

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 3, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Richard Dickerson	Dickerson, Fink & Vandiver	Albuquerque
Clarence Forister	Frostman Oil Corp	Albuquerque
Warren Curtis	Northwest Pipeline	Salt Lake City Utah
Bob Cooter	Rodey Law Firm	Santa Fe
Bale Hahn	Bryan	Santa Fe
Donald R. ...	OCD	Santa Fe

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

3 September 1986

EXAMINER HEARING

IN THE MATTER OF:

The application of Frostman Oil Cor- CASE
poration for salt water disposal, Eddy 8982
County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: No attorney present.

For the Applicant: Chad Dickerson
Attorney at Law
DICKERSON, FISK, & VANDIVER
Seventh & Mahone/Suite E
Artesia, New Mexico 88210

I N D E X

CLARENCE FORISTER

Direct Examination by Mr. Dickerson	3
Cross Examination by Mr. Stogner	12
Redirect Examination by Mr. Dickerson	18
Recross Examination by Mr. Stogner	18

E X H I B I T S

Frostman Exhibit One, C-108	5
Frostman Exhibit Two, Packet	11

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MR. STOGNER: Call next Case
Number 8982, which is the application of Frostman Oil Corporation for salt water disposal, Eddy County, New Mexico.

Call now for appearances.

MR. DICKERSON: Mr. Examiner,
I'm Chad Dickerson of Artesia, New Mexico, on behalf of the
applicant, and I have one witness.

MR. STOGNER: Are there any
other appearances in this matter.

There being none, will the witness
please stand to be sworn at this time?

(Witness sworn.)

MR. STOGNER: Mr. Dickerson.

CLARENCE FORISTER,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Mr. Forister, will you state your full
name, your occupation, and where you live?

1 A Clarence Forister, oil and gas producer,
2 and I live in Artesia, New Mexico.

3 Q What is your capacity with the applicant,
4 Frostman Oil Corporation, Mr. Forister?

5 A I'm President.

6 Q Will you briefly summarize your oilfield
7 related work experience for the Examiner?

8 A Yeah, I been related with oil industry
9 for 29 years. The first 12 was employed by an oil company
10 and the last 17, working for myself, with the last 7 as a
11 producer/operator, drilling and completion and producing oil
12 and gas wells.

13 Q And in that capacity are you familiar
14 with the operation of and maintenance of water disposal
15 wells and related facilities?

16 A Yes, I am.

17 Q Approximately how many wells do you oper-
18 ate, Mr. Frostman?

19 A Approximately 125.

20 Q Are you familiar with the application
21 filed in Case 8982 and the facts to which you will testify
22 today?

23 A Yes.

24 MR. DICKERSON: Mr. Examiner, I
25 tender Mr. Forister as a practical oilman.

1 MR. STOGNER: Mr. Forister is
2 so qualified.

3 Q Mr. Forister, will you briefly summarize
4 the purpose of the application filed in Case 8982?

5 A Okay. Frostman Oil Corporation seeks
6 authority to dispose of produced water into the San Andres
7 formation in a perforated interval from 3004 to 3434 in the
8 Red 12 State No. 4 Well, which is located 990 from the south
9 line, 2310 from the east line of Section 5, 17 South, 29
10 East.

11 Q Mr. Forister, directing your attention to
12 the Form C-108, which we have submitted as your Exhibit Num-
13 ber One, will you direct the Examiner's attention to the at-
14 tached well data sheet and tell him how you intend to com-
15 plete this well for water disposal?

16 A Okay. The well has 8-5/8ths surface cas-
17 ing cemented with 250 sacks and circulated. It has 5-1/2
18 casing, oil stream, and it's cemented with 950 sacks and
19 circulated.

20 The interval perforated is 3004 to 3434.

21 We propose to run 2-3/8ths plastic coated
22 tubing with 5-1/2 inch Guiberson packer and set at approxi-
23 mately 2900 feet and we'll displace the fluid between the
24 tubing and casing with treated fluid to protect that area
25 being damaged.

1 Q Was this well originally completed for --
2 or drilled and completed for oil production?

3 A Yes, it was.

4 Q What's the current status of the well?

5 A It's temporary abandonment.

6 Q It's not commercial for oil production at
7 this time?

8 A No.

9 Q Mr. Forister, refer to the portion of the
10 Form C-108 which is the map with the proposed disposal areas
11 -- wells, areas of review and orient the Examiner as to
12 where your well is located, the proposed disposal well, and
13 tell him about the other wells within the half mile radius
14 circle.

15 A Okay. It has a half mile radius circle
16 centered around the Red 12 State No. 4. All the wells with-
17 in that circle are operated by Frostman Oil Corporation.

18 There are two other wells that penetrate
19 the San Andres, the Red 12 State No. 3 and the Red 12 State
20 No. 6.

21 Q Point out to the Examiner the location of
22 the No. 3 and the No. 6 Well.

23 A All right, the No. 3 is 2310 from the
24 south and 330 from the east of Section 5, 17, 29.

25 Q And the No. 6 Well?

1 A No. 6 is 2310 from the south and 1650
2 from the west of Section 5, 17 South, 21 East.

3 Q And those two wells, and in addition to
4 those two wells, your proposed disposal wells, are the only
5 wells within that half mile area of review which penetrate
6 the San Andres formation, which is your anticipated disposal
7 zone?

8 A That is correct.

9 Q From what depths do the remainder of the
10 wells in that area produce?

11 A They're from the Grayburg and approxi-
12 mately 2200.

13 Q And Frostman Oil Corporation is the oper-
14 ator of all those wells?

15 A Yes.

16 Q In what capacity is Frostman acting as
17 operator of this property, Mr. Forister?

18 A Okay, I was appointed operator and re-
19 ceiver by the court while litigation was going on concerning
20 the ownership of some of them.

21 Q And will court approval to the expendi-
22 tures necessary to dispose of water in the proposed well be
23 approved or --

24 A Yes.

25 Q -- be necessary?

1 A It will be necessary, the amount spent to
2 put it on the disposal will have to be approved by the
3 court.

4 Q Okay. Again with reference to the No. 3
5 and 6 Wells, which penetrate the San Andres formation, will
6 you briefly summarize for the Examiner from the attachments
7 to your Form C-108, the completion data shown regarding
8 those wells?

9 A Okay. The No. 3 was spudded on the 9th
10 and 5th of '84 and completed 10th and 3rd of '84.

11 8-5/8ths casing was cemented -- set at
12 350 foot, cemented with 350 sacks, circulated.

13 The 5-1/2 was set at 3 -- 3550, cemented
14 with 850 sacks and circulated.

15 The No. 6 was spudded the 10th and 12th
16 of '84 and completed 11th and 2nd of '84.

17 8-5/8ths was set at 348, cemented with
18 350 sacks and the 5-1/2 was set at 3589 and cemented with
19 1000 sacks.

20 Q And does -- your opinion is that 1000
21 sacks of cement, was that sufficient to circulate cement --

22 A Yes.

23 Q -- to the surface?

24 A Yes.

25 Q Mr. Forister, what is the average and

1 maximum daily rate and volume of fluids that you anticipate
2 injecting for disposal?

3 A We anticipate around 7-to-800 barrels per
4 day with a maximum of about 900 barrels.

5 Q Is your proposed system open or closed?

6 A It's open.

7 Q What are the proposed average and maximum
8 injection pressures?

9 A Well, it will not exceed the 600 pounds,
10 which is the .2 of a pound per foot to the 3000 foot inter-
11 val, and we anticipate it lower than that, but it will not
12 exceed the 600.

13 Q Mr. Forister, what is the source of the
14 water to be injected?

15 A It's from the produced wells -- wells
16 producing in that area, operated by Frostman Oil Company.

17 Q And that is from what formation again?

18 A Grayburg.

19 Q Are there any other zones that produce
20 that will --

21 A Yes. Grayburg, I should say, Grayburg
22 and San Andres. There are some wells producing in San An-
23 dres.

24 Q Do you know whether Grayburg and San An-
25 dres production may be commingled under the Oil Conservation

1 Division rules in this area?

2 A Yes.

3 Q Have you attached a water analysis of the
4 water to be disposed of and of that in the receiving San An-
5 dres formation?

6 A Yes, there's an analysis attached and it
7 shows the water out of both the Grayburg and the San Andres
8 and there doesn't appear to be any problem with compatibil-
9 ity.

10 Q What are the sources of fresh water or
11 drinking water in this area, Mr. Forister?

12 A Well, the stock water is obtained from a
13 pipeline that runs through the lease and it's owned by the
14 City of Carlsbad and they receive their water there.

15 There are no fresh water sources that I
16 am aware of, other than there is an old windmill that's
17 within this mile radius, but it has not been -- it's capped
18 and hasn't been produced in over ten years, and as I under-
19 stand, it had turned brackish, but the main reason was that
20 they had obtained their water from the pipeline.

21 Q Did you obtain that information from the
22 rancher?

23 A No, I did not talk to the rancher him-
24 self. I talked to others who were familiar with that area.

25 Q With the exception of that one abandoned

1 windmill, then there are no producing fresh water wells
2 within a mile of your proposed injection well?

3 A That's right, to my knowledge.

4 Q So it was not possible for you to obtain
5 an analysis of water from that plugged well.

6 What is your proposed stimulation pro-
7 gram, Mr. Forister?

8 A If it's necessary, to acidize with 1000
9 gallons 15 percent acid.

10 Q And have the logs, the well test data and
11 other information required by Forcm C-108 previously been
12 submitted and on file with the Division?

13 A Yes.

14 Q Have you examined available geologic and
15 engineering data for evidence of any hydrologic connection
16 or open fault between the disposal zone and any underground
17 source of drinking water?

18 A Yes, and as far as we can determine there
19 is no evidence of possible contamination of fresh water.

20 Q Mr. Forister, refer to the packet which
21 we have marked Exhibit Number Two and describe to the Exam-
22 iner what that packet consists of.

23 A It consists of an affidavit of mailing
24 reflecting notification to the offset operators and the own-
25 ers of the surface and with the return receipts attached.

1 Q And the owner of the surface is the State
2 of New Mexico in this instance?

3 A That's correct.

4 Q And in connection with your proposed
5 operations to the extent it's necessary you intend to obtain
6 the necessary approvals and rights-of-way from the Commis-
7 sioner of Public Lands for the easements necessary?

8 A That's correct.

9 MR. DICKERSON: Mr. Stogner, I
10 move admission of Applicant's Exhibits One and Two at this
11 time.

12 MR. STOGNER: Exhibits One and
13 Two will be admitted into evidence.

14 MR. DICKERSON: And I have no
15 further questions.

16
17 CROSS EXAMINATION

18 BY MR. STOGNER:

19 Q Mr. Forister, in the Well No. 6, the Red
20 State Well No. 6, you show within the -- in the 5-1/2 there
21 was 1000 sacks of cement ran or pumped.

22 Did you calculate the top of the cement
23 or is there any other means showing that the cement was cir-
24 culated?

25 A In their application to drill they said

1 they would circulate the cement. Now there's not a notation
2 that it did circulate, but this is a sufficient amount to
3 circulate. In fact they used 150 sacks more than they did
4 on the No. 3, which had been -- then they circulated, I
5 think, like 35 sacks to (unclear) on it. Now whether they
6 just omitted putting down the circulation, but I'm sure that
7 it was -- would have been witnesses by the State because of
8 the area that it's in.

9 But, like I say, in the reports it does
10 not stated that it circulated but it should have.

11 Q What area do you mean?

12 A Well, because of, you know, this is an
13 old waterflood area and there's been injection wells and so
14 forth and I was assuming that the State would want it circu-
15 lated.

16 Q Was the old waterflood within the Gray-
17 burg --

18 A Yes.

19 Q -- zone?

20 A That's correct.

21 Q Is there still any waterflood going on
22 out there in the Grayburg?

23 A No, sir.

24 Q How long did that waterflood take place,
25 do you know?

1 A Well, over a -- I'm not sure of the num-
2 ber of years, but Conoco had it, was the one that put the
3 waterflood in and they operated it for a number of years be-
4 fore they sold it to (unclear).

5 Q Are there any communications that you
6 know of between the San Andres and the Grayburg formation
7 out there, or is there an impermeable layer between the two?

8 A There is no communication that I'm aware
9 of.

10 Q I'd like to refer to your disposal water
11 analyses.

12 Do you have also an analysis for the
13 water in the injection zone or the proposed injection zone?

14 A This -- one of those is for the Grayburg
15 and the other one is for the San Andres.

16 Q Okay, which is which?

17 A I think it's marked. I'm not sure. If I
18 can find it, okay, the one on the left is the Premier and
19 the one on the right is the San Andres.

20 Q How far away is this well that the San
21 Andres water was taken?

22 A It's about a mile from -- you mean from
23 the proposed disposal well?

24 Q Yes, do you know where this well was
25 located?

 A I don't have the legal on it.

1 MR. DICKERSON: Can you point
2 it out on the map?

3 A Yeah, it's number -- Red Well State No.
4 2. It's not on the map.

5 Q Do you know what section it's in?

6 A I believe it's -- no, sir, I don't.

7 MR. DICKERSON: It is north of
8 the proposed --

9 A It's east.

10 MR. DICKERSON: It's east of
11 the proposed disposal well.

12 Q You say about a mile. Now I show on your
13 map there, a Well No. 2. It looks like it's in Unit C in
14 Section 4, is that --

15 A No, no, that's a Grayburg. It's not the
16 Red Well. It's farther on.

17 Q So it's more than a mile.

18 A Yeah, it is more than a mile, true.

19 Q Do you have any San Andres production in
20 either the No. 3 or 6 Well?

21 A 3 I do, yes.

22 Q Is it making any water?

23 A Yes.

24 Q Do you have an analysis on that well's
25 water --

1 A I have not run one, no. I can very eas-
2 ily.

3 Q Do you know if there's any or if there's
4 very much difference between the water from the No. 3 and
5 then this No. 2 Well?

6 A Well, not without running an analysis,
7 but I don't believe it would be.

8 Q Mr. Forister, could you supply me an an-
9 alysis of that San Andres water from that No. -- you said
10 the No. 3 Well?

11 A Yes, sure can.

12 Q If you could supply that, I think it
13 would be most helpful.

14 A Okay.

15 Q Now to the status of Frostman as the
16 operator, now this property was operated by JEM Resources,
17 is that correct?

18 A Yes.

19 Q Okay. The courts have appointed you as
20 the operator and receiver. I'm not sure if I'm clear on
21 that.

22 A Well, it's in litigation as to determine
23 the ownership of some working interest people in these wells
24 and until that's determined they have appointed me to oper-
25 ate it and what that period of time is, I do not know. I've

1 been operating almost a year now.

2 Q What court appointed you as the operator?

3 A District Court, Judge Harvey Fort in
4 Carlsbad.

5	Q	Judge who?
---	---	------------

6	A	Harvey Fort.
---	---	--------------

7 Q Harvey Fort.

8 MR. DICKERSON: Mr. Stogner,
9 that case, I understand, has now been removed to Federal
10 Court, and Mr. Forister, or Frostman Oil Corporation still
11 acts under the authority of the District Court of Eddy Coun-
12 ty.

13 MR. STOGNER: What Federal
14 Court would that be?

15 A I think it's going to be in Judge Campos.
16 That's all I know. I don't know for sure.

17 Q And that's in Roswell, correct.

18 A No, it's in Albuquerque.

19	Q	Albuquerque.
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20 MR. DICKERSON: Well, there is
21 a Federal courtroom in Roswell.

22 Q Oh. Strictly for the record.

23 MR. STOGNER: I have no further
24 questions of Mr. Forister.

25 Mr. Dickerson, do you have any-

1 thing further to add?

2

3

REDIRECT EXAMINATION

4

BY MR. DICKERSON:

5

Q Just one, Mr. Forister. Did you tell the

6

Examiner what the current status of that Red Twelve No. 6

7

Well is?

8

A It's in temporary abandoned status.

9

Q So the No. 2 Well is the only --

10

A No. 3.

11

Q But it -- the No. 3 Well is the only --

12

A Producer, that's right.

13

Q -- producer of San Andres within the area

14

of review.

15

MR. DICKERSON: I have no fur-

16

ther questions, Mr. Stogner.

17

18

RECROSS EXAMINATION

19

BY MR. STOGNER:

20

Q How is that well temporarily abandoned?

21

A Well, right now it's just got the tubing

22

landed; it's got nothing in it.

23

Q Is there a cast iron bridge plug?

24

A Not to my knowledge, no.

25

Q Is there anything on top of the perfora-

1 tions?

2 A No, just closed in at the surface.

3 Q Just closed in at the surface without --

4 A That's right (unclear).

5 Q Do you know how long you propose to have
6 that No. 6 abandoned in this manner?

7 A No. At this time there's not any plans
8 to do anything. The only thing, it would be possibly in the
9 future, if needed, it would be a good condidate for another
10 disposal well.

11 Q Why was it temporarily abandoned?

12 A Because of the -- making all water, too
13 much water and no -- no oil.

14 Q You wouldn't happen to have an old analy-
15 sis of that water?

16 A No, sure wouldn't.

17 Q Okay.

18 MR. STOGNER: If there are no
19 further questions of Mr. Forister, he may step down.

20 Mr. Dickerson, I'm going to
21 hold the case open pending the information be supplied on
22 the No. 6 Well.

23 MR. DICKERSON: How long will
24 it take you, Mr. Forister?

25 MR. FORISTER: Oh, I can get

1 the analysis in, I'd say about two or three days, and mail
2 it to him.

3 MR. STOGNER: I would appre-
4 ciate that.

5 If there is nothing further in
6 Case Number 8982, this will be all we'll consider on that.

7
8 (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 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. 8982,
heard by me on 3 September 1986.

Michael E. Shagour, Examiner
Oil Conservation Division