

OIL AND GAS DOCKET NO. 05-0245884

THE APPLICATION OF GLOBAL OIL CORP. TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF OIL OR GAS, RAMSEY 122 LEASE WELL NO. 2, POWELL FIELD, NAVARRO COUNTY, TEXAS

HEARD BY: Donna K. Chandler, Technical Examiner
Mark J. Helmueller, Hearings Examiner

APPEARANCES:

APPLICANT:

Dirk Murdoch
Thomas Lancaster
Chris Raborn

REPRESENTING:

Global Oil Corp.

PROTESTANT:

Darlene Faulk Johnson
Bill Johnson

Darlene Faulk Johnson

PROCEDURAL HISTORY

Application Filed:	October 14, 2005
Request for Hearing:	December 30, 2005
Notice of Hearing:	January 20, 2006
Date of Hearing:	February 10, April 5, 2006
Proposal For Decision Issued:	May 8, 2006

EXAMINERS' REPORT AND PROPOSAL FOR DECISION

STATEMENT OF THE CASE

Global Oil Corp. ("Global") requests authority pursuant to Statewide Rule 46 to dispose of produced saltwater into its Ramsey 122 lease Well No. 2 in the Powell Field. This application is protested by Darlene Faulk Johnson, the surface owner of the tract on which the well is located.

DISCUSSION OF THE EVIDENCE

APPLICANT'S EVIDENCE

The Ramsey 122 Well No. 2 was drilled in 1991 to a total depth of 3,054 feet. The well was perforated in the Woodbine reservoir from 2,970-71 feet. However, the well was never successfully completed as a producing well. Global plans to use the well to dispose of produced water from its Ramsey 122 Well No. 1 and its Pugh lease Well No. 1, both of which produce from the Powell Field. The Ramsey 122 No. 1 has a potential of 21 BOPD and 500 BWPD and the Pugh No. 1 has a potential of 26 BOPD and 1,200 BWPD. Produced water from the two wells was previously disposed of into the Pugh No. 1W. The No. 1W has not been used for disposal since July 2005.

The subject well has 100 feet of 8 5/8" surface casing with cement circulated from the casing shoe to the ground surface. The well has 5 1/2" casing set at 3,050 feet, with the top of cement at 1,000 feet. The Texas Commission on Environmental Quality recommends that usable-quality ground water be protected to a depth of 100 feet. Injection will be through 2 3/8" tubing set on a packer at 2,900 feet. The proposed injection interval is in the Woodbine between 2,968 and 2,980 feet. The proposed maximum injection volume is 2,000 BWPD, with an estimated average of 1,500 BWPD. The proposed maximum injection pressure is 1,484 psig, but it is expected that the Woodbine will take water under vacuum.

Global requested a variance from the normal 1/4 mile radius of review for this well. Global submitted calculations showing that the proposed injection will not result in a pressure increase sufficient to threaten usable-quality water at a radius of 500 feet from the well. There are two wellbores within a 500 foot radius of the Ramsey 122 No. 2 which penetrate the injection interval. The Ramsey 122 No. 1 (the producing well) and the Ramsey 122 No. 3, which was plugged in 2004. Both wells have cemented casing across the proposed injection interval.

Notice of the subject application was published in *The Corsicana Daily Sun*, a newspaper of general circulation in Navarro County, on August 31, 2005. A copy of the application was mailed to the Navarro County Clerk's Office, the surface owner, and offsetting operators.

PROTESTANT'S EVIDENCE

Darlene Faulk Johnson is the surface owner of the Ramsey 122 lease. Mrs. Johnson objects to use of the proposed disposal well on her property. She testified that the Salt Water Disposal Surface Agreement presented by Global was not valid. She claims her signature was forged, as a document she signed was not the same as the document presented. She specifically noted that she never signed any agreement before a notary as is indicated by the document presented by Global.

She also believes that Global is not capable of complying with Commission rules and regulations, based on its prior operations and connections to Rusty Lancaster, a previous operator of the Ramsey 122 lease. Prior to Global becoming operator of the Ramsey 122 lease in 2002, there were many violations of Commission rules, including surface pollution and unplugged wellbores. Mrs. Johnson alleges that Global and Lanco, a previous operator, are actually the same company. Rusty Lancaster, now deceased, is the father of Thomas Lancaster, now an officer in Global.

EXAMINERS' OPINION

The examiners recommend that this application be approved pursuant to §27.051 of the Texas Water Code and Commission Statewide Rules. The well is completed in such a manner as to prevent the migration of injected fluids to zones other than the intended zone. The use of the proposed injection well is in the public interest as it will provide for the proper and safe disposal of produced water from the other well on the Ramsey 122 lease and the potential recovery of additional oil reserves. Additionally, by virtue of its existing right to operate the Ramsey 122 lease, Global possesses the legal right to use the Ramsey 122 Well No. 2 for the disposal of water associated with the production of oil from the Ramsey 122 lease.

However, Global did not establish that it has a good faith claim to the right to dispose of water from the adjacent Pugh lease in the Ramsey 122 Well No. 2. Global did not assert that the injection of additional water would enhance production from its Ramsey 122 lease. Additionally, the agreement provided by Global appeared to be missing the signature pages and was expressly disavowed by Mrs. Johnson. Accordingly, neither the existing right to operate the Ramsey 122 lease nor the purported Salt Water Disposal Surface Agreement establishes a right for Global to use the Ramsey 122 Well No. 2 to dispose of water produced from other leases, or to inject water for the purpose of increasing production on the Ramsey 122 lease. The examiners therefore recommend Global be allowed to dispose of produced water from the Ramsey 122 lease only. A special condition has been included in the permit reflecting this limitation.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. Notice of this application was published in *Corsicana Daily Sun*, a newspaper of general circulation in Navarro County, on August 31, 2005.
3. The Ramsey 122 No. 2 was drilled in 1991 and perforated in the Woodbine between 2,970 and 2,971 feet. The well was never successfully completed as a producing well.
4. There are two wellbores within a 500 foot radius of the Ramsey 122 No. 2 which penetrate the injection interval. These wellbores will not provide a

conduit for migration of injected water from the injection interval.

- a. The proposed injection will not result in a pressure increase sufficient to threaten usable-quality water, at a radius of 500 feet from the subject well.
 - b. The Ramsey 122 No. 1 is a producing well and the Ramsey 122 No. 3 was plugged in 2004. Both wells have cemented casing across the proposed injection interval.
5. The Ramsey 122 No. 2 is completed in a manner such that the proposed injection will not endanger useable quality water.
- a. The Texas Commission on Environmental Quality recommends that usable-quality ground water be protected to a depth of 100 feet.
 - b. The subject well has 100 feet of 8 $\frac{5}{8}$ " surface casing with cement circulated from the casing shoe to the ground surface.
- a. The well has 5 $\frac{1}{2}$ " casing set at 3,050 feet, with the top of cement at 1,000 feet.
 - b. Injection will be through 2 $\frac{3}{8}$ " tubing set on a packer at 2,900 feet. The proposed injection interval is in the Woodbine between 2,968 and 2,980 feet.
6. The proposed injection operation is in the public interest as the Ramsey 122 Well No. 2 will provide for the proper, safe and economical disposal of produced water from the Ramsey 122 lease. The proposed injection will result in the recovery of additional reserves from the Ramsey 122 lease due to a lower economic limit for the producing well on the lease.
7. Global did not provide evidence that it possesses a good faith claim to the right to dispose of water produced from other leases, on the Ramsey 122 Lease.
- a. The Salt Water Disposal Surface Agreement provided by Global at the hearing did not include the signature pages.
 - b. The surface owner disavowed entering into any agreement with Global for disposal of off lease water.
8. Global did not establish that the injection of additional produced water into the Ramsey 122 Well No. 2 from the Pugh lease was necessary to enhance recovery from the Ramsey 122 lease.

CONCLUSIONS OF LAW

1. Proper notice was issued in accordance with the applicable statutory and regulatory requirements.
2. All things have occurred to give the Railroad Commission jurisdiction to consider this matter.
3. Global Oil Corp. Inc. has met its burden of proof and satisfied the requirements of Chapter 27 of the Texas Water Code and the Railroad Commission's Statewide Rule 46.
4. By virtue of its existing right to operate the Ramsey 122 lease, Global possesses the legal right to use the Ramsey 122 Well No. 2 for the disposal of water associated with the production of oil from the Ramsey 122 lease.
5. Global Oil Corp. Inc. did not establish that it has a good faith claim to the right to dispose of water produced from the adjacent Pugh lease in the Ramsey 122 Well No. 2.
6. Operation of the subject well pursuant to the requirements of the permit will not harm useable quality water resources and will not present a hazard to other mineral bearing formations.
7. Approval of the application will prevent waste of hydrocarbons from the Ramsey 122 lease.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the application of Global Oil Corp. to inject produced saltwater into its Ramsey 122 Lease Well No. 2 in the Powell Field, restricted to saltwater produced in association with production of oil on the Ramsey 122 lease be approved as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler
Technical Examiner

Mark J. Helmueller
Hearings Examiner