

✓ CASE 5965: LAYTON ENTERPRISES, INC.
✓ FOR A DUAL COMPLETION AND SALT WATER
DISPOSAL, CHAVES COUNTY, NEW MEXICO

5965

Application
Transcripts.
Small Exhibits
ETC.

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Phone (505) 982-9212

EXAMINER HEARING

IN THE MATTER OF:

Application of Layton Enterprises, Inc.,) CASE
for a dual completion and salt water) 5965
disposal, Chaves County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commis
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Donald G. Stevens, Esq.
Attorney at Law
214 Old Santa Fe Trail
Santa Fe, New Mexico

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3 DONALD R. LAYTON

4 Direct Examination by Mr. Stevens

5 Cross Examination by Mr. Stamets

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EXHIBIT INDEX

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Offered

Adm

11 Applicant's Exhibit One, Plat

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12 Applicant's Exhibit Two, Schematic Diagram

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13 Applicant's Exhibit Three, Water Analysis

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14 Applicant's Exhibit Four, Log

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3 Enterprises, Inc. for a dual completion and salt water
4 disposal, Chaves County, New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don Stevens, at
6 from Santa Fe representing the applicant in this case. W
7 have one witness to be sworn.

8 MR. STAMETS: Will you stand and be sworn, plea
9 (THEREUPON, the witness was duly sworn.)

10
11 DONALD R. LAYTON
12 called as a witness, having been first duly sworn, was ex
13 and testified as follows:

14
15 DIRECT EXAMINATION

16 BY MR. STEVENS:

17 Q Would you state your name, your residence, your
18 occupation and your relationship with the applicant in th
19 case, please?

20 A I'm Donald R. Layton, President of Layton Enterpr
21 Inc. of Lubbock, Texas and I am the applicant.

22 Q Have you previously testified before this Commis
23 and had your qualifications accepted by it?

24 A Yes, I have.

25 MR. STEVENS: Are the witness' qualifications

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3 the witness is qualified from a long way back.

4 Q. (Mr. Stevens continuing.) Would you briefly state
5 what the applicant seeks in this case, Mr. Layton?

6 A. We seek a dual completion to produce oil from the
7 Cisco formation and let me back up just a moment. This is
8 a wildcat well not in an established field. It is a wildcat
9 well located in Section 1, 7, 28. We seek permission to
10 produce oil through tubing from the Cisco formation and to
11 dispose of the expected rather significant volume of produced
12 water through the annulus between the production five and
13 half inch casing and eight and five-eighths intermediate
14 casing into the open hole section below the eight and five
15 eighths.

16 Q. Is this well located in Chaves County, New Mexico?

17 A. It is in Chaves County, yes, sir.

18 MR. STEVENS: Mr. Examiner, I would like to ask
19 Commission to take administrative notice of Case 4570 in which
20 Shenandoah sought a similar disposal system in the Haystack
21 Field in Chaves County in 1971. The casing program isn't
22 exactly the same but quite similar. Would you so take
23 administrative notice?

24 MR. STAMETS: Yes, we will.

25 Q. (Mr. Stevens continuing.) Referring to what has

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3 A. Exhibit One is just a plat of the immediate area
4 surrounding this well, showing the town site of Elkins. The
5 area outlined in yellow is our Elkins State lease, four hundred
6 and eighty acres, located in Section 1. The red dot is the
7 existing wildcat well which we have just drilled and semi-
8 completed.

9 Q. Are there any other fields in this area of this

10 A. No established fields, Union of Cal has a producing
11 well some two and a half to three miles to the northwest in
12 another formation.

13 Q. That is in Section 34, Township 6 South, Range 2
14 East?

15 A. That is correct.

16 Q. The red mark is the subject well, is that right?

17 A. That is correct.

18 Q. Referring then to what has been marked as Exhibit
19 Number Two, would you explain it, please?

20 A. Exhibit Number Two is just a schematic diagram of
21 our well located in Section 1, showing the various casing
22 strings and the cementing program and also shows the formation
23 tops and our indicated zone of oil production.

24 Q. Where is the actual area in which you propose to
25 dispose in this well?

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3 and Yeso formations from the depth at the base of the eighth
4 five-eighths at eighteen sixty-one to a depth of approximately
5 five thousand feet which is our calculated cement top on the
6 five and a half production casing.

7 Q. Your Abo there is noted at fifty-two ninety-five
8 based on your calculation it would be above the Abo and would
9 only go in these three formations?

10 A. That is correct.

11 Q. Is the productive casing the five and a half casing?

12 A. That is correct, yes, sir.

13 Q. Will you be producing directly out of the casing?
14 Will the oil and water and some gas be coming through tubing?

15 A. Presumably the oil and water will all be coming
16 through the tubing. A portion of the gas would be produced
17 up the annulus between the tubing and the five and a half
18 casing, yes.

19 Q. Thus the fluids would not be on either side of a
20 single casing string?

21 A. That is correct.

22 Q. What is your anticipated injection pressure on the
23 proposed project?

24 A. We estimate it at less than five hundred pounds.
25 have no actual data to base this on but based on our expectations

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3 would be less than five hundred psi at the surface and the
4 also based on the indicated porosity that we have in these
5 open-hole sections.

6 Q Will you gauge this injection pressure and keep
7 records therefrom?

8 A Yes, sir, the surface connections at the braden
9 would include a pressure gauge and constant pressure obser
10 would be made.

11 Q Thus any leaks that might occur would be readily
12 observable?

13 A That is correct, yes, sir.

14 Q Have you made any tests as to the chemical compa
15 of the injection water as opposed to the native formation
16 waters?

17 A Yes, we have and I just took this data by teleph
18 this morning from an established firm, United Chemical Com
19 in Hobbs, New Mexico. They have analyzed water samples fr
20 both the Cisco and the San Andres formations.

21 Q Excuse me, were you referring to what has been
22 marked as Exhibit Number Three?

23 A Yes, I am.

24 Q Please continue then.

25 A In their opinion we have no compatibility proble

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3 many areas they are strikingly similar. The important que
4 I think, in this water analyses, in our opinion at least,
5 the absence of hydrogen sulfide in the Cisco water which v
6 eliminate the possibility of any serious corrosion problem
7 injecting down the annular area across these two casing st
8 Further the other principal point that we are interested i
9 the scaling index of the Cisco water is negative for both
10 calcium carbonate and calcium sulphate scaling. The San A
11 formation by contrast, the native waters in that zone, are
12 positive in both instances. This really does not concern
13 to that extent since those waters are already there. The
14 consideration then would be compatibility as to whether we
15 might aggravate such a situation and the compatibility tes
16 and the scaling index along with this test indicated that
17 scaling index for calcium sulphate scaling did come down o
18 the San Andres water with only a five percent solution of
19 water introduced at that point and in their opinion the sc
20 index will be greatly improved by the introduction of the
21 water into the San Andres formation.

22 Q Subject to the test to be made by the proper che
23 companies, do you plan to chemically treat this water as y
24 inject it?

25 A Yes, we do. We intend just as a little super in

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3 only a mechanical problem to us probably in the form of
4 pressure. We also intend to treat all of the Cisco water
5 an organic corrosion inhibitor, a plating type inhibitor
6 for protection of our casing strings on our own equipment.
7 this will probably be done as the water is produced to insure
8 proper mixing and protection all the way through our system
9 our collecting vessels, pump, and all of the associated equipment
10 ment.

11 Q Do you plan to have this a closed system, keeping
12 the injected water away from any air?

13 A Yes, we do. We will accomplish this by placing
14 oil or hydrocarbon blanket of some type on top of the water
15 collection tank to prevent direct contact with the air.

16 Q Have you made calculations as to the hydrostatic
17 pressures, collapse pressures and any allowable pump pressures
18 that might be allowable in your injection system?

19 A Yes, we have and based on what we know, the data
20 that we have, we would assume that hydrostatic pressures at
21 top of the cement on the five and a half casing would approach
22 two thousand to twenty-five hundred pounds at this point.
23 minimum yield, collapse pressures, on the casing is in excess
24 of five thousand pounds and assuming that our assumption is
25 correct on injection pressures, we would be far below any

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3 seventeen pound casing and I believe that is indicated on
4 Exhibit Two there.

5 Q. You would not anticipate ever having a pump pres
6 in excess of the difference between the collapse pressure
7 and the hydrostatic pressure, would you?

8 A. No, certainly not.

9 Q. Referring then to what has been marked as Exhibi
10 Number Four, would you explain it, please?

11 A. This is just a copy of the porosity log run at
12 time the well was drilled or -- let me correct that -- it'
13 section of the porosity log which covers the interval we i
14 as the disposal section. It shows the eight and five-eigh
15 casing base at the top of the log and then it is extended
16 approximately five thousand feet which we calculate is the
17 top of our cement behind the five and a half inch casing.

18 Q. Does this log show porosity zones in which injec
19 water might go?

20 A. Yes, it does, it shows excellent porosity in the
21 P-2 zone of the San Andres and also in the Glorieta.

22 Q. Where is that P-2 zone?

23 A. The P-2 zone by our definition is about twenty-f
24 sixty to twenty-six thirty, an interval of about seventy f
25 would be the P-2, possibly a little thicker than that but

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3 A. We did take a drill stem test from that zone in
4 drilling and recovered only water, salt water.

5 Q. And there are other porosity zones in this interval
6 which might take the water in addition to ---

7 A. The Glorieta indicates excellent porosity at three
8 thousand and fifty to about three thousand and eighty feet
9 although we did not test this zone, although it historically
10 carries water in that area and it indicates excellent porosity

11 Q. Could you describe briefly your results of testing
12 in the Cisco zone?

13 A. Yes, sir, we did take one drill stem test in the
14 Cisco zone and the hole conditions prevented us from taking
15 further drill stem tests. We were able to obtain one and
16 recovered oil and salt water. We had what we thought was
17 significant amount of oil in the Cisco. It was about ten
18 percent of our sample. We set casing on the strength of the
19 and since that time we have perforated two rather narrow
20 intervals in the Cisco and swab tested on these individual
21 In both cases we were able to swab from eight to ten barrels
22 per hour, total fluid, with an oil cut of some ten to twelve
23 percent. Based on this information then, we estimated that
24 that we would be faced possibly with pumping as much as four
25 hundred barrels per day of salt water from these zones in

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3 constant rate.

4 Q Are there other areas or wells or salt water dis
5 facilities nearby you might use?

6 A No, sir, there are none. The only other option
7 would be to truck this salt water.

8 Q Is this Cisco similar to the Bough "C" in Lea
9 County?

10 A We think that it is the Bough "C", yes. The Bou
11 "C" is in the Cisco section and we think it correlates
12 favorably at least, there may be some variance of opinion
13 among geologists but we think it equates very favorably to
14 the Bough "C" in the Vada Penn area.

15 These two particular zones in my own opinion pro
16 conform most closely to the Bough "B" and Bough "C" that w
17 have perforated in this well.

18 Q What are the producing characteristics, water-oil
19 ratios, concerned with time of production and length of ti
20 produced in those Bough "C" wells in Lea County?

21 A Historically the Bough "C" in the Vada Penn very
22 often came in producing a hundred percent water and after
23 very short period of time started showing some oil cut and
24 gradually improved from that point, sometimes not so gradu
25 sometimes rather markedly improved to a rather high or near

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3 Q How long did this take?

4 A It varied from well to well. The cases that I
5 of which would be a small percentage of the total, varied
6 a few days up to thirty to even sixty days testing and with
7 drawal of this water before the oil cut markedly improved
8 to the point of making a commercial well.

9 Q Thus it is your opinion in this well that it would
10 take a long period of extensive testing and extensive water
11 production to evaluate the commercial oil possibilities of
12 well?

13 A We feel like it could, yes. It could take nine
14 days to six months possibly to adequately test this zone and
15 know what we have. We have no offset data to go by in this
16 area since it is a rather rank wildcat but it does have some
17 of these same characteristics and this is our feeling that
18 we can justify it on the basis of other areas, we can justify
19 test on that basis, assuming that we have a very good chance
20 of an improved oil cut and a commercial well.

21 Q On the basis of your evidence and opinion here, do
22 you consider that the granting of this application will prevent
23 waste and have a tendency to protect correlative rights?

24 A Yes, sir, we think that it will. Actually correlative
25 rights perhaps are no immediate problem. As of the moment

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3 | be produced if we cannot find a way to produce it economic
4 | and you can equate that to physical waste then any way you
5 | fit. It is oil that won't be produced unless it can be
6 | produced economically.

7 | Q. Were Exhibits One through Four prepared by you or
8 | under your direction?

9 | A. Yes, sir.

10 | MR. STEVENS: We move the introduction of these
11 | exhibits at this time, Mr. Examiner, and we have no further
12 | questions on direct.

13 | MR. STAMETS: The exhibits will be admitted.

14 | (THEREUPON, Applicant Exhibits One through
15 | Four were admitted into evidence.)

16 |

17 | CROSS EXAMINATION

18 | BY MR. STAMETS:

19 | Q. Mr. Layton, are you asking for approval of this
20 | injection operation on a permanent basis or a temporary basis
21 | during evaluation?

22 | A. We would like to ask for it on a permanent basis
23 | except that we know that this is impossible in all probability.
24 | We would accept approval on a temporary basis and I assume
25 | from this question you are referring to the imminent Federal

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3 months or a year?

4 A. We would like to ask for one year temporary app

5 Q. What zone or zones does that Union well you refer
6 to produce from?

7 A. It produces from the P-3 zone of the San Andres
8 on our log we picked the top of it at about twenty-six
9 seventy-five and just their exact interval I don't know but
10 would be in that particular zone and I think it's a rather
11 thin zone of porosity in their well and I have not seen a
12 copy of their log, this is only by conversation with their
13 people that I know this.

14 We have some indicated porosity in our well in the
15 P-3 zone but we did take a drill stem test and apparently
16 no permeability because we recovered only a very small amount
17 of drilling mud, just what you would expect from the hydro
18 static.

19 Q. Are there any other zones which produce in the area
20 besides the San Andres and the Pennsylvanian?

21 A. Not to my knowledge, not within any reasonable
22 distance. Even the Pennsylvanian, I believe, the nearest
23 Penn production is probably the Haystack, some eight to ten
24 miles distant.

25 Q. So you are of the opinion that the injection of

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3 A. I am of that opinion and the nearest production
4 the Glorieta and Yeso I think is in Eddy County, probably
5 fifty to sixty miles to the south of us.

6 Q. Now you spoke about a pressure of as much as fi
7 hundred pounds, perhaps you were or were not aware that th
8 Commission has limited the injection pressure to two-tenths
9 of a pound per foot of depth to the top of the perforation
10 or in this case to the base of the casing, except where it
11 has been demonstrated that higher injection pressures won't
12 result in fracturing of the confining strata.

13 A. No, sir, I was not aware of that. I thought it
14 four-tenths of a pound per foot, that's the number I had.

15 Q. Now this is a surface pressure which in this case
16 would give us something like three hundred and seventy pou
17 surface pressure. However, these orders have provided tha
18 the applicant can show that higher pressure won't rupture
19 confining strata the Secretary-Director can give him this
20 higher pressure. I assume that type of an order will be
21 acceptable to you?

22 A. Yes, it would.

23 Q. Do you know if there is fresh water in the area
24 windmills?

25 A. We really don't know of any in the immediate area

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3 away.

4 Q In any event your water stays where you put it,
5 not going to contaminate any fresh water?

6 A That's correct.

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

9 (THEREUPON, the witness was excused.)

10 MR. STAMETS: Anything further in this case?
11 take the case under advisement.

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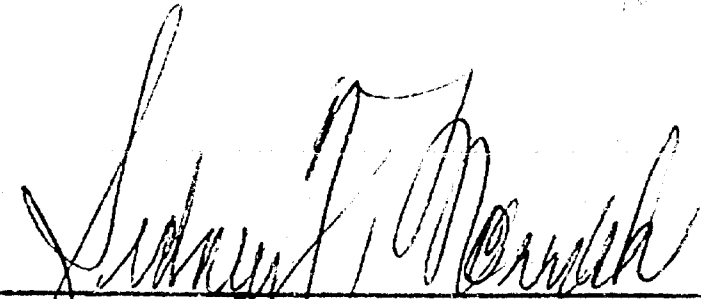
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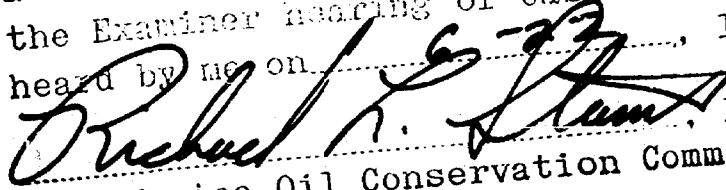
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3 do hereby certify that the foregoing and attached Transcrip
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct rec
6 of the said proceedings to the best of my knowledge, skill
7 ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5965.
heard by me on 6-23, 1977.

Richard R. Stum, Examiner
New Mexico Oil Conservation Commission

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 1797
Santa Fe, New Mexico

Re: CASE NO. 5965
ORDER NO. R-5478

Applicant:

Layton Enterprises, Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5965
Order No. R-5478

APPLICATION OF LAYTON ENTERPRISES,
INC., FOR A DUAL COMPLETION AND SALT
WATER DISPOSAL, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 1977, at Santa Fe, New Mexico, before Examiner Richard L. Sta

NOW, on this 28th day of June, 1977, the Commission, quorum being present, having considered the testimony, the re and the recommendations of the Examiner, and being fully advi in the premises,

FINDS:

(1) That due public notice having been given as require law, the Commission has jurisdiction of this cause and the su matter thereof.

(2) That the applicant, Layton Enterprises, INC., seeks authority to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion in such a man as to produce oil from the Cisco formation through tubing with the production casing and to dispose of produced salt water de the 5 1/2" x 8 5/8" production/intermediate casing annulus in the San Andres and Yeso formations through the open-hole inter from 1,861 feet to approximately 5,000 feet.

(3) That the applicant proposes to utilize said well for annular disposal of salt water for a temporary period not to exceed one year to permit production and evaluation of the Cis zone.

(4) That said Elkins State Well No. 1 is far removed fro the main producing area of Southeast New Mexico and normally available salt water disposal facilities.

(5) That the applicant will treat the injected water to prevent corrosion.

(6) That the mechanics of the proposed dual completion a feasible and in accord with good conservation practices.

(7) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Layton Enterprises, Inc., is hereby authorized to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Otero County, New Mexico, as a dual completion to produce oil from the Cisco formation through tubing within the production casing and to dispose of produced salt water through the 8 5/8-inch and 5 1/2-inch casing/casing annulus into the San Andres and Yeso formations through the open-hole interval from 1,861 feet to approximately 5,000 feet.

(2) That the applicant shall treat the injected water to prevent corrosion.

(3) That the well shall be equipped with a pop-off valve or in some other acceptable manner so as to limit wellhead injection pressures to no more than 400 psi.

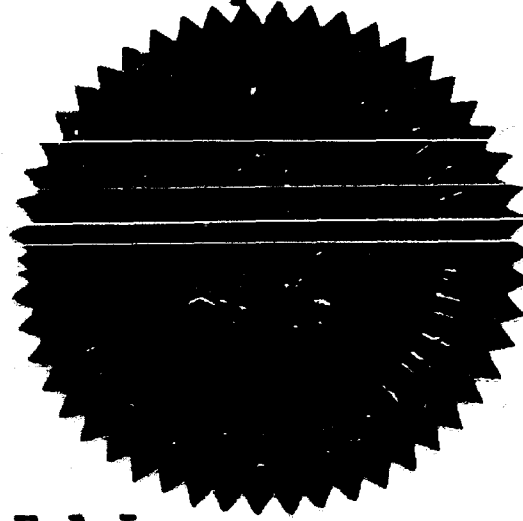
(4) That the operator shall immediately notify the supervisor of the Commission's district office at Artesia of the failure of the injection well in any manner, the leakage of water from or around said well, or any other evidence of migration of water from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) That the applicant shall promptly notify the supervisor of the Commission's district office at Artesia of the date of first injection.

(6) That this order shall expire 12 months following the date of first injection.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L
jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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CEMENT CIRCULATED TO SURFACE
BEHIND 13 3/8" CASING

13 3/8" O.D., 54# WT, H-40 GRADE, L
AT 245, CMT'D. WITH 250 SX.

TOP OF CEMENT @ 770'
BEHIND 8 5/8" CASING -
FILLED TO SURFACE WITH
REDI-MIX & GRAVEL TESTED TO
2500 PSI

8 5/8" O.D., 24# WT, J-55 GRADE, L
AT 1861, CMT'D. WITH 620 SX.

FORMATION TOPS:

SAN ANDRES	1847
GLORIETTA	3051
YESO	3103
ABO	5295

TOP OF CEMENT CALCULATED @
BEHIND 5 1/2" CASING

OIL PRODUCTION ZONE (CISCO)
6669-6713

5 1/2" O.D., 17# WT, J-55 GRADE, L
AT 1203, CEMENTED WITH 300 SX

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

APPL EXHIBIT NO. 2
CASE NO. 5965

Submitted by APPL
Hearing Date 7-22-77

PBTD 7160

TD 7254



3103 - 79TH STREET • LUBBOCK, TEXAS 79423

WELL NAME & NO. ELKINS STATE No
FIELD WILDCAT

COUNTY CHAVES STATE NEW MEXICO

LOCATION 660' FSL 1980' FWL

SEC 1, T 7 S, R 28 E

CALCIUM
MAGNESIUM
SODIUM
IRON
BICARBONATE
SULFATE
CHLORIDES
HYDROGEN SULFIDE
PH
SPECIFIC GRAVITY

U1500
13520
2088
46831
134
140
400
102,000
NIL
5.55
1.112

2000
27,8
4,22
36,8
7.
3
7
118,0
N.
5.
1.12

SCALING INDEX:
CALCIUM CARBONATE
CALCIUM SULFATE

NEGATIVE
"

POSITIVE
"

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

APPL. EXHIBIT NO. 3

CASE NO. 5965

Submitted by APPL.

Hearing Date 7.22.77

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following well should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hanniffin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising lots 9, 10, 15 and 16 and the SW/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.



3103 - 79TH STREET • LUBBOCK, TEXAS 79423 • 806/745-4638

June 1, 1977

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Dual
Completion & Water Disposal
Elkins State No. 1
Lease No. LG 2254
Chaves County, New Mexico

Dear Sir:

We hereby make application for permission to dually complete the above captioned well in order to dispose of produced water in non-productive zones, and we further request that this matter be placed on the June 22, 1977 docket for hearing. We request that approval be considered on the basis that it would not be economically feasible to complete this well for extended pumping tests if we must provide some other means of disposal.

The attached data sheets include a diagram of the well showing casing and cement data and the proposed procedure for disposal.

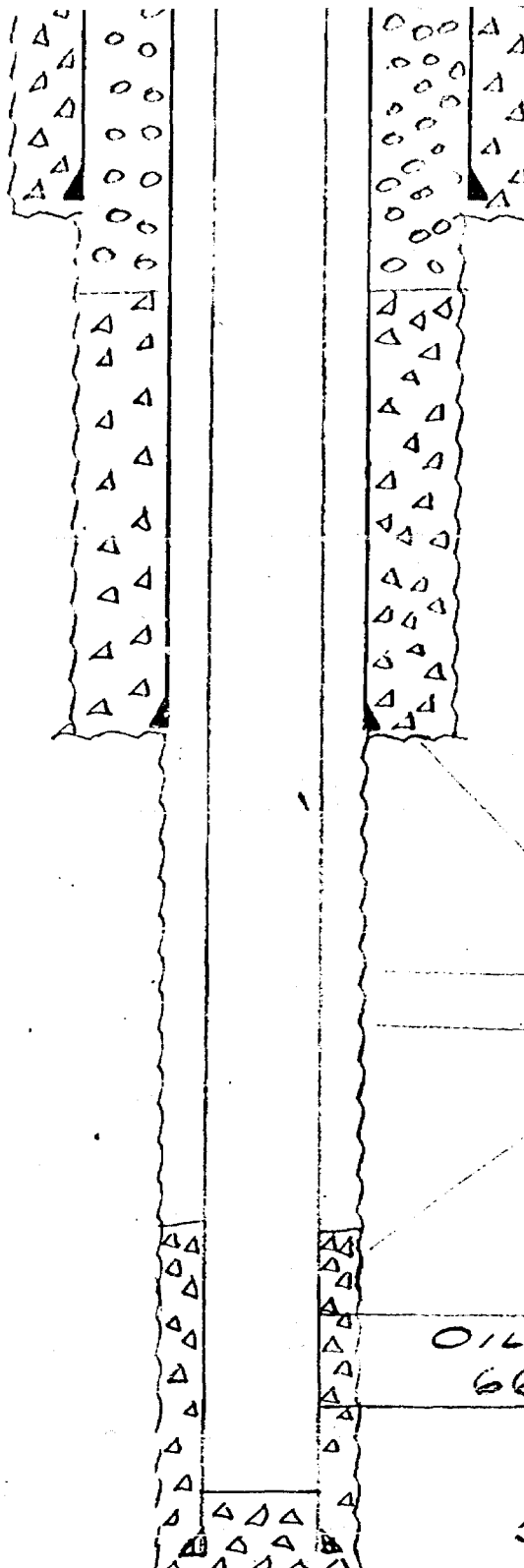
Your consideration of this matter is urgently requested.

Yours very truly,

LAYTON ENTERPRISES, INC.


Donald R. Layton
President

1. Water disposal of 200 to 400 barrels daily would be through the annulus between the 8 5/8" casing and 5 1/2" casing.
2. Disposal would be into the San Andres, Glorietta, and Yeso formations in open hole from 1861 to approximately 5000 ft.
3. Anticipated injection pressure would be less than 500 Psig.
4. Injected water will be chemically treated to control corrosion of the casing strings.
5. A valve and guage will be installed on the annulus between the 13 3/8" casing and the 8 5/8" casing to detect any leaks which may occur.
6. There are no producing wells within a two mile radius.



CEMENT CALCULATED TO BE

BEHIND 13 3/8" CASING

13 3/8" O.D., 54# WT, H-40 GRADE, L
AT 245, CMT'D. WITH 250 SX.

TOP OF CEMENT @ 770'
BEHIND 8 5/8" CASING -
FILLED TO SURFACE WITH
REDI-MIX & GRAVEL TESTED TO
2500 PSI

8 5/8" O.D., 24# WT, J-55 GRADE, L
AT 1861, CMT'D. WITH 620 SX.

FORMATION TOPS:

SAN ANDRES	1847
GLORIETTA	3051
YESO	3103
ABO	5295

TOP OF CEMENT CALCULATED @
BEHIND 5 1/2" CASING

OIL PRODUCTION ZONE (CISCO)
6669-6713

5 1/2" O.D., 17# WT, J-55 GRADE, L
AT 7203, CEMENTED WITH 300 SX



PBTD 7160
TD 7254

WELL NAME & NO. ELKINS STATE No
FIELD WILDCAT
COUNTY CHAVES STATE NEW MEXICO
LOCATION 660' FSL 1980' FUL
SEC 1, T 7 S, R 28 E

disposal, Chaves County, New Mexico.

Applicant, in the above styled case
seeks authority to dually complete its

Elkins State Well No 1, located in Unit
of Section 1, Township 7 South, Range 28

Chaves County, New Mexico, in such a

JD

manner as to produce oil from the
Circs formation and to dispose of pro-
duced salt water down the production

intermediate casing annulus into the

~~open~~ San Andres and ~~YFSO~~ formation

therein thru the open-hole interval

from 1861 feet to approximately

5000 feet.

IN THE MATTER OF THE HEARING

CALLER BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5965
Order No. R-5478

APPLICATION OF LAYTON ENTERPRISES,
INC. FOR A DUAL COMPLETION AND SALT
WATER DISPOSAL, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 1, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Star

NCW, on this _____ day of _____, 1977, the Commission, a quorum being present, having ~~examined~~ considered the testimony, the record, and the recommendations of the Examiner and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Layton Enterprises, Inc., seeks authority to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion ~~in such a manner as to produce oil from the Cisco formation~~ in such a manner as to produce oil from the Cisco formation ^{within} tubing ⁱⁿ the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations ^{through} ~~the~~ the open-hole interval from 1,861 feet to approximately 5,000 feet.

(3) That the applicant proposes to utilize the said well for annular disposal of saltwater for a temporary period not to exceed one year to permit production and evaluation of the Cisco zone.

(6) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(7) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Layton Enterprises, Inc., is hereby authorized to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion ~~to produce oil from the Cisco formation through tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations through the open-hole interval from 1,861 feet to approximately 5,000 feet.~~

The 8 5/8-inch and 5 1/2-inch casing/casing

~~PROVIDED HOWEVER, that the applicant shall complete, operate and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said is not inconsistent with this order;~~

~~PROVIDED FURTHER, that the applicant shall take _____ tests upon completion and annually thereafter during the Annual _____ Test Period for the _____ Pool.~~

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove

(3) That the well shall be equipped with a pop-off valve or in some other acceptable manner so as to limit well injection pressures to no more than 4

(4) That the operator shall ~~report~~ immediately notify the supervisor of the Commission's district office at Artesia of the failure of the ~~or~~ injection well in any manner, ~~the~~ leakage of water from ~~the~~ or around ~~the~~ said well, or any other evidence of migration of water from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

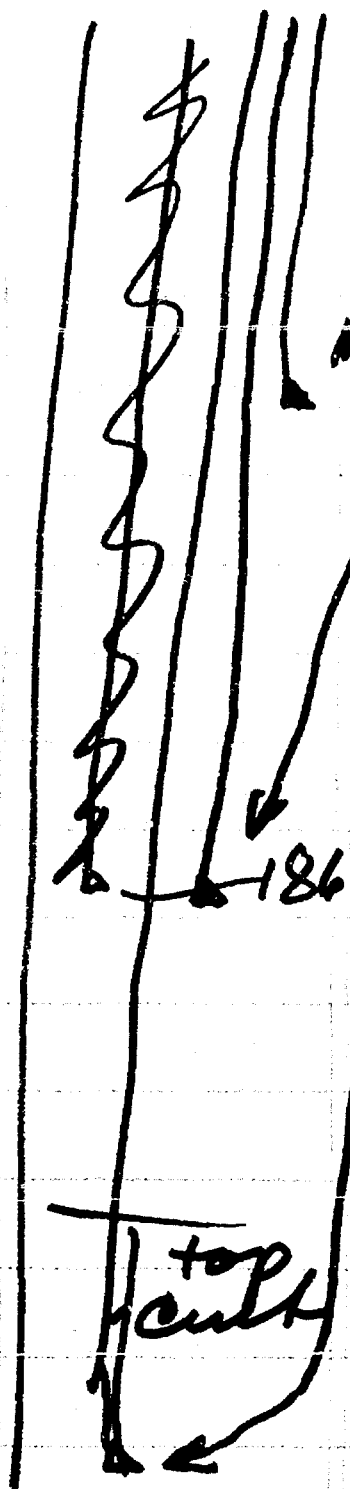
~~(5) That~~
(5) That the applicant shall ^{promptly} notify the supervisor of the Commission's district office at Artesia of the date of first injection.

(6) That this order shall ~~expire~~ expire 12 months following the date of first injection.

(7) Jurisdiction

near Elkins

drop into SA in same well



13 ³/₈ - inch 260 cut circ

8 ⁵/₈ - inch ~~1850~~⁺ top SA top cut
1861

5 ¹/₂ - inch 7240 top cut calc so

1861 top SA

5000 top cult

Layton Enterprises Inc Dan Lay

Elkins State No 1 location

660 FSL 1980 FW

Sec 1 Township 7 South Range 28

Chaver Co.

(806)
145-4638
no work.

open hole int from 1861 to ap
5000' SA Oiler yess

transmission line