

Case No.

759

Application, Transcript,
Small Exhibits, Etc.

Legal Notice OCC Hearing

Publication:

Date: 9-16-54

CASE

759 :

In the matter of the application of Magnolia Petroleum Company for a special-six months test period for determination of a well's productivity.

Applicant, in the above-styled cause, seeks an exception to Rule 107(c) of the Commission's Rules and Regulations to permit the dual ~~production~~ production of its Brunson Argo No. 1 Well, NW/4 NE/4 Section 9, Township 22 South, Range 37 East, NMPN, Lea County, New Mexico, in such manner that oil from the Blinbry zone may be produced through the casing-tubing annulus, and gas from the ^{underlying} ~~tubing~~ zone through the tubing; such irregular flowing procedure being requested to permit applicant to test the Blinbry zone for six months to determine its ^{permanence} ~~permanence~~ as an oil-producing zone rather than a gas-producing horizon as believed to be the case when applicant secured Commission Order DC-129 approving the well's completion as a gas-gas dual.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 16, 1954

IN THE MATTER OF:
Regular Hearing
CASE NO. 759

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 16, 1954

IN THE MATTER OF:

Application of Magnolia Petroleum Company for
exception for a six-months test period to Rule
107 (c) to permit dual production of its
Brunson Argo No. 1 Well, NW NE Section 9, Town-
ship 22 South, Range 37 East, to permit pro-
duction of oil from the Blinbry zone through
the casing-tubing annulus, and gas from the
underlying Tubb zone through the tubing.
(Original gas-gas dual completion approved in
Order DC-129).

Case No.
759

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 759.

MR. AIKMAN: A. E. Aikman, representing Magnolia Petroleum
Company.

MR. MACEY: Is this the only witness?

MR. AIKMAN: He is the only witness.

(Witness sworn.)

W. A. DANIEL,

called as a witness, having been first duly sworn, testified as
follows:

DIRECT EXAMINATION

By MR. AIKMAN:

Q Would you state your name, please?

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

A W. A. Daniel.

Q By whom are you employed, Mr. Daniel?

A Magnolia Petroleum Company as District Engineer in Kermit, Texas.

Q How long have you been at Kermit?

A Approximately two years.

Q I would like to have his qualifications to testify in any opinion testimony --

MR. MACEY: Qualifications are acceptable.

Q Mr. Daniel, are you acquainted with Magnolia Brunson Argo No. 1 Well?

A I am.

Q Will you state, put it this way, what formation was that well initially completed?

A The well was initially completed in the Drinkard zone, the well went to high ration limited capacity, uneconomic production and in June of 1954 Magnolia made application for dual gas-gas completion in the Blinbry and the Tubb formations. This application was approved by the Commission under Order DC-129, dated June 29, 1954. The work performed in order to make this completion was to squeeze the Drinkard zone through perforation, 6538 to 54 with the packer retainer set at 5468, we decreased 25 sacks, of 4,500 pounds.

We then perforated the Tubb from 6133 to 80, fractured the formation with 5,000 gallons of fracture, with one pound of sand. Following this we acidized with 1,000 gallons at 15 percent

~~acidized at initial pressure of 2,500, followed by a final pressure~~

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

of 500. We then perforated the Blinebry zone from 5536 to 66 and acidized with two stages of acid. The first being 3,000, the second being 6,000; pressures were 2,500 down to 2,000. Following this we tested Blinebry, which we obtained 41 barrels of oil with no water on a 24/64th choke. The surface pressures during this test were 260 pounds on the Blinebry, which was brought through the casing and 350 pounds on the Tubb, which was in the tubing and shut in.

This we considered as indication of failure of the packer seal rings and the tubing was pulled and the seal rings we dressed and reinstalled.

Following this we tested the well September 3rd at the rate of 20 barrels of oil a day, 170 MCF of gas, a ratio of 82/83 on a 12/64th choke with 250 pounds tubing pressure. During this test pressure recorders were installed on both the tubing and the casing. The tubing pressure of the Tubb zone built up during the 24-hour test period from 1325 to 1600 pounds surface pressure and was continuing to increase at the end of the 24-hour test period of the Blinebry zone.

During the test of the Blinebry flowing through the casing, the surface pressure was constant at 250 pounds. This is indication that no communication between the two zones exist, either behind the pipe or within the well bore.

The Brunson Argo No. 1 is located in the northwest quarter of the northeast quarter of Section 9, Township 22 South, Range 37 east. This location is within the defined limits of the Blinebry Gas Pool. The location is on the west edge of the present gas

production, the closest Blinebry gas well being approximately one mile east, a mile and a half southeast and one mile northeast. So far as I have been able to determine there is no other oil being produced from the Blinebry in this immediate vicinity.

Recognizing New Mexico Oil Conservation Commission's Rule Number 107, Section C, requiring that all flowing wells be tubed, Magnolia makes application for exception to this rule for a six-month test period, in order to evaluate the Blinebry oil production. It is my opinion that the oil rate will be limited and that the production of this oil will not be sustained. For that reason we do not feel that a single completion of the Blinebry zone is justified.

MR. AIKMAN: That is all.

MR. MACEY: Any questions of the witness? Mr. Daniel, as I understand it, it is your intention to produce the Blinebry zone through the casing tubing into the Tubb zone, through the tubing for a temporary six-months period, is that correct?

A That is right.

MR. MACEY: Now, what do you contemplate regarding the final disposition of the well?

A That will depend on the results of the test. If we have oil production, then by the New Mexico Rule 112, Section C, requiring that the upper zone of a dual completion be gas, we will have to comply with that, or take exception.

MR. MACEY: In other words, you are either going to re-complete the well in one zone or the other, either the Tubb or Blinebry, or ask for a permanent exception to the rule?

A Yes, sir.

MR. MACEY: All right. Any further questions? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Are there any further comments or statements in the case? Are you through, Mr. Aikman?

MR. AIKMAN: Yes, sir.

MR. MACEY: If there is no comment in the case we will take the case under advisement.

STATE OF NEW MEXICO)
: SS.
COUNTY OF BERNALILLO)

I, MARIANNA MEIER, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of September, 1954.

Marianna Meier
Notary Public, Court Reporter

My Commission Expires:
April 8, 1956

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 17, 1955

C
O
P
Y

Magnolia Petroleum Company
P. O. Box 727
Kermit, Texas

Attention: Mr. W. A. Daniel

Re: Cancellation of Order No. R-538

Gentlemen:

Reference is made to your Form C-103, submitted on April 11, 1955, for your Brunson Argo Well No. 1, located in the NW/4 NE/4 of Section 9, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, and the above-captioned order.

Effective this date the dual completion granted by Order No. R-538 issued in Case 759, is hereby cancelled due to obtaining only oil production from the Blinsbry Pool upon recompletion of the well, as indicated on your Form C-103.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engr. Comm., Hobbs

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 25, 1954

Magnolia Petroleum Company
Box 727
KERRITT, TEXAS

Attention: Mr. W. A. Daniel

Gentlemen:

We enclose copy of Order R-538 issued by the Commission under date of October 14, 1954, in Case 759 as brought upon your company's petition and heard on September 16.

Very truly yours,

WEM:mr

Encl.

C
O
P
Y

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. 759
Order No. R-538

THE APPLICATION OF MAGNOLIA
PETROLEUM COMPANY FOR AN
ORDER GRANTING PERMISSION TO
DUALY COMPLETE AND PRODUCE
FOR A 6-MONTH TESTING PERIOD ITS
BRUNSON-ARGO WELL NO. 1, NW NE
SECTION 9, TOWNSHIP 22 SOUTH, RANGE
37 EAST, NMPM, LEA COUNTY, NEW
MEXICO, THE DUAL COMPLETION INVOLV-
ING THE PRODUCTION OF OIL FROM THE
BLINEBRY OIL POOL THROUGH THE TUBING-
CASING ANNULUS AND THE PRODUCTION OF
GAS FROM THE TUBE GAS POOL THROUGH
THE TUBING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th day of October, 1954, the Commission, a quorum being present, having considered the records and the testimony adduced, and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the subject matter thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That applicant's well, Brunson-Argo, No. 1, NW/4 NE/4 Section 9, Township 22 South, Range 37 East, NMPM, was originally completed as an oil well producing from the Drinkard Pool.
- (3) That application was filed by the applicant and permission received to recomplete the well as a dual gas-gas well, the recompletion being granted under the provisions of Rule 112-A of the Commission's Rules and Regulations and ordered by the provisions of Order DC-129.
- (4) That when recompleted the Blinebry zone produced approximately 20 BOPD with a gas-oil ratio of 8283 to 1.

(5) That evidence indicates that an effective separation has been made between the Tubb and Blinbry zones by the use of a packer.

(6) That the provisions of Rule 107-C require all oil wells to be flowed through tubing.

(7) That applicant desires permission to produce the Blinbry zone through the tubing-casing annulus without the use of tubing, the Tubb zone to be produced through tubing, for a temporary 6-month period in order to evaluate the Blinbry Oil Zone.

(8) That approval of this application would result in a greater ultimate recovery of oil from the Blinbry zone.

(9) That although recent experiments tend to show that mechanical packers and other devices are ordinarily available for successful dual or multiple completions of oil and gas wells, the Commission is unconvinced of the soundness of such dual-multiple completions as a general practice in New Mexico without specific controls over each such project.

IT IS THEREFORE ORDERED:

That the applicant herein, Magnolia Petroleum Company, be and it hereby is authorized to dually complete and produce its Brunson-Argo No. 1 well, located in NW/4 NE/4 Section 9, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner that oil and/or gas from the Blinbry formation may be produced through the annular space between the casing and tubing, and oil and/or gas from the Tubb formation through the tubing by proper perforations and packer installations.

PROVIDED HOWEVER, that this permit shall be effective for a period not to exceed 6 months from the date of allowable assignments.

PROVIDED HOWEVER, that subject well shall be completed, and thereafter produced, in such manner that there will be no commingling within the well bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata, and,

PROVIDED FURTHER, that said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time, as may be required by the Commission or its representatives, in order that natural gas, oil or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined, and,

PROVIDED FURTHER, that the operator applicant shall make any and all tests, including segregation tests, but not excluding other tests and/or determinations at any convenient time and in such manner as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of the Commission and by representatives of offset operators, if any there be, at their election, and the results of each test properly attested to by applicant herein and all witnesses, and shall be filed with the Commission within ten (10) days after the completion of such test, and,

PROVIDED FURTHER, that upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas/oil ratio and reservoir pressure determination of each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, that jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing, the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary

SEAL

MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

P. O. Box 727
Kermit, Texas
August 26, 1954

MAIN OFFICE OCC
1954 AUG 27 PM 3:59

New Mexico Oil Conservation Commission
Santa Fe,
New Mexico

Re: Request for Special Test Period,
Brunson Argo No. 1, Blinebry &
Tubbs Fields, Lea County, N. M.

Gentlemen:

Magnolia Petroleum Company hereby requests a special six months test period on their Brunson Argo No. 1, NW/4, NE/4 (660' NL - 1980' EL) Sec. 9, T-22-S, R-37-E, Blinebry and Tubbs Fields, Lea County, New Mexico.

A request for dual completion of this well as a Blinebry & Tubbs gas-gas dual well was submitted and granted by Order DC-129, dated June 29, 1954. Performance of the work as indicated on the request for dual completion resulted in oil production from the Blinebry (upper zone). Under the present completion arrangement, this zone must be flowed through the casing contrary to Rule 107-C. This well is in an area of gas productive Blinebry wells and we believe that the production of oil will be temporary.

In view of this condition, Magnolia Petroleum Company respectfully requests a six months testing period for the Blinebry zone, during which time oil may be produced through the annulus between casing and tubing in exception to Rule 107-C. Upon receiving such permission, Magnolia will file a potential so that an oil allowable may be assigned this well.

Yours very truly,

MAGNOLIA PETROLEUM COMPANY

W. A. Daniel
JAD

W. A. Daniel
District Petroleum Engineer

JWS:bj

cc: NMOCC - Santa Fe
NMOCC - Hobbs