



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

August 20, 1984

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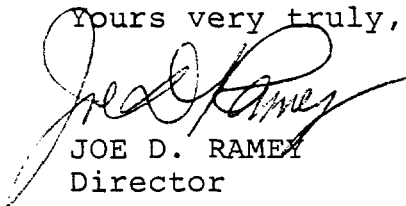
Re: CASE NO. 8213
ORDER NO. R-7640

Applicant:
W. A. Moncrief, Jr.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other Thomas Kellahin

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 6 June 1984

7 EXAMINER HEARING

8 IN THE MATTER OF

9 Application of W. A. Moncrief, Jr.
10 for a HARDSHIP WELL CLASSIFICATION,
11 Eddy County, New Mexico.

CASE
8213 & 8214

12
13 BEFORE: Richard L. Stamets, Examiner

14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

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19
20 For the Oil Conservation
21 Division:

W. Perry Pearce
Attorney at Law
Legal Counsel to the Division
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22
23 For the Applicant:

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A P P E A R A N C E S

For Amoco Production: W. Thomas Kellahin
 Attorney at Law
 KELLAHIN & KELLAHIN
 P. O. Box 2265
 Santa Fe, New Mexico 87501

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3 MR. STAMETS: Call next Case
4 8213.

5 MR. PEARCE: That case is on
6 the application of W. A. Moncrief, Junior, for a HARDSHIP
7 GAS WELL CLASSIFICATION, Eddy County, New Mexico.

8 MR. CARR: May it please the
9 Examiner, my name is William F. Carr, appearing on behalf of
10 W. A. Moncrief, Junior.

11 I have two witnesses who need
12 to be sworn.

13 MR. KELLAHIN: If the Examiner
14 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
15 on behalf of Amoco Production.

16 MR. KENDRICK: H. L. Kendrick
17 with El Paso Natural Gas would like to make a statement.

18 MR. PEARCE: Do you have any
19 witnesses, Mr. Kellahin?

20 MR. KELLAHIN: No, sir.

21 MR. PEARCE: Could I ask both
22 prospective witnesses to rise, please?

23 (Witnesses sworn.)

24 MR. CARR: At this time I'd
25 call Mr. Thornton.

DEWEY E. THORNTON,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place
of residence?

A My name is Dewey Thornton, Dewey E.
Thornton, from Midland, Texas.

Q By whom are you employed and in what ca-
pacity?

A Moncrief Oil as Exploration Manager.

Q Have you previously testified before this
Commission or one of its examiners?

A Yes, sir, several years ago back in the
late fifties or early sixties.

Q Would you summarize your educational
background for Mr. Stamets and review your work experience?

A I graduated from Texas Tech in 1951.

I worked for Great Western Drilling Com-
pany for 25-1/2 years full time and a year and a half while
I was in college, and I worked for Moncrief 7-1/2 years.

Q Are you familiar with the application
filed in this case on behalf of Moncrief?

A Yes, sir, I am. I filed it myself.

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Q Are you familiar with the subject well?

A Yes, sir.

MR. CARR: We tender Mr. Thornton as an expert witness in petroleum geology.

MR. STAMETS: Was your degree in geology --

A Yes, sir.

MR. STAMETS: -- Mr. Thornton?

The witness is considered qualified.

Q Mr. Thornton, have you prepared certain exhibits for introduction in this case?

A Yes, sir, I have.

Q Would you please identify what has been marked as Moncrief Exhibit Number A?

A Exhibit Number A is my application which I filed with the Commission April 26th, 1984.

Q Were copies of this application filed with both the District Office and the Santa Fe Office?

A Yes, sir, they were.

Q Was an emergency hardship classification sought at the time you filed this application?

A Yes, sir, it was.

Q And when was that emergency hardship classification acted upon?

A The letter that I got back from Mr. Clements was May 1st, '84.

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Q And did that grant the emergency classification?

A Yes, sir, it did.

Q Prior to the time that you started preparing this application, had Moncrief had concern about curtailing the production from the subject well?

A Yes, sir, we had.

Q And would you just generally note the type of previous -- the previous problems you've had with the well?

A First thing we noted was just an abnormal decline by reducing the choke size and then damage that was done by shutting the well in at the request of the purchaser.

Q Did you bring this matter to the attention of the Commission prior to the time you filed for a hardship classification?

A Yes, sir, I did.

Q And would you describe that for Mr. Stamets?

A I wrote a letter to Mr. Clements with the Artesia District of the Oil Conservation Commission on October 2nd, 1982, asking that the well be exempted from Rule 402, Annual Shut-in Pressure Tests.

Q And were you granted that exemption?

A Yes, sir, I was.

Q Is a copy of the Commission letter en-

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closed as Exhibit Number Three?

A Yes, sir, it is.

Q Would you please refer to the plat that is included in the exhibits and marked as Exhibit Number Two and review the information contained on that plat for the examiner?

A Exhibit Number Two outlines the proration unit for the Marathon State No. 1. It's the east half of Section 11, Township 24 South, Range 24 East.

It's outlined with hachures and then colored yellow on this plat.

Q Is that a standard unit for this well?

A Yes, sir, it is, 320-acre proration unit.

Q In what pool is the well completed?

A Baldridge Canyon Morrow.

Q Is that a prorated pool?

A No, sir, it is not.

Q Mr. Thornton, would you now refer to Exhibit Number Seven and identify this for Mr. Stamets?

A This is just a simple cross section showing the well in question over the lower part of the hole where the Morrow pay sections are perforated, and we've identified the same markers and reservoirs on the south offset well, which will be the next case.

Q And this shows the perforated intervals and the producing interval.

A Yes, sir, that is true.

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Q Now back to Exhibit Number Two, which is the plat, does this plat identify the offsetting operators?

A Yes, sir, it does.

Q Does Amoco own any acreage offsetting the subject well?

A No, sir, they do not.

Q Have you given notice to the offsetting operators of this application?

A Yes, sir, I have.

Q And have you received any response from any of the offsetting operators?

A Yes, sir, I have a couple of waiver letters, which are included as Exhibits Five and Five-A.

Exhibit Number Five is a waiver letter from El Paso Exploration Company, stating that they, as an offset operator, have no objection to the granting of hardship status to this well.

And Exhibit Five-A is a waiver letter from Pogo Producing Company, stating that as an offset operator they have no objection to granting the hardship status to this well.

Q Was notice of this application given to the transporter and purchaser of the gas from the well?

A Yes, sir.

Q And you certified that as part of your application.

A Yes.

1
2 Q Did the notice that you provided each of
3 these individuals set forth the minimum sustainable produc-
4 ing rate which you are seeking for this well?

5 A Yes, sir, it did.

6 Q How did you obtain this minimum sustain-
7 able producing rate?

8 A Production history.

9 Q Prior to the time that you filed this ap-
10 plication, what attempts were made by Mr. Moncrief to eli-
11 minate the problems with this well without having to come
12 for an exemption?

13 A Well, at the time the purchaser requested
14 that this well be completely shut in, we attempted to, know-
15 ing that the well made water and that the Morrow was very
16 sensitive to water and often was damaged in a case like
17 this, we asked them to let us pinch the well back rather
18 than shut it in, and we were not allowed to do so.

19 And then after it was shut in, permanent
20 damage occurred, and I contacted El Paso and asked that we
21 not have to shut this well in any more, and then I contacted
22 Mr. Clements of the Artesia Office of the Oil Conservation
23 Division.

24 Q Mr. Thornton, maybe it would be helpful
25 at this time if you would refer to your Exhibit Number One
and also Exhibit Number Four and review for Mr. Stamets the
actual history of this particular well.

A Okay. Let me separate them here.

1
2 Okay, Exhibit Number One states in the
3 third paragraph that we noted when the well was pinched back
4 in October of '81, or the next two or three months, that
5 there was an abnormal decline in that well, pinching it from
6 a 13/64th to a 12/64th, and then when the well was
7 completely shut in on June 18th of 1982 for three weeks, the
8 well would not flow when we tried to open it back up, and we
9 had to swab it for a couple of days and permanent damage had
resulted as a result of the shut in.

10 And after that I contacted Mr. Jim
11 Minnick with El Paso's Jal Office, and he agreed that the
12 well had been damaged and I wrote Mr. Clements in the
13 Artesia Office of the Oil Conservation Commission, and
14 outlined what had happened and asked for exemption from
15 Rule 402, Annual Shut-in Pressure Test, and that was by a
16 letter from me and he did grant that by a letter to
Moncrief, which is included, I believe, as Exhibit Three.

17 Yes, sir, his letter dated October 8th,
18 1982 granted exemption from the shut-in to this well.

19 And then you asked me to refer --

20 Q Yes, if you'd go now to Exhibit Number
21 Four and review the information contained on that exhibit.

22 A Okay. This well, when it was shut in on
23 the 18th of June of '82, was delivering 1,202,000 cubic feet
24 of gas per day on a 10/64th, with flowing tubing pressure of
1750 pounds.

25 It had been flowing on that choke and had

1
2 a stabilized flowing tubing pressure of about 1750 pounds
3 for the last 75 days prior to shut-in, and then when we
4 opened the well back up, or tried to open it up, it would
5 not flow and we had to get a swabbing unit out there and
6 swab it a couple of days and the well had been permanently
7 damaged.

8 After kicking the well off and getting it
9 back to producing, we never had the volume nor the flowing
10 tubing pressure that we had prior to shut-in, nor the abil-
11 ity to produce at the wellhead.

12 Q Mr. Thornton, will Moncrief call an en-
13 gineering witness to testify as to the underground waste
14 that will occur?

15 A Yes, sir, Mr. Ed Omar.

16 Q Were Exhibits A, One, Two, Three, Four,
17 Five, Five-A, and Seven prepared by you or under your direc-
18 tion and supervision?

19 A Yes, sir, they were.

20 MR. CARR: At this time, Mr.
21 Stamets, we would offer into evidence Moncrief Exhibits A,
22 One through Five, Five-A, and Seven.

23 MR. STAMETS: These exhibits
24 will be admitted.

25 MR. CARR: And that concludes
my direct examination of this witness.

MR. STAMETS: Any questions of
the witness?

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2 MR. KELLAHIN: If the Examiner
3 please.

4 CROSS EXAMINATION

5 BY MR. KELLAHIN:

6 Q Mr. Thornton, what Morrow Pool does your
7 well that's the subject of this application, what Morrow
8 pool does that produce from?

9 A Baldrige Canyon.

10 Q Is Amoco an operator of gas wells also in
11 the Baldrige Canyon?

12 A In that field?

13 Q Yes, sir.

14 A Yes, sir, they are. We have working in-
15 terest in their wells.

16 Q Are the --

17 A They do not offset the subject well, how-
18 ever. They are down dip and to the south -- northeast.

19 Q Is the gas sold from the Amoco wells in
20 this field, sold to the same pipeline purchaser that you
21 sell your gas to from this well?

22 A Yes, sir, it is.

23 Q And that's El Paso Natural?

24 A Uh-huh. Their wells do not produce from
25 the Morrow B sand. They produce from the Morrow E sand
only.

Q Have you told us in your direct testi-

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2 mony, Mr. Thornton, all the remedial repair attempts that
3 you've made on this well to solve its problems with being
4 fluid sensitive?

5 A Yes, sir, I -- I attempted to pinch back
6 production from three wells rather than shut two wells in
7 completely, and El Paso's Jal Office agreed to this but
8 their home office did not agree to it and I had to shut
9 those two wells in completely.

10 And after the well wouldn't flow when
11 they told us we could open it back up, about all you can do
12 is, you know, get a swabbing unit out there and see what you
13 have to do to get it back.

14 Q You've related events to us that occurred
15 in June and July of 1982, I believe. Is that what you're
16 talking about?

17 A Uh-huh.

18 Q All right. Subsequent to that time in
19 July of '83, the following year, I believe your application
20 indicates that the operator moved a well servicing unit onto
21 that well and attempted to shut off the water flow that you
22 identified as coming from the Morrow B perforations.

23 A That's true.

24 Q And I assume that you completed that work
25 in '83.

26 A Yes, sir.

27 Q All right. Subsequent to completing the
28 work in '83 have you encountered any kind of fluid problems

1
2 with the well?

3 A The well makes some water, yes, sir, but
4 it has been exempt from being shut in or pinched back since
5 it was damaged in June of '82.

6 Q All right, sir, so subsequent to taking
7 the remedial action in the Morrow B zone to shut off the
8 water producing perforations, and since July of '83 you're
9 producing out of the Morrow E perforations, since that per-
10 iod of time you have not run any kind of minimum flow test
11 to determine what minimum daily flow rate this well can pro-
duce at before it loads up with fluid.

12 A That's true. We already know that the
13 well has been permanently damaged and we're trying to keep
14 from doing any further damage to it.

15 Q Yes, sir, and that was damage that resul-
16 ted from a water produced out of formations that have since
been isolated from the production.

17 A That's true, if water is our only prob-
18 lem.

19 Q All right, sir.

20 A We may have another problem.

21 Q You said that you established the minimum
22 flow rate in response to Mr. Carr's question of 450 Mcf a
day based upon production history.

23 Do you have a tabulation of the produc-
24 tion history for this well with you today, Mr. Thornton?

25 A We have a graph of all the production on

1
2 it.

3 Q Is that -- the next witness going to pre-
4 sent that to us?

5 A Yes, sir.

6 Q Your application, as signed by you, Mr.
7 Thornton, indicates on the first page that the current
8 production varies from 338 Mcf a day to 645 Mcf a day at a
9 14/64th inch choke.

10 Although your application asks for 450
11 Mcf a day, this well is capable of producing at 338 Mcf a
12 day without (inaudible)?

13 A It depends on El Paso's line pressure.
14 You know, that varies from day to day.

15 Q Do you have a wellbore sketch of your
16 well, Mr. Thornton?

17 A Yes, sir, our engineer was going to get
18 into that. It's Exhibit Number Six.

19 Q All right, sir. If I understand you
20 correctly, you have not run any kind of current test on your
21 well, and I mean by "current" since July or August of '83,
22 to determine whether or not the well is still fluid
23 sensitive at reduced production rates.

24 Is that a correct statement?

25 A That's true. Knowing that it was
sensitive to water before and knowing that it still makes
water, we didn't want to take a chance of doing any further
damage to it.

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2 Q All right, sir. Have you installed a
3 compressor or compression unit on the well?

4 A No, sir.

5 Q What is the size of the tubing string
6 that --

7 A There's a low market demand already. I
8 don't know why you would put a compressor on it to enable
9 you to produce more when there's already a low market de-

10 Q Well, installation of a compressor would
11 help to solve any fluid sensitivity problems in the well,
12 wouldn't it?

13 A I would pass that to our engineer.

14 Q All right, sir. What's the tubing size
15 in the well, Mr. Thornton?

16 A Two inch.

17 Q Have you considered the possibility of
18 reducing the tubing size in the well to avoid fluid prob-

19 A No, sir, we have not.

20 Q Mr. Thornton, would you have any objec-
21 tion if the Examiner required that a current minimum flow
22 rate test be required on this well prior to being granted
23 the hardship classification?

24 A We have no objection to anything the Com-
25 mission asks us to do.

We try to cooperate with them every way

1 we can.

2
3 MR. STAMETS: Any other
4 questions of this witness?

5 MR. CARR: We have no other
6 questions of Mr. Thornton.

7 MR. STAMETS: He may be
8 excused.

9 MR. CARR: Call Mr. Omar.

10 ED OMAR,
11 being called as a witness and being duly sworn upon his
12 oath, testified as follows, to-wit:

13 DIRECT EXAMINATION

14 BY MR. CARR:

15 Q Would you state your full name, please?

16 A My name is Ed Omar.

17 Q And where do you reside?

18 A Midland, Texas.

19 Q By whom are you employed?

20 A Moncrief Oil.

21 Q And in what capacity?

22 A Petroleum engineer.

23 Q Have you previously testified before this
Commission?

24 A No, I have not.

25 Q Would you summarize for Mr. Stamets your

educational background?

A I graduated from Louisiana State University with a petroleum engineering degree in 1971 and have worked for Amerada Hess for six years and worked for Texas Pacific for five years as a petroleum engineer and engineering manager, and prior to joining Aminoil -- pardon me, prior to joining Moncrief Oil as Engineering Manager, and I have been with Moncrief Oil since January of 1984.

Q Do your duties with Moncrief include responsibility for the -- for Eddy County, New Mexico?

A Yes, sir.

Q Are you familiar with the application filed in this case?

A Yes.

Q Are you familiar with the subject well?

A Yes, I am.

Q Mr. Omar, in your opinion will underground waste occur if --

MR. CARR: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

Q In your opinion, Mr. Omar, will underground waste occur if production from this well is curtailed below that producing rate which is recommended in the application?

A Yes, I do.

Q Will you describe how this underground

1 waste will occur?

2 A If I may, I would like to refer you to
3 Exhibit Four-A for the subject well.
4

5 If you notice, since the well was placed
6 on production in April of 1980, it was practically producing
7 at the concentrate of about 60-million per month till about
8 October of 1981 when the choke was reduced from 13/64ths to
9 12/64ths, and if you can see the decline going from fairly
10 constant producing rate to a decline of about 51 percent per
11 year.

12 Reviewing the well history there is no
13 indication of any other problem except the change in the
14 choke. Based on that, I would say that the reduction in the
15 producing rate was due to the pinchback, which apparently,
16 based on my own work with the Morrow well, a lot of times
17 you have fine migration within the formation into the well-
18 bore and the fine could restrict flow, production flow.

19 Q Now, Mr. Omar, in your opinion would a
20 flow test on the well be helpful in establishing appropriate
21 minimum sustainable producing rate for this well?

22 A I don't think so. If you would in ef-
23 fect, we had a flow rate test for a period of about four
24 months, if you look at Exhibit Four. Moncrief Oil kept pro-
25 duction logs from 9-25-1981 to August 26, 1982.

As you can see, we recorded a tubing
pressure, the choke, and the static in the differential
pressure and really, in my opinion flow rate for 24-hour

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2 period or a one week period would not substantiate anything,
3 and I think the -- the data we have here over this period of
4 time show you -- can show you the results of the reduced
5 rates.

6 Q Now you talked about fines in the forma-
7 tion.

8 A Yes, sir.

9 Q This is a problem, I assume, separate
10 from water problems.

11 A That is correct.

12 Q Is a minimum sustainable producing rate
13 of 450 Mcf, as recommended, necessary to avoid that problem
14 in your opinion?

15 A Yes, sir, again based on Exhibit Four-A
16 you can see, that's the production history, and you can see
17 the decline rate, which was as a result of the pinchback.

18 Q And at a slower rate what happens with
19 these fines?

20 A I would say the fines would have a ten-
21 dency to pack, line the wellbore in the poor flows, where it
22 reduces the permeability to flow.

23 Q Do you believe that there are mechanical
24 remedial action that can be taken to resolve this problem
25 without coming before this Commission for a hardship classi-
fication?

A I don't think so.

Q Would you refer to Exhibit Number Six and

1
2 identify that, please?

3 A Yes, sir. As you can see on Exhibit Six,
4 which is a wellbore sketch, we do have two sets of perfs
5 isolated above the packer, which Mr. Thornton already dis-
6 cussed the reason for doing that.

7 The tubing size is 2-3/8ths and there is
8 really no problem as far as the flow itself, wellbore prob-
9 lems.

10 Q If a hardship classification is not
11 granted for the well, do you believe it could result in pre-
12 mature abandonment of the well?

13 A Yes, I do.

14 Q And could you estimate the reserves that
15 would be lost if this classification is not granted?

16 A Based on the performance of this well and
17 the performance of the offset well, our Moncrief Baldridge
18 Federal No. 2, I have to use the two to come up with some
19 kind of estimate, as you can see, the subject well was mak-
20 ing about 62 to 64-million a month, and then started to de-
21 cline in October, 1981, at the rate of about 51 percent.

22 If you take the decline rate, establish
23 the decline rate, and estimate the remaining reserves from
24 October 1, 1981, that would give you about 1.5 Bcf.

25 I have to talk about a well which you're
not familiar with. The reason I have to, because I'm not --
I cannot make a projection of how long the concentrate would
stay with that formation damage. So what I did, I used the

offset well to estimate the normal decline rate for a Morrow well, undamaged Morrow well, and the normal decline rate appears to be about 14 percent.

Using this data I came up with loss of about 4-billion cubic feet of reserves.

Q And would that be underground waste?

A Yes, sir, because based on the performance of this well, based on the current performance of this well, there's no way we can recover 4-billion.

Q Now to summarize your testimony, is there -- are you aware of anything that could be done to eliminate this problem without obtaining a hardship well classification?

A No, I cannot.

Q Do you believe that granting this application will prevent underground waste?

A Yes, I do.

Q Would granting the application otherwise be in the best interest of the conservation of natural gas and the protection of correlative rights?

A Yes, I do.

Q Were Exhibits Four-A and Six prepared by you?

A Yes.

MR. CARR: At this time, Mr. Stamets, we would offer into evidence Moncrief Exhibits Four-A and Six.

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2 MR. STAMETS: The exhibits will
3 be admitted.

4 MR. CARR: And that concludes
5 my direct examination of Mr. Omar.

6 MR. STAMETS: Any questions of
7 the witness?

8 MR. KELLAHIN: If the Examiner
9 please.

10 CROSS EXAMINATION

11 BY MR. KELLAHIN:

12 Q Mr. Omar, what has been your experience
13 with this well? How long have you been involved in working
14 on this well?

15 A I have been with Moncrief Oil for (not
16 clearly understood) five months.

17 Q Have you reviewed the production reports
18 that Moncrief has filed on this well?

19 A Yes, I have.

20 Q And you prepared a production curve, I
21 believe, is what this is?

22 A That is correct, Exhibit Four-A. Yes.

23 Q In any of the information you reviewed on
24 this Moncrief well, have you found any reports of fluid pro-
25 duction for any month since September 3rd of 1983?

A Yes, the well is making some -- some
water.

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Q All right, sir, and how has that been reported on the monthly reports?

A We have not kept a record of the water production on a regular basis.

Q All right, sir, and I'm looking at Exhibit Four-A, and I can't look at the production history and determine what the fluid production rate has been that you marked down.

A No, because I feel like, you know, the fluid production is irrelevant in a gas flow.

Q Well, it's the basis upon which the hardship well classification is made, is it not, Mr. Omar?

A Not necessarily. What I'm saying here, that damage had already occurred as can be demonstrated on Exhibit Four-A. If you look at the production prior to October, 1981 and after October, '81, how can you explain the abrupt decline?

Q All right, sir, I will concede to you that there's the possibility of fluid sensitivity prior to September of '82.

A Uh-huh.

Q After that date did not Moncrief take remedial action in the B zone of the Morrow and isolate off that formation that you thought was water productive?

A That is correct.

Q And subsequent to taking that remedial action, what data or information do you have to demonstrate

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that this well is still fluid sensitive?

A The production history as you can see on the graph in Exhibit Four-A. There is no change in the producing characteristic of the well. If -- if the well was sensitive to water production, then the rate would have increased. The gas production rate would increase.

Q Would not an effective method to determine what the optimum flow rate for the well ought to be is a current minimum flow test on the well?

A Yes, and we have it as Exhibit Four-A.

Q And that is prior to the '82 remedial action.

A That's prior to and after, and subsequent to that.

Q How did you come up with 450 Mcf a day as being the minimum -- minimal efficient flow rate for the well?

A Well, basically we know that the -- that the producing capacity of the well has been reduced and looking at the trend of the production we have already demonstrated that the well has been damaged; therefore the current production can't be anything but the minimum sustainable producing rate.

Q The application that Mr. Moncrief has filed indicates a current production rate that varies from 338 Mcf a day to 645 Mcf a day.

A That's correct.

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Q For what period of time and for what lengths was the produced at 338 Mcf a day?

A The graph in Exhibit Four-A is the average production for the month, and once we were satisfied that the -- we have good production history on a daily basis, we did not continue recording the rates and the flowing tubing pressure. It is just not practical to go out and record the rates year-round.

Q Since September of '83, Mr. Omar --

A Yes.

Q -- what has been the lowest daily producing rate in any given month?

A I do not have that because we did not keep up with the producing rates on a daily basis.

I do have, as you can see in the graph, a monthly, average monthly production.

Q All right, what is the lowest monthly average, then, since that date?

A It appears to be about 13-million.

No, excuse me, that would be -- yes, it is, 13-million.

Q And what month is that, please, sir?

A That's in November of 1983.

Q You talked about fine compaction as affecting the rate at which this well could produce. Tell me that again.

A Okay. The Morrow is notorious for fine

1 migration within the formation. Once you start having to
2 the fine moving in with the flow of gas you have erosion or
3 jet -- jetting effect.
4

5 Once you have used the choke at the well-
6 bore, you are restricting the velocity of the fine; there-
7 fore they have the tendency to block or form a block around
8 the wellbore.

9 Q All right, sir. How did you correlate
10 the rate that you're requesting to the migration of these
11 fine particles to the perforations?

12 A There's no way I know of to do that.

13 Q Have you considered the possibility of
14 reducing the size of the tubing string in the well?

15 A We're not having water log problems.
16 There's no way it can help you.

17 Q The water -- the well has not logged off?

18 A No, sir. I think the argument here, what
19 I'm saying is the damage already occurred.

20 Q For which you've taken remedial action,
21 Mr. Omar.

22 A It did not help.

23 MR. KELLAHIN: Thank you, Mr.
24 Examiner, no more questions.

25 CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Omar, did I understand you in re-

1
2 sponse to Mr. Kellahin's question say you were not having
3 water production problems with this well now?

4 A We are having water problems but I don't
5 believe it is the problem that caused the damage to the
6 well.

7 Q Okay, but I'm talking about the well as
8 of right now today, current conditions, what is the situa-
9 tion out there that requires this 400 and whatever it is
10 minimum allowable to prevent damage to the well? Is it
11 water production?

12 A The water production is one of them. If
13 you shut in the well, you could have a dynamic situation in
14 the reservoir. The water flow is going to continue to --

15 Q But you don't know how much water this
16 well's making.

17 A Well, yes, basically, if I may, I would
18 like to ask Mr. Thornton the rate. If I'm not mistaken it's
19 about 10 barrels per day.

20 MR. THORNTON: It's making two
21 to three barrels of water per day.

22 MR. STAMETS: Let's go off the
23 record a minute.

24 (Thereupon a discussion was had off the record.)

25 MR. CARR: Mr. Stamets, W. A.
Moncrief would request that this case be continued to the --
to your next regularly scheduled Examiner Hearing.

MR. STAMETS: That would be

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2 July the 11th, apparently.

3 Also, I would presume that
4 would apply to the Case 8212, which we've already continued
5 to the 7th, which ought to be the 11th. Yes.

6 MR. CARR: And if you'd like to
7 do it at this time, it can also apply to Case 8214, which is
8 the next case on the docket.

9 MR. STAMETS: All right, let's
10 call Case 8214 and we will continue it.

11 MR. PEARCE: Okay, that case is
12 on the application of W. A. Moncrief, Jr. for HARSHIP GAS
13 WELL CLASSIFICATION, Eddy County, New Mexico.

14 MR. STAMETS: At the request of
15 the applicant we will continue this case till July the 11th.

16 I think it could be real useful
17 if you fellows would work real close with Les and see if you
18 couldn't make him happy and satisfied before the hearing.
19 That could go a long way to help you in this.

20 MR. KELLAHIN: Mr. Examiner,
21 I'd like to request that the Examiner consider vacating the
22 90-day emergency order for these wells. These wells are
23 being produced in priority to the Amoco wells, which are
24 being subject to curtailment to the advantage of Mr. Mon-
25 crief's accessability to the pipeline.

I believe nothing has been pre-
sented today and I believe that the District Office has in-
dicated there seems to be slim possibility to justify the

1
2 90-day emergency provision, and as long as this case is
3 being continued another six weeks into July, it puts my
4 client in a significant disadvantage.

5 We would request that the emer-
6 gency order be vacated in all three of these wells.

7 MR. CARR: Mr. Stamets, we have
8 filed an application, requested an emergency order, and were
9 granted the emergency order.

10 I don't think -- I do think you
11 have the authority to rescind that, but I do believe that
12 while we're trying to point it out to work on a new thing
13 for all of us, and we believe there's a potential for damage
14 to each of these wells, that it would be inappropriate now
15 to curtail them in a fashion that could result in damage to
16 the wells and we would oppose vacating the temporary emer-
17 gency order which has been granted by the District Office.

18 MR. RAMEY: Just for the re-
19 cord, Mr. Examiner, I instructed Mr. Clements to issue a 90-
20 day emergency order on the basis of their application.

21 MR. STAMETS: Sounds like a
22 good idea to me, and we will not at this time consider
23 vacating that order at this time.

24 I think we have enough informa-
25 tion on this case.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8213 & 8214
heard by me on 6-6 19 84.

Richard D. Hammett, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

11 July 1984

EXAMINER HEARING

IN THE MATTER OF

Application of W. A. Moncrief, Jr.	CASE
for hardshp gas well classifica-	8213
tion, Eddy County, New Mexico.	

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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3 MR. STAMETS: We'll call next
4 Case 8213.

5 MR. PEARCE: That case, which
6 is shown on the supplemental docket, is on the application
7 of W. A. Moncrief, Jr. for a hardship gas well
8 classification, Eddy County, New Mexico.

9 Mr. Examiner, we request that
10 that case be continued until the next Examiner hearing at
11 which you are scheduled to be the Examiner, which should be
12 August the 8th.

13 MR. STAMETS: The case will be
14 so continued.

15 (Hearing concluded.)
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prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8213
heard by me on Sept 19 1944

Paul J. Lamb, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 8 August 1984

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of W. A. Moncrief, Jr. CASE
10 for hardship gas well classification, 8213
11 Eddy County, New Mexico.

12 BEFORE: Richard L. Stamets, Examiner

13 TRANSCRIPT OF HEARING

14 A P P E A R A N C E S

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19 For the Oil Conservation Division: W. Perry Pearce
20 Attorney at Law
21 Oil Conservation Commission
22 State Land Office Bldg.
23 Santa Fe, New Mexico 87501

24 For the Applicant:
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3 MR. STAMETS: We'll call next
4 Case 8212, 8213, and 8214.

5 MR. PEARCE: Each of these
6 cases is on the application of W. A. Moncrief, Jr. for
7 hardship gas well classification, Eddy County, New Mexico.

8 Mr. Examiner, applicant has
9 requested dismissal of each of these matters.

10 MR. STAMETS: Those cases will
11 be dismissed.

12 (Hearing concluded.)
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C E R T I F I C A T E

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prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8213
heard by me on 8-28 19 84.

Richard P. Plant, Examiner
Oil Conservation Division