

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 16, 1960

REGULAR HEARING

IN THE MATTER OF:)

Application of Rice Engineering & Operating,
Inc., for adoption of a Form 120-A to be used
in reporting salt water disposal operations.)
Applicant, in the above-styled cause, seeks)
an amendment of Rules 1119, 704, and 1103 to)
adopt a Form 120-A to be used by operators)
of salt water disposal wells in reporting)
salt water disposal operations.)

CASE 1919

BEFORE:

Mr. A. L. Porter, Jr.
Mr. Murray Morgan
Governor John Burroughs

TRANSCRIPT OF HEARING

MR. PORTER: The meeting will come to order, please.

The next case to be considered is 1919.

MR. PAYNE: Case 1919: Application of Rice Engineering
& Operating, Inc., for adoption of a Form 120-A to be used in
reporting salt water disposal operations.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox,
Santa Fe, representing the Applicant. We'll have one witness.

(Witness sworn.)

W. G. ABBOTT

called as a witness, having been first duly sworn on oath, was
examined and testified as follows:

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is W. G. Abbott.

Q By whom are you employed and in what position, Mr. Abbott?

A I'm Division Manager of Rice Engineering and Operating, Incorporated, in Hobbs, New Mexico.

Q Have you testified before this Commission as an Engineer?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. PORTER: They are.

Q (By Mr. Kellahin) Mr. Abbott, are you familiar with the application in Case 1919?

A Yes, sir.

Q Would you state briefly what is proposed in this application?

A We propose to submit a form to the Commission that can be used to report salt water disposal. We have a suggested form--

MR. KELLAHIN: Can we have that marked as an exhibit, please?

A Yes, I have got it marked.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

A This proposed C-120-A for reporting salt water disposal operations, if you'll look at the Exhibit A, has a place for the



disposal system operator and the disposal system and County and month and year. Then under lease and well number, location of the well, and then the water disposed, cumulative disposed water, and average injection pressure.

Now this form will be just for the salt water disposal wells. It will show the total barrels disposed in each disposal well.

Q Under the item of lease and well number and location, what information would appear on the form when it is filed with the Commission?

A Well, that will be the lease where the salt water disposal well is located.

Q And it would show the well in which the water is being disposed?

A Yes, sir.

Q In your opinion does that adequately give all the information that is required for the operation of the salt water disposal insofar as the Commission is concerned?

A Yes, I believe it does. One thing that has been discussed, any operator of a salt water disposal system would also submit the list of wells and leases that are connected to the system, that would be submitted to the Commission; and then if there are any revisions, any additions of wells or deletions, those would be submitted to the Commission.

Q They would be submitted separately from the report form?



A That's right. So the Commission would have a list of all the wells connected to a given salt water disposal system, and any water figures that needed to be verified, those figures could be taken off of the C-115. We don't think it's practical to report the water disposed of per well on these large systems.

Q Do you think it necessary that it be so reported?

A No, sir.

Q What form are you presently using, Mr. Abbott, for these reports?

A The present form is called C-120. Evidently it was used for secondary recovery operations or waterflood operations. The upper part has injection wells -- I can pass some of these around. The upper part of C-120 shows the injection wells, the MCF of gas injected, cumulative gas, barrels of water injection, cumulative water, and average pressure. Then at the bottom of the form it shows the producing wells, barrels of oil produced and gas produced, the GOR, the barrels of water produced, and the percent water produced.

We think this is a good form for waterflood operations, but it doesn't lend itself to salt water disposal.

Q Have you encountered any difficulty in the use of the form?

A Yes, sir, the way the rules are written up, they refer to first Rule 1119, that's monthly injection report form C-120, and form C-120" shall be submitted in triplicate, shall be used for



reports required under Rule 704; this report shall be postmarked not later than the 15th of the next succeeding month." Refers to Rule 704, 704 is records and reports. "The operator of an injection project shall keep accurate records and report monthly to the Commission the amount of oil produced, the volumes of fluid injected and the injection pressures on Form C-120." Then, also referred to Rule 1103, which is written notices, requests, permits and reports, and they refer to the monthly injection report as C-120. Nothing in the rules states how the form should be filled out for salt water disposal operations, but the Commission requested that the operators turn in the barrels of water produced per well and report on the C-120. It just isn't practical to do that.

Q Is the information available to you in time to include in your report as it is required to be filed under Rule 1119?

A No, sir. The C-115 which the operators report their water and oil volumes on, that we'd have to take the figures from the C-115 and transpose it on the C-120 and submit it to the Commission by the 15th of the month, which we don't think is possible.

Q Now, to the extent that the report requires reports of water produced per well, is that information not duplicated on the C-115, which is filed by the operator?

A Yes, sir, it is.

Q In your opinion is it necessary, then, that it should be included for any reason on the C-120?

A No, sir.



Q And for that reason you have omitted it in your proposed Form C-120-A?

A Yes, sir.

Q In regard to the provisions of Rule 1119 on filing dates, what proposal do you have on that?

A Well, there are some operators of salt water disposal systems that the operations cost on these systems are on a per barrel basis, and they would like to take the figures submitted on the C-115's and use those as a basis for their operational charges. If this new form were to be required to be turned in the 15th of the second succeeding month, well, they could use the Commission figures or the New Mexico Engineering Committee figures to turn in.

Q And if it's required, as the present rule requires the filing date, they would not be able to do that, would they?

A No.

Q Would that result in a saving of labor to the operators?

A Yes, I believe it would.

Q Do you recommend the adoption of the form as shown on Exhibit 1?

A Yes, sir.

Q Was that prepared by you?

A Yes, sir.

MR. KELLAHIN: At this time we would like to offer in evidence Exhibit 1.



MR. PORTER: Without objection, the exhibit will be admitted.

MR. KELLAHIN: That's all the questions I have.

MR. PORTER: Your recommendation is that this form be filed by the 15th of the second succeeding month?

A Yes, sir.

MR. PORTER: Anyone else have a question? The witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone else have anything to offer in this case?

MR. BRATTON: Howard Bratton, Humble Oil and Refining Company. Humble supports the application of Rice Engineering. We believe in the simplification of reporting, the application should be granted.

MR. PORTER: Mr. Bushnell.

MR. BUSHNELL: H. D. Bushnell, in association with Kellahin and Fox and on behalf of Amerada. Amerada supports the application and believes it will reduce the operating cost.

MR. BUELL: Guy Buell; Pan American would like to concur in the application. We think the adoption of this form will be of significant benefit to the industry.

MR. TAYLOR: M. I. Taylor with Gulf. Gulf Oil Corporation is one of the operators under the proposed revision of the Oil Conservation Commission Form 120. To minimize the operational



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cost of operators in salt water disposal as far as possible, we believe that the proposed Form 120-A should provide sufficient information to maintain adequate controls. It will result in a minimum of additional reporting by operators. We therefore join the Applicant in asking that the Commission revise the form for the reporting of salt water disposal.

MR. PORTER: Anyone else have a statement to make?
If nothing further to be offered in the case, we'll take it under advisement.



STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype, and that the same was reduced to typewritten transcript under my personal supervision, and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 21st day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley

 NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

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