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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

14 November 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of P & O Treating Plant
for an amendment to Administrative
Order SWD-272, Lea County, New
Mexico.

CASE
8405

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Carmen Orozco, Pro Se

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I N D E X

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E X H I B I T S

P & O Exhibit One, Water Analysis

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MR. QUINTANA: We'll call next Case Number 8405.

Will you state your name and who you represent?

MR. OROZCO: My name is Carmen Orozco, P & O Oil Treating Plant, and I want to make a proposal to dispose of Seven Rivers water into the Seven Rivers formation in the Meador A No. 1.

MR. QUINTANA: Mr. Orozco, are you the owner of the P & O Treating Plant?

MR. OROZCO: Yes, sir.

MR. QUINTANA: Because, Mr. Orozco, we have -- under the law you are allowed to represent yourself without an attorney if you are the owner and operator of your own plant -- of your own business there.

In this case we'll allow you to testify under these circumstances.

Would you please rise to be sworn in at this time?

MR. OROZCO: Okay.

(Mr. Orozco sworn.)

MR. QUINTANA: Would you -- Sally, I'd like to state something for the record, kind of a list of events that has happened leading up to this, because

1
2 I'm familiar with what has happened and we can proceed from
3 there.

4 In March of 1984 Mr. Orozco ap-
5 plied to the Oil Conservation Division for a salt water dis-
6 posal well, this same well we're discussing, in which he ap-
7 plied to inject to the Delaware formation.

8 At that time we granted him
9 permission to inject into the Delaware formation and it was
10 discovered that -- that the Delaware formation would not
11 take the volumes of water that Mr. Orozco needed to dispose
12 of.

13 Mr. Orozco then approached Mr.
14 Ramey verbally if he could inject water into the Capitan
15 Reef. Mr. Ramey indicated that he, Mr. Orozco, could test
16 the Capitan Reef and if it tested it to have non-fresh
17 water or water with 10,000 parts per million -- 10,000 parts
18 per million or less total dissolved solids that he could not
19 inject into that formation.

20 And Mr. Orozco tested that for-
21 mation and it was discovered that there was actual fresh
22 water in that area.

23 Mr. Orozco then applied to us
24 to amend his application to dispose of water in the Seven
25 Rivers, which is approximately 50 foot above the Capitan
Reef formation.

The reason this has come to
hearing is because our District Office indicated that they

1
2 felt that the Seven Rivers was too close to the Capitan Reef
3 to allow injection of disposed fluids into the Seven Rivers
4 with the fear that fluids that are being injected into the
5 Seven Rivers would eventually get into the Capitan Reef.

6 And that is the reason -- those
7 are the circumstances leading up to the hearing today.

8 Mr. Orozco, would you please --
9 please state for the record how you plan to -- what kind of
10 water you plan to inject into the Seven Rivers and why --
11 and why you plan to do it in this manner?

12 MR. OROZCO: Well, we've got
13 several producers, surrounding producers that are in the
14 Seven Rivers and having trouble disposing of their water.

15 Getty Oil Company will take it
16 but at a 15 Cent per barrel rate and I could dispose of it
17 cheaper and we've already established that the formation
18 will take water at a low pressure, if any, but we have shown
19 it takes in on a vacuum, so there won't be any pressure to
20 speak of, you know, to fracture or get communicated with the
21 Capitan Reef.

22 MR. QUINTANA: Mr. Orozco, do
23 you have -- do you have water samples that show that the
24 formation -- waters from the Seven Rivers and the forma-
25 tion's water from the Capitan Reef are two separate water
sources?

MR. OROZCO: I sure have. I
have an analysis done by Halliburton right here, which shows

1
2 -- you all want it?

3 MR. QUINTANA: Is that marked
4 as an exhibit? Is that marked as Exhibit Number One?

5 MR. OROZCO: Exhibit Number
6 One, it shows where the chlorides in the Capitan Reef is
7 8,500 parts per million and the chlorides in the Seven
8 Rivers is 16,000 parts per million, which exceeds the 10,000
9 parts per million that was regulated to --

10 MR. QUINTANA: Mr. Orozco, do
11 you have any evidence besides this water sample to prove
12 that injecting water into the Seven Rivers will not get into
13 the Capitan Reef? Do you have any logs or cross sections or
14 any geological reports?

15 MR. OROZCO: No, I don't.

16 MR. QUINTANA: Mr. Orozco, --

17 MR. OROZCO: I've got one thing
18 to say about that but there's no legal proof, you know, is
19 going through the Phillips logs or records, when they set
20 that 9-5/8ths casing, which is where I'm perforated in, is
21 they pumped 680 or some odd sacks of cement, like that,
22 which should have brought it to the surface.

23 Now I understand it says there
24 that they didn't get circulation, that they didn't bring it
25 all the way to the surface. So evidently one of those two
26 zones took some of the cement.

27 But there's no logs, no cement
28 bond logs been run up that high. They were run up to 4900

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foot.

MR. QUINTANA: So you plan to inject only Seven Rivers water into the Seven Rivers formation?

MR. OROZCO: Yes, sir.

MR. QUINTANA: How do you plan to transport the water from these wells to the disposal well?

MR. OROZCO: The producers will lay a line, a plastic line, at their own cost over there to me, due to the decrease in price of getting it to Getty.

MR. QUINTANA: And you say that volumes of water that you intend to dispose will take -- will be -- can be injected into the formation without pressure?

MR. OROZCO: Yes, sir.

MR. QUINTANA: What type of insurance do we have that you will dispose only Seven Rivers water into that Seven Rivers formation?

MR. OROZCO: What type of insurance do you have?

MR. QUINTANA: What type of insurance can you give us that --

MR. OROZCO: Just my word; I'll just have to try to do because I've got a lot of money invested in that well and I don't want to be caught doing -- doing something else and get shut off.

1
2 MR. QUINTANA: Is there some
3 way that you can get us some type of written thing from --
4 written documentation from these owners of these wells that
5 you plan to take water from to show that they plan to lay
6 this line and actually plan to inject only Seven Rivers
7 water into the Seven Rivers formation?

8 MR. OROZCO: I sure can and we
9 could catch samples at the wellhead periodically, every so
10 often, oh, three months, or whatever you want to, and check
11 the chlorides on it to make sure they're still the same.

12 MR. QUINTANA: That they're
13 compatible with the actual formation you're injecting into.

14 MR. OROZCO: Compatible water.

15 MR. QUINTANA: Can you give me
16 an estimate of the approximate amount, volumes of water that
17 you plan to inject from the surrounding wells, if you can,
18 please?

19 MR. OROZCO: Approximately 1500
20 to 2000 barrels a day.

21 MR. QUINTANA: And you say that
22 this 1500/2000 barrels, is this expected to increase any?

23 MR. OROZCO: I wouldn't think
24 so.

25 MR. QUINTANA: And you say this
15-to-200,000 barrels -- I mean 15,000 to 2000 barrels will
be taken under a vacuum.

MR. OROZCO: 1500 to 2000.

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MR. QUINTANA: Yeah, will be taken under a vacuum.

MR. OROZCO: Under a vacuum, yes, sir.

MR. QUINTANA: Mr. Orozco, if you could please provide us with written documentation that these companies will lay a line for you and will actually inject Seven Rivers water into that formation, we would -- we would like to have something of that sort.

MR. OROZCO: Okay. Right now I just have one man that's real interested in it, Sid Lanier, and this is just a business like any other business. I've had to promote it but I've got to get the well first --

MR. QUINTANA: Right.

MR. OROZCO: -- and then promote it.

As I promote more business I'll get you a letter from the different people.

MR. QUINTANA: Mr. Orozco, I would like to point out that we can only allow, since you have no way of proving to us that -- that formation waters from the Seven Rivers will not intermingle with formation water from the Capitan Reef, at this time we can only allow disposal of water from other Seven Rivers wells exhibiting the same water analysis that you have here in Exhibit Number One.

MR. OROZCO: I understand that.

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2 MR. QUINTANA: We will not al-
3 low you to dispose of waters from other formations that
4 would be incompatible with this type of water.

5 We will not also allow you to
6 inject, should we grant this, we will not allow you to in-
7 ject at pressures above taking the waters in -- under a
8 vacuum.

9 MR. OROZCO: Okay.

10 MR. QUINTANA: Also, for the
11 record I'd like to state that should this application be
12 granted or should the amendment to this application be
13 granted, we will request that you provide water samples
14 every three months to assure that the same type of water is
15 being injected into that well.

16 MR. OROZCO: Okay. Let me
17 clarify myself.

18 Well, if it's all Seven Rivers
19 production it will all be pretty well the same chlorides or
20 pretty close, won't it? It can be water that has less
21 chlorides.

22 MR. QUINTANA: Well, waters
23 with the same type of dissolved --

24 MR. OROZCO: Say, like in the
25 --

MR. QUINTANA: -- solids or
less. Or less.

MR. OROZCO: Or less.

1
2 MR. QUINTANA: Or less, but if
3 you do produce from other formations with less quality, we
4 would ask that you notify us and prove that you are dispos-
5 ing of that.

6 For now we will just -- we
7 would like you to limit it to Seven Rivers.

8 MR. OROZCO: Right, but I'm
9 thinking of furthering myself on up, promoting more busi-
10 ness. If I get it less chlorides than that, it should be
11 all right.

12 MR. QUINTANA: Should that --
13 should that event occur, then we would ask you to come for
14 another hearing and we will amend this or --

15 (Thereupon a discussion was had off the record.)

16 MR. QUINTANA: Back on the
17 record.

18 Anything further in Case 8405?

19 If not, Case 8405 will be taken
20 under advisement. You may be excused.

21 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing
transcript is a true and correct record of the
hearing held on Nov. 14 1984
S. Mat. P. Quintana Examiner
Oil Conservation Division