

Foy and Middlebrook

Exploration and Production
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July 25, 1988

Airborne Express

Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87504
Attention Mr. David R. Catanach

Application for Appearance
August 17th Hearing
Culp Ranch Unit #2
Chaves County, New Mexico

Gentlemen:

Foy and Middlebrook (F&M) previously requested and had obtained Administrative Order No. SWD-343 to reenter the Mescalero Federal Well No. 1 located in Unit F of Section 11, Township 12 South, Range 30 East, NMPM, Chaves County, New Mexico to complete for injection of produced salt water into the San Andres Formation. F&M now requests said order be cancelled.

F&M recently drilled the Culp Ranch Unit Well #2 in Unit D of above section anticipating Devonian oil production, which was obtained and is being produced in the Culp Ranch Unit Well #1 in unit C. The #2 well was low and recovered a large quantity of Devonian formation water, but did encounter a zone that may be capable of some gas production in the Morrow formation. F&M now requests approval from the OCD to complete subject #2 well for salt water disposal purposes through tubing and into the non-productive Devonian formation, and produce whatever Morrow gas can be obtained up the casing. We desperately need a power source for the Culp Ranch Unit #1 as it is producing a dead oil with no gas of its own and which is 10 miles from the nearest electric line. We have an even greater need for a disposal system as our current disposal costs are approximately equal to the value received from production. Also, we now intend to reenter the Mescalero Federal No. 1 first referred to above in order to obtain Devonian oil production, therefore that well bore is not available for disposal purposes. Further, the Devonian will be a better disposal zone than the San Andres would have been.