

Case Number

4758

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
July 12, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production
Company for allowable transfer,
San Juan County, New Mexico.

CASE NO. 4758

BEFORE: Richard L. Stamets
Examiner

TRANSCRIPT OF HEARING

dearnley, rneier & mc cormick

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1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

dearnley, meier & mc cormick

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1 MR. STAMETS: Case 4758.

2 MR. HATCH: Case 4758: Application of Amoco
3 Production Company for allowable transfer, San Juan County,
4 New Mexico.

5 MR. MALONE: If the Examiner please, Charles
6 F. Malone, of Atwood, Malone, Mann & Cooter, Roswell,
7 appearing on behalf of the Applicant. We have one witness
8 and one Exhibit.

9 MR. STAMETS: Any other appearances in this Case?
10 (No response.)

11 MR. STAMETS: You may proceed.

12 * * * * *

13 JAMES LEE WOLFE,
14 was called as a witness and, after being duly sworn, testified
15 as follows:

16 DIRECT EXAMINATION

17 BY MR. MALONE:

18 Q What is your name and address, please, sir?

19 A My name is Jim Wolfe of 5727 Carr Place, Littleton,
20 Colorado.

21 Q And your occupation?

22 A A petroleum engineer for Amoco Production Company.

23 Q Since you have not testified before the Commission,
24 would you briefly outline your education and experience
25 in the field?

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1 A I graduated from Arizona State University in 1968 with
2 a degree in Chemical Engineering. I have worked for
3 Amoco for four and one-half years in the Oklahoma City
4 office and in Fort Worth, Texas, office where I
5 handled the operations for Michigan, Kansas, Oklahoma,
6 and West Texas.

7 For the last year I have been employed in the
8 Denver Division where I have worked in the Texas
9 Panhandle and northwest New Mexico, handling primarily
10 the operations in the San Juan Basin.

11 Q Has the area described in the Application been the
12 subject of your work in recent months?

13 A Yes, it has.

14 Q Would you state --

15 MR. MALONE: Are the witness' qualifications
16 acceptable?

17 MR. STAMETS: I presume you have been working as
18 a petroleum engineer for Amoco?

19 THE WITNESS: Yes, for four and a half years.

20 MR. STAMETS: His qualifications are accepted.

21 Q (By Mr. Malone) Would you state briefly the purpose
22 of this Application?

23 A We are requesting to be allowed to conduct a ninety
24 day shut-in and pressure buildup tests on our Gallegos
25 Canyon Unit Com "H" Well Number 180 and its Unit Com "E"

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1 Well No. 161 located, respectively, in Unit J of
2 Section 28, Township 29 North, Range 12 West, and
3 Unit O of Section 23, Township 29 North, Range 12
4 West, Basin-Dakota Pool, San Juan County, New Mexico.

5 Applicant seeks authority to transfer the
6 allowable from the two wells during said period to
7 its Unit Well Number 202 located in Unit B of Section
8 33, Township 29 North, Range 12 West, during said test
9 period or to some other well or wells suitable to
10 the Commission.

11 Q What is the primary purpose of the testing of the wells?

12 A We are cooperating with several other oil companies out
13 in the San Juan Basin to run these ninety day shut-in
14 tests.

15 Aztec is currently running three tests and Amoco
16 will be running two.

17 Southern Union will be running three and Tenneco
18 will be running one.

19 We hope that by the use of this information we
20 will be able to get better permeability of the San
21 Juan Basin and we would like to compare surface pressures
22 to bottomhole pressures. We are going to calculate
23 bottomhole pressure in the reservoir and are going to
24 evaluate whether these wells are draining the full 320
25 acre spacing and this information will be used, hopefully,

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1 for further model studies and possible reserve
2 determinations.

3 Q Referring you to Exhibit Number 1, was it prepared by
4 you or under your supervision?

5 A Yes, it was.

6 Q What is shown in Exhibit 1?

7 A It indicates the two wells we are talking about, one
8 is well Number 161 and the other is well Number 180 and
9 is to the north of well Number 202.

10 Q For the convenience of the Examiner, the three wells
11 are marked with blue arrows and the two wells that
12 would be shut-in are the wells in the northwest?

13 A That's right.

14 Q Can you give the Examiner, briefly, some of the recent
15 production history on these three wells?

16 A Well Number 161 currently has a deliverability of about
17 500 MCF per day and the well for the month of May
18 produced 15,000 -- about 16,000 MCF, whereas the
19 allowable is approximately 16,000 MCF.

20 The allowable for June is 14,500 MCF.

21 Well Number 180 has a deliverability of approximately
22 1,400 MCF per day. The well for the month of May
23 produced 22,000 MCF for sixteen days and the allowable
24 for the month of June was 24,800 MCF.

25 Well Number 202 has a deliverability of approximately

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1 2,900 MCF per day and for the month of May it produced
2 55,000 MCF in nineteen days.

3 The current allowable for that well would be
4 32,800 MCF.

5 Q So what would be the general effect of shutting in the
6 two wells in the north for ninety days and transferring
7 the allowable to the well in the south?

8 A Well Number 202 definitely has the capacity to produce
9 the allowables for wells 161 and 180. Well 202 is
10 currently overproduced by approximately 123,000 MCF.

11 The reason we are using these particular wells is
12 we had ninety day shut-in pressure on these two wells
13 in 1966, and decided we would use these two wells since
14 we had previous data.

15 Q As I understand your testimony, this is part of a general
16 testing program which is being conducted not only by
17 your company but by others, in the Basin-Dakota Pool.
18 The purpose of this is to gain additional information
19 about permeability and productivity of the Dakota general
20 area; is that correct?

21 A That is correct. This is part of a tentative thing.
22 There will be nine wells tested spread out through the
23 Basin-Dakota and we hope they will give us a better
24 idea of the permeability and bottomhole pressures of
25 the Basin-Dakota Pool.

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1 Q In your opinion, is it possible that this will
2 contribute to a better understanding of the Basin-
3 Dakota Pool and contribute to better recoverability
4 of gas in the long run?

5 A Yes, it would. We feel this data is definitely needed
6 because a lot of this data has not been checked in the
7 Basin-Dakota formation. We feel this data will be
8 used in the future to obtain maximum recovery from the
9 Basin-Dakota Basin.

10 Q This testing does not involve pressure differences between
11 wells or matters of interference, but instead is a
12 testing program for the individual wells themselves?

13 A Yes, sir, this is correct. This is the reason the wells
14 are scattered throughout the basin, the wells that we
15 are testing.

16 Q In your opinion, Mr. Wolfe, would the granting of this
17 Application and the obtaining of this additional
18 information tend to possibly increase the production of
19 gas from the Dakota field thus preventing waste?

20 A Yes, we believe it would. As I mentioned previously,
21 we will use this data to better understand the Basin-
22 Dakota formation and it will hopefully increase
23 production out there.

24 MR. MALONE: We offer Exhibit 1.

25 MR. STAMETS: Any objections to the Exhibit?

(No response.)

MR. STAMETS: It will be admitted in evidence.

(Whereupon, Applicant's Exhibit 1 was
admitted in evidence.)

MR. MALONE: I have no further questions.

* * * * *

CROSS EXAMINATION

BY MR. STAMETS:

Q I notice that well Number 180, which you propose to
shut-in and well Number 202, which you propose to
produce, are offset wells. Are you anticipating or
are you looking for interference between these wells?
A No, sir, that was not the primary reason for doing this.
The Basin-Dakota formation is very tight with very low
permeability and we do not anticipate at this time that
there will be any increase in production at Number 180
by producing additional gas out of Number 202. We
certainly don't think there will be any type interference.

Q Are all the wells under discussion here non-marginal
wells?

A Yes, they are.

Q Do you propose any change in the status of the wells
as far as allowables are concerned with the exception
of the transfer of allowables for the ninety day period?

A No, sir.

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1 Q And you do not intend to transfer the allowables against
2 the overproduction of well 202?

3 A No, sir.

4 Q Are there any indications as to when you might start
5 this?

6 A As soon as possible, during the summer months, when
7 deliverability is not as high.

8 MR. STAMETS: Are there any additional questions
9 of this witness?

10 (No response.)

11 MR. STAMETS: If not, he may be excused.

12 (Witness excused.)

13 MR. STAMETS: Are there any other appearances or
14 comments in this Case?

15 (No response.)

16 MR. STAMETS: The Case will be taken under
17 advisement.

dearnley, meier & mc cormick

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, RICHARD E. MCCORMICK, a Certified Shorthand Reporter,
5 in and for the County of Bernalillo, State of New Mexico.
6 do hereby certify that the foregoing and attached Transcript
7 of Hearing before the New Mexico Oil Conservation Commission
8 was reported by me; and that the same is a true and correct
9 record of the said proceedings to the best of my knowledge,
10 skill and ability.

11 *Richard E. McCormick*
12 CERTIFIED SHORTHAND REPORTER
13
14
15
16
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21

22 do hereby certify that the foregoing is
23 a correct record of the proceedings in
24 the Executive Hearing of Case No. 7758,
25 held by me on July 12, 1972.
Richard E. McCormick, Reporter
New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEJAMES LEE WOLFE

Direct Examination by Mr. Malone

3

Cross-Examination by Mr. Stamets

9

E X H I B I T SAPPLICANT'SOFFEREDADMITTED

Amoco Production Company

Exhibit Number 1

6

9

dearnley, meier & mcormick

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

July 25, 1972

Re: Case No. 4758

Order No. R-4349

Applicant:

Amoco Production Company

Mr. Charles Malone
Atwood, Malone, Mann & Cooter
Attorneys at Law
Post Office Box 700
Roswell, New Mexico 88201

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC **X**

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4758
Order No. R-4349

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR ALLOWABLE TRANSFER,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of July, 1972, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

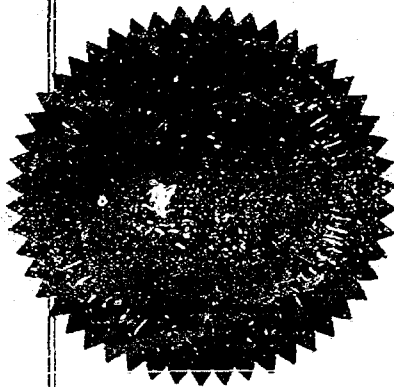
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4758 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.



S E A L

dr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

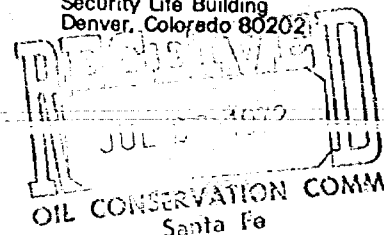
Alex J. Armiijo
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



Amoco Production Company

Security Life Building
Denver, Colorado 80202



July 17, 1972

File: VDP-351-986.511

Mr. A. L. Porter, Jr.
Secretary-Director and Geologist
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Re: Application for Allowable Transfer within Gallegos
Canyon Unit, Basin Dakota Field, San Juan County,
New Mexico, Case No. 4758

This is in regard to the above mentioned case which deals with
90 day shut-in and pressure buildup tests on Gallegos Canyon
Unit Com "H" No. 180 and Unit Com "E" No. 161. This case was
heard before the Commission on July 12, 1972.

It has been brought to our attention that the two above men-
tioned wells are individual lease producing wells within the
Gallegos Canyon Unit and, therefore, we cannot transfer
allowable to a unit well. We concur with this and wish to
withdraw, without prejudice, our application for the transfer
of allowable as requested in Case No. 4758.

Yours very truly

RBG/JLW:ka

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 12, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 4753: Application of Roger C. Hanks for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit in the East Shoe Bar-Devonian Pool comprising the NW/4 SW/4 and the SW/4 NW/4 of Section 29, Township 16 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South line and 660 feet from the West line of said Section 29.
- CASE 4754: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its C. H. Lockhart (NCT-1) Well No. 3 located in Unit O of Section 18, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Paddock and Blinebry Pools through one string of tubing and the Tubb Pool through a parallel string of tubing.
- CASE 4755: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 303 of the Commission Rules and Regulations, authority to commingle production from the Skaggs-Drinkard, Skaggs-Glorieta, and East Weir-Blinebry Pools in the wellbore of its C. H. Weir "B" Well No. 5 located in Unit G of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico.
- CASE 4756: Application of Blackrock Oil Company for the creation of a new gas pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Delaware formation for its Jennings Federal Well No. 1 located in Unit O of Section 33, Township 25 South, Range 32 East, Lea County, New Mexico. The Commission will also consider whether or not an associated pool should be created for the above-described well.
- CASE 4757: Application of Beard Oil Company for a unit agreement, Sierra County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jornada Del Muerto Unit Area comprising 115,180 acres, more or less, of Federal, State, and Fee lands in Townships 13, 14, and 15 South, Ranges 1 East and 1 West, Sierra County, New Mexico.
- CASE 4758: Application of Amoco Production Company for allowable transfer, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to conduct 90-day shut-in and pressure build-up tests on its Gallegos Canyon Unit Com "H" Well No. 180 and its Unit Com "E" Well No. 161 located, respectively, in Unit J of Section 28, Township 29 North, Range 12 West, and Unit O of Section 23, Township 29 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico. Applicant seeks authority to transfer the allowable from the two wells during said period to its Unit Well No. 202 located in Unit B of Section 33, Township 29 North, Range 12 West, during said test period or to some other well or wells suitable to the Commission.



Ex oil locating each well
transporter for each

Case 4755
Amoco Production Company
Security Life Building
Denver, Colorado 80202

June 13, 1972

File: VDP-289-986.511

Mr. A. L. Porter, Jr. (3)
Secretary-Director and Geologist
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Re: Application for Allowable Transfer Within Gallegos
Canyon Unit, Basin Dakota Field, San Juan County,
New Mexico

Amoco is making arrangements to begin 90-day shut in and pressure buildup tests on Gallegos Canyon Unit Com "H" No. 180 and Unit Com "E" No. 161. This test information, when compared to recent bottom hole pressure surveys on various Basin Dakota wells, should prove beneficial in future reserve and reservoir performance studies.

These two Gallegos Canyon Unit wells have a combined allowable exceeding 30 MMCF per month. If transfer of allowable were permitted, no production would be lost since these tests will be run during the 'lower demand for gas' summer months.

As a follow-up to our phone conversation with Elvis Utz in early May pursuant to this matter, we request an Order be entered permitting Amoco, Gallegos Canyon Unit Operator, to transfer the allowables for three months from Unit Wells 161 and 180 to Unit Well No. 202 (refer to enclosed map). Unit Well No. 202 is capable of producing over 80 MMCF a month, is presently overproduced, and in March, 1972, produced only for one day. Unit No. 180 is 23,911 MCF overproduced through March, 1972, and Unit No. 161 is 26,913 underproduced for the same period. Several other wells in the Gallegos Canyon Unit could easily accept the transferred allowables if Unit Well No. 202 is unsuitable.

Yours very truly,

RB Giles

RBG:ka
Attachment
cc: See Attached List

DOCKET MARKED

Date 6-30-72

Sched
Show 161 as
located in
unit 0.07

Condensate
plateau
for 161 + 202
202

JUN 19 1972
OIL CONSERVATION COM
SS

O-Sec 23-29-13 West

in unit 5

unit 16

cc: Mr. E. C. Arnold (2)
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

United States Geological Survey
P. O. Box 965
Farmington, New Mexico 87401

United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

T. J. Files
Building

L. O. Speer, Jr.
Farmington

VERIFICATION

STATE OF COLORADO)
 : SS
COUNTY OF DENVER)

R. B. GILES being first duly sworn upon oath deposes and says that he is employed in an engineering capacity by Amoco Production Company, that the foregoing application has been prepared under his supervision and direction, that he is familiar with the information contained in the application and that the matters and the things therein set forth are true and correct to the best of his knowledge and belief.

R B Giles
R. B. Giles

Subscribed and sworn to before me this 13th day of June, 1972.

Kathleen L. Allison
Notary Public

My Commission expires July 24, 1974.

DRAFT

RLS/FR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

Production
Application of Amoco Producing Company
for allowable transfer, San Juan County,
New Mexico.

CASE No. 4758

Order No. R- 4349

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972
at Santa Fe, New Mexico, before Examiner Richard L. Stevens.

NOW, on this July day of 1972, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4758 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.