

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF SIETE OIL AND
GAS CORPORATION FOR SALT WATER
DISPOSAL, EDDY COUNTY,
NEW MEXICO

MAY 6 1994

NO. 10968

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Santa Fe Energy Operating Partners, L.P. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Siete Oil and Gas
Corporation

ATTORNEY

Ernest L. Padilla, Esq.
PADILLA LAW FIRM, P.A.
Post Office Box 2523
Santa Fe, New Mexico 87504-2523
(505) 988-7577

OPPOSITION OR OTHER PARTY

Santa Fe Energy Operating
Partners, L.P.
550 West Texas, Suite 1330
Midland, Texas 79701
(915) 687-3551
Attn: L. Goldstein

ATTORNEY

James Bruce, Esq.
HINKLE, COX, EATON, COFFIELD
& HENSLEY
Post Office Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

STATEMENT OF CASE

APPLICANT

OPPOSITION OR OTHER PARTY

Applicant proposes to inject produced water into the Delaware formation. The proposed injection pressures are sufficient to fracture out of the injection interval and into potentially productive zones.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
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OPPOSITION

	WITNESSES	EST. TIME	EXHIBITS
1.	Louis Goldstein (Geologist)	15 minutes	(a) Structure map (b) Isopach (c) Well log
2.	Rod Adams (Engineer)	20 minutes	(a) Fracture data

PROCEDURAL MATTERS

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: James Bruce

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Santa Fe Energy
Operating Partners, L.P.

CERTIFICATE OF SERVICE

I hereby that the foregoing **Pre-Hearing Statement** was hand
delivered this 6th day of May 6, 1994, to:

Ernest L. Padilla, Esq.
PADILLA LAW FIRM, P.A.
1512 South St. Francis Drive
Santa Fe, New Mexico 87501

James Bruce
James Bruce

OIL CONSERVATION DIVISION
RECEIVED
'94 MAR 9 AM 8 50

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING: The Application of
Siete Oil and Gas Corporation for
Salt Water Disposal, Eddy County,
New Mexico.

CASE NO. 10968

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APPLICANT

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OPPOSITION OR OTHER PARTY

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Partners, L.P.
West Texas, Suite 1330
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(915) 687-3551
ATTN: L. Goldstein

ATTORNEY

James Bruce, Esq.
HINKLE, COX, EATON, 550
COFFIELD & HENSLEY
Post Office Box 2068
Santa Fe, NM 87504
(505)982-4554

STATEMENT OF CASE

APPLICANT

Applicant proposes to inject produce water from its producing wells into the Delaware Formation after converting the State MA Com # 1, located 1980 FNL and 660 FEL, Section 3, T25S R28E, Eddy County, New Mexico, to a Salt Water Disposal Well.

OPPOSITION OR OTHER PARTY

Applicant proposes to inject produced water into the Delaware formation. The proposed injection pressures are sufficient to fracture out of the injection interval and into potentially productive zones.

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1.	Bruce Uszynski (Geologist)	20 minutes	Cross Section Structure Map Type Logs
2.	Robert Lee (Petroleum Engineer)	20 minutes	C-108 Production Map Fracture Data
3.	Gene Shumate (Landman)		Acquisition Documents

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None

PADILLA LAW FIRM, P.A.

By:




Ernest L. Padilla
Post Office Box 2523
Santa Fe, New Mexico
87504
(505) 988-7577

Attorney for Siete Oil
and Gas Corp.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Pre-Hearing Statement** was delivered Via Fax this 6th day of May, 1994,
to:

HINKLE, COX, EATON, COFFIELD
& HENSLEY
Attn: James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554


Ernest L. Padilla

OIL CONSERVATION DIVISION
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'94 MAR 18 AM 8 50

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APPLICANT

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Corporation

ATTORNEY

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OPPOSITION OR OTHER PARTY

Santa Fe Energy Operating
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ATTN: L. Goldstein

ATTORNEY

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OPPOSITION

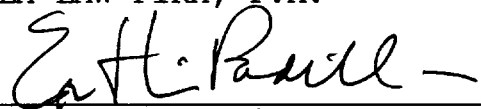
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PROCEDURAL MATTERS

None

PADILLA LAW FIRM, P.A.

By:




Ernest L. Padilla
Post Office Box 2523
Santa Fe, New Mexico
87504
(505) 988-7577

Attorney for Siete Oil
and Gas Corp.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Pre-Hearing Statement** was delivered Via Fax this 6th day of May, 1994,
to:

HINKLE, COX, EATON, COFFIELD
& HENSLEY
Attn: James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554


Ernest L. Padilla

PADILLA LAW FIRM, P.A.

TELEPHONE
505-988-7577

STREET ADDRESS
1512 S. ST. FRANCIS DRIVE
SANTA FE, NM 87501
MAILING ADDRESS
P.O. BOX 2523
SANTA FE, NM 87504-2523

FACSIMILE
505-988-7592

June 21, 1994

HAND DELIVERY

JUN 21 1994

David Catanach
Hearing Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

RE: SIETE OIL & GAS CORP - SALT WATER DISPOSAL
CASE NO. 10968

Dear Mr. Catanach:

Enclosed to supplement the record in the above referenced is a water analysis for the Delaware and Bone Spring waters. These waters were taken from our Seminole #3, a Delaware producer, and the Salt Draw #1, a Bone Spring producer. The Salt Draw #1 is located in Section 11 about 1.25 miles southeast of our proposed injection well.

The analysis shows the Delaware and Bone Spring waters are compatible. This is shown on the sheet with the Sample ID shown as "Mixture 50/50". At the bottom of the page it shows the scaling tendency as "Unlikely".

Thank you for your courtesy in this matter.

Very truly yours,

PADILLA LAW FIRM, P.A.

Ernest L. Padilla

ELP:clm

Enclosure: As indicated above

xc: Siete Oil & Gas Corp.

34



35



PECOS GAS

36

MILANO



QUEEN LAKE



31

DIAMOND



3

St. Mark



2



10

Bone Spring Well



SALT DRAW

11

12

PHILLIPS FED.



SEMINOLE



MICANOPY



MICANOPY



RUSTLER FED.



OSCEOLA



RUSTLER BLUFF



7





PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TEXAS 79603
 PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NEW MEXICO 88240

FINAL ANALYSIS REPORT

Company Name: Envirochem
 Address: P.O. Box 668
 City, State: Hobbs, NM 88241
 Sample Date: 6/10/94
 Sample Location: not given
 Field-Producing Zone: not given

Date: 6/17/94
 Lab No: H1692-3
 Sample ID: Mixture 50/50

PARAMETER	RESULT	UNITS (mg/L)
pH	4.69	

Cations:

Sodium (Na)	72,201
Calcium (Ca)	20,800
Magnesium (Mg)	4,147

Anions:

Chloride (Cl)	160,400
Sulfate (SO4)	103
Carbonate (CO3)	(0.1
Bicarbonate (HCO3)	1
Conductivity (µS/cm)	487

Scaling Tendencies Stiff-Davis Method

S.I. = $\text{pH} - \text{pCa} - \text{pAlk} - \text{K}$

Temp. 86 F-S.I. -3.12 (Scale Unlikely)

Temp. 122 F-S.I. -2.76 (Scale Unlikely)

Skiffman-McDonald CaSO4

50-C S = +5.22 (Scale Unlikely)
 80-C S = +5.37 (Scale Unlikely)

Remarks:


 Michael R. Fowler

6-17-94
 Date



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TEXAS 79603
 PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NEW MEXICO 88240

FINAL ANALYSIS REPORT

Company Name: Envirochem
 Address: P.O. Box 668
 City, State: Hobbs, NM 88241
 Sample Date: 6/10/94
 Sample Location: not given
 Field-Producing Zone: not given

Date: 6/17/94
 Lab No: H1692-1
 Sample ID: Siete
 Seminole #3

PARAMETER	RESULT	UNITS (mg/L)
pH	4.64	

Cations:

Sodium (Na)	97,076
Calcium (Ca)	33,280
Magnesium (Mg)	6,366

Anions:

Chloride (Cl)	228,000
Sulfate (SO4)	123
Carbonate (CO3)	(0.1)
Bicarbonate (HCO3)	1
Conductivity (µS/cm)	436

Scaling Tendencies Stiff-Davis Method

S.I. = $\text{ph} - \text{pCa} - \text{pAlk} - \text{K}$


Temp. 86 F-S.I. -2.97 (Scale Unlikely)

Temp. 122 F-S.I. -2.61 (Scale Unlikely)

Skiffman-McDonald CaSO4

50-C S = +5.28 (Scale Unlikely)
 80-C S = +4.80 (Scale Unlikely)

Remarks:


 Michael R. Fowler

6-17-94
 Date



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TEXAS 79603
 PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NEW MEXICO 88240

FINAL ANALYSIS REPORT

Company Name: Envirochem
 Address: P.O. Box 668
 City, State: Hobbs, NM 88241
 Sample Date: 6/10/94
 Sample Location: not given
 Field-Producing Zone: not given

Date: 6/17/94
 Lab No: H1692-2
 Sample ID: Salt Draw #1

PARAMETER	RESULT	UNITS (mg/L)
pH	4.71	

Cations:

Sodium (Na)	86,785
Calcium (Ca)	8,680
Magnesium (Mg)	922

Anions:

Chloride (Cl)	152,000
Sulfate (SO4)	70
Carbonate (CO3)	<0.1
Bicarbonate (HCO3)	1
Conductivity (mS/cm)	353

Scaling Tendencies Stiff-Davis Method

S.I. = $\text{pH} - \text{pCa} - \text{pAlk} - \text{K}$

Temp. 86 F-S.I. -3.48 (Scale Unlikely)

Temp 122 F-S.I. -3.12 (Scale Unlikely)

Skiffman-McDonald CaSO4

50-C S = +15.19 (Scale Unlikely)
 80-C S = +14.32 (Scale Unlikely)

Remarks:


 Michael R. Fowler

6-17-94
 Date



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TEXAS 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NEW MEXICO 88240

CHEMICAL ANALYSIS OF PRODUCED WATER

Company : Envirochem
City, St. : P.O. Box 668, Hobbs, NM 88241
Proj. Name: not given
Location : not given

Lab #: H1692
Date Received: 6/10/94
Date Analyzed: 6/10/94

Sample 1 : State Seminole #3
Sample 2 : Salt Draw #1
Sample 3 : Mixture 50/50

PARAMETER	RESULT (mg/L)		
	SAMPLE		
	1	2	3
pH	4.64	4.71	4.69
Hardness (CaCO ₃)	106,000	24,900	66,400
Calcium (CaCO ₃)	83,200	21,700	52,000
Magnesium (CaCO ₃)	22,800	3,200	14,400
Sulfate (SO ₄)	123	70	103
Chloride (Cl)	228,000	152,000	160,400
Conductivity (mS/cm)	436	353	407
T. Alkalinity	nil	nil	nil


Michael R. Fowler

6-13-94
Date



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 22, 1994

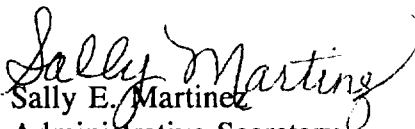
Ernie Padilla
Attorney at Law
P. O. Box 2523
Santa Fe, New Mexico 87504

RE: CASE NO. 10968
ORDER NO. R-10139

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM Carlsbad Office
Ed Martin



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 21, 1994

Siete Oil & Gas Corporation
P.O. Box 2523
Roswell, New Mexico 88202

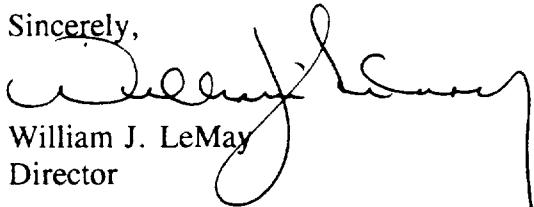
Attn: Mr. Robert Lee

*Re: Commercial Disposal Classification
State "MA" Well No.1 SWD
Eddy County, New Mexico*

Dear Mr. Lee,

Reference is made to your recent request dated September 1, 1994 to classify salt water disposal operations into the above captioned well as a commercial operation. The request has been reviewed by my staff and it appears a commercial classification of the operation and subject well is justified at this time. Providing that an analysis of all source waters to be disposed of, are filed with the Division and the Artesia district office, you are hereby authorized to operate a Commercial Salt Water Disposal Well as defined by the U.S. Environmental Protection Agency, pursuant to all applicable rules and regulations of the Oil Conservation Division.

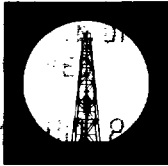
Sincerely,



William J. LeMay
Director

WJL/BES

cc: Oil Conservation Division - Artesia
David Catanach, UIC Director
Case File - No.10968



SIETE OIL & GAS CORPORATION

*Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202, USA
Telephone (505) 622-2202
FAX (505) 622-2297*

September 1, 1994

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. David Catanach

RE: State MA #1 SWD
Case #10968
Order #R-10139

Dear Mr. Catanach:

Siete Oil and Gas respectfully requests permission to dispose of water on a commercial basis in our State MA #1 SWD, located in Section 3, T25S, R28E, Eddy County, New Mexico.

As you may recall we are injecting produced Delaware water from our wells in Section 1, T25S, R28E, into the Bone Spring Formation. Meridian and Energex operate Delaware wells in Section 36, T24S, R28E. These wells produce from the same horizon as Siete's wells. Meridian and Energex have both requested permission to tie into my line and dispose their water into the State MA #1.

The State MA #1 is currently taking about 300 BWPD on a vacuum. We feel we have excess capacity in the well to handle their water, they are producing about 150 BWPD.

Siete feels taking Meridian's and Energex's water is prudent due to our excess capacity and will prevent waste by lowering their operating costs. We appreciate your consideration in this matter and apologize for any inconvenience it may have caused you.

Sincerely,

Robert Lee
Production Manager