. What rates does Geodyne propose to inject in the proposed well?

A. Rates would be between 50 and 110 barrels of water per day.

Q. Will this be an open or a closed system?

A. The system will be closed.

Q. Will they be injecting under pressure or by gravity?

A. They expect that the zone will take water on the vacuum. However, they would like the authority to use pressure, if necessary.

Q. Would a pressure limitation of two-tenths pound per foot of depth to the top of the injection interval be satisfactory for their purpose?

A. Yes, it would.

Q. What is the source of the water that Geodyne proposes to inject?

A. Water will be the produced water coming

from the #3Y and the #4 well on the same lease.

Q. These are Geodyne-operated wells?

A. That's correct.

Q. And into exactly what formation will you be injecting this water?

A. The producing formation, the one currently producing the oil and water, is the Delaware Mountain Group, which is found in the area from 2300 to 4700 feet. The water will be injected right back into the producing horizon.

Q. Are there fresh water zones in the area?

A. Yes. The Capitan Reef does provide fresh water in the area, and that is located no deeper than 1700 feet.

Q. Does Geodyne propose to stimulate the proposed injection well?

A. They do propose to acidize the new perforations, but it's not an extensive stimulation at all.

Q. And the acid treatment is indicated in Exhibit No. 1?

A. That's correct.

Q. Are the logs on the proposed injection well on file with the Division?

A. That's correct.

Q. Let's go now to page 6 of Exhibit No. 1 and I would ask you to identify that.

A. Page 6 is the schematic of the one plugged and abandoned well which was drilled into the proposed disposal zone. That was a well which was lost during drilling. The 8-5/8 casing has been cemented with something like, looks like 650 sacks, which brought the top up to around 1430 feet, which was above the injection interval.

Then you can see that there is a cement retainer, there's been some perforations squeezed, and then there's a pretty substantial plug up from about 527 feet down to 744. So this well looks to be well plugged and well cemented across the injection interval and shouldn't cause any problems.

Q. This is the only plugged and abandoned well in the area of review?

A. That penetrates the injection zone.

Q. Do you have now in this exhibit, schematic drawings on the proposed injection well showing present proposed completions?

A. That's correct.

Q. Would you refer to those, please?

A. The next two pages have that information. The first page shows how the well was completed initially. You can see there that there's 13-3/8" casing, set at 623 feet, with 855 sacks of cement which circulated back to the surface. There's 8-5/8 intermediate set at 2190, cemented with 950 sacks cemented back to the surface, and 5-1/2 casing set to 4600 feet, and that was cemented with 650 sacks, and the top of the cement is above 2200 feet.

They did run a cement bond log but the log did not come all the way up to the top of the cement; so the cement is above that point.

Q. If we go to the next page, what does that show?

A. The next page has the original completion shown to the left and the recompletion shown on the right. What they will be doing is coming in and setting a cast-iron bridge plug about 2510 feet and put 20 feet of cement on top of that, and then perforating some additional interval there.

They're currently perforated at 2332 to 2360. They'll be coming on down to 2446.

Q. And that's the new injection interval in the well?

A. That's right. And then there'll be a packer at 2300 feet, and the annulus will be filed with an inhibited fluid.

Q. Let's go to page 9. What does page 9 cover?

A. Is that the water sample or the completion?

Q. Just the summary.

A. Page 9 is a summary of how they intend to do the recompletion.

Q. Let's move on to page 10, your water analysis, and I would ask you to review that.

A. On this page we have the analyses from three wells. The first two are fresh water wells in the area. If you look at the total dissolved solids line, you'll see that runs from 298 to 646 TDS. The third column is an analysis of the produced water in the area, and it's typically high in solids, Delaware water, over 168,000 parts per million.

Q. Let's go now to the last page in Exhibit No. 1, the two log sections, and I would ask you to explain to Mr. Catanach why these log

sections have been included in this exhibit.

A. This is an exhibit that I requested Geodyne to prepare, to show the relationship between the injection interval and the cased interval in the Mitchell Energy well to the south. That was the one well that the lower part of the casing was not cemented across the injection interval.

Here you can see in the right-hand set of logs that the casing seat is below the injection interval in the offset disposal well.

Q. Is Exhibit No. 2 a copy of an affidavit with attached letters and return receipts confirming that notice of this hearing and application have been provided in accordance with OCD rules and regulations?

A. It is.

Q. Are you aware of any similar applications that have been granted for injection in this same general area?

A. I'm not certain about the same general area, but I wouldn't be surprised. There are salt water disposal wells all over Eddy County.

Q. Have you examined the available geologic and engineering data on this area?

A. Yes.

Q. As a result of this examination, have you found evidence of any open faults or other hydrologic connections that run between the injection zone and any underground source of drinking water?

A. No, I have not.

Q. In your opinion, will the granting of this application be in the best interest of conservation, the prevention of waste and the protection of correlative rights?

A. It definitely will. It will allow the operator to lower his costs of disposal of the produced water, and should allow for greater ultimate recovery from this small field.

Q. Were Exhibits 1 and 2 either prepared by you or compiled under your direction and supervision?

A. They were.

MR. CARR: At this time, Mr. Catanach, we would move the admission of Geodyne Exhibits 1 and 2.

EXAMINER CATANACH: Exhibits 1 and 2 will be admitted as evidence.

MR. CARR: That concludes my direct

examination of Mr. Stamets.

EXAMINER CATANACH: Mr. Rayroux, do you have any questions of this witness?

MR. RAYROUX: Yes. I would like to question him on this--let me find the right page here, on page--

MR. STOVALL: It will be the second page of the summary detail of the wells in the area of review.

MR. CARR: It's page 5.

EXAMINATION

BY MR. RAYROUX:

Q. On the statement #12, where you have examined the geologic and engineering data, now this probably is just on that one well or maybe similar wells in that area, but my recollection is that all this area is strictly one big cavity of caves and crevices and cracks in the formations all over that whole area because of the fact that there's caves in this area. It may not come from this depth up to where this fresh water is. There may be a barrier in between there. I do not know that geologic myself.

It seems to me like if there's any pressure put on this formation at all, it would

break off into this fresh water zone. This is my concern.

A. I think you've got a grasp of the situation. Definitely there are caves in the upper part, especially in the Capitan Reef itself, which is where the fresh water is. Indeed, you've got Carlsbad Caverns south of there, which is located in this same horizon.

The one well in here that is plugged and abandoned had a loss circulation zone up at the top which seemed to be a cave-type interval. However, all of that is totally isolated from the producing horizon itself. If there hadn't been some sort of seal, there would not have been an accumulation of oil at this particular location. It would have leaked off. The operator does not propose to use any particular higher pressure in the horizon, and water will go right back to where it's being produced, so there really shouldn't be any great pressure increase.

Q. Yes, sir, I understand that. Now, I have a water well that is converted from Yates Oil & Gas Well No.--I don't know. It's in Section 29, which is very close to this well.

And I had, I made application to the

State to get a permit to use this well as a ranch water well. When we went into it to perforate it, the casings, we found that there was no plugs put into the well. This well was supposed to have been plugged off at 1650 feet, and another plug at 2650.

Whenever they come in, I got ahold of the Oil Conservation Commission in Artesia, and they come down and they checked the well, and there was no plugs. They went clear down to 4600 feet and there were still no plugs.

I'm wondering how many other wells in this area that are not plugged properly to let this water mix with the surface water?

A. In the original--well, let me back up. The one well that's plugged within a half-mile of the proposed injection well, the plugging was witnessed by the Bureau of Land Management according to the well files, so I feel confident that that one was properly plugged. I don't anticipate that with projection and injection going back into the same interval, that there will be any movement of water outside the half-mile area around this proposed well.

So everything within the half-mile is

in good shape. I just don't visualize that there can be a problem here.

Q. The only other comments I have to make is about this Enfield well which is located within about 300 feet of where this disposal well is supposed to be. This well, as far as I know, has never been cemented. It was put in as an exploratory well. It was cased, and later on they was supposed to come in and put a rotary rig on this well and drill it on down, and this was never done.

I'm wondering why this well has never been cemented?

A. I don't know, but in any event it can't be any problem here because it doesn't penetrate the injection interval and doesn't even penetrate the entire reef.

Q. You don't think that this injection well will break off into this one?

A. No. There's too much interval between the injection zone and this.

Q. Well, that was one of my primary concerns, and if it did get into the fresh water, why, we would have problems.

MR. RAYROUX: Well, I don't have any

further questions for Mr. Stamets.

MR. CARR: I have no redirect.

EXAMINATION

BY EXAMINER CATANACH:

Q. Mr. Stamets, do you know if that Enfield well has been plugged?

A. I couldn't find any file on it here so I'm not sure what the status of that well is. Since it didn't penetrate the injection well, I ignored it further.

Q. Has anyone from Geodyne, to your knowledge, inspected the location? Is the wellbore, does it have a wellhead on it?

A. The Enfield well?

Q. Yes, sir, or do you know anything about that?

A. No, I don't know.

Q. Mr. Stamets, you've examined the log for the proposed injection well. Is it your opinion that the proposed injection zone or zones are geologically isolated--

A. Yes.

Q. --so that no migration would occur out of the zones?

A. That is correct.

Q. By what kind of isolation?

A. Just simply the fact that it's there. You've got this situation throughout Southern New Mexico, with the Delaware line below the Capitan Reef, and they just don't mix. You've got this saline water, 180,000 or so that's pretty constant throughout the Delaware.

If you had that moving vertically, you would know it. You wouldn't have all that fresh water in the Capitan Reef all the way from Carlsbad over into Texas.

Q. Within the Delaware formation itself, are you satisfied that you have isolation in your injection zone so as it's not going to go into other portions of the Delaware?

A. Yes. You've got a series of shales and sands in the Delaware, and they should provide for isolation vertically.

Q. Do you know why the cement bond log on the proposed well was only run to 2200?

A. No, I don't know why. That's what they did, and when they found it was above that point, they were satisfied.

Q. Have you examined the cement bond log for that well?

A. I think I did but I didn't pay a lot of attention to it. I was looking at it when I was looking at these other logs, and I didn't go further.

Q. Can I get you to get a copy of that cement bond log and submit it?

A. Sure.

Q. Maybe check the quality of that cement in that 2200 interval?

The proposed injection well is just for use by Geodyne? It's not going to be open for any kind of commercial disposal?

A. That's correct.

Q. And do you expect the disposal rate to go up substantially?

A. It's been a few months since we started this process and I've looked at the production and the production seems fairly stable at the present time. It's always possible that it might go up, but I haven't seen that.

Q. How is the water going to get from the produced wells to the disposal well? Do you know anything about that?

A. There's a central tank barrel there at the present time, and the water currently goes to

two, 500-barrel tanks. It's trucked from that location. The only change here will be that they'll lay flow lines from the tanks over to the wellhead.

Q. So there won't be any trucking involved in the process?

A. No.

EXAMINER CATANACH: I believe that's all I have of the witness. Mr. Carr?

MR. CARR: One more question.

FURTHER EXAMINATION

BY MR. CARR:

Q. Mr. Stamets, would Geodyne request an administrative procedure whereby the pressure on the injection could be increased above two-tenths pound per foot of depth, after the Commission witnessed a step rate test to assure that the confining strata can take the water at a higher pressure?

A. Yes. I would assume that that's standard procedure anymore. Yes, they would like to have that ability.

MR. CARR: That's all I have.

MR. STOVALL: I just have one question to make sure I understand what you said, Mr.

Stamets.

EXAMINATION

BY MR. STOVALL:

Q. As I understand, you're putting produced water back into the formation from which it's produced?

A. That's correct.

Q. You believe that under the current plan that, essentially, the pressure in the formation shouldn't be significantly higher than the original pressure in the formation?

A. We're taking more fluid out than we're putting in.

Q. So it ought to be lower than the original pressure?

A. Right.

Q. And lower volumes of fluid back in the--

A. That's correct.

Q. That's part of your reason for your conclusion that it's not likely to break through vertically into a fresh water zone?

A. That's right.

Q. One other question is, Mr. Rayroux testified as to his former producing well which

had been converted to a water well. Are you aware of any other wells in the area, oil or gas wells that have penetrated this formation that have been taken over by the surface owners and converted?

A. I didn't find any files within this half-mile radius, and I did not do any careful examination beyond that point. I suspect there are, it's happened over the years, but I have no idea within it's within a mile or 20 miles.

MR. STOVALL: I have no further questions of Mr. Stamets.

EXAMINER CATANACH: Do you have anything else, Mr. Rayroux?

MR. RAYROUX: Yes, sir. I started to say on this Enfield well, whenever the Amoco came in there and wanted to drill this first exploratory gas well, I suggested to them that they go into this Enfield well and get water out to use to drill with.

They took the--cut the wellhead off, not the wellhead, but the plug that they had on top with just a welded piece of steel on top of the casing, and they cut it off and went into it and for some reason or other, which I do not

know, they did not use the well for water production to drill the well with.

Then they rewelded the cap back on this casing. As far as I know, it was never cemented, but that's the information I have on that well.

Now, in regards to other wells in the area, there is one well located about three-quarters of a mile west/southwest of this present one they've only used for an injection well. It is used for a water well, and it's a converted well that was drilled for gas and oil and then it was closed back.

EXAMINATION

BY MR. STOVALL:

Q. Do you know the location of that, Mr. Rayroux? Why don't you look at page 3 of their exhibit. That might be helpful. It's the map.

A. Yes, sir. Let's see here. It would be in Section 13, Range 25.

Q. 6 and 13 to the northwest there, just west of the heavy line?

A. Yes.

Q. What part of Section 13?

A. I've got to get my directions straight here on this map. It would be in Section 24,

which is right directly west of 19, only it's in Range 25. It's this--would be in the south, southeast--it would be the southeast quarter of Section 24. I presume it's that Exxon well that shows on this map. Looks like Exxon, but I can't read that.

Q. It says Exxon, but I don't see a well symbol in there. But you think it's somewhere in the southeast of Section 24?

A. Yes, sir.

Q. Do you know whether it's in the west half of the southeast or the east half of the southeast? Do you have any idea?

A. It would be in the east half, southeast.

Q. Where is your well? You said your well was in 29?

A. My well is in Section 20. The water wells, I've got three water wells in Section 20, and this other well that I was talking about that they didn't plug, was in Section 29 on the east, which would be the south half of Section 29.

Q. What has happened to that well since? You said you took that over as a water well, is that correct?

A. Yes, sir.

Q. When you went in and found it, it did not have plugs in it. Did you go plug it so you could use it as a water well?

A. I got ahold of Yates Petroleum because they was the ones that drilled it. They came in and put in two plugs. They put in a plug at 2650 feet and put a hundred foot of cement on top of it, and put another plug in at 1600 feet and put 50 foot of cement on top of it. I know they did that because I was right there when they did it and watched it, and I helped put the cement in.

Q. How deep are the wells that you're getting the water from? What depth are you getting the water from, do you know?

A. They're 265 feet.

Q. And that's about as deep as the wells go? You've got them either plugged or just drilled them to that depth?

A. They're bottomed out at that.

Q. Do you have any specific information, other than your general knowledge that there is some caving and open areas in there, do you have any specific information where you've seen contamination get into some of these fresh water

wells?

A. Yes, sir. This is located south of White's City. I don't know what they call that Basin in there, but the El Paso Natural Gas come in there and they declared that was a closed Basin so they didn't want to use it. They wanted to pump their gas in for a storage unit.

So they started pumping the gas in, and I know three neighboring water wells down there that the gas evidently leaked through and come up into these water wells and ruined the water wells and they can't use the water for drinking purposes or washing or anything.

Q. How far away is that?

A. That's about, oh, 15 miles south of this area.

Q. So it is, to the best of your knowledge and I understand you're not a geologist, but you've been down there a while and know the countryside, I assume?

A. Yes.

Q. To the best of your knowledge, would that be actually the same Basin, the same reservoir, if you will? Or is it a different--

A. Like I told Mr. Stamets, that whole

country in there is one big crack of crevices and caves. The way I understand what happened with El Paso, they exceeded the pressure that they were supposed to put into the well for the storage of gas, and it broke off into different formations. I'm surprised it hasn't come out in Carlsbad Caverns, which it probably will eventually.

Q. That's why we have the concern about the injection pressure here, to make sure that sort of thing doesn't happen. I explained to you when we talked about the step rate test, which Mr. Stamets talked about as a way of going in and determining what pressure, how high a pressure or that if you increase the pressure, rather, that it won't cause the rock to break apart and allow this kind of communication and flowing. You understand that?

A. Yes, sir.

MR. STOVALL: Mr. Stamets, I would like to ask you one question on that Enfield well. You're familiar with the Division's requirements as far as plugging wells, are you not?

MR. STAMETS: Sure. Generally speaking I am.

MR. STOVALL: Those requirements are specifically applicable to wells that have penetrated in oil and gas zones, is that correct?

MR. STAMETS: Wells drilled for oil or for gas would be appropriate, and if that--I don't remember this instance exactly where that well was located, but it's on federal land. I'm not sure what the federal requirements are on that and why it may or may not have been plugged. I'm just not certain.

MR. STOVALL: Based upon your information with respect to depth, did I understand you correctly that even if it's not properly plugged that it's high enough above the reservoir, provided all these other things are satisfied, that we won't break through in any way?

MR. STAMETS: It never penetrated the oil and gas reservoirs probably, oh, 1400 feet or more above the oil and gas reservoir.

MR. STOVALL: I don't have any other questions of either of these gentlemen.

MR. RAYROUX: Can I present these letters that I have--

MR. STOVALL: Oh, yeah. I'm sorry.

MR. RAYROUX: --from individuals that live and have water wells in that area? They wrote letters here and--

MR. STOVALL: Why don't you mark them as a single exhibit, and we'll staple them together.

MR. CARR: Mr. Examiner, these have been marked as Rayroux Exhibit No. 1. There are two letters?

MR. RAYROUX: Yes, sir.

MR. STOVALL: Those letters, would you tell us, for the record, who they are from?

MR. RAYROUX: This one is from a man that's lived down there on McKittrick Canyon, Little McKittrick Canyon, which is down the draw from where this well is, and he is concerned about the fact that if this water should ruin his--get into his water well, that he couldn't use it for domestic purposes.

MR. STOVALL: And the other letter is from?

MR. RAYROUX: It's another man and his wife that live just above where this other well is. They have a similar well and they do not want their water to be contaminated.

MR. STOVALL: Those letters, you know that those people whose names appear on the letters wrote them, and they gave them to you and and asked you to deliver them to the Division, is that correct?

MR. RAYROUX: Yes. Can I bring up another thing? I've talked to the City of Carlsbad about this because this well is within three miles of the city water wells where they get the water for the whole city of Carlsbad, and they were real interested in it and they were supposed to have gotten on to this and sent a man up here to this hearing, but he, I guess, didn't make it.

And then the BLM man, I've talked to BLM and I gave them all this information, of course they would get most of it anyway as far as the injection well on BLM land, and they were supposed to have a man here at this hearing. As far as I know, there's no one here from the BLM.

EXAMINER CATANACH: I believe there is.

MR. STOVALL: Are you here in this matter?

MR. SALZMAN: Yes, I am, but we have no

statement to make at this time. I believe that the Resource Area Office in Carlsbad has approved this injection project.

MR. STOVALL: Just put your name in the record, would you please?

MR. SALZMAN: Yes. My name is Steve Salzman. I work here in the State office in Santa Fe.

MR. STOVALL: For your information, Mr. Rayroux, Steve is a petroleum engineer with the BLM. It's not really testimony, but that's just to let him know that you are here and that you know he had this. Is that correct, Steve?

MR. SALZMAN: That's correct.

MR. STOVALL: Go ahead, if you have anything else.

MR. RAYROUX: I really don't have any objection to this well being used as an injection well if they do not use it with any other companies and just use these wells that they now have and maybe any future wells that they might drill in this particular area.

And then, if they don't exceed that pressure, that 400-and-some-odd pounds of pressure, I feel like it probably would be to the

advantage of the environment and everything if they did use this well for that and not let any other companies come in there and use it for an injection well.

MR. STOVALL: Mr. Rayroux, we appreciate your coming. The purpose of these hearings is to ensure that wells, such as your fresh water wells, are, in fact, protected. And that's what these rules are. They will not be permitted, under this application, to use it except as they've stated and as you've heard Mr. Stamets say here for their own purposes and subject to the limitations.

We do appreciate your concern and the fact that you've come up. Very often people such as yourself who have been in the area, have got information which is helpful to us. That will be the primary concern of the Examiner and the Division in evaluating this application, is to ensure that your water and the City of Carlsbad water and your neighbors' water is all protected.

I think your comments have been helpful to us, and we appreciate your coming. Are there any other questions you have or anything you

would like to add?

MR. RAYROUX: No, sir.

EXAMINER CATANACH: Is there anything further in this case?

MR. CARR: Just a very brief statement. Geodyne recognizes that produced water is a problem not only for oil and gas operators but for ranchers and landowners in the areas where these waters are actually produced.

We believe what we have here is a proposal that will enable us to dispose of water produced from the Filaree Dome (Delaware) Field in a fashion that will avoid contamination of fresh water and will actually meet the concerns of both operators and landowners, and we requedt that the application be approved.

EXAMINER CATANACH: Thank you, Mr. Carr. Mr. Rayroux.

There being nothing further in this case, Case 10433 will be taken under advisement.

(And the proceedings concluded.)

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10433, heard by me on January 8 1993.

David R. Catanach, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Carla Diane Rodriguez, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL January 20, 1992.

Carla Diane Rodriguez

CARLA DIANE RODRIGUEZ, RPR
CSR No. 4