

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:

ORIGINAL

APPLICATION OF BTA OIL PRODUCERS FOR CASE NO: 14385  
APPROVAL OF A LEASE WATERFLOOD PROJECT IN  
THE LOWER BURSHY CANYON INTERVAL OF THE  
DELAWARE FORMATION AND FOR QUALIFICATION OF  
SAID PROJECT FOR THE RECOVERED OIL TAX RATE  
PURSUANT TO THE ENHANCED OIL RECOVERY ACT,  
LEA COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Presiding Examiner  
DAVID K. BROOKS, Legal Examiner  
TERRY G. WARNELL, Technical Examiner

September 17, 2009

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Presiding Examiner; DAVID K. BROOKS, Legal Examiner; and TERRY G. WARNELL, Technical Examiner, on Thursday, September 17, 2009, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91  
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A P P E A R A N C E S

FOR THE APPLICANT:

MICHAEL FELDEWERT, ESQ.  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501

WITNESSES:

PAGE

Thomas Williams

Direct examination by Mr. Feldewert  
Examination by Mr. Ezeanyim

3  
17

E X H I B I T S

EXHIBITS 1 THROUGH 6 WERE ADMITTED

17

REPORTER'S CERTIFICATE

30

1 MR. EZEANYIM: Let's go back on the  
2 record. At this time I call Case Number 14385. This is  
3 the application of BTA Oil Producers for approval of a  
4 lease waterflood project in the Lower Brushy Canyon  
5 interval of the Delaware formation, and for qualification  
6 of said project for the Recovered Oil Tax Rate pursuant  
7 to the Enhanced Oil Recovery Act, Lea County, New Mexico.  
8 Call for appearances.

9

10 MR. FELDEWERT: May it please the  
11 Examiner, Michael Feldewert with the Santa Fe office of  
12 Holland & Hart on behalf of the applicant, BTA Oil  
13 Producers, and I have one witness.

14 MR. EZEANYIM: Any other appearances? May  
15 the witness stand to be sworn. Please state your name.

16 MR. WILLIAMS. Tom Williams.

17 (The witness was sworn.)

18 THOMAS WILLIAMS

19 Having been first duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 BY MR. FELDEWERT:

22 Q. Mr. Williams, could you please state your full  
23 name for the record?

24 A. Thomas J. Williams.

25 Q. And by whom are you employed and in what

1 capacity?

2 A. I'm employed by BTA Oil Producers, LLC, as a  
3 production engineer.

4 Q. Have you previously testified before the  
5 Division?

6 A. No, I have not.

7 Q. Why don't you summarize for the Examiner your  
8 educational background, please.

9 A. I have graduated from Montana Tech in 1972  
10 with a BS degree in engineering science.

11 Q. And how long have you been working in the  
12 industry?

13 A. I've worked in the industry for 37 years.

14 Q. Can you outline your work experience for the  
15 Examiner focusing on the Permian Basin?

16 A. My Permian Basin experience started in 1985,  
17 and I've handled operations and completion of wells,  
18 several wells in the Texas and New Mexico Permian Basin  
19 area, handling formation of the Delaware, the Bone  
20 Spring, the Abo, Atoka and Morrow formations, both oil  
21 and gas well.

22 Q. You mentioned you've been working in the  
23 Permian Basin since 1985. What companies did you work  
24 for?

25 A. I worked for a small period of time with a

1 company called Terra Resources, and then the remainder of  
2 the time has been with BTA Oil.

3 Q. Are you a member of any professional  
4 organization?

5 A. With the Society of Petroleum Engineers.

6 Q. Are you familiar with the application that's  
7 been filed by BTA in this case?

8 A. Yes, I am.

9 Q. Did you conduct a study of the area as part of  
10 this application?

11 A. Yes.

12 MR. FELDEWERT: Mr. Examiner, are the  
13 witness's qualifications acceptable?

14 MR. EZEANYIM: His qualifications are  
15 acceptable. Let me ask you a question. BTA, do they  
16 have any reservoir engineers? Do they have any  
17 production engineers?

18 MR. FELDEWERT: Today?

19 MR. EZEANYIM: I mean, do they have any  
20 reservoir engineers in their staff?

21 THE WITNESS: Yes.

22 MR. EZEANYIM: You designed this  
23 waterflood project?

24 THE WITNESS: Right. I helped assist with  
25 it.

1 MR. EZEANYIM: Okay. Mr. Willimas is so  
2 qualified.

3 MR. FELDEWERT: Thank you.

4 Q. (By Mr. Feldewert) Mr. Williams, why don't  
5 you turn to Exhibit 1 and identify that for the Examiner,  
6 please.

7 A. Exhibit 1 is a map showing the project area.

8 Q. There's some colors on here. There's a couple  
9 of rectangles. What's your project area for this  
10 waterflood project?

11 A. The project area for this waterflood area is  
12 the west half of the northwest quarter of Section 11.

13 Q. On that 80 acres it shows three existing  
14 wells?

15 A. Yes. Currently there are three producing  
16 wells there.

17 Q. Now, which well do you intend to use for your  
18 waterflood project?

19 A. That northern-most well, the Pardue D Number 2  
20 indicated on map.

21 Q. And the other two wells shown on this map, are  
22 they currently producing?

23 A. Yes, they are currently producing.

24 Q. Are these two wells that you anticipate  
25 obtaining a productive response?

1           A.     We hope to see productive response from those  
2     two wells, and then possibly from the two wells on the  
3     the east 80 acres, Onsurez Range Resource wells, may see  
4     a response there.

5           Q.     In terms of the lease acreage, does BTA hold a  
6     lease in that west half of the northwest quarter?

7           A.     Yes, we do.

8           Q.     Do you hold a lease in the east half of the  
9     northeast quarter?

10          A.     No, we don't.

11          Q.     Do you hold the lease that's shown in blue  
12     there in the southwest quarter of Section 11?

13          A.     Yes, we do.

14          Q.     Your project, how many barrels of water do you  
15     propose to inject in the Pardue Number 2?

16          A.     Initially around 500 barrels with the  
17     potential; if it's successful, around 1,500 barrels of  
18     water per day.

19          Q.     What's going to be the initial injection zone?

20          A.     Initial injection zone will be the Brushy  
21     Canyon of the Delaware formation between 4,722 feet, and  
22     if it's successful, we'll extend it down. The bottom of  
23     it will be at 6,134.

24          Q.     So if you get a positive response in the upper  
25     zone, you're going to move down?

1 A. Yes.

2 Q. And what is the -- the surface pressure -- I  
3 guess let me ask you, what maximum surface pressure do  
4 you anticipate?

5 A. Maximum surface pressure will be 930 pounds.

6 Q. And do you seek to qualify this project for  
7 the tax rate pursuant to the Enhanced Oil Recovery Act?

8 A. Yes, we do.

9 Q. Is Exhibit Number 2 a copy of the C-108  
10 application for this project?

11 A. Yes, it is.

12 Q. Now, you mentioned the project area is a  
13 single 80-acre lease. Is that a fee lease or a state or  
14 a federal lease?

15 A. It's a fee lease.

16 Q. What is the source of the injection water that  
17 you propose to use for this project area?

18 A. The source of the injection water will be from  
19 the Brushy Canyon of the Delaware from those BTA operated  
20 wells in that area on the D lease and the B and the C  
21 lease.

22 Q. The B and the C lease being the southwest  
23 quarter?

24 A. Yes.

25 Q. Do you intend to use any fresh water?



1           A.     No fresh water is intended to be used.

2           Q.     Does -- beginning at page 9 of your  
3 application, do you provide the analysis of the water  
4 sources that you anticipate using for this project area?

5           A.     Yes. On page 9 of the application, we listed  
6 the leases with the wells indicated which will be used  
7 for the source water.

8           Q.     Page 9 provides other data -- specific data  
9 related to your proposed project.

10          A.     Yes.

11          Q.     And the water analysis starts on page 10?

12          A.     Yes.

13          Q.     I see on page 9 that this is also going to be  
14 a closed-loop system?

15          A.     Yes.

16          Q.     Have you identified the data available on the  
17 wells within your area of review and provided that  
18 information in your C-108 application?

19          A.     Yes. We identified the wells in the area and  
20 provided the plats showing the circle and also the list  
21 of wells.

22          Q.     So if I look at pages 6 and 7 of your  
23 application, you have your circle?

24          A.     Yes.

25          Q.     Then does page 8 of the application contain

1 the data on the wells within the area of review?

2 A. Yes, it does.

3 Q. How many of those wells within the area of  
4 review penetrate the proposed injection interval?

5 A. There are 15 wells in that area that penetrate  
6 the proposed injection interval.

7 Q. Are there any plugged and abandoned wells  
8 within this area of review?

9 A. There are no plugged wells that penetrate the  
10 proposed injection interval. There's one -- I believe  
11 one plugged well, but it does not penetrate the interval.  
12 There's two wells in the east half of the northeast  
13 quarter of Section 10 that are temporarily abandoned.

14 Q. Now, have you determined whether there's any  
15 remedial work that's required on any of the wells within  
16 the area of review?

17 A. To my knowledge, it appears that all the wells  
18 are in good mechanical condition.

19 Q. Are there any fresh water wells within one  
20 mile of the proposed injection well?

21 A. We've identified two fresh water wells.

22 Q. And are the water samples from those two wells  
23 provided on pages 17 to 24 of your application?

24 A. Yes.

25 Q. What is the general hydrology in the area?

1 Where is the fresh water?

2 A. Fresh water goes from the surface down to -- I  
3 think it's 250 feet. There's fresh water intervals down  
4 to that depth.

5 Q. Down to 250 feet?

6 A. Yes.

7 Q. And where is the casing set for the oil and  
8 gas wells in the project area? The surface casing.

9 A. The surface casing on the wells in the project  
10 area range from 314 feet down to 575 feet, so it covers  
11 the fresh water interval in all cases.

12 Q. All right. Then let me have you take -- pull  
13 out what's been marked as Exhibit Number 3. Using  
14 Exhibit Number 3, why don't you first identify it for the  
15 Examiner and then explain this exhibit and how it relates  
16 to your proposed project.

17 A. Exhibit Number 3 is a cross-section going from  
18 A to A prime. A is on the left and A prime is on the  
19 right. That map on the lower left-hand corner shows the  
20 six wells that are exhibited in the cross-section. The  
21 cross-section shows the proposed injection interval and  
22 the top of the Brushy Canyon in the Delaware formation.

23 Q. Let me stop you right there. Which of the  
24 wells shown along the top is your proposed injection  
25 well?

1           A.     Proposed injection well will be the second  
2     well from the left, the Pardue D Number 2 Well.

3           Q.     And then your proposed injection intervals,  
4     are they shown in red?

5           A.     The current perforations will be utilized for  
6     the injection intervals, and they're shown in red on the  
7     cross-section.

8           Q.     I interrupted you. I apologize.

9                   MR. EZEANYIM: You have them in red?

10                  THE WITNESS: Pink, probably.

11                  MR. EZEANYIM: I'm color blind.

12                  MR. WARNELL: It looks kind of pink.

13                  MR. BROOKS: That's what he's calling red.

14                  THE WITNESS: It's more pink.

15                  MR. EZEANYIM: Go ahead.

16           A.     So the cross-section goes across our project  
17     area from west to east and then comes back from east to  
18     west across our project area. So the second well from  
19     the right is the Pardue D Number 1, and that will be one  
20     of the wells that we anticipate having positive  
21     waterflood response.

22                  MR. EZEANYIM: Is that the injection well,  
23     that second from the right?

24                  THE WITNESS: The second one from the  
25     right will be a producing well produced from -- the only

1 one that we're going to have that will be an injection  
2 well at this time will be the D Number 2 Well, the second  
3 one from the left.

4 MR. EZEANYIM: Okay.

5 Q. (By Mr. Feldewert) What conclusions have you  
6 drawn as a result of this cross-section?

7 A. The sands appear to be continuous across the  
8 area. Hopefully they will be good waterflood candidates.  
9 They had good primary production and the gas/oil ratio  
10 hasn't been real high. The upper Brushy Canyon interval  
11 has proved to be a successful waterflood candidate in the  
12 Parkway Delaware Unit, which is maybe about 20 miles away  
13 from this location. But it has similar sand, and it has  
14 good waterflood response.

15 Q. In that successful waterflood operation, the  
16 Parkway Delaware Unit, do the sands utilized there, do  
17 they correlate to the injection interval sands that  
18 you've shown here?

19 A. Yes, in that they're in the top of the  
20 Delaware Brushy Canyon section.

21 Q. Anything else about this exhibit?

22 A. Nope.

23 Q. Okay. Does BTA have plans if they're  
24 successful here and they get a positive response to -- is  
25 there a potential that they would add additional

1 injection wells in the area covered in this application?

2 A. If we get positive response to this, we may  
3 look to expand the waterflood into the other areas in  
4 this immediate area, yes.

5 Q. Would you request authority from the Division  
6 pursuant to their rules to add additional injection wells  
7 within this area without the need of a hearing?

8 A. Yes.

9 Q. Now, going back to Exhibit Number 2, which is  
10 the C-108 application, does it provide, on page 25, the  
11 list of the parties to whom notice was provided by  
12 certified mail of this application?

13 A. Yes. This is the list of the parties that  
14 were notified.

15 Q. And does this list include all of the offset  
16 operators within a half mile of your proposed injection  
17 well?

18 A. Yes.

19 Q. Does it also include the surface owner?

20 A. Yes.

21 Q. Antonio Onsurez?

22 A. Yes.

23 Q. Does page 26 of the C-108 application contain  
24 a notarized signature indicating that a copy of this  
25 application was provided to the parties on page 25?

1 A. Yes.

2 Q. And is BTA Exhibit Number 4 a copy of the  
3 return receipts from the certified mailings demonstrating  
4 that all of the parties listed actually received the  
5 application?

6 A. Yes, it is.

7 Q. And is BTA Exhibit Number 5 an affidavit of  
8 publication in the Carlsbad Current-Argus newspaper of  
9 this hearing?

10 A. Yes.

11 Q. Okay. Let's turn to your request for the tax  
12 rate under the Enhanced Oil Recovery Act. Is Exhibit  
13 Number 6 a completed letter application for qualification  
14 of this project for the incentive tax rate pursuant to  
15 the New Mexico Enhanced Oil Recovery Act?

16 A. Yes, it is.

17 Q. Are you the signatory party on that letter?

18 A. Yes, I am.

19 Q. All right. Do you show in this letter your  
20 estimated capital cost to be incurred?

21 A. Yes. We estimate our capital costs to be  
22 about \$368,000.

23 Q. What do you -- is that also your total project  
24 cost?

25 A. Yes.

1 Q. Do you expect to receive additional production  
2 from this project?

3 A. Yes. We expect to receive about 246,000  
4 standard stock tank barrels, and 246,000 mcfs additional  
5 recovery with this project.

6 Q. Do you identify in this letter the revenue  
7 that you hope to obtain from this project?

8 A. Yes. We hope to obtain an additional \$18.2  
9 million.

10 Q. Does your application here include a map of  
11 your project area as Attachment A?

12 A. Yes, it does.

13 Q. Then it shows on Attachment C -- does that  
14 provide the production history back to 2000?

15 A. Yes. Attachment C is a current production  
16 history with a current projected decline on the gas and  
17 oil.

18 Q. And then does Attachment D identify a graph --  
19 is Attachment D a graph that identifies what you hope to  
20 obtain as a result of this project?

21 A. Yes. Attachment D is our projected waterflood  
22 response on this project.

23 Q. When do you project to show the commencement  
24 of a positive response?

25 A. We anticipate it will start in early 2012.



1 We'll start to have an increase in production.

2 Q. Then you project that out through 2024 --

3 A. Yes.

4 Q. -- and beyond?

5 A. Right.

6 Q. Okay. In your opinion, is the approval of  
7 this waterflood project and the qualifying tax credit in  
8 the best interest of conservation and prevention of waste  
9 and the protection of correlative rights?

10 A. Yes.

11 MR. FELDEWERT: Mr. Examiner, I would move  
12 the admission into evidence of Exhibits 1 through 6.

13 MR. EZEANYIM: Exhibits 1 through 6 will  
14 be admitted.

15 (Exhibits 1 through 6 were admitted.)

16 MR. FELDEWERT: That completes my  
17 questions.

18 MR. EZEANYIM: Very good. Mr. Brooks?

19 MR. BROOKS: No questions.

20 EXAMINATION

21 BY MR. EZEANYIM:

22 Q. Okay. Mr. Williams, you are a production  
23 engineer. Are you also a reservoir engineer?

24 A. Not by title, but I've had experience with  
25 reservoir engineering.

1 Q. I mean, just for my purposes, have you ever  
2 designed a waterflood apart from this?

3 A. Yes.

4 Q. So in your normal course of duty, you design  
5 waterfloods?

6 A. Right.

7 Q. Okay. Very good. Let me explore the issue of  
8 costs, and then the question about just below 400,000 to  
9 implement the project, but you estimate about \$18.2  
10 million over the life of the project; right?

11 A. Right.

12 Q. That seems to be a very good project. You  
13 said additional recovery of oil will be 246,000 stock  
14 tank barrels?

15 A. Yes.

16 Q. And about 246 million cubic feet of gas?

17 A. No. 246,000.

18 Q. Okay. How did you calculate those additional  
19 recoveries?

20 A. With our projected decline, and then our  
21 anticipated increase utilizing the response that we've  
22 seen at that Parkway Delaware waterflood. So we just  
23 modeled it after that decline we've seen up there.

24 Q. If your calculations are correct, they're very  
25 impressive.

1 A. Yes.

2 Q. You spend less than one million and get up to  
3 18 million. That's good.

4 A. Right.

5 Q. What oil price did you use to come up with  
6 this \$18 million?

7 A. \$70 a barrel.

8 Q. Let's come to the issues now. If we look at  
9 Exhibit Number 1, the waterflood project in the lease  
10 will be in the cross-hatched -- that cross-hatch -- is  
11 that where you are? That one blue on top of that is  
12 cross-hatched. Where is your waterflood going to be?

13 A. It will be in that west half of that northwest  
14 quarter. It will be in the west half of that  
15 cross-hatched area.

16 Q. That's 80 acres?

17 A. Yes.

18 Q. And that will be one injection well?

19 A. Yes.

20 Q. How many wells are within the area of review?  
21 How many wells are within the area of review of that  
22 injection well?

23 A. 15.

24 Q. The one we saw will be 15?

25 A. Right.

1           Q.     15 wells. Okay. Out of those 15 wells, none  
2     is plugged and abandoned? As you testified, none is  
3     plugged and abandoned? All of these are either producers  
4     or -- I can see one is producing gas and the rest are  
5     producing oil; right?

6           A.     Yes. There's been one plugged well, but it  
7     did not penetrate the produced interval.

8           Q.     Do you know the depth of that plugged well,  
9     and also the depth of the temporary abandoned well? You  
10    mentioned two wells. One was temporarily abandoned and  
11    one was plugged and abandoned. But they don't penetrate  
12    the injection well. Are they shallow or deeper; do you  
13    know?

14          A.     The temporary abandoned well -- both penetrate  
15    the potential waterflood zone.

16          Q.     The temporary abandoned, is it included in the  
17    area of review?

18          A.     Yes.

19          Q.     But it's temporary abandoned?

20          A.     Right.

21          Q.     But permanently abandoned didn't penetrate the  
22    injection well?

23          A.     Right.

24          Q.     That temporary abandoned, I don't see it in  
25    the list. Is that in the list?

1           A.     It should be. Let me point it out. Let me  
2 get it. From the map on page 7 in our C-108, there's two  
3 wells there in the east half of Section 10 -- or the east  
4 half of the northeast quarter of Section 10. These two  
5 wells here.

6           Q.     I see temmporarily abandoned. Those two  
7 there?

8           A.     They're included --

9           Q.     On the list that's on page 8?

10          A.     -- on the list as the Pardue Farms Number 4.

11          Q.     Are you looking at page 8, the list of the  
12 area review wells?

13          A.     Yes.

14          Q.     All I see on the top of the well is oil and  
15 gas. I didn't see any temporary abandoned wells there.  
16 See, the first one is oil, the second one is gas and the  
17 rest is oil?

18          A.     Right.

19          Q.     There's no temporary abandoned wells, so we  
20 don't have that well in there, even though it's in the  
21 area of review. In the circle on page 7, do you have my  
22 area of review?

23          A.     Um-hum.

24          Q.     So that temporary abandoned well would be  
25 included in this list?

1 A. Yes.

2 Q. Okay.

3 A. The type of well on the fourth column is what  
4 you're questioning?

5 Q. Yes. Because you see the first one is oil,  
6 the second one is gas and the rest is oil. Which well  
7 among those is the one that's temporary abandoned?

8 A. The fourth one from the bottom.

9 Q. Chesapeake Pardue Farms Number 4?

10 A. Pardue Farms Number 4.

11 Q. But it says oil.

12 A. Right. It was an oil type, but -- it was  
13 completed as an oil well, but it's currently temporarily  
14 abandoned.

15 Q. That's what I wanted to know. I need to have  
16 the schematics on that, how the temporary abandonment was  
17 done, because it's penetrating the injection zone; right?

18 A. Um-hum.

19 Q. So I write here temporary abandoned.

20 A. Okay.

21 Q. And I will need schematics, more information  
22 on the temporary abandonment on that well.

23 A. Okay. I'll have to get that for you.

24 Q. Is there any other temporarily abandoned well  
25 there?

1           A.     The sixth well from the bottom, Chesapeake  
2     Operating Pardue Farms Number 2.  It's shown as an oil  
3     well.

4           Q.     Temporarily abandoned?

5           A.     Temporarily abandoned.

6           Q.     Did you develop this exhibit?  Did you write  
7     this exhibit?

8           A.     They were done under my supervision.

9           Q.     Okay.  Very good.  So two temporary abandoned  
10    wells.  We need the schematics on how they were  
11    temporarily abandoned.  Since they penetrate the  
12    injection zone, we need to know this patterns and the  
13    integrity of those wells.

14          A.     Okay.

15          Q.     Then, of those, there's no plugged and  
16    abandoned well?  As far as you know.

17          A.     As far as I know, right.

18          Q.     The rest are currently producing oil or gas?

19          A.     Yes.

20          Q.     Okay.  Within these area of review, is one of  
21    these -- how many producers are you going to have for  
22    this waterflood?  How many producers are you going to  
23    have?  One producer?

24          A.     Two.

25          Q.     Is it included in this area review?

1 A. Yes.

2 Q. Which ones are they?

3 A. The fifth one down from the top, Pardue D  
4 Number 1.

5 Q. Okay.

6 A. And then the sixth one from the top, the  
7 Pardue D Number 3.

8 Q. Number 3. Okay. Those two will be the  
9 producers. Okay.

10 A. Yes.

11 Q. And the injection well is Pardue D 8808 JVP  
12 Number 2?

13 A. Yes.

14 Q. So one injection and two producing wells. Who  
15 owns the remaining oil-producing wells? Do you own them?  
16 The remaining oil-producing wells in the area of review,  
17 who owns them? Do you have any idea?

18 A. Yes. On our map the two wells in the east  
19 half of the northwest quarter, the Onsurez 1 and 2,  
20 they're operated by Range Resources. And then there's  
21 some wells in the east half of Section 11. Those are  
22 also operated by Range Resources.

23 Q. Range Resources got notifications about your  
24 project?

25 A. Yes.



1 Q. And they didn't object?

2 A. Right. Then BTA Oil Producers operates all  
3 the wells on the solid blue area.

4 Q. Okay.

5 A. Then Chesapeake has the two temporary  
6 abandoned wells on the west half.

7 Q. Okay. And I think you testified that the  
8 depth of fresh water is surface to 250?

9 A. Yes.

10 Q. And your surface casing to be set at 300 to  
11 575?

12 A. Yes.

13 Q. The water analysis you did, for which  
14 formation did you analyze the water? What formation is  
15 that? What formation water did you have water analysis?

16 A. On the fresh water.

17 Q. Not the fresh water. The water you are  
18 injecting.

19 A. It's going to be from the Pardue -- no, no.  
20 The Delaware Brushy Canyon. It will be from the same  
21 water that's being produced from that interval.

22 Q. And you don't see any compatibility issues  
23 between that and the native water?

24 A. No.

25 Q. And all this is fee lease. No state?

1 A. All fee.

2 Q. Do you anticipate getting the make-up water  
3 sometime?

4 A. No, we don't anticipate using any make-up  
5 water.

6 Q. So the water from the Brushy Canyon is going  
7 to be enough?

8 A. Right.

9 Q. I think you testified -- I think you said  
10 closed system; right?

11 A. Yes.

12 Q. Then the injection well, is that one we have?  
13 Right now what is the status of the injection well? Is  
14 it producing now?

15 A. It's currently producing.

16 Q. So you're going to convert it to injection?

17 A. Yes.

18 Q. And all the diagrams are here?

19 A. Yes.

20 Q. These fresh water wells that are closed, they  
21 are within one-half mile of the injection well?

22 A. Yes, they are.

23 Q. Now, on the -- what I really need is the  
24 plugged and abandoned well. There is no plugged and  
25 abandoned, but the TA wells, the schematics, I need that

1 information.

2 A. I'll get that. We'll provide that to you.

3 MR. EZEANYIM: Do you have any questions?

4 MR. WARNELL: No questions.

5 MR. FELDEWERT: Mr. Examiner, I just have  
6 a question. I think it's more directed at the Legal  
7 Examiner. BTA will provide you whatever information you  
8 desire, but I'm looking at the C-108, Section 6, and it  
9 identifies the schematics that you are to attach. And  
10 you'll see, as Ms. Inskeep did, if you look at the  
11 instructions, it says you're to provide a schematic of  
12 any plugged well, indicating all plugging detail.

13 I looked at Rule 25 real quick while you were  
14 questioning, and there's no real definition of a plugged  
15 well, but Rule 25 does draw a distinction between a  
16 plugged well and a temporary abandoned well. So  
17 certainly BTA will provide any information you want, but  
18 I think someone reading the C-108 as it currently exists,  
19 like Ms. Inskeep did, I don't think you come to the  
20 conclusion that you need to provide a schematic for a  
21 temporarily abandoned well. That's, perhaps, why it was  
22 not included with this application.

23 MR. EZEANYIM: I see. But I would  
24 appreciate to see it, if you could?

25 MR. FELDEWERT: Certainly.

1 MR. EZEANYIM: Do you have any comments on  
2 that?

3 MR. BROOKS: No. If he's willing to  
4 provide it, then there's not any issue.

5 MR. EZEANYIM: If you could get those, I'd  
6 appreciate that if you can.

7 MR. FELDEWERT: We will try to get that as  
8 soon as possible. Hopefully we can get this moving  
9 forward as quickly as possible.

10 MR. EZEANYIM: Are you in a hurry to get  
11 this started?

12 MR. FELDEWERT: When were you hoping to  
13 start?

14 THE WITNESS: We were hoping to start in  
15 the first part of November.

16 MR. EZEANYIM: Of this year?

17 THE WITNESS: Um-hum.

18 MR. EZEANYIM: But no work has been done.  
19 You still have to do the work of converting the wells to  
20 injections?

21 THE WITNESS: Yes.

22 MR. BROOKS: I didn't ask. Who is the  
23 surface owner of these injection sites?

24 MR. FELDEWERT: I think it's listed.

25 THE WITNESS: He's been notified.

1     Onsurez is his last name.

2                     MR. BROOKS:   Antonio Onsurez?

3                     THE WITNESS:   Yes.

4                     MR. EZEANYIM:   He was notified?

5                     MR. BROOKS:   He received actual notice?

6                     THE WITNESS:   Yes.

7                     MR. EZEANYIM:   At this point Case Number  
8     14385 will be taken under advisement.

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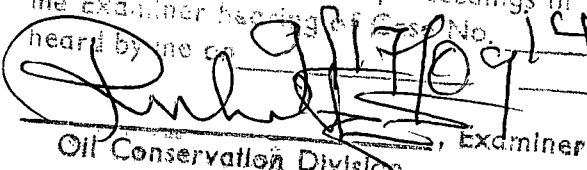
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14385  
heard by me on 9/17/09  
  
Paul Baca, Examiner  
Oil Conservation Division

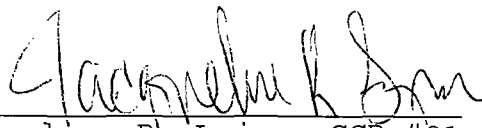
## REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on September 17, 2009, proceedings in  
the above captioned case were taken before me and that I  
did report in stenographic shorthand the proceedings set  
forth herein, and the foregoing pages are a true and  
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by  
nor related to nor contracted with any of the parties or  
attorneys in this case and that I have no interest  
whatsoever in the final disposition of this case in any  
court.

WITNESS MY HAND this 30th day of September,  
2009.

  
Jacqueline R. Lujan, CCR #91  
Expires: 12/31/2009