

11/15/56

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1177

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

November 28, 1956

EXAMINER HEARING
BEFORE DANIEL S. NUTTER, EXAMINER
Hobbs, New Mexico
November 28, 1956

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IN THE MATTER OF: :

Application of Stanolind Oil and Gas Company for approval of a non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 481-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the E/2 E/2 of Section 13, Township 26 South, Range 36 East, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 26 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's Farnsworth "A" Well no. 4, located 1980 feet from the North line and 660 feet from the West line of said Section 18. :

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BEFORE:

Mr. Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please. The first case on the docket this morning will be Case No. 1177.

MR. COOLEY: Case No. 1177. Application of Stanolind Oil and Gas Company for approval of a non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520.

MR. SMITH: Jack M. Smith representing Stanolind Gas Company, and I have a witness.

J. W. MEEK

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

DIRECT EXAMINATION

BY: MR. SMITH:

Q Will you state your name, please?

A J. W. Meek.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q In what location? A Roswell, New Mexico.

Q In what capacity?

A Capacity of petroleum engineer.

Q How long have you been so employed at that location and in that capacity?

A I have been employed in that capacity approximately two and a half years.

Q Have you testified before the Commission as an expert on other occasions? A I have.

MR. SMITH: I would like to inquire if his qualifications are acceptable?

MR. NUTTER: Yes, sir, they are.

Q Mr. Meek, we have an application for a non-standard gas proration unit. Do you have a map showing the location of the well of the proposed unit?

A Yes, sir, I do.

Q May I have it, please? Where is this proposed 480-acre unit located, Mr. Meek?

A The proposed 480-acre unit is located on acreage comprising the E/2 E/2 of Section 13, Township 26 South, Range 36 East, and Lots 1, 2, 3, 4, and the E/2 W/2 of Section 18, Township 26 South, Range 37 East.

Q And, where is the well located?

A The well is located 1980 feet from the north line and 660 feet from the west line of Section 18 as shown on the map circled in red there.

Q What is the situation with respect to the leasehold interest, is it all owned by Stanolind Gas and Oil Company?

A Yes, sir, the working interest is all owned by Stanolind Gas and Oil Company.

Q And the royalty interest is common through the entire 480 acres?

A Yes, sir.

Q Now, on the map identified as Exhibit 1, there is indicated a trace of certain cross sections. I would like for you to state whether or not you have those cross sections with you?

A Yes, sir, I have them with me.

Q May I have those too. Turning to what has been marked for identification as Exhibit 2, I will ask you which of the traces this represents.

A Exhibit 2 represents the trace of BB prime as pointed out on the map. In other words, turning from the northeast to the southwest.

Q Now, what does the cross section on Exhibit 2 purport to portray?

A Exhibit 2 purports to portray the productive continuity of the Yates interval at which the Farnsworth "A" Well No. 4 is completed coming from Olson's Farnsworth No. 1 to the Stanolind's "A" No. 4 and to Stanolind's Farnsworth "A" No. 2.

Q Those wells were completed and are presently producing as oil wells, are they not?

A The Olson No. 1 is presently classified as a Jalmat Field Oil well. However, it has only a capacity, according to the August 1956 Engineering Committee Report of two barrels a day with a gas-oil ratio of forty-six, approximately forty-six thousand. Notice from the cross section, that the Yates interval --

MR.NUTTER: Do you have a copy of that cross section?

A Oh, pardon me.

MR. NUTTER: All right, continue please.

A The Yates interval was perforated, indicated to be perforated to here, and that same interval was then stimulated with one hundred and sixty quarts, and the well was initially potentialled in 1950 for one thousand MCF's per day.

In proceeding southwest to the Farnsworth "A" 4, the perforations are indicated on the cross section in the Yates producing interval, and that gas completion was made in August of 1956, and the well was potentialled for three thousand five hundred and sixteen MCF's per day on a 25/64 inch choke; tube flowing pressure, six hundred pounds; casing flow pressure of eight hundred pounds, and then proceeding on down to the southwest, Farnsworth "A" 2, the only log we had on this particular well was an old well completed back in 1930. We have the sample log, where the cross hatching indicates the sand development that was logged at the time the well was drilled.

Q Now, turning again to Exhibit 1, there are certain contours shown on there. Where are these contours located?

A These contours represent the top of the Yates in the particular area.

Q Now, turning to what has been marked for identification as Exhibit 3, this is the other trace as indicated on Exhibit 1. I will ask you to testify with respect to what Exhibit 3 indicates.

A The trace of cross section AA prime, or Exhibit 3, there

again it is prepared to illustrate the continuity of the Yates sand development from north to south, across the proposed 480-acre unit, starting there at the north on the Farnsworth "B" 1 in Section 7. Again, it was an old well completed in 1934. The only logging available is the sample log which was prepared at the time the well was drilled, and again the cross hatched area indicates the sand development that was logged at that time, and of course, then we go to the Farnsworth "A" 3 showing the sand development, and we picked up the proposed well again with its perforated interval.

Now, proceeding down to the Farnsworth "A" 7, we have brought the radioactivity log and the sample log to indicate the correlation between the sample and the radioactivity survey indicating the sand development. I put that in for the purpose of showing the continuity between the logs in these instances where we did not have the radioactivity survey, and of course, we proceed further south through the trace of the cross section indicating there again the continuity of the sand development in the area. These breaks on the trace are merely to show lack of shale stretched out over a pretty good area there.

Q Now, turning again to Exhibit 1, there are other gas producing wells in the Yates, in the vicinity. Will you state what this area outlined in red on the lower right hand corner

represents?

A The area outlined in red in the W/2 of Section 29 is a 320-acre proration unit assigned to the El Paso Parker Well No. 1.

Q What other proration units are there that are shown on Exhibit 1?

A There are two, 160-acre unit shown in Section 17, assigned to the El Paso Elliott 3 and El Paso Elliott No. 1.

Q Now, in your opinion, based on the data available to you, is the area in the proposed unit reasonably expected to be productive of gas from the Yates?

A Yes, sir, in my opinion the acreage embraced within the proposed 480-acre unit can reasonably be considered productive of Yates Gas.

Q If the Commission should see fit to grant an application, would the rights be protected?

A Yes, sir, they would.

Q Would there be any waste?

A That's correct, there would be no waste.

Q And would avoid the drilling of unnecessary wells?

A That's true.

Q Is there any further testimony you would like to give at this time?

A Well, there is one additional point I would like to bring out here. The well is potentialled, as I have mentioned previously, for approximately 3500 MCF's a day. Going back to 1955, the average allowable in the Jalmat Field, the average allowable for a 480-acre unit approximated 1800 MCF's per day, so the well has the indicated capacity to support a 480-acre unit.

MR. SMITH: I don't have any further questions.

MR. NUTTER: Does anyone have any questions of the witness?

MR. RUNYAN: I have some questions.

CROSS EXAMINATION

BY: MR. RUNYAN:

Q On your Farnsworth No. 1 in Section 13, shown as a gas well, I believe in this plat --

A What plat do you have there, sir?

Q Exhibit 1.

A Is it shown colored in blue?

Q Yes.

A It is supposed to be an oil well.

Q Well, the information we have on this particular well, I believe shows that it is an open hole production, and there is quite a zone open in that particular well, from, I believe, from 2714 to 3127, and that is in the approximate zone, it is opened

in the approximate zone of your Farnsworth No. 4?

A Could you speak a little louder, please.

Q This particular well, your Farnsworth No. 1 in Section 13, I believe it has an open hole, as far as our information indicates, from 2714 to 3127, and that, I believe, it is opened in the same zone essentially as your Farnsworth No. 4, and it is classified as an oil well, so I was wondering if it isn't possible if in the future date of this Farnsworth No. 4, it going entirely to an oil well, such as some of your other wells in the same area have done in the past.

A Well now, you are referring to the northern most well on Section 13?

Q Section 13, that is correct.

A Well, that's right. This is an open hole completion, but that well has also been drilled into the rest, and that is where we are experiencing our present oil production. I believe the last test I have on the well is that it is pumping, making forty barrels of oil per day plus six hundred and some barrels of water. In other words, it is a heavy water producer, and the tubing in the well is set close to bottom, approximately, oh around, below three thousand feet, from thirty thirty-five, pumping off bottom, and we have --

Q Then, what happened? Our information on the well shows

that the tubing was set at 2147. That's where the question was, and the open hole was from 2714 to 3137, that is the information which we had, and you say it is set on thirty?

A Our tubing is set approximately -- well, we have three inch tubing set at 3036, either the pump or the tubing is set there.

Q That is where the question was. I didn't realize it was set that deep, and our information showed that it was much higher. How much oil did you say the Farnsworth made?

MR. NUTTER: Which well was that?

MR. RUNYAN: Farnsworth No. 4 on Section 18.

A The only thing we have on it is the potential test.

MR. SMITH: Do you know whether it makes any fluid of any kind?

A No fluid was reported on the potential test. It was quite probable we might get some back initially when the well goes back on production because we still have some fluid fraction on the hole.

Q (By Mr. Runyan) I was wondering, because the other wells in that particular section were originally gas wells, and I believe they all went to oil.

A Well, our explanation of that is that those wells were taken to the reef.

Q To the reef?

A And it is quite probable there was some gas in the reef that was exhausted in bringing on the oil in that reef section.

MR. RUNYAN: That is all.

MR. PORTER: Anyone else have a question of the witness?

CROSS EXAMINATION

BY: MR. NUTTER:

Q Mr. Meek, referring to your Exhibit No. 2, your BB prime cross section, the Stanolind Farnsworth "A" Number 2 well, you had no electric or radioactivity log on that?

A That is correct.

Q How far was the correlation of the radio electric-- radioactivity and electric logs on the other wells, plus the sand you interpret in this section that is cross-hatched on the Farnsworth No. 2, Exhibit 2? That would all be Yates sand, is that correct?

A Yes, and you will notice here that on that particular Exhibit, the better portion of the sand development is indicated to be cased off in that well.

Q There are no perforations on that, it is all open hole production?

A That's right, and there again it is a heavy water well. It pumped thirty-six barrels of oil and five hundred and ten barrels

of water, indicating that there again it is in reef.

Q Mr. Meek, the Oil Conservation Commission had an application from Stanolind for a non-standard proration unit for this same acreage, or for a part of it, but at any rate it mentioned that El Paso Natural Gas was the owner of the W/2 of the E/2 of Section 13. Was that an error in the application for the non-standard union?

A The W/2 --

MR. SMITH: The W/2 of the E/2, this is the E/2 of the E/2.

A That is the way it is shown here, the W/2 of the E/2, to be this 160 here.

Q And Stanolind is the sole owner of the acreage?

A In the E/2?

Q In the E/2 of the E/2. A Yes.

Q And all of the acreage in 18, which is proposed in this unit? A Yes.

Q Does the royalty ownership, is it the same for all this?

A Yes, sir.

Q Referring to your Exhibit No. 1, Mr. Meek, are these non-standard proration units which are indicated in red, the only one, to your knowledge, that would be in the area covered by this plat?

A Yes, sir, to my knowledge they are the only ones in the area.

Q How do you construe the structure to be east of your proposed unit, is that a trough that is dipping off to the east from this structure which is contoured on this map, and then it comes back high to the east side of the plat, or --

A Well, we really didn't study in detail this area over here to the east. See, we are underlain here by the reef, the Capitan Reef, which runs through this area, which gives it a structurally high in here. Now, as to what your structure is over here further to the east, I am not prepared to say, Mr. Nutter, but we had a good control in here on wells and logs, and if your control gets stretchy over here and we can find the major portion of this steady to the area. In other words, this is the oldest field, which was classified in the Jalmat, where we had the control, but there is an indication at least right through here, that it is dipping off to the east, but as to what it does further out here, I don't know for sure.

Q And, according to your contours, there is a north/south structure running down the middle of your proposed unit and the structure is dipping to the east and to the west, and the well is located approximately on the crest of the structure, is that correct?

A Yes, sir. In other words, we are overlaying here on the reef by the Yates.

MR. NUTTER: That is all. Does anyone have any further questions of the witness? If not, the witness may be excused.

MR. SMITH: That's all we have in this case.

MR. NUTTER: Mr. Smith, you wanted to introduced Exhibit No. 1?

MR. SMITH: Oh, yes, I want to introduce Exhibit No. 1, 2, and 3, and move that they be accepted in this case.

MR. NUTTER: Without objection, Exhibit No. 1, 2, and 3, will be accepted in this case. Is there any further statement by anyone? If there is no further statements, we will take the case under advisement.

MR. SMITH: I might say to the Commission that the gas from this well is on a contract to the El Paso Natural Gas Company had has not been connected as yet waiting the finial approval by the Commission.

MR. NUTTER: Thank you.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before MR. Daniel Nutter, Examiner, was reported by me in Stenotype and reduced to type-written transcript by me; and that same is a true and correct record to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal, this the 4th day of December, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:

October 5, 1960.