

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

March 19, 1958

TRANSCRIPT OF HEARING

Case 1402

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

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

March 19, 1958

IN THE MATTER OF:

Application of Neville G. Penrose, Inc. for an	:	
exception to the No-Flare Order No. R-553 for	:	
an oil well in the Tubb Gas Pool. Applicant,	:	
in the above-styled cause, seeks an order	:	
granting an exception to No-Flare Order No.	:	
R-553 for its McCallister Well No. 1, located	:	Case No.
660 feet from the North line and 660 feet	:	1402
from the West line of Section 7, Township 22	:	
South, Range 38 East, Tubb Gas Pool, Lea	:	
County, New Mexico.	:	

BEFORE: Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Neville G. Penrose, Inc. for an exception to the No-Flare Order No. R-553 for an oil well in the Tubb Gas Pool.

MR. NEILL: I am Glenn G. Neill, employed by Neville G. Penrose, Incorporated, and I would like to submit an application for exception to No-Flare Order No. R-553 on our McCallister Well No. 1. I do not have any other witnesses other than myself.

The McCallister No. 1 is located in the Northwest one Quarter of the Northwest Quarter of Section 127, Township 22 South, Range 38 East. It was originally completed as a Blinbry oil producing well. Production dropped off to the extent that it was not

economical to produce from that zone, and the company made application and received approval to complete or recomplete the well in the Tubb zone.

This work was done and the well was recompleted and had a potential of 117 barrels per day with a gas-oil ratio of 800 to 1. The production has dropped off and the well now has an allowable of 20 barrels per day.

Upon completion of the well, Neville G. Penrose, Incorporated, contacted Skelly Oil Company and Gulf Oil Corporation, or Gulf Pipeline, regarding the connection for the low pressure or casing-head gas. We received a letter from Skelly stating that there was not enough volume there to justify a connection, their nearest line was 2400 feet from the well. The information received from Gulf was oral and there was no written statement on it.

We would like to submit our application for an exception to Rule No. R-553 to prevent shutting the well in at this time. Since we have submitted our application for this exception, we have again contacted Skelly and Gulf and we have letters from them stating that they are retesting the wells and that there will be some decision in the future. As to what that decision will be, we're unable to state at this time.

Our problem, as I stated, we do want to prevent shutting the well in and protecting our correlative rights on this particular location. I would like to apologize to the Commission that I do not

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have the letters in duplicate. I can submit single copies as evidence from the companies we have contacted regarding this matter.

MR. NUTTER: Single copies will be sufficient.

MR. NEILL: On the original letter from Skelly, I believe that I submitted that with the original application. It evidently has been misplaced, but I have obtained a copy. Here are letters from Skelly Oil Company and Warren Petroleum Corporation or Gulf regarding tests to be taken in the near future. I would like to present those as an exhibit in this case.

MR. NUTTER: Mr. Neill, do you have any well tests or any other evidence as to the volume of gas that is being flared from this well?

MR. NEILL: Skelly's testimony indicates that there is 29,000 cubic feet per day available there for it. This well flowed by head and we flow it approximately six hours per day. The buildup pressure on the well is 500 pounds, and within an hour's time it flowed down to 70 and from there on it drops rapidly.

MR. NUTTER: So what is the volume of gas per day that has been flared.

MR. NEILL: In a six-hour period we estimate about 16,000 cubic feet per day.

MR. NUTTER: In how long a period?

MR. NEILL: In a six-hour period.

MR. NUTTER: Is that all the well flows per day, six hours?

MR. NEILL: Six hours.

MR. NUTTER: These exhibits have been identified as Applicant's 1 through 3. The two letters from Skelly being Exhibits 1 and 2 and the letter from Warren being Exhibit No. 3.

MR. NEILL: We have asked Skelly or Gulf for a cost on building the line and they estimate it would be about \$3,000.00, depending on the conditions they run into in laying the line.

MR. NUTTER: How far away is ~~Warren~~ Petroleum line?

MR. NEILL: 2300 feet. They are 100 feet nearer than Skelly.

MR. NUTTER: Have previous tests been run on this gas to indicate the quality of it?

MR. NEILL: You mean analysis test?

MR. NUTTER: Yes.

MR. NEILL: Skelly has run some tests on it. I do have a recent test in which they do have an analysis, if you would like for me to submit it as an exhibit.

MR. NUTTER: What is the general contention of that, is the gas a desireable quality of gas?

MR. NEILL: Well, --

MR. NUTTER: (Interrupting) Would it be acceptable to the gas companies?

MR. NEILL: The gas is acceptable in its analysis. The quantity, it is not acceptable to them at present unless they

change their decision.

MR. NUTTER: How much oil per day is this well making?

MR. NEILL: It has an allowable of 20 barrels, and that is dropping and we will probably file for a change in allowable in the future.

MR. NUTTER: What is the present capacity?

MR. NEILL: It is making right at 14 barrels.

MR. NUTTER: When was the well completed in the Tubb?

MR. NEILL: In the Tubb it was completed July the 25th.

MR. NUTTER: Has it been flaring gas since July 25?

MR. NEILL: Yes.

MR. NUTTER: What was its potential when it was originally completed?

MR. NEILL: 117 barrels per day.

MR. NUTTER: How about gas-oil ratio, has that materially changed?

MR. NEILL: Not a whole lot. The oil has dropped off a little more rapidly than the gas pressure, and figuring now about 14 barrels per day, and Skelly says 29,000 cubic feet of gas per day, the gas ratio would be up some.

MR. NUTTER: You anticipate that this increase in gas-oil ratio will continue?

MR. NEILL: Well, I'm not qualified to answer that. However we do feel that the flowing pressure of the well is an

indication that both gas and oil are dropping off.

MR. NUTTER: Are there any other Tubb oil wells in the near vicinity to this well?

MR. NEILL: There's a direct offset to the West, Sinclair's Alexander Rogers No. 2.

MR. NUTTER: That is an oil well in the Tubb Gas Pool?

MR. NEILL: Yes.

MR. NUTTER: What disposition is made of that gas well?

MR. NEILL: They have a tiein from Skelly at the line between the Sinclair Alexander Rogers No. 2 and their direct offset. It's the point of the line which I stated was 2400 feet from our well. It's at the battery between the two Sinclair wells to the west of us.

MR. NUTTER: 2300 feet is the nearest low pressure gathering line?

MR. NEILL: Yes.

MR. NUTTER: Mr. Neill, I notice that Skelly has indicated in their letter of March 18 that it would be 60 days before a decision could be reached as to whether this gas could be economically gathered or not. The letter from Warren states they will decide whether a connection can be made. Did they give you any indication as to the period of time necessary to make that determination?

MR. NEILL: He didn't give me any definite time other than

it had to go through the regular channels which that I can't answer for a definite time.

MR. NUTTER: Would Neville G. Penrose be agreeable to a temporary order authorizing the flaring of gas in this pool?

MR. NEILL: Yes, we would.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

(Witness excused.)

Is there objection to the introduction of Neville G. Penrose Exhibits 1 through 3 in Case 1402? If not, they will be received. Does anyone have any further statements they wish to offer in this case? We will take the cases under advisement.

MR. NEILL: I would like to make a correction in the description, it is Section 7. I think I indicated Section 12.

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 28th day of March, 1958.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 1402
 heard by me on 3-19, 1958

[Signature], Examiner
 New Mexico Oil Conservation Commission