

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:)	CASE NO. 11,807
)	
APPLICATION OF STEVENS AND TULL, INC.,)	
FOR SALTWATER DISPOSAL, LEA COUNTY,)	ORIGINAL
NEW MEXICO)	
)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

October 9th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, October 9th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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Examiner Hearing
CASE NO. 11,807

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A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
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Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

ALSO PRESENT:

MARVIN WATTS, New Mexico Potash Association

* * *

1 WHEREUPON, the following proceedings were had at
2 9:00 a.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 11,807.

5 MR. CARROLL: Application of Stevens and Tull,
6 Inc., for saltwater disposal, Lea County, New Mexico.

7 EXAMINER CATANACH: Call for appearances at this
8 time in this case.

9 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
10 the Santa Fe law firm of Kellahin and Kellahin, appearing
11 on behalf of the Applicant.

12 EXAMINER CATANACH: Okay, call for additional
13 appearances?

14 Mr. Kellahin, I believe this case was already
15 heard.

16 MR. KELLAHIN: Yes, sir, we presented the
17 technical evidence to you at one of the prior hearings.

18 There was a change in the injection interval for
19 the disposal well that was not completely disclosed in the
20 advertisement of that case. You continued it to today's
21 hearing to correct the advertisement. It's now ready to
22 have you take it under advisement.

23 EXAMINER CATANACH: Okay. Thank you, Mr.
24 Kellahin. There being no further -- I'm sorry?

25 MR. WATTS: Yes, I'm Marvin Watts representing

1 New Mexico Potash Association, and I would like to make a
2 comment about this matter.

3 EXAMINER CATANACH: Okay. I didn't get your last
4 name, sir, Marvin --

5 MR. WATTS: -- Watts, W-a-t-t-s.

6 EXAMINER CATANACH: And you're representing New
7 Mexico Potash Company?

8 MR. WATTS: It's the Potash Association of New
9 Mexico.

10 EXAMINER CATANACH: Okay, Mr. Watts?

11 MR. WATTS: My name is Marvin Watts, representing
12 the Potash Association of New Mexico, and as you're
13 probably aware, this disposal well is located in the potash
14 enclave. It's near a life-of-mine reserve of Mississippi
15 Potash, Incorporated, which has the section leased for
16 potash minerals

17 And of course, we have to be concerned about any
18 fluids or gas that get into our strata where we have
19 potash. And we're not currently mining in this area, but
20 it is in the life-of-mine reserve, so we have to be
21 concerned about that.

22 And that is our concern. And what I'm here today
23 to express to you is the concern about almost freshwater
24 disposal into any area that possibly might get in that
25 strata where we would have a problem with the potash

1 reserves.

2 And what we're asking -- I'm not here to protest,
3 not doing the well.

4 We just want to be assured that the monitoring of
5 that well and taking care of it -- It seems like you have
6 an awful high pressure for this well at 1000 p.s.i., and
7 then it's also asking for authority to extend that if
8 needed, and we're concerned about mechanically doing that
9 and keeping it in that strata without failure of your
10 string or your packers there. We just want to be assured
11 that it will be monitored closely to see that that doesn't
12 happen.

13 EXAMINER CATANACH: Okay. Mr. Kellahin, if I
14 recall right, didn't we -- or didn't Stevens and Tull seek
15 to reduce that pressure?

16 MR. KELLAHIN: Your memory is correct, Mr.
17 Examiner. I'm sorry Mr. Watts didn't contact me about his
18 appearance today. I could have told him that. I'm
19 surprised by his appearance. He did not contact me on
20 Friday with regards to a prehearing statement.

21 Had he been at the evidentiary hearing, he would
22 have heard the technical witnesses as you heard them, where
23 they amended the Application.

24 This is an existing wellbore. They're going to
25 stay with the .2-p.s.i.-per-foot-of-depth limitation.

1 They're reinjecting water produced out of the Yates Seven
2 Rivers. It's simply going back into the same reservoir
3 it's taken from now. This is an existing wellbore. It's
4 previously been approved as a producing well, and we choose
5 to convert it for injection.

6 EXAMINER CATANACH: Okay.

7 MR. CARROLL: Mr. Watts, did you receive notice
8 for the original hearing?

9 MR. WATTS: No, I didn't.

10 MR. CARROLL: How did you receive notice of this
11 hearing?

12 MR. WATTS: Oh, off of your mail-outs on this.
13 We get your mail-out.

14 MR. CARROLL: You got the mail-out for the
15 hearing though, too, right? I mean, if you got the mailing
16 for this, you got the mailing for the original hearing
17 where the evidence was introduced? Right?

18 MR. WATTS: Not to my knowledge. I'm a
19 consultant, and I don't receive these personally, but no, I
20 haven't, and I apologize for that.

21 MR. KELLAHIN: I'm happy to contact Stevens and
22 Tull. My recollection is that Jerry Weant with Stevens and
23 Tull has been in communication with some member of the
24 potash industry, and I don't know if it was Mr. Watts or
25 not --

1 MR. WATTS: Yes.

2 MR. KELLAHIN: -- but --

3 MR. WATTS: We -- I have talked to them.

4 MR. KELLAHIN: -- Mr. Weant had talked to you,
5 have you not?

6 MR. WATTS: Yes, yes.

7 MR. KELLAHIN: All right. And when did those
8 conversations with Mr. Weant take place?

9 MR. WATTS: Oh, gee, it was a couple of months
10 ago, I believe, right after the situation came up.

11 And we're just concerned that you contain the
12 stuff into the zone that you're doing.

13 And of course, I wasn't aware it was less
14 pressure, nor was anyone -- any of the managers of the
15 Potash Association. And that gave us some concern, that it
16 seemed to be quite high there.

17 But I apologize if I missed the other one. I
18 would attend it if I was aware of it. And I kind of came
19 here to attend one and it had been postponed, one hearing
20 here previously.

21 MR. KELLAHIN: The advance, sir, if you let me
22 know you're interested, then I can tell you directly and it
23 would save you a wasted trip in case the case is not heard.

24 MR. WATTS: All right.

25 MR. KELLAHIN: I'm happy to get an affidavit from

1 Mr. Weant if this issue concerns you, Mr. Examiner. I
2 can't testify in his behalf, obviously, but if you feel it
3 necessary I will get an affidavit about his prior
4 communications and what I understood to be his impression
5 that he had satisfied the potash industry's concern about
6 this injection.

7 If it's not necessary, then we're ready to have
8 you take the case under advisement.

9 EXAMINER CATANACH: I'm not sure that's
10 necessary, Mr. Kellahin. I think Mr. Watts has stated his
11 concerns, and I think that they're the concerns of the
12 Division as well.

13 I mean, if -- a condition of approval for this
14 well is that they keep the fluid in the zone that they're
15 injecting into --

16 MR. WATTS: Yes.

17 EXAMINER CATANACH: -- and that's -- we're
18 looking after the same thing, so I think that the concerns
19 are parallel so...

20 MR. WATTS: Okay. I have no other comments.

21 EXAMINER CATANACH: Thank you, Mr. Watts.

22 MR. WATTS: Thank you.

23 MR. CARROLL: And Mr. Watts, you can always
24 contact the Division the day before a hearing just to make
25 sure that the case hasn't been continued or dismissed.

1 MR. WATTS: I did that this time.

2 MR. CARROLL: Oh, okay.

3 MR. WATTS: Thank you.

4 EXAMINER CATANACH: Okay, thank you, sir.

5 There being nothing further in this case, Case
6 11,807 will be taken under advisement.

7 (Thereupon, these proceedings were concluded at
8 9:07 a.m.)

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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. 11807,
heard by me on October 9, 1987.

David R. Catanch, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL October 11th, 1997.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998