

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF

CASE NO. 1341

TRANSCRIPT OF HEARING

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MAIN OFFICE OCC

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

June 11, 1958

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
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IN THE MATTER OF: :

CASE 1341 Application of Jal Oil Company, Inc. for :
 an oil-oil dual completion. Applicant, in: :
 the above-styled cause, seeks an order :
 authorizing the dual completion of its :
 Sarkeys Well No. 2, located 660 feet from: :
 the north and west lines of Section 25, :
 Township 21 South, Range 37 East, Lea :
 County, New Mexico, in such a manner as :
 to permit the production of oil from the :
 Elinebry Oil Pool and oil from the Tubb :
 Gas Pool through parallel strings of tub- :
 ing. :

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The next case will be Case 1341.

MR. PAYNE: Application of Jal Oil Company, Inc. for an
oil-oil dual completion.

MR. GIRARD: If the Commission please, I would like the
record to show W. D. Girard representing Jal Oil Company, Incorporated in the presentment of this application. If the Commission please, I would like to have Mr. Watson sworn, please.

(Witness sworn)

MR. GIRARD: At this time, if the Commission please, I
offer in evidence return receipts of the notices of application,

together with certificate of registered mail.

MR. MUTTER: Do you wish to offer this as an exhibit?

MR. GIRARD: Yes.

MR. MUTTER: Without objection, the registered receipts will be identified as Exhibit No. 1.

Off the record.

(Discussion off the record.)

MR. GIRARD: In that connection, if the Examiner please, I would like to make this statement. The original application was filed on behalf of Olson Oil Company, I believe that's right. R. Olson, and that application in turn was amended, and then R. Olson transferred all of the properties in New Mexico, including the subject property, to the Jal Oil Company, Incorporated, which brought about the necessity of filing another amended application and correct certain data -- errors that appeared in the exhibit.

DEWEY WATSON,

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

DIRECT EXAMINATION

BY MR. GIRARD:

Q Will you give your name, please?

A Dewey Watson.

Q And where do you live, Mr. Watson?

A In Jal, New Mexico.

Q By whom are you employed?

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A Jal Oil Company.

Q In what capacity?

A Production superintendent.

Q How long have you been so employed?

A Since the 1st of March.

Q Prior to your employment with Jal Oil Company, Incorporated, by whom were you employed?

A El Paso Natural Gas Company.

Q And in what capacity with the El Paso Natural Gas Company?

A Gas engineer.

Q Have you appeared before this Commission in any hearings as a production engineer? A Yes, sir, I have.

Q Have you qualified as an expert at those hearings?

A Yes, sir.

MR. GIRAND: Does the Commission desire me to qualify the witness again?

MR. BUTTER: No. The witness is qualified. Please proceed.

Q Mr. Watson, the Jal Oil Company, Incorporated, has filed an application for a dual completion of its well, known as the Jal Oil Company's Sarkeys No. 2 located 660 feet south of the North line, and 660 feet south -- I beg your pardon -- east from the West line of Section 25, Township 21, Range 37 East NMPM Lea County, New Mexico. That well is located in the Blinebry and Tubb's Pool?

A Yes, sir, it is.

Q Is that well an offset to the old Olson Sarkey Well No. 1?

A Yes, it is.

Q Now, in the Sarkey No. 1, is that a dually completed well?

A Yes, it is.

Q Is that well under your control and management at the present time?

A Yes, sir.

Q Is that well functioning properly with the installations that have been placed on that well for production purposes?

A Yes, sir, it is.

Q Are you familiar with the installation, production installations in regard to the Jal Oil Company, Incorporated, Sarkey No. 2 Well?

A Yes, sir, I am.

Q Are they similar or identical to the installations that are in the Sarkey No. 1 Well?

A They are similar.

Q Now, the Sarkey No. 2 Well was drilled to what total depth? Do you have those figures?

A The total depth, 6335.

Q And what production zones did you encounter in that well?

A The Blinebry and the Tubb.

Q And where was the Blinebry?

A The Blinebry is from 5570 to 5769.

Q And where is the Tubb?

A 6160 to 6315.

Q Are you familiar with the application -- the amended appli-

cation that was filed in this matter?

A Yes, sir.

Q There is attached to that application Exhibit No. 1. Will you check that Exhibit No. 1, --

A Exhibit No. 1 is a chronological report kept by the Jal Oil Company stating the daily procedure on the well, the depth, and the things that go on, like setting pipe and so forth.

Q Now, did you prepare that Exhibit?

A Yes, sir, I did.

Q Was that prepared from the records of the present records of the Jal Oil Company, Incorporated?

A Yes, sir, it was.

Q It was turned over to them by the Olson -- R. Olson?

A Yes, sir.

Q And from those records that report is a true and correct report?

A Yes, sir, it is.

Q I direct your attention to Exhibit No. 2, attached to the application which shows the perforations point and installations on the Sarkey No. 2 Well. Did you prepare that report, Mr. Watson?

A Yes, sir, I did.

Q Does that report show the correct and true data from the well information on that well?

A It does.

Q Now, I direct your attention to Exhibit No. 3. It appears to be a drawing of the cross section of the pipe and the packer and

proration point. I will ask you whether or not you prepared that Exhibit.

A I did.

Q Did you prepare that Exhibit from the information contained in the files of the Jal Oil Company, Incorporated?

A Yes, sir.

Q Do you know, of your own knowledge, that the equipment as described in that report was installed at the places set out therein?

A Yes, sir, it was.

Q Have you been operating that well with that equipment located therein?

A Yes, sir.

Q And has that equipment functioned for the purpose for which it is designed?

A Yes, sir, it has.

Q I direct your attention to Exhibit No. 4, which is a contour map showing the location of the Sarkey No. 2, and ask you whether or not that is the representative map showing the offset operators, location of the well?

A Yes, sir, it is.

Q Did you prepare that map or was it prepared under your supervision?

A I prepared it.

Q Now, I direct your attention to Exhibit No. 5, an exhibit showing the further detail drawing of the Christmas tree and the

equipment, the different valves and the tubing and what not.

A Yes, sir.

Q Did you prepare that exhibit?

A No, sir. That was --

Q Was it prepared --

A OCT.

Q OCT?

A Yes, sir.

Q Are they the makers and manufacturers and seller of that equipment?

A Yes, sir, they are.

MR. GIRAND: Mr. Examiner, I assume that the Exhibits attached to the application will be considered in evidence. If not, we would like to offer the application and the Exhibits attached in evidence.

MR. RUTTER: If we do so, we are going to have to change the number of this one. Let the record show that the registered mail receipts which had previously been identified as Exhibit No. 1 in this case are now being shown as Exhibit no. 6. Without objection, Exhibits no. 1 through 6 will be admitted as evidence in this case.

Q Mr. Watson, I've handed you an instrument bearing identity number -- Exhibit no. 7, and ask you to state what that exhibit purports to show?

A It is a bottom hole pressure survey report on the Tubb zone in the Barkeys No. 2.

Q Were you present when that report was -- or test was made?

A No, sir, I wasn't.

Q Have you checked the data information of West Inc -- John W. West Engineering on that report?

A Yes, sir.

Q From your check of that information, do you find that it is correct?

A It is.

MR. GIRAUD: We would like to offer Exhibit no. 7.

MR. NOTTER: Without objection, Exhibit no. 7 will be entered.

Q That test was taken at 9:20, was it not, February 14, 1950, was it not?

A Yes, sir, it was.

Q Directing your attention back to Exhibit no. 7, that test depth shows to be 6,000 feet, does it not?

A Yes, sir.

Q And now directing your attention to Exhibit no. 8, were you present when that test was taken?

A No, sir, I wasn't.

Q Have you checked the data of John W. West Engineering Company in regard to that test?

A Yes, sir, I have.

Q From your check of that data, did you find it to be correct?

A Yes, sir.

Q And what depth does the Exhibit 8 purport to show the depth to?

A It was corrected to 5800 feet and 5750 was --

Q Now, comparing Exhibit 7 and Exhibit 8, what do the graphs show to you in your capacity as production engineer?

A Well, the bottom hole pressure in the Blinebry zone is higher than the Tubb zone by some three hundred and thirty pounds.

Q And being higher than the Blinebry zone, what -- from that -- what conclusion do you draw as to whether or not the packer is holding or the two zones are separate?

A It is definite that the two zones are separate, otherwise, they would be the same.

Q Mr. Watson, I have handed you an Exhibit marked Exhibit No. 9, purporting to be a packer leakage test on the Cal Oil Company's Sarkey Well No. 2.

A Yes, sir.

Q The dotted line shows the Tubb zone, and the solid line the Blinebry, is that correct?

A That is right.

Q Were you present when the information from which this chart was made was taken?

A No, sir, I was not.

Q Have you had occasion to check the information of the John W. West Engineering Company?

A Yes, sir, I have.

Q Did you find that information to be correct?

A I did.

Q Now, just state for the benefit of the Commission what the

chart or Exhibit No. 9 shows.

A Well, Exhibit No. 9 was -- it's a graphic representation of the chart taken on a two-pen recorder, and it shows the well after a seventy-two hour shut-in period of each well. The Tubb was left shut in, and the Blinebry was started flowing, and as you can see here, the Tubb's surface pressure remained constant throughout the time that the Blinebry zone was flowing, and the Blinebry zone dropped, and as you continue over to Chart No. 2, the Blinebry zone was shut in and the Tubb zone started flowing. There is a slight buildup in the Blinebry zone, and after the Tubb zone started flowing, and it's evident that there was no communication between the two zones while the flowing test was taken.

Q Mr. Watson, I've handed you a photo copy showing a packer leakage test and shows the meter readings, I assume, --

A Yes, sir.

Q -- both on Chart No. 1 and Chart No. 2 taken from 2:00 P.M. February the 14th to 2:00 P.M. February the 15th, 1958; under Chart No. 1, and on Chart No. 2 from 2:00 P.M., February the 15th to 5:00 P.M., February the 16th, on Chart No. 2. Now, the information contained in this Exhibit, does it appear in the Exhibit No. 9 which you previously testified to?

A Yes, sir, it does.

Q And these are the graphs from which that information is obtained?

A Yes, sir. That's right.

Q This well has been producing under temporary allowable or testing allowable for how long, Mr. Watson?

A It was produced for a period of three months.

Q And during that period of time, how much oil was produced from the Blinebry zone?

A Approximately 1500 barrels.

Q You seek in this application permission from the Commission to make up that production by penalizing the Blinebry zone on the basis of approximately 300 barrels per month, is that correct?

A Yes, sir, that's correct.

Q Do you feel that that production can be made up on that basis without injury to that zone?

A Yes, sir, I do.

Q Do you feel that if you made it up at a greater depth it would be injurious to that zone?

A I feel that it would because complete shut-in of the well for an extended period of time with the experience that we gained from No. 1 definitely cuts production back.

Q What is the potential on your -- from your Blinebry zone at the present time?

A It is 15 to 22 barrels a day.

Q And what is the potential from the Tubb zone at the present time?

A 14 barrels.

Q Based on that production and the cost of the well, would

that production warrant individual wells to each zone within the 40-acre subdivision?

A No, sir, it would not.

Q MR. GIRARD: I believe that's all the questions we have, other than I would like to offer Exhibit --

MR. BUTTER: You have offered 1 through 7, so now you want 8 through 10?

MR. GIRARD: 8 through 10, yes, sir.

MR. BUTTER: Is there objection to introducing Jal Oil Company's exhibits 8 through 10 in this case? If not, they will be received. Does anyone have any questions of Mr. Watson?

CROSS EXAMINATION

BY MR. BUTTER:

Q Mr. Watson, I note that in the bottom hole pressure test taken on the Tubb formation that a fluid level was encountered at 4350, but no fluid was encountered in the Blinebry zone. To what do you attribute that?

A Well, it seems to be a characteristic of the Blinebry zone. As you leave it shut in, your fluid is displaced by your gas, and in the Tubb zone that is not true. Actually, wherever you have an oil zone like that, you will come in and have a higher fluid level in the Tubb. Blinebry zone it will take an hour or so after you turn the well on before your fluid comes back into the well bore.

Q When you open the Blinebry zone up on this well, it will flow, is that right?

A Yes. It is not --

Q Now, you have the gas-oil ratios on each of these two zones, Mr. Watson?

A Pardon?

Q Do you have the gas-oil ratios on each of the two zones?

A I may have them here somewhere.

MR. GIRAND: If the Commission please, we have a packer leakage test, and it shows the gas-oil ratio, I believe.

A The Tubb gas-oil ratio 1,552 to 1.

Q 1552 to 1?

A Yes, sir. And the Blinebry is 5227 to 1.

Q Now, what are the gravities of the fluid produced from each of the two zones, Mr. Watson?

A The gravity on the Blinebry zone is 41.8. One is 41.8, and the other one was 42.4. I couldn't say for sure which one was which. I believe the Tubb was 42.4 and the Blinebry was 41.8.

Q Mr. Watson, it is rather important that we know the gravity of the fluids produced from each of these two zones. Can you furnish us with the measured gravity of the fluids from each zone?

A Yes, sir.

Q As soon as possible upon your return to Hobbs?

A Yes, sir, I will.

Q Now, Mr. Watson, in your opinion, a period of six months' time would be ample in which to make up this borrowed allowable for the Blinebry zone?

A Yes, sir, I believe that would be sufficient time.

MR. RUTTER: Are there any further questions of Mr. Watson?
If not, he may be excused.

(Witness excused)

MR. RUTTER: Does anyone have anything further they wish to offer in Case 1341? We will take the case under advisement and take a ten-minute recess.

C E R T I F I C A T E

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) ss

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 Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 8th day of July 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1341 heard by me on 6-11, 1958.
David M. ..., Examiner
New Mexico Oil Conservation Commission