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REPORTS

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

22 May 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of L. L. Robinett to
remove and market oil from the
Ogallala formation, Lea County,
New Mexico.

CASE
8599

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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I N D E X

JOE D. RAMEY

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MR. STOGNER: Call next Case
Number 8599.

MR. TAYLOR: Application of L.
L. Robinett to remove and market oil from the Ogalalla for-
mation, Lea County, New Mexico.

MR. CARR: Mr. Examiner, my
name is William F. Carr, with the law firm Campbell & Black,
P. A., of Santa Fe.

We represent L. L. Robinett in
this matter and I have one witness.

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

Will the witness please stand
and be sworn?

(Witness sworn.)

JOE D. RAMEY,

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place

1 of residence?

2 A Joe D. Ramey, Santa Fe, New Mexico.

3 Q Mr. Ramey, by whom are you employed and
4 in what capacity?

5 A I'm an oil and gas consultant and in this
6 case I am representing Mr. L. L. Robinett.

7 Q Have you previously testified before the
8 Division and had your credentials accepted and made a matter
9 of record?

10 A Yes, I have.

11 Q Were you qualified at that time as a pet-
12 roleum engineer?

13 A Yes.

14 Q Are you familiar with the application
15 filed in this case on behalf of L. L. Robinett?

16 A Yes, I am.

17 Q Are you familiar with the subject area?

18 A Yes.

19 MR. CARR: Are the witness'
20 qualifications acceptable?

21 MR. STOGNER: Yes, they are.

22 Q Will you briefly state what L. L. Robi-
23 nett seeks in this case?

24 A Mr. Robinett seeks permission to produce
25 and market oil from the -- from water wells located in the

1 south half of the southeast quarter of Section 29, Township
2 19 South, Range 37 East, from water wells in the Ogallala
3 formation.

4 Q Have you prepared certain exhibits for
5 introduction in this case?

6 A Yes, I have.

7 Q Will you please refer to what has been
8 marked as Robinett Exhibit Number One, identify this, and
9 review it for the Examiner?

10 A Exhibit One is just the lease plan of the
11 area involved. The south half of the southeast quarter of
12 said Section 29 is outlined in green and there's a small red
13 area in the southeast of the southeast that is the property
14 that's presently under control by Mr. Robinett.

15 Q And you are seeking approval from the
16 Division to produce this oil from the acreage which is out-
17 lined in green.

18 A Yes.

19 Q You're not asking the Division to make
20 any determination as to the ownership of the hydrocarbons?

21 A No.

22 Q Would you now refer to what has been mar-
23 ked as Exhibit Number Two and review that for the Examiner?

24 A Exhibit Number Two is just a reduction of
25 the large exhibit you have in front of you, Mr. Examiner,

1 and it shows the line going from southeast to northwest is
2 the Texas-New Mexico pipeline that goes through the area.

3 The three-sided outline of red in approx-
4 imately the middle of the exhibit is the acreage of Mr. Rob-
5 inett and the wells that are drilled along the pipeline are
6 monitor wells that were drilled by Texas-New Mexico Pipeline
7 or the Oil Conservation Division and those that are outlined
8 in red were wells that oil was found in.

9 There are all water wells that were drilled
10 led to the Ogallala in this area.

11 Q Now, Mr. Ramey, the Oil Conservation Div-
12 ision wells are indicated by what symbol?

13 A They're a diamond symbol and they're in
14 the bottom half of the -- of the exhibit.

15 Q Does Mr. Robinett propose to drill addi-
16 tional wells in the area?

17 A Yes he has permission from the State En-
18 gineer to drill three additional water wells in the area and
19 he plans on drilling those along the south line of -- of his
20 property.

21 Q Would you provide the Examiner with back-
22 ground information on how this whole matter has come to Mr.
23 Robinett's attention and, also, now to the Division's atten-
24 tion?

25 A Well, as I understand, I don't -- I don't

1 know that is the source of the oil, but Texas-New Mexico
2 Pipeline Company some time ago reported a spill of oil in
3 the area and sometime after that the -- one of the Monument
4 city -- or community water wells started producing oil.

5 It is my understanding that the Hobbs Of-
6 fice of the Division, and perhaps the Santa Fe Office was
7 involved, also, requested Texas-New Mexico to drill a bunch
8 of monitor wells to try to outline the extent of the water
9 contamination, and as a result of this drilling, or the re-
10 sult of this drilling is what we have on Exhibit Two.

11 Mr. Robinett owns the surface of the pro-
12 perties outlined in red on that exhibit and two wells were
13 drilled on his property, or three wells were drilled on his
14 property; two of them had oil in the water and one did not.

15 Q Has Mr. Robinett conducted bailing tests,
16 fluid level tests, on the zone?

17 A Yes, he has -- he has tested by the Wells
18 No. 22 and No. 23 and 20 and 29.

19 Q Would you now go to Exhibit Number Three
20 and review the information contained in that exhibit and re-
21 late it back to the wells displayed on Exhibit Number Two?

22 A Exhibit Number Three is a series of
23 sheets on each of the wells mentioned, No. 29, No. 20, No.
24 22, 23, and 14.

25 The exhibit has five columns. The first

1 is depth to water and the second is depth to oil and then
2 the third column would then be the difference of the two, or
3 the -- of the amount of oil on the well.

4 The last column is the date and the -- or
5 the next to last is the date and the last is the time.

6 For example, in Well No. 29 on 4-25-85
7 the depth to water was 20.42 feet; the depth to oil was
8 18.56, which left 1.86 feet of oil floating on top of the
9 Ogallala in this case.

10 Well No. 20, which is the well directly
11 south of Mr. Robinett's property, had -- the depth to water
12 was 29.85 feet; the depth to oil was 20.7 feet, and there
13 were -- which leaves 9.15 feet of oil on top of the water.

14 And Well No. 22 has 1.69 feet of oil and
15 Well No. 23 has 2.36 feet of oil, and then Well No. 14,
16 which is to the north of his property, has .99 feet of oil
17 on the -- on the water.

18 Q And this exhibit shows oil was encoun-
19 tered on the water in each of the wells on his property and
20 also in each of the wells offsetting his property.

21 A Yes.

22 Q Can you make a rough estimate as to the
23 volume of oil that might be located under each acre of land
24 on this property if you assume a foot of oil on the water?

25 A A foot of oil should equal something

1 around 1000 per acre.

2 Q And will removal of the oil reduce the
3 contamination problem that will result from having this oil
4 in the water zone?

5 A It certainly should. It's just not a
6 healthy situation to have oil in contact with fresh water.

7 Q Would you now go to Robinett Exhibit Num-
8 ber Four, identify this for Mr. Stogner?

9 A Exhibit Number Four are approved applica-
10 tions that Mr. Robinett made to the State Engineer for --
11 for drilling three additional water wells in the area.

12 What Mr. Robinett intends to do is drill
13 24-inch holes to, oh, probably a depth of 40-45 feet and
14 then he will set 18-inch perforated casing in the well and
15 it is his intent to set some kind of an electric pump, a
16 sump pump or water well pump in the oil column in these
17 wells, and run -- run the pumps off of a time clock or a
18 high/low switch, and based on his bailing test that he made,
19 he has roughly figured that he will have to produce the
20 wells for 30 seconds to a minute and then shut them in for
21 30 minutes. In this case he can produce a few gallons of oil
22 each time that the well is on, and hopefully, a few barrels
23 a day from the wells.

24 His bailing -- on the bailing tests, for
25 example, on Well No. 22, he bailed for three minutes and

1 bailed 1-1/2 gallons of oil, and then in approximately 40
2 minutes, why the oil level had built back up. He reduced
3 the oil level approximately a foot in this time, which was
4 just about -- he had 1.69 feet of oil on top of the water at
5 that time and he reduced it, in three minutes he reduced the
6 oil level one foot, but then the oil level built back up in
7 30 minutes, so that's his assumption, that he could produce
8 the wells for about 30 seconds to a minute and then they'll
9 be shut in for 30 minutes, but that will all be determined
10 after the wells are -- are in place.

11 Q Mr. Ramey, will you now refer to Robinett
12 Exhibit Number Five and identify that, please?

13 A Exhibit Number Five is a letter from Gulf
14 Oil Exploration and Production Company. Gulf has the oil
15 and gas lease on the south half of the southeast quarter of
16 Section 29, and in this case they do not claim the oil.
17 They say that oil in the Ogallala is -- had to come from
18 some place else, and they say that it was their understand-
19 ing that there was a leak in the Texas-New Mexico pipeline
20 and that the oil probably came from that, but they make no
21 claim on the oil and have no objection to Mr. Robinett pro-
22 ducing the wells.

23 Q Mr. Ramey, has anyone else ever sought
24 and obtained approval for a program similar to this?

25 A Yes. Some years back an individual by

1 the name of Joseph O. Walton did -- did request and receive
2 approval from the Oil Conservation Commission to produce oil
3 from the Ogallala in an area west, north and west of Hobbs,
4 New Mexico.

5 That, that operation is still going on.

6 MR. CARR: Mr. Examiner, for
7 the purposes of the record I'd like to advise that that ap-
8 proval was given by Order R-2902. The order was entered on
9 May 4, 1965, in Case 3235.

10 Q Mr. Ramey, would you now refer to what
11 has been marked Robinett Exhibit Number Six and identify
12 this?

13 A Exhibit Number Six is just a suggested
14 order for this case as an aid to the Examiner.

15 Q In your opinion will granting this appli-
16 cation be in the best interest of conservation, the preven-
17 tion of waste, the protection of correlative rights, and the
18 protection of fresh water supplies?

19 A Yes, it will.

20 Q Were Exhibits One through Six compiled
21 under your direction and supervision?

22 A Yes, they were.

23 MR. CARR: At this time, Mr.
24 Stogner, we would offer into evidence Robinett Exhibits One
25 through Six.

1 MR. STOGNER: Exhibits One
2 through Six will be admitted into evidence.

3 MR. CARR: That concludes my
4 direct examination of Mr. Ramey.

5
6 CROSS EXAMINATION

7 BY MR. STOGNER:

8 Q Mr. Ramey, on Exhibit Number Four, this
9 is a well that was applied for to -- in this particular area
10 where the oil will be produced, is that right?

11 A Yes, that is correct, Mr. Stogner. Mr.
12 Robinett, you will notice, the first well says Lot 7; the
13 second well says Lot 8; and the third well says Lot 7 or 8.

14 That will all be changed. He will --
15 whichever lot, the one that's on the east side, he will
16 place all three wells in that particular lot.

17 I'm not sure whether that's 7 or 8, but
18 that will all be cleared up through the State Engineer Of-
19 fice before -- before he drills the wells.

20 He could place two of them right now and
21 if the third one is necessary, why, he will -- he will get
22 it cleared for whichever lot this is, 7 or 8.

23 Q I show up there in 2 that it's located in
24 the northwest quarter of the southeast quarter of Section
25 29. Is that correct or is that incorrect?

1 A You show what, Mr. Stogner?

2 Q On question number two, describe well lo-
3 cation under one of the following subheadings, and it's mar-
4 ked the northwest quarter of the southeast quarter, Section
5 29, and this is in Exhibit Four.

6 A Yeah, it would be -- it would be the
7 northwest of the southeast quarter.

8 It should be the northwest of the south-
9 east southeast to identify it as a 10-acre.

10 Mr. Robinett has Lot No. 7 of Peyton Ad-
11 dition, which is --

12 Q Is Lot No. 7 identified on Exhibit Two?

13 A On Exhibit One the red area is Lots 7 and
14 8. Lot No. 7 would be the easternmost lot. Lot No. 8 is
15 the westernmost lot in that area.

16 If you would like, I have a -- I have a
17 little plat that shows the lots.

18 Q Maybe that might help me out a little.

19 A Lots 7 and 8 are roughly the red area.

20 Q This would help me tremendously.

21 MR. CARR: Would you like this
22 marked as an exhibit?

23 MR. STOGNER: Yes, go ahead and
24 do that, please.

25 Q Okay, now Lots 7 and 8 corresponds with

1 the -- on Exhibit Two as the rectangular box located essen-
2 tially in the middle of the exhibit, is that right?

3 A Yes, only I don't know -- I don't know
4 the extent to the west. I'm not sure of the -- of what the
5 scale is on this -- on that particular plat.

6 You'll notice the -- he has section lines
7 on there but they are broken.

8 Q Okay, let me say I show a scale being one
9 inch to -- equal 100 feet. That's in the lower righthand

10 --

11 A I didn't see that when I looked at the
12 exhibit.

13 Q But anyway, that, now I know where Lots 7
14 and 8 is.

15 A They're located on the northern outskirts
16 of Monument.

17 Q The suburbs.

18 A The suburbs of Monument.

19 Q What type of separation equipment will be
20 out there on the lease, or what type of equipment will there
21 be on the surface?

22 A I think at this time Mr. Robinett just --
23 just plans to produce the well into a tank. He doesn't
24 anticipate producing any water and there is no -- no gas in
25 the oil.

1 He will set his pumps in the oil column
2 and operate his timing equipment to where it shuts down when
3 he has pumped the oil.

4 Q How will the royalty be handled on this?
5 If any?

6 A If any royalty is due, it will certainlyk
7 be paid. Mr. Robinett at this time will put one-eighth of
8 the value of the -- any oil he sells in an escrow account.

9 Q To clarify the record, who owns the sur-
10 face?

11 A Who owns the surface?

12 Q Yeah.

13 A Mr. Robinett.

14 Q On the whole south half of the --

15 A No.

16 Q Only where his water wells are?

17 A Only the red area does he have the out-
18 right ownership of the surface.

19 He is at present and possibly in the
20 future, if this works out, he may try to get addtional --
21 control of additional surface acreage to attempt to remove
22 more oil from the water.

23 Q If for some reason water is produced with
24 the oil, what will then happen to the water?

25 A Mr. Robinett will have to get an appro-

1 appropriation of some kind from the State Engineer to produce any
2 water. If he does, he mentioned that he would -- he would
3 probably irrigate with the water; he would have a small gar-
4 den and use the water for irrigation purposes.

5 Q And that will be handled under the State
6 Engineer's Office.

7 A Yes. I think, you know, a domestic well
8 owner can appropriate or is automatically given a 3-acre
9 foot appropriation for, you know, fruit tree irrigation,
10 such as that, garden, lawn.

11 MR. STOGNER: I have no further
12 questions of this witness.

13 Are there any further questions
14 of Mr. Ramey?

15 Mr. Boyer, will you please
16 stand, identify yourself, who you work for and your posi-
17 tion?

18 MR. BOYER: My name is David
19 Boyer. I'm a geologist with the New Mexico Oil Conservation
20 Division. I'm in charge of the Environmental Bureau.

21 I have just a couple questions
22 of Mr. Ramey.

23

24 QUESTIONS BY MR. BOYER:

25 Q It's my understanding that very little or

1 no water is to be produced with the recovery in this case,
2 is that correct?

3 A That is the -- certainly the intention of
4 Mr. Robinett. He does not have a water appropriation and to
5 produce any water he has to have an --

6 Q Is --

7 A -- appropriation.

8 Q Is the Order R-3221 applicable in this
9 particular area in any event?

10 A Well, that would be questionable. I
11 think it says that you, you know, I'm talking about one bar-
12 rel a day open pit disposal.

13 I think that says from oil wells. These
14 are -- these will be -- we're going to produce oil from
15 water wells in this case, but it does also say produced
16 water, and so I would assume you have, if any water is pro-
17 duced with the oil it could also be considered produced
18 water.

19 In this case I think Mr. Robinett would
20 be allowed to dispose of up to one barrel a day into an open
21 pit in the area.

22 If he chose to do that, I do not think
23 that there would be any danger of contamination. He could
24 -- he could put his pit somewhere near Well 23 on his pro-
25 perty and then if there was any seepage from the pit to the

1 underground water in this case, it would be in an area where
2 the water is already contaminated.

3 Q Okay. If Mr. Robinett does have a garden
4 or something other than a pit, is he planning to make sure
5 that there is no runoff to the vicinity of any of the exist-
6 ing uncontaminated wells or any uncontaminated groundwater?

7 In other words, is he planning to garden
8 in such a way that he doesn't have any runoff down towards
9 those areas?

10 A I think all good gardeners try to have a
11 level garden and try to contain their water.

12 Q Okay. My last question is that my under-
13 standing is that existing Wells No. 22 and 23 are going to
14 be used for recovery of the oil?

15 A They may be used. I think he will do
16 further testing from those wells and will recover a little
17 oil but they are small bore wells and he can certainly, you
18 know, do better and recover more oil from a large bore well,
19 which is the intent of the others. These were, I think,
20 have 2-7/8ths or something, or 2-inch PVC tubing in them.

21 Q Well --

22 A And there is just a very some volume of
23 oil in that.

24 Q Do you know what the status will be of
25 those wells after -- after this order -- if this order is

1 approved?

2 Will access and/or ownership of those
3 monitoring wells be transferred from Texas-New Mexico to Mr.
4 Robinett if this order is approved?

5 A As I understand, Texas-New Mexico has in-
6 dicated to Mr. Robinett that those wells will be transferred
7 to -- to him.

8 MR. BOYER: I have no other
9 questions, Mr. Examiner.

10 MR. STOGNER: Thank you, Mr.
11 Boyer.

12 Any other questions of this
13 witness?

14 MR. TAYLOR: Yean, I've got a
15 couple questions.

16

17

CROSS EXAMINATION

18 BY MR. TAYLOR:

19 Q Mr. Ramey, do you have any idea how --
20 what size area would be drained by these wells?

21 A Well, hopefully, Mr. Robinett has about
22 three acres in there, and hopefully, he can drain the oil
23 from his -- from all three acres by these wells.

24 Q Has he done any tests? I notice just
25 looking at your Exhibit Two that there are quite a few wells

1 that show. I assume all these are water wells, quite a few

2 --

3 A Yes, they're all water wells.

4 Q -- that show oil in them.

5 Has he done any testing or is there any
6 that's been done to your knowledge that would indicate
7 whether this -- the oil in these various wells is coming
8 from -- came from the Texas-New Mexico Pipeline leak or
9 comes from other sources of contamination?

10 A No, we have made no -- no attempt to de-
11 termine where the oil is coming from. Just looking -- just
12 looking at, you know, the red marks, it would certainly ap-
13 pear that the oil had a good possibility of coming from the
14 leaks from the pipeline.

15 Q Okay, thank you.

16 MR. STOGNER: Any further ques-
17 tions of this --

18 A I would point out that there's a well
19 that's just north of 15 and just south of 16 on that plat.

20 That is a -- that is a well that Texas-
21 New Mexico is pumping oil from. They are -- they are recov-
22 ering oil from the top of the water from that well.

23 Q Is that the only well they're pumping oil
24 from at the time, to your knowledge?

25 A As I understand, it is. They may have

1 been producing from another but I'm not -- I'm not sure
2 about that, but I understand they're producing approximately
3 a half a barrel a day at this time.

4 Q Thank you.

5 MR. STOGNER: Are there any
6 further comments, Mr. Ramey?

7 A I have nothing further.

8 MR. STOGNER: Any further ques-
9 tions of Mr. Ramey?

10 If not, he may be excused.

11 MR. CARR: Mr. Stogner, at this
12 time we would offer Robinett Exhibit Number Seven into evi-
13 dence.

14 MR. STOGNER: Exhibit Number
15 Seven will be offered into evidence at this time.

16 Is there anything further in
17 Case Number 8599 today?

18 If not, this case will be con-
19 tinued to the Examiner's Hearing scheduled for June 5th,
20 1985, at which time it will be taken under advisement.

21
22 (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 Conservation Division 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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case no. 8599 heard by me on 22 May 1985.

_____, Examiner
Oil Conservation Division