

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

MAIN OFFICE OCC

1958 OCT 10 AM 8:16

IN THE MATTER OF:
CASE 1515

TRANSCRIPT OF HEARING

OCTOBER 2, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 2, 1958

IN THE MATTER OF: :

CASE 1515 Application of Continental Oil Company for: :

a non-standard gas proration unit. Appli-: :

cant, in the above-styled cause, seeks an : :

order establishing a 320-acre non-standard: :

gas proration unit in the Jalmat Gas Pool : :

consisting of the S/2 Section 22, Township: :

22 South, Range 36 East, Lea County, New : :

Mexico, said unit to be dedicated to the : :

applicant's Meyer B-22 Well No. 1 located : :

1650 feet from the South line and 990 feet: :

from the East line of said Section 22. : :

BEFORE:

Mr. Elvis A. Utz, 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. UTZ: Next case on the docket will be Case 1515.

MR. COOLEY: Case 1515. Application of Continental Oil Company for a non-standard gas proration unit.

MR. KELLAHIN: I am Jason Kellahin of Kellahin & Fox, Santa Fe, New Mexico, representing the applicant, Continental Oil Company. We have one witness, Mr. V. T. Lyon.

(Witness sworn)

MR. UTZ: Are there any other appearances to be made in this case? If not, you may proceed.

VICTOR T. LYON,
called as a witness, having been first duly sworn on oath, testified

as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Victor T. Lyon.

Q By whom are you employed, Mr. Lyon?

A Contiental Oil Company.

Q In what position?

A District engineer, Eunice District.

Q Have you previously testified before the Oil Conservation Commission of New Mexico and had your qualifications as an expert engineer accepted?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: They are.

Q Mr. Lyon, are you familiar with the application in Case 1515?

A Yes, sir.

Q What is the nature of that application?

A This is the application of Continental Oil Company for the enlargement of the presently approved non-standard gas proration unit assigned to the Meyer B-22 No. 1. We are requesting an enlargement to 320 acres as compared to the present 160-acre unit.

Q The proposed unit would then consist of the S/2 of

Section 22 in Township 22 South, Range 36 East, is that correct?

A That is correct.

Q Now, referring to what has been marked as Exhibit No. 1, will you state what that is?

A Exhibit No. 1 is a location and ownership plat showing the Meyer B-22 lease and the surrounding area. The lease is outlined in red, and the No. 1 Well is circled in red and is shown to be located 1650 feet from the South line and 990 feet from the East line of Section 22, Township 22 South, Range 36 East. The Jalmat gas wells in the area are circled in green, and the acreage dedicated to those wells is outlined in green, and in this same vein the present unit for this well is outlined in green and is shown to consist of the SE/4 of Section 22.

Q Does that Exhibit reflect that the proposed unit for which we are now seeking approval is completely surrounded by production from the Jalmat Gas Pool?

A Yes, sir, it does.

Q In your opinion, does that indicate that the entire acreage proposed to be dedicated is productive of gas from the Jalmat Pool?

A Yes, sir.

Q Now, referring to Exhibit No. 2, will you state what that shows?

A Exhibit No. 2 is a structure plat showing the same area as shown on Exhibit No. 1. The contours at the top of the

Yates are shown contoured on an interval of 25 feet, and the producing Jalmat Gas Wells are shown circled in green. The Meyer B-22 No. 1 is shown circled in red, and again, we have outlined the proposed non-standard gas proration unit in red.

Q What does that Exhibit reflect in relation to the vertical completion of the Meyer B-22 Well No. 1?

A Well, it shows that the Meyer B-22 No. 1 is the lowest well structure-wise as far as the top of the Yates is concerned on the lease. And, therefore, all of the other locations are higher in structure than is No. 1; so that you would naturally expect that if No. 1 is gas productive, then the Yates must be gas productive throughout the lease.

Q Now, referring to what has been marked as Exhibit No. 3, will you state what that is?

A Exhibit No. 3 is a copy of the radio activity log of the Meyer B-22 No. 1, and it has marked on it, in red, the top of the Yates formation. And printed on the log is the casing symbol showing the depth at which the 5 1/2 inch production casing is set. Of course, the total depth of the well is located by the lower extremity of the log.

Q And the top of the Yates formation is likewise shown, is it not?

A Yes, sir.

Q Now, referring to what has been marked as Exhibit No. 4, will you state what that shows?

A Exhibit No. 4 is the Form C-122 and C-122 C showing the most recent back pressure test -- multiple back pressure test and deliverability test on this well. This was necessary because the well, in July, was cleaned out to total depth and sand fraced, and, therefore, these tests are submitted to show the producing capabilities of the well. It has an indicated deliverability at 80 percent of the shut-in pressure of 3,147 MCF per day.

Q Does that reflect that the well would be capable of producing an allowable assigned to 320-acres?

A I think it would have very little difficulty producing a 320-acre allowable.

Q Now, you previously testified that, in your opinion, all of the acreage proposed to be dedicated is productive of gas. Do you have any other evidence which would support that conclusion?

A Well, yes. We were notified by the Commission in July, I believe, that as of September 1st, Well No. 4 is being reclassified as a gas well.

Q And what is the present status of that well?

A The well is now shut in because it does not have acreage assigned to it as a gas well; it does not have a non-standard gas proration unit.

Q Now, in your opinion, is it more practical to dedicate this acreage to the Well No. 1?

A Well, it would accomplish very little to allocate gas acreage to No. 4 because the well in its present condition is

incapable of delivering gas into El Paso's high pressure line, and it would be necessary to perform expensive remedial work on the well in order to place it in condition to produce satisfactorily into a high pressure line.

Q And that type of work has already been done on the No. 1 Well, is that correct?

A Yes, and it has adequate producing capability to carry the entire acreage.

Q Now, in your opinion, are the correlative rights of the owners protected by a dedication such as is proposed here?

A Yes, sir, I do.

Q In the event this is not approved, would that acreage suffer drainage?

A It is now suffering drainage, and it has been for some time.

MR. KELLAHIN: At this time we would like to offer in evidence Continental's Exhibits 1 through 4 inclusive.

MR. UTZ: Was Exhibit 4 two tests?

A Yes, the multi-point and the deliverability.

MR. KELLAHIN: It consists of two sheets.

MR. UTZ: Is there objection to the entrance of these Exhibits? If not, they will be accepted.

MR. KELLAHIN: That completes our presentation, Mr. Utz.

MR. UTZ: Are there any questions of the witness?

MR. STAMETS: I have some.

MR. UTZ: You may proceed.

CROSS EXAMINATION

BY MR. STAMETS:

Q Are there any other wells in the W/2 of the proposed unit producing from the Jalmat gas horizon?

A Yes, sir. Wells 2, 3 and 4 produce from the Jalmat.

Q Are Wells No. 2 and 3 currently, or what are they currently producing, do you know?

A They are producing small volumes of oil at quite a high ratio.

Q A small volume; could you give me a figure?

A I believe one produces 1 barrel a day, the other produces 9 barrels a day.

Q Do you have an approximate idea of the amount of gas produced?

A No. 2 has a producing gas-oil ratio of 99,500, and No. 3 has a producing gas-oil ratio of 15,500.

Q Are these pumping or flowing wells?

A They are flowing.

MR. STAMETS: That's all the questions I have.

MR. UTZ: Any other questions of the witness?

QUESTIONS BY MR. FISCHER:

Q Mr. Lyon, this Well No. 1, did it produce any liquids on test?

A I am sure that Well No. -- I am not certain that it did produce any on test. We are still recovering some liquids from

the oil frac that we gave it. We have not recovered all of the load.

Q That would be considered load oil?

A Yes.

Q The well produces no water?

A Perhaps a trace. Very little.

Q Your Wells No. 1, 2, 3 and 4, are they all completed at the same interval or approximately the same interval, or are 2, 3 and 4 the same as No. 1?

A No, none of those wells have exactly the same interval opened as No. 1, and they have varying amounts of the Yates opened. Primarily, they are producing, I believe, from the lower Yates.

Q The lower Yates. And your No. 1 would be in the upper or lower Yates?

A It has the upper Yates and the tensile.

MR. UTZ: The tensile is above the Yates?

A Yes, sir.

Q (By Mr. Fischer) These Wells, 5,6,7,8,9,10,11 and 12, what zones do they have open?

A Wells 5 through 10 have the Queen and the very bottom, the lower 100 feet of the Seven Rivers opened; 11 and 12 have the lower 100 feet of the Seven Rivers and 20 or 30 feet above that open to production and are classified as South Eunice oil wells.

MR. UTZ: Below the vertical limits of the Jalmat?

A 11 and 12 have a portion of the Jalmat opened in them.

We checked with the Commission office in Hobbs to see whether or not that was permissible, and they said that it was, that they would still be classified as South Eunice oil wells.

MR. FISCHER: That's all I have, Mr. Examiner.

QUESTIONS BY MR. UTZ:

Q I didn't quite understand your answer to the question about perforations of Mr. Fischer. Was the No. 1 Well perforated through the entire Yates and tensile sections?

A It was not perforated. It is an open hole completion.

Q Open hole?

A Yes, sir.

Q And your 2, 3 and 4 Wells are perforated in the Yates?

A No. 2 is an open hole completion, and 3 and 4 are perforated in the lower Yates.

Q Do you have a record of the perforation interval on those two wells?

A Yes, sir. Which two?

Q The No. 3 and 4. Why don't you give me the open hole on the 2 and the 3 and 4 perforations?

A The open hole in No. 2 is from 3175 to 3450. The perforated interval in No. 3 is from 3308 to 3420. The perforated interval in No. 4 is from 3390 to 3428.

Q Do you have the elevation there handy on these wells?

A Let's see. Our No. 1, the elevation is 3514. No. 2 it is 3513. No. 3 is 3523. No. 4 is 3520.

Q And do you have there on the record that you are reading the open hole interval of the No. 1 Well?

A No. 1 is opened from 3,088 which is the depth of the casing to total depth of 3450.

Q Did I understand you to say that the green on Exhibit No. 1 -- that the green circles are Jalmat producing wells?

A Yes, sir.

Q The only acreage that is not dedicated would be the NW/4 of 27?

A That's correct. Incidentally, in preparing these Exhibits, the copy that I have here should show a green circle around a well located in Unit J of Section 21, and it isn't shown on my copy. It may not be shown on yours, but that is a Jalmat gas well.

MR. UTZ: Are there any other questions of the witness?

MR. FISCHER: Yes.

QUESTIONS BY MR. FISCHER:

Q On your Form C-122 and C-122 C, you show that you have one inch tubing in there?

A Yes.

Q That's more or less of a siphon? A Yes, sir.

Q And you tested the well through the casing?

A Yes, sir.

MR. FISCHER: That's all.

QUESTIONS BY MR. STAMETS:

Q It is your intention to shut in the No. 2 and 3 Wells when this application is granted?

A No. Those are Jalmat oil wells. Incidentally, there are -- I believe I counted some time ago at least 119 units which are simultaneously dedicated for Jalmat oil and Jalmat gas.

Q 99,501 is just about Jalmat gas?

A Very nearly.

MR. STAMETS: That's all.

QUESTIONS BY MR. UTZ: Mr. Lyon, did I understand you to say that the B-22 No. 1 had been worked over recently?

A Yes, it was worked over in July.

Q July?

A Yes, sir.

Q And these tests were both run after the workover?

A Yes, sir. They were run in August.

Q Do you know what the previous absolute open flow on Form C-122 indicated on this well?

A The test run in March of 1957 showed an absolute potential of 3,200 MCF per day.

Q And what was the previous deliverability?

A I believe the deliverability shown on the proration schedule at the present time is 383.

Q And your workover was quite successful, wasn't it?

A Yes, sir. We wish we could have them all that successful.

Q You have presented in this exhibit, Exhibit No. 4, the capability of the well to produce the 320-acre allowable?

A Yes, sir.

Q Do you believe that these tests are accurate indications of the well's ability to produce gas?

A I believe they are as accurate as any deliverability test taken in the Jalmat Pool.

Q Do you think they are accurate enough to indicate that the well can produce its allowable?

A I am confident the well can produce its allowable.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused)

MR. UTZ: Any other statements to be made in this case? If not, the case will be taken under advisement.

Case No.

1515

Application, Transcript,
Small Exhibits, Etc.

CASE 1513 continued

area as set forth in Order No. R-111-A for its Ballard No. 1 Well located 1980 feet from the North and West lines of Section 27, Township 20 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill with cable tools to an approximate depth of 3,700 feet adjacent to the Lynch Pool. Applicant proposes to use the following casing program in lieu of the program prescribed for cable tool holes by Order R-111-A:

- (1) 13 3/8 inch casing to be cemented at approximately 70 feet.
- (2) 10 3/4 inch casing to be landed at approximately 700 feet.
- (3) 8 5/8 inch casing to be landed at approximately 1250 feet.
- (4) 5 1/2 inch casing to be cemented at the top of the producing formation with 50 sacks cement for testing purposes.
- (5) 10 3/4 inch casing and 8 5/8 inch casing to be pulled.
- (6) In the event commercial production is obtained, 5 1/2 inch casing to be perforated and cement circulated to surface.

CASE 1514:

Application of Continental Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Tonto Deep Unit Agreement embracing 2,000 acres, more or less, of Federal and state lands in Township 18 South, Range 34 East, Lea County, New Mexico.

CASE 1515:

Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 Section 22, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Meyer B-22 Well No. 1 located 1650 feet from the South line and 990 feet from the East line of said Section 22.

CASE 1516:

Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 SW/4 and the SW/4 SW/4 of Section 4, Township 25 South, Range 37 East, said unit to be dedicated to the applicant's Wells Federal No. 3 Well located 1980 feet from the South and West lines of said Section 4. Applicant further seeks the establishment of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SE/4

DOCKET: EXAMINER HEARING OCTOBER 2, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Elvis A. Utz, Examiner:

CASE 1225: Application of Moab Drilling Company for authority to expand its water flood project in the High Lonesome Pool, Eddy County, New Mexico, and for approval of certain unorthodox well locations therein. Applicant, in the above-styled cause, seeks an order authorizing the expansion of its water flood project in the High Lonesome Pool, Eddy County, New Mexico, to include its Davis-Federal Well No. 11-W, a proposed water injection well to be drilled on an unorthodox location 1310 feet from the North line and 2630 feet from the West line of Section 15, Township 16 South, Range 29 East. Applicant further seeks an administrative procedure for the future expansion of said water flood project to include the following proposed water injection wells to be drilled on unorthodox locations:

Davis-Federal No. 1-W; 10 feet from the North line and 2630 feet from the West line of Section 15.

Davis-Federal No. 2-W; 10 feet from the North line and 1310 feet from the West line of Section 15.

Skelly-State No. 15-W; 1310 feet from the North line and 2630 feet from the West line of Section 16.

Skelly-State No. 25-W; 2630 feet from the North line and 2630 feet from the West line of Section 16.

All in Township 16 South, Range 29 East.

CASE 1511: Application of Newmont Oil Corporation for an order authorizing a pilot water flood project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Loco Hills Pool in Eddy County, New Mexico. Applicant proposes to inject water into the Grayburg formation through one well in Section 1, Township 18 South, Range 29 East, and through five wells in Section 6, Township 18 South, Range 30 East, all in Eddy County, New Mexico.

CASE 1512: Application of Humble Oil & Refining Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Bandana Point Unit Agreement embracing approximately 14,293 acres of Federal, state and fee acreage in Township 22 South, Range 23 East, and Township 23 South, Ranges 23 East and 24 East, all in Eddy County, New Mexico.

CASE 1513: Application of Drilling and Exploration Company, Inc. for an exception to the casing requirements for the potash-oil area in Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing an exception to the shallow-zone casing requirements for the potash-oil