



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

3001 Northridge Drive
P.O. Drawer 419
Farmington, New Mexico 87401
(505) 327-4892

August 12, 1987

Case 7-20

RECEIVED

AUG 13 1987

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Division Director
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

REF: Basin Disposal, Inc.
Application for Salt Water
Disposal Well

Dear Mr. LeMay:

Enclosed you will find on behalf of Basin Disposal, Inc., two copies of the above-referred-to application.

Also enclosed is copy of letter, accompanied by copy of application, sent to Meridian Oil, Inc., as leasehold Operator of the Mesa Verde Formation.

Please note that some required data and information is not included due to the proposed well not being drilled and completed.

This information will be presented to the Commission as soon as it is available after drilling the well.

Thank you for your cooperation and consideration. If you have any questions or desire more information, please do not hesitate to call upon me.

Very truly yours,

Ewell N. Walsh, P.E.
President

ENW:rr

cc: Frank Chavez, OCD, Aztec, N.M. w/encl.
Basin Disposal, Inc. w/encl.

Enclosures

**WALSH**

ENGINEERING & PRODUCTION CORP.

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(505) 327-4892

September 21, 1987

Mr. William J. LeMay
Energy & Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501RECEIVED
SEP 22 1987
OIL CONSERVATION DIVISIONREF: Basin Disposal, Inc.
Application for Salt Water Disposal Well

Dear Mr. LeMay:

The following change is being made in the above-referred-to application.

Item III. Well Data - Attachment No. 1

- (2) (b) Production - 5-1/2", 15.50 lb., K-55, ST&C set at approximately 4700'. Cemented 7-7/8" hole in two stages.

First Stage: (TD to approximately 2300')

Lead Cement - 60 sacks 65/35 Pozmix (12.0% Gel) with 6-1/4 lbs. Gilsonite per sack.

Tail Cement - 200 sacks, 50/50 Pozmix (2% Gel) with 6-1/4 lbs. Gilsonite and 6 lbs. salt per sack.

(Estimated top of cement and Second Stage cementing tool - 300' below top of Pictured Cliffs Formation.

Second Stage: (Approximately 2400' to surface)

Lead Cement - 400 sacks 65/35 Pozmix (12.0% Gel) with 6-1/4 lbs. Gilsonite per sack.

Tail Cement - 50 sacks Class "B" Cement

(NOTE: all cement volumes to be determined after running logs.

- (3) 2-7/8", 6.50 lb., E.U.E., J-55, ST&C tubing with suitable lining will be utilized and set 50 to 100' above perforated injection interval.

Very truly yours,

Ewell N. Walsh, P.E.
President

ENW:rr

cc: Basin Disposal, Inc.

Perry Pierce, Montgomery Law Firm, Santa Fe., N.M.

Memo

From

FRANK T. CHAVEZ
District Supervisor

To

Bill L...



Oil Conservation Division

Aztec, New Mexico

COPY

RECEIVED

FEB 05 1988

LAW OFFICES
SUITE 103

STATE OF NEW MEXICO
COUNTY OF SAN JUAN
IN THE DISTRICT COURT

NO. CV-87-569-1107

STATE OF NEW MEXICO; TIMOTHY PAYNE,
individually and as next friend of
DOUGLAS BURKE SHIP, LYNN D. PAYNE
and AMANDA J. PAYNE; TERESA L. PAYNE;
MACK MANTLE; LILA SAIZ; PAT HARGIS;
TERRY CRAWFORD, individually and as
next friend of, TIMOTHY CRAWFORD,
JESSICA CRAWFORD and JENNIFER CRAWFORD;
and JUDY CRAWFORD; JERRY W. BEAL,
individually and as next friend of
JUSTIN LESKY; GAIL L. BEAL; ABEL
GALLEGOS, individually and as next friend of
VERONICA GALLEGOS, and LUCY GALLEGOS;
CRUZ GALLEGOS; ROSE GALLEGOS, as
next friend of ROBERTA GALLEGOS;
GARY MCDANIEL, individually and as next
friend of DEANNE MCDANIEL and BROOKE
MCDANIEL; TERESA MCDANIEL; RONNIE
M. MCDANIEL, individually and as next
friend of JOSHUA MCDANIEL, RHONDA
MCDANIEL and TONYA MCDANIEL;
JOANNE MCDANIEL; KENNETH J. RANEY,
individually and as next friend of
MICHAEL JAMES RANEY; TRACI RANEY; KENNETH
N. RANEY, individually and as next friend
of RICHARD C. RANEY; ROSE RANEY; GARY
SAIZ; KEVIN SAIZ; BOBBY WHITE; SERENA M.
WHITE; BILL WILLIAMS; M.B.N. PARTNERSHIP,
a New Mexico business association;
CHARLES HARGIS; WILLIAM HARGIS; CORA
CHARLEY; LARRIAL CHARLEY; LARRY L. CHARLEY;
FARRELL L. CHARLEY; DELAUREN ANN CHARLEY;
MESCALE CHARLEY; DOLORES CHARLEY; LUCY L.
CHARLEY; and CORLINA LARGO CHARLEY,

Plaintiffs,

v.

BASIN DISPOSAL INC., a New Mexico
corporation; JERRY SANDEL, individually
and as an officer and director of Basin
Disposal; D. C. TURNER, individually
and as an officer and director of Basin
Disposal; DAVID TURNER, individually
and as an officer and director of Basin
Disposal; CHIEF TRANSPORT CO., a New Mexico

corporation, SSS TRUCKING, a New Mexico corporation; JOHN DOE TRUCKING COMPANIES #I, II, and III; and JOHN DOES #IV, V and VI,

Defendants.

SUBPOENA DUCES TECUM
FOR DEPOSITION

TO: Frank Chavez
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico

GREETINGS:

Pursuant to N.M. Stat. Ann. Sec. 44-7-7 (1978) you are commanded to appear on Wednesday, February 24, 1988, at 9:00 a.m., until conclusion, at the office of John Dean, Esq., at 506 West Arrington, Farmington, New Mexico 87499, in the County of San Juan, to testify in the above-entitled action on behalf of Basin Disposal, Inc., before
Beth Cloninger, a certified court reporter.

AND BRING WITH YOU all files, telephone call notes, notes, logs, applications, approvals, diary's, specifications, reports, test results, and all other documents in your possession or under your control relating to the Basin Disposal, Inc., facilities, produced water disposal pits, drilling mud disposal pits, and other waste disposal facilities located in Units E and F, Section 3, T 29 N, R 11 W, San Juan County, New Mexico.

And this do ye under the penalty of the law.

IN WITNESS WHEREOF, I have hereunto set my hand and Seal of said Court this 4th day of February, 1988.

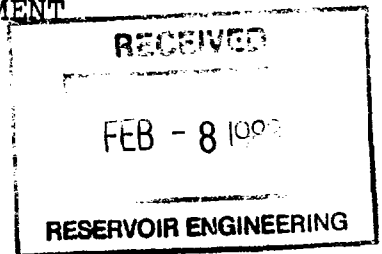
Larry Dunagan
EULA M. DUNAGAN, CLERK

By: *Kathy Deland*
Deputy

ATTORNEY: RUUD, WELLS & MANDE (505) 243-3727

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 9220
Order No. R-8524

APPLICATION OF BASIN DISPOSAL,
INC. FOR SALT WATER DISPOSAL,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of October, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Basin Disposal, Inc., seeks authority to dispose of produced salt water into the Point Lookout member of the Mesaverde formation in a perforated interval to be determined after drilling and running logs in its proposed disposal well to be located 2207 feet from the North line and 1870 feet from the West line (Unit F) of Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) Meridian Oil, Inc. (Meridian), the leasehold operator of the acreage upon which the disposal well is to be located, entered an appearance in this case at the time of the hearing.

(4) At the time of the hearing the applicant agreed to abide by a request from Meridian to confine injection in the proposed disposal well to the Cliff House member of the Mesaverde formation located at a depth of approximately 3800

feet and to limit the total depth of the proposed well to 3900 feet.

(5) An appearance was also made at the hearing by Mr. Joseph Goldberg on behalf of a number of residents who reside in close proximity to the proposed disposal well site whose concern centers around the open air pits the applicant is currently utilizing at the site to dispose of produced water.

(6) By letter to the Division dated September 9, 1987, which has been entered as part of the record in this case, the applicant has stated that the proposed injection well will be utilized as the primary method of water disposal at the disposal site.

(7) Evidence presented at the hearing indicates that the Beta Development Company Martin 3 Well No. 1, located 1611 feet from the North line and 790 feet from the West line of Section 3, Township 29 North, Range 11 West, NMPM, which is currently a producing gas well in the Dakota formation, may not be cemented adequately to confine the injection fluid to the proposed injection formation.

(8) Prior to initiating injection operations into the proposed well, the applicant should be required to perform remedial cement operations on the Martin 3 Well No. 1, or to demonstrate to the supervisor of the Division's Aztec district office that said Martin 3 Well No. 1 is adequately constructed so as to confine the injection fluid to the proposed injection formation.

(9) Injection should be accomplished through 2 7/8-inch lined tubing installed in a packer set within 100 feet of the uppermost perforation; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(10) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface to the proposed packer-setting depth to assure the integrity of such casing.

(11) The injection well or system should be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well

to no more than .2 psi per foot of depth to the uppermost perforation.

(12) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Mesaverde formation.

(13) The operator should give advance notification to the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

(14) The operator should take all steps necessary to ensure the injected water enters only the proposed injection interval and is not permitted to escape to other formations.

(15) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste due to premature abandonment of existing producing wells.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Basin Disposal, Inc., is hereby authorized to utilize a well to be drilled at a location 2207 feet from the North line and 1870 feet from the West line (Unit F) of Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, to dispose of produced salt water into the Cliff House member of the Mesaverde formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer to be set within 100 feet of the uppermost perforation.

PROVIDED HOWEVER THAT, injection shall be limited to the Cliff House member of the Mesaverde formation; the tubing shall be lined; the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing, or packer.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner

that is satisfactory to the supervisor of the Division's district office at Aztec.

PROVIDED FURTHER THAT, prior to commencing injection operations into the well, the applicant shall cement the production string in the Martin 3 Well No. 1, described in Finding No. (8) above, across, above, and below the injection zone or shall demonstrate to the supervisor of the Division's Aztec district office that said Martin 3 Well No. 1 is adequately constructed so as to confine the injection fluid to the proposed injection formation.

(2) The applicant shall be required to furnish the Santa Fe office of the Division a copy of the log run on the well and detailed information on the location and extent of perforations in the well.

(3) The injection well or system shall be equipped with a pressure-limiting switch or other acceptable device that will limit the wellhead pressure on the injection well to no more than .2 psi per foot of depth to the uppermost perforation.

(4) The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injection fluid from the Cliff House member of the Mesaverde formation.

(5) The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

(6) The operator shall immediately notify the supervisor of the Division's Aztec district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

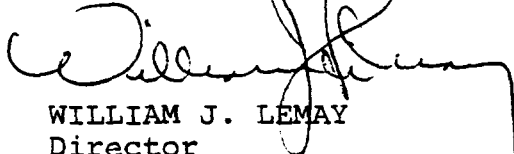
(7) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 708, and 1120 of the Division Rules and Regulations.

(8) The applicant shall, insofar as is practical, utilize the disposal well as the primary means of disposing produced salt water at the site.

(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

fd/

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

October 16, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5800

Mr. W. Perry Pearce
Montgomery and Andrews
Attorneys at Law
P. O. Box 2307
Santa Fe, New Mexico

Re: CASE NO. 9220
ORDER NO. R-8524

Applicant:

Basin Disposal, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Joe Goldberg , Thomas Kellahin