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

9 January 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for a nonstandard gas proration unit and unorthodox gas well location, Lea County, New Mexico. CASE 8803

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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I N D E X

E X H I B I T S

MR. CATANACH: Call next Case 8803.

MR. TAYLOR: The application of Doyle Hartman for a nonstandard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell & Black, P. A., of Santa Fe. We represent Mr. Hartman.

I have one witness.

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

Will the witness please stand and be sworn?

(Witness sworn.)

DANIEL S. NUTTER,

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 Dan Nutter, and I live in Santa Fe, New Mexico.

Q Mr. Nutter, by whom are you employed and in what capacity?

A I'm a consulting petroleum engineer and I have been employed by Mr. Hartman in this particular case.

Q Have you previously testified before this Division and had your credentials as a petroleum engineer accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with the application of Mr. Hartman in this case?

A I am.

Q Are you familiar with the subject area?

A Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. CATANACH: The witness is considered qualified.

Q Would you please state what Mr. Hartman seeks with this application?

A Mr. Hartman seeks the approval of a non-standard gas proration unit in the Jalmat Gas Pool and the approval of an unorthodox location for a well to be drilled

on that nonstandard proration unit.

Q Would you refer to what has been marked for identification as Hartman Exhibit Number One, identify this and review it?

A Exhibit Number one is a land plat showing the wells that have been drilled in the vicinity of our proposed proration unit, as well as the wells that have previously been drilled on that proration unit.

Also depicted on the land plat are the structures on the base -- on the top of the Yates formation.

The nonstandard proration unit which we are seeking approval for today is in the west half of Section 34 of Township 25 South, Range 37 West. That nonstandard proration unit is outlined in yellow on the exhibit.

Q And you mean 37 East, do you not, Mr. Nutter.

A 37 East. The nonstandard proration unit is outlined in yellow on the exhibit.

At a point 990 from the south line and 660 feet from the west line of Section 30 is a red dot which is our proposed Doyle Hartman Dabbs Well No. 3.

Also depicted on the exhibit are three cross sections, which we will go into as further exhibits.

You will note that the west half of Section 3 has had a total of six -- five wells drilled on it.

Our proposed well will be the sixth well.

The northernmost well, which is located in Unit E of Section 34, was a deep test drilled by Western Natural to a total depth of 10,273 feet in the Devonian formation. It was plugged and abandoned as a dry hole.

The second well in Unit E is a Langlie Mattix well which was tested in the Jalmat a number of years ago and produced from the Jalmat and then was completed in the Langlie Mattix Field; however, the Commission's records at the present time reflect that this is a Jalmat oil well, but we will -- we've recently acquired this lease and we will file papers to reclassify this well as a Langlie Mattix, because there are no perforations at the present time open in the Jalmat.

In Unit letter M there are three wells, including the one that we're proposing to drill at this time.

The Dabbs No. 1 Well is the gas well that's shown at the intersection of cross sections A-A' and B-B'. This well was formerly a Jalmat gas well but has not produced in recent years.

Also in that same 40-acre tract is a dry hole which was drilled to the Devonian formation. This is the Enfield Dabbs Well No. 1, and we will make reference to that when we get into our cross sections, and also, of

course, our proposed location. Then there is another dry hole that was drilled to the Devonian formation in Unit letter L to the north there, which was drilled to a depth of 9004 feet and plugged and abandoned.

Q Mr. Nutter, this plat also contains a blue line which indicates the boundary of the Rhodes Gas Storage Project, does it not?

A Yes, it does. Directly offsetting, or diagonally offsetting the southwest corner of the proposed proration unit, is a blue line that is the northeast corner of the Rhodes Gas Pool. Now this was formerly designated as the Rhodes Gas Storage Area, but El Paso Natural Gas no longer uses it for gas storage. They're in the process of withdrawing the gas from this pool at the present time and recently came in, had the pool, had this area deleted from the Jalmat Gas Pool. It's a nonprorated gas pool which is producing small volumes of gas now. They've just about blown the whole thing down at the present time.

Q What is the red line on the right of the exhibit running north and south?

A This is a pinchout that runs north and south throughout Township 25 South, Range 37 East, and to the east of this the porosity is decreased to a great extent.

Some wells that are drilled very close to

the porosity pinchout are nonproductive, but if you move farther east there's a chance of getting porosity and productivity in the Jalmat Pool.

However, to the west of this porosity pinchout the Jalmat Pool is productive.

Q Mr. Nutter, will you now refer to cross section A-A', which is Exhibit Number Two and review it for the examiner?

A Cross Section A-A' is a north/south cross section and starting from left to right we're going from north to south on the plat, Exhibit Number One.

The first well is the well that I mentioned before, being the Dabbs No. 2 Well, which was drilled in 1952. They attempted an open hole completion in the well from 2920 to 3300 in the Seven Rivers and the Queen. This was before the Jalmat and the Langie Mattix were separated and the Queen was part of the same pool; however, that well made a small amount of oil, lots of water, and was plugged back to 2875 feet, which is in the current boundaries of the Jalmat Gas Pool

It was then perforated from 2745 to 2828 and produced gas from the Jalmat Gas Pool from August of 1952 until February of 1982. The last production in 1982 resulted in a cumulative production 744-million cubic feet of gas; three-quarters of a billion cubic feet of gas has

been produced from the Jalmat in this well.

In the month of -- in the year of 1981, which was its last year of production, it was 350 MCF per month.

The well, as I mentioned before, is now classified as a Langlie Mattix well. In 1982, when it was taken off the Jalmat, it was recompleted, cleaned out to 3300 feet, perforated from 3185 to 3235 feet and treated, completed as a Langlie Mattix oil well.

That's its status at the present time, and as I mentioned, we will file forms redesignating it.

This lease has gone through many hands over the years and the most recent acquisition has been by Mr. Hartman from Texaco. Texaco acquired it in the Getty takeover. Getty acquired it from Skelly. Skelly acquired it from Reserve. I think some of the wells were originally drilled by Culbertson and Irwin and also back in the old days, Southern California Exploration had a hand in this lease.

It's hard to keep the record straight on some of these old wells and when the well was reclassified back in -- or recompleted in the Jalmat back in 1982, for some reason the forms weren't filed redesignating it as a

Langlie Mattix rather than Jalmat, but we will correct that.

The next well on the exhibit is the Culbertson and Irwin Dabbs No. 1. Now I must point out that this is not the log of that well. The No. 1 Well was drilled back in 1948 and no logs are available for the well.

So we have used the log from the Enfield Dabbs dry hole that is 330 feet to the south and to the east of Dabbs Well No. 1. Dabbs No. 1, as I mentioned, was drilled in 1948. It produced from the Jalmat from 1948 until 1982. The total cumulative production from the well is 3.46-billion cubic feet. It ceased producing in 1981 and had an average production in 1981 of 305 MCF per month.

The next well on the cross section is one of the better wells in the pool. That would be located in Unit letter D of Section 3 to the south. This is the Amerada Kegel "C" Well No. 1 and has produced a total of 7.6-billion cubic feet. I might point out that that well is located in Unit D of Section 3. The north half of Section 3 is dedicated to the well as a 320-acre proration unit. The well is located 990 feet from the north line and 990 feet from the west line of Section 3 and is the same distance from the boundary -- the northern boundary of this proration unit as our proposed well is from the southern boundary of its proration unit.

Q So we'd be in a position no closer than

they are to the common lease line.

A That is correct. They have a 320-acre unit dedicated to a well 330 feet from -- 990 feet from our line. We would have a 320-acre well dedicated to a well 990 feet from their line.

Q And hopefully we'd be offsetting drainage with counter-drainage.

A Offsetting drainage with counter-drainage.

Q Would you -- have you now finished your review of the C. C. Kegel "C" No. 1 Well?

A Yes, I have. Now, there are three other wells on this cross section, which I won't go into in a great detail. They just go on down into the Rhodes Gas Pool. Two of the wells are not producing; one of the wells is producing. That would be the Bates No. 1, which is located in Unit letter L of Section 10, and it had average withdrawals of 287 MCF per day in 1985.

Q Would you now refer to Exhibit Number Three, Hartman's cross section B-B' and briefly review that for the examiner.

A B-B' is the orange line depicted on the Exhibit Number One. I won't bother with going into the wells on the west end of the proration unit.

These exhibits were designed to show the

productivity of the area -- of the area in which we're proposing our nonstandard proration unit. I think it can be well established that it's productive without going ot the extreme far west, so I won't even mention the wells in Section -- in letters I-31, P-31, or P-32, or E Section 32.

I will mention the next well, which is in letter J of Section 33, which is two locations to the west of the proposed well.

The well in Unit letter J of Section 33 was completed in 1955. It was perforated in the Jalmat Gas Pool. It last produced in March of 1983 and the cumulative gas production from the Jalmat was 8.2-billion cubic feet of gas, and I believe that it establishes that the southeast quarter of Section 33, which is offsetting the southernmost 160 acres of our proration unit, has been productive from gas and probably still is productive of gas from the Jalmat.

The next well on this cross section is the Amerada Kegel Well No. 1, which we referred to in the previous cross section in Unit letter D of Section 3, and then we'll go on to the C. C. Kegel "C" No. 2, which is Unit letter O of Section 3, and it's getting over close to that porosity barrier, so you'll see that while it did show gas on the drill stem test, it was never completed as a Jalmat gas well and has been plugged and abandoned since it was completed in 1957.

Q All right, Mr. Nutter, would you now go to the C-C' cross section, Hartman Exhibit Four, and review this?

A Exhibit Number Four is the purple line on Exhibit Number One. It runs across section from inside the Rhodes Gas Pool, the first well being El Paso's Farnsworth Well No. 1, located in Unit letter M of Section 4; the next well being El Paso's Farnsworth "C" No. 2, which is located in Unit letter G of Section 4; then we go on to the Texaco Dabbs No. 1 Well, which we're referred to previously. It's the cross section -- it's on the cross section, the intersection of cross sections A-A' and C-C'. And finally on over to the easternmost well.

The left well on the exhibit is still producing from the Rhodes Storage, or the Rhodes Gas Pool. In 1985 it had an average production of 394 MCF gas per day.

The next well, there's no log available for it so we have used the log from an offset well, which is located 330 feet to the west and 330 feet to the south of that well. It also produced in 1985 and had an average production of 54 MCF per day.

The next well is the Dabbs No. 1, which we previously discussed.

Now the easternmost well on the exhibit is the Schemmerhorn Dabbs Well No. 1. It's located in Unit

letter E of Section 34. It was drilled in 1953. It produced gas and was abandoned in the Jalmat Gas Pool in 1954. It has a cumulative production of 40-million cubic feet of gas and when it was taken off production, it's last year of production averaged 184 MCF per month.

So it does show that there is gas present up to the porosity barrier and that there's a small amount of reserves in that far eastern end of that section.

Q Now is that the general conclusion you've reached from your review of these cross sections?

A Yes, it is.

Q In your opinion, Mr. Nutter, will granting this application impair correlative rights?

A No, it won't, because we're no closer to the line offsetting -- of any proration units offsetting us than they are to us.

Q And in your opinion will granting of this application prevent waste?

A I believe that it will, because we know, as Mr. Hartman has demonstrated many times in the Jalmat Gas Pool, if the locations are carefully selected and properly treated, that some of these old low pressure reserves can be produced, and we would expect to recover a considerable amount of gas from a well drilled at this proposed location, which would result in the recovery of reserves that other-

wise would not be produced and would prevent waste.

Q How soon is Mr. Hartman prepared to go forward with his -- with the drilling of this well?

A Mr. Hartman is ready to move a rig on this well and start next week.

Q Do you therefore request that the order be expedited?

A I certainly would, yes, sir.

Q And if the order cannot be expedited will we be requesting verbal permission to at least commence the drilling prior to approval of the location?

A We would like to be able to file an application for a permit to drill with the Hobbs Office and get approval of that location, of course, subject to the condition that it would not be produced until the order was entered approving an unorthodox location.

But we do want to get started drilling as soon as possible.

Q Have you reviewed Exhibits One through Four and can you testify from your own knowledge as to their accuracy?

A Yes, sir, I have gone over these exhibits. These exhibits, frankly, were not prepared by me. The geology is done by Mr. Hartman. I went over the geology with him and I agree with him on the geology.

MR. CARR: At this time, Mr. Catanach, we would offer into evidence Hartman Exhibits One through Four.

MR. CATANACH: Exhibits One through Four will be admitted as evidence.

MR. CARR: That concludes my direct examination of Mr Nutter.

CROSS EXAMINATION

BY MR. CATANACH:

Q Mr. Nutter, is the well in Section 3 still producing at this time?

A Yes, it is. The Amerada Kegel Well?

Q Yes, sir.

A Yes, it is. Its cumulative production through June of 1985 was 7.6-billion. Its average production in 1985, let's see, its average production in 1985 was 240 MCF per day, with a cum in June of '85 of 7.6-billion.

Q Mr. Nutter, the lease in Section 33, the east half of the southeast quarter, do you know who that is leased to?

A There's a large proration unit there, Mr. Catanach, which I did not describe to you. It's a -- it's a -- it's a 440 acre proration unit. It comprises the south half of Section 33, the west half of the northwest quarter

and the southeast of the southwest -- of the northwest quarter.

The producing wells on that, I mentioned that the well in Unit letter J was no longer producing, but the wells to the west there are operated by Alpha Twenty-One, that No. 5 in Unit letter E, which is on the cross section, is currently producing from the Jalmat, and the well that's designated as TPO El Paso No. 2, located in Unit letter L of Section 33 is producing from the Jalmat.

So those two wells, which are in the far west of that proration unit, are producing for that proration unit.

There's another proration unit to the northwest. That would be comprising the east half of the northeast quarter of Section 33 and the southwest quarter of the northeast quarter of Section 33, a 120-acre unit, and that is being drained by the well in -- No. 1, which is located in Unit letter C of Section 33.

To the north there's a 120-acre proration unit comprising the southwest quarter and the east half of the southwest quarter, and it's being drained by that well, Santa Fe No. 1, located in Unit letter M of that section.

And then, of course, with the Amerada 320-acare unit to the south of the proration unit and they don't have proration units in the Rhodes Gas Pool because it

is nonprorated, but I believe the acreage dedication for that Well No. 2-C, which is on the cross section, is the northeast quarter.

So those are the proration units that surround the proposed proration unit. There's no proration unit at the present time in the east half of Section 34. When that well was plugged and abandoned, that proration unit was abandoned.

Q The operator of the proration unit in Section 33, the large proration unit, is Alpha Twenty-One?

A Yes, sir.

MR. CATANACH: I have no further questions of Mr. Nutter.

Are there any further questions of the witness?

MR. CARR: No further questions.

MR. CATANACH: Mr. Nutter may be excused.

Is there anything further in Case 8803?

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 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. 8803 heard by me on Jan 9 1986

David R. Catanach, Examiner
Oil Conservation Division