CASE 2724: Application of SKELLY for dual completion of its DOW "B" WELL NO. 21 - EDDY COUNTY.

OK

2724

tion, Transcript,

Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

January 16, 1963

Mr. Charlie White
Gilbert, White & Gilbert
Attorneys at Law
Box 787
Santa Fe, New Mexico

Re: Case No. 2724
Order No. R-2406
Applicant:
Skelly Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC
OTHER

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. 2724
Order No. R-2406

APPLICATION OF SKELLY OIL COMPANY
FOR A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 3, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of January, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Skelly Oil Company, seeks permission to complete its Dow "B" Well No. 21, located in Unit I of Section 21, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Fren and Grayburg-Jackson Pools through parallel strings of 2 3/8-inch tubing.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to complete its Dow "B" Well No. 21, located in Unit I of Section 21, Township 17 South, Range 31 East, NMPM,

Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Fren and Grayburg-Jackson Pools through parallel strings of 2 3/8-inch tubing.

PROVIDED HOWEVER, That the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

PROVIDED FURTHER, That the applicant shall take packer-leakage tests upon completion and annually thereafter, and at such other times as the Secretary-Director of the Commission may prescribe.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell

JACK M. CAMPBELL, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary

esr/

Set for Case 2724
Item 4

7-3-58

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR DUAL COMPLETION

Field Name: Fren & Grayburg Jackson		County: Eddy	Date: November 21, 1962
Operator: Skelly Oil Company	Lease: Dow "B"		Well No.: 21
Location of Well: Unit I	Section: 21	Township: 17-S	Range: 31-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the dual completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____ ; Operator, Lease, and Well No.:

3. The following facts are submitted:	Upper Zone	Lower Zone
a. Name of reservoir	Seven Rivers	San Andres
b. Top and Bottom of Pay Section (Perforations)	2208-2290' (Estimated)	3428-3494' (Estimated)
c. Type of production (Oil or Gas)	Oil	Oil
d. Method of Production (Flowing or Artificial Lift)	Pump	Pump

4. The following are attached. (Please mark YES or NO)

Yes a. Diagrammatic Sketch of the Dual Completion, showing all casing strings, including size and setting, top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.

Yes b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.

_____ c. Waivers consenting to such dual completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*

_____ d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Sinclair Oil & Gas Company - 520 East Broadway - Hobbs, New Mexico

Murchison & Closuit - Box 6-A - Loco Hills, New Mexico

Kersey & Company - Box 316 - Artesia, New Mexico

Getty Oil Company - Box 547 - Hobbs, New Mexico

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification November 21, 1962.

CERTIFICATE: I, the undersigned, state that I am the Dist. Supt. of the Skelly Oil Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

DOCKET MAILED

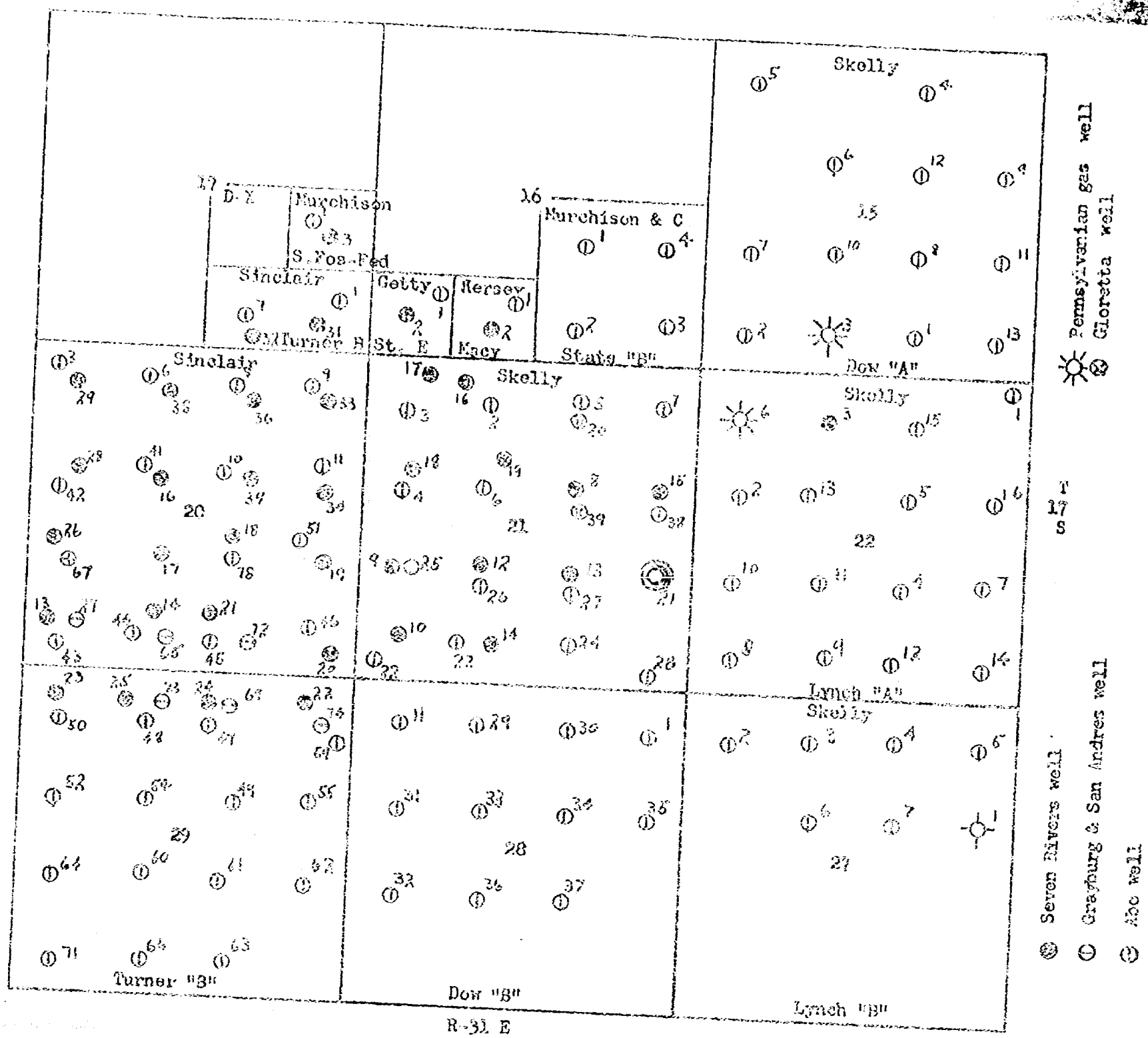
Date 12-2-62

J. E. Clark
Signature

* Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed dual completion will result in an unorthodox well location and/or a non-standard proration unit in either or both of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

SKELLY OIL COMPANY
Dow "B" No. 21
Unit I-Sec 22-T17S-R31E
Eddy County, N. M.



No. 1-63

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 3, 1963

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as alternate examiner:

CASE 2724: Application of Skelly Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization for the dual completion (conventional) of its Dow "B" Well No. 21, located in Unit I of Section 21, Township 17 South, Range 31 East, Eddy County, New Mexico, to produce oil from the Fren and Grayburg-Jackson Pools through parallel strings of tubing.

CASE 2725 Application of Standard Oil Company of Texas for allowable transfer, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to conduct pressure interference tests on its Jicarilla 4-26 lease, Section 26, Township 28 North, Range 1 West, Boulder-Mancos Pool, Rio Arriba County, New Mexico. Applicant proposes to shut-in Well No. 4 and produce its allowable equally from Wells Nos. 2 and 3.

CASE 2726: Application of Continental Oil Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization for the dual completion (conventional) of its Rattlesnake Well No. 144, located in Unit N, Section 2, Township 29 North, Range 19 West, as a dual completion (conventional) to produce gas from the Upper Pennsylvanian formation and oil from the Lower Pennsylvanian formation, Rattlesnake Pennsylvanian Field, San Juan County, New Mexico.

CASE 2727: Application of Continental Oil Company to establish special rules and regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules and regulations for the Oil Center-Blinebry Pool in Township 21 South, Range 36 East, Lea County, New Mexico, including a provision for 80-acre spacing units.

CASE 2728: Application of Continental Oil Company for commingling authority, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle the production from the Drinkard, Tubb and Wantz Abo Oil Pools on its J. H. Nolan lease with Blinebry Gas Pool liquids pro-

duced on its J. H. Nolan Unit, Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2729: Application of Scanlon-Shepard for a waterflood project, Chaco Wash Oil Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Mesaverde formation through certain wells in Sections 21, 22, 27 and 28, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 2716: (Continued)
Application of Markham, Cone & Redfern for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Eubanks Well No. 3, located in Unit K, Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce a limited amount of gas from the Blinebry Gas Pool, oil from the Blinebry Oil Pool and oil from each of two pays in the Drinkard Pool. Separation of the four zones would be achieved by means of three packers.

iqg/

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 3, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Skelly Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization for the dual completion (conventional) of its Dow "B" Well No. 21, located in Unit I of Section 21, Township 17 South, Range 31 East, Eddy County, New Mexico, to produce oil from the Fren and Grayburg-Jackson Pools through parallel strings of tubing. CASE 2724

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please. The first case this morning will be Case 2724.

MR. DURRETT: Application of Skelly Oil Company for a dual completion, Eddy County, New Mexico.

MR. WHITE: If the Examiner please, Charles White of Gilbert, White, and Gilbert. We have one witness at this time to be sworn, Mr. Jerry Moritz.

(Whereupon, Applicant's Exhibits Nos. 1 & 2 marked for identification.)

(Witness sworn.)

JERRY I. MORITZ

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

duced on its J. H. Nolan Unit, Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2729: Application of Scanlon-Shepard for a waterflood project, Chaco Wash Oil Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Mesaverde formation through certain wells in Sections 21, 22, 27 and 28, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 2716: (Continued)
Application of Markham, Cone & Redfern for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Eubanks Well No. 3, located in Unit K, Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce a limited amount of gas from the Blinebry Gas Pool, oil from the Blinebry Oil Pool and oil from each of two pays in the Drinkard Pool. Separation of the four zones would be achieved by means of three packers.

iqg/

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your name for the record, please?

A Jerry Irvin Moritz.

Q By whom are you employed and in what capacity?

A I am employed by Skelly Oil Company as a production engineer.

Q Where are your headquarters?

A In Hobbs, New Mexico.

Q Have you previously testified before the New Mexico Oil Conservation Commission or one of its Examiners?

A No.

Q Will you briefly state to the Examiner your professional qualifications, such as your educational background and your professional experience?

A I was graduated from the University of Tulsa with a B.S. Degree in June of 1960, at which time I went to work for Skelly Oil Company in Hobbs District. I have worked with them since then.

MR. WHITE: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. White) Are you familiar with the subject application?

A Yes.

Q Will you briefly state what the Skelly is seeking by

the application?

A They are seeking to dually complete Dow "B" No. 21 in the Seven Rivers and San Andres formations.

Q Where is this well located?

A On Exhibit No. 1 here, it is shown to be located 1980 from the south line and 600 feet from the east line of Section 21, Township 17 South, Range 31 East, Eddy County.

Q Again referring to Exhibit 1, will you further explain the exhibit, please?

A This exhibit shows outlined in yellow the subject lease, Skelly's Dow "B" Lease, with the subject well, the Dow "B" 21 shown in red. Also shown on this plat is the offset operators, Skelly Oil Company Lynch "A" Lease and Lynch "B" Lease to the east, and Murchison and Closuts State "B" Lease and Kersey-Macy and the Getty State "E" Lease to the north, and Sinclair's Turner "B" to the west; and then Skelly has an undeveloped lease to the south.

Also shown here are the Seven Rivers wells shown in the dark black circle, the Grayburg and San Andres wells with a vertical slash, the Abo wells with a horizontal slash, and the Pennsylvanian gas wells, and then one Glorieta well with the X through it.

Q What is the present status of this well?

A Presently the San Andres is producing top allowable. The Seven Rivers is shut in waiting approval of this hearing.

Q Will you now refer to and explain what has been marked as Exhibit No. 2, being a diagrammatic sketch?

A This is a diagrammatic sketch of the dual completion. This well originally was a deep Pennsylvanian gas well. It has 13-3/8 inch casing set at 207 feet with 225 sacks of cement circulated on that. Intermediate casing is 8-5/8ths set at 3605 with 1900 sacks and cement circulated on this. We had 5-1/2 inch OD set at 11,878 with 1755 sacks, with the top of the cement at 5106. As I said before, this was a deep Pennsylvanian well, with the total depth of 11,963.

We completed this well in the Atoka, and it produced there until about May of '60, at which time it would not produce any more and we plugged it back with a bridge plug set at 7330 and perforated the Abo; and this Abo, we could not get anything out of it, it swabbed dry. So here at this recent recompletion, we set a bridge plug at 7183 with two sacks of cement on top, and come back up and cut our 5-1/2 casing at 4825 and pulled same; set 150 foot cement plug in and out of the stub there, 5-1/2; and then we set a Halliburton "DC" cement retainer at 3590 and squeezed 100 foot cement plug below this retainer, and it puts it back up to the point where we recompleted it.

This plugback operation was approved by the United States Government. This is a Federal lease here.

Q Will you state what your downhole equipment will be as far as the proposed dual completion?

A Well, we will have the deep string, San Andres, set in a Baker Model "D" Packer at 3330; 2-3/8ths OD tubing set at 3425 with a seating nipple set at 3387 and perforated 3381 to 3391. Then we will have for the Seven Rivers a string of 2-3/8ths OD tubing set at 2381, seating nipple at 2350, perforated 2351 to 2354. We presently have equipment to pump this well from the Seven Rivers. The pumping unit and pump are in it.

Q Will it be possible to pump both reservoirs if the necessity arises?

A Yes, they are set up to be pumped.

Q Is there any difference between the figures stated on Exhibit 2, that's your diagrammatic sketch, and that which was attached to your application?

A Yes, there is. The first exhibit was the one that was estimated perforations. This is the exact. We perforated in the Seven Rivers 2271 to 2330. That was the gross interval. I do have the exact, if you would like to have it. The San Andres, we perforated 3358 to 3493. Now the tubing, as I said before, was set for the San Andres at 3425; for the Seven Rivers it was set at 2381. There's one other difference; the original application did not show this Halliburton "DC" cement retainer set at 3590.

Q Will you give the crude characteristics?

A The Seven Rivers was brought in for a potential of 120 barrels of oil per day plus 15 barrels of water per day, with a GOR of 883, and the gravity was 37.1 degrees. The San Andres

was brought in with a flowing IP of 283 barrels of oil with no water; GOR of 1,071, with the gravity 36.4 degrees.

Q Do you anticipate any paraffine or corrosion problems?

A We have had in our other wells up there in the San Andres, we do have paraffine problems.

Q How do you intend to cope with those problems?

A We have been able to control that by scraping every three months.

Q Have you found that to be a satisfactory remedy?

A Yes.

Q Give the economic advantange of this proposed dual completion.

A Well, assuming that we do not dual complete, if we were to make a single San Andres out of the 21, it would cost us $22,000, and to single complete the Dow 21 in the Seven Rivers would cost $8,000, bringing the two wells to $30,000. The dual completion has cost $15,000, saving is approximately $15,000 by dual completing.

Q In dually completing this well, did you use the same type of equipment that has been accepted by the Commission or used by the industry in general?

A Yes.

Q Will the granting of the application tend to protect correlative rights and prevent waste?

A Yes.

Q Were these exhibits prepared by you or under your direction?

A Yes.

MR. WHITE: At this time we offer the exhibits. That will conclude our testimony.

MR. NUTTER: The exhibits will be received in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 & 2 admitted in evidence.)

MR. NUTTER: Does anyone have a question of Mr. Moritz? Do you have anything further you wish to offer, Mr. White?

MR. WHITE: I believe that's all.

MR. NUTTER: We will take the case under advisement.

* * * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 21st day of January, 1963.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2724, heard by me on 1/3, 1963.

..., Examiner
New Mexico Oil Conservation Commission

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE January 3, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Jerry D. Moritz	Skelly Oil Co.	Hobbs, N.M.
L C White	[illegible]	Sa. Fe, N. M.
R.A. Montgomery	J.M. Murray	Hobbs
[illegible]	M. Lex Selby	Hobbs, N.M.
Glenn E. George	State Oil Engr. of Texas	Houston, Texas
Edward O. Holloway	" " " "	"
P.T. McGrath	U.S.G.S.	Farmington
Jason Kellahin	Kellahin & Fox	Santa Fe
Fred Van Matre	Continental Oil Co	Durango, Colo
Joe G. Ramey	O.C.C.	Santa Fe
R.L. Freeborn	Continental Oil Co	Roswell
M.H. Barber	" "	[illegible]
John Wesley	" "	Lovington, N.M.
J.A. Sanguinet	" "	[illegible]
Marvin E. Indy	State Engr.	[illegible]

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing

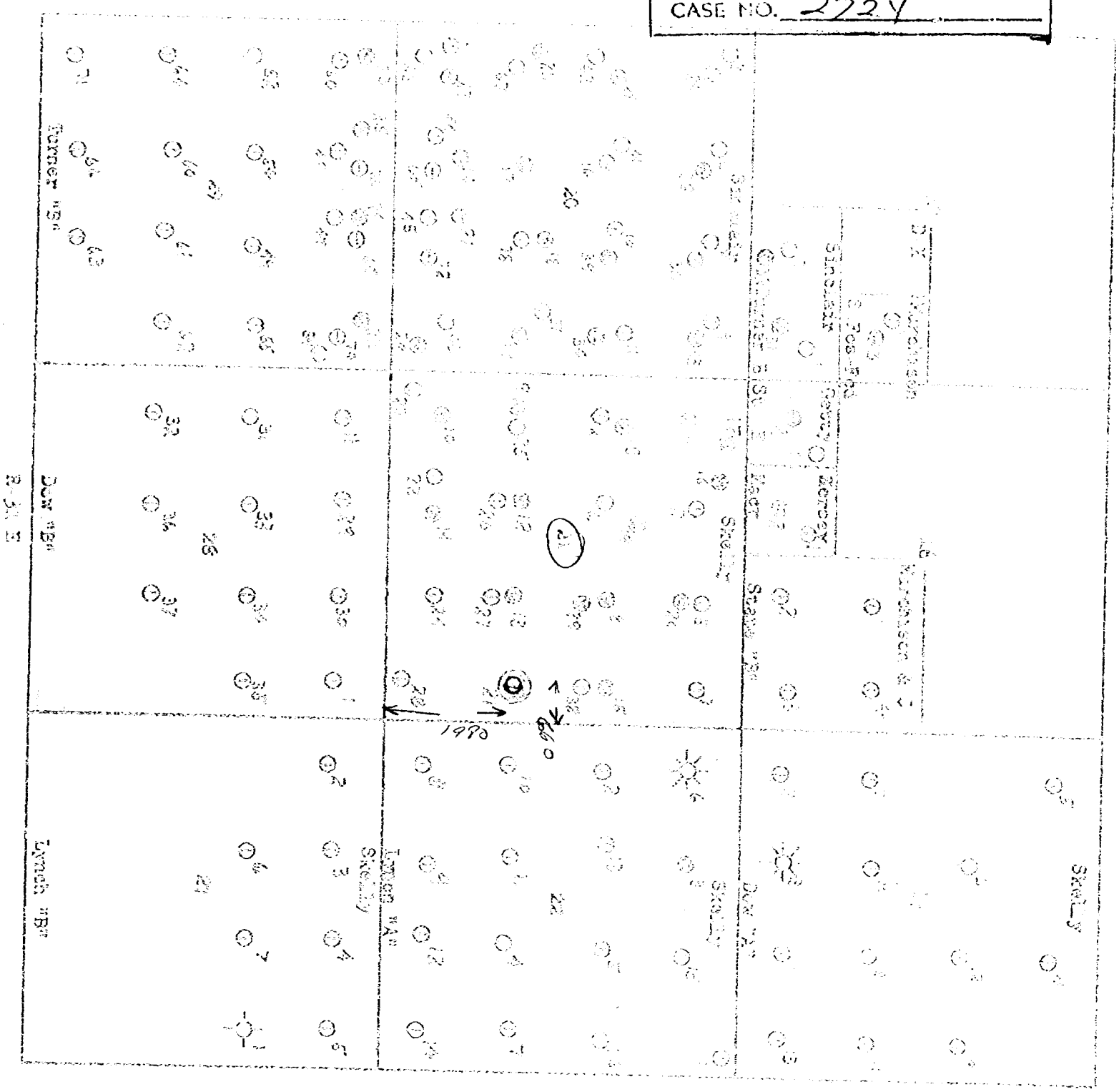
Santa Fe, NEW MEXICO

REGISTER

HEARING DATE January 3, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Lester Marshall	Gulf Oil Corp	Roswell
Bill Kastler	"	"
R.W. Vertrees	Continental Oil Co.	Denver
[illegible]	[illegible]	Santa Fe
[illegible]	Sun Oil Co	Roswell NM
Gordon H. Mayberry	Continental Oil Co	Denver
L.C. White	Markham, Cone & Redfern	Santa Fe
Lo Storm	Markham, Cone & Redfern	Hobbs

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
________ EXHIBIT NO. 1
CASE NO. 2724



Ⓢ Seven Rivers well

Ⓖ Grayburg & San Andres well

⊖ Abo well

☼ Pennsylvanian gas well

Ⓖ Glorieta well

DIAGRAMMATIC SKETCH OF DUAL COMPLETION

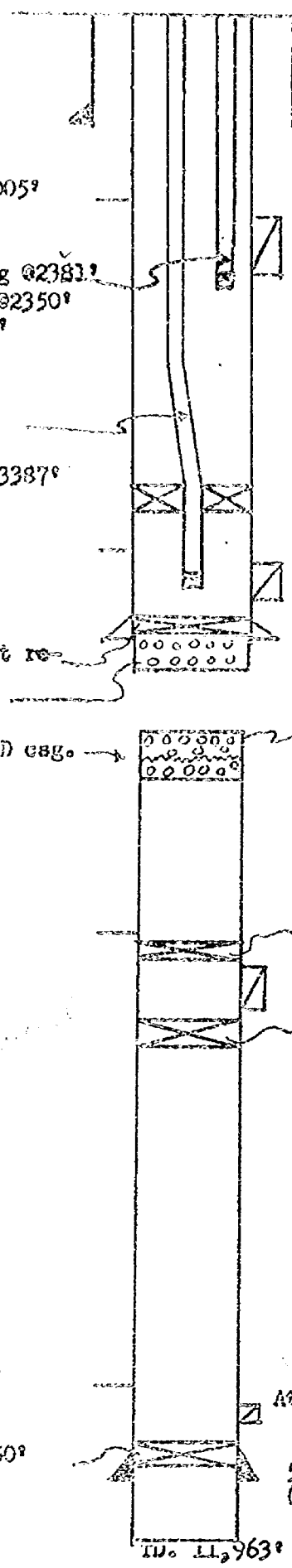
COMPANY: Skelly Oil Company

LEASE: Dow "B" WELL: 21

LOCATION: Sec. 21-T17S-R31E

COUNTY OF: Eddy STATE OF: N.M.

BEFORE EXAMINER NUTTE
OIL CONSERVATION COMMISSION
Skelly EXHIBIT NO. 2
CASE NO. 2224



13-3/8" OD casing @207' w/225 sx.
(Cement Circulated)

Seven Rivers 2005'

Seven Rivers Perfs
2217-2330'

2-3/8" OD tubing @2381'
Seating nipple @2350'
Perfs 2351-2354'

7R
pumped
120 BOPD
15 BWPD
GOR
888
Grav 37.1°

2-3/8" OD tubing
set @3425'
Seating nipple @3387'
Perfs 3381-3391'

Baker Model "D" Production Packer
set at 3330'

San Andres 3415'

San Andres Perfs 3358-3493'

8-5/8" OD casing @3605 w/1900 sx.
(Cement Circulated)

Howco "DC" cement re-
tainer @ 3590
100' cement plug

150' Cement Plug - in and out.

San Andres
Cut off 5-1/2" OD csg.
@ 4825'

237 BO
0 BW

1071 GOR
36.4°

Top Abo 7069'

Bridge Plug @7183' - 2 sx on top
Abo Perfs 7234-7293'

Bridge Plug @7330'

separate
7R
2 pumps
hook

Top Atoka 11,262'

Atoka Perfs 11,810' - 822'

Bridge plug @11,850'

5-1/2" OD casing @ 11,878' w/1755 sx.
(Top cement @ 5106')

TD. 11,963'