



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0265983

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THE APPLICATION OF 96 WELLS, INC. FOR COMMERCIAL DISPOSAL AUTHORITY  
PURSUANT TO STATEWIDE RULE 9 FOR ITS 96 NORTH SWD LEASE WELL NO. 1,  
JOAQUIN, WEST (SLIGO) FIELD, SHELBY COUNTY, TEXAS

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**HEARD BY:** Donna K. Chandler, Technical Examiner  
James M. Doherty, Hearings Examiner

**APPEARANCES:**

**REPRESENTING:**

**Applicant:**

George Neale  
Greg Cloud  
Kelly Parma  
Richard Tomlin  
Bo Chandler

96 Wells, Inc.

**Protestants:**

Robert Mooney

Self

Ricky Lee

Self

**PROCEDURAL HISTORY**

Date of Application:	February 10, 2010
Request for Hearing:	April 28, 2010
Notice of Hearing:	June 9, 2010
Date of Hearing:	July 12, 2010
Date of Transcript:	July 28, 2010
Proposal For Decision Issued:	August 30, 2010

**EXAMINERS' REPORT AND PROPOSAL FOR DECISION**  
**STATEMENT OF THE CASE**

96 Wells, Inc. ("96 Wells") requests commercial disposal authority pursuant to Statewide Rule 9 for its 96 North SWD Well No. 1. The application was protested by

Robert Mooney and Ricky Lee. Protestants own property adjacent to the proposed disposal facility.

### DISCUSSION OF THE EVIDENCE

#### 96 Wells Evidence

96 Wells requests authority to dispose of a maximum of 25,000 barrels of salt water per day into its 96 North SWD Well No. 1, with a maximum surface injection pressure of 1,600 psi. The proposed injection is into the non-productive Fredricksburg formation between 3,200 feet and 3,700 feet.

The subject well has not yet been drilled. It is proposed that the well be drilled to a total depth of 4,000 feet with 9<sup>5</sup>/<sub>8</sub>" casing set at 1,100 feet, with cement circulated to surface. The well will be completed with 4<sup>1</sup>/<sub>2</sub>" casing set at 4,000 feet, with cement circulated to surface. The Texas Commission on Environmental Quality recommends that usable quality water be protected to a depth of 1,050 feet in the area. Injection will be through tubing set on a packer at approximately 3,150 feet. (See attached wellbore diagram).

There are no wellbores within a ¼ mile radius of review. There are three wellbores within one mile of the 96 North SWD No. 1 well. All three are recent completions in the Carthage (Haynesville Shale) Field and all three wells have intermediate casing set and cemented across the proposed disposal interval. All three wells also have sufficient surface casing cemented to protect usable quality water. Two of the three wells are horizontal wells which penetrate the proposed disposal interval more than one mile from the proposed disposal well, though portions of the horizontal laterals of the wells are within one mile of the proposed disposal well. The producing depths of the three wells are over 7,500 feet deeper than the proposed disposal zone.

A cross-section across the area demonstrates that the Fredricksburg is 400-500 feet thick and continuous across the area. The Fredricksburg is overlain by a shale interval which is several hundred feet thick. The Fredricksburg has 20-25% porosity and is expected to easily take injected fluid.

There are no public commercial disposal wells within a 10 mile radius of the proposed well. There are two commercial disposal wells within 10 miles, but these two wells do not take water from any haulers other than their own. There are also three wells within 10 miles which have commercial disposal permits, but these three wells have not been drilled.

96 Wells submitted information about 18 wells which have recently been completed within 10 miles of the proposed disposal well. Based on completion information, these 18 wells initially produced a total of over 13,000 BWPD. Many more wells have been

completed recently within the 10 mile radius, but the 18 wells were chosen to demonstrate the need for additional disposal capacity in the area due to ongoing drilling. The majority of the drilling is in the Carthage (Haynesville Shale) Field. There are sixteen rigs currently running in Shelby County. A representative of Lotus Oil Field Service Company appeared at the hearing and testified that his company would haul produced salt water to the proposed disposal facility, as other commercial facilities are more than 10 miles further away. The location of the proposed well would result in decreased travel time.

The proposed commercial disposal well is located on US Highway 96. Daily traffic on Hwy. 96 in the subject area is approximately 9,050 vehicles, with approximately 19% being truck traffic. At maximum disposal volume, 200 additional trucks per day would travel on Hwy. 96, or an additional 2% of traffic. A traffic study was presented showing that adequate sight distance is available for left and right turns from the facility location onto Hwy. 96. Based on the study, 96 Wells does not believe that the operations of the well will present an unacceptable traffic or safety hazard. Additionally, the design of the facility will incorporate adequate room for trucks to park while waiting to unload. This will prevent facility operations from interfering with traffic on Hwy. 96.

Notice was given to all adjacent surface owners and all operators within ½ mile of the proposed well. Notice was also sent to the County Clerk of Shelby County on January 22, 2010. Notice of this application was published in *The Light and Champion*, a newspaper of general circulation for Shelby County, on January 27, 2010.

96 Wells has a current Form P-5 and maintains a \$25,000 letter of credit for financial assurance as required by the Commission. Richard and Vickie Tomlin are officers of 96 Wells, Inc. and own the 9 acre tract on which the disposal operations will be conducted.

### **Protestants' Evidence**

Mr. Robert Mooney and Mr. Ricky Lee both own property adjacent to the proposed disposal site. Both are concerned about increased traffic on the Hwy. 96 resulting from the disposal well operations.

In addition, Mr. Lee's property is higher than the proposed facility acreage. Mr. Lee believes that if applicant fills in the property, as is planned before the facility is built, it will interfere with drainage from his property. Apparently, in a recent heavy rain event, water backed up onto Mr. Lee's property, resulting in rising water damage to mobile homes located on his property. Mr. Lee also feels that the presence of the disposal well will discourage drilling in the area.

### **EXAMINERS' OPINION**

The examiners recommend that the application for commercial disposal authority be approved. 96 Wells has established:

1. The proposed injection well will not endanger or injure any oil, gas, or mineral formations;
2. The water resources (surface and subsurface) are adequately protected from pollution;
3. A satisfactory showing of financial responsibility as required under Commission statutes and Commission regulatory requirements; and
4. The proposed injection is in the public interest.

The well has not yet been drilled. However, it is proposed to be completed in a manner which will protect useable quality water resources and which will confine injected fluids to the Fredricksburg interval between 3,200 and 3,700 feet. Additionally, there is a thick shale interval overlying the Fredricksburg which will act as a seal to confine fluids to the Fredricksburg.

Approval of the application is in the public interest. There is active development of oil and gas resources in the area, particularly in the Haynesville Shale. There are no existing public commercial disposal wells within a 10 mile radius of the proposed well. The proposed disposal well is necessary to provide an option for disposal of produced water for water hauling companies who currently travel longer distances to dispose of water. Less travel time and fewer miles result in reduced costs to operators.

Applicant testified that the facility would be designed such that several trucks could unload simultaneously and that trucks entering the facility would have sufficient parking area to prevent traffic issues on Hwy. 96.

Mr. Lee's concerns about drainage from his property to the creek are not dependent on whether or not the disposal facility exists. Applicant is already in the process of building up his tract for possible use by his equipment business.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten (10) days prior to the hearing. Notice of the application was published in *The Light and Champion*, a newspaper of general circulation in Shelby County, on January 27, 2010.
2. The subject well will be completed in a manner to protect usable quality water.
  - a. The Texas Commission on Environmental Quality recommends that usable-quality water be protected to 1,050 feet in the area of the proposed well.

- b. The subject well is proposed to be completed with 9<sup>5</sup>/<sub>8</sub>" casing set at 1,100 feet, with cement circulated to surface. The well will be completed with 4<sup>1</sup>/<sub>2</sub>" casing set at 4,000 feet, with cement circulated to surface.
3. Fluids injected into the subject well will be confined to the injection interval.
  - a. The proposed injection is into the non-productive Fredricksburg formation between 3,200 feet and 3,700 feet.
  - b. Injection will be through tubing set on a packer at approximately 3,150 feet.
  - c. There are no wellbores within a ¼ mile.
  - d. A thick shale interval overlies the Fredricksburg formation.
4. Use of the proposed disposal well is in the public interest. Use of the well will provide a safe, economic means of disposal of the fluids associated with ongoing drilling and production in the area.
  - a. There is active development of oil and gas resources in the area, particularly in the Haynesville Shale.
  - b. The nearest commercial disposal facility which is open to the public is more than 10 miles from the proposed well.
  - c. The location of the facility will not be a hazard to traffic on US Hwy. 96.
5. With proper safeguards, as provided by terms and conditions in the attached final order which are incorporated herein by reference, both ground and surface fresh water will be adequately protected from pollution.
6. 96 Wells, Inc. is an active operator with financial assurance in the amount of \$25,000.

#### **CONCLUSIONS OF LAW**

1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.

3. The use of the proposed disposal well, with the additional permit conditions, will not endanger oil, gas, or geothermal resources or cause the pollution of surface water or fresh water strata.
4. The applicant has complied with the requirements for approval set forth in Statewide Rule 9 and the provisions of Sec. 27.051 of the Texas Water Code.
5. The use of the proposed disposal well is in the public interest pursuant to Sec 27.051 of the Texas Water Code.

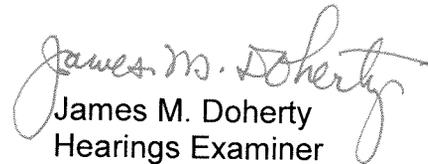
**EXAMINERS' RECOMMENDATION**

Based on the above findings and conclusions, the examiners recommend that the application be approved.

Respectfully submitted,



Donna K. Chandler  
Technical Examiner



James M. Doherty  
Hearings Examiner