

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 21, 1963

EXAMINER HEARING

IN THE MATTER OF:)

)
Application of Cabot Corporation for an)
unorthodox location, Lea County, New)
Mexico. Applicant, in the above-styled)
cause, seeks approval of the unorthodox)
location of its New Mexico State L Well)
No. 1 at a point 1970 feet from the North)
line and 330 feet from the West line of)
Section 23, Township 11 South, Range 33)
East, North Bagley-Wolfcamp Pool, Lea)
County, New Mexico.)

Case 2757

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2757.

MR. DURRETT: Application of Cabot Corporation for an
unorthodox location, Lea County, New Mexico.

MR. CHRISTY: Sim Christy, Hervey, Dow & Hinkle,
Roswell, New Mexico, for the applicant. We have one witness,
Mr. Examiner.

(Witness sworn.)

MR. UTZ: Are there other appearances in this case?
You may proceed.



WILLIAM M. SARGENT, JR.

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation and by whom you are employed?

A William M. Sargent, Junior, employed by Cabot Corporation in Pampa, Texas, a petroleum engineer.

Q Have you previously had your qualifications as a petroleum engineer accepted by this Commission in Case 2659?

A Yes, I have.

Q Are you familiar with the matters sought in the application in Case 2757 in the well involved?

A Yes.

MR. CHRISTY: Any questions concerning the qualifications, Mr. Examiner?

MR. UTZ: No, sir, he's qualified.

Q (By Mr. Christy) Now, Mr. Sargent, I refer you to what has been marked Applicant's Exhibit No. 1 and ask you if you will please briefly state what that is.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

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A This is a plat of the North Bagley field and outlined on the plat in yellow is the Cabot State of New Mexico L lease showing the location of their No. 1 well on this lease, being 330 feet from the West line of the section and 1,970 feet from the North line of the section.

Q That is the well involved in this application?

A Yes, it is.

Q Would you please tell us the well history, when it was drilled and completed and so forth?

A This well was drilled last fall and completed in September in the upper Penn formation at a depth of approximately 9450 feet. Subsequent to the initial completion it was re-perforated in the upper Penn in a section immediately above the initial completion and this was in October.

In December it was reperforated again in an effort to obtain flowing production. In January the well ceased to flow because of high water production and we plugged back to the Wolfcamp and completed in the Wolfcamp zone at 8694.

Q I believe that well was drilled when there were no field rules on the Pennsylvanian?

A That's correct.

Q Just the general rules?

A This is true.



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Q It was drilled in conformity with the then existing statewide rules?

A Yes.

Q You say you have recompleted it in the Wolfcamp now?

A Yes.

Q I believe by your application you are seeking an exception to Rule 3 of the special rules for the North Bagley-Wolfcamp Pool which requires the wells to be located within 150 feet of the center of the quarter, quarter section, and of course, you do not qualify because of the 330 foot distance you just mentioned?

A That is correct. We are 180 feet from that limitation.

Q You propose, I assume, to dedicate the acreage shown in yellow to your Wolfcamp well?

A Yes.

Q Which is an 80-acre at this time?

A Yes, sir.

Q If you are unable to utilize the present well bore for completion in the Wolfcamp, I assume this would mean you would have to twin the well?

A Yes, sir.

Q If you twin the well, what would be the economics on it and the matter of economics waste?



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A We would be losing the service of a well already drilled, in effect we would be spending \$130,000 approximately, needlessly. The cost of the well and flow line and tank battery installation is estimated to \$135,500. The reserve calculations indicate that the net oil that would accrue to Cabot Corporation would be 65,800 barrels.

Q You are talking about Wolfcamp oil?

A Yes. With a gross value of approximately \$210,000. Operating costs, not including company overhead, direct field operating costs are estimated to be \$22,500, and leaving a profit before taxes of about \$56,000.

Q From that you would have to take off the income tax?

A We would have income tax and overhead to take out of this indicated before tax profit.

Q Taking all things in consideration, do you feel it would be economic waste to twin the well?

A Yes, I do.

Q How about the correlative rights of other parties, who else is involved here that might be adversely affected by using this well bore in the Wolfcamp, anyone?

A Are you speaking of the other operators?

Q Yes.

A The offset lease is held by Sinclair. There's no



production at the present time on this lease. There is one dry hole directly west of the requested exception.

Q The only other Wolfcamp well as depicted on your Exhibit 1 is your well to the north?

A That is correct, our Humble State well.

Q Do you feel that the well in question here will effectively and efficiently drain the 80 acres in question of Wolfcamp pay?

A Yes, sir, I do.

Q Was the Exhibit No. 1 prepared by you or under your direct supervision?

A It was.

MR. CHRISTY: We offer in evidence Applicant's Exhibit No. 1.

MR. UTZ: Without objection, Exhibit No. 1 will be admitted into the record.

(Whereupon, Applicant's Exhibit No. 1 was admitted into the record.)

Q Do you have anything further in this matter you feel would be of interest to the Commission?

A No, sir.

MR. CHRISTY: That's all we have on direct.



CROSS EXAMINATION

BY MR. UTZ:

Q As I understand, this was a dual completion?

A No, it was originally completed in the upper Penn when we ceased to get flowing we plugged it back and completed in the Wolfcamp.

Q So it's a Wolfcamp?

A It's a single Wolfcamp. When the Wolfcamp is depleted we will re-enter the Pennsylvanian and pump it.

Q Well, then, it will be a dual completion?

A No, sir.

Q I'm lost. How are you going to pump the Pennsylvanian and complete in the Wolfcamp?

A When we have depleted the Wolfcamp we will go back to the Pennsylvanian. We have a water problem and a disposal problem and we would rather not get into the disposal at this time. Therefore, we are attempting to produce from those zones which will flow the production.

Q The Wolfcamp will at this time flow?

A Yes, sir. I believe on completion test it flowed 156 barrels of oil in twenty-four hours.

Q This well was completed in September, 1962, did you say?

A Yes, sir.

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Q And the North Bagley Pool rules were effective 11-1-62?

A Yes, sir.

MR. PORTER: Do those pool rules require the well be in the center of the 40 or 150 feet?

A Yes, sir.

MR. UTZ: 150 feet of either 40?

MR. CHRISTY: That is the purpose of the application.

MR. UTZ: Any other questions of the witness? The witness may be excused.

(Witness excused.)

MR. CHRISTY: That's all we have for the applicant.

MR. UTZ: Any statements in this case? The case will be taken under advisement.



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 1st day of March, 1963.

Ada Dearnley

 Notary Public-Court Reporter

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. 2757, heard by me on Feb. 26, 1963.

Thos. G. R.
 _____ Examiner
 New Mexico Oil Conservation Commission

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