



have one witness to be sworn, Mr. Jerry Hickson.

(Witness sworn.)

(Whereupon, Applicant's Exhibit  
No. A marked for identification.)

GERALD A. HICKSON

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you please state your full name, by whom and in  
what capacity you are employed?

A Gerald A. Hickson, proration engineer for El Paso  
Natural Gas Company.

Q Have you previously testified as an expert witness  
before this Commission, and your qualifications have been made a  
matter of record; is that true?

A That's correct.

Q Mr. Hickson, this is an application by El Paso Natural  
Gas Company for the conducting of maximum pressure build-up tests  
and non-cancellation and/or transfer of allowables on certain  
wells in the San Juan Basin, is that right?

A Yes, sir, and also for exception to Order 333-F.

Q What does Order 333-F contain?

A That provides for testing of wells in San Juan Basin  
prorated pools.

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Q What pools are involved in this application?

A The Blanco-Mesaverde, the Basin-Dakota, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, and South Blanco-Pictured Cliffs.

Q Do you have an exhibit that sets out the wells that are involved and the test well data and the plat showing the location of each individual well, along with the wells on the same basic lease?

A Yes, sir, I do, Exhibit A.

Q Is that El Paso's Exhibit A? What does El Paso Exhibit A consist of?

A El Paso's Exhibit A is in 27 parts, one for each well and each part consisting of two pages, one which is the test well data on the test well, also listing the transfer wells and the deliverability and the date of the test of its deliverability.

The second sheet is a plat with a nine or 16 section range of the area of the transfer wells and the test well.

Q Why is it necessary to conduct these maximum pressure build-up tests, Mr. Hickson?

A In the San Juan Basin, the prorated pools exhibit the characteristic of having slow build-up on their shut-in pressures, which reflects low reserves. In order to determine the reserves of the San Juan Basin, we must have accurate shut-in pressures and this is a means of obtaining them, by pressure build-up test.

Q This is a continuing thing, is it not? This isn't the first time that El Paso has made this type of application?

A No, sir. We have tested a number of wells in the San Juan Basin in most of the prorated pools, and this is the third test for some of the wells on this application. We are just now beginning to receive information which will be of value in calculating the reserves by decline method or original volumetric method.

Q Now the request that El Paso makes in the application for the transfer of allowables for the wells that are being tested to other wells on the same basic lease, would you care to comment on that?

A Excuse me, I didn't understand that.

Q The transfer of allowables and/or the transfer of allowables or the non-cancellation of allowables, that pertains only to wells on the same basic lease?

A That's correct. We propose to shut in each of these wells after a deliverability test has been taken, and then after the well has been turned back on and the status is carried forward, we will take that allowable and transfer it to all the wells on the same basic lease in a manner in which we can recover this same allowable.

Q In your estimation, on the average how long will it take to conduct these tests?

A Well, it's hard to say. We have never tested any of these Basin-Dakota wells. Well, we have one test which took in the neighborhood of 180 days on a Basin-Dakota well. On some of

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the other wells, it ranges from 120, 130 days up to six, 700 days. It just depends on the formation.

Q What are the requirements of Order R-333-F that El Paso seeks to except?

A The requirements are that each well must be tested annually for deliverability test and the wells that we propose to shut in will have a deliverability test this year, but if it goes through next year, through 1964, this is the exception that we are asking for, that the well be permitted to forego this test in 1964.

Q In our application, we stated that the Applicant proposes to complete such tests as soon as possible following the date of issuance of the Commission order in this case, and you have already commented on what you consider to be a reasonable time for conducting the test?

A Yes, sir.

Q What does El Paso propose with respect to the underage and overage requirements of Order R-1670 pertaining to the Northwest?

A We are proposing that this be suspended until a period six months after a full balancing period after the wells have been taken off test.

Q What is your recommendation as to administrative approval for conducting tests for reservoir information?

A I didn't understand that.

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Q There is a paragraph in our application which states that in addition to the maximum pressure build-up tests, we are seeking an order that should provide for the granting of administrative approval to conduct such substitute tests as we may in our discretion deem necessary for obtaining more thorough and complete reservoir information.

A Yes, sir.

Q What type of reservoir information are we talking about?

A We are talking about the same pressure information, and what we're requesting by this portion of the application was in case of mechanical troubles or some type of trouble that we can't see at this time, for instance, if we cannot get the pressure on one of the wells that we are asking for here, we would request the Commission by administrative approval grant us permission to use another well on the same basic lease instead of the well that we're asking for today.

Q That would be done by letter of request to the Secretary-Director of the Commission?

A Yes, sir.

Q Do you have anything else that you would like to add to your testimony?

A Yes, sir. Order R-1998 is an acceptable order for this type of case, with exception of part 11 of that order. I don't know if the Commission has that available or not. I would like to read from that order. "That the authority herein granted shall



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terminate one year from the date of this order; provided, however, that the Secretary-Director may approve an extension of time for the taking of the subject tests for good cause shown." I would suggest that this be modified and that this order shall terminate after the final test has been completed which was granted under the order.

Q In other words, you don't want to be limited to one year?

A No, sir, because we know in some cases that it will definitely take more than one year to obtain maximum pressure build-up.

Q The order that you just read from was an order previously issued by this Commission as a result of a similar type application by El Paso?

A That is correct.

MR. WHITWORTH: That's all we have.

MR. NUTTER: Are there any questions of Mr. Hickson?

MR. WHITWORTH: I have one more.

Q (By Mr. Whitworth) This Exhibit A, that was prepared under your direct supervision?

A Yes, it was.

MR. WHITWORTH: We ask that be received in evidence.

MR. NUTTER: Exhibit A will be admitted in evidence.

(Whereupon, Applicant's Exhibit A admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Do I understand that 1963 deliverability tests will be completed on all these wells prior to shutting them in?

A Yes, we always take a deliverability test and then start the shut-in period for the shut-in period of the deliverability test.

Q So any exception to the annual test would be for 1964?

A Yes, that's correct.

Q In Section 7 of the application, you want the underage and overage balancing provisions suspended for these wells. You want them suspended for a full six months after a full balancing period --

A No.

Q -- after the test is completed?

A No, it would be a full six months after the period has been, the period in which the test was completed.

Q In other words, it is completed during a six months period?

A That's correct.

Q And then you would want one full six months period after that?

A That's correct.

Q And then the underage or overage provisions would apply?

A Yes, sir.

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Q You want administrative approval for such wells as you may deem necessary in Section 8. This would be for the shut-in well or for the producing well, also?

A Is this Section 8 --

Q Of the application.

A -- of our application. Excuse me. This would be a well that's on the same basic lease as one of the wells that we're asking for today.

Q Well, I understand that, but do you want this administrative approval of the substitution wells to apply only to the wells that are being shut-in, or to the wells that are being shut-in as well as the wells that would receive the allowable as transferred allowable? In other words, could you substitute the transfer wells as well as shut-in wells?

A Substitute them for a shut-in well, is that my understanding of the question? The provisions of 8 --

Q It would be on the same basic lease; that's one provision, that the substitution wells would be a substitute well on the same basic lease, is that correct?

A That's correct.

Q Now would you limit the substitution to the wells which are being shut-in only, or would you also want to provide that if you substituted a well that's shut-in, if you substituted another well for the designated shut-in well, that you could also substitute a well which would receive that well's allowable?



A No. No, we're asking that only the wells listed on each of these exhibits be included. Now to give an example of this, if we took the first one, Atlantic 5-A, it has five transfer wells. As this portion of Number 8, if we took one of the wells and used it as the shut-in well, we would actually substitute for it just the Atlantic 5-A, the other wells would still be transfer wells.

Q We're on this Atlantic 5-A; that's the shut-in well, right?

A That's correct.

Q And there are four wells on that lease which would receive the allowable?

A Or the Atlantic 5-A. The Atlantic 5-A, at the end of the balancing period -- rather, when the test is completed, we take the allowable and assign it to all of the wells, also the 5-A; the 5-A actually receives a portion of the allowable if the rest of the wells on the same basic lease have not overproduced by the amount that the 5-A underproduced.

Q If you substituted the 1-A for the 5-A as the shut-in well, then the 5-A could produce some of 1-A's allowable?

A That is correct.

Q So the substitution works for the shut-in well as well as the transfer well?

A That is correct.

Q In all events, it would be limited to the same lease as

the wells which are depicted on Exhibit A?

A Yes.

MR. NUTTER: Are there any further questions of Mr. Hickson?

MR. UTZ: Yes, I have one.

BY MR. UTZ:

Q Are any of these wells listed on your Exhibit A, which is 27 wells, I believe, plus all your transfer wells, are any of those wells marginal wells at this particular time?

A Not to my knowledge, not when these exhibits were prepared.

Q If any of those wells are marginal wells, then there would not be any reason to include them in this order, would there?

A No, sir.

Q Does Order 1998 provide for notification to the Commission for the beginning and the ending of these tests?

A Yes, sir, it does.

Q And that would be agreeable if it was in the order you are requesting now?

A Yes, sir.

MR. UTZ: That's all.

A We notify the Commission at the same time we take the deliverability tests on these wells, and then on completion of a test we request that the allowable be transferred, which is the notification of the end.



MR. DURRETT: May I ask a question?

MR. NUTTER: Yes, sir.

BY MR. DURRETT:

Q Mr. Hickson, I would like to clear up a little bit this statement or the proposition that you propose, that you want the order to terminate after the last test is taken, is that correct?

A Yes, sir.

Q You mean just automatically terminate upon completion of the last test that's approved?

A Well, now that I think about it, that might -- we are suspending the balancing provisions for six months after the last test, on the last test the same as we are, say, when the first one comes off, so actually we would have to make it for probably one year after the last test is completed to insure that if you took a test of say the first month into one balancing period you would have five months plus an additional six months for that well to make up its underproduction or lose it.

MR. NUTTER: So in that regard, the order would have to remain in effect after the tests were completed?

A One year after the tests were completed.

Q (By Mr. Durrett) One other question on this same line. What is the longest period of time that you would estimate that might be involved on testing it?

A The San Juan 286 No. 37, which is one of the wells under



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this application, there's 492 days; and we have one longer than that, which is the Atlantic 5-A, which was 645 days. We don't know what the Basin-Dakotas will do because we never had a test on any of these wells before. I don't believe it will be this period of time.

Q But as of this date, 645 days is the longest test you have experienced?

A Under this group of wells, yes, I'm not sure; it seems to me like we had one longer.

MR. DURRETT: Thank you.

MR. NUTTER: Any further questions of Mr. Hickson? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Whitworth?

MR. WHITWORTH: The information that El Paso obtains as a result of this test is passed along; these tests are passed along to the Commission; that's right, Mr. Hickson?

MR. HICKSON: That's correct; that's under the order.

MR. WHITWORTH: That's all I have.

MR. NUTTER: Anything further in Case 2770? We will take the case under advisement and the hearing is adjourned.

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