

Case No.

426

Application, Transcript,  
Small Exhibits, Etc.

Case No.

426

Application, Transcript,  
Small Exhibits, Etc.

*Case 426*

*Unrec*

# THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT  
WEST TEXAS DIVISION

October 2, 1952

P. O. BOX 1720  
FORT WORTH 1, TEXAS

CONSERVATION AND PRORATION  
Request for Permit to Dually  
Complete J. B. McGhee Well  
No. 1, Lea County, New Mexico

New Mexico Oil Conservation  
Commission  
Box 871  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

The Texas Company's J. B. McGhee Well No. 1, located 1980 feet from the south line and 660 feet from the east line of Section 31, T-24S, R-38E, Lea County, New Mexico, has been completed as a producing well in the West Dollarhide Devonian Field. It is our desire to dually complete this well in the Drinkard pay.

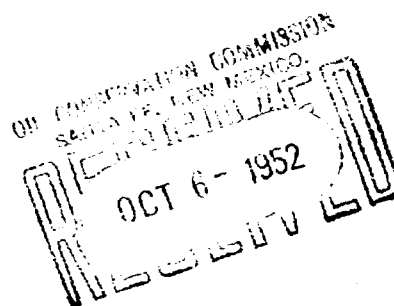
We respectfully request that this matter be set for hearing at the earliest possible date.

Yours very truly,

*C. J. Ray, Jr.*

C. J. Ray, Jr.  
Petroleum Engineer

CJR, Jr-ECH



*Faithfully yours*  
  
*for Fifty Years*

STATEMENT TO BE PRESENTED IN CASE 426,  
APPLICATION OF THE TEXAS COMPANY FOR  
PERMISSION TO REALLY COMPLETE ITS McGHEE  
WELL NO. 1, WEST DOLLARHIDE DRINKARD FIELD.

The Texas Company's J. W. McGhee Well No. 1 is located in the NE/4 of the SE/4 of Sec. 31, T24S., R38E., Lea County, New Mexico. This well was originally drilled to a total depth of 8735 in the Fusselman Horizon, which formation was found to be water-bearing at this location. The well was plugged back to a depth of 7762-; the casing was perforated between 7440 and 7610 feet and between 7630 and 7705 feet opposite the Devonian Formation. The well flowed 69 Bbls. of oil in 24 hours on initial potential test completed Sept. 24, 1952.

On Sept. 11, 1952, the Elliot No. 1-R Federal-Elliott well was completed in the Drinkard formation, flowing an initial potential of 132 Barrels of oil in 12 hours. This well is located in the SE/4 of the NE/4 of Sec. 31, T24S, R38E, and is a direct offset approx. 330' N. of The Texas Company's McGhee Lease.

I have here a map of the West Dollarhide Area which shows the location of wells in this area. The producing formation of these wells has been indicated by colored circles which are explained in the legend of the map. I request this be marked as The Texas Company Exhibit No. 1, and now introduce it into evidence.

On Oct. 21, 1952, a Form C-102 was filed with the Oil Conservation Commission, requesting permission to recomplete the No. 1 McGhee Well in the Drinkard Horizon. This was subsequently accomplished in the following manner:

1. A drillable bridge-plug was set at a depth of 6600'.
2. A cement plug, approximately 10' in length, was spotted on top of the drillable plug.
3. A D.ST was performed which ascertained that the Devonian section was effectively plugged off.
4. The casing was perforated between 6350 and 6396 feet, between 6416 and 6469 feet, and between 6479 and 6512 feet, opposite the Drinkard horizon.

5. On October 28, 1952, the well produced 113 barrels of oil in 6 hrs. flowing; this was the initial potential test.

I have here an Electrical Log of the McGhee Well No. 1. I request it be marked "The Texas Company Exhibit No. 2". On this exhibit, all perforated intervals previously referred to have been marked in red. The location of the Bridge plug and cement plug are also marked, as is the location of the proposed dual completion equipment.

We are requesting approval of the Commission to dually complete this well in the following manner:

1. Drill out the plug now located at a depth of 6600'.
2. Install a Baker Model "D" production packer at a depth of 7390'. This is a point 49' above the top of the Devonian Formation as found in this well, and is 50' above the top perforation opposite the Devonian Formation.
3. A side door choke will be installed immediately above the packer to facilitate cleaning up the well after installation, and to allow a means of measuring bottom hole pressure of either productive horizon.

I have here a diagram of the proposed equipment and installation. I request it be marked "The Texas Company Exhibit No. 3" - and I now offer it into evidence.

The dual completion equipment just described, will provide the means for producing the Drinkard oil through the casing annulus, and the Devonian oil through the tubing. This installation is mechanically feasible and similar installations have been successfully used by The Texas Company, and other operators, in fields where dual completion of oil horizons are permitted.

The J. B. McGhee Well No. 1 produced from the Devonian formation for a period of approximately 30 days, during which time production amounting to 1623 barrels of oil was recovered. A production decline from the 69 barrels of oil/day potential to approximately 35 bbls. oil/day was evident. This production history, while of short duration, is indicative, in my opinion, that the Devonian Production from this location will not repay the cost of a well.

The granting of this application will, in my opinion, permit the recovery of oil that may not otherwise be recoverable, and, therefore, is in the interest of conservation in that it will prevent underground waste.

Clear for Oil

5 1/2" OD Casing

Otis Side Door Choke

Baker Production Packer

Top of Deviation at 7600'

5 1/2" OD Casing

2" F.J. Tubing 60' Below

Bottom of 2" Plug, just below

Otis Side Door Choke

Short spacing Pup Joint

Locator Sub

Baker Model "D" Production Packer Seal Nipples

2" F.J. Tubing

Perforations 4 1/2" diameter From 7440' to 7610' and 2" diameter

7705' Bottom of Perforations

7762' Plugged & Grouted

8705' 5 1/2" Casing Seat

7755' Tubing Seat

THE PAULS COMPANY  
DIRECTIONAL DRILLING  
FOR OIL & GAS

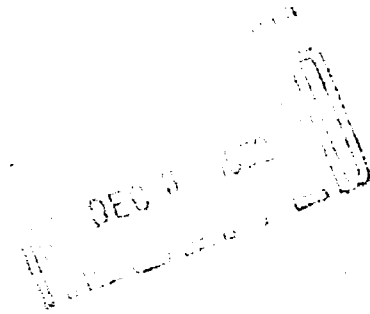
MAIN OFFICE  
GULF STATES BUILDING  
DALLAS, TEXAS

## BUFFALO OIL COMPANY

A HARTLAND CORPORATION  
NEW MEXICO DISTRICT  
CARPER BUILDING  
ARTESIA, NEW MEXICO

P. O. Box 686

November 17, 1952



New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sirs:

The Buffalo Oil Company has no operations in the West Dollarhide field of Lea County, New Mexico, and therefore, has no statement to make insofar as Case #426 is considered individually. However, since the Commission has not, to our knowledge, previously acted upon a dual completion involving the producing of oil from two separate oil reservoirs from a common well bore, we feel it dutiful to express our views insofar as general policies are concerned so that the Commission may more adequately provide the proper foundation for future cases involving dual completions where both are from oil zones.

It is the opinion of the Buffalo Oil Company that the principal justification for allowing dual oil completions lies in the case where at least one of the pays is considered non-commercial in itself, so that economics require the dual completion in order to recover oil from the non-commercial zone. We recognize that such dual completions should be permitted. There may also be justification where a particular field is located on a state boundary line, and is therefore located in two states, and one state already having approved a dual completion program.

We believe that dual oil completions should continue to be considered on an individual field basis. Where no opposition is expressed and approval of a program is given by the Commission, there should be strict observance to guarantee that complete segregation of the two zones is being maintained. This is necessary to protect individual correlative rights and to assure proper functioning in proration.

The Commission should recognize certain practices that might contribute to inefficient producing methods which would decrease ultimate recoveries. In stop-cocking a high gas-oil



New Mexico Oil Conservation Commission  
Page #2  
Nov. 17, 1952

ratio zone, considerably more gas would be produced from the casing annulus, than if produced through tubing. Secondly, it is sometimes the practice to produce one pay through the tubing for one-half month, change tubing openings, and then produce the other zone through tubing for one-half month. This procedure would require a producing rate in excess of that presently permitted under Paragraph (a) of Rule 502. The effects of such practices as these should be considered by the Commission in ruling upon dual completion applications.

Yours very truly,

BUFFALO OIL COMPANY

By *H. H. H.*  
Vice President

HGE:lt

# THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

December 13, 1952

CASE 426

Additional Information  
Requested by the Oil  
Conservation Commission

*File*

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

In presenting testimony supporting The Texas Company's application for permission to dually complete its J. B. McGhee Well No. 1, West Dollarhide Field, Lea County, New Mexico, Case 426, the Commission desired information as to the gravity of the oil produced from the two pay sections involved in this request. This information is furnished below:

## DEVONIAN FORMATION

Gravity of Produced Oil	40.6° API
Gas-Oil Ratio	87 cu.ft. per Bbl.

## DRINKARD FORMATION

Gravity of Produced Oil	38.3° API
Gas-Oil Ratio	849 cu. ft. per Bbl.

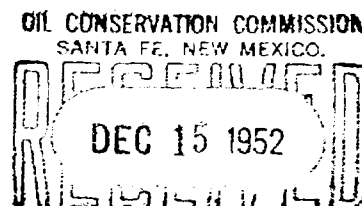
I trust that this will answer the Commission's questions on this point, and I request that this information be included in the file of Case 426.

Yours very truly,

*C. J. Ray, Jr.*  
C. J. Ray, Jr.

Faithfully yours  
  
for Fifty Years

CJR, Jr-ECH



# Memo

From  
WILLIAM B. MACEY  
Chief Engineer

To

For your  
consideration

WBM.

Finalize to show  
Governor —  
Indicate 'Proposed'  
Date 11-11-57

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

426  
CASE NO. ~~30~~  
ORDER NO. R-~~22~~233

THE APPLICATION OF THE TEXAS  
COMPANY FOR DUAL COMPLETION OF  
WELL NO. 1, J.B. MCGHEE, WELL NO. 1,  
NE 1/4 SE 1/4 SECTION 31, TOWNSHIP 24  
SOUTH, RANGE 36 EAST, LEA  
COUNTY, NEW MEXICO, IN SUCH  
MANNER AS TO PERMIT PRODUCTION  
OF OIL FROM THE DEVONIAN FORMATION  
AND OIL FROM THE DRINKARD FORMATION.

#### ORDER OF THE COMMISSION

##### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on ~~May 25~~ <sup>June 19</sup>, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, herein-after referred to as the "Commission."

NOW, on this 19th day of ~~June~~ <sup>day of</sup> June, 1952, the Commission, a quorum being present having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

##### FINDS:

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

(2) That the applicant's J.B. McGhee, Well No. 1, NE 1/4 SE 1/4, Section 31, Township 24 South, Range 36 East, NE 1/4, Lea County, New Mexico, was drilled to a total depth of 8735 feet in the Fusselman formation, which formation was found to be non-productive of oil or gas at that location. That the well was plugged back to the Devonian formation and completed in that zone through casing perforations 7440-7610, 7630-7705. On initial potential test the well flowed 69 Barrels of oil per day. [9]

(3) That production of the J.B. McGhee, Well No. 1, declined to 35 Barrels of oil per day within approximately 30 days after completion and that the well was subsequently plugged back to 6600 feet and the casing perforated ~~at~~ at depths of 6350-6396 and 6416-6469 and 6479-6512 and the well recompleated in the Drinkard formation, the well producing 113 Barrels of oil in 6 (hrs.) from the Drinkard formation on ~~the~~ recompletion test.

(4) That ~~substantial~~ evidence indicates that the J.B. McGhee, Well No. 1, is offset by a well producing from the Drinkard formation but is not offset by any well producing from the Devonian formation, and that geological evidence indicates to the Commission that the presence of a "sealing" fault, between the J.B. McGhee, Well No. 1, and ~~the~~ these wells in the West Dollardside-Devonian pool producing from the Devonian formation, eliminates any possibility of the J.B. McGhee, Well No. 1, being drained by wells producing from the Devonian formation in the area.

(5) That continued experimentation tends to show that mechanical packers and other devices are available for completing successful dual completions. However, the Commission is yet to be convinced of the soundness of oil-oil dual or multiple completions as a general practice in New Mexico.

IT IS THE ORDER OF THE COMMISSION: Deny the application of The Texas Company for dual completion of its J.B. McGhee, Well No. 1, NE 1/4 SE 1/4, Section 31, Township 24 South, Range 36 East, NE 1/4, Lea County, New Mexico is, and the same hereby is denied.

(ETC)

(Usual Conclusion)

12/10

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 426  
ORDER NO. R-233

THE APPLICATION OF THE TEXAS COMPANY  
FOR AN ORDER PERMITTING DUAL COMPLETION  
OF ITS J. B. MCGHEE, WELL NO. 1, NE/4  
SE/4 SECTION 31, TOWNSHIP 24 SOUTH,  
RANGE 38 EAST, NMPM, LEA COUNTY,  
NEW MEXICO, IN SUCH A MANNER AS TO  
PERMIT PRODUCTION OF OIL FROM THE  
DEVONIAN FORMATION AND OIL FROM THE  
DRINKARD FORMATION.

Comes now The Texas Company and files this its motion  
for rehearing of its application for an order permitting dual  
completion of its J. B. McGhee, Well No. 1, NE/4 of the SE/4,  
Section 31, Township 24 South, Range 38 East, NMPM, Lea County,  
New Mexico, in such a manner as to permit production of oil from  
the Devonian formation and oil from the Drinkard formation; and  
Order No. R-233 of the Oil Conservation Commission of New Mexico  
denying this application; and as grounds for such motion  
respectfully shows:

That in Paragraph 4 of the Commission's Order No. R-233,  
quoted below:

"(4) That evidence indicates that the J. B. McGhee,  
Well No. 1, is offset by a well producing from the  
Drinkard formation, but is not offset by any well  
producing from the Devonian formation, and that  
geological evidence indicates to the Commission the  
presence of a sealing fault between the J. B.  
McGhee, Well No. 1, and those wells in the West  
Dollarhide-Devonian Pool producing from the  
Devonian formation, this eliminating any possibility  
that the J. B. McGhee, Well No. 1, may be drained  
by wells presently producing from the Devonian for-  
mation in the area."

the Commission has not considered wells on another lease adjoin-  
ing the applicant's lease which wells now produce from deeper  
horizons, but are capable, as hereafter shown, of producing  
from the Devonian horizon, and when so completed will drain  
applicant's lease at the location of its J. B. McGhee, Well No. 1.

That geologic evidence shown on applicant's Exhibit  
No. 1, presented at the hearing of this cause, shows that on  
the Skelly Mexico "J" Lease, S/2 of Section 32, Township 24  
South, Range 38 East, adjoining the east line of applicant's

lease, five wells, the Skelly Mexico "J" Wells Nos. 1, 2, 3, 4, and 5, penetrate the Devonian horizon and that oil was recovered from this horizon in tests on three of these wells, Skelly Mexico "J" Wells Nos. 1, 2 and 3 and that this evidence indicates that all above-mentioned wells may reasonably be considered capable of producing oil from the Devonian formation.

The uncontroverted evidence presented at the hearing of this cause conclusively shows that a separate well drilled at the location of the J. B. McGhee, Well No. 1, to produce Devonian oil will not recover sufficient oil to repay the costs of drilling, operating and marketing; hence, a separate Devonian well being uneconomic, applicant cannot afford such a well, and is not obligated to drill an uneconomic well under and by virtue of the lessees implied covenant reasonably to develop.

Therefore, the Oil Conservation Commission's order denying our application to dually complete the J. B. McGhee, Well No. 1, will necessarily result either in: (1) a denial of the applicant's correlative rights, or (2) under ground waste by reason of the fact that oil recoverable by dual completion will be forever lost. The first unwarranted alternative would occur as a result of additional Devonian development on the Skelly Mexico "J" Lease either by the recompletion of the existing wells or by the drilling of additional wells at this location, which would apparently result in drainage of the applicant's Devonian oil and hence a denial by the Commission of applicant's correlative right to produce its fair share of Devonian oil.

If no wells on the Skelly Mexico "J" Lease are ever completed so as to produce from the Devonian formation and cause drainage of the applicant's Devonian oil, and hence a denial of applicant's correlative rights, then it being uneconomic for the applicant to drill a separate Devonian well at the location of its McGhee Well No. 1, the order of the Commission herein will necessarily result in applicant's Devonian oil, otherwise recoverable by dual completion, being wasted underground and forever lost, this also being a denial of applicant's correlative rights by the Commission's order.

WHEREFORE, The Texas Company prays that this motion for rehearing of its application be granted, and upon rehearing of said application, that the Commission rescind its order No. R-233 and enter its order approving the dual completion of the J. B. McGhee Well No. 1.

Dated this 31st day of December, 1952.

THE TEXAS COMPANY

BY

  
Its Attorney



RS

# THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT  
WEST TEXAS DIVISION

P. O. BOX 1720  
FORT WORTH 1, TEXAS

February 10, 1953

CASE NO. 426, ORDER NO. R-233  
BEFORE THE OCC OF THE STATE OF  
NEW MEXICO

J. B. McGhee Well No. 1 in NE/4  
SE/4, Section 31, T-24S, R-38E,  
NMPM, Lea County, New Mexico

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

Case No. 426 is scheduled for rehearing on February 17, 1953. The applicant respectfully requests that this rehearing be continued over to March 17, 1953, in order to allow the applicant to complete a study on this well which is now in progress.

A copy of this letter is being sent to all parties who appeared in the original hearing of this matter.

Yours very truly,

*C. J. Ray, Jr.*  
C. J. Ray, Jr.

CJR,Jr-ECH

Copy to: Buffalo Oil Company  
Judge James B. McGhee  
Stanolind Oil & Gas Co.  
Skelly Oil Company

*Case 426*  
*File*

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

December 31, 1952

JAN 2 1953

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

Enclosed please find our motion for rehearing  
on our application in Case No. 426 for an order permitting  
dual completion of our J. B. McGhee Well No. 1, located  
in the West Dollarhide Field, Lea County, New Mexico.

Yours very truly

*C. J. Ray, Jr.*  
C. J. Ray, Jr.

CJR,Jr-ECH

*Faithfully yours*  
  
*for Fifty Years*

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

TRANSCRIPT OF HEARING

CASE NO. 426

February 17, 1953

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1308  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

February 17, 1953

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In the Matter of:

CASE 426: (Readvertised) In this case the Texas Company was granted rehearing in its request for an oil-oil dual completion of its J. B. McGhee Well, NE SE 31-24S-38E, NMPM (West Dollarhide-Drinkard Pool), permitting production of oil from both the Devonian and Drinkard formations.

No. 426

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TRANSCRIPT OF HEARING

(MR. GRAHAM reads the notice of publication.)

C. J. RAY: I am C. J. Ray, appearing for The Texas Company. May it please the Commission, I would like to read a portion of a letter which was submitted to the Oil Conservation Commission in this matter. The applicant respectfully requests that the re-hearing be continued over until the March 17th, 1953, hearing in order to allow the applicant to complete a study on the well which is now in progress.

MR. SPURRIER: Is there any objection to The Texas Company's motion? If not, the case will be continued to the regular March 17th hearing.

The next case is Case 459.

STATE OF NEW MEXICO     }  
COUNTY OF BERNALILLO   } ss.

I HEREBY CERTIFY that the foregoing and attached transcript of hearing on the Case No. 426, before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 24th day of February, 1953.

  
REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1302  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO



For Governor Mechem:

The attached Order R-233 is the proposed  
order in the Texas Company case involving  
their request for approval of the oil-oil  
dual completion.....

Mr. Spurrier asked that it be shown to you  
for any comment, advice or criticism you  
may have, and final form will be submitted  
to you later.

Thanks.....

12-11-52

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 426  
ORDER NO. R-233

THE APPLICATION OF THE TEXAS COMPANY  
FOR AN ORDER PERMITTING DUAL COMPLETION  
OF ITS J. B. MCGHEE, WELL NO. 1, NE/4  
SE/4 SECTION 31, TOWNSHIP 24 SOUTH,  
RANGE 38 EAST, NMPM, LEA COUNTY,  
NEW MEXICO, IN SUCH A MANNER AS TO  
PERMIT PRODUCTION OF OIL FROM THE  
DEVONIAN FORMATION AND OIL FROM  
THE DRINKARD FORMATION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this <sup>24</sup>/<sub>16</sub> day of December, 1952, the Commission, a quorum being present, having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

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

(2) That the applicant's J. B. McGhee, Well No. 1, NE/4 SE/4, Section 31, Township 24 South, Range 38 East, NMPM, Lea County, New Mexico, was drilled to a total depth of 8735 feet in the Fusselman formation, which formation was found to be non-productive of oil or gas at that location; that the well was plugged back to the Devonian formation and completed in that zone through casing perforations 7440-7610, 7630-7705. On initial potential test the well flowed 69 barrels of oil per day.

(3) That the production of the J. B. McGhee, Well No. 1, declined to 35 barrels of oil per day within approximately 30 days after completion, and that the well was subsequently plugged back to 6600 feet and the casing perforated at depths of 6350-6396 and 6416-6469 and 6479-6512 and the well recompleted in the Drinkard formation, the well producing 113 barrels of oil in 6 hours from the Drinkard formation on recompletion test.

(4) That evidence indicates that the J. B. McGhee, Well No. 1, is offset by a well producing from the Drinkard formation, but is not offset by any well producing from the Devonian formation, and that geological evidence indicates to the Commission the presence of a sealing fault between the J. B. McGhee, Well No. 1, and those wells in the West Dollardhide-Devonian Pool producing from the Devonian formation, this eliminating any possibility that the J. B. McGhee, Well No. 1, may be drained by wells presently producing from the Devonian formation in the area.



(5) That continued experimentation tends to show that mechanical packers and other devices are available for effecting successful dual completions . However, the Commission is yet to be convinced of the soundness of oil-oil dual or multiple completions as a general practice in New Mexico.


IT IS THEREFORE ORDERED:

That the application of The Texas Company for dual completion of its J. B. McGhee, Well No. 1, NE/4 SE/4 Section 31, Township 24 South, Range 38 East, NMPM, Lea County, New Mexico, be, and the same hereby is denied.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
Edwin L. Mechem, Chairman

  
Guy Shepard, Member

  
R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 426  
ORDER NO. R-233 A

THE APPLICATION OF THE TEXAS COMPANY  
FOR AN ORDER PERMITTING DUAL COMPLETION  
OF ITS J. B. MCGHEE, WELL NO. 1, NE/4  
SE/4 SECTION 31, TOWNSHIP 24 SOUTH, RANGE 38  
EAST, NMPM, LEA COUNTY, NEW MEXICO, IN SUCH  
A MANNER AS TO PERMIT PRODUCTION OF OIL FROM  
THE DEVONIAN FORMATION AND OIL FROM THE  
DRINKARD FORMATION.

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

This cause having come on for hearing upon the petition and motion of The Texas Company filed January 2, 1953, for a rehearing of Order No. R-233, entered in Case No. 426, heretofore rendered by this Commission denying the application of The Texas Company for an order permitting dual completion on their J. B. McGhee, No. 1 Well, NE/4 SE/4 Section 31, Township 24 South, Range 38 East, NMPM, Lea County, New Mexico, and the Commission having considered said motion and application,

IT IS HEREBY ORDERED: that the above-entitled matter be reopened and that a rehearing in said cause be held February 17, 1953, at 9 o'clock a.m. at Santa Fe, New Mexico, at which time and place all interested parties may appear.

DONE this 6<sup>th</sup> day of January, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
*E. L. Mechem*  
Edwin L. Mechem, Chairman

E. S. Walker, Member.  
*R. R. Spurrier*  
R. R. Spurrier, Secretary

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

March 20, 1953

C  
O  
P  
Y

Mr. C. J. Ray, Jr.  
The Texas Company  
Box 1720  
FT. WORTH, TEXAS

Dear Mr. Ray:

We enclose signed copy of Commission Order R-233-B, which  
is the order of dismissal in Case 326.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:mr

Encl.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE No. 426  
Order No. R-233-B

THE APPLICATION OF THE TEXAS  
COMPANY FOR AN ORDER PERMITTING  
DUAL COMPLETION OF ITS J. B. MCGHEE,  
WELL NO. 1, NE/4 SE/4 SECTION 31, TOWN-  
SHIP 24 SOUTH, RANGE 38 EAST, NMPM,  
LEA COUNTY, NEW MEXICO, IN SUCH A  
MANNER AS TO PERMIT PRODUCTION OF  
OIL FROM THE DEVONIAN FORMATION AND  
OIL FROM THE DRINKARD FORMATION.

ORDER OF DISMISSAL

BY THE COMMISSION:

This matter came on for rehearing at Santa Fe, New Mexico,  
on March 17, 1953, before the Oil Conservation Commission, and upon  
motion of applicant for dismissal, the same being well taken,

It is therefore ordered that Case No. 426 be, and the same  
hereby is dismissed without prejudice.

DONE at Santa Fe, New Mexico, this 18<sup>th</sup> day of March, 1953.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*

EDWIN L. MECHEM, Chairman

*E. S. Walker*

E. S. WALKER, Member

*R. R. Spurrer*

R. R. SPURRIER, Secretary

S E A L

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

Santa Fe, New Mexico  
March 17, 1953

TRANSCRIPT OF HEARING

CASE NO. 426

RECEIVED  
MAR 20 1953  
H. DEARNLEY & ASSOCIATES

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG  
PHONES 7-9645 AND 5-9541  
ALBUQUERQUE, NEW MEXICO

March 17, 1953

Application for an oil-oil dual completion of its J. B. McGhee Well, NE SE 31-24S-38E, NMPM, (West Dollarhide-Drunkard Pool), permitting production of oil from both the Devonian and Drunkard formations.

No. 426

MR. SPURRIER: The next case on the docket is case 426.

MR. RAY: I am C. J. Ray, representative of the Texas Company. I have a statement I would like to make in regard to this case. Recent production of the Texas Company McGhee Well No. 1 indicates that the life of the Drinkard production will not be sufficiently long to make dual completion of this well economically feasible. We therefore request permission to withdraw our motion for the rehearing of this case allowing the Commission's order R-233 to stand.

MR. SPURRIER: Is there any comment or objection to Mr. Ray's motion. Without objection, the Commission will approve Mr. Ray's request. The case will be dismissed as far as the re-hearing is concerned and our original order will stand.

REPORTER'S CERTIFICATE

I, ADA DEARNLEY, Court reporter, hereby certify that the foregoing pages, numbered 1 to 2 inclusive, constitute a complete and accurate record of the proceedings before the Oil Conservation Commission, in case No. 426, on March 17, 1953, to the best of my knowledge, skill and ability.

  
REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG  
PHONES 7-9645 AND 5-8546  
ALBUQUERQUE, NEW MEXICO



BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF  
NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF THE TEXAS COMPANY IN ACCORDANCE )  
WITH RULE 112 TO DUALY COMPLETE )  
ITS J. B. MCGHEE WELL NO. 1, WEST )  
DOLLARHIDE FIELD, LEA COUNTY, NEW )  
MEXICO )

Comes now The Texas Company and alleges and states:

1. That The Texas Company has heretofore drilled a well in the West Dollarhide Devonian Pool, Lea County, New Mexico, known as the J. B. McGhee No. 1 well, located in the Northeast quarter (NE/4) of the Southeast quarter (SE/4) of Section 31, Township 24 South, Range 38 East.
2. That said well was completed as an oil well producing from the interval between 7440 and 7610 feet and between 7630 and 7705 feet in the Devonian formation.
3. That the said well is offset by L. E. Elliott's Federal-Elliott No. 1-R well, located in the Southeast quarter (SE/4) of the Northeast quarter (NE/4) of Section 31, Township 24 South, Range 38 East, which well produces from the Drinkard horizon; and that during the drilling of the said McGhee well, drill stem tests were taken which indicated the Drinkard formation encountered would be commercially productive in said well.
4. That the applicant proposes to perforate the five and one-half inch (5-1/2") casing between the intervals of 6350 and 6396 feet, between 6416 and 6469 feet and between 6479 and 6512 feet, opposite the Drinkard horizon; and set a Baker production packer at approximately 7390 feet, said installation to contain equipment which will allow measurement of bottom hole pressures of either the Devonian or Drinkard horizons.
5. That the applicant proposes to dually complete the said well to produce oil from the Devonian formation through the tubing and oil from the Drinkard formation through the 5-1/2 inch casing. The manner and method of the proposed dual completion are shown in the attached exhibit.
6. That the granting of this application for permission to produce dually oil from the Devonian formation and oil from the Drinkard formation is in the interests of conservation and the protection of correlative rights.

7. That the applicant will do such things as may be required of it by the New Mexico Oil Conservation Commission in the maintenance of separation of production from said two horizons.

8. That the manner and method of the proposed dual completion is mechanically feasible and practicable.

Therefore, The Texas Company requests that the Oil Conservation Commission set this matter for hearing, and after said hearing to grant permission in order that the applicant may dually complete its J. B. McGhee Well No. 1 so that oil from the Devonian formation may be produced through the tubing and oil from the Drinkard formation may be produced through the casing.

Respectfully submitted,

THE TEXAS COMPANY

By *C. J. Ray, Jr.*  
Petroleum Engineer

CJR,Jr-ECH

Case 426

Texas Co. = 1 mile, Elev. 3158  
Top of Denonian - 7439 (-4281)  
Top of Fusselman - 8692 (-5534)  
Thickness of Denonian 1253 feet.

Effect      Shelly # 5 J-mex - cl 3157  
Top of Devonian      7583      (-4426)  
Fraser      8628      (-5447)  
Thickness of Dev. 1045 feet.

Ellsatt #147ed Ellsatt - el 3144  
Top of Devonian 7567 (-4423)  
Zuselman 8593 (-5449)  
Thickness of Dev 1026'

Dec  
 11th  
 1891

BHP April 18, 1952

Texas #1 Renny  
Elev 3146: S. 2 231' 40"

Depth of Press - 8358

Temp - 120°

Press - 3149

Datum - 5150

Correct (-29)

Correct

Press 3136

Disc. with - D. D. L.  
W. D. L.



# Memo

*From*  
I. R. TRUJILLO

*To*

REPORT  
OF INVESTIGATION FOR SAATCHI  
BATHING, NEW MEXICO

TRANSCRIPTION OF EMBLING

SAATCHI NO. 126

November 20, 1952

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1302  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

ASSOCIATION OF  
COURT REPORTERS  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

November 20, 1942

In the Matter of:

The Texas Company's application for permission  
to effect an oil-oil dual completion of its  
J. B. McGhee No. 1 well, NE SE 31-24S-29E, Lea  
County. (Oil from both Devonian and Grinkard  
formations.)

Case No.  
426

(Mr. C. J. Ray sworn as a witness.)

(Notice of Publication read by Mr. White.)

MR. SPURRIER: The next case on the Docket is 426.

MR. RAY: I am Carl Ray, Petroleum Engineer of the Texas  
Company, representing that company in this matter. May it please  
the Commission I would like to enter my factual testimony in this  
matter from a prepared statement. I have copies of this state-  
ment, a few extras that I'll be glad to furnish any interested  
party. I have previously testified before this Commission and  
request that my qualifications as an expert witness be accepted  
at this time.

MR. SPURRIER: They are.

MR. RAY: "The Texas Company's J. B. McGhee Well No. 1 is  
located in the NE/4 of the SE/4 of Section 31, T24S., Lea County,  
New Mexico. This well was originally drilled to a total depth  
of 8735 in the Fusselman Horizon, which formation was found to

ADA DEARNLEY & ASSOCIATES  
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ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

be water-bearing at this location. The well was plugged back to a depth of 7762 feet; the casing was perforated between 7440 and 7610 feet and between 7630 and 7705 feet opposite the Devonian Formation. The well flowed 69 barrels of oil in 24 hours on initial potential test completed September 24, 1952.

On September 11, 1952, the Elliot No. 1-R Federal-Elliott well was completed in the Drinkard formation, flowing an initial potential of 132 barrels of oil in 12 hours. This well is located in the SE/4 of the NE/4 of Section 31, T24S, R38E, and is a direct offset approximately 330' N. of the Texas Company's McGhee Lease.

(The Texas Company's Exhibit  
No. 1 Marked for Identification.)

I have here a map of the West Dollarhide Area which shows the location of wells in this area. The producing formation of these wells has been indicated by colored circles which are explained in the legend of the map. I request this be introduced in evidence." I offer it at this time in evidence.

MR. SPURRIER: Is there any objection to the introduction of this exhibit? If not it will be received.

MR. RAY: (Continuing) " On October 21, 1952, a Form C-102 was filed with the Oil Conservation Commission, requesting permission to recomplete the No. 1 McGhee Well in the Drinkard Horizon. This was subsequently accomplished in the following manner:

1. A drillable bridge-plug was set at a depth of 6600'.
2. A cement plug, approximately 10' in length, was spotted



on top of the drillhole plug.

3. A D.T. was performed which ascertained that the Devonian section was effectively plugged off.
4. The casing was perforated between 6350 and 6396 feet, between 6416 and 6409 feet, and between 6479 and 6512 feet, all perforation opposite the Drinkard horizon.
5. On October 28, 1952, the well produced 113 barrels of oil in 6 hours flowing; this was the initial potential test in the Drinkard Horizon.

I have here an Electrical Log of the McGhee Well No. 1. I request it be marked "The Texas Company Exhibit No. 2".

(The Texas Company's Exhibit  
No. 2 Marked for Identification.)

On this exhibit, all perforated intervals previously referred to have been marked in red. The location of the Bridge plug and cement plug are also marked, as is the location of the proposed dual completion equipment." I would like to offer it at this time in evidence.

MR. SPURRIER: Without objection it will be received.

MR. RAY: (Continuing) "We are requesting approval of the Commission to dually complete this well in the following manner:

1. Drill out the plug now located at a depth of 6600'
2. Install a Baker Model "D" production packer at a depth of 7390'. This is a point 49' above the top of the Devonian Formation as found in this well, and is 50' above the top perforation opposite the Devonian Formation.
3. A side door choke will be installed immediately above the packer to facilitate cleaning up the well after installation, and to allow a means of measuring bottom hole pressure of either productive horizon.

I have here a diagram of the proposed equipment and installa-

ation. I request it be marked "The Texas Company Exhibit No. 3".

(The Texas Company's Exhibit  
No. 3 Marked for Identification.)

I now offer it at this time in evidence.

MR. SPURRIER: Without objection it will be received.

MR. RAY: (Continuing) "The dual completion equipment just described, will provide the means for producing the Drinkard oil through the casing annulus, and the Devonian oil through the tubing. This installation is mechanically feasible and similar installations have been successfully used by The Texas Company, and other operators, in fields where dual completion of oil horizons is permitted.

The J. B. McGhee Well No. 1 produced from the Devonian formation for a period of approximately 30 days, during which time production amounting to 1623 barrels of oil was recovered. A production decline from the 69 barrels of oil per day potential test to approximately 35 barrels oil per day was evident. This production history, while of short duration, is indicative, in my opinion, that the Devonian Production from this location will not repay the cost of a well.

The granting of this application will, in my opinion, permit the recovery of oil that may not otherwise be recoverable, and, therefore, is in the interest of conservation in that it will prevent underground waste."

MR. SPURRIER: Are there any questions of this witness?

MR. GRAHAM: What are the characteristics of those two

oil from the McClellan formations.

MR. GRAHAM: For gravity and base.

MR. RAY: I do not have the actual gravities of those two oils here. I think I'd be glad to furnish that information though for the record.

MR. GRAHAM: The Commission wishes that information.

MR. SPURRIER: I think we should.

MR. RAY: I will be glad to include it. I am very sorry I do not have the information.

MR. GRAHAM: What is the possibility of the comingling from the standpoint of sour acid conditions?

A We do not have an analysis of either of these crude oils but based on a general knowledge of similar production the sulphur content in the Devonian oil in my opinion would probably be less than that from the Drinkard oil, but I have no definite information on that lacking an analysis of either sample of crude.

MR. GRAHAM: You, of course, propose to produce separate tanks?

MR. RAY: Yes, sir, I think separate tankage is at present available on that lease.

MR. GRAHAM: You're aware that the Commission has never committed itself on oil-oil dual completions?

MR. RAY: Yes, sir, I am. It is the thought of the Texas Company that the form of the order issued by the Commission in the case of oil-gas duals, if similar - - if a similar order

were issued in this case it would provide that any interested party or offset operator or the Commission, and I mean by that that the interested operators, by request to the Commission or the Commission on its own request, could ask that tests, as the Commission would see fit, be performed on this well to check the maintenance of separation of the two zones at any reasonable time they so desire. We would be very happy to cooperate in performing such tests if the parties granted.

MR. GRAHAM: The lower, deeper, formations; in your opinion, tend to fail, is that right? It is not as good as it was?

A Yes, sir. It seems, from the production history and to some extent from the geological picture here, that it is possibly a non-commercial producing horizon.

MR. GRAHAM: The upper formation is substantial, is that right?

MR. RAY: Yes, sir, I believe it is. I think that is well borne out by other wells completed in the same reservoir.

MR. GRAHAM: In all probability you would plug back to that, is that right?

MR. RAY: The Texas Company has plugged this well back in order to protect this property from adverse drainage from the completion of the Federal-Elliott No. 1-R Well, yes, sir.

MR. GRAHAM: That is all.

MR. SPURRIER: What is the differential between the two producing formations, do you have that?

MR. RAY: We have not measured bottom hole pressures in either of these producing horizons but in the event that we are granted permission to dually complete these wells the measurement of those pressures would be included in our process of installing that equipment.

MR. SPURRIER: I think you would take it before you would install the equipment, wouldn't you? You would want to know what the differential was?

MR. RAY: Yes, sir. Well, my point was that at the present time it would be impossible to measure them and the present plug at 6600 feet would not be drilled out unless we were granted permission to dually complete the well.

MR. GRAHAM: You propose to use your most efficient method of producing the lesser horizon?

MR. RAY: Yes, sir, we intend to produce the Devonian production through the tubing. That is the weaker zone and by producing it through the tubing we would get the most efficient flow.

MR. GRAHAM: And the casing would handle the better production?

MR. RAY: That is correct. Yes, sir, we do not think that producing the Drinkard through the casing would adversely effect this reservoir.

MR. GRAHAM: That is all.

MR. MACEY: Gas-oil ratio on the completion of the Drinkard, Mr. Ray?

MR. RAY: May I furnish that when I furnish the location of the two zones?

MR. SPURRIER: Yes. Is there any other question of this witness?

MR. MACEY: What is the nearest Devonian producer to your No. 1 McGhee Well?

MR. RAY: I would say that the nearest Devonian producer, according to my information, as shown on Exhibit No. 1, would be the Stanolind State of New Mexico 1-Y, in the Southeast of the Southeast Quarter of the Northeast Quarter of Section 32.

MR. MACEY: How far is that away, approximately?

MR. RAY: It appears to be slightly over a mile.

MR. MACEY: Would you say that that well was draining your lease?

MR. RAY: No, I would not. I can definitely say that. May I qualify my answers slightly by stating that the Texas Company's No. 1 McGhee Well has cut a fault which is evident in the difference between the top of the Devonian formation as found at this location and the top of the Fusselman formation as found at this location compared with the similar markers in offset wells. To be more specific the top of the Devonian is higher than it is on any of the nearby locations and the top of the Fusselman was so low as to be in the water at this location. I can not predict direction in which that fault runs due to the fact that development is insufficient for that purpose in this area, but it would appear from the Fusselman formation or the

production from the Fusselman formation that possibly it is a culling fault, at least as far as the Fusselman horizon is concerned and there is a great likelihood that such a fault would separate the McGhee, Texas Company's McGhee Well, No. 1, from any presently producing Devonian wells.

MR. SPURRIER: Are there any other questions?

MR. MCGHEE: May I ask the witness a question? I am a royalty owner on the south half of the section in question. Do I understand if the application is denied the Texas Company intends to leave the block in and walk off and leave the Devonian formation not producing?

MR. RAY: Yes, sir. Our intention would be to produce the well from the Drinkard Horizon until such time that horizon would be depleted at this location.

MR. MCGHEE: You don't intend to drill out the plug and drill another well to the Drinkard if this application is denied?

MR. RAY: If this application were denied that certainly would be done upon the depletion of the Drinkard production.

MR. MCGHEE: No one knows how long that will last.

MR. RAY: Well, we have had experience in other areas that where a weak pay has remained with mud or drilling fluid upon it for an appreciable period of time it is extremely difficult to restore such a formation to production.

MR. MCGHEE: This Drinkard is 116 barrels in six hours.

MR. RAY: 113 barrels in six hours.

MR. MCGHEE: That well was drilled all the way down to

very heavy mud on account of a blow out in the Elliott well?

MR. RAY: A heavy mud was used in the drilling of the Permian Formation, yes, sir.

MR. MCGHEE: Where do you strike that?

MR. RAY: I don't have the exact point but I would assume that that heavy mud was introduced into the well before the top of the Devonian Formation was encountered.

MR. MCGHEE: Did you carry it to the Drinkard?

MR. RAY: In the original drilling of the well I do not believe the heavy mud was used through the Drinkard Section, no, sir.

MR. MCGHEE: That is all.

MR. SPURRIER: Any further questions?

MR. GRAHAM: What is the cost of a well to the Devonian top?

MR. RAY: I do not have any exact figures on that. I would estimate it in the neighborhood of \$150,000.00.

MR. GRAHAM: For a new and additional well?

MR. RAY: Yes, sir.

MR. GRAHAM: Dual completion is relatively smaller?

MR. RAY: Yes, sir. The installation of dual completion equipment in this well would be relatively smaller expense, yes, sir.

MR. GRAHAM: Approximation?

MR. RAY: I have that right here. The engineer's estimate that the cost of the dual completion equipment would be paid out in a period of a few months.



MR. GRAHAM: The well to the Devonian, would it pay for itself? It is a commercial well in the Devonian.

MR. RAY: The Devonian production, in my opinion, would not repay the cost of the drilling of this well, no, sir.

MR. GRAHAM: But this well is drilled to the Devonian, is that right?

MR. RAY: It was originally drilled to the Fusselman and it has successively plugged back and is now producing only from the Drinkard. I think we can expect a pay out of the development costs from the Drinkard Formation.

MR. MCGHEE: What would be the approximate cost of the new well to the Drinkard?

MR. RAY: It would be considerably less than the Devonian well.

MR. MCGHEE: Approximately?

MR. RAY: I don't have any firm figures. I would estimate say somewhere in the neighborhood of \$100,000.00.

MR. SPURRIER: Any further questions? If not Mr. Ray may be excused. (Mr. Ray excused.)

Does anyone else have a comment in this case?

MR. HILTZ: R. G. Hiltz, with Stanolind, as an offset operator in this area, I would like to state that Stanolind concurs in this application and we recommend that the Commission approve it. Our experience in other areas has shown that by employing proper completion and operational techniques you can satisfactorily separate these zones and maintain separation during

the producing life of the two zones and that the two zones can be satisfactorily produced without co-mingling thereby in many cases precluding the necessity of drilling additional wells.

MR. SPURRIER: Anyone else? Mr. Gray.

MR. GRAY: I have a prepared statement here that I would like to read on behalf of Buffalo Oil Company.

MR. SPURRIER: Very well.

MR. GRAY: " New Mexico Oil Conservation Commission, Santa Fe, New Mexico. Dear Sirs: The Buffalo Oil Company has no operations in the West Dollardhide field of Lea County, New Mexico, and therefore, has no statement to make insofar as Case No. 426 is considered individually. However, since the Commission has not, to our knowledge, previously acted upon a dual completion involving the producing of oil from two separate oil reservoirs from a common well bore, we feel it dutiful to express our views insofar as general policies are concerned so that the Commission may more adequately provide the proper foundation for future cases involving dual completions where both are from oil zones.

It is the opinion of the Buffalo Oil Company that the principal justification for allowing dual oil completions lies in the case where at least one of the pays is considered non-commercial in itself, so that economics require the dual completion in order to recover oil from the non-commercial zone. We recognize that such dual completions should be permitted. There may also be justification where a particular field is located on a state boundary line, and is therefore located in two states, and one

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ALBUQUERQUE, NEW MEXICO

-12-

state already having approved a dual completion program.

We believe that dual oil completions should continue to be considered on an individual field basis. Where no opposition is expressed and approval of a program is given by the Commission, there should be strict observance to guarantee that complete segregation of the two zones is being maintained. This is necessary to protect individual correlative rights and to assure proper functioning in proration.

The Commission should recognize certain practices that might contribute to inefficient producing methods which would decrease ultimate recoveries. In step-cocking a high gas-oil ratio zone, considerably more gas would be produced from the casing annulus, than if produced through tubing. Secondly, it is sometimes the practice to produce one pay through the tubing for one-half month, change tubing openings, and then produce the other zone through tubing for one-half month. This procedure would require a producing rate in excess of that presently permitted under Paragraph (a) of Rule 502. The effects of such practices as these should be considered by the Commission in ruling upon dual completion applications. By: Mr. H. G. Ellis, Vice-President of Buffalo Oil Company."

MR. SPURRIER: Mr. Selinger.

MR. SELINGER: The statement that Skelly Oil Company is going to make is not to be considered as a direct opposition or objection to the Texas Company's application in this particular regard. Our statement is to be a reaffirmation of our position at

a series of hearings held by the New Mexico Commission some eight or ten years ago, in which the matter of dual oil-oil completions were thoroughly gone into during a course of some four or five days. We wish to affirm our opposition on the oil-oil dual completion.

MR. SPURRIER: Anyone else?

MR. SCOTT: W. A. Scott of Shell Oil Company. The Shell has no direct interest in the immediate vicinity of the subject well in this case. This statement is to present our views on the issue only as a matter of principle. We have heretofore expressed before the Commission our opinion that all oil duals should not be looked on with favor and especially so unless a separate examination of the facts in each particular case is made. We are still of the same opinion and we urge that in the event permission is granted in any one instance that it not be considered as a precedent.

MR. SPURRIER: Anyone else? Mr. Ray.

MR. RAY: I would like to make a statement of the Texas Company's views on this. If this petition is granted we wish to cooperate in every way and to maintain effective separation of the two pays in question. We are presenting this case on the merits that have been put forth for this one location alone. It is not our desire to apply this to any other area in which we might operate. If the Commission sees fit to grant this application we pledge our fullest cooperation in the matter of performing tests or obtaining and reporting any data which the Commission or

the operators in this area might request.

MR. SERRIER: Anyone else?

MR. MCGHEE: I hate to see them go off and leave that.

MR. GRAHAM: That is commercial production.

MR. MCGHEE: I have been under considerable temptation.

MR. GRAHAM: Isn't that commercial production, Mr. Ray?

MR. RAY: Mr. Graham, I do not anticipate that this production will have sufficient life to be considered commercial production.

MR. GRAHAM: Except for the Drinkard then that would be a dry hole in your opinion?

MR. RAY: No, sir, I wouldn't say that, but you see in this well we have an additional problem. We have a very commercial pay in the Drinkard and we will also be faced with a problem of adverse drainage. We have attempted to solve that problem to the best of our ability.

MR. MACEY: You were subject to adverse drainage on the Drinkard?

MR. RAY: Yes, sir.

MR. MACEY: Just the Drinkard?

MR. RAY: Well, I think that since we have made application in this matter wells have been completed in the Queens Formation which is also productive of oil in this area. I didn't bring that into it because I felt it had no bearing on the application, but we're drilling separate wells for Queens production. One which may have been recently completed and the second Queens well

is projected and if it is not drilling at the present time - -

MR. SPURRIER: Any further questions? If not we will take the case under advisement and move on to Case 427.

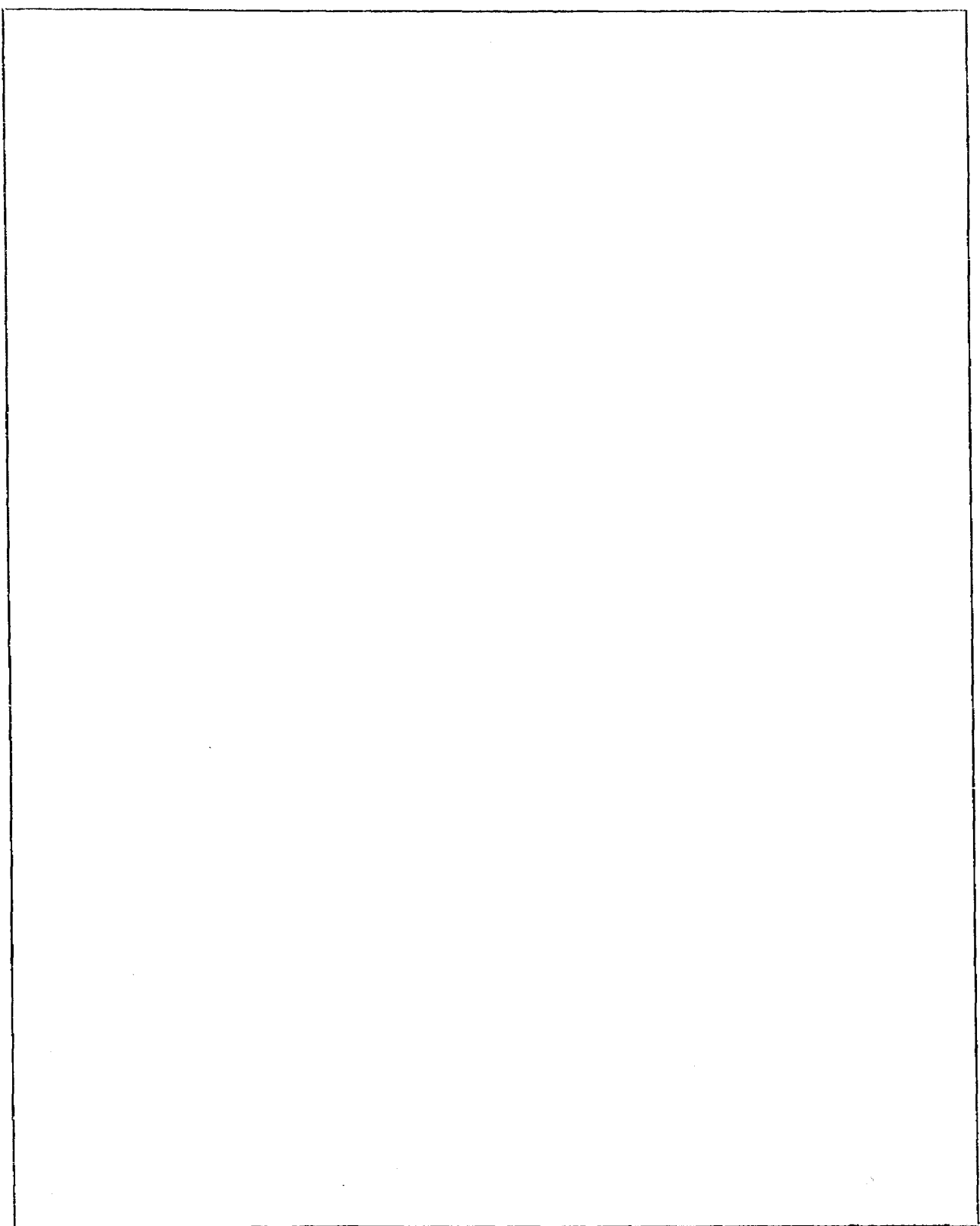
STATE OF NEW MEXICO )  
:  
COUNTY OF BERNALILLO )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 426 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on November 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 29<sup>th</sup> day of November, 1952.

  
REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9545 AND 5-9546  
ALBUQUERQUE, NEW MEXICO



E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1303  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

14-426

**THE TEXAS COMPANY**

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



October 31, 1952

P. O. BOX 1720  
FORT WORTH 1, TEXAS

16

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Gentlemen:

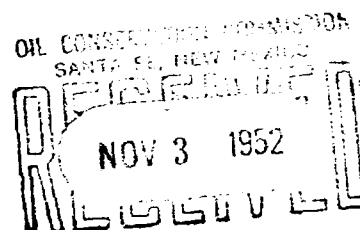
Enclosed please find three copies of our application for hearing in regard to the requested dual completion of our J. B. McGhee Well No. 1, West Dollarhide Devonian Field, Lea County, New Mexico. A map of this area showing the location of the subject well and a diagram of our proposed installation of dual completion equipment are also enclosed.

A copy of this application has also been sent to the New Mexico Oil and Gas Engineering Committee, attention Mr. Glenn Staley.

Yours very truly,

*C. J. Ray, Jr.*  
C. J. Ray, Jr.  
Petroleum Engineer

CJR, Jr-ECH



Faithfully yours  
**50**  
for Fifty Years



BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF  
NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF THE TEXAS COMPANY IN ACCORDANCE )  
WITH RULE 112 TO DUALY COMPLETE )  
ITS J. B. MCGHEE WELL NO. 1, WEST )  
DOLLARHIDE FIELD, LEA COUNTY, NEW )  
MEXICO )

Comes now The Texas Company and alleges and states:

1. That The Texas Company has heretofore drilled a well in the West Dollarhide Devonian Pool, Lea County, New Mexico, known as the J. B. McGhee No. 1 well, located in the Northeast quarter (NE/4) of the Southeast quarter (SE/4) of Section 31, Township 24 South, Range 38 East.

2. That said well was completed as an oil well producing from the interval between 7440 and 7610 feet and between 7630 and 7705 feet in the Devonian formation.

3. That the said well is offset by L. E. Elliott's Federal-Elliott No. 1-R well, located in the Southeast quarter (SE/4) of the Northeast quarter (NE/4) of Section 31, Township 24 South, Range 38 East, which well produces from the Drinkard horizon; and that during the drilling of the said McGhee well, drill stem tests were taken which indicated the Drinkard formation encountered would be commercially productive in said well.

4. That the applicant proposes to perforate the five and one-half inch (5-1/2") casing between the intervals of 6350 and 6396 feet, between 6416 and 6469 feet and between 6479 and 6512 feet, opposite the Drinkard horizon; and set a Baker production packer at approximately 7390 feet, said installation to contain equipment which will allow measurement of bottom hole pressures of either the Devonian or Drinkard horizons.

5. That the applicant proposes to dually complete the said well to produce oil from the Devonian formation through the tubing and oil from the Drinkard formation through the 5-1/2 inch casing. The manner and method of the proposed dual completion are shown in the attached exhibit.

6. That the granting of this application for permission to produce dually oil from the Devonian formation and oil from the Drinkard formation is in the interests of conservation and the protection of correlative rights.

7. That the applicant will do such things as may be required of it by the New Mexico Oil Conservation Commission in the maintenance of separation of production from said two horizons.

8. That the manner and method of the proposed dual completion is mechanically feasible and practicable.

Therefore, The Texas Company requests that the Oil Conservation Commission set this matter for hearing, and after said hearing to grant permission in order that the applicant may dually complete its J. B. McGhee Well No. 1 so that oil from the Devonian formation may be produced through the tubing and oil from the Drinkard formation may be produced through the casing.

Respectfully submitted,

THE TEXAS COMPANY

By

  
Petroleum Engineer

CJR,Jr-ECH

