

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

21 November 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Cibola Energy Cor- CASE
poration for salt water disposal, 8756
Chaves County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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For the Applicant: Joel Carson
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PHELPS WHITE

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1
2 MR. STOGNER: Call next Case
3 Number 8756.

4 MR. TAYLOR: Application of
5 Cibola Energy Corporation for salt water disposal, Chaves
6 County, New Mexico.

7 MR. STOGNER: Call for appear-
8 ances in this case.

9 MR. CARSON: Mr. Examiner, my
10 name is Joel Carson, Losee and Carson, P. A., Artesia, New
11 Mexico, appearing on behalf of the applicant, and I expect
12 to have only one witness.

13 MR. STOGNER: Are there any
14 other appearances?

15
16 (Witness sworn.)

17
18 PHELPS WHITE,
19 being called as a witness and being duly sworn upon his
20 oath, testified as follows, to-wit:

21
22 DIRECT EXAMINATION

23 BY MR. CARSON:

24 Q Would you state your name, please?

25 A Phelps White, P-H-E-L-P-S.

1 Q Mr. White, by whom are you employed?

2 A Cibola Energy Corporation.

3 Q And how long have you been employed by
4 Cibola?

5 A Six and a half years.

6 Q And in what capacity are you employed?

7 A Field supervisor

8 Q Would you tell the examiner a little bit
9 about your educational background?

10 A I received a degree in geology from New
11 Mexico State University.

12 Q And would you tell him a little bit about
13 your experience in the area of these two -- this applica-
14 tion?

15 A That's the Aciete Negra Well. Well, I
16 was -- I've been working for the company while we drilled
17 and completed both wells in question.

18 Q So you're acquainted with the area.

19 A That's right.

20 MR. CARSON; We would propose
21 Mr. White as an expert, Mr. Examiner.

22 MR. STOGNER: When did you re-
23 ceive your BS degree from New Mexico State?

24 A 1979.

25 MR. STOGNER: Mr. White is so

1 qualified.

2 MR. CARSON: Thank you.

3 Q Mr. White, would you please explain to
4 the examiner the purpose of application number 8756?

5 A It's an application for salt water dispo-
6 sal in Chaves County, New Mexico.

7 We seek authority to dispose of produced
8 salt water into the San Andres formation in the perforated
9 interval from approximately 2234 to 2298 feet in the Aciete
10 Negra No. 2 Well, 1650 feet from the south line and 1200
11 feet from the east line in Section 12, 9 South, 27 East.

12 Q Okay. I'm going to refer you to Appli-
13 cant's Exhibit Number One and ask if you would identify
14 that.

15 A That is our application for salt water
16 disposal.

17 Q Will you look at Exhibit Number 2 and ex-
18 plain that?

19 A Oh, that's just our injection well data
20 sheet. It tells what the state of the well is right now.
21 We're going to have to re-enter it and run casing before we
22 can inject water.

23 Q Okay. And the back of that shows a sche-
24 matic drawing of -- of the well, is that right?

25 A That's right. It shows us where the

1 plugs are now.

2 Q And the injection interval you plan to
3 inject at no more than 1000 pounds per square inch pressure.
4 That's really not true, is it?

5 A Well, we don't feel that we're going to
6 have to inject at more than 100 or 200 pounds of pressure
7 and we have no intention of going over 460 pounds.

8 Q In other words you can inject your pro-
9 duced water at no greater pressure than that which is custo-
10 marily permitted by the Commission?

11 A That's correct.

12 Q Let me refer you on to Exhibit Number
13 Five.

14 I might ask one other thing before we
15 leave Exhibit Number Four. How far are you from any fresh
16 water zone? By fresh water I mean drinking water, fresh.

17 A Depthwise or areawise?

18 Q Depthwise or areawise.

19 A Depthwise (not clearly understood) and
20 the closest water, stock water, is approximately a mile away
21 in a pond.

22 Q Exhibit Number Five, could you explain
23 this?

24 A This is our notice of application that we
25 ran in the Roswell Daily Record.

1 Q Exhibit Number Six?

2 A Exhibit Number Six is the completion re-
3 port on the Aciete Negra No. 2 Well, which was abandoned Oc-
4 tober 28, 1983.

5 Q And number -- next exhibit?

6 A This is a water analysis in the San An-
7 dres formation in some wells approximately five miles to the
8 south, showing the content of the water.

9 This is the water in the zone we will be
10 injecting into.

11 Q Please go ahead. And Exhibit Number
12 Eight?

13 A Exhibit Number Eight is a water analysis
14 on the Acieta Negra No. 4, which is the well we're going to
15 be taking Devonian produced water and injecting it into the
16 San Andres. This is an analysis of the water we will be in-
17 jecting.

18 Q Is the water that you will be injecting a
19 better or worse quality than the -- than the zone into which
20 you are injecting?

21 A It's better quality.

22 Q Mr. White, did you, or people working for
23 you notify surrounding landowners, in this case which I
24 guess is the BLM?

25 A Yes, we did.

1 Q You advised them of your application to
2 the BLM to convert this to a salt water disposal well?

3 A Yes, we did.

4 Q With the BLM?

5 A That's right.

6 Q And what is the status of that applica-
7 tion?

8 A We've been working with them. As far as
9 we know they're going to approve it. We're waiting on some
10 right-of-way.

11 Q And you're the only surrounding operator?

12 A That's correct.

13 Q Within the prescribed area so I take it
14 you will support this application?

15 A Yes.

16 Q Mr. White, were Applicant's Exhibits Num-
17 ber One through Seven -- through Eight prepared by you or
18 under your supervision?

19 A Yes, that's right.

20 MR. CARSON: I would like to
21 move the introduction of these exhibits, Mr. Examiner, One
22 through Eight.

23 MR. STOGNER: Exhibits One
24 through Eight will be admitted into evidence.

25 MR. CARSON; Mr. Examiner, it

1 looks as though you already have a log and we have another
2 log if you need it. It does not necessarily clog up the re-
3 cord.

4 MR. STOGNER: Is this the same
5 log you're referring to?

6 MR. CARSON: Yes, I guess it
7 is. I don't know.

8 A We have the electric logs.

9 MR. CARSON: We have the elec-
10 tric logs which have already been filed.

11 MR. STOGNER: We'll take admin-
12 istrative notice on those well logs that are on file with
13 the District Office in Artesia on the well logs on this. I
14 assume that they are filed with --

15 MR. CARSON: Yes, they are.
16 They were filed with the 105.

17 MR. STOGNER: Mr. Carson, is
18 this the only witness that you plan on having?

19 MR. CARSON: That's the only
20 witness I plan on having.

21

22 CROSS EXAMINATION

23 BY MR. STOGNER:

24 Q Mr. White, let's go to your Exhibit Num-
25 ber Four and review this. I show that you plan to re-enter

1 the well and run 4-1/2 inch casing, is that correct?

2 A That's correct.

3 Q And would you please elaborate a little
4 on the cementing program on the 4-1/2 inch casing?

5 A We are planning to run 125 sacks of ce-
6 ment and we've got 1600 feet of 8-5/8ths casing which has
7 been set and circulated to cement around it, and 125 sacks
8 is more than enough to bring the top of the cement up into
9 the 8-5/8ths inch casing.

10 Q What size hole do you plan to drill out
11 from under the 8-5/8ths?

12 A 7-7/8ths. That's the size of the
13 original hole. We've got to go through a couple of plugs is
14 all.

15 Q And you plan to drill the 7-7/8ths hole
16 down to what depth?

17 A Well, we're going to go through the plug
18 in the Slaughter plug and we only want to clean the hole out
19 to 2320.

20 Q Where is this Slaughter plug that you
21 refer to?

22 A You'll see Exhibit -- second page of
23 Exhibit Two. Well, there's a diagram, let me find that
24 depth.

25 Okay, it's not an exhibit number on it

1 but it's right behind Exhibit Six.

2 MR. CARSON: It's the second
3 page of Exhibit Six.

4 MR. STOGNER: The second page
5 of Exhibit Six.

6 A What it is is the plugging report on the
7 Aciete Negra No. 2, and what we've got is a plug at 2250, 35
8 sacks of cement; we'll be drilling through that plug and
9 then running casing on through the depth where that plug
10 was.

11 Q All right, and your next plug was at 1700

12 --

13 A That's correct.

14 Q -- I believe. What was below that first
15 plug at 2250?

16 A We had originally drilled the well to the
17 Devonian and had plugged back to test the San Andres when we
18 originally drilled the well.

19 Q Is this Well No. 4, is it presently pro-
20 ducing?

21 A Yes, sir, it is. We're making approxi-
22 mately 175 barrels a day of water; approximately 40 barrels
23 a day of oil.

24 Q What would happen if you'd have to shut
25 this well down and go in and squeeze cement behind the pro-

1 posed injection interval in this well?

2 A Well, that's a good question. We, of
3 course, would have to shut it in for several days. I don't
4 think there would be any damage to the well.

5 Q Okay. Would you also submit to me when
6 you submit that diagram, a copy of the letter to the BLM of
7 this proposed injection?

8 A Yeah.

9 Q Do you have that on file?

10 A Yes. We have it here.

11 Q Oh, do you?

12 A In fact, we've got that application, if
13 you'd like, that we submitted to them.

14 Q May I have this copy?

15 A Sure.

16 MR. STOGNER: Let's stamp this
17 Exhibit Number Nine.

18 MR. CARSON: Yes, sir.

19 Q So Exhibit Number Nine is essentially
20 your application to the BLM who is the surface owner and the
21 mineral owner in this area, is that correct?

22 A That's correct.

23 MR. STOGNER: Mr. Carson, we'll
24 accept Number Nine as part of the evidence.

25 Is there anything further of

1 this witness?

2 MR. CARSON: I need to ask him
3 two more questions, Mr. Examiner.

4

5 REDIRECT EXAMINATION

6 BY MR. CARSON:

7 Q The first one was, the Hearing Examiner,
8 Mr. White, asked you about the necessity for cementing be-
9 hind the pipe on your Cibola --

10 A Cibola Negra.

11 Q Well, it's the other -- the other -- the
12 producing well. What's the number of it?

13 A The Aciete Negra No. 4.

14 Q The Aciete Negra No. 4. Have you actual-
15 ly considered whether that's going to necessary?

16 A I don't feel that it would be necessary
17 knowing the San Andres in that area. There is approximately
18 a third of a mile between the two wells. I don't feel that
19 any of that water will make it back over to the Aciete Negra
20 4.

21 I'm sure that's what you're worried about
22 on the no cement behind the casing.

23 Q Are you -- does the -- if you were to be
24 required to put cement behind the casing on that Aciete Neg-
25 ra No. 4, whatever it is, would that have any effect on the

1 economics of this whole project?

2 A Well, of course it would be expensive
3 and, as I said, I don't think it would do any actual damage
4 to the well but to shut it down for several days and then
5 the expense of drilling it out and there's always the chance
6 when you go do a job like that that something's going to go
7 wrong and you may not get it back, drilled out again. I
8 don't know that the risk is worth taking to do such a job
9 like that.

10 Q For the gain?

11 A That's right. We're looking at approxi-
12 mately a year and a half payout on this injection well on
13 water hauling savings now. Anyway, it's a very long payout.
14 If we had to do much more work it may not be economic.

15 Q The other question I had to ask you, Mr.
16 White, is in your opinion the injection well proposal that
17 you have made, is it in accordance with sound engineering
18 practices?

19 A Yes, it is.

20 Q And will that, in your opinion, will it
21 prevent economic waste and help you prolong the economic
22 life of your other well?

23 A Yes, it will.

24 MR. CARSON: I don't have any
25 further questions.

1 RE CROSS EXAMINATION

2 BY MR. STOGNER:

3 Q Mr. White, in your opinion if water en-
4 croachment did occur between your Well No. 2 and Well No. 4,
5 how would the Well No. 4 detect this encroachment?6 A Well, we could put a gauge and monitor
7 the back side. If there was encroachment the back side
8 ought to pressure up.9 MR. STOGNER: Are there any
10 other questions of Mr. White?11 Is there anything further in
12 this case?13 If not, Mr. White may step
14 down.15 The record on Case Number 8756
16 will remain open pending the submittal of the diagram of
17 your proposed well.18 Let's take a fifteen minute re-
19 cess at this time.20
21 (Hearing concluded.)
22
23
24
25

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 Conservation Division (Commission) was reported by me;
that the said transcript 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 is
a complete record of the proceedings in
the Examiner hearing of Case No. 8756,
heard by me on 21 November 1985.

Michael E. Hoyer, Examiner
Oil Conservation Division