

RICE Engineering Corporation

122 WEST TAYLOR TELEPHONE (505) 393-9174

HOBBS, NEW MEXICO 88240

January 4, 1988

142

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Penrock
Oil Corporation for salt
water disposal
Lea County, New Mexico
(Case 9287)

M.S.

Gentlemen:

We are in receipt of a Notice of Application by Penrock Oil Corporation for a Grayburg-San Andres salt water disposal well in the Vacuum Field, Lea County, New Mexico.

Rice Engineering Corporation operates three (3) SWD wells within a mile radius of Penrock Oil Corporation's proposed SWD well George McGonagill #1, located at 330' FNL, 990' FEL, Section 2, T18S, R35E, Lea County, New Mexico. Produced water is disposed by gravity injection in the same Grayburg-San Andres interval in all three Rice operated SWD wells.

We hereby respectfully request that your office restrict any pressurized injection with respect to injection volumes and pressure ratings in the George McGonagill #1 well, if applicable, in view of Rice's gravity SWD wells approximately 3/4 miles to the north. Your immediate attention to this matter will be greatly appreciated.

Yours very truly,

RICE ENGINEERING CORPORATION

L. B. Goodheart
Division Manager

SAH/jp
cc: District 1 office

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

January 27, 1988

RECEIVED

JAN 28 1988

Mr. David R. Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

OIL CONSERVATION DIVISION

"Hand Delivered"

Re: Application of Penroc Oil Corporation
for Approval of the McGonagill
Well No. 1 as a SWD Well
NMOCD Case 9287

Dear Mr. Catanach:

The referenced case was heard on January 20, 1988. I wish to supplement our presentation on behalf of Penroc Oil Corporation to include the following additional information:

1. A copy of a typical water analysis for the Vacuum San Andres Field; and
2. Copy of a waiver of objection letter from Mr. Bill Lee as owner of the surface of the SWD location.

You may recall that Penroc proposes that this well will be a commercial disposal facility in the area with a pressure limitation of .2 psi per foot of depth and a volume limitation of 3,000 BWPD.

Please call me if you have any questions. We would appreciate your assistance in having this order issued as soon as possible.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: M. Y. Merchant

HALLIBURTON DIVISION LABORATORY

HALLIBURTON COMPANY

MIDLAND DIVISION

LOVINGTON, NEW MEXICO 88260

LABORATORY WATER ANALYSIS

No. _____

To _____

Date 3-14-57

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by _____ Date Rec. _____

Well No. _____ Depth 4,700' Formation San Andres

County 2 Field Buckeye (Vacuum) Source _____

Resistivity 0.050 @ 74° F.

Specific Gravity 1.139

pH 6.8

Calcium (Ca) 2,120 *MPL

Magnesium (Mg) 898

Chlorides (Cl) 123,000 ✓

Sulfates (SO₄) 3,400

Bicarbonates (HCO₃) 165

Soluble Iron (Fe) Nil

Sodium, Na 77,400

Remarks: _____ *Milligrams per liter

Respectfully submitted,

Analyst: _____

HALLIBURTON COMPANY

cc: _____

By _____

DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

BILL L LEE

WEST STAR ROUTE, BOX 465
LOVINGTON, NEW MEXICO 88260

January 21, 1988

Penroc Oil Corporation
P. O. Box 5970
Hobbs, New Mexico 88241

Attn: M. Y. (Merch) Merchant

Re: Statement of No Objection

Dear Mr. Merchant:

This letter is to advise you that Lee Cattle Company has no objection for Penroc Oil Corporation to install salt water disposal facilities at George McGonagill Well No. 1 and the State AF Well No. 3.

Please note that George McGonagill is located on patented surface and the State AF No. 3 is located on State Land under lease to R. D. Lee and Bill Lee aka Lee Cattle Company.

Sincerely,

LEE CATTLE COMPANY



Bill Lee
Partner



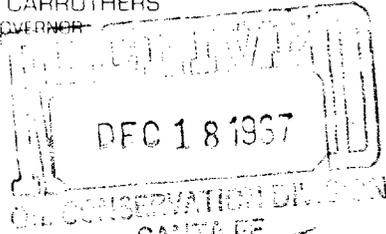
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

12-15-87

Case File - 9287

POST OFFICE BOX 1980
 HOBBS, NEW MEXICO 88241 1980
 (505) 393-6151

GARREY CARRUTHERS
 GOVERNOR



OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

RE: Proposed:
 MC _____
 DHC _____
 NSL _____
 NSP _____
 SWD _____
 WFX _____
 PMX _____

Gentlemen:

I have examined the application for the:

Penroc oil corp. *George M. Donagill #1-A* *2-18-35*
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK JS

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed



P. O. Box 1116 Telephone 505 396-3681

LOVINGTON, NEW MEXICO 88260

December 21, 1987

Penroc Oil Corporation
Attn: M. Y. Merchant, President
P.O. Box 5970
Tobbs, N.M. 88241

Re: Conversion to Water Disposal
George McGonagill No. 1
NM Oil Conservation Commission Form C-108

Dear Sir:

Due to the limited information we have on "copies" per your C-108,
to convert this well, we find:

Side 1:

- I. Purpose-OK
- II. Operator-OK
- III. Well Data-NONE INCLUDED
- IV. Not applicable to Southwestern Inc.
- V. Map-Attached, as noted
- VI. Data-NOT ATTACHED
- VII. Data-NOT ATTACHED
- VIII. Not applicable to Southwestern Inc.
- IX. Not applicable to Southwestern Inc.
- X. Not applicable to Southwestern Inc.
- XI. Chemical Analysis-NOT ATTACHED
- XII. Data Examination-NOT ATTACHED
- XIII. "Proof of Notice"-NO RECORD, NO COPY
- XIV. Not applicable to Southwestern Inc.

Side 2:

- III.
 - A.
 1. NOT ATTACHED
 2. NOT ATTACHED
 3. NOT ATTACHED
 4. NOT ATTACHED
 - B.
 1. NOT ATTACHED, (incomplete)
 2. NOT ATTACHED
 3. NOT ATTACHED
 4. NOT ATTACHED

December 21, 1987
Page 2

We need to know:

1. At what interval you propose to inject: the footage from the surface, and what zone.
2. Analysis of majority of water injected.
3. Volume of water you estimate to inject.
4. Injection pressure (within 90 days) from initial injection.

Sincerely,

D.R. Bell/bfm

D. R. Bell
Production Foreman

DRB/bfm

CC: Oil Conservation Commission, Hobbs, N.M.

PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

Re: Conversion of PENROC OIL CORPORATION's
George McGonagill No. 1 to a disposal well

Dear sir:

Please find enclosed a copy of PENROC OIL CORPORATION application to convert the George McGonagill No. 1 well to a disposal well. This application is being furnished to you per New Mexico Oil Conservation requirements.

No reply is required unless you object to this application. Thank you for your cooperation.

Sincerely,

PENROC OIL CORPORATION

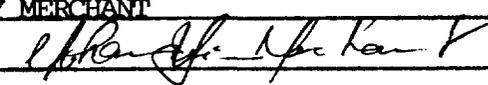

M. Y. (Merch) Merchant
President

MYM/br

Enclosures

CC: NMOCD - Santa Fe
NMOCD - Hobbs
Exxon - Hobbs
H.E. Yates - Roswell
Cities Service - Midland
Southwestern, Inc. - Lovington
B T A - Midland
Hondo Oil & Gas - Roswell
R.D. Lee - Lovington
W.T. Kellahin - Santa Fe

APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? yes no
- II. Operator: PENROC OIL CORPORATION
Address: P.O. BOX 5970 HOBBS, NEW MEXICO 88241
Contact party: M.Y. MERCHANT Phone: 505-397-3596
- III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? yes no
If yes, give the Division order number authorizing the project _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review. **ATTACHED**
- * VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. **ATTACHED**
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.). **ATTACHED**
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval. **ATTACHED**
- IX. Describe the proposed stimulation program, if any. **ATTACHED**
- * X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)
- * XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken. **ATTACHED**
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water. **ATTACHED**
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form. **ATTACHED**
- XIV. Certification
- I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- Name: M.Y. MERCHANT Title: President
Signature:  Date: December 14, 1987
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

ATTACHED

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

ATTACHED

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

ATTACHED

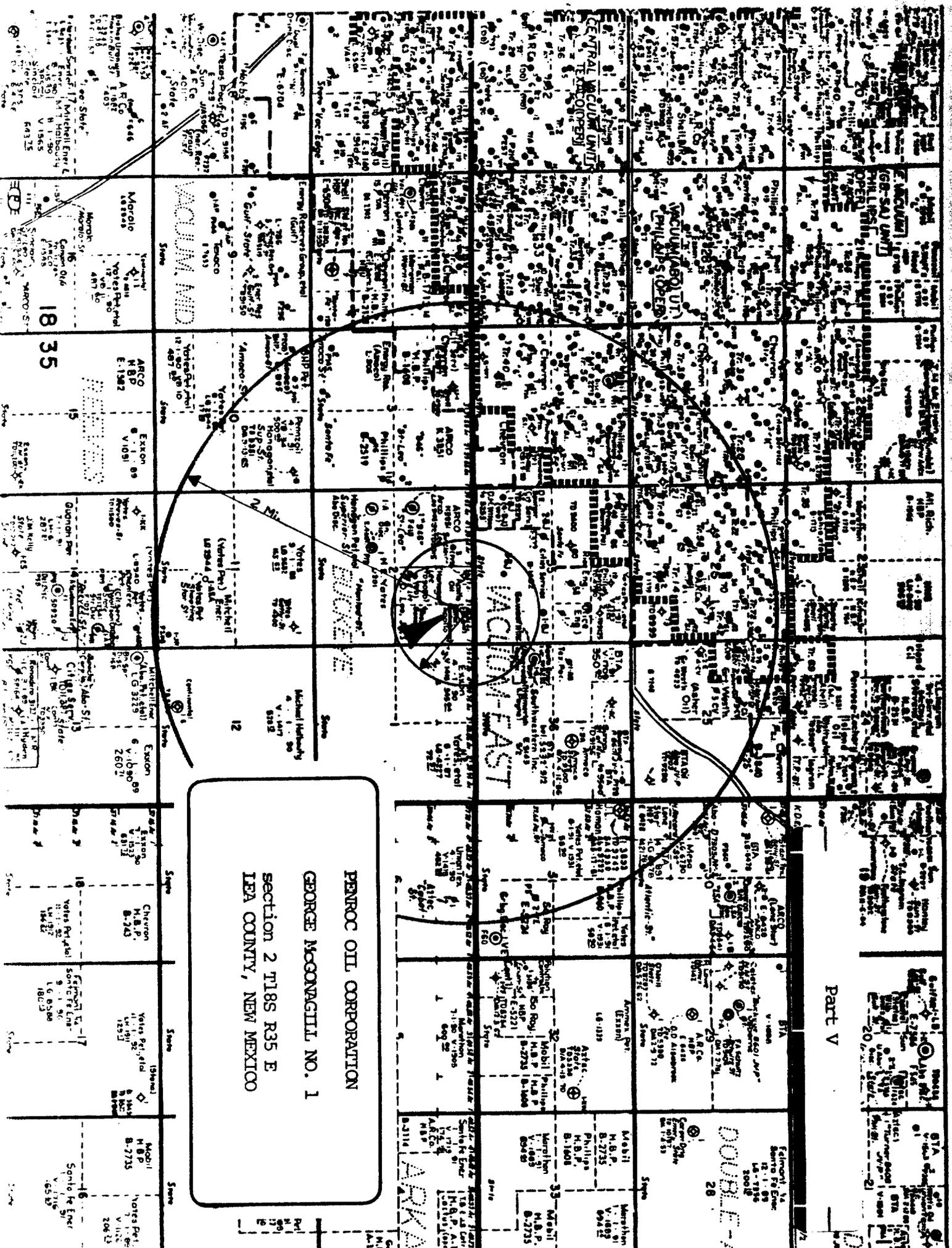
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

PENROC OIL CORPORATION
 GEORGE MCGONAGILL NO. 1
 section 2 T18S R35 E
 IEA COUNTY, NEW MEXICO



Part V

DOUBLE-A
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ARKAN

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18 35

