STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

Case No. 8525

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 3-6-85

RE: Proposed MC ____
Proposed DHC ____
Proposed NSL ____
Proposed SWD X
Proposed WFX ____
Proposed PMX ____

Gentlemen:

I have examined the application dated 2-26-85

for the [illegible] Oil Gas Inc. S.E. CHACHA Unit #57 O-12-28N-14W
Operator / Lease and Well No. / Unit, S-T-R

and my recommendations are as follows:

[illegible] for Hearing [illegible]
[illegible] = No objection

Yours truly,

[signature]

TATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

27 March 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico.

CASE 8525, 7546 8547, 8548

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin
Attorney at Law
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501

I N D E X

E X H I B I T S

CASE 8525

E X H I B I T S

CASE 8546

CASE 8547

E X H I B I T S

CASE 8548

MR. STOGNER: We will call now Case Number 8525.

MR. TAYLOR: The application of Hicks Oil and Gas, Inc., for salt water disposal, San Juan County, New Mexico.

MR. STOGNER: Call for appearances.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant and I have one witness to be sworn.

MR. STOGNER: Are there any other appearances in this matter?

MR. KELLAHIN: Mr. Examiner, we would request that for purposes of hearing that this case be consolidated with Cases 8546, 8547, and 8548.

MR. STOGNER: Are there any objections to consolidating these cases?

There being none, we will now call Cases Nos. 8546, 8547, and 8548.

MR. TAYLOR: Each of those are the application of Hicks Oil and Gas, Inc., for salt water disposal, San Juan County, New Mexico.

MR. STOGNER: Cases 8525 and 8546, 8547, 8548 will be consolidated for purposes of testimony today.

Will the witness please stand and be sworn in?

(Witness sworn.)

MR. KELLAHIN: Mr. Examiner, so that we can keep the -- so that we can keep the four cases straight in terms of the wells, we've provided you with a plat upon which there is a blue arrow identifying each of the four proposed disposal wells, and if you'll start in Section 17 and look at Well No. 16, Well No. 16 is Case 8546.

Just to the southwest is Well No. 20, and that is Case 8548.

And if you'll look to the east and find Section 15, there's an arrow pointing towards Well 37. That is Case 8525.

And then the last well to the south is Well 34, and that's Case 8547.

MIKE HICKS,

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Hicks, for the record would you

please identify yourself and describe your employment, sir?

A My name is Mike Hicks. I'm employed by Hicks Oil and Gas, and I am President and engineer for the company.

Q Mr. Hicks, nave you previously testified before the New Mexico Oil Conservation Division as an engineer?

A No, sir.

Q Would you describe for the Examiner what has been your educational background, first, and then, second, what has been your work experience as an engineer working in the oil and gas industry?

A Yes, sir.

I graduated from Texas A & M University in 1973 with a degree, Bachelor of Science degree in civil engineering, and have worked in the oil fields for the past five years.

Q What is the history of Hicks Oil and Gas Company, Mr. Hicks?

A It was originally started by my father. I joined him after its inception and we drill and complete oil and gas wells and look after production.

Q Within the area identified on Exhibit A that shows the Southeast Cha-Cha Gallup Unit, would you describe for the Examiner what properties the Hicks Oil and Gas Company operates?

A We operate the Southeast Cha-Cha Unit,

which is confined to the Gallup formation.

Q And how is that Cha-Cha Unit identified on Exhibit A?

A By the hatched lines outlining the unit boundary.

Q Within that area what do you do as an engineer for Hicks Oil and Gas Company?

A We have infill drilled four new wells and have worked over three -- two of the -- three of the old producing wells, and are continuing to produce the wells to their maximum.

Q Did you prepare and submit to the Division its Form C-108, which requests that waterflood approval -- salt water disposal approval be granted for each of these four wells?

A Yes, sir, I did.

MR. KELLAHIN: We tender Mr. Hicks as an expert witness.

MR. STOGNER: He is so qualified.

Q Mr. Hicks, let me direct your attention again to Exhibit A. You've identified for us the -- the Gallup Unit.

Would you give us some of the historical background about the unit itself?

A Yes, sir. The unit was created in the early 1960's as a pressure maintenance project to enhance

the oil recovery.

The unit was operated by several operators. In approximately 1973 the injection of water for pressure maintenance ceased and subsequent injection of water into the disposal or into the injection wells was only for disposal of produced water.

In 1978 Hicks Oil and Gas became the unit operator and in November of 1984 Frank Chavez of the Oil Commission in Aztec called concerning the two injection wells that we are operating. No. 16 and No. 34 are presently the injection wells that we are utilizing and were the injection wells that were being utilized at the time we acquired the unit operatorship.

He -- he had two -- two concerns, the first being that No. 34, one of the wells that we were using for disposal, had never been approved as an injection well during the -- when the well -- when the project was being waterflooded, and the second thing he asked was that we get the No. 34 Well approved as a salt water disposal well and get Well No. 16 reclassified as a salt water disposal well and not a pressure maintenance.

Q In addition to those two wells, Mr. Hicks, do you have a request that two other wells be approved for salt water disposal?

A Yes, No. 20 and No. 37.

Q All right, sir. Let's start with No. 16, which will be Case 8546, and turn to the C-108 that has been

submitted to the Commission for that case.

Would you identify for us, Mr. Hicks, what is marked as Exhibit One in Case 8546?

That's the notice.

A It is the notice to offset operators and surface owners of this proposed disposal well.

Q All right, sir, and if you'll turn past the notice and the Commission Form C-108, and turn to Exhibit Number Two, would you identify Exhibit Number Two for us?

A It is a copy of the plat of the area with a half mile radius circle drawn around Well No. 16.

Q Within that half mile radius, Mr. Hicks, have you identified for us and tabulated all the wells that either produced from the Gallup or have penetrated through the Gallup?

A Yes, sir.

Q All right. Let's turn past Exhibit Number Two and have you identify Exhibit Number Three for us.

A Exhibit Number Three is a schematic and description of the wellbore of Well No. 16.

Q Let's talk about Well No. 16 for a moment. What is its current disposal rate that you're using now?

A Approximately 50 barrels per day.

Q And what -- how long has this well been disposing of produced water at that rate?

A We have operated it since 1978 as a disposal well and previous to that time it was part of the pressure maintenance project, and I'm really not certain what -- what date it was. It was in the sixties when it was converted to pressure maintenance.

Q Have you as operator experienced any kind of difficulties with this well or the wellbore, utilizing it for disposal purposes?

A No, sir.

Q The water that is produced and disposed of in Well No. 16 comes from what sources, Mr. Hicks?

A It's produced water from the Southeast Cha-Cha Gallup Unit.

Q Does the request for this well, as well as the request for the other three wells, involve the proposed future use of these wells for produced water from some other formation other than the Gallup?

A Yes, sir. We would also like to have the disposal wells approved to receive produced water from other producing horizons in the San Juan Basin.

Q Could you identify for us the produced horizons from which your -- you have attached water analyses in the C-108?

A It would be the Fruitland Pictured Cliffs, Mesaverde, Gallup, and Dakota.

Q All right. Let's turn past the Exhibit Number Three, the wellbore schematic, and turn to Exhibit

Number Four, Mr. Hicks, and have you describe the information contained on that exhibit.

A We basically have an answer to the questions that are brought up on -- or the information that is requested on the C-108 Form.

Q All right, let's go through the essential elements of that information, then.

Have you proposed a maximum injection pressure limitation that will be equal to or less than 0.2 psi per foot of depth?

A Yes, sir. We have specified our maximum injection pressure to be 1000 psi.

Q And the well log for the well is previously filed with the Oil Conservation Division?

A Yes, sir.

Q Have you been able to identify in the area around this wellbore any wells that produce fresh water sources?

A There is a well within one mile of the proposed disposal well that was called the Southeast Cha-Cha Unit Water Supply Well No. 1. It's a well that was originally drilled and completed as a water source for the pressure maintenance project, and also, there is a well, or a spring, the Bentley Spring Well, also within one mile.

Q All right, your exhibit identifies the locaion of the Cha-Cha Water Supply Well. Would you show us on Exhibit A, identify for the Examiner, the approximate lo-

cation of the spring?

A It is in the north or southwest quarter of Section 9, in the, I guess it would be the southwest of the southwest of Section 9.

MR. KELLAHIN: These blue areas are all fresh water sources in the area.

This is the spring here in Section 9.

MR. STOGNER: Thank you, Mr. Kellahin.

Q In preparing your exhibits for hearing, Mr. Hicks, and in reviewing and studying this area, have you found any evidence of faulting or hydrologic connections that would put the Gallup formation in communication with any shallow fresh water sands or aquifers?

A No, sir, I have not.

Q For this case and the other three cases, do you have an opinion as to whether the continued use of the Gallup formation for salt water disposal poses a risk of contamination to shallower fresh water aquifers?

A No, sir, I don't, for the reason that the Gallup is overlain by a massive shale section, the Mancos Shale, that we feel is a very adequate barrier to the migration of the water upward.

Q Is the wellbore for Case 8546, as well as the wellbores and completion techniques for the other three wells, such that the water disposed of in the Gallup forma-

tion?

A Yes, sir, the casing is cemented across the shale section and extends up to the bottom of the Mesaverde in all these wells.

Q Let's turn to Exhibit Number Five in Case 8546, Mr. Hicks, and have you describe for us the information on the wellbore tabulation.

A It's a tabulation of all the wells that are within one-half mile radius of the proposed salt water disposal well, No. 16.

Q And subsequent to that tabulation you have a schematic identified as Exhibit Number Six for the Cha-Cha Water Supply Well No. 1?

A Yes, sir.

Q In your review of the information for Case 8546 do you find any information that either the producing wells or wells that are plugged and abandoned in the area are in any way inadequately cemented or completed so as they would serve as a source of contamination for water disposed of in the Gallup?

A No, sir.

Q Subsequent to Exhibit Number Six is Seven, which is simply a statement of fresh water drinking sources and a geologic description of the Gallup formation?

A Yes, sir.

Q All right. And then Exhibit Number Eight is a package of water analyses?

A Yes, sir, and those include water analyses of wells on the unit plus water from typical South San Juan Basin producing wells.

Q Is the package of water analyses attached as Exhibit Eight, is this the same package that's attached to all of the C-108's for all four cases?

A Yes, sir.

Q And those packages of water analyses include produced water analysis from the Gallup, Pictured Cliffs, Dakota, and Mesaverde?

A Yes, sir.

Q Okay, let's go to the C-108 for Case 8547, Mr. Hicks, and this is the well in Section 22 that's identified as Unit Well 34? Is that correct, sir?

A Yes, sir.

Q Would you describe for the Examiner what is the current status and history of the Well 34 that you propose to have approved for salt water disposal?

A The well is presently a disposal well and has been Hicks Oil and Gas acquired the unit operatorship in 1978.

Q This is the second well that Mr. Chavez asked you to have recertified for disposal purposes.

A Yes, sir.

Q All right, would you identify for the Examiner what the current rates of disposal are in this well?

A Approximately 50 barrels per day.

Q Would you turn to Exhibit Number One in the package of exhibits and identify this? This is the what, sir?

A Again this is the notice to surrounding offset operators and surface owners of this proposed salt water disposal well.

Q All right, and would you identify Exhibit Number Two for us?

A Exhibit Number Two is a map of the area surrounding Well No. 34, showing other wells and also shows a radius circle drawn around Well No. 34 one-half mile.

Q All right, sir, and Exhibit Number Three?

A Exhibit Number Three is a proposed well-bore schematic of the injection well.

Q And this is the way the injection well is currently completed?

A Yes, sir.

Q You used plastic lined tubing in the disposal well?

A That I don't know.

Q All right, sir. It's -- it's either plastic coated steel or fiberglass tubing, one or the other?

A I do not know.

Q All right, sir. What is the -- have you filled the annular space between the tubing and casing with an inert fluid?

A We have not worked on this well since we

acquired it, and what was done prior, we have no records.

Q All right, will you make an investigation to determine what the status is of the tubing in terms of being plastic lined or fiberglass coated?

A Yes, sir, we fully intend to pull this well and make sure that everything is as we've shown it on the schematic.

Q All right. You will also place a pressure gauge or some monitoring device at the surface to -- to measure and monitor the pressure on the annular space between the tubing and the casing?

A Yes, sir.

Q All right. When Well 34 is completed in the fashion shown on the schematic, do you have an opinion as to whether the use of this wellbore for disposal in the Gallup will be one that will adequately isolate the Gallup disposal water from any fresh water sources?

A Yes, sir, I do.

Q In preparing your exhibits you have again submitted an Exhibit Four, which is identical to the previous exhibit in the other case, showing maximum injection pressures?

A Yes, sir, that's correct.

Q And that's the 1000 pounds?

A Yes, sir.

Q And that's surface pressure.

A Correct.

Q All right, let's turn to Exhibit Number Five. This is again the same written summary of geologic data and fresh water sources in the area?

A Yes, sir.

Q All right, and let's go now to Exhibit Number Six and have you identify that for us.

A Exhibit Number Six is a tabulation of wells within the one-half mile radius of the proposed salt water disposal Well No. 34.

Q Do you find any of the wells listed on the tabulation on Exhibit Number Six to be completed in such a fashion that they expose a risk for fresh water sources if the proposed disposal well is approved as requested?

A No, sir, I do not.

Q Let's turn to Exhibit Number Seven and have you identify that.

A Exhibit Number Seven is a wellbore schematic of Southeast Cha-Cha Unit Well No. 32, and it shows the well was originally completed in the Dakota. It shows the procedure utilized to plug and abandon the Dakota interval.

The schematic also identifies a workover attempt that was attempted on the well in April of 1971 and the well was squeezed for bad casing leaks at that time.

Q Just a minute, let's make sure we're all together.

MR. STOGNER: Which one are we

on now?

MR. KELLAHIN: We're on Exhibit Number Seven for Case 8547.

MR. STOGNER: 8547, okay.

Q Would you identify for the Examiner where this well is located in relation to Well 34?

A Yes, sir. It's to the northwest of Well No. 34 on the plat. It lies in the northwest quarter of Section 22.

Q It's the well located within the square outline?

A Within the --

Q Identified by the well symbol that shows the well --

A Yes, right. Right.

Q -- within a square?

A Right.

Q What's the well next to it to the southeast?

A That is a Pictured Cliffs gas well.

Q All right. What is the current status of Well No. 32?

A The well has been shut in since 1971. As I was explaining earlier, the -- in their workover their attempt to repair the casing after the well was squeezed, they were attempting to drill out and in -- drill out the cement plug that was in the casing and in that process they drilled

outside of the -- through the casing and drilled outside the casing.

Q This well has been in this status since approximately April of 1971?

A Yes, sir.

Q And how long has the Well 34, the proposed disposal well, been utilized for disposal in the Gallup?

A At least since 1978.

Q In your ownership of the property, Mr. Hicks, have you found that Well No. 32, this plugged and abandoned well, has had any difficulties in terms of having waterflows on the surface or any other problems that you're aware of?

A No, sir.

Q Can you re-enter this wellbore in its current condition and recement off the Gallup formation?

A No, sir, I feel it would be impossible.

Q Why?

A Well, the -- they have -- they have sidetracked the hole, drilled outside the casing and drilled 17 feet and the chances of drilling back into that wellbore are nearly impossible.

Q Notwithstanding that, Mr. Hicks, do you have an opinion as to whether this well is adequately plugged and abandoned so as to avoid it being a source of contamination of fresh water sources?

A Yes, sir, I feel it is. When -- in their front procedure to squeeze that casing there were wireline plugs set in the casing that should seal the wellbore and we feel that the cement outside the casing should be adequate, too, to seal off the Gallup.

Q And, in fact, disposal has taken place in close proximity to this wellbore for some five or six years and there has been no problem.

A Yes, sir, that's correct.

Q All right, and again, now, Exhibit Number Eight are attached water analyses that we've discussed earlier.

A Yes, sir, that's correct.

Q All right, sir, let's go on to Case 8548. 8548 is the proposed disposal well in Section 17, Well No. 20?

A Yes, sir, that's correct.

Q All right, would you identify Exhibit Number One, for me?

A Exhibit Number One is a notice to surrounding offset operators and surface owners.

Q All right, sir, and let's turn to the Exhibit, then, Number Two, and have you identify the plat.

A The plat is a plat of surrounding oil and gas wells and it has a half mile circle drawn around Well No. 20.

Q What is the current status of Well No.

20?

A Presently the well is shut in.

Q All right, sir, let's turn to the schematic for that well, Exhibit Number Three, and have you identify the schematic.

A This is a proposed schematic of the wellbore as we would plan to operate the well as an injection well.

Q It was formerly a Gallup producing well for the pressure maintenance project?

A Yes, sir, that's correct. It was a producing well.

Q And when did you stop using it as a producing Gallup well? Do you recall approximately when?

A The last attempt was approximately 1980.

Q And will the method of recompletion for disposal be one that conforms to the Commission requirements for a disposal well?

A Yes, sir.

Q You'll use plastic lined tubing, fill the annular space, and have a pressure gauge at the surface?

A Yes, sir, that's correct.

Q Let's turn to Exhibit Number Four. Again the same pressure limitation at the surface of 1000 psi?

A Yes, sir, that is correct.

Q All right, and do you find any fresh water sources within a mile of this well?

A No, sir.

Q All right, if you'll turn to Exhibit Number Five and identify this schematic.

A Well number -- or Exhibit Number Five is a schematic of the well, or Southeast Cha-Cha Well No. 26 that was originally drilled and completed in the Dakota and the Gallup as a dual producer.

The Dakota is presently plugged and this schematic shows the method that was used to plug the Dakota perforations.

Q Is it still producing as a Gallup well?

A No, sir. It is shut in.

Q And then Exhibit Number Six, would you identify that for us?

A Exhibit Number Six is a tabulation of the wells within a half mile radius of the proposed salt water disposal well, No. 20.

Q Do you find any of the wellbores identified on Exhibit Number Six as being inadequately cemented?

A No, sir.

Q All right, and Exhibit Number Seven, then, is the same geologic narrative, the water, drinking water source information?

A Yes, sir, that's correct.

Q And then Exhibit Number Eight are the water analyses.

A That is correct.

Q Okay, and again the proposed method for completion for disposal is one that conforms to Commission requirements for a disposal well?

A Yes, sir, it is.

Q All right, identify Exhibit Number Four.

A Exhibit Number Four is a narrative of the questions that are raised on the C-108 application.

Q And again the maximum injection pressure at the surface will be not more than 1000 psi.

A Yes, sir, that's correct.

Q All right, sir, and Exhibit Number Five.

A Exhibit Number Five is a tabulation of wells within the half mile radius of the proposed salt water disposal well No. 37.

Q Okay. The last of the wells listed on the tabulation shows 300 sacks of cement. The top of cement is unknown. What have you intended to portray with regards to the Robson No. 3 Well, Mr. Hicks?

A Well, the -- we could not determine whether a temperature survey was run on the well at the time it was drilled and completed and could not find any record of any bond log on the well; however, I have calculated the cement volumes based on theoretical hole volumes plus allowing 30 feet -- or 30 percent for washouts, and shrinkage, and have come up with that 300 cubic feet of -- or 300 sacks of cement would be adequate to cover the Gallup.

Q All right, sir, let's turn now to the last C-108, which is for Case 8525.

Case 8525 is for the proposed disposal well 37 in Section 15?

A Yes, sir, that's correct.

Q All right, sir, and what -- what's the current status of that well?

A It is presently shut in as an uneconomical producing well.

Q And it formerly produced from what formation?

A The Gallup.

Q Would you identify Exhibit Number One for Case 8525?

A Yes, sir, it's a notice to offset operators and surface owners.

Q All right, sir, and then Exhibit Number Two?

A Exhibit Number Two is a plat of wells surrounding Well No. 37 and it also indicates a half mile radius around Well No. 37.

Q All right. Let's turn to the schematic for the disposal well, which is Exhibit Number Three, and have you identify that for us.

A This is a schematic of how we would propose to operate the Well No. 37 as a salt water disposal well.

Q All right, sir. Would you turn to Exhibit Number Six and identify that one, please?

A Exhibit Number Six is a schematic diagram of the Gallegos Canyon Unit Well No. 113, which has been plugged and abandoned.

Q And has the Gallup formation or the Gallup perforations in that plugged and abandoned well been adequately covered with a cement plug?

A Yes, sir, 45 feet of cement plug was placed from 5300 feet to 5795 feet, covering the Gallup perforations 5712 to 5780.

Q All right, sir. Would you turn to Exhibit Number Seven and identify that one?

A Okay. Exhibit Number Seven is a narrative of the geological information of the Cha-Cha Gallup and drinking water sources in the area.

Q And Exhibit Number Eight?

A Exhibit Number Eight is water analysis of wells on the unit and also San Juan Basin producing wells.

Q Can you give us an estimate, Mr. Hicks, of the approximate volumes of water on a daily basis in barrels that you propose to dispose of in each of the four disposal wells?

A Yes, sir, approximately 25 barrels per day in each well would be from lease sources and right now we estimate that we'd be disposing of approximately 100 barrels per day from sources off of the lease and we would an-

cicipate that volume to increase.

Q Was Exhibit A and then the C-108 with the attached exhibits for each of the four cases prepared by you or compiled under your direction and supervision?

A Yes, sir, it was.

MR. KELLAHIN: We move the introduction of Exhibit A and then each of the packets of exhibits for the four respective cases, Mr. Stogner.

MR. STOGNER: All the exhibits will be admitted into evidence at this time.

MR. KELLAHIN: That concludes our examination of Mr. Hicks.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Hicks, if you'll refer to Case Number 8525, Exhibit Number Two, the problem well which alluded to in Case Number 8547, the Well No. 32, is that within a half mile of this one?

A It appears to be right on the edge of that half mile circle.

Q Okay. Now then, the proposed injection well, Well No. 37, that has been a shut-in producing well since when?

A Since August, 1984.

I might point out that Well No. 37 is a new well that was drilled in 1980. It's relatively newer

than the other wells in the field and when we completed it, encountered large volumes of water and it was just uneconomical to continue operating it.

Q What was done with the water before?

A It was being injected back into Well 34.

Q Okay. Refer to Exhibit Number Five in this packet, Robson Well No. 3. I don't believe you've given me a calculated top of cement, but you said it was adequately covering the Gallup. Do you have the calculated top of cement?

A Yes, sir. As I explained before, using -- utilizing a 30 percent excess over the theoretical hole volume, I calculated top of the cement fill to 5305 feet. Top of the Gallup from the electrical logs is 5393 feet.

Q What was the top of the Gallup again?

A 5393.

MR. KELLAHIN: What was the calculated top?

A 5305.

Q What is the status of that well? Is it plugged and abandoned?

A The Robinson Well?

Q Yeah.

A No, sir, it is still a producing gas well.

Q Is Hicks the operator on that?

A No, sir, Southland Royalty.

Q Did you speak with them about the

calculated top of the cement? Did they have any bond logs or any such items?

A No, sir, I have not spoken with them.

Q Okay. Refer to Exhibit Number Six. That is your schematic of the Well No. 13.

A Yes, sir.

Q Do you know what the top of the cement calculated is on this? You show 200 sacks.

A In the original, primary cement job on the casing?

Q Yes.

A No, sir, I don't, do not.

Q But they did run 200 sacks from 5855?

A Yes, sir, that's correct.

Q And what's the hole size? Do you remember?

A 7-7/8ths.

Q Is Hicks the operator of this well?

A No, sir, Southland Royalty.

Q And has it been plugged? What's its present status?

A It is plugged and abandoned.

Q Plugged and abandoned.

Okay, let's go to 8548, Well No. 20. You said that well was shut in. How long has it been shut in?

A Since approximately 1980.

Q Is the tubing still in place?

A No, sir, it is not.

Q When was this well drilled?

A Early 1960's, '61 or '62.

Q Are you aware that mechanical integrity tests would have to be run on that casing to see if it's adequate?

A Yes, sir.

Q Okay, let's refer to 8547, your Well No. 34.

A Yes, sir.

Q Now is this presently injecting at this time?

A Yes, sir, it is.

Q Okay, and who was the previous operator?

A Suburban Propane was the unit operator previous to Hicks Oil and Gas.

Q And they're records do not show what size tubing was in this hole?

A No, sir.

Q Whether it was plastic lined or anything?

Is there a pressure gauge on this well presently or --

A No, sir, there's not; not on the -- not or the annulus. There's one on the tubing.

Q What has it been injecting at or has it been injecting under pressure?

A Yes, sir, it injects at -- it does not

exceed 600 pounds.

Q Okay. Has it ever exceeded 600 pounds?

A Not while we've operated it.

Q Refer back to Exhibit Number Seven. This is the so-called problem well or a pretty good problem well.

I didn't quite catch -- the well had been sidetracked, you said?

A Well, in the -- they went in to prepare or to perform remedial work on the casing, to repair the casing. They squeezed, set -- set some bridge plugs in the casing and to squeeze the casing with, and in the process of drilling out casing, or the cement in the casing, they ran into -- they -- they began drilling on the casing.

They ran a mill and milled on the casing and then went back in the hole with a bit and drilled, actually drilled outside of the casing.

Q How far down did they go outside the casing?

A 17 feet.

Q Who was the operator of that well?

A At the time that that work was done?

Q Yes.

A I believe it was Aztec Oil and Gas.

Q And did they subsequently plug and abandon it after the --

A No, sir, they did not. The wellbore is -- is open to 3499.

Q What's the present status of this well?

A It is shut-in, not producing, and in our plan of development for the unit for 1985 this well was proposed to be plugged and abandoned.

Q And so you're -- Hicks is the operator?

A Yes, sir.

Q So you propose to plug and abandon. Do you propose to test any formations from that zone upwards, or anything?

A To -- as far as productivity of oil or gas?

Q Uh-huh.

A No, sir. Hicks' rights are only to the Gallup.

Q When does Hicks propose to plug and abandon it? Do you have a date set or --

A No, sir.

Q Okay, let's go to Case Number 8546. That's your Well No. 16, and this well has been injecting since 1978, is that right?

A Yes, sir, at least that long and it was originally approved in the pressure maintenance project as an injection well, and has been an injection well since the 1960's.

Q Do you know what order approved that pressure maintenance expansion?

A No, sir, I do not.

Q Do you know if it was one of the original wells that was approved for the pressure maintenance project?

A No, sir, I don't know if it was one of the original wells or if it was approved at a later date.

Q But you know it was approved.

A Yes, sir.

Q Is there a pressure gauge on this one?

A Yes, sir.

Q How about on the annulus?

A No.

MR. STOGNER: That's all the questions I have for this witness.

Are there any other questions of Mr. Hicks?

MR. KELLAHIN: No, sir.

MR. STOGNER: Anybody else have any questions of him?

If not, he may be excused.

Mr. Kellahin, do you have anything further in these cases?

MR. KELLAHIN: No, sir.

MR. STOGNER: Does anybody else have anything further in these four cases?

If not, Cases Numbers 8525, 8546, 8547, and 8548 will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the examiner hearing of Case No. 8525, heard by me on 27 March 1985.

Michael E. Stogner, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

13 March 1985

EXAMINER HEARING

IN THE MATTER OF:

The application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico. CASE 8525

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

MR. QUINTANA: Call next Case 8525.

MR. TAYLOR: The application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico.

The applicant has requested that this case be continued.

MR. QUINTANA: Case 8525 will be continued until March 27.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8525 heard by me on MARCH 13 1985.

Gilbert P. Quintana, Examiner
Oil Conservation Division