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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 19, 1972

EXAMINER HEARING

IN THE MATTER OF:)
Application of Walter W. Krug) Case 4650
d/b/a Wallen Production Company)
for an exception to Order No.)
R-111-A and for special pool)
rules, Lea County, New Mexico.)

BEFORE: Daniel S. Nutter,
Alternate Examiner.

TRANSCRIPT OF HEARING

1 MR. NUTTER: Case 4650.

2 MR. HATCH: Case 4650: Application of Walter W. Krug
3 d/b/a Wallen Production Company for an exception to Order No.
4 R-111-A and for special pool rules, Lea County, New Mexico.

5 WALTER W. KRUG

6 a witness, having been first duly sworn according to law, upon
7 his oath, testified as follows:

8 DIRECT EXAMINATION

9 BY MR. NUTTER

10 MR. KRUG: I would point out I haven't been before
11 this body. I have been questioned as to qualifications.

12 Q (By Mr. Nutter) If you will give us a brief description of
13 your background and your qualifications, Mr. Krug.

14 A All right. I was listening as I was over there, so I
15 sketched this outline down.

16 I am a graduate mechanical engineer from Iowa State
17 University; been in the oil business full time seventeen
18 years, during which time I took geological college courses
19 through the Permian Basin Graduate Center.

20 I have drilled and/or completed something over 200
21 wells. I can't give you the exact amount. I would have
22 to have more time.

23 I completed the offset well we have there now. In
24 brief, that is it.

25 Q You are acquainted with the Potash Oil area casing and

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1 cementing rules?

2 A Yes, I am.

3 Q As promulgated by the Commission or Order No. R-111-A?

4 A Yes.

5 Q You have completed one well in this area already?

6 A Yes, I have.

7 Q And it is proposed now to drill the second well and to
8 deviate somewhat from the casing and cementing program as
9 outlined in R-111-A?

10 A Yes, only insofar as the cementing is concerned.

11 I think you will find the casing similar, and the
12 only well--should I phrase that--should I have a choice, I
13 think I would stay with the casing program, per se, but I
14 don't think I can do any harm the way I have it outlined,
15 and I would like to present these to the various and sundry--

16 Q Are you going to examine Mr. Krug?

17 MR. HATCH: No, I was just going to help him mark his
18 exhibits here.

19 The first exhibit, this will be the first exhibit you are
20 going to be talking about to the Examiner?

21 THE WITNESS: Yes.

22 Not so much an exhibit. I did feel you probably wanted to
23 know where the nearest active potash mine was.

24 This came off of your records by the U.S.G.S.'s Mr. Brown.

25 MR. HATCH: You are not going to introduce that?

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1 THE WITNESS: Not unless you want it in.

2 MR. NUTTER: Well, if he gives us the information in

3 the record we can confirm this from our records.

4 MR. HATCH: That is all. Go ahead.

5 THE WITNESS: *It would be normal*
~~Fuel netted~~ on the casing program there

6 is identical with the exception of that original--I'm sorry,

7 the green from 900 to 1,500 feet, where that it the 8 and 5.

8 That is normally cemented at the top of the salt, using

9 saturated water.

10 Drilling through the salt, I don't feel that we would wash

11 out any salt, to speak of.

12 I don't also feel that the casing program as shown down to

13 900' would allow any wash and contamination of the salt.

14 My idea was, rather than to cement the 8 and 5 in, then set

15 the 7", and *took* ~~take~~ it at the bottom with 50 sacks, then drill on

16 into the pay.

17 In any instance, it would be easier to drill, set the

18 normal 13-310-3/4's *17" and 10 3/4" / mol* and 5 to set 8 and 5. It would be merely to

19 butt it into the hole, back the red beds so that there would be

20 no caving down the hole.

21 Then set the 7" and rather than *took* ~~take~~ it, bring the cement

22 at that point all of the way back to the surface.

23 That, in brief, is what I wanted the Commission to consider.

24 I can't see where I can get into any trouble there.

25 Q (By Mr. Nutter) Well, now, is it your intention, Mr. Krug, to

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1 set the 8 and 5 as you drill down there to the red beds?
2 A ~~And~~ we were going to bring that ~~one~~ by here. We didn't
3 have any reason to merit setting the 8 and 5. We set it
4 because it was set that way in the orders, in that Rule-
5 111-A.

6 Q Well, if you are drilling through the red beds and they
7 start collapsing on you, wouldn't it be kind of late to
8 think about running the 8 and 5/8ths in?

9 A No. You usually get good indications on the--we do have
10 the 8 and 5 on location.

11 Q You could run it if you needed it?

12 A That is right. I didn't mean to imply we wouldn't protect
13 ourselves going down cementing the 7" for us was better
14 than cementing the 8 and 5 and then cementing the 7" and
15 going back in and perforating afterwards and then bringing
16 the cement on up.

17 Q As you drill through, whether you have the 8 and 5/8" there
18 or not, as you drill through the cement you would be using
19 a saturated brine solution?

20 A Yes, we found that out the last time.

21 Q When you run your 7" and cement it back to the surface will
22 you be able to cement that entire 3,150' in one stage?

23 A I have gotten together with the cementing company, and we
24 feel that that can be done using 150 sacks of net class C
25 cement, and then low density--in other words, Class C with

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1 three to five per cent jell on up to the surface, we should
 2 have no problems, should there be any settling we--I have
 3 4,000' of 2 3/8ths where I can do a top job.
 4 Q Well, would the 10 3/4 be in the hole at that time?
 5 A No, that would be out of the hole.
 6 Q It would already be out, you would go in on the outside of
 7 the 7" with a 2 3/8ths?
 8 A That is correct. We use mud sweep ahead of our cement.
 9 That usually clears the hole pretty good.
 10 Q After you drilled into the pay you would run this 4 1/2"
 11 liner, it would overlap the 7" by approximately 50'; corr-
 12 ect?
 13 A No, 100 to 150.
 14 Q 100 to 150?
 15 A That would be done in either case.
 16 Q Did you get production on the first well you drilled?
 17 A Yes, we did.
 18 Q What is the nature of that well?
 19 A It is currently producing into the Texas-New Mexico pipeline.
 20 Q How much does it make?
 21 A Well, we are producing at the rate of 51 barrels a day.
 22 Q 51 a day?
 23 A Yes, one foot ten inches in a 500.
 24 That is not ~~in negation~~ ^{the negation} of the producability of the
 25 well.

1 It can produce more than that.

2 It is just we are not taking out any more.

3 MR. NUTTER: Are there any questions of Mr. Krug?

4 THE WITNESS: I ought to point out the reason I brought
5 this was to show, according to the records, active mining area
6 is fourteen miles away from my lease, not the well, but the
7 lease line.

8 Q (By Mr. Nutter) Who is the nearest mining operator?

9 A That is Kerr-McGee on Section 4 in 21-31.

10 Q Now, you propose some pool rules for the north line of the
11 Yates River Pool?

12 A Yes.

13 Q Which would permit a casing program similar to what you
14 have proposed here for your No. 2 well; is this correct?

15 A Yes, sir, insofar as the cable total is concerned.

16 Q For the cables total drilled well?

17 A Yes. I don't think this would hold for rotary.

18 MR. NUTTER: Are there any questions of Mr. Krug?

19 You may be excused.

20 Thank you. Do you have anything further to offer in this
21 case?

22 Does anyone have anything they wish to offer in Case 4650?

23 We will take the case under advisement and call Case 4649.

24 THE WITNESS: Do I need to say that we are on this
25 well? We are on this well, Well No. 2.

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I N D E X

WITNESS

PAGE

WALTER W. KRUG

Direct Examination by Mr. Nutter

3

E X H I B I T

APPLICANT'S

Exhibit

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