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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 31, 1976

EXAMINER HEARING

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IN THE MATTER OF: )

Application of Walter W. Krug dba ) CASE  
Wallen Production Company for an ) 5662  
exception to Order No. R-111-A, )  
Lea County, New Mexico. )  
-----

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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1 MR. STAMETS: We'll call next Case 5662.

2 MR. CARR: Case 5662, application of Walter W. Krug  
3 dba Wallen Production Company for an exception to Order  
4 No. R-111-A, Lea County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 Mr. Krug, would you stand and be sworn, please?

7 (THEREUPON, the witness was duly sworn.)

8 MR. STAMETS: Mr. Krug, why don't we let Mr. Carr  
9 ask you a couple of questions.

10

11

WALTER KRUG

12

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

14

15

DIRECT EXAMINATION

16

BY MR. CARR:

17

Q Will you state your full name for the record, please?

18

A. Walter Krug.

19

Q Mr. Krug, what is your interest in the application

20

before the Commission at this time?

21

A. I'm the engineer and owner of Wallen Production

22

Company that is doing the work.

23

Q And you are doing the work in the area which is

24

involved in this application?

25

A. Yes.

1 Q Would you please explain to the Commission why you  
2 are here and what you seek with this application?

3 A It seems I pulled a boner the last time. Instead  
4 of asking for exceptions to Rule R-111-A by the well, it  
5 would have been more appropriate and a lot better for all  
6 concerned if I had just requested the movement of a line  
7 through the east half of 17 and 20 to be extended one mile  
8 to the east to cover a small portion of 28 and 21. The  
9 reason being, there should be -- I have every reason to  
10 believe there will be additional wells, six as a matter of  
11 fact. Five plus the one I have approved.

12 MR. STAMETS: In other words, the exception that  
13 you are seeking here today, you already have in an area lying  
14 to the west?

15 A Yes, sir, of the line west of the middle of 17 and  
16 20.

17 MR. STAMETS: You just wish to extend these  
18 rules to the east?

19 A One mile to the east, yes, sir. I should have  
20 done that the last time.

21 Q (Mr. Carr continuing.) The last time was in  
22 Case 5625 which we heard on February 4th, is that correct?

23 A Yes. I might add, there you show in the ruling to  
24 the west of the line, it is one hundred feet of surface pipe  
25 caving string. On this particular well it's two, twenty-five.

1 MR. STAMETS: Do you drill these wells with a  
2 rotary or cable tool?

3 A. No, cable tool.

4 MR. STAMETS: Okay, is there any water in the  
5 Santa Rosa or above?

6 A. In the Santa Rosa, yes, we consider that a heavy  
7 flow of water. That's cased off.

8 MR. STAMETS: Okay, I notice on your exhibit here  
9 that that is mudded off rather than cemented off?

10 A. Yes. A cable tool has only one problem and that  
11 is excessive fluids. Those you have to shut off with a  
12 casing string. That is one of the reasons that I prefer  
13 this ruling here to the left where I am able to put in  
14 sixteen-inch pipe. I need that thirteen-and-three-eighths  
15 because it varies as to how I set it. Have I confused you up  
16 to here?

17 MR. STAMETS: Well, let me ask you about the eight-  
18 and-five-eighths string you show here with two hundred and  
19 sixty-eight sacks. Is that sufficient cement to circulate  
20 to the surface on this?

21 A. No, we don't cement that eight and five. What we  
22 do is we shut the Santa Rosa off with the eight-and-five-  
23 eighths, sorry, the ten-and-three-quarters string, then we  
24 set the eight-and-five-eighths, usually from thirteen to  
25 fifteen hundred, depending on what kind of problems we have,

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1 then we set the seven inch. All of this now, all of this fluid  
2 is shut off. Cable tool drilling is cut well over half if  
3 you have any fluids in the hole other than what you put in  
4 which is at the most two barrels to take care of the cuttings.  
5 When the seven inch is put in the hole below the base of the  
6 salt, the first good anhydrite we get to is where we normally  
7 put it, then we pull all of the other strings that are in  
8 the hole because we have seven inch in that hole. We then  
9 circulate the hole with fluid, normally seventy-five to one  
10 hundred barrels and then we start the cement down inside the  
11 seven inch and bring it out into the pit. Now, the last time  
12 we had four hundred and eighty sacks circulated out into the  
13 pit so there is no question about and if -- occasionally we  
14 don't get it to the top, then we have to go in with a tempera-  
15 ture survey, locate the cement and put tubing in and bring it  
16 to the top, then we consider that a top job, that's how it's  
17 done.

18           The only cave string that I talk about is caving  
19 at the top of the hole where it becomes dangerous for the  
20 rig. Sometimes you have that where it caves out right under  
21 the rig and there I prefer to set some kind of pipe to keep  
22 that cave down to nothing.

23           MR. STAMETS: You actually use cement on this eight-  
24 and-five-eighths string?

25           A. No, I do not. If you will notice that was drawn up

1 to show the old rotary type on the lefthand side and the  
2 cable tool method on the righthand side.

3 MR. STAMETS: The only thing I'm concerned about  
4 is what kind of protection we are giving the surface water  
5 there in a situation where there is no surface string of  
6 casing cemented back as required by the rules and regulations.

7 A. Oh, there the cement that we bring back on the  
8 seven inch, there is a sixteen inch hole and and a seven-inch  
9 pipe and that cement would be roughly four-and-a-half inches  
10 of cement on the side to protect the surface waters.

11 MR. STAMETS: Have you had any difficulty pulling  
12 these outside strings of casing?

13 A. Oh, yes, indeed. We have pulled as hard as a  
14 hundred and forty thousand pounds but we have gotten them out  
15 and then the cement filled up the annulus between the seven  
16 inch and the outside of the hole. But, we do set -- in a  
17 case west of the line of Sections 17 and 20, we set an  
18 average of a hundred and eight to a hundred and ten feet of  
19 sixteen inch pipe. That takes care of the stock water.

20 MR. STAMETS: Is it possible when you pull these out-  
21 side strings of casing that you have a certain amount of  
22 collapse of the hole that would keep you from having a really  
23 good cement job around portions of the pipe?

24 A. That's the object of circulating the fluid out  
25 before you put the cement in. Cable tool holes in general

1 don't cave as rotary holes because you are -- we call it dry  
2 but there is a possibility, yes, but we haven't had it here.

3 MR. STAMETS: What would be the effect if you were  
4 required to, say, cement this thirteen-and-three-eighths inch  
5 pipe to the surface?

6 A. The two hundred and twenty-five feet?

7 MR. STAMETS: Right.

8 A. I would cement two hundred and twenty-five feet.

9 MR. RAMEY: Didn't you say you put a hundred feet  
10 of sixteen inch pipe.

11 A. A hundred and eight has been the minimum, a hundred  
12 and ten feet has been the maximum.

13 MR. RAMEY: Do you cement that in?

14 A. I do, yes, sir. The reason for that is as much  
15 personal as it is for -- the surface water there is very  
16 minor, just barely enough for stock and to cement around the  
17 seven inch takes care of that. You can see down the hole  
18 where the surface waters come in but the sixteen inch is to  
19 keep the hole from getting out from underneath the cellar  
20 and getting the rig is the main problem there.

21 MR. RAMEY: But your hundred and eight feet of  
22 sixteen inch is adequate to cover the shallow surface water?

23 A. It has been up to here. The rancher is also a  
24 friend so I wouldn't care to endanger his water at all. Some  
25 of his stock water comes from the Santa Rosa, that's seven

1 hundred and fifty to eight hundred and fifty feet.

2 MR. STAMETS: It's possible that Commission records  
3 for wells drilled in this area may give us some further  
4 information of waters in here.

5 A. Yes, sir.

6 MR. STAMETS: And I think that we should take note  
7 of the Commission records in this area.

8 A. Mr. Nutter pointed out that others had gas problems  
9 in here was one of the reasons he wanted like the sixteen  
10 and the thirteen cemented in for some kind of control. We  
11 haven't run into that, but that is the reason.

12 MR. STAMETS: Do you have anything further you  
13 would like to add in this case?

14 A. None, I just wanted to show why on this I'm asking  
15 rather than to -- we drilled one wildcat here, No. 5, and in  
16 these reefs, you know, you step one location away it's a  
17 wildcat.

18 Q. (Mr. Carr continuing.) What is the description of  
19 that for the record?

20 A. It's in the southwest quarter of the northeast  
21 quarter of Section 20. It was down in a trough and the reason  
22 we drilled here rather than here because this high with no  
23 control can move at least one location north or south which  
24 would mean we would have to drill two quasi-wildcats to  
25 possibly hit the reef that we feel is there. So, if we

1 drill here and pick up some points we can limit this movement  
2 at least one and a half locations which is quite a step in  
3 the right direction. That was the reason I wanted this moved  
4 over here and every indication is that we will have a well  
5 here, that means we have one here and two more up here. So,  
6 if it is moved to here I don't have to come back a lot more  
7 times.

8 Q So, you are planning to drill five wells in the  
9 area?

10 A Yes, five, plus the one that is here. I discussed  
11 that with Mr. Nutter, so that was no secret.

12 Q You prepared two exhibits, one a plat with the area  
13 involved in this application marked in orange which has been  
14 marked for identification as Exhibit Number One and also a  
15 schematic drawing of your present and proposed casing program  
16 which is Exhibit Number Two. Would you like to offer them  
17 into evidence?

18 A Yes, please.

19 MR. STAMETS: These exhibits will be admitted.

20 (THEREUPON, Applicant's Exhibits One and

21 Two were admitted into evidence.)

22 MR. STAMETS: What was that case number?

23 A I pulled one more, I didn't bring the old case  
24 number down.

25 MR. STAMETS: That was Case 5625.

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A. The one previous to that.

MR. STAMETS: In any event, we will consider the record in Case 5625 in reaching a decision in this case.

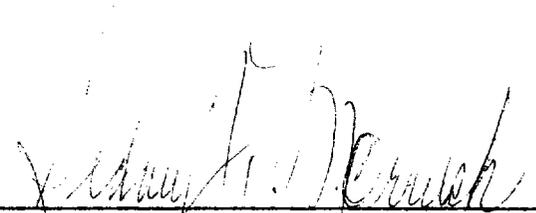
A. Thank you.

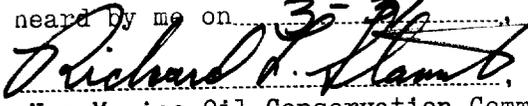
MR. STAMETS: Anything further in this case? We will take the case under advisement and the hearing is adjourned.

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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.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5662  
heard by me on 3-31-76, 19 76.  
  
\_\_\_\_\_  
Richard D. Stamb, Examiner  
New Mexico Oil Conservation Commission

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