

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 11, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Tribal "C" Well No. 2-6 to be 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 2523

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call next Case 2523.

MR. WHITFIELD: Case 2523: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, representing the Applicant. We have one witness I would like to have sworn, please.

(Witness sworn.)

GEORGE E. FARMAR

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

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A George E. Farmar.

Q By whom are you employed and in what position?

A Consolidated Oil and Gas, Inc., Chief Engineer.

Q Have you ever testified before the Oil Conservation Commission of New Mexico?

A No.

Q Would you state, for the benefit of the Examiner, your educational qualifications and experience as an Engineer?

A Graduated from the University of Southern California in 1946, Bachelor of Engineering in Petroleum Engineering. Worked from 1946, Spring of 1948 for Signal Oil and Gas Company; from 1948 to Fall of 1953 for U. S. Smelting and Refining Company; for the next year as an independent consultant; and from 1954 till the Spring of 1958 with Brinkerhoff Drilling Company; and since the Spring of 1958 I have been employed by Consolidated Oil and Gas.

Q In connection with your duties as Engineer for Consolidated Oil and Gas, do you have jurisdiction over the area involved in this application?

A Yes.

MR. KELLAHIN: Are the witness' qualifications acceptable?

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MR. NUTTER: Yes, sir.

Q (By Mr. Kellahin) Mr. Farmer, what is Consolidated Oil and Gas, Inc., proposing in this application?

(Whereupon, Applicant's Exhibit 1 marked for identification.)

A Exhibit 1 shows a plat of the area, and the area outlined in red is the 320-acre proration unit for the Mesaverde. We are proposing an unorthodox location in the Northwest Quarter in the Blanco-Mesaverde Field. This was brought about by the fact that the well shown in the Southwest Quarter originally was programmed as a Pictured Cliffs, Mesaverde and Dakota test. This well was drilled for gas from below the intermediate string set below the Pictured Cliffs into the Dakota, and at such time as it became necessary to cement the 5-1/2 inch producing string, there was circulation problems and the cement was not circulated as proposed. It was then, several cement procedures were required to effectively squeeze opposite the Dakota formation, and then the pipe was perforated and cement was placed at the base of the Mesaverde formation. This cement job showed some leakage. It was then squeezed in three stages and cemented at the top of this 5-1/2 inch liner, which was cut off inside the 7-5/8ths casing.

In the opinion of our staff, it was felt that the cementing opposite the Mesaverde was not a hundred percent fool-proof. We felt that we had properly covered the section with cement, but there might be possible bond voids in there, and

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various things which would give us a very hazardous fracking job and probably an inadequate test of the Mesaverde section. So no attempt was made to complete this well in the Mesaverde.

It was completed as a Pictured Cliff and Dakota dual producer. Therefore, we proposed this location 2-6 in the Northwest Quarter to test the Pictured Cliff and Mesaverde. It was felt that the actual producing possibilities of the Mesaverde in this area are rather unproven. We do not feel that a single zone well drilled to the Mesaverde is economically feasible, and this is the reason for our proposal.

Q What is the status of the 2-6 Well at the present time?

A Due to some committments we had, we had to go ahead and drill it. It has been drilled into the Mesaverde and there is casing cemented in this formation at the present time. That is as far as completion has gone.

Q You propose to make a dual completion out of it?

A We propose to make a dual Mesaverde-Pictured Cliff completion.

Q That has not yet been done?

A No, we have not yet tested the Mesaverde in the area. It is possible it is not commercially feasible. We do believe the Pictured Cliff is.

Q Then to sum up your testimony, Mr. Farmar, is it correct to say that as to the 1-6 Well, you do not think from an engineering point of view an attempt to complete that well in the Mesaverde



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would be a safe practice?

A I think it would not be a prudent practice. We could have done it. If we would have gotten poor results, we would never have known where the frack went. It might have lead to erroneous conclusions. We feel that the only way we can get this proration tract is through this second well, and unless this is granted, that this tract will never be drilled.

Q It will not be developed in the Mesaverde?

A No.

Q You do not feel then that an orthodox location in the Mesaverde would be justified as a single completion?

A We certainly do not. Indications are that this is a very marginal Mesaverde area, at the present time.

Q Was Exhibit 1 prepared by you or under your supervision?

A Yes.

MR. KELLAHIN: I would like to offer in evidence Exhibit No. 1.

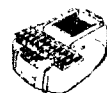
MR. NUTTER: Consolidated Exhibit No. 1 will be admitted in evidence.

MR. KELLAHIN: That's all the questions I have, Mr. Nutter.

MR. NUTTER: Does anyone have any questions of Mr. Farmar?

MR. MORRIS: Yes, sir.

MR. NUTTER: Mr. Morris.



CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Farmer, your Well No. 2-6 is within the allowed tolerance from the lease lines and quarter section lines, but is merely unorthodox because it's off pattern?

A That is correct.

Q What zone is your 1-6 completed in?

A It is completed as a dual Pictured Cliff and Dakota well.

Q Are there any other producing formations besides the Pictured Cliffs, Dakota, and Mesaverde in this particular area?

A There are none developed. We do not believe there are any potentialled.

Q So it would have been impossible, as far as you know, to dually complete your Mesaverde with another formation in the Southwest Quarter of Section 6?

A Only through that 1-6 Well, and the hazards have been explained on that.

Q Right. Did I understand you to mention that the Mesaverde section in 2-6 has not been tested?

A It has not been tested. We have a log of it; however, it has not been tested within several miles of location.

Q Do you have any indication as to how good a well you have?

A In the Mesaverde, I would say that we have a very

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marginal well in all probability, and that it might have a deliverability into the pipeline of maybe, oh, you know, half a million a day and probably would drop off rather rapidly down into the two or three hundred thousand class.

Q If that information is correct, would Consolidated consider drilling a well anywhere in the East Half of Section 6?

A We are considering drilling an on-pattern well, which would be in the Northeast Quarter, depending on the outcome of the 2-6. This well in the Northeast Quarter would be a dual Dakota-Mesaverde well.

Q Would you agree that an undue hardship would be placed upon Consolidated if this application were not granted?

A We feel that it would be, yes.

MR. MORRIS: I have no further questions.

BY MR. NUTTER:

Q Are all of the producing wells in this area depicted on your Exhibit No. 1?

A They are.

Q What is this well over here in Section 8?

A I believe that is a Mesaverde well. I believe it had a potential of 96 MCF per day. I qualify that, as I'm not quite sure if that is the one. That might be a Pictured Cliff well. I inadvertently left my field map in Denver.

Q What do we have down here in the Southwest of 7?

A We have a Pictured Cliff and Mesaverde well. The



Mesaverde well I believe is a commercial well, as is the Pictured Cliff.

Q What pool would this Pictured Cliff production fall in?

A It is in the Tapicito.

MR. NUTTER: Are there any further questions of Mr. Farmar? He may be excused.

(Witness excused.)

MR. RAINEY: Mr. Examiner, D. H. Rainey with El Paso Natural Gas Company. El Paso is an owner of acreage offsetting the acreage, and as an offset operator we have no objection to granting the application.

MR. NUTTER: Does anyone else have anything further?

MR. KELLAHIN: That's all I have.

MR. NUTTER: We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me, and that the same is a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 14th day of April, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
 NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2523, heard by me on 4/11, 1962.

[Signature] Examiner
 New Mexico Oil Conservation Commission

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