

BEFORE THE
OIL CONSERVATION COMMISSION
Roswell, New Mexico
May 15, 1963

IN THE MATTER OF:)

The hearing called by the Oil Conserva-)
tion Commission on its own motion to)
consider a revision of Rule 701-B,) Case 2809
701-C, and 701-E of the Commission Rules)
and Regulations insofar as said rules)
relate to the method of making applica-)
tion for hearings or administrative)
approval for injection or disposal wells.)

BEFORE: Honorable Jack M. Campbell
Mr. A. L. "Pete" Porter
Mr. E. S. "Johnny" Walker

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 2809.

MR. DURRETT: In the matter of the hearing called by
the Oil Conservation Commission on its own motion to consider a
revision of Rule 701-B, 701-C, and 701-E of the Commission Rules
and Regulations insofar as said rules relate to the method of
making application for hearings or administrative approval for
injection or disposal wells.

If the Commission please, J. M. Durrett, Junior, appearing
again for the Commission and for its staff. Mr. Daniel S. Nutter,
Chief Engineer for the Commission, has previously been sworn and
will testify in this case.

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MR. PORTER: The record will show that Mr. Nutter has been sworn.

DANIEL S. NUTTER

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. DURRETT:

Q Mr. Nutter, once again, let's go through some of the background for this proposed rule change and briefly go through the rule as proposed.

A Yes, sir. Rule 701 at the present time is not clear as to the data that should be submitted for administrative approval, in particular on injection wells. It is the purpose of this proposed rule change today to clarify those rules and to make it possible for the operator to better understand what material is necessary to be submitted with the application for administrative approval.

Q Do you feel that there is anything in this proposed rule that you would like to specifically comment on, or are they all just, in general, clarification of the previous rules?

A I would like to comment on a couple of items here. Rule 701 pertains to the injection of any medium into any reservoir for any reason. Paragraph A states that the injection



of gas, liquefied petroleum gas, air, water or any other medium is not permitted except after notice and hearing or as otherwise provided in Rule 701.

701-B prescribes the method, at the present time prescribes the method for making application for hearing. We propose that this Rule 701-B be reworded to provide for a method of making application for original authority that would be for a hearing to authorize an injection project initially or administrative approval to expand such a project.

So the following things are required at the present time by the Rule, 1, a plat of the area; 2, a log of the proposed injection well; 3, a description of the proposed injection well's casing program; and 4, other pertinent information.

We would not propose to change 1 and 2, that's the plat and the log requirement. However, 3, rather than a description of the well's casing program we suggest that it be worded as follows: That "A diagrammatic sketch of the proposed injection wells showing all casing strings, including diameters and setting depths, quantity used and tops of cement, perforated or open hole intervals, tubing strings, including diameters, and setting depths and type and location of packers if used.

This information is necessary in the administration of this rule and we frequently have to send an application back to the operator

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and ask him to submit this information before we can give approval to it. So we think that the rule should specifically define what materials will be necessary.

Four, we propose no change that other pertinent information be submitted with the application, including the name or depth of the zone or formation at which the injection will be made, the kind of fluid injected, the anticipated volumes to be injected and the source of the injection fluid. We suggest that stay the same.

We would add Section 5 to this rule and make the provision that among the things that are submitted would be evidence that a copy of the application, complete with all attachments, has been sent to the State Engineer's Office, Box 1079, Santa Fe. This would be relative to an application for hearing, as I stated before, or administrative approval.

The other parts of Rule 701 for administrative approval require that this material be sent to the State Engineer anyway. The State Engineer's Office is always interested in the material that's submitted, and in the case which is coming up for hearing as well, so it will expedite things to provide them with this information prior to the hearing.

Going on into 701-C, which is for salt water disposal wells, we have only made the necessary changes in there to make it comply

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with Rule 701-B, so that the application for administrative approval would be the materials which are required in 701-B as proposed.

Going on into 701-D, there's no change, that's the definition of pressure maintenance projects. Then when we get into 701-E, there's no change at all until you get into the portion relating to making an application for the expansion of a water-flood project. The only changes that are made there relate back to the materials which are required under our proposed Rule 701-B, which will be submitted for administrative approval, and the change in 701-E would relate back to that, and require that that material be submitted with the application for administrative approval.

Q Do I understand you correctly, Mr. Nutter, that the adoption of your proposed rule as amended here will not cut down the number of hearings but it will clarify the documents that need to be submitted?

A That's the purpose of it.

Q And is it your opinion that adoption of this rule will enable the Commission to better administer the laws of this State?

A Yes.

Q Was Exhibit A prepared by you or under your direct supervision?



A Yes, sir.

MR. DURRETT: If the Commission please, I move the introduction of Exhibit A at this time, and that concludes my examination of Mr. Nutter in this case.

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

(Whereupon, Commission's Exhibit A was introduced and admitted in evidence.)

MR. PORTER: Anyone have a question concerning the testimony on the change in Rule 701? No question, the witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone have any statements to make in connection with this case? The Commission will take the case under advisement.

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Ada L. Larnley
Notary Public-Court Reporter

June 19, 1963.



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2809
Order No. R-2490

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER A REVISION OF RULE 701-B
701-C, AND 701-E OF THE COMMISSION
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 15, 1963, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of May, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for certain changes in Rule 701 of the Commission Rules and Regulations as the same relates to the method of filing applications and the data which should accompany said applications for hearings and for administrative approval by the Secretary-Director of the Commission for the approval of wells to be used for pressure maintenance or secondary recovery fluid injection, or for salt water disposal.

(3) That approval of the proposed rule changes will enable the Oil Conservation Commission to more efficiently administer the laws of the State of New Mexico as they relate to conservation of oil and gas.

IT IS THEREFORE ORDERED:

(1) That Rule 701-B of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

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B. Method of Making Application

Application for original authority for the injection of gas, liquefied petroleum gas, air, water, or any other medium into any formation for any reason, including salt water disposal, or for the expansion of any such injection project by the completion or conversion of additional well(s) shall include the following:

1. A plat showing the location of the proposed injection well(s) and the location of all other wells within a radius of two miles from said proposed injection well(s) and the formation from which said wells are producing or have produced. The plat shall also indicate the lessees, if any there be, within said two-mile radius.
2. The log of the proposed injection well(s) if same is available.
3. A diagrammatic sketch of the proposed injection well(s) showing all casing strings, including diameters and setting depths, quantities used and tops of cement, perforated or open hole intervals, tubing strings, including diameters and setting depths, and the type and location of packers, if any.
4. Other pertinent information including the name and depth of the zone or formation into which injection will be made, the kind of fluid to be injected, the anticipated volumes to be injected, and the source of said injection fluid.
5. Evidence that a copy of the application, complete with all attachments, has been sent to the State Engineer Office, Box 1079, Santa Fe.

(2) That Rule 701-C of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

C. Salt Water Disposal Wells

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701-A for water disposal wells only, without notice and hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) which is non-productive of oil or gas within a radius of two miles from the proposed injection well, providing that any water occurring naturally within said disposal formation is mineralized to such a

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degree as to be unfit for domestic, stock, irrigation, and/or other general use.

To obtain such administrative approval, operator shall submit in triplicate Commission form entitled, "Application to Dispose of Salt Water by Injection Into a Porous Formation Not Productive of Oil or Gas," said application to be filed in accordance with Rule 701-E above. Copies of the application shall also be sent to all offset operators and to the surface owner of the land upon which the well is located.

If no objection is received within 15 days from the date of receipt of the application, and the Secretary-Director is satisfied that all of the above requirements have been complied with, and that the well is to be cased and cemented in such a manner that there will be no danger to oil, gas, or fresh water reservoirs, an administrative order approving the disposal may be issued. In the event that the application is not granted administratively, it shall be set for public hearing, if the operator so requests.

The Commission may dispense with the 15-day waiting period if waivers of objection are received from all offset operators, the surface owner, and the State Engineer.

(3) That Section 5 of Rule 701-E, Water Flood Projects, be and the same is hereby amended to read in its entirety as follows:

5. Water flood projects shall be expanded and additional wells placed on injection only upon authority from the Commission after notice and hearing or by administrative procedure in accordance with the following:

In order for a well in a water flood project to be eligible for administrative approval for conversion to water injection, it must be established to the satisfaction of the Secretary-Director of the Commission that the proposed water injection well has experienced a substantial response to water injection or is directly offset by a producing well which has experienced such response, and that the proposed injection well is located on a water injection pattern which will result in a thorough and efficient sweep of oil by the water flood.

To obtain such administrative approval, operator shall submit in triplicate an application in accordance with Rule 701-E above. The application shall also state the order number which originally authorized the water flood project, and shall set forth all the facts pertinent to the need for conversion of additional wells to water injection. It shall also be accompanied by Commission

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Form C-116, showing production tests of the affected well(s) both before and after stimulation by water flood. A copy of the application shall also be sent to each operator offsetting the proposed injection well.

The Secretary-Director may, if in his opinion there is need for conversion of the additional wells to water injection, authorize such conversion without notice and hearing, provided that no offset operator or the State Engineer objects to the proposed conversion within fifteen (15) days. The Secretary-Director may grant immediate approval of the proposed conversion upon receipt of waivers of objection from all operators offsetting the proposed injection well and from the State Engineer.

(4) 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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell

JACK M. CAMPBELL, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary

