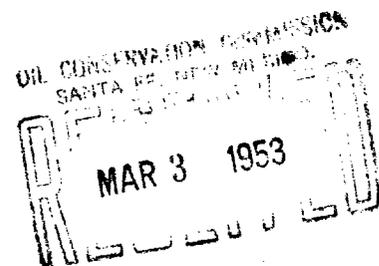


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico
March 17, 1953

TRANSCRIPT OF HEARING

CASE NO. 522



ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico
March 17, 1953

In the Matter of:

Application of the Oil Conservation Commission upon its own motion for an order amending Rule 112 of Order No. 850 to provide for the approval of multiple-zone completions by the Secretary of the Commission where the multiple-zone completion is a completion involving the production of oil and the production of gas from a gas-producing zone in a defined gas pool.

Case No. 522

TRANSCRIPT OF HEARING

(Notice of Publication read by Mr. Graham)

MR. SPURRIER: Does everyone have a copy of the proposed Rule 112, or the revised 112? I don't know if you all have had time to study this or not. Is there any objection to the Commission's proposal at this time?

MR. HOLLOWAY: J. P. Holloway with Tide Water. I would like to suggest that we substitute this word "multiple" for dual, in every instance where the word "multiple" is used.

MR. MACEY: Mr. Holloway, in order to do that we would also have to revise our definition, which right now we do not have a definition of dual completions. We have a definition of multiple completions. I agree with you.

MR. HOLLOWAY: I think we are talking about dual in every instance, but there are attempts to make triple completions.

MR. MACEY: We could, this is a legal point, as to whether

we have sufficient notice, we could go ahead probably, go ahead and change the word "multiple" to "dual". We could re-advertise the case and change the definition.

MR. SCOTT: W. A. Scott for Shell Oil Company. Shell would like to concur with Mr. Holloway's request. We are certainly in favor of the establishment of such a procedure as provided by this rule, but we do earnestly request, if possible, that the Commission consider changing the word "multiple" to "dual" in order to eliminate the possibility of only two zones.

MR. COLLISTON: Paul Colliston, Continental Oil Company. I would like to join in that request that the words "multiple-zone" be stricken and the words "dual completion" be substituted, that the appropriate definition be amended to read "dual completions" and that the words "including a bradenhead gas well" be stricken. The problems of a dual completion within a string of pipe, and the problems of the bradenhead gas well are two separate problems. I don't think they properly belong in this one rule and in the automatic procedure. I do want to concur in the automatic procedure.

MR. MACEY: If we strike bradenhead we won't have any rule for the bradenhead.

MR. COLLISTON: Give us the right one. Let's not mix it up. It is an entirely different one.

MR. MACEY: In other words, you think we ought to define a rule for bradenhead gas well.

MR. COLLISTON: As I understand your rule it is an adequate rule, but dual completion is dual completion in one string of pipes. You are concerned with the mechanism of that problem. It

is not the problem of bradenhead, which is two strings of pipes definitely cased off. It is a different mechanical problem, different operational problem. You would have better regulation with two rules and not try to mix them together.

MR. HOLLOWAY: The bradenhead of the well is frequently just accidental, isn't it?

MR. SPURRIER: Yes. Any other comments in the case?

MR. ALMAN: J. D. Alman, Junior, with Sinclair. On behalf of Sinclair, I would like to say we concur in the Commission of such a rule and possibly the amendments that have been submitted. I would like to further suggest that Paragraph (b) be amended by adding the words after the first few words, "the application for hearing shall", add the words "it will be verified and shall be submitted". I believe that a verified application would better protect the Commission and I think that the operators involved will be a little more careful in the statements that they make with regard to the facts set forth in this application.

MR. SPURRIER: Any other comments?

MR. CAMPBELL: I would like to ask a question on behalf of Gulf. Does the Commission contemplate issuing an order in each of the cases? What I am thinking about, I believe that the operators have notice so that they can maintain records where dual wells have been approved by the Commission. I assume that you contemplate issuing an order after the procedure provided for in this rule is followed. Is that correct?

MR. SPURRIER: It wouldn't be a Commission order, Mr. Campbell. It would be an administrative directive, I believe.

MR. CAMPBELL: We would like to request that some procedure be set up for issuing some notice after the application is granted in order that the records of other operators in the area may be maintained as to the completion of dually completed wells.

MR. SPURRIER: I think that we should continue this to the next hearing and that any additional changes should be prepared, and you should submit them at the next hearing, including the ones already submitted. Mr. Kelly, did you have something to say?

MR. KELLY: Yes, sir, I would like, if you are going to continue this meeting on suggestions, I would like, if possible to have an explanation of what you mean by c-1. I assume that you mean that the dual completions, that you are going to authorize, are those where you are producing oil from a lower zone and gas from an upper zone, but I don't quite understand the defined limits of the field you have set up. In other words, the well may be a gas well on the Yates, and in one place, and three miles away the Yates might be an oil well.

MR. MACEY: The reason the limits were put in there was to limit automatic procedure within the final limits of the oil and gas pool.

MR. KELLY: It is applied to the defined limits of an oil pool there.

MR. MACEY: That is true.

MR. KELLY: How can it be automatic?

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, hereby certify that the above and foregoing transcript of proceedings in Case No. 522, taken before the Oil Conservation Commission on March 17, 1953, at Santa Fe, New Mexico, is a true and correct record.

Dated in Albuquerque, New Mexico, this 25th day of March, 1953.



Notary Public

My Commission Expires:
June 19, 1955.

Following is a suggested Revision of Rule 112-Multiple Zone Completions.

RULE 112:

(a) The multiple zone completion of any well, including a bradenhead gas well, may be permitted only by order of the Commission upon hearing, except as noted by the provisions of paragraph C of the rule.

(b) The application for such hearing shall be submitted in triplicate and shall include an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, and shall set forth all material facts on the Common Source of Supply involved, and the manner and method of completion proposed.

(c) The Secretary of the Commission shall have authority to grant an exception to the requirements of Paragraph (a) above, insofar as they pertain to multiple zone completions, without notice and hearing where application has been filed in due form, and

(1) The lowermost producing zone involved in the Multiple zone completion is an oil or gas producing zone within the defined limits of an oil or gas pool and the upper producing zone involved in the multiple zone completion is a gas producing zone within the defined limits of a gas pool.

Applicants shall furnish all operators who offset the lease upon which the subject well is located a copy of the application to the Commission and applicant shall include with his application a written stipulation that all offset operators have been properly notified. The Secretary of the Commission shall wait at least 10 days before approving any such multiple zone completion, and shall approve such multiple zone completion only in the absence of objection from any offset operator. In the event an operator objects to the multiple zone completion the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the 10 day waiting period requirement if the applicant furnishes the Commission with the written consent to the Multiple Zone completion by all offset operators involved.