

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 24, 1963

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:)

Application of Texaco Inc. for a non-standard)
gas proration unit, Lea County, New Mexico.)
Applicant, in the above-styled cause, seeks)
approval of a 360-acre non-standard gas pro-)
ration unit comprising the SW/4, N/2 SE/4,)
and SE/4 SE/4 of Section 31, and the S/2 SW/4)
of Section 32, Township 23 South, Range 37)
East, Jalmat Gas Pool, Lea County, New Mexico,)
to be dedicated to its E. E. Blinebry "A")
Well No. 2, located in Unit I of said Section)
31.)

) CASE 2797

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2797.

MR. DURRETT: Application of Texaco Inc. for a non-
standard gas proration unit, Lea County, New Mexico.

MR. WHITE: May the record show the same appearances,
including the witness, as in Texaco's application in Case 2796.

MR. DURRETT: Let the record show that Mr. Black was
placed under oath in 2796, and he is still under oath.

(Whereupon, Applicant's Exhibits
1, 2, and 3 marked for identi-
fication.)

C. R. BLACK

called as a witness, having been previously sworn, testified as
follows:



DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Black, will you state the purpose of the application in Case 2797?

A This is the application of Texaco, Inc. for a 355.96-acre non-standard unit to be dedicated to our E. E. Blinebry "A" (NCT-2) Well No. 2.

Q Would you like to amend the application at this time, and if so, in what respect?

A Yes, sir, the original application was made for a 360-acre unit, but on further investigation it's been found that Lots 3 and 4 of Section 31 contain 37.97 and 37.99 acres, respectively, instead of the 40 that we originally thought they contained.

MR. UTZ: Would you give me those figures again?

A 37.97 and 37.99. So therefore the application should be amended to provide for a 355.96-acre unit.

MR. WHITE: At this time we request that the amendment be allowed.

MR. UTZ: The application will be amended to correct for the variation in the size of Lots 3 and 4.

Q (By Mr. White) Mr. Black, will you now refer to what has been marked as Exhibit No. 1 and explain the purpose of that exhibit?

A Exhibit No. 1 is an ownership map showing this immediate

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area. The Texaco acreage is bordered in yellow. The existing proration unit assigned to No. 2 was established by Order No. R-1949, and this set forth a 275.96-acre unit, and this order was dated April 28, 1961. This is shown on the exhibit bordered in green, and the additional acreage to be assigned to the well is shown bordered in red.

The location of the subject well is 660 feet from the East line and 1980 feet from the South line of Section 31.

Q Is that an unorthodox location?

A Yes, it is, and it was approved in Order R-1949.

Q Will you give a brief history of Well No. 2?

A Well No. 2 was completed on November 17, 1960, as a dual completion in the Langley-Mattix Oil and the Jalmat Gas Pools. The Jalmat Gas Pool flowed 2.095 million cubic feet of gas per day through a 28/64ths inch choke with a tubing pressure of 600 and a casing pressure of 750 pounds. It was producing from various perforated intervals from 3,037 to 3,220 feet. As I said, it was dually completed with the Langley-Mattix Oil zone.

Q I note that Well No. 4 on the Blinebry "B" lease is not included in the proposed proration unit. Will you comment on that and in so doing, refer to Exhibit No. 2?

A Yes, sir. Exhibit No. 2 is a structure map showing this immediate area. It's contoured on top of the Yates formation and it should be noted that Well No. 4 is one of the lowest wells structurally in this area. Apparently this low structural



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position has resulted in an oil accumulation around this well, rather than gas as is accumulated around the other Jalmat wells in this area.

Q And you are not asking that it be included in the unit in this application?

A No, sir, it is excluded from the existing unit, and we ask that it be excluded from the proposed unit.

Q Give a brief history of Well No. 4.

A Well No. 4 was completed in 1950 as a Langley-Mattix Oil well. In 1955 the Langley-Mattix Oil zone was plugged off and it was recompleted in the Jalmat zone as an oil well. It flowed 63 barrels of oil through the 10/64ths choke with 900 pounds tubing pressure. The gas-oil ratio was 1940. The April allowable for No. 4 is 16 barrels of oil a day, and the GOR is 2961. This is the latest reported gas-oil ratio. So it is still definitely an oil well and we ask that it remain classified as an oil well.

Q What is the acreage denoted in green supposed to signify?

A This acreage is acreage that is dedicated to the other Jalmat gas wells in this area. These gas wells are circled in red. It can be noted that there is acreage dedicated higher structurally than any of the acreage we propose to dedicate to Well No. 2. We find that the wells in the Jalmat Field in this area are producing from the Yates formation and producing from various sand stringers which are inter-bedded with alternating



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dolomite stringers. The total gross thickness is approximately 250 feet. We find that as we move up-structure, the sand is displaced or replaced by anhydrite losing porosity and this is normally what causes the upper limits or delineates the upper limits of the Jalmat reservoir in this area.

So with wells producing at structurally higher positions than the acreage to be dedicated and acreage assigned to those wells at even higher positions, we certainly feel that the acreage in the South Half of the Southwest Quarter of Section 32, which is the Texaco State of New Mexico "B" (NCT-4) lease, is definitely productive of gas in the Jalmat zone.

Q I note that Texas No. 7 Fanning Well that's in Section 5 is a Jalmat gas producer. Will you elaborate on this, please?

A It's a Jalmat gas producer, and as you said, it's located in Section 5, Township 24 South, 37 East. The top of the Yates is plus 521. There is acreage dedicated to this well that is as high as plus 550, some 45 feet higher than the acreage contained in the State of New Mexico "B" lease that will be assigned. This well in April had an allowable of 13 million, and the February production from the well was 19 million, which was in excess of its February allowable. So it is definitely a good Jalmat gas well and is producing a substantial amount of gas from the Jalmat gas zone in this area.

Also, the Texas Pacific Coal and Oil Eva Blinebry 8-A in Section 29, Township 23 South, Range 37 East, is completed



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higher structurally than the acreage to be assigned, and has acreage assigned to it that is structurally comparable or higher than the State of New Mexico "B" lease, and it's a good Jalmat gas producer, also. It's April allowable was 10 million, and the February production was 22 million, which was in excess of its February allowable.

Q What do you conclude from this data?

A This further substantiates our opinion that the South Half of the Southwest Quarter of 32 is definitely productive of gas from the Jalmat gas reservoir.

Q Refer now to Exhibit No. 3 and explain that.

A Exhibit No. 3 is a tabulation of the monthly allowable and monthly production for the E. E. Blinebry (NCT) Well No. 2 for the year 1962 and the first two months of 1963. It can be seen that the total allowable for '62 was 511,353,000 cubic feet of gas; total production for 1962 was 576,225,000 cubic feet of gas. As of January 1st, 1963, the well was 14,684,000 cubic feet overproduced. The January and February allowable totaled 49,405,000; the January and February production totaled 78,801,000, and as of March 1st, 1963, the well was 44,091,000 cubic feet overproduced.

The total cumulative gas production from the well as of March 1st, 1963, is 768,204,000.

Q The past performance of this well, do you consider it capable of producing the corresponding increase of the allowable



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should the application be granted?

A Yes, sir. I believe this production history certainly substantiates the fact that the well will be capable of producing an allowable increase. Take for example, January, 1963, assuming the well had a 355-acre proration unit assigned to it, it would have had an allowable of 39 million cubic feet of gas. You can see that the January production was 45.6 million cubic feet, so the well would have been capable of producing this increased allowable in January.

Q You will be pooling Federal land and State lands. Did you obtain permission from the U.S.G.S.?

A We have tentative approval from the U.S.G.S. to communitize this acreage, and they have assured us they will give formal approval.

Q If they give approval, will you execute an agreement with them?

A Yes, if this application is approved, Texaco will enter into a formal communitization agreement for these 355 acres so they can be assigned to the well.

Q Were Exhibits 1, 2, and 3 prepared by you or under your direction?

A Yes, they were.

MR. WHITE: At this time we offer the exhibits.

MR. UTZ: Without objections, the Exhibits 1, 2, and 3 will be entered into the record.



(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 entered in evidence.)

MR. WHITE: If the Examiner please, that concludes our testimony.

CROSS EXAMINATION

BY MR. UTZ:

Q Have you contacted the State in regard to this communitization?

A Our Land Department, of course, has been working on this problem, and we have been advised that they do have tentative approval from the State Land Office to communitize this acreage.

Q In regard to the other producing wells on these three leases, what are they completed in?

A All of the other producing wells, with the exception of No. 4, as was pointed out, are producing from the Langley-Mattix Oil Pool.

Q Is the Langley-Mattix lower than the Jalmat?

A Yes, it is. The completions in the Langley-Mattix are at approximately 36 to 3700 feet. The completions in the Jalmat are around 3,000 feet. The Jalmat completions in this area are primarily Yates zones completions and the Langley-Mattix are San Andres completions.

Q Did you happen to get any tests on your No. 1, is it, the No. 2 State, on your NCT No. 4 in the Jalmat zone?

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A No, sir. We didn't. Those wells were drilled strictly as Langley-Mattix oil wells and we didn't pause for any test in the Yates gas zone.

Q In between the Northeast Quarter of Section 5 and the Southwest Quarter of Section 29, are all those wells completed in the Langley-Mattix?

A Yes, sir, these wells included in Section 32?

Q Yes.

A Those wells are Langley-Mattix oil producers. There is no Jalmat gas producer in that area.

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

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.

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