

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 9, 1977

EXAMINER HEARING

IN THE MATTER OF:

Case 5048 being reopened pursuant to)	CASE
the provisions of Order No. R-4637-A,)	5048
which order extended the temporary)	(Reopened)
special pool rules for the South Dagger)	
Draw-Upper Pennsylvanian Associated)	
Pool, Eddy County, New Mexico.)	

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

For the Applicant:	Clarence E. Hinkle, Esq.
	HINKLE, COX, EATON, COFFIELD
	& HENSLEY
	Attorneys at Law
	Hinkle Building
	Roswell, New Mexico

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Phone (505) 982-9212

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I N D E X

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ROGER HANKS

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EXHIBIT INDEX

Offered Admitted

Applicant's Exhibit One 4 6

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1 MR. NUTTER: We will call Case Number 5048.

2 MS. TESCHENDORF: Case 5048 in the matter of Case
3 5048 being reopened pursuant to the provisions of Order
4 No. R-4637-A, which order extended the temporary special pool
5 rules for the South Dagger Draw-Upper Pennsylvanian Associated
6 Pool, Eddy County, New Mexico.

7 MR. HINKLE: Clarence Hinkle, Hinkle, Cox, Eaton,
8 Coffield & Hensley, appearing on behalf of Roger Hanks. We
9 have just one witness.

10 (THEREUPON, the witness was duly sworn.)

11 MR. HINKLE: Mr. Examiner, I might say here with
12 respect to our exhibit, Mr. Hanks has prepared only one exhibit
13 and it's all under one folder which has just been marked
14 Exhibit One and in his testimony he will refer to the different
15 pages in the exhibit.

16 MR. NUTTER: Okay.

17

18 ROGER HANKS

19 called as a witness, having been first duly sworn, was
20 examined and testified as follows:

21

22 DIRECT EXAMINATION

23 BY MR. HINKLE:

24 Q State your name and residence?

25 A Roger Hanks, Midland, Texas.

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1 Q Are you the owner of a considerable portion of the
2 acreage in the South Dagger Draw-Upper Pennsylvanian?

3 A Yes, sir.

4 Q And you are a geologist by profession?

5 A Yes, sir.

6 Q And you have testified before the Commission a
7 number of times?

8 A Yes, sir.

9 Q Are your qualifications a matter of record with the
10 Commission?

11 A Yes, sir.

12 Q You have previously testified in connection with this
13 same case?

14 A Yes, sir.

15 MR. HINKLE: Are his qualifications sufficient?

16 MR. NUTTER: Yes, they are.

17 Q (Mr. Hinkle continuing.) Refer to Exhibit One and
18 explain to the Commission what this is and what it shows?

19 A This is a lease plat which is an up-to-date map with
20 the entire exhibit broken into three parts. This exhibit is
21 primarily based on the lease plat and the other two parts of
22 the enclosures are copies of bottom-hole pressures, of tests,
23 and then production reports on each of the wells in the
24 South Dagger Draw-Upper Penn.

25 If you will notice in the lower left-hand corner in

1 Township 20, 24.

2 Q You are speaking of the plat, now, Mr. Hanks?

3 A Yes, I'm speaking of the plat. Each of the blue
4 dots are wells that are in the South Dagger Draw-Penn and
5 the pressure recording data that's above each of the wells is
6 the original bottom-hole pressure by a drill stem test or
7 whatever and the second number that's under it is the current
8 bottom-hole pressure as of last month and I ran these tests to
9 verify, to be sure, there appears to be somewhat of a uniform
10 pressure datum throughout these wells and in my opinion they
11 are draining adequately from three hundred and twenty acres in
12 this Cisco Canyon formation and I'm proposing that we establish
13 permanent rules for this field.

14 Q Of three hundred and twenty acre spacing?

15 A Yes, sir, three hundred and twenty acre spacing
16 per well in the Cisco Canyon zone only.

17 Q And what about the allowable?

18 A I believe it's a special bracket depth allowable
19 of two hundred and fifty barrels which is adequate. That's
20 one hundred and sixty barrel acreage allowable is what it is.

21 Q And that would be made permanent too?

22 A Yes.

23 Q Now, you might explain to the Commission what the
24 graphs are that are attached to Exhibit One?

25 A This is a bottom-hole pressure survey, pressure

1 against depth and time. On each of the wells it was run --
2 for instance, the Penny Federal was run, this test was on
3 the twenty-ninth of January and I had asked for the Commission
4 to postpone the hearing of this application in order to get
5 all of these tests run and the significant figure here is the
6 test depth of seventy-five hundred feet which is near to the
7 perforations and that pressure was found to be twenty-five
8 hundred and eighteen pounds against an old bottom-hole pressure
9 of three thousand.

10 And the other copies, Mr. Hinkle, are just duplica-
11 tions of this.

12 Q. You have one pressure graph for each well?

13 A. Yes.

14 Q. Do you have any further comments with respect to
15 Exhibit One?

16 A. No, I don't.

17 Q. In your opinion if these rules are continued and
18 the special allowable is continued, would it be in the interest
19 of conservation and the prevention of waste?

20 A. I think it would, yes.

21 MR. HINKLE: We would like to offer Exhibit One.

22 MR. NUTTER: Exhibit One will be admitted in Case
23 Number 5048.

24 (THEREUPON, Applicant's Exhibit One was
25 admitted into evidence.)

CROSS EXAMINATION

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BY MR. NUTTER:

Q. Mr. Hanks, are these four wells that are depicted on the map in Exhibit One the only wells that are completed in the South Dagger Draw-Upper Pennsylvanian Pool?

A. That's right.

Q. Now, what about the production from these wells, how long have they been completed?

A. Five years.

Q. And you have had a decrease of approximately five hundred pounds, give or take a few, in the five years, how much production has there been from the wells in that five hundred pound pressure drop?

A. Very little. I can't give you the exact number, I could compute it in the back, but they are averaging about three hundred thousand a piece, of cubic feet of gas per day and five to eight barrels of oil and a thousand of water and I have them on gas lift. We converted from hydraulics last summer and put them on gas lift. They seem to be responding quite a bit better.

I look for this pressure to come on down now that we have an efficient lift means. I think we will see the production go up.

Q. So changing over your lift system is going to increase production?

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1 A. Yes, sir, very much so.

2 Q. And then you will have a faster decline in pressure
3 then, of course?

4 A. Yes, sir, very much greater, yes, sir. I think we
5 will pull it down, pull the bottom-hole pressure considerably
6 down over this next year.

7 Q. What is the reservoir drive mechanism here, is it
8 a water drive?

9 A. I'm under oath, I can't tell you.

10 Q. Well, you are producing all of this water but you've
11 had --

12 A. I think it's a combination.

13 Q. You've had a five hundred pound pressure decline?

14 A. Yes, sir. I would have to say that it's a combination
15 of expansion and water drive.

16 Q. What actual evidence do you have that the thing is
17 draining as far as three hundred and twenty acres are concerned?

18 A. The uniformity, Dan, in the pressure draw down
19 between, for instance, three thousand and twenty-five, eighteen
20 in four wells, the only place I really see any significance and
21 I would have to maybe doubt the validity of the bottom-hole
22 pressure bomb in the Robin and it's shown as a hundred pounds
23 difference and the other wells there is just very little
24 difference, well, less than eight pounds on one.

25 Q. Which one is the Robin?

1 A. That would be the one in the west half of 26. It's
2 showing twenty-four, oh, one bottom-hole pressure where the
3 others are showing twenty-five, ten and twenty-five, eighteen.
4 There appears to be a uniformity.

5 Q. Now, I notice that the original pressure on the well
6 to the south was considerably lower than the original pressure
7 on the northernmost well, why was that?

8 A. I somewhat doubt that, the validity of that actual
9 recording, I mean, it could have been in the recording device
10 but for some reason or other I really can't accept it. We
11 have another case up to the north that is very similar. It
12 was too low.

13 Q. Do you think the original pressure was probably
14 higher than twenty-seven, thirty?

15 A. Yes, sir, I just doubt that number, yes, sir.

16 Q. Has the performance of that well been similar to
17 the performance of the other three wells?

18 A. Yes, sir, very similar.

19 Q. And if that pressure were accurate then it would have
20 only had a two hundred pound decline?

21 A. That's true.

22 Q. So that's one reason it's invalid?

23 A. Yes, sir.

24 MR. NUTTER: Are there any further questions of
25 Mr. Hanks?

1 MR. HINKLE: Just one other. Mr. Hanks, attached
2 to Exhibit One is the production history of each of these
3 wells, do you have any comment with respect to that?

4 A. No, it's just self-explanatory.

5 MR. HINKLE: This does show all of the production
6 and the water production?

7 A. Oh, yeah, it's all C-115 Reports to the Commission,
8 every month.

9 MR. HINKLE: That's all we have.

10 MR. NUTTER: And this shows cumulative production
11 from each of the wells, oil, water and gas?

12 A. Yes, sir.

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

15 (THEREUPON, the witness was excused.)

16 MR. NUTTER: Do you have anything further, Mr.
17 Hinkle?

18 MR. HINKLE: No, that's all.

19 MR. NUTTER: Does anyone have anything they wish to
20 offer in Case Number 5048? We will take the case under
21 advisement.

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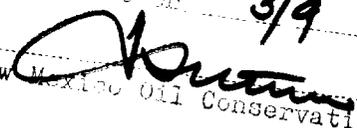
REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.



Sidney F. Morrish, C.S.R.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is a copy of the original transcript of the hearing held on 3/9 at 5048 heard by me on 3/9 at 5048, 1977.

Examiner
New Mexico Oil Conservation Commission

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