

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 8, 1957

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IN THE MATTER OF: *
*
CASE NO. 1250 *
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TRANSCRIPT OF PROCEEDINGS

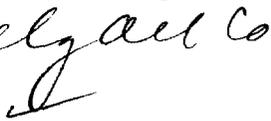
NEW MEXICO OIL CONSERVATION COMMISSION

Oil Commission Office, Room 109

Santa Fe, N, NEW MEXICO

REGISTER

HEARING DATE EXAMINER May 8, 1957 TIME: 9:00 a.m.

| NAME: | REPRESENTING: | LOCATION: |
|--|--|--|
| <i>Henry W. Selinger</i> <i>J. H. Ramey</i> | <i>Sheely Oil Co</i>  | <i>Fulsa Opla</i> <i>Hobbs</i> |
| <i>J. J. Guleavey</i> <i>W. G. Abbott</i> |  <i>Amerada Pet Corp</i> | <i>Hobbs</i> <i>Monument, N. Mex.</i> |

A. Hobbs, New Mexico

Q. Are you familiar with Skelly Oil Company's operations in Eddy County, more specifically Section 21 and 28, Township 17 South, Range 31 East, Eddy County?

A. Yes, I am.

Q. How many wells in the Grayburg-Jackson formation does Skelly operate on the Dow "B" Lease?

A. We have at the present 9 wells.

Q. I'll hand you what has been marked as Exhibit 1 and ask you to state what that is and if you prepared it.

A. Exhibit 1 is a plat of the area in question showing lease ownership, Grayburg-Jackson well locations, possible future drilling locations, present flow lines and tank battery locations.

Q. As I understand from the plat of the area which you had made up, shows the well, the tank battery location, possible future locations, in the present flow lines and who the off-sets are, is that correct?

A. Yes, sir.

Q. And now originally this application was filed for administrative approval and copy of the application was sent to all of the offsets, is that correct?

A. That is right.

Q. I'll hand you what has been marked as Exhibit 2 and ask you to state if you prepared this Exhibit and what it purports to show.

A. I have prepared the Exhibits and Exhibit No. 2 is a simple sketch of the proposed testing facilities for this tank battery. The hook up is actually just a simple header system whereby production from any flow line can be diverted into the test tank.

Q. The lease storage on this tract consists of two 500 barrel stock tanks, is that correct?

A. That is correct.

Q. Now is the lease, the Dow "B" Lease in Section 21 and 28, one common base lease?

A. Yes, it is.

Q. Will you tell the Examiner whether or not all of the wells are top allowable wells or marginal wells, or some are top and some are marginal?

A. Well No. 22 is at present a top allowable well and the rest of the wells are classified as marginal.

Q. In other words, there are at the present time nine wells, eight of which are marginal and only one top allowable?

A. That is correct.

Q. Now will you enumerate the marginal wells and their capabilities, their present allowables and their marginal allowables?

A. Well No. 1, producing about 5.3 barrels per day. No. 2, 12 barrels per day, No. 3---

Q. Wait a minute--go a little slower-- No. 1, 5.3, No. 2, 12 barrels---

A. No. 3, 20 barrels, No. 4, $1\frac{1}{2}$ barrels, No. 5, 4 barrels, No. 6, 4 barrels, No. 7, 3 barrels, No. 11, 5 barrels and No. 22, top allowable, 40 barrels.

Q. Which of the wells are pumping and which are flowing?

A. Well No. 22 is flowing, the rest of the wells are pumping.

Q. Now under--do you have reason to believe from the present information and past knowledge of this field as to the possibility of 22 being a top allowable for a lengthy period of time?

A. I do not think it will be a top allowable for any great length of time.

Q. Why?

A. It is old area and it is offset by a well that was completed in 1946 and its in a solution drive gas field and everything points to rapid decline.

Q. On Exhibit 2 which you prepared you have indicated the lines that you hooked up by the numbers lines 1, 2, 3, 4 and 5, you've indicated the wells that go into each of those lines, is that correct?

A. That is correct.

Q. I'm directing your attention to line 2 which contains the only top allowable well 22, together with Well 4 and 11, as I believe you testified No. 4 produces only 1.5, No. 11 produces 5 barrels, so that there wouldn't be any way of over producing the top allowable Well No. 22 because the total amount of allowable for line 2 would be $46\frac{1}{2}$ barrels. Is that correct?

A. That is correct.

Q. And that would be the total production from all three wells?

A. Yes.

Q. Then, therefore, you are requesting the exception for a common tank battery in excess of one well and in excess of 8 wells to a maximum of 16 wells which might be drilled on these two sections of a common lease for a number of reasons, one being economic?

A. That is correct.

Q. Would another be to reduce the capital investment on the marginal wells on all these wells?

A. That is correct.

Q. And third will it facilitate your operations in the field for proration purposes and other producing purposes?

A. That is correct.

MR. SELINGER: We offer in evidence Exhibit 1 and 2.

MR. MANKIN: Is there objections to entering Exhibits 1 and 2?

If not, they would be so entered?

MR. SELINGER: I believe thats all.

MR. MANKIN: I have one question, Mr. Ramey, does this thousand barrels of storage which you have shown on Exhibit 2, that would be under the present number of wells approximately how many days of storage?

MR. RAMEY: It would be almost 11 days.

MR. MANKIN: With the full development of 16 wells, it would be-- of course I realize there would be an estimate of--do you feel that this thousand barrels of storage would be adequate?

MR. RAMEY: If the remainder of the wells came into top allowable, we would probably have to add tankage to the battery.

MR. MANKIN: Is there further question of the witness, Mr. Nutter?

MR. NUTTER: Mr. Ramey, referring to your Exhibit No. 2, is provision made here for the individual testing of each well?

MR. RAMEY: Yes most of these wells are pumped every other day and can be pumped on alternate days for testing purposes.

MR. NUTTER: So that in the case of, for instance, line number 2, where you have three wells coming in--common line, two wells could be shut in--production tests gained on them?

MR. RAMEY: Yes.

MR. NUTTER: Now in the event that all 16 locations are made into producing wells, would adequate facilities be made for individually testing each well?

MR. RAMEY: Yes there would.

MR. NUTTER: Thats all.

MR. MANKIN: I have one other question, Mr. Ramey. Is this a fee or patented lease?

MR. RAMEY: It is a federal lease.

MR. MANKIN: Federal lease?

MR. SELINGER: I might add Mr. Examiner that approval has been secured from the U. S. G. S., and they have so advised Mr. Porter of their approval or proposal.

MR. MANKIN: Is there any questions of the witness? If there is no other questions, the witness may be excused. Are there any other statements to be made in this case? If there is nothing further, we will take the case under advisement.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

I, Ola M. Garcia, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Santa Fe, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 21st day of
May, 1957.

Ola M. Garcia

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1250 heard by me on May 8, 1957.
Warrumark, Examiner
New Mexico Oil Conservation Commission