

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 5, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
W. T. Kelleher	Kelleher + Kelleher	Santa Fe
Joe W. Ramey	CFC + Pollution Control	Hobbs, NM
DAVE BONEAU	YATES PETROLEUM	ARTESIA, NM
DAVID LANNING	YATES PETROLEUM	ARTESIA, NM
William L. Lee	Campbell + Black	Santa Fe
Prob. Hahn	Byram	Santa Fe
Chad Dickson	Dickson, Park + Dickson	ARTESIA
Steve Pitts	TXO PRODUCTION CORP.	MIDLAND, TX
Andrew T. Jure	TXO Production Corp.	Midland, TX
Charles Boyce	Amoco Prod Co	DENVER
GARY PAULSON	Amoco Prod. Co	Denver
S. J. Witter	Cities Service	MIDLAND
Hanny Kitchell	CITIES SERVICE	MIDLAND
Doug Koch	SUN EXPLORATION AND PRODUCTION COMPANY	Midland, TX
Judy Ferris	SUN EXPLORATION AND PRODUCTION COMPANY	Dallas, TX
W. K. Kendrick	MINER, INC.	Tulsa, OK
R. L. Seaton		MIDLAND, TX

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NAME	REPRESENTING	LOCATION
Jack Jaynes	New Mexico	Albuquerque, N.M.
JD Sphar	New Mex & AZ Land Co	"
RICHARD J. BOTTJER	Amoco PRODUCTION CO	DENVER CO
Dan Dutton	Con. Engr	Santa Fe
Bob Frank	UTPC	Farmington

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

5 February 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of C & C Operating Cor-      CASE  
poration for salt water disposal,      8816  
Lea County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant:      William F. Carr  
Attorney at Law  
CAMPBELL & BLACK P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

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## I N D E X

JOE D. RAMEY

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MR. CATANACH: The hearing will come to order this morning for Docket No. 4-86.

Call the first Case Number 8816.

MR. TAYLOR: The application of C & C Operating Corporation for salt water disposal, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell & Black, P. A. of Santa Fe, appearing on behalf of C & C Operating Corporation.

I have one witness.

MR. CATANACH: Are there other appearances in this case?

Will the witness please stand and be sworn.

(Witness sworn.)

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

## 1 DIRECT EXAMINATION

2 BY MR. CARR:

3 Q Will you state your name, please, and  
4 place of residence?5 A Joe D. Ramey. I reside in Hobbs, New  
6 Mexico.7 Q Mr. Ramey, by whom are you employed and  
8 in what capacity?9 A I'm an oil and gas consultant and I've  
10 been retained by C & C Operating Corporation in this case.11 Q Have you previously testified before this  
12 Division and had your credentials as a petroleum engineer  
13 accepted and made a matter of record?

14 A Yes, I have.

15 Q Are you familiar with the application  
16 filed in this case on behalf of C & C Operating Corporation?

17 A Yes, I am.

18 Q Are you familiar with the subject well?

19 A Yes.

20 MR. CARR: We tender Mr. Ramey  
21 as an expert witness in petroleum engineering.22 MR. CATANACH: He is so quali-  
23 fied.24 Q Mr. Ramey, would you briefly state what C  
25 & C seeks with this application?

1           A           C & C requests that they be allowed to  
2 convert their Lea "OR" State Well No. 3, located in Unit P  
3 of Section 12, Township 18 South, Range 36 East, Lea County,  
4 New Mexico, to a salt water disposal well to handle the pro-  
5 duced water from other wells on the lease.

6                       They will inject in -- back into the pro-  
7 ducing formation water produced from that formation.

8           Q           Mr. Ramey, would you identify what has  
9 been marked as C & C Exhibit Number One?

10          A           C & C Exhibit One is the entire -- it's  
11 the entire packet.

12          Q           Is that the Oil Conservation Division's  
13 Form C-108 with all attachments?

14          A           Right.

15          Q           Was it previously filed with the Divi-  
16 sion?

17          A           Yes, it has been.

18          Q           What is the injection interval in the --  
19 in the well that you're proposing to use for disposal pur-  
20 poses?

21          A           Injection will be into the San Andres  
22 through perforations 4942 to 4986.

23          Q           When approximately was this well drilled?  
24 Do you know?

25          A           No, I do not know.

1           Q           It is, however, you're not proposing to  
2 drill a well, you're going to be converting an existing well  
3 for disposal purposes.

4           A           It will be an existing well converted.  
5 These wells were drilled by Aztec Oil and Gas and I've got  
6 every bit of information except when that would be; fifteen  
7 or twenty years ago.

8           Q           And what is the present status of the  
9 well?

10          A           The well is presently converted to dispo-  
11 sal. It has all the packer and tubing in place. It was a  
12 producing oil well from the Arkansas Junction San Andres but  
13 several years ago the well became uneconomical to produce  
14 and was shut in until recently and it has been converted to  
15 the disposal well.

16          Q           Mr. Ramey, would you refer to the plat  
17 which is the second page of Exhibit One and identify this  
18 and review the information on this plat?

19          A           This is just a plat of the area and it  
20 has the half mile circle, which is the area of interest, and  
21 then it has the two mile circle around the well. The well,  
22 of course, is circled right in the middle of the -- of both  
23 circles.

24          Q           Have you prepared tabular data on the  
25 wells within the area of review?

1           A           Yes, I have. There are a total of four  
2 wells within the area of review, three of which are -- are  
3 either shut in or producing wells and one which is a plugged  
4 and abandoned well.

5           Q           Does your Exhibit Number One contain tab-  
6 ular data which shows the well type, the construction, the  
7 date drilled, the location, the depth and completion infor-  
8 mation?

9           A           Everything except the date drilled. It  
10 does have all the -- all the other information.

11          Q           And does this exhibit also include a  
12 schematic drawing on the plugged and abandoned well in the  
13 area of review?

14          A           Yes, it does.

15          Q           Does this exhibit also contain a schema-  
16 tic of the proposed disposal well?

17          A           Yes.

18          Q           Would you please refer to that, which I  
19 believe is the third page in Exhibit Number One, and review  
20 the present completion for disposal purposes of this well?

21          A           The well has 8-5/8ths inch casing at 360  
22 feet and it was cemented with 240 sacks and cement circu-  
23 lated.

24                       The production string is 5-1/2 inch cas-  
25 ing and it was cemented with 295 sacks and the top of the

1 cement on that string is at 3500 feet, which was established  
2 by a temperature survey.

3 The well -- the well has 2-3/8ths inch  
4 tubing, which is lined with SALTA PVC liner and it has a  
5 Geiberson tension packer set at 4833. Mr. Examiner, in the  
6 section below the schematic drawing I have 4900 feet listed  
7 there and that should be 4833. The information next to the  
8 schematic drawing is correct at 4833.

9 I was first told it was 4900 and when I  
10 went through and made my corrections, I guess I missed that;  
11 sorry.

12 MR. CATANACH: Okay.

13 A The well is in the Arkansas Junction San  
14 Andres Oil Pool and the injection will be into the producing  
15 formation.

16 Q Mr. Ramey, will the annulus be filled  
17 with a fluid?

18 A Yes, the annulus has been filled with  
19 treated water.

20 Q And does C & C agree to pressure testing  
21 of the fluid in the annular space as required by the Federal  
22 Underground Injection Control Program?

23 A Yes, they will do that and they will also  
24 have a valve on the annular space to indicate any tubing or  
25 packer leakage.

1           Q           Now you testified that you're going to be  
2 injecting into the San Andres. What is the source of the  
3 water you propose to inject?

4           A           This is produced water from the San An-  
5 dres formation.

6           Q           And what is currently being done with  
7 that water?

8           A           That water is now being put into a tanker  
9 and hauled to a disposal site. I don't know where, but --

10          Q           What volumes do you propose to inject in  
11 this well?

12          A           The initial volume will be 20 barrels per  
13 day and I would think that the maximum anticipated volume is  
14 100 barrels a day. We've been approached by Cavalcade to  
15 perhaps take care of their water and if we can handle our  
16 own water, then we may, we may think about taking care of  
17 Cavalcade's water.

18          Q           Will the system be open or closed?

19          A           It will be a closed system

20          Q           And will be injecting under pressure or  
21 will it be by gravity?

22          A           We have tested the well and initially we  
23 think it certainly will, 20 barrels of day ought to go in by  
24 gravity. We'll just connect it to the heater-treater, which  
25 has a, probably, a 50-pound pressure on the heater-treater,

1 and that, hopefully, will be the maximum pressure; however,  
2 we do request an injection pressure of 988 psi, which is the  
3 ations at 4942.

4 So we would request that the order state  
5 we can have a pressure, maximum pressure of 988 psi.

6 Q Mr. Ramey, do you have an analysis of the  
7 fresh water in this area?

8 A I have an analysis. There are no -- no  
9 wells within a mile, no fresh water wells within a mile, but  
10 I do have some -- four fresh water analyses from wells to  
11 the south of this -- of this area.

12 These were -- these were some wells that  
13 were available and I just attached that to illustrate the  
14 calibre of the fresh water which -- which is very good in  
15 this area.

16 Q From what zone is this water being pro-  
17 duced?

18 A It is from the Ogallala.

19 Q You testified there are no fresh water  
20 wells within a mile of the proposed disposal well.

21 A Yes, that is correct.

22 Q Has notice of this application been given  
23 to offsetting property owners and the surface owner?

24 A Yes.

25 Q And are a list of those interest owners

1 included in Form C-108 which you've previously filed?

2 A That is correct. I did send by certified  
3 mail to everyone but the New Mexico State Land Office, but  
4 that wasn't required but I listed them because I did send  
5 them a copy of the information and advised them that a well  
6 on State land would be converted to disposal.

7 Q Mr. Ramey, I've handed you what's marked  
8 as C & C Exhibit Number Two. Would you identify this,  
9 please?

10 A This is copies of the return receipts  
11 from the certified mailing.

12 Q Have you examined the available geologic  
13 and engineering data on this -- in this area?

14 A Yes, I have.

15 Q And based on this examination have you  
16 found any evidence of open faults or any hydrologic connec-  
17 tions between the disposal zone and any underground source  
18 of drinking water?

19 A No, I can find no -- no evidence of open  
20 faulting or any other hydrologic connection between the San  
21 Andres disposal zone and the Ogallala fresh water that is at  
22 a depth of around 290 feet in this area.

23 Q In your opinion will granting this appli-  
24 cation be in the best interest of conservation, the preven-  
25 tion of waste, and the protection of correlative rights?

1           A           Yes, it will be. I don't -- I don't  
2 think the volume involved could possibly hurt the producing  
3 formation and could possibly indicate the potential for  
4 future waterflood possibilities in this area.

5           Q           Mr. Ramey, does C & C request that this  
6 order be expedited?

7           A           Yes. They have the well ready to go and  
8 as soon as they get an order, why, they can cut down on  
9 their hauling costs.

10          Q           Where Exhibits One and Two prepared by  
11 you or compiled under your direction and supervision?

12          A           Yes, they were.

13                       MR. CARR: At this time, Mr.  
14 Catanach, we offer C & C Exhibits One and Two into evidence.

15                       MR. CATANACH: Exhibits One and  
16 Two will be admitted into evidence.

17                       MR. CARR: That concludes my  
18 direct examination of Mr. Ramey.

19

20

CROSS EXAMINATION

21 BY MR. CATANACH:

22          Q           Mr. Ramey, that well is located on State  
23 land, right?

24          A           Yes, it is.

25          Q           And it's leased to Snyder Ranches?

1           A           Yes.    Snyder Ranches has the -- has the  
2 surface lease on it.

3                           MR. CATANACH:  I don't have any  
4 further questions.

5                           Are there any other questions  
6 of the witness?

7                           If not, he may be excused.

8                           One more question, Mr. Ramey.

9  
10                           CROSS EXAMINATION

11 BY MR. TAYLOR:

12           Q           Did you -- is Elk Oil Company an operator  
13 there and did you send them a copy of the notice?  I don't  
14 see them on here but I see you have them listed on this ad-  
15 dress list.  My map is not too clear.

16           A           Elk Oil Company?

17           Q           Yeah, you've got them listed on your ad-  
18 dress list here at the last page.

19           A           Well, --

20           Q           But I don't see a return receipt and I  
21 don't know if I should.

22           A           Maybe I've got it confused with the next  
23 case.  Let's see, is Elk Oil --

24                           Well, I got Elk Oil Company from some  
25 place.  It shows Elk.  Isn't that Elk directly to the south

1 of --

2 Q I can't read it.

3 A I believe that's -- I believe that's Elk  
4 Oil Company directly to the south. I did send them copies  
5 of the --

6 Q Okay, you sent them a copy of the --

7 A I have the receipt here of -- of certi-  
8 fied mailing.

9 Q Why don't we make a copy of that and put  
10 it in our file?

11 MR. CARR: We'll make a copy of  
12 this and mark it Exhibit Number Three.

13 We move that Exhibit Number  
14 Three be admitted.

15 MR. CATANACH: Exhibit Number  
16 Three will be admitted.

17 We have no further questions of  
18 the witness. Now he may be excused.

19 Is there anything further in  
20 Case 8816?

21 If not, it will be taken under  
22 advisement.

23

24 (Hearing concluded.)

25

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 (Commission) 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. 8816, heard by me on Feb 5 1986.

David L. Catenant, Examiner  
Oil Conservation Division