

BEFORE THE
OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO
April 23, 1957

IN THE MATTER OF

CASE NO. 1248

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTE FE
3-6691 2-2211

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE _____ EXAMINER _____ April 23, 1957 _____ TIME: 9:00 am _____

NAME:	REPRESENTING:	LOCATION:
J. Don Walker	Gulf Oil Corporation	Ft. Worth, Texas
Guy Schwartz	"	Roswell, N.M.
Chas. Bumpass	"	Salt Lake City, N.M.
W. V. Kastler	"	Roswell, N.M.
W. S. Abbott	Amesada Pet Corp	Morristown, N.MEX
R. M. Moran	Morgan Oil & Gas	Hotchkiss, N.M.
J. L. Kelley	Pan American Petr. Corp	Roswell
F. W. Meek	-	-
J. W. Brown	-	-
E. Kirk Newman	Atwood & Malone	-
Edward E. Quincy	Levon Oil Corp	Artesia
Jason Kellahan	Claude Kirkman	Santa Fe

MR. COOLEY: Just one witness in the case?

MR. MORAN: That's it.

R. M. MORAN

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

MR. MORAN: I am R. M. Moran, president of Moran Oil Producing and Drilling Corporation, Hobbs, New Mexico, and we have requested to duly complete our Lineberry No. 1, located 2240 feet from the North line and 1980 feet from the East line of Section 29, Township 22 South, Range 38 East, Lea County, New Mexico.

This well is a 7000 foot Drinkard test, and we have asked permission to dual complete it as a Tubb Gas Well. We propose to dual complete it, by setting pipe at 6900 to 6950, and first completing in the Drinkard.

We will then set a Baker retainer, and test to make sure that we have the seal off, and perforate in the Tubb at 6630, and produce the Tubb through the tubing casing annulus.

The well -- let's see here, you have in your possession my letter of application, which shows the mechanical manner of the dual completion. It is mechanically feasible and will prevent commingling of fluids and gasses from the two reserves, as recorded by the Conservation Commission.

I have returned receipts for registered letters sent to the Texas Company and the Gulf Oil Corporation, who are the only offset operators in the area, and they were so advised of our intentions

to dual complete, and also, of this hearing today.

Now, as to the unorthodox acreage allocation and unorthodox location, the applicant proposes to assign this well a non-standard gas proration unit in the Tubb Pool consisting of 80-acres which is the South Half of the Northeast Quarter of Section 29, Township 22 South, Range 38 East. That's all we have on the lease, 80-acres.

The proposed non-standard gas proration unit lies wholly within a governmental section; that the proposed non-standard unit might be reasonably to be productive of gas; that the proposed non-standard gas unit does not exceed 2640 feet in length or width; that the proposed non-standard gas proration unit consists of a continuous quarter quarter section; that the unorthodox location, 2240 feet from the North Line, was occasioned by the steep dip to the North of the Drinkard Formation based on the Texas Company's plugged and abandoned Blinebry No. 4, two locations due north of Moran's Well.

We pulled our well to the South almost as much as we could, to get -- this well is primarily a Drinkard test, and as such, we wanted to get as close to the Drinkard Field as we could, or so we thought, and I have a small contour map here which shows the contours on top of the Drinkard and also the production in the Drinkard of the surrounding wells. It isn't attached there.

As you can see, of course, the wells to the South have produced quite a bit more oil than any other wells in the general area,

and you have your dry hole two locations to the north there. It is also a little obviously, I believe, that we are drilling what could be considered a marginal Drinkard well, and we would be interested in recovering any money, income we can get from any other zone, which we feel sure the Tubb will produce in this particular area, and would make a much more economically satisfactory well for the operators. I guess that's about all there is to it.

DIRECT EXAMINATION

BY: MR. NUTTER:

Q Mr. Moran, do you desire to enter this contour map as an exhibit in this case? A Yes.

Q How would you care to enter this, as Moran's Exhibit No. 1?

A That will be all right. I also have these return receipts from the Texas Company and Gulf, if you want to enter them there too.

Q I do not think we need those receipts, Mr. Moran. Those were, are more in line with your application for administrative approval. A Yes.

Q Was this Exhibit prepared by you or under your direction? A Yes.

Q Mr. Moran, you feel reasonably confident that you are going to get production in the Drinkard Formation, and also in the Tubb. You are anticipating gas production from the Tubb Formation?

A Yes, sir.

Q Is there any possibility of getting oil from there?

A Slightly, I would guess. There is a possibility of getting oil any place, I guess, on the flank. From the history of the Tubb, you have about four oil wells, I believe. I wouldn't know what rule you could apply to say whether you would get gas or oil, I assume you would get a gas well.

Q Your application for this dual completion proposes to produce from the Tubb Formation through the casing tubing annulus?

A Yes, sir.

Q And you realize that such a completion for oil has never been authorized by the Commission?

A That's correct.

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

BY MR. MANKIN:

Q Mr. Moran, what do you call this Exhibit One, a structure map of the Drinkard? A Yes.

Q On your Exhibit 1, I am a little confused on the items which you have on here. You indicate the structure on the Drinkard of the Haydens No. 1 as being in the Northwest of the Southeast of Section 29, is that, that is not a Drinkard Well, is it?

A It is now plugged back. It is a Blinebry Oil Well.

MR. NUTTER: Blinebry Oil Well?

A Yes, sir, producing 20 barrels.

Q You also show the Blinebry No. 3, in the Southeast of the Northwest, is it not a Drinkard Oil Well?

A It is plugged back; it is a Blinebry dual.

Q It is no longer a Drinkard Oil Well?

A No, they have never potentialied it or reported it.

Q You don't know whether it is in the Tubb?

A No, sir, it has never been tested in the Tubb. It is shut in. I had hoped I would know, but I don't.

Q Has any effort been made to communitize the Northeast Quarter of Section 29 with the Texas Company to form a Tubb unit?

A No, sir. In the foreseeable future, if we got a Tubb Well of capacity, to produce a 160-acre allowable, it is conceivable we would communitize with the Texas Company. At the present time, I didn't feel that we should appear here asking for communization with them because we don't even know if we had a well or not.

Q What is the present depth of the well?

A Drilling at 4260.

Q Is it not true that Gulf has a dual completion in the Drinkard and Tubb Formations in the Southwest, in the Southeast of Section 29, their Watkins No. 1?

A I believe that it is not producing from the Drinkard, it is a Tubb Gas Well.

Q Single completion?

A I believe they applied for dual, but I do not believe they have even opened up the Drinkard again, since they plugged it back.

Q Is that well capable of producing a 160-acre top gas allowable?

A I guess it is.

Q Do you have any reason to believe that your well would not be capable of producing a 160-acre unit allowable from the Tubb?

A No, sir, as a matter of fact, I hope it will.

Q When this situation arises, you will make efforts to communitize, and make a standard unit?

A Yes, sir.

Q As pointed out by Mr. Nutter, if you obtain oil in the Tubb, you realize that a dual completion, if granted here, would not be authorized?

A Yes, sir.

Q Do you have any reason to believe that the area would be productive of oil from the Tubb?

A I believe it to be gas, that is purely an opinion.

Q They have no Tubb Oil Wells in the area, is that correct?

A Not in that particular general area.

Q It is noted that you anticipate using five and a half inch casing. If you obtain oil in the Tubb, it would not be possible to use parallel strings, is that correct?

A I believe you could get an extremely thin string, inch and a half, inch and a quarter, double string possibly, but whether it would be feasible or not, I do not know.

Q Or use cross-over?

A Well, I do not know.

Q Do you anticipate large volumes of oil from the Drinkard, or what do you anticipate?

A I anticipate a top allowable well. If you look West, I won't get it, if you look South, I will.

Q My particular question is in the Tubb. If you get oil from the Drinkard, would it not be proper to anticipate setting a larger string of casing, seven inch casing rather than five and one half as you anticipated here?

A Well, sir, I couldn't anticipate it, because I have set it with five and five-eighths cemented.

Q You have five and five-eighths cemented?

A There was no intention on drilling an oil-oil dual.

Q If you obtained oil from the Tubb you would not anticipate a dual completion?

A I would not say that. It is very possible that I would try to come back and make an oil-oil dual. If that happens, it would be a different case, I would have to figure something different. It would be an entirely new set of circumstances.

Q You are an engineer, are you not, Mr. Moran?

A Yes, sir.

Q Would you anticipate that you will get proper and efficient flow of oil through an annulus?

A No, I do not think you could consistently do it. Your well would have a tendency to die out. We have Tubb Gas Wells that

have a tendency to load up on us though the annulus. I find it more prevalent in the seven inch than the five and a half inch completion.

Q I just wanted to point out the possibilities to you, if you get oil.

MR. MANKIN: That is all.

MR. NUTTER: Anyone else have any questions of the witness?

BY MR. COOLEY:

Q Mr. Moran, is the Moran Oil Producing and Drilling Corporation the owner of all the working interest in the South Half of the Northeast Quarter of Section 29?

A No, sir.

Q What is their ownership and working interest in that?

A The stockholders of Moran Oil Producing and Drilling Company own it. Moran is the agent and operator of the production.

Q Working interest ownership is common throughout the proposed unit?

A Yes, sir, it certainly is.

Q Moran Oil Producing and Drilling Corporation is an agent for all drilling?

A Yes, sir.

Q What sort of an operating agreement is that, Mr. Moran?

A It's an agreement we have. At the present time, it is an oral agreement because we haven't got production on the lease. If we get production, we have a standard form we use on all production that we operate. It is quite lengthy, I wouldn't know what you

would call it. It gives Moran Oil Producing and Drilling Corporation full authority and full responsibility for the production throughout it's entire producing life.

Q But the corporation as such does not own any of the wells?

A That is correct.

MR. COOLEY: That's all.

MR. NUTTER: Anyone else have any questions of the witness? Do you wish to offer Moran's Exhibits Number One in the case, Mr. Moran?

A Yes.

MR. NUTTER: Without objection, Moran's Exhibit Number One in Case 1248 will be received. If there is no further questions of the witness, you may be excused. Does any one else have anything they wish to offer in case 1248? If not, we will take the case under advisement.

(Witness excused.)

