

Wagner & Brown

Oil & Gas Producers

Suite 1200 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

JERRY L. HAMILTON
Petroleum Engineer

(915) 682-7936

May 6, 1988

Case 9400

New Mexico Oil Conservation Division
P.O.Box 2088
Santa Fe, New Mexico 87501

Attn: David Catanach

Re: W&B Application to Expand
Existing Disposal Interval
Soldier Hill "AE" State #1-C
Lea County, New Mexico

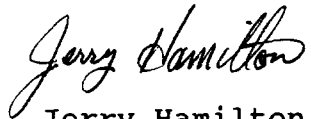
Gentlemen:

Enclosed is an original and one copy of our application to expand the saltwater disposal interval in the above referenced well. Currently we are disposing into the Devonian (11,224'-11,234'). We want to expand this interval to incorporate everything from 6,000'-11,234'.

According to our telephone conversation of this date, the hearing has been set in Santa Fe, New Mexico on June 8, 1988 at 8:15 a.m.

Sincerely,

WAGNER & BROWN



Jerry Hamilton,
Engineer

JH/jgf

Enclosures

RECEIVED

JUN 2 1988

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF WAGNER & BROWN TO AMEND
DIVISION ORDER No. R-4326,
LEA COUNTY, NEW MEXICO.

CASE NO. 9400

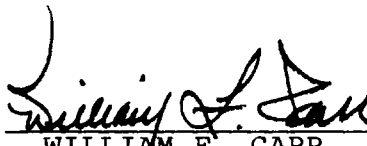
ENTRY OF APPEARANCE

COMES NOW CAMPBELL & BLACK, P.A., and hereby enters its
appearance in the above-referenced case on behalf of OXY USA,
Inc.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:


WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

ATTORNEYS FOR OXY USA, INC.



OXY USA INC.
Box 50250, Midland, TX 79710

May 18, 1988

RECEIVED

MAY 20 1988

OIL CONSERVATION DIVISION

NEW MEXICO OIL CONSERVATION DIVISION
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 9400

Attention of Mr. David Catanach

Subject: APPLICATION TO EXPAND DISPOSAL INTERVAL
Wagner & Brown - Soldier Hill "AE" State 1-C
NE/4 NW/4 Section 23, T-12-S, R-32-E,
Lea County, New Mexico.

Gentlemen:

OXY USA Inc., (formerly Cities Service Oil and Gas Corporation), has been notified that an application has been made to expand the salt water disposal interval in the captioned well.

It is our understanding that this application will not be approved administratively. If the matter is set for hearing, this is to advise that Oxy USA Inc. will appear and present evidence and testimony in opposition to this application.

Very truly yours,

Robert D. Hunt
Engineering Manager
Midland District

RDH/pk

cc: Mr. R. L. Hocker - Tulsa
Mr. K. D. Van Horn - Midland
Mr. Frank Vitrano - Midland

Federal Express Mail



VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 27, 1988

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Wagner & Brown Application to expand existing Disposal Interval -
Soldier Hill "AE" State
#1-C CASE #9400 6-8-88 HEARING
Township 12 South, Range 32 East, N.M.P.M.:
Section 23: NE $\frac{1}{4}$ NW $\frac{1}{4}$
Lea County, New Mexico
State Lease B-9948

Gentlemen:

In regard to the above captioned hearing, Ronadero Company, Inc. owns NM State Lease B-9948 which covers among other depth rights, the rights below the Queen Formation (2,250') down to and including 8,999'.

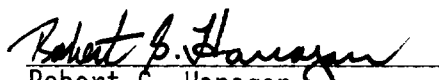
Based on electric logs and samples, it is the opinion of Ronadero Company, Inc. that the Wolfcamp formation has several possible zones which could be productive, namely within the interval of 8,450' thru 8,880'.

Ronadero Company, Inc. believes that to allow water injection in the Wolfcamp section would make the recovery of any such primary production therefrom virtually impossible. Therefore, Ronadero Company, Inc. respectfully requests that the captioned request be denied as to the intervals covered by Ronadero Company, Inc.'s oil and gas lease or at the very least as to 8,450' to 8,880'.

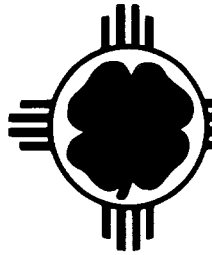
Should you need anything further in this matter or have any questions, please feel free to call on me.

Very truly yours,

RONADERO COMPANY, INC.

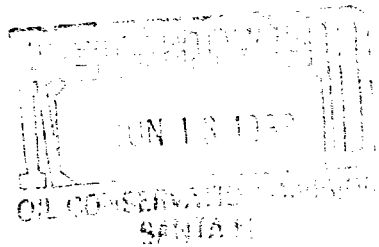

Robert G. Hanagan
President

RWH/drs



RONADERO

P. O. Box 400
Roswell, New Mexico 89201



VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 6, 1988

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Wagner & Brown Application to expand existing Disposal Interval -
Soldier Hill "AE" State
#1-C **CASE #9400 6-8-88 HEARING**
Township 12 South, Range 32 East, N.M.P.M.:
Section 23: NE $\frac{1}{4}$ NW $\frac{1}{4}$
Lea County, New Mexico
State Lease B-9948
(RCI-3983)

Gentlemen:

In regard to the captioned and to our letter dated May 27, 1988, this letter is to further state Ronadero Company, Inc.'s position as to this matter.


Ronadero Company, Inc.'s only objection in this case is towards water injection in the Wolfcamp formation (8,450' thru 8,880').

Should it be necessary for Wagner & Brown to set packers above and below this interval so that they may continue to dispose of salt water in the Devonian formation ONLY, then Ronadero Company, Inc. has no objection in this case. Further, Ronadero Company, Inc. would like to see some type of testing done, tracer survey, etc., to verify that the water is indeed going in the Devonian formation.

Should there be any questions or should you need anything further, please feel free to call on me.

Very truly yours,

RONADERO COMPANY, INC.


Robert W. Haragan
Vice President

RWH/drs

Wagner & Brown

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

June 20, 1988

(915) 682-7936

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: David Catanach

Re: W&B Application To Expand
Existing Disposal Interval
Soldier Hill "AE" State No. 1-C
Lea County, New Mexico

Gentlemen:

Enclosed herewith is a copy of the Casing Inspection Log that you requested at the hearing held on June 8, 1988 in connection with the above disposal well application.

Sincerely,

WAGNER & BROWN



Jerry Hamilton,
Engineer

JH:jws

encl.

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

September 20, 1988

Ms. Florene Davidson
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: Wagner & Brown
NMOCD Case 9400
Order R-4326-A

Dear Florene:

Our firm represents Wagner and Brown. Mr. Jerry Hamilton of Wagner & Brown brings to my attention some drafting errors in the referenced order which was issued on September 13, 1988.

I have taken a copy of the order and indicated in red those items that require correction. The main error is that the testimony at hearing was that the casing size is 5 1/2" and not 7 7/8th. The 7 7/8th is the size of the hole in which the 5 1/2" casing will be run.

Please call me if you have any questions.

Very truly yours,


W. Thomas Kellahin

WTK/dm
Encl.
cc: Jerry Hamilton

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. 9400
Order No. R-4326-A

APPLICATION OF WAGNER & BROWN TO
AMEND DIVISION ORDER NO. R-4326,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 8, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of September, 1988, 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) By Order No. R-4326, dated June 14, 1972, the Division authorized the applicant to utilize the Soldier Hill State "AE" Well No. 1 located 800 feet from the North line and 1800 feet from the West line (Unit C) of Section 23, Township 12 South, Range 32 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Devonian formation at approximately 11,224 feet to 11,234 feet.

(3) The applicant, Wagner & Brown, seeks to amend said Order No. R-4326 to expand the existing disposal interval in the subject well to include all formations from a depth of approximately 6000 feet to 11,234 feet.

CASE NO. 9400
Order No. R-4326-A
Page -2-

(4) Oxy USA, an offset operator to the disposal well, appeared at the hearing in opposition to the proposed expansion of the injection interval in the subject well.

(5) The subject well is currently being utilized to dispose of produced water from the applicant's Cleveland Well No. 1 located in Unit G of said Section 23, which is currently producing from the East Caprock-Devonian Pool.

(6) The evidence presented indicates that the subject well is constructed in the following manner:

11 3/4-inch casing set at 236 feet, cemented with 250 sacks, cement top at surface;

8 5/8-inch casing set at 3619 feet, cemented with 250 sacks, cement top at 2750 feet;

✓ 5 1/2" 7 7/8-inch casing set at 11,288 feet, cemented with 300 sacks, cement top at 9700 feet. 5 1/2"

✓ (7) The evidence further indicates that the 7 7/8-inch production casing in the subject well has extensive damage at various intervals from approximately 6000 feet to 9950 feet, and as such cannot demonstrate mechanical integrity as outlined in Rule 704 (A) of the Division Rules and Regulations.

(8) The evidence presented further indicates that from the surface to a depth of approximately 6000 feet, said production casing is in adequate condition to demonstrate mechanical integrity.

(9) The applicant presented evidence and testimony which indicates that due to the condition of the casing and the mechanical configuration of the subject well, the existing production casing cannot be repaired and a liner cannot be installed in the well.

CASE NO. 9400
Order No. R-4326-A
Page -3-

(10) The applicant seeks authority to expand the injection interval in the subject well for the sole purpose of altering the mechanical configuration of the well, thereby allowing continued disposal operations into the Devonian formation while adequately demonstrating mechanical integrity from the surface to a depth of approximately 6000 feet.

(11) The applicant has no intention of actually utilizing any formation for disposal purposes other than the currently approved Devonian formation.

(12) To this end, the applicant proposes to alter the mechanical configuration of the subject well as follows:

✓ Perforate the existing ~~7 7/8~~ ^{5 1/2"} inch production casing at a depth of approximately 6000 feet and cement with 150 sacks;

~~5.600/155~~
Set 2 3/8-inch ~~lined~~ tubing at 10,750 feet with a dual packer system, the upper packer to be set at approximately 6000 feet and the lower packer to be set at approximately 10,750 feet.

(13) The applicant testified that subsequent to changing the mechanical configuration of the well, all injection would occur into the Devonian formation and further proposes to run a radioactive tracer survey annually on the subject well in order to assure injected water is entering only the Devonian formation.

(14) The proposed expansion of the injection interval for the subject well in this case is unnecessary and should therefore be denied.

(15) At the time of the hearing, all parties agreed that simply authorizing the applicant to alter the mechanical configuration of the well as described in Finding No. (12) above would allow the continued use of the well as a Devonian disposal well.

CASE NO. 9400
Order No. R-4326-A
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(16) The proposed mechanical alteration and method of operation will adequately protect fresh water supplies in the area and will further prevent waste by allowing the applicant to continue producing its Cleveland Well No. 1 as described in Finding No. (5) above.

(17) Oxy USA has no objection to the proposed mechanical alteration and method of operation.

(18) In order to prevent waste, protect correlative rights, and assure the protection of fresh water supplies, Division Order No. R-4326 should be amended to allow the altering of the mechanical configuration of the Soldier Hill "AE" State Well No. 1.

IT IS THEREFORE ORDERED THAT:

(1) The application of Wagner & Brown for the amendment of Order No. R-4326 by the expansion of the injection interval in the Soldier Hill "AE" State Well No. 1 is hereby denied.

(2) Ordering Paragraph (1) of Division Order No. R-4326 dated June 14, 1972, is hereby amended to read in its entirety as follows:

" That the applicant, Wagner & Brown, is hereby authorized to utilize its Soldier Hill "AE" State Well No. 1 located 800 feet from the North line and 1800 feet from the West line (Unit C) of Section 23, Township 12 South, Range 32 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Devonian formation; injection should be accomplished through 2 3/8-inch ~~lined~~ tubing set in a dual packer configuration, the upper packer to be set at a depth of approximately 6000 feet, and the lower packer to be set at a depth of approximately 10,750 feet, with injection into the perforated interval from approximately 11,224 feet to 11,234 feet;

Fiberglass

CASE NO. 9400
Order No. R-4326-A
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5 1/2 "

✓ PROVIDED HOWEVER THAT, prior to commencing injection operations into the subject well, the applicant shall perforate the 7 7/8-inch production casing at a depth of approximately 6000 feet and cement with 150 sacks of cement.

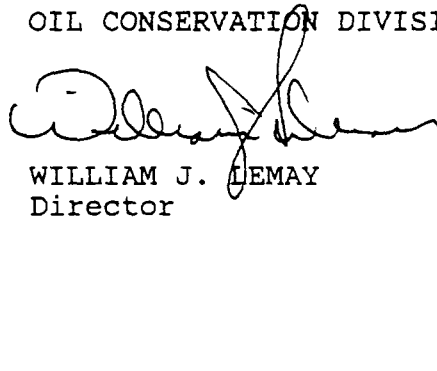
PROVIDED FURTHER THAT, prior to commencing injection operations into the subject well, the applicant shall pressure test the casing from the surface to a depth of approximately 6000 feet to assure the integrity of said casing; the applicant shall further notify the supervisor of the Hobbs district office of the Division of the date and time of commencement of workover operations and of the mechanical integrity test so that the same may be witnessed.

PROVIDED FURTHER THAT, the applicant shall annually run a radioactive tracer survey on the subject well in order to assure that injection is being confined to the Devonian formation; the applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time said survey is to be run on the well so the same may be witnessed; the applicant shall submit a copy of said survey to the Santa Fe office of the Division upon completion."

(3) 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



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

September 14, 1938

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5600

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9400
ORDER NO. R-2724

Applicant:

Wagner and Brown

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other William F. Carr

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 12, 1983

GARREY CARRUTHERS
GOVERNOR

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

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9400
ORDER NO. R-4326-A-1

Applicant:

Wagner and Brown

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other William F. Carr