

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
March 28, 1956

IN THE MATTER OF:

CASE NO. 1041

TRANSCRIPT OF PROCEEDINGS

1041

NEW MEXICO OIL CONSERVATION COMMISSION
MABRY HALL - STATE CAPITOL
SANTA FE, NEW MEXICO

REGISTER

HEARING DATE March 28, 1956 TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION
William R. Loar	Sunray Mid-continent	Box 2039 Tulsa
Robert F. Statton	Sunray Mid-continent	Midland, Tex
Victor T. Lyon	Continental Oil Co.	Ft. Worth, Texas
Paul Thornton	Continental Oil Co.	Hobbs, Texas
Charles R. Smith	" " "	EUNICE, N.M.
Sam E. Hinkle	Humble Oil & Ref. Co.	Roswell, N.M.
R. P. Heald Jr	" "	Hobbs
A. P. Phillips	" "	Roswell, N.M.
R. S. Dewey	✓	Midland Texas
W. G. Sautout	U.S. GS	Hobbs
R. F. Montgomery	OCC	Hobbs
R. E. Cook	CONOCO	HOBBS
W. T. Wheeler Jr	CONOCO	EUNICE, N.M.
W. S. Marshall	Schmeckler	Hobbs

BEFORE THE
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Application of Sunray Mid-Continent Oil)
Company for an order approving a dual)
completion in the Drinkard Pool and the)
Blinebry Gas Pool in compliance with Rule)
112 (a) of the New Mexico Oil Conservation)
Commission Statewide Rules and Regulations)
and for an order granting an exception to Rule)
5 of the Special Rules and Regulations of the)
Blinebry Gas Pool as set forth in Order R-610)
in establishment of an 80-acre non-standard)
gas proration unit.)

Applicant, in the above-styled cause, seeks)
an order granting them permission to dually)
complete their Elliott "A" Well No. 1 in the)
Drinkard Oil Pool and the Blinebry Gas Pool,)
said well being located in the NE/4 NE/4 of)
Section 21, Township 21 South, Range 37 East,)
Lea County, New Mexico, and in addition)
applicant seeks approval of an 80-acre non-)
standard gas proration unit consisting of the)
E/2 NE/4 of Section 21, Township 21 South,)
Range 37 East, Blinebry Gas Pool, Lea County,)
New Mexico; said 80 acre to be dedicated to)
applicant's Elliott "A" Well No. 1.)
-----)

Case No. 1041

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The hearing will come to order. The first case on the docket today is Case 1041, the application of Sunray Mid-Continent Oil Company for an order approving dual completion in the Drinkard Pool and the Blinebry Gas Pool and for a non-standard proration unit for the Blinebry Gas Pool. Proceed. You have one witness?

MR. LOAR: Yes, one witness.

R. E. STATTON

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

By Mr. William Loar

Q. Will you state your name and occupation?

A. R. E. Statton, Petroleum Engineer for Sunray Mid-Continent Oil Company.

Q. What is your educational background, Mr. Statton?

A. I received my B.S. Degree in Petroleum Engineering from Texas Technology College in May 1951.

Q. And since that time, except for an interval in the armed service and a short time with the PAD in Washington, have you been employed as a petroleum engineer by Sunray Mid-Continent?

A. Yes.

Q. Have your duties included petroleum engineering duties for New Mexico, including the area which is the subject of this application?

A. Yes.

MR. MANKIN: Qualifications are acceptable.

Q. This is the application of Sunray Mid-Continent Oil Company to dually complete in the Drinkard formation and the Blinebry formation its Elliott "A" No. 1, located in the NE/4 NE/4 of Section 21 and approval of a non-standard Blinebry proration unit consisting of the E/2 NE/4 of 21, 21S-37E, Lea County, New Mexico. Are you familiar with this application?

A. Yes, sir.

Q. Does this 80 acres lie wholly within a governmental quarter section?

A. Yes.

Q. And do you believe that this 80 acres is productive of Blinebry gas?

A. Yes.

Q. Why do you think so?

A. We are practically surrounded by Blinebry producers, except to the west.

Q. And that has been the subject of a recent hearing?

A. Yes, it has.

Q. Will the length or the width of this 80 acres exceed 2,640 feet?

A. No.

Q. Were the offset operators mailed a copy of this application by registered mail?

A. Yes.

Q. Is this Elliott "A" No. 1 in the Blinebry therein and the 80 acres within the horizontal and vertical limits of the Blinebry Gas Pool as defined by the New Mexico Commission?

A. Yes, it is.

Q. Why are you now seeking to form a non-standard Blinebry gas unit?

A. Well first, it is difficult to communitize and divide the royalty on federal and patented land, the royalty on our lease is federal and the royalty of the Pacific offset land is patented. Also, there would be difficulty concerning future workovers since this is a proposed dually completed well. If it would become necessary to workover the Drinkard oil zone we would have to shut-in our partner's well while we work over our 100% well. There is also the difficulty of

allocating the cost of operating expenses and investment expenses in such a partnership well. These factors were given consideration when we dually completed a Tubb well in the S/2 of this lease in February or March of 1954.

Q. And that was considered by the Commission at that time?

A. Yes, it was, and the offset operators at that time did not want to communitize.

Q. What depths are the Blinebry and Drinkard formations found?

A. The Drinkard is found at approximately 66---6,525 to 6,630 and the Blinebry is expected to be between 5,600 and 5,700 feet.

Q. Those are approximate depths, are they not?

A. Right.

Q. And both the Blinebry and the Drinkard have been declared to be separate common sources of supply by the Commission?

A. Yes.

Q. How is this Elliott "A" No. 1 presently completed?

A. Presently surface pipe, 13 3/8 was set at 318 feet with 300 sacks of cement. 9 5/8" casing is set at 2,849 with 1,000 sacks of cement. 7" casing is set at 6,525 with 500 sacks and there is 8 5/8" open hole to the total depth of 6,630.

Q. Have you calculated the fill-up on your cement? The long string.

A. Using a minimum 50% fill, the top of the cement was calculated to be at 4,650 which would put us 1,000 feet above the Blinebry zone.

Q. And that is using 50%?

A. 50% fill.

Q. How do you propose to dually complete this well, if this application is granted?

A. We plan first to spot some gel in the hole in order to kill the well, fill the hole with water, run a Brown DP-4 packer and set it, oh about 75 feet up from the casing and then pull the tubing and run a gamma-ray neutron log. I beg your pardon, we are going to run the gamma-ray neutron log first and then run our packer and set it up in the casing, test the casing and the packer, run a retrievable packer above the perforations and acidize. We will latch on to the packer then with a circulating valve open and swab in the Blinebry. The circulating valve will then be closed and the Drinkard will be swabbed in. The Drinkard will be produced through the tubing and the Blinebry will be produced through the casing-tubing annulus.

Q. With this method of dual completion, do you believe there will be any migration from one source of supply to another?

A. No.

Q. Do you feel that the granting of this application for a non-standard Blinebry unit and this application for dual completion in the Drinkard and the Blinebry will accomplish the greatest ultimate recovery of hydrocarbons and prevent waste and protect correlative rights?

A. Yes.

Q. I think that is all we have.

MR. MANKIN: Do you have a proposed diagrammatic sketch which you wish to present as an exhibit in this case?

MR. LOAR: Yes, I would like to have this marked as Exhibit 1.

MR. MANKIN: Do you have any further exhibits? I believe in your application you showed a plat-----

MR. LOAR: The plat attached to the application is a part of the application.

MR. MANKIN: It is a part of the application and not to be re-introduced.

MR. LOAR: I don't believe it is necessary.

MR. GURLEY: I would like for you to elaborate a bit on why you think that the---why it would be impractical for you to communitize your acreage with another 80 acres in the area?

A. Well, the most important thing would be that it would be very difficult to determine what part of the cost the communitized partner would pay of this dual completion. In other words should they pay all of the cost of this dual completion or should they pay for half of the cost of drilling the original well. Also there is a factor there of the royalties. There are different royalty owners, one of them is the federal government and the other is patented land.

MR. GURLEY: Have you made any approach at all to any of the adjoining owners?

A. We contacted them, I would not say-----

MR. LOAR: We have made no approach at this time. We made an approach on the----- . Would you take your plat and show the Examiner that-----

A. This Tubb well here, we had a hearing on that and at that time the offset operators were contacted and the operator of this lease at that time did not want to communitize.

Q. And this is the same type of 80-acre non-standard proration unit for the Tubb as it is for this Blinbry hearing?

A. Thats right.

MR. GURLEY: But you have made no effort to----

MR. LOAR: Not this time, no.

MR. MANKIN: I have another question. I notice from the diagrammatic sketch that you anticipate a normal dual completion, one packer and a single string of tubing to be set in this particular well. Do you anticipate from the producing history of the Blinebry gas in this area that this particular well will produce a great amount of liquids?

A. I anticipate that it should produce three to four hundred barrels of condensate a month.

MR. MANKIN: Three to four hundred per month. Which would amount to possibly 10 barrels a day. It is approaching, is it not, the gas-oil contact in the area where there might be more liquids produced and where there might be a problem to raise the liquids in the annulus. You don't feel in this particular case that it is more of an oil than it is a distillate and therefore that you could lift the liquids that would be produced without difficulty.

A. Yes, we do feel that we can lift the liquids.

MR. MANKIN: Do you anticipate installing a type of head in this well where the pressures could be taken on the Blinebry?

A. Yes, we would.

MR. MANKIN: So that it would be possible to take pressures of the gas zone as required by the Commission's Rules and Regulations?

A. Yes.

MR. MANKIN: Is there question of the witness in this case?

MR. LOAR: To clarify the question asked by Mr. Mankin, the Examiner, this will be a high liquid-gas ratio well, will it not, from every indication you have had herein?

A. Yes.

