

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

6 6 November 1985

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Benson-Montin-Greer
10 Drilling Corporation for authority
11 to conduct a long term Reservoir
12 Pressure Study, Mancos Formation,
13 Rio Arriba County, New Mexico.

CASES
8745

14 BEFORE: David Catanach, Examiner

15 TRANSCRIPT OF HEARING

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

17 For the Oil Conservation
18 Division:

19 Jeff Taylor
20 Legal Counsel to the Division
21 Oil Conservation Division
22 State Land Office Bldg.
23 Santa Fe, New Mexico 87501

24 For the Applicant:

25 Jason Kellahin
Attorney at Law
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

A. R. GREER

Direct Examination by Mr. Kellahin	4
Questions by Mr. Chavez	15
Cross Examination by Mr. Catanach	26
Questions by Mr. Chavez	28

E X H I B I T S

BMG Exhibit One, Plat	5
BMG Exhibit Two, Well List	8
BMG Exhibit Three, Summary	10

1
2
3 MR. CATANACH: Call Case Number
4 8745.

5 MR. TAYLOR: The application of
6 Benson-Montin-Greer Drilling Corporation for authority to
7 conduct a long term Reservoir Pressure Study, Mancos Forma-
8 tion, Rio Arriba County, New Mexico.

9 MR. CATANACH: Are there ap-
10 pearances in this case?

11 MR. KELLAHIN: Mr. Examiner,
12 I'm Jason Kellahin, Santa Fe, appearing for the applicant,
13 and I have one witness to be sworn.

14 MR. CATANACH: Are there other
15 appearances in this case?

16 Would the witness please stand
17 and be sworn?

18 (Witness sworn.)

19 A. R. GREER,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:
22
23
24
25

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Albert R. Greer.

Q What connection do you have with the applicant, Benson-Montin-Greer, in this case?

A I'm an officer and an engineer in that company.

Q Have you testified before the Oil Conservation Division and had your qualifications as a petroleum engineer made a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. CATANACH: The witness is qualified.

Q Mr. Greer, just what is proposed by Benson-Montin-Greer in Case Number 8745?

A We're asking that some exceptions from the Division ordinary regulations covering allowables, such that allowables could be accumulated and produced at a later date and in some instances that wells could be produced in anticipation of allowables and such that over all, and over a period of months, there will be no difference in the allowables that's otherwise been granted to the well, and what

1
2 would occur here by permitting the wells to produce at dif-
3 ferent times than the regular allowable schedule, will per-
4 mit us to run an interference test.

5 Q Now referring to what has been marked as
6 Exhibit Number One, would you identify that exhibit?

7 A Yes, sir. Exhibit Number One is a plat,
8 area plat, showing the wells of interest in the interference
9 test.

10 We show on there the, outlined in blue,
11 the Mallon Howard 1-8 Well in the northeast quarter of Sec-
12 tion 1, which we would like to be the producing well in the
13 interference test.

14 And then highlighted in pink, the Canada
15 Ojitos Unit E-6 Well in the northwest quarter of Section 6,
16 which we would like to be an observation well.

17 And then other wells in the area we would
18 like as much as possible for their allowables and production
19 to be so adjusted as to have a minimum impact on the inter-
20 ference test wells.

21 Q Now how would you propose to accomplish
22 that?

23 A We're suggesting that the wells which now
24 are capable of production in this area be permitted to pro-
25 duce both their November and December allowables immediately
and then be shut-in in order that the reservoir tend to

1
2 reach stabilization prior to the time the Howard 1-8 Well is
3 put on production for the test.

4 Q Now the Howard 1-8 Well is presently a
5 producing well, is it not?

6 A Yes, sir, it's presently producing oil.

7 Q What's the status of your monitoring
8 well?

9 A The monitoring well is currently being
10 drilled. Casing was run on it yesterday and we would anti-
11 cipate it to be completed and in shape to serve as a moni-
12 toring well by the first of December.

13 And I might point out that ordinarily we
14 would wait until a well is produced or completed and we know
15 that we have a well suitable to run an interference test be-
16 fore asking for the procedure before the Commission, but in
17 this instance, because of the timing situation, if we wait
18 until the well is completed and then come before the Divi-
19 sion for a hearing, it might be too late, and by too late I
20 mean that the Mallon wells could by that time be on perma-
21 nent production. Right now they are producing with
22 restricted allowables, or rates, because they do not have a
23 way of usefully disposing of the gas.

24 We anticipate having a gas pipeline in in
25 about a month or so and when that time comes, then they will
want to produce the wells at whatever they're permitted to

1
2 do, and in running this interference test the important
3 thing in the test is to -- to pick up the pressure pulse
4 through the reservoir during its initial transient, which is
5 estimated to be 30 to 60 days.

6 If the wells are put on permanent produc-
7 tion before the monitoring well is ready to monitor the
8 pressures, then it's possible that the monitoring well will
9 miss that initial transient and then all we would have would
10 be a sort of steady state pressure decline which would not
11 be much help in analyzing the characteristics of the reser-
voir.

12 Q Now in connection with this case you're
13 asking for an exception to the no flare order of the Commis-
14 sion. What's the reason for that?

15 A As we understand it now, the allowables
16 for the wells, pending useful disposition of the gas, is
17 limited to the amount of oil which can be produced with
about 30 MCF of gas per day.

18 I think the allowables -- or the gas/oil
19 ratios have been running something like 500 to 600-to-1,
20 which means about a, oh, about 50 barrels a day allowable,
21 and for this test we would like for the test well, the pro-
22 ducing well, to produce at a maximum reasonable rate, and
23 the higher the rate at which it produces, the greater will
24 be the pressure drop that can be measured in the interfer-

1
2 ence test well, and 50 barrels a day probably would not get
3 us enough of a pressure drop to be measurable.

4 I'm anticipating that at 400 barrels a
5 day, which we think the well will be capable of sustaining,
6 that even at those rates in 30 to 60 days test period that
7 we will still have pressures which are going to be difficult
8 to measure to determine what we want to determine.

9 Q Now this no flare exception would apply
10 to the Howard 1-8 Well, is that so?

11 A That's the only well that there would
12 need to be an no flare exception for.

13 Q Do you have anything else in connection
14 with Exhibit Number one?

15 A I believe that's -- that's probably all
16 on it.

17 Q Now turning to Exhibit Number Two, would
18 you identify that exhibit, please?

19 A Exhibit Number Two simply shows the sta-
20 tus as of November 1 of all the wells listed on the plat on
21 Exhibit One.

22 Q Now in connection with those wells on Ex-
23 hibit Number One, the operators -- what operators would be
24 affected by this test in the immediate area?

25 A The operators affected besides our com-
26 pany, Benson-Montin-Greer Drilling Corp., as operator of

1
2 Canada Ojitos Unit, is the operator of the tract to the
3 west, Mallon Oil Company; and to the northwest, Dugan Pro-
4 duction Company.

5 Q Do you have the cooperation of Mallon and
6 Dugan as to this test?

7 A Yes, sir, both companies have indicated
8 they would like to -- to support the test and of course it's
9 just a question of each company as to whether their drilling
10 and producing operations could be -- might be unduly
11 influenced by the test, which under our present tentative
12 schedule they see no problem with.

13 If something happens and we don't com-
14 plete our well as we have planned and run into a long com-
15 pletion or difficulty, then we might just have to abandon
16 the test, in which instance we see that no harm has been
17 done by granting these exceptions for the allowables.

18 In a sense what we're asking for is an
19 option on the part of Mallon and Dugan to cooperate when the
20 time comes if at that time it is compatible with their oper-
21 ations.

22 Q Is there anything to add to Exhibit Num-
23 ber Two?

24 A I think not. I might just point out that
25 with respect to Exhibit Two that Dugan's well, proposed well
in the southeast quarter of Section 36 is still waiting on

1
2 the rotary, and the particular exception from the allowable
3 rules that we're asking for this well would be that if Dugan
4 drills the well, has it ready for completion, but in order
5 to support the test, if at that time the test is progressing
6 and appears to be a productive test, that we might get some
7 useful information from, then if Dugan would elect to delay
8 completing his well by delaying fracing the well so as not
9 to send a pressure pulse through the reservoir, then Dugan
10 will be granted an exception to the allowable rules such
11 that he would not suffer loss of allowable by supporting the
12 test.

13 And what we're thinking about there is
14 again where his allowable would probably be limited by 30
15 MCP a day production, something like 50 barrels a day or
16 1500 barrels a month, if he were to delay completing his
17 well, say, for 45 days, then he would have an additional
18 2250 barrels allowable that could be produced when the well
19 is completed, over and above what he otherwise would have.

20 Q Turn to Exhibit Number Three. Would you
21 identify that exhibit?

22 A Exhibit Three is a summary of what we're
23 asking for in this case, which I might run down right quick.

24 Item A, we ask that the project be al-
25 lowed four months and not to exceed four months.

That the test well production would not

1
2 exceed sixty days, and that's, of course, because of an
3 exception to a no flare order and generation of -- or
4 anticipation of allowables.

5 Shut-in monitoring well not to exceed
6 ninety days but it could accumulate allowable to be produced
7 at a later date, which in connection with this monitoring
8 well, the Canada Ojitos E-6, we've already laid our gas
9 gathering line to this well and once it's completed, if we
10 can make a successful completion, then it would as of the
11 time it's completed be -- have useful disposition of the gas
12 and its allowable would be whatever the allowable is at that
13 time would not be limited by the no flare order (not clearly
14 understood.)

15 And Item B we identify the production
16 test well as the Howard 1-8, Mallon Oil Company's Howard 1-8
17 Well and the monitoring well is identified as Canada Ojitos
18 Unit E-6.

19 In Item C we set out the option which we
20 just discussed for Dugan Production Corp.

21 In Item D we list the wells which might
22 be shut in and allowed to produce initially in anticipation
23 of allowable, in anticipation of December's allowable, they
24 would be permitted, of course, to produce November's now,
25 and then if shut in longer than December, that they would be
allowed to make up allowable in the following six months.

1
2 Q And those are the wells which you have
3 listed on Exhibit Number Three.

4 A It wouldn't affect any other wells in the
5 area?

6 A No, sir. Then Item E, we just note there
7 that if, as of the time the test well is put on production,
8 that Mallon does not have their pipeline in to usefully dis-
9 pose of the gas, that the test well be granted an exception
10 from the no flare order.

11 Q Now, Mr. Greer, just what is the purpose
12 of this interference test? What do you hope to accomplish?

13 A It is to develop reservoir information
14 that would be useful in the continued development and opera-
15 tion of the two pools in this area. The Canada Ojitos Unit
16 lies in the West Puerto Chiquito Pool. The Mallon wells lie
17 in what we presume will soon be the Gavilan Pool.

18 The boundary between the two pools is the
19 north/south boundary between Townships -- or Ranges 1 West
20 and 2 West, as shown on our Exhibit One.

21 And as to the Canada Ojitos Unit proper-
22 ties, those in the West Puerto Chiquito Pool, this pool is
23 on 640-acre spacing and we recently asked that for the west
24 two rows of sections that we be permitted to drill two wells
25 on a proration unit, and if that application is approved,
then we would have the option as we see fit to drill a

1 second well on each of those sections, and the purpose of
2 drilling a second well would be to protect the unit from
3 drainage.

4 The big question that we have is do we
5 really need a second well on all of those sections. Perhaps
6 we only need that second well on the first row of sections
7 joining the Gavilan Pool, and perhaps we don't even need
8 that. It might be possible that only one well on 640-acre
9 spacing in West Puerto Chiquito could -- could pretty well
10 prevent drainage from the two wells on the west side, depen-
11 ding on reservoir conditions, and that's what we would like
12 to determine if we can in this area and perhaps by now to
13 determine for other parts of the area whether we're going to
14 need to drill that second well on a section.

15 If we can save the drilling of the second
16 well on a section, there's roughly a ten-mile boundary be-
17 tween the two pools, we could save from ten to twenty wells,
18 and for their depth these are expensive wells, \$6-to-
19 \$800,000 apiece, would be a substantial savings for the --
20 for the unit.

21 And as far as the Gavilan properties are
22 concerned, where Howard's wells are located, in about a year
23 and a half this Division will be considering the proper
24 spacing for the Gavilan Pool. It's presently on a temporary
25 order of 320 acres. It would be good to have as much infor-

1
2 mation as possible for the Gavilan owners and for this Divi-
3 sion in making that determination at that time as to what
4 the proper spacing is for Gavilan.

5 So for those two purposes we ask that we
6 be allowed to run this interference test and to have allow-
7 able changes from the regular rules in order to do, make the
8 test.

9 Q Is the producing formation in the Puerto
10 Chiquito and the Gavilan Pools the same?

11 A Yes, sir.

12 Q So the test would be actually affecting
13 the same formation under each pool.

14 A Yes, sir.

15 Q In your opinion is the conduct of this
16 test important for the protection of correlative rights and
17 the prevention of waste?

18 A Yes, sir.

19 Q Were Exhibits One, Two, and Three pre-
20 pared by you or under your supervision?

21 A Yes, sir.

22 MR. KELLAHIN: At this time I
23 would offer Exhibits One, Two, and Three.

24 MR. CATANACH: Exhibits One,
25 Two, Three will be admitted as evidence.

MR. KELLAHIN: That concludes

1
2 the testimony, Mr. Examiner.

3
4 QUESTIONS BY MR. CHAVEZ:

5 A Mr. Greer, you've said that the Howard 1-
6 8 Well should be produced at a maximum reasonable rate of
7 production.

8 How would that be determined?

9 A As I understand in the month of August
10 they produced from that well 8000 barrels in 20 days, which
11 would be about 400 barrels a day, and this is the rate that
12 I'm thinking about as far as the maximum reasonable rate.

13 I don't know whether the well is capable
14 of producing at a higher rate than that or not. I presume
15 that they were producing it pretty much at capacity, but
16 it's substantially in excess of the otherwise 50 barrels a
17 day that they would -- would be allowed to produce, and we
18 would -- we would hope that during the test that the well
19 would be produced at a uniform rate. In other words, if
20 it's capable of producing 500 barrels a day at the beginning
21 of the test and 300 barrels a day at the end of the test, we
22 would prefer that it be produced at 400 barrels a day
23 throughout the test uniformly rather than at a declining
24 rate just simply to have the best information possible to
25 analyze.

26 That's what I was thinking about, about

1
2 400 barrels a day.

3 Q Mr. Greer, I notice that it doesn't ap-
4 pear that you're asking for a compensatory allowable for the
5 Canada Ojitos Unit No. 6 Well.

6 A Well, I guess I didn't make myself clear.
7 We would like to have whatever allowable that it would accu-
8 mulate during the test, that it be allowed to produce that,
9 if it's capable of doing it, above its normal allowable af-
10 ter the test is over and be given a period of six months in
11 which to produce that.

12 Q How would that be determined in volume?

13 A Well, when -- when the well is completed,
14 let's say that -- that it's a comparable well to the Mallon
15 well, which I hope it is. Of course in this pool it might
16 only be a tenth as much, but let's just say that it was 300
17 barrels a day, potentialized for 300 barrels a day.

18 Its present allowable is -- is, I think,
19 about 600 barrels, might be, in one of our cases, if the
20 Commission rules on it, it might be 700 barrels a day maxi-
21 mum allowable. If the well's capable of making only 300
22 barrels a day then its allowable, as I understand, would be
23 limited to its ability to produce, so that would be 300 bar-
24 rels a day.

25 So if it's shut in for 60 days then that
would be 18,000 barrels that we have another -- we would

1
2 have six months to produce over and above its other regular
3 allowable, if it's capable of doing it.

4 The chances are very good with the allow-
5 ables as high as we think they will be and the productivities
6 probably being less than the allowable, it may be entirely
7 academic that the E-6 is allowed to accumulate allowable.
8 Even so, it seems to me that the unit owners need to have
9 the right to make up the allowable even though the well
couldn't do it.

10 Q Mr. Greer, I notice that you're asking
11 for two offset operators you said have agreed to this test,
12 and you're asking for an exception on their behalf.

13 Do you have any written correspondences
14 that will show that they are in agreement with your applica-
15 tion on their behalf?

16 A No, sir. They asked if we wanted them
17 either to appear at the hearing today and testify or give us
18 anything in writing and I told them I just didn't think it
19 was necessary for the reason that we're not asking these
20 operators to be bound to anything. We're just asking for
21 options on their part to participate if they so desire, and
22 so we would hope that all that's necessary, for instance,
23 for Mallon, would be for them to write the Aztec Office and
24 say that in line with this case that they would like to pro-
25 duce their November and December allowable now and that

1
2 would be all they would have to do at this time, and then
3 ask for the right to produce their well at 400 barrels a
4 day, or whatever, when it comes time to start the test.

5 So the answer is no, I do not have any-
6 thing in writing.

7 Q As concerns the Dugan Production Corpora-
8 tion well which has not been drilled, as far as accumulating
9 an allowable for that well after it's drilled, however not
10 completed, would a reasonable date to start accumulation be
perhaps the date the casing is perforated?

11 A Either -- well, I hadn't given any
12 thought to this. They might choose to run casing and yet
13 not perforate it until it's time to frac it, so perhaps a
14 better date would just be an arbitrary period of -- of some
15 reasonable time between the time at which they start comple-
16 tion operations and they have it completed, and I believe
17 you could -- you could probably get that from whatever ac-
tually happens when they do complete it.

18 You could choose a starting point; per-
19 haps it would be when they do perforate it. Say, for in-
20 stance, they run the casing and elect not to perforate until
21 they're going to complete it. Then they move in, perforate,
22 complete the well, and say that takes three weeks, then you
would just allow that same amount of time.

23 I would think it could be fairly easily
24
25

1
2 determined by the date between the time at which they run
3 production casing and when they move the completion rig in.
4 I believe that would be the time at which they would be de-
5 layed. Dugan on occasion moves in his completion rig within
6 two or three days after the rotary rig moves off, so I be-
7 lieve you could use from the time the rotary rig sets casing
8 until he sends in a completion ate.

9 Q In fairness to the operators, the offset
10 operators in the pool, isn't there usually a delay of some
11 time, which under normal operations would exist between set-
12 ting pipe and moving in a completion rig?

13 A That's true. I think you have to go by a
14 particular operator. We visited about that yesterday.
15 Dugan's engineer said that the earliest he can remember them
16 perforating was something like 24 hours after they ran
17 cement.

18 But I think Dugan has his own completion
19 rigs so he has a lot of flexibility there; he has at least
20 one completion rig, so I would think this would not be a
21 difficult thing to come by. I don't think you're talking
22 about more than a week's difference one way or another, and
23 at 50 barrels a day that's only 300 barrels allowable.

24 Q But would it be unfair to use the date of
25 perforation, say should he intend to come in with a comple-
tion rig within a week afterwards but he'll go ahead and

1
2 perforate and then hold off on completion?

3 A Well, it that's the way he did. Ordinarily we don't perforate until we've got a completion rig on, and of course it's possible that what we're thinking about, really, is fracing, and perhaps we can tie it to that, but it would be possible, of course, for him to go in and put a completion rig on and, of course, as you know, this two or three stages that we're running now in that area, why a completion rig necessarily has to be on the hole to drill out the bridge plugs before you -- before you can perforate.

11 Of course it would be possible that he would go ahead and do that and perhaps make an actual test on the well and then elect in support of the test not to frac. This is what we're concerned about, is how long he's delayed fracing the well.

15 I just don't believe it would be difficult to come up with a figure for -- for the time that has elapsed that he's lost by delaying the frac treatment.

18 I believe that you can review the records and I don't believe you'll have any difficulty in determining what's a fair, fair time for that.

21 Q Mr. Greer, you said that the fracing of the Tapacitos No. 4 might interfere with the -- with the test by causing a pressure transient.

23 Might not it also contribute to the test

24

25

by installing an artificial pressure impulse that --

A Well, the problems that we have in this reservoir, it it's like the reservoir back to the east, is that we don't know the reservoir transmissibility but we've found that the wells appear to be completed in little, tight blocks, and yet the whole reservoir interconnected with a high capacity system. This makes it impossible to calculate from an interference test like one would in, say, most reservoirs, and in a lot of reservoirs it's possible to run individual well tests; from those individual well tests determine the transmissibility of the formation in the area of those tests, and that will be fairly uniform.

In those instances, then, you can send a pressure pulse through the reservoir and the time that it takes to -- for the pulse to move and by this separate information, separately determined information of transmissibility, then you can go back and make a lot of the calculations you need to make.

In this reservoir you just can't do it and we need the -- to determine the transmissibility if it's at all possible, the reservoir transmissibility by the interference test itself, and that's most difficult to do unless you have -- unless the interference producing well produces at a fairly constant rate and over a period of time such that the well, the monitoring well, the pressures in

1
2 it, we can determine not only when the pulse first hits, but
3 then the shape of the curve as the pressure drops in the
4 monitoring well, from those data then we can go back and de-
5 termine the reservoir transmissibility, and without that,
6 you're just at a loss in this reservoir.

7 Now we can do that but the calculations
8 are fairly simple where we have these conditions. The well
9 produces at a steady rate, at a high enough rate that when
10 the pulse hits the monitoring well, that the pressure dif-
11 ferences that are measured are such that you can actually
12 determine the shape of the curve, and this, of course, re-
quires fairly accurate measurement.

13 For instance, I'm hoping for a 20 to 25
14 pounds pressure drop; might only be 10 pounds. We need a
15 spread of at least 100 points over that 10 pounds in order
16 to determine the shape of the curve. That means you've got
17 to measure down within a tenth of a pound. It takes some
18 pretty sophisticated instruments to do this and the way we
19 did it in years past was to measure the drop in fluid level
20 because it was much more sensitive than the pressure equip-
ment that was available at that time.

21 We now have more sensitive pressure
22 gauges. We hope they're reliable enough to do the job. The
23 advantage we had 20 years ago in the tests we ran then, we
24 had only one zone perforated and we could load the hole with
25

1
2 dead oil, measure fluid levels, and the fluid levels we
3 could measure within half a foot, which is roughly 16/100ths
4 of a pound, and have very accurate pressure differentials to
5 work with.

6 In this instance, where the offset wells
7 are completed in all three zones, and even more than that,
8 we have to do the same thing in our well, and whether we can
9 load the hole with dead oil and the oil will stay relatively
10 unchanged, we don't know. Over that several hundred foot of
11 interval, if the fractures have been so connected in the
12 perhaps different permeabilities and the different streaks,
13 it's possible for the oil to tend to swop out in the sense
14 the dead oil goes into one zone and comes back, live oil
15 back another, such as this could affect the density of the
16 overall column and then it would make our fluid level
17 measurements not as dependable as they were in the tests in
18 bygone days.

19 So, for that reason we're planning to use
20 one of the new essentially pressure gauges, but even there
21 I'm not -- I don't want to rely entirely on them, and so --
22 so we'll be running probably three days with a pressure
23 gauge and maybe three days with fluid levels and such as
24 that in order to get it.

25 But the answer then to your -- to this
whole question can we take a pressure pulse and determine

1
2 what by frac treatment, we cannot calculate from it. We can
3 determine interference, you know, it will show a bump, but
4 there's no way to -- to really take that information and
5 calculate back to determine the characteristics that we need
6 to know.

7 Q Do you ask that the wells which will be
8 produced could exceed what would be top allowable for those
9 wells within the pool during the production phase?

10 A Oh, I think we would not need to do so.
11 I would hesitate for them to produce at a higher rate than
12 that. If the allowable, well, first if the Division ap-
13 proves the application to extend the Gavilan, the allowable
14 becomes 700 barrels a day, I think it would be best not to
15 produce in excess of that for the simple reason that the
16 well might not be able to produce steadily for 60 days.

17 If we knew it could produce, say, 800
18 barrels a day for 60 days, then that would be great, but if
19 it starts off with 800 barrels a day and dwindles down to
20 400, then we'd have a much more difficult problem to calcu-
21 late; probably couldn't solve what we need to know.

22 Q Will you work with the operators, say,
23 with Mallon, to determine the rate of flow or will they have
24 --

25 A Yes, I have in mind visiting with him
about all the details and we have talked about some of them

1
2 so far but we will probably want to monitor pressures in
3 their well in the southwest of 1. At this point they've in-
4 dicated that if for instance their pipeline is completed
5 while the test is still going on, and they could otherwise
6 produce all of their wells, that they might still leave the
7 well in the southwest of 1 shut in in order to support our
8 test, and so in connection with that and the production rate
9 and all these details, we'll be working closely with Mallon,
yes.

10 MR. CHAVEZ: That's all the
11 questions that I have.

12
13 CROSS EXAMINATION

14 BY MR. CATANACH:

15 Q Mr. Greer, you asked for in your applica-
16 tion a project not to exceed 4 months, yet you stated that
the test would probably be completed in 30 to 60 days?

17 A Well, I'm thinking of 60 days of produc-
18 tion for the producing well. We might want the monitoring
19 well to continue beyond that, depending on what the -- what
20 it shows, and all that would happen at the end of the test
21 then, if that happens, insofar as Mallon is concerned, at
22 the end of 60 days, then Mallon might put its other well in
23 the southwest quarter of 1 on production. We might choose
24 to continue monitoring pressures and not put our E-6 on pro-
25

1
2 duction for another 20 or 30 days, because I think it would
3 take that long for the pressure pulse from the southwest of
4 1 to reach the well. So we might be able to monitor it for
5 a little bit longer.

6 So that would be 3 months and we just
7 asked for 4 months as a cushion to cover everything.

8 Q You asked for an exception to the no
9 flare rule. That is just for the test well itself?

10 A Well, let's see, unless there's a
11 requirement again for the other wells, for the other Mallon
12 wells to produce their December allowable now, I don't know
13 whether that requires -- I guess that does not require an
14 exception. Well, it requires the same exception to the no
15 flare order that they currently are given to determine their
16 allowable.

17 The main well would be the test well.

18 Q Do you have any idea how much gas is
19 being flared?

20 A Well, let's see, if -- if the test well
21 is produced at 400 barrels a day and it has a, say, a 500-
22 to-1 gas/oil ratio, that would be 200,000 feet a day and if
23 it goes for 30 days before they get their pipeline, then
24 that would be 6-million feet or if it goes for 60 days,
25 which I think very unlikely that it would be that long, that
would be 12-million feet.

1
2 Q At this stage you don't know if the Mal-
3 lon wells are going to be affected as far as having to shut
4 them in, do you know how long they're going to have to be
5 shut in?

6 A Well, what we're suggesting is that all
7 the Mallon wells now capable of production be permitted to
8 produce their November and December allowables and then shut
9 in, and then hopefully we can complete our E-6 and it will
10 be a well suitable for testing by the first of December.
11 Then we would have 30 days of the test behind us before we
12 come up with an allowable problem then for the Mallon wells
13 and by that time, say it's the first of January, the chances
14 are very good that they will have their pipeline system in
15 and then they could go ahead and produce the wells in Sec-
16 tion 2 and I would see no problem in that because they're
17 over a mile from -- from the monitoring well, and we've got
18 a few days of testing started before they're put on perma-
19 nent production. I just don't believe they would affect the
20 test.

21 QUESTIONS BY MR. CHAVEZ:

22 Q Mr. Greer, would you also like the no
23 flare exception to extend through the make up time of the
24 allowable after the wells are put back on production?

25 A Well, our thinking has been that that

1
2 would not be necessary after the -- Mallon feels that they
3 will have their pipeline in by the first of December, so I
4 would think that that would not be necessary.

5 Q Might it be necessary for your No. 6 well
6 and the Dugan Tapacitos No. 4 Well?

7 A It would not be for our Canada Ojitos E-6
8 because we already have a gas line there.

9 Let's think about Dugan's Tapacitos. I
10 don't know what Dugan's plans are for disposing of the gas,
11 so he could need whatever exception he was otherwise entit-
12 led to to produce -- to produce whatever allowable that ac-
cumulates.

13 Q Thank you.

14 MR. CATANACH: I have no further
15 questions of Mr. Greer.

16 MR. KELLAHIN: That concludes
17 our case, Mr. Examiner, thank you.

18 MR. CATANACH: Mr. Kellahin,
19 may I ask you to submit a rough order for us?

20 MR. KELLAHIN: I will submit a
21 rough order, yes, sir.

22 MR. CATANACH: Thank you.

23 MR. KELLAHIN: And I'll count
24 on you to smooth it out.

25 MR. CATANACH: Anything further

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

in Case 8745?

If not, it will be taken under
advisement.

(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 Conservation Division (Commission) was reported by me; that the said transcript 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. 8715, heard by me on November 6 1985.

David Cotnam, Examiner
Oil Conservation Division