

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

(Case 262. This is a hearing to set out the limits of the pool and spacing for Mesa Verde production in the vicinity of Largo pool, San Juan County, N. M., generally in Townships 27 and 28 and 29 North, Ranges 7 and 8 West.)

(Came on for hearing following noon recess.)

CHAIRMAN SHEPARD: The next case is Case 262. Will you read, Mr. Graham, please?

(Reads notice of publication.)

CHAIRMAN SHEPARD: Is the applicant ready?

MR. GORDON: Yes, sir.

CHAIRMAN SHEPARD: O. K.

MR. GORDON: My name is Joseph C. Gordon, representing Byrd-Frost Incorporated. In the area inclosed in this request Byrd-Frost Incorporated have completed 3 wells in the Mesa Verde. They are as follows: The Billie D. Day, located in the SW/4 of Section 17, T. 29N, R. 8W -- excuse me a minute. I have 3 maps here that might help you locate those. The G. W. Nickson No. 1 in the NE/4 of Sec. 33, T. 28N, R. 7W, and the H. E. Roeloffs No. 1 in the NE/4 of Sec. 22, T. 29N, R. 8W. ✓ We are currently completing J. F. Hughes No. 1 in the SW/4 of Sec. 19, T. 29N, R. 8W, and we are making locations--two locations-- on the Allie V. Tapp. One would be in the NE/4 of Sec. 17, T. 28N, R. 8W. The other would be the SW/4 of Sec.

16, T. 28N, R. 8W. Now, I have discussed this matter with representatives of the Commission, and they say we are a little ambitious in covering such a large area without more development. The fact of the matter is it is probably 10 miles in a straight line from the Billie O. Day down to the Nickson well, which is over in 28N-7W. So we would like to request this. That if the Commission sees fit they would set up an area around the Billie D. Day and the Roeloffs wells, which are located in T. 29N, R. 8W. Set up an area around those wells and if the Hughes well is completed in the very near future, include that in the same area. And possibly designate that as North Largo. Then over here around our Nickson well in 28N-7W to set up what the Commission would designate as the probable proven area around the Nickson No. 1, and designate that as East Largo. I mention this--there already has been an area designated as Largo which is around the Great Lakes Graham No. 1 well. It may be known as the Hearth. I am not sure. That is south of what we would like to have designated as North Largo and west of what we would describe as East Largo. Eventually, the entire area may tie in together there, but to date it isn't proven. Now, our well spacing or pattern has been 320 acres to the well to the Mesa Verde, with locations in the alternate 320 acres in each section, which is the same pattern as has been put in effect in the Blanco field. Field rules I think should be discussed later, but the spacing I

think should be followed, 320 acres, with the provisions for communitizing the same as are customary, and conditions like that. One of these townships has some sections on the west side that are not full 640 acres. They are irregular. I believe that is about all that I can think of right now.

CHAIRMAN SHEPARD: Any questions?

MR. McCORMICK: How deep are these wells?

MR. GORDON: These wells are running about 56 or 5700 feet.

MR. McCORMICK: And what initial production on them?

MR. GORDON: The Billie D. Day is producing from both the Cliff House and the lower formation. And the initial potential on that is 4,800,000 feet per day. The Roeloffs is producing from the lower formation and the Point Lookout and the potential on it is 5,800,000 feet.

MR. McCORMICK: How much are you actually withdrawing from each well?

MR. GORDON: These wells are not connected to a pipe line at this time. They are awaiting a contract. The Nickson No. 1 over on the east side is producing from the Point Lookout and its potential is rated at 5,350,000 per day.

MR. McCORMICK: How is it producing from two different horizons. Have you got double perforations?

MR. GORDON: The one well that is open to two sections is the Billie D. Day. The first completion--and it is just open

to both formations. The lower formation has been shot, but so far as I know the upper formation has not. Now, we are contemplating discussing among ourselves the feasibility and practicability of completing these wells with sealed casing opposite the Cliff House, going on down and setting casing on top of the Point Lookout. Complete with cable tools in the Point Lookout and possibly set a liner or packer between the two, and eat the casing out with chemical, acid, and shoot it, and make a separate completion in that. And then possible use a packer and produce the two horizons separately by means of a packer. We haven't asked for approval on that because we do not know what the formation pressure is going to be in the Cliff House. We have only completed one well in the Cliff House and the lower formation. And we need more experience in the field before we are willing to propose field rules.

MR. McCORMICK: Well, if these wells aren't connected now, and if you haven't determined on your final method of completing them, say, what is the purpose of having the pool designated at this time?

MR. GORDON: Well, we think we will soon have a connection for the gas, by selling gas. We don't want to set up this-- set up different pool horizons. That is, between the Cliff House and the Point Lookout. But we may wish to produce them separately on account of the possible difference in pressure between

the Cliff House and the Point Lookout formations. But all we are asking for now is the name of, say, North Largo and East Largo and 320 acre spacing to be set up so that any wells drilled in the area will conform to the pattern.

MR. McCORMICK: How much of this area that you propose to include in Largo is government land?

MR. GORDON: Practically all of it.

MR. McCORMICK: And you have two distinct producing horizons there now?

MR. GORDON: Well, we will call them the Mesa Verde. We are not trying to differentiate between them.

MR. McCORMICK: How far apart vertically are they?

MR. GORDON: Five or six hundred feet I believe. I would have to check that. Quite a distance between the two.

MR. McCORMICK: There would have to be one pool set up for one pool or the other.

MR. GORDON: We are just asking for Mesa Verde gas. In the general area they are taking the Cliff House and Point Lookout as being part of the Mesa Verde, and setting up pools on the Mesa Verde only although they may be producing from one or both. In the Blanco they are producing from both in many cases.

MR. SPURRIER: Mr. Gordon, you would recommend that the now existing Largo Pool should include also these four other wells in T. 28N-8W?

MR. GORDON: I didn't make any recommendation to cover them. They are not our wells. I am making recommendations on our own producing properties.

MR. SPURRIER: It seems it might be logical to include them.

MR. GORDON: It might be, yes, sir. You might want to do that. But I wasn't requesting it.

MR. SPURRIER: All right.

CHAIRMAN SHEPARD: Any questions? Mr. Morrell?

MR. MORRELL: I am in entire accord with the statements made by the representative from Byrd-Forst with the single exception of the name of the pool. I think that the Commission should take cognizance of the structure on which this gas is located. For the information of the Commission--this is an extra copy you can have if you like; you have some in your office;; I will sketch two contours. We will take a plus 900 feet contour of the basin and a plus 1,400 foot contour of the basin. This is a single gas structure that swings southeasterly from the now defined La Plata area through the now defined Blanco area. The area of which Mr. Gordon is speaking is right in here. It is certain that there is a single common reservoir of Mesa Verde production. We will then be confronted with the fact that we can get too many names in a single pool. I think the Commission should take that into consideration for its own convenience. We have got La Plata and South La

Plata which are rapidly being absorbed. The only producing area east of the Animas is the Blanco. The name Largo is a happenstance completed south of Blanco. It isn't producing. To add to the confusion, the area which Mr. Gordon wants to have called Largo is already included in some agreements that are now before the Department of the Interior and which will be submitted to this Commission involving Delhi, Blanco, San Juan Production Company, and the El Paso Natural Gas Co. that embrace the term Blanco. There is production in the area now from southern San Juan production Co. wells, which come under the Blanco development contract. It seems to me to simplify the record it would be best to extend the name of a producing area rather than continue one that is not producing. I would suggest that this single gas structure take the name of La Plata from the Colorado line to the Animas River, and exclude from the Animas River to the Blanco. When it has been definitely proved, similar to the case of what was done in Fulcher Basin and Kutz Canyon, that was hyphenated and made a single field and cut it down to Fulcher-Kutz. We could get this to Blanco-La Plata and take it all. If you don't, you will have each operator getting his preference. We had Cedar Hill offered for a couple of wells between Blanco and La Plata. And for over-all convenience it would be much simpler to retain the names to as few as possible.

MR. McCORMICK: It is your suggestion that this area under

consideration now be included in the Blanco Pool?

MR. MORRELL: Blanco.

MR. McCORMICK: And it would be joined up all as one pool?

MR. MORRELL: Yes.

MR. GRAHAM: Why not fix Blanco for the time being?

MR. MORRELL: If you want to make it for the time being, south or east, we have no objection. But the thought of simplifying the terminology for the record, it would be very helpful. For the record, the contract I spoke of for development includes land in 28N, 8 and 9W; 29N-9W, 30N-8 and 9W. This area that Byrd-Frost has in mind includes 28N-8W as well as 29N-8W.

MR. McCORMICK: I ask you, Mr. Morrell, if you think the development has gone far enough now to include it all in one pool?

MR. MORRELL: I think it has definitely proved to be continuous. You get wide variations in the productivity of wells, but it is proved to be productive down through 28N-7W.

MR. GORDON: Now how much area is there in what you would specify as the present Blanco as designated by the state?

MR. MORRELL: This area here. I might add that south of the present designation by the state of the Blanco area wells have been drilled continuously to what is already designated as Largo a mile or two apart.

MR. GORDON: This area you are speaking of is about that big?

MR. McCORMICK: It takes in this.

MR. GORDON: Now specified as Blanco.

MR. MORRELL: Not much larger than what is drawn there.

MR. GORDON: And the area we are talking about in this hearing is 10 miles long and about--it is maybe twice as much area. That is, the total area.

MR. MORRELL: But the present definition is

MR. GORDON: Well, I am just going by what is set up.

MR. SPURRIER: What do you think about the size of the pool Mr. Gordon recommended?

MR. MORRELL: I see no reason why it couldn't be carried over as much area as he suggests.

MR. SPURRIER: It goes from ?

MR. MORRELL: It can be fully 12 miles north and south and carried on over another 10 miles east. But the department does have much of this area that Mr. Gordon suggests as Largo in its area as Blanco, and the production will be recorded by the El Paso Natural Gas Co. as Blanco under its contract. I think the situation is that Byrd-Frost has got Largo set up on its records and would prefer to not change them. That is something to be considered too.

MR. GORDON: Yes, we have a big area there. It was called Largo before we ever went out there and bought leases. It has always been called Largo on account of Largo Canyon. That name has always stood for that area, and we would kind of like to

