

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

JULY 11, 1984

Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Les Clements	O.C.D.	ARTESA, N.M.
William L. Jan	Campbell and Black	Santa Fe
Bob Hulmer	Byram	Santa Fe
Lanny Brooks	O.C.D.	Artesia N.M.
Ray E. Johnson	O.C.D.	Santa Fe
Joel Garcia	Roadero	Roswell
W.W. Warden	GETTY	Denver
Paul W. Benchell	El Paso Natural Gas Co.	El Paso, TX
Arlen H. Hopson	Hinkle Law Firm	Santa Fe
Scott Hall	Campbell & Black	SF
W. J. Yelbani	Yelbani & Yelbani	Santa Fe
James Bruce	Hinkle Law Firm	Santa Fe
Wm. O. DeWitt	Petroleum Oper. Co	Dolores
Bob ENFIELD	SCIF	Santa Fe
Dave Bureau	YATES PETROLEUM	ARTESIA
Robert H. Strand	Atwood Marine	Roswell
Robert W. Langford	alpha 21 Prod. Co.	Midland
Wm. P. AVCOCK	Wm. P. AVCOCK & ASSOC,	Midland

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NAME	REPRESENTING	LOCATION
M. Stogner	OCD	Santa Fe
Joe Chifonde	ALPHA-21 Production Co.	Midland TX
ROD SCHUMACHER	ATWOOD, MALONE	ROSWELL
R. G. MELINNEY	TRANS PECOS RESOURCES	HOUSTON
J. J. GAWRON	" "	" "
TED WALSH	Walsh Engineering Co	Farmington NM
A. J. FORE	M. S. BRANNON	Houston TX
BILL LANCASTER	Shell Western E&P	Houston TX
Eddie Whitford	Shell Western E&P	Houston TX
Chad Dickerson	Yates Petroleum	Artesia NM
Thomas J. Van Akkeren	Losee Co. + Dickerson	Artesia NM
Kent Darh	Shell Western E&P Inc	Houston TX
Jim O'Brien	Trans Pecos Resources	Houston, Tx.
Tommy Sanders	GAS COMPANY OF NM	ALB
DAN NUTTER	" " "	" "
Susan Kew	CONSULTING ENGR	SANTA FE
LARRY C. McCARTER	Southern Union Exploration	Dallas
TIMOTHY O'GORMAN	Getty Oil Co.	Midland, Tx
Don Steinnerd	SHELL WESTERN E&P INC.	Houston, TX.
	Getty Oil Co.	Hobbs, NM

1 STATE OF NEW MEXICO  
2 ENERGY AND MINERALS DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BLDG.  
5 SANTA FE, NEW MEXICO

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8 11 July 1984

9 EXAMINER HEARING

10 IN THE MATTER OF

11 The hearing called by the Oil  
12 Conservation Division on its own  
13 motion to consider the rescission  
14 of Order No. R-2788.

CASE  
8240

15  
16 BEFORE: Richard L. Stamets, Examiner

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19 TRANSCRIPT OF HEARING

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22 A P P E A R A N C E S

23 For the Oil Conservation  
24 Division:

25 W. Perry Pearce  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

LESLIE CLEMENTS

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MR. STAMETS: We'll call next Case 8240, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to consider the rescission of Order Number R-2788.

MR. PEARCE: May it please the Examiner, I am W. Perry Pearce, appearing in this matter on behalf of the New Mexico Oil Conservation Division.

I have one witness who needs to be sworn.

MR. STAMETS: Any other appearances in this case?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. PEARCE:

Q Thank you, sir. For the record would you please state your name, your employer and position of employment?

A Leslie Clements. Supervisor District Two. New Mexico Oil Conservation Division in Artesia, New Mexico.

1  
2 Q Mr. Clements, how long have you worked  
3 for the Oil Conservation Division?

4 A Twenty-four years and nine months.

5 Q And is that area affected by Order R-2788  
6 within your area of responsibility in that district?

7 A Yes, sir.

8 Q Mr. Clements, to speed this proceeding a-  
9 long, I'm going to ask that you take the packet of exhibits  
10 which you have prepared and briefly run through those exhi-  
11 bits, commenting on each for the Examiner and those in at-  
12 tendance at this hearing, and as you go through, if you  
13 would please briefly describe what the Division seeks in  
14 this matter.

15 A Okay. The exhibits I have prepared here  
16 begins with what I have marked as OCD Exhibit Number One,  
17 which is a letter that I wrote Deanie Lou on June the 7th,  
18 198--

19 Anyway, I wrote this letter to them  
20 directing them to cease putting water in a pit and that we  
21 were going to set this matter for a show cause hearing why  
22 Order 2788 should not be rescinded and thereafter all waters  
23 be handled under Division Rule R-3221.

24 Q And as I understand it, sir, for the re-  
25 cord in this proceeding, that disposal pit operated by  
Deanie Lou is now covered by the provisions of R-2788.

A That is right.

Q All right, sir, would you please proceed?

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2           A           Exhibit Two is just a copy of Order R-  
3 2788, which was issued back on the 21st day of October,  
4 1964.

5                   It states that prior to use that these  
6 pits will be inspected by the State Engineer's Office out of  
7 Roswell and in checking with the State Engineer's Office in  
8 Roswell, they informed me that they had never inspected any  
9 pits in the area covered by this order.

10           Q           Okay. As to the disposal and pit proce-  
11 dures, sir, what does Order R-2788 provide?

12           A           It provides for two townships, Township 6  
13 and 7 South, Range 26 East, Chaves County, New Mexico, that  
14 they are allowed to pit waters within two miles of the Pecos  
15 River and in a lined pit, I'm sorry.

16           Q           All right, sir, and is there some provi-  
17 sion for how that lined pit is to be constructed?

18           A           Yes, sir.

19           Q           Thank you, go ahead, please.

20           A           Okay. The next exhibit I have, I have  
21 marked as OCD Exhibit Number Three-A. It's just a cover, a  
22 xeroxed corner of a quadrangle map and I have included it  
23 only to show what quadrangle map that I have presented as  
24 Exhibit marked OCD Exhibit Three-B.

25                   This exhibit was submitted to show that  
the pit sets upon the left or the west bank, I'm sorry, of  
the Pecos River, some -- about a half a mile or three-quar-  
ters of a mile away from the Peco River, and to show the

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terrain of this part of the country drops off real rapidly towards the Pecos River; therefore it would cause a natural drainage into the springs and the river itself.

Q All right, sir. While we have Exhibit Three, Three-B before us, are there other disposal facilities of which you're aware which are currently regulated by the provision of R-2788?

A Yes, sir. Yates Petroleum Company operates a salt water disposal well in Unit -- or Section 36.

Q Okay, any other pit?

A Yes, sir. There is a pit on the east side of the river in Section 28.

Q All right, sir, please go ahead.

A Okay. OCD Exhibit Number Four is a sample or analysis of a sample taken by Mr. Weaver on May the 4th, 1984, and run by Mr. Brooks of our office to show that chlorides was 127,350 parts per million.

Q Okay.

A Okay, Exhibit Number Five is a field trip report by Mr. Williams, which I was along that day that we -- that he went there and it's intended to show that Penroc Oil Company has a line laid from their lease to this -- it is to show that there is a water line from Penroc Oil Company's lease to the England Federal battery operated by Deanie Lou.

Q And the England Fedral battery operated by Deanie Lou is the pit in question.

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A Yes, sir.

Q Thank you, sir.

A The following exhibits marked OCD Six-A through Six-E are field reports of Mr. B. W. Weaver taken at random dates that are submitted just to show the condition of this pit.

Q Okay, Mr. Clements, you mentioned that there was another pit operated in Section 28 under the provisions of this order.

Is it fair to say that field -- a collection of field trip reports to that facility would show substantially the same types of problems encountered at this operation?

A Yes, sir.

Q All right, sir, thank you. Go ahead with Seven, please.

A Okay. OCD Exhibit Number Seven is a copy of the latest C-115 submitted to us by Deanie Lou. It is intended to show what production, or water production that they are indicating, which seems to be some discrepancy according to their pumper.

They show somewhere around one barrel a day on their C-115 and their pumper claims that they're making at least eight barrels per well.

Q Okay. In your opinion the amount of water that is collected in this pit at the present time, would that be possible if those wells were only producing a

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barrel a day?

A No, sir.

Q Okay, thank you, sir. Please proceed.

A Okay. The next exhibit is marked OCD Number Eight, and it is the latest C-115 from Penroc Oil Corporation to show that -- the amount of water that they are also putting in this pit.

The Cooper Lease shows, or indicates, 806 barrels per month and the Elliott Federal 725 barrels per month.

Q Okay, and those -- those volumes are more in line with what you would expect judging by the volume contained in the pit at the present time?

A Yes, sir.

Q All right, sir, please go ahead with Nine.

A OCD Nine is just a page from the Engineering Committee stat book, Volume 1-A, page 329, 1983, and it's some general information as the reported volumes for the year of 1983.

Q Mr. Clements, in this case the Oil Conservation Division is requesting that Order R-2788 be rescinded and that the disposal provisions of R-3221 be made applicable to the area previously covered by the rescinded order.

Would you briefly describe for the Examiner the difference in disposal procedures between those two

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orders?

A           The procedures under R-2788 did not include any leak protection devices for any lined pits. It was only to be inspected by the State Engineers, which I have stated before was not inspected by the State Engineers.

Division Order R-3221 requires that any volumes of water over one barrel per day be properly disposed of either in a disposal well or in a lined pit that has proper leak protection devices under the provisions of R-3221-C.

It is my recommendation that this Order R-2788 be abolished and the waters handled under the provisions as provided by R-3120.

Q           Mr. Clements, in your opinion will the disposal procedures specified under R-3221 better protect the surface and underground waters within the State of New Mexico from contamination of the waters in questions?

A           Yes, sir.

Q           And do you believe that if Order 2788 is rescinded that you have the authority and the ability to get the operator of this facility to properly clean and dispose of the fluids presently on site?

A           Yes, sir.

Q           Thank you, sir.

MR. PEARCE: Mr. Examiner, I have nothing further on direct at this time.

I would move the admission of

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OCD Exhibits One through Nine.

MR. STAMETS: The exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Clements, are there some lined pits in this area now as a result of this original order?

A Yes, sir.

Q How many are there?

A Two.

Q And who are the owners?

A Okay, Deanie Lou owns this one that we were talking about here, and the other one is owned by -- just a minute, I've got that wrote down here somewhere.

MR. PEARCE: If I may, Mr. Examiner, I believe the name of the company is Nichols and Brady, B-R-A-D-Y.

A Yes.

Q Would it be your recommendation that those lined pits be dug up, carted off, the area leveled and returned to its natural condition?

A Yes, sir.

Q It should be allowed to be dried and then the material removed.

A In the letter I wrote to Deanie Lou I requested them to haul this water to a proper disposal system

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that was in the pit because the pit lining is nonexistent in some places.

MR. STAMETS: Any other questions of the witness? He may be excused.

Anything further in this case?

MR. PEARCE: Nothing, sir.

MR. STAMETS: This case will be taken under advisement.

(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 is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 8240  
heard by me on 7-11 1954.  
Richard K. Stum, Examiner  
Oil Conservation Division