

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 16, 1957

IN THE MATTER OF
CASE NO. 1252

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 16, 1957

IN THE MATTER OF:)

Application of the Oil Conservation)
Commission upon its own motion for)
an order revising Commission Form)
C-104, as established by Rule 1107)
of Commission Rules and Regulations.)
Applicant, in the above-styled cause,)
seeks an order revising the format)
and information required on Commission)
Form C-104, Request for (oil-gas) Al-)
lowable.)

CASE NO.
1252

BEFORE:

The Honorable Edwin L. Mechem
Mr. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PORTER: Next case to be considered will be Case 1252.

MR. COOLEY: Case 1252. Application of the Oil Conserva-
tion Commission upon its own motion for an order revising Commission
Form C-104, as established by Rule 1107 of Commission Rules and
Regulations.

(Witness sworn.)

WARREN MANKIN

called as a witness, having first been duly sworn, testified as
follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q Will the witness please state his name and occupation?

A Warren Mankin, District Engineer, Oil Conservation Commission.

Q Mr. Mankin, in your position as district engineer for the Oil Conservation Commission, have you had an opportunity to make a study of the proposed revisions of the Commission's Form C-104?

A Yes, sir, I have.

Q Would you please proceed with your suggestions in revision?

A There has been numerous requests during the last year, or even longer, for some change to the Form C-104 which is entitled "Request for (Oil)-(Gas) Allowable."

At the outset, I would like to remind every one that this is, as the form indicates, a request for oil or gas allowables. It is not to be a tabulation of all information that could be put on this form, or could be carried in other places. It needs to be kept in a manner so that it is not cluttered up with unnecessary information that might be obtained in other sources. As a result of several suggestions for more information and better information, more up-to-date information on this particular form, by both the industry, by the Commission itself, by people who attempt to keep up with the competition of oil and gas wells such as the Scott people, and others exploration people, we have attempted to put certain new information on this form, and have put it out to the industry. It was put out in the mailing list with the docket in sufficient time as to be assimilated by the industry.

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I would like to go over the changes, very briefly, that have been suggested. The form, incidentally, was passed out again for reference for those people who desire to look at that. The particular changes for suggestion I have enumerated. There are some 13 or 14 changes; the first change that was suggested was instead of word "unit" it was the word "unit letter." The word letter was added to indicate that this is a letter designation the section, rather than a unit of exploration. The second is in the word "drilling," the word "drilling" was added in "Date Drilling Completed," previously it was just "Date Completed."

The third change was in designation of the sections into 16 parts with the letters "A" through "P" as shown.

MR. PORTER: Just a minute, Mr. Mankin, there is a very important telephone call for Mr. Nerman Otto, they are holding a line open for you. That's in the school administration office. Proceed Mr. Mankin.

MR. MANKIN: As I have indicated, the third change is in the blocks shown for the section outline of the 16 portions. 16 quarter sections have now been broken apart and designated in "A" through "P", which previously there was no letter shown in the form, it was just 16 open blocks.

The fourth change is in the -- previously it was shown "producing interval", -- sorry, previously, all that was shown on the old form was "casing perforations" "depth to casing shoe" those two items on separate lines. Now, we have entitled the item on the

form as, "producing interval" and then a break-down, first is "perforations," which was previously shown; and I would like to at this time to add one other thing that hasn't been previously been shown on the form, that is to add the word "depth casing shoe" and I would like that be entered just to the left, or just under the word "producing interval" so that there is sufficient room for one depth to be given there; in that long space, underneath the "producing interval" for the word "depth casing shoe" for sufficient space there for a depth to be given. Then the word "Or Open Hole" is given for a depth, and a new item has been added here, "Depth Of Tubing."

Then the next, the sixth item to be changed is in the words "Oil Well Test." Previously, on the old form, there was no break-down between oil wells and gas wells, it was just the natural producing test based on so many barrels, test after acid was shot, and based on so many barrels and so many hours and then the gas-oil production and size of choke. Now that has been broken down into two aspects, an "Oil Well Test" and a "Gas Well Test" and here again there has been one other aspect added. "Test after acid or Fracture Treatment," on the new form, with the words added "(After All Load-Oil was Recovered.)" I might at this time point out that this has been one of the short comings of the form as given in the past. We have had many tests shown with the test actually still producing oil load, and that has been used to set an allowable which in the future will not be used for setting allowable purposes. It will be after

all the oil load is recovered. So I want to emphasize that aspect that it is the biggest change on this particular form. It is that the allowable will be based on, after the oil load is recovered, for oil wells.

Then it was indicated there, this oil well test is now sectionalized such as, the oil well test will have a natural producing test indicating so much oil, so many barrels of water, and so many hours and the choke size, and then the test after the acid fracture treatment, after all the oil load is recovered, barrels of oil, barrels of water and so many hours, and then the gas well with the same information.

The eighth changing is the words "Tubing" has been added and "cementing" record, "Tubing Casing and Cementing Record." Previously it was just "casing" and "cementing".

The ninth change is in regard to the fracture treatment. Previously, the amount of fracture treatment was not shown on the form. It was just a test was given after the fracture treatment. Now, the acid or fracture treatment which will be generalized for either gas or oil wells and the amount of materials used, such as acid, water, oil and sand, will be shown.

The tenth change is -- tenth and 11th changes are the "Casing Pressure" and "Tubing Pressure," will be shown on this particular proposed form. The twelfth change is the words "Date First Oil Run to Tanks." The previous old form had "Date First Oil Run to Tank or Gas to Transmission Tanks," but the words "Gas to Transmission

Tanks" is not important, it is based on other. So "Date First Oil Run to Tanks" at this time, I would like to add one other phrase, "Date First Oil Run to Tanks" and ("After All Oil Load is Recovered.") Otherwise you would have two dates, you would have a date that you might first get your oil load back to go into tanks and second you might have a date when all the oil load was recovered which might be confusing, so I would suggest that that be held to one date, the date be "Date First Oil Run to Tanks," and ("After All Oil Load is Recovered.")

The thirteenth and fourteenth change, is previously on the old form it was shown as "Transporter Taking Oil or Gas," that has been split into two line, "Oil Transporter" and "Gas Transporter", on two lines instead of one line because ordinarily the operator had to show those two things anyway.

These are the suggested changes. As I say, all of these were shown in the proposed form, except two. I will reiterate those again. The words "Depth to casing shoe" that is critical for case where well is not perforated, for setting allowable on discovery wells, and the second item is to add the words "After All Oil Load is Recovered," along with the "Date First Oil Run to Tanks." Those are the changes which I have made at this time.

MR. PORTER: Do you have any more questions, Mr. Cooley?

MR. COOLEY: Yes, sir. Mr. Mankin, do you feel that the proposed revisions to the completion form C-104 will enable the Commission to assign more accurate allowables to both oil and gas

wells in the State of New Mexico?

A I might add further, to reiterate again, in the past there has been no break-down about the oil load, and that has become extremely critical. We found in certain cases that wells have been flowing at a high potential within a period of a few days; a few days was less than to marginal wells.

Q Do you feel that it is in the interest of administrative convenience?

A Yes, sir. I might go further -- that we are not -- these are suggestions which have been made on assimilation of data on here. We don't want to get too much on this form . Maybe there is already too much on it, but these are suggestions where there might be ready reference. Again I want to say that this form is a Request For (Oil)-(Gas) Allowable, and we must not lose sight of that.

Q Mr. Mankin, have you prepared a copy of the proposed revision of the form C-104, with all the changes that you have indicated in your testimony?

A Yes, sir, I have prepared a form, with the changes to the proposed form. Those are circulated to the industry and given out at this time.

Q I would like to offer this proposed form, as revised, into evidence in this case as Exhibit 1, subject to any revisions that might be in order.

MR. PORTER: Suppose we offer it as an Exhibit after cross examination. Anyone else have a question of Mr. Mankin?

MR. GUTHRIE: I have two or three.

CROSS EXAMINATION

BY MR. GUTHRIE:

Q Do you have to go on further ahead into your alphabet if we run out of some of these letters in the proposed form?

A That particular suggestion has been brought up many times about having this long form which has all these additional units shown on there, going Q, R, S, T, U, V, W, X -- R, S, T, U, V, W, X, would be the last one, that has been suggested. We thought of putting that in there, and likewise thought of the same thing, but it is felt that whenever that situation arises, the operator can change the particular unit and show it in the proper position and change the unit and would be much better than getting confused where there is a minor change in those sections.

BY MR. NUTTER:

Q Mr. Mankin, can the pools, discovery wells, the date for the completion, or the date of discovery of the well, or a pool, be based on the date that the first oil has run to tanks, you wanted to insert or amend this proposed form to read "Date First Oil Run to Tanks after all load Oil is Recovered." Now, what would be the discovery date for a pool, with that amendment, would it be the date that the first oil is run into tanks after all load oil is recovered?

A I couldn't say what should be there. My original thought was to be two dates there, but that could be confusing, so as I see it, one date -- as to which would be proper as to the discovery date,

I don't know how that has been done in the past, possibly Mr. Porter might be better qualified to answer that.

MR. NUTTER: I think it is an item that should be brought out.

A, Yes, I guess it should.

MR. PORTER: On that particular point, Mr. Nutter, I think it should be considered, the date when the first oil is produced after the old oil is recovered, or the equivalent after it was used.

MR. NUTTER: In other words, the pool has not been discovered until all the load oil is recovered?

MR. PORTER: That would be my impression. That would be generally accepted in the industry.

MR. MANKIN: I might go further here, that I think that you are getting into an aspect here, your going to have some new oil and load oil produced at the same time. Possibly, there might be some peculiar differentiation shown on discovery well, and possibly these words "Date the First New Oil was Recovered," I don't know whether that it would be more proper or not, that's just a thought.

JACK BROWN: I am Jack Brown of Pan American Petroleum Corporation. Mr. Mankin, suppose the operator run a night test and put it in the tank before the well, then what would be the discovery date.

MR. MANKIN: It would be my thought that if there is -- my first statement, there is many occasions where there is no natural

test. Fracturing is started from the outset and, of course, the first oil would be after the fracture, but it would be my thought that where that situation was in effect, and you had a natural test, that that possibly would be the discovery date, I don't know just how that would work.

MR. BROWN: I note that your form doesn't show the date of your test. Does that require both the natural production test date and the date of the acid test or accept one?

A That's true, it doesn't. Of course, on the old form there was no place for the date of the natural test, the only date given was the first oil run to tanks, there was no differential on the old form as to whether it was new oil or after the load oil.

MR. PORTER: Mr. Brown, would you suggest that as a relation to the form date of the natural test.

MR. BROWN: I think that it might require some explanation under remarks, you have the date first oil run, and therefore that it maintain the date of test rather than the date after all oil recovered, your notation is after all oil recovered, date first?

A That might be a better change, either date the first natural production or after all oil load is discovered, which ever date is sooner.

MR. COOLEY: Would it not satisfy the objection just raised as well replace your change of "After all Load Oil Recovered" if you omitted that phrase and put in the phrase "First New Oil Run to Tanks" indicating that the date of the first oil recovered to the wells?

A I would be agreeable. I think Mr. Porter had some such suggestion previously which I think possibly that would be better. This was just drawing something up to try to get away from getting improper allowables, as I understand, to wells.

MR. COOLEY: In the event that there were natural tests run on the well, you would have the date of that test, and if there were no natural tests, then you would have the date that the first oil from the pool was run through the tank?

A Then I believe what you are suggesting it would read something like this, "date first new oil run to tank" instead of the insertion which I had put afterward, I would be agreeable to that change, I think that would be more proper.

MR. COOLEY: That settles your objection, Mr. Brown?

MR. BROWN: Yes.

A I think that would be a better insurance, "date first new oil run to tank."

MR. BROWN: I have one other question I would like to ask Mr. Mankin. In the lower part of your form, where you have "casing pressure" and "tubing pressure," which pressure do you refer to and when would they be obtained? It follows the acid or fracture treatment, do you have in mind the pressure during that treatment or the pressure during the test?

A It might best have been put, really this acid fracture treatment and casing pressure is really a generalized grouping there and it is not typed within the gas well or oil well, it was assigned to the particular test concerned. My thought was the casing pressure

and tubing pressure would relate to the natural test that you have on this form, such as after fracture treatment or natural test, whichever one it was, either from the oil well or the gas well, it is not tied in anyway with the fracture treatment.

MR. BROWN: Would it not be better if that were added right after your test information, rather than below the fracture treatment?

A Possibly and to keep from confusion, there should be some kind of additional line below the gas well, to indicate that this was general information for either the gas well or oil well and to put the casing pressure as a general item for that information.

MR. PORTER: Do you have any further questions?

MR. BROWN: No further questions.

MR. WALKER: Don walker with Gulf Oil, just one question, Mr. Mankin, it's conceivable is it not, that sometimes an operator does not recover all of it's load?

A Yes, sir, that is entirely possible.

MR. WALKER: He has to start from scratch in that case, the explanation?

A I think explanation and remarks should be in order there to give the Commission some guidance in that particular aspect.

MR. PORTER: Anyone else have a question of Mr. Mankin? Mr. Mankin, you may be excused.

MR. COOLEY: I would like to offer Exhibit Number 1.

MR. PORTER: Without objection, it will be admitted.

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A Again, the changes that have been made to this change where the date depth casing shoe, and the, it was suggested and I believe it as good assurance there might be additional line underneath the word - "well test" to indicate that is general information, the line on "casing pressure" and "tubing pressure" would be just above the acid or fracture treatment information, and the word "new" is added between the "date first oil run to tank," the word "new" was added between "first" and "oil", those are the only changes from the form that was submitted and been shown as revised proposed form and put in as Exhibit Number 1.

MR. PORTER: Do those changes meet your approval, Mr. Brown or suggestions that you made?

A Yes, thank you.

MR. PORTER: You may be excused Mr. Mankin.

MR. PORTER: Does anyone else have anything further in this case, any comment or any statements. Take the case under advisement.

