BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1289

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 7, 1957

IN THE MATTER OF:

CASE 1289: Application of Shell Oil Company for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the S/2 SW/4, NE/4 SW/4, and SW/4 SE/4 Section 3, Township 21 South, Range 37 East, said unit to be dedicated to the applicant's Livingston No. 2 Well located 660 feet from the South line and 1980 feet from the East line of said Section 3.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:
WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: Case 1289.

MR. COOLEY: Case 1289. Application of Shell Oil Company for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico.

MR. PALMER: I am representing Shell Oil Company, A. K. Palmer.

MR. COOLEY: Will you be the witness?

MR. PALMER: Yes.

(Witness sworn.)

A. K. P A L M E R

a witness on behalf of Shell Oil Company, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q Will you please state your name and position for the record?

A A. K. Palmer, District Exploration Engineer, of Shell, here in Hobbs.

Q Mr. Palmer, would you please state for the Examiner your educational background of what experience you have had in this field?

A I graduated from Louisiana University with a B. S. Degree in Industrial Engineering, in 1948, and have been employed by Shell as an engineer for something over nine years.

MR. COOLEY: Are the witness's qualifications acceptable?

MR. MANKIN: They are, proceed.

A In this application we request approval for the non-standard gas proration unit in the Tubb Gas Pool, on the Shell-Livingston Lease, and the units we are requesting, include the south half of the southwest quarter, the northeast quarter of the southwest quarter, and the southwest quarter of the southeast quarter of Section 3,

Township 21 South, Range 37 East. This non-standard gas proration unit is to be assigned to the Shell-Livingston No. 2 Well, which is dually completed to produce from the Tubb Gas horizon on the Drinkard oil zone. I'd like to submit as Exhibit 1, a plat, which shows that portion of the Tubb field in question, and outlined on that plat are the existing Tubb Gas proration units, as outlined in yellow; the horizontal limits of the Tubb field in this plat are outlined in green, and all the wells which penetrated this horizon are shown, and the contours on this map are contours on top of the Tubb zone. As Exhibit 2, I have a log of the wells here, which shows the pertinent formation tops. The perforations opposite the Tubb Gas zone are written on the log. The procedure followed in completing this well was moreorless standard procedure, where the well was perforated, fracture treated, and then dual completion equipment was installed to consist of, principally of a packer, Model L Packer, and a Garrett Slide Valve, and then the usual Tubb assemblies. The well has not been officially tested to the official potential test, because the pipe line connection has not been installed; however, on production test, after the fracture treatment, the well tested gas approximately fifteen hundred thousand cubic ~~millidarcies~~ per day, and 16/64 inch choke, FCP, 1700 PSI. The capacity the well will be producing at the present time is a hundred and sixty allowable rate.

All of the off-set operators were notified of Shell's application by a carbon copy of the application that was sent to the Commission

MR. COOLEY: Does that conclude your testimony?

MR. PALMER: Yes.

Q (By Mr. Cooley) Mr. Palmer, does the proposed non-standard gas proration unit in the Tubb Gas Pool consist of all or portions of one basic lease? A Yes, sir.

Q And are the ownership and working interest and royalty interest there common throughout?

A Yes, sir, they are all common.

Q The proposed unit well is located in the southwest quarter of the southeast quarter of Section 3, outlined in red, in Exhibit 1?

A Yes, sir, that is correct. Of course, you will note that that is a--I think that description is correct.

Q How far is it from the unit well to the western most boundaries of the proposed unit?

A I would have to estimate --

Q (Interrupting) Approximately?

A (Continuning) --that, about, approximately four thousand feet.

Q You feel that a well in the Tubb Gas Pool area, the drainage would extend four thousand feet?

A I would think so. You will note that there are Tubb Gas wells located by Pan American, to the west of our proposed boundary that is shown here. The Tubb Gas Pool has been proven productive beneath all of the requested unit area.

Q. The Inverted T Shape of this proposed unit comprises a single basic lease in its entirety, or is it just a portion of one?

A. This is just one basic lease. You will note that this basic lease includes Lots 14, and 13, which are directly north of the unit area in Section 3, and also Lot 16 and Lot 9, in Section 4.

Q. This is a non-contiguous lease?

A. What do you mean by non-contiguous lease?

Q. Some leases in this strata are separate, I see now from your description.

A. These are all one basic lease that are separated by the section line.

MR. COOLEY: That is all I have.

BY MR. MANKIN:

Q. Mr. Palmer, you indicated a while ago, you thought the statistics from the west line was about four thousand feet. Would it not be more approximately thirty-three hundred feet? Is it not ~~one~~ 660 hundred and sixty feet east of the center line of the section, which would be twenty-six hundred and forty-four feet?

A. That is correct.

Q. Thirty-three hundred feet would be more in line than four thousand feet?

A. Yes, sir, I believe you are correct.

Q. There is no Tubb Gas development to the north, or to the east of this particular unit, is that correct?

A No, but the Tubb has been proven productive by drill-stem testing, I am positive to the north of here, on our wells.

Q To what do you account oil production in Continental's Well in Lot 16, of Section 3, and in some oil production in Section 11, southeast of that, do you feel that is an oil rim, or what do you--

A (Interrupting) Might possibly be an oil rim. That was the conclusion reached, I believe, by the committee that looked into this sometime ago.

Q Then there is every reason to believe that the acreage to the west of the well, and to the northwest is involved in this six hundred and sixty acres that would be productive of gas?

A Yes, sir. I don't have the exact figures, but I recall when we were drilling that, we had a strong flowing drill test on the Livingston No. 6 Well. I believe that is in the upper portion of our Inverted T. Shape Unit area. When we were drilling either our Taylor-Glen 3 Well, or Taylor-Glen 4, which is in Lot 9 of Section 3, I don't recall the specific well, but I know on one of these wells we had a drill-gas flow of, in excess of a million cubic feet a day during drilling up there.

Q So that every zone that is in the six hundred and sixty acre is productive of gas? A Yes, sir.

Q And of course the locations of this area is calculated to be a hundred and sixty acre non-standard unit. Geologically it is a non-standard unit, and is it actually confined to any quarter

section?

A That is right, but of course, the non-standard unit is a hundred and sixty acre unit which forms a square, located on a quarter of Section 3, I believe.

Q You gave a while ago an unofficial test of a well that was a million and a half as the test, or was that fifty million?

A A million and a half.

Q A million and a half as an unofficial test?

A Fifteen hundred thousand.

MR. MANKIN: Any further questions of this witness?

MR. COOLEY: No.

BY MR. FISCHER:

Q I didn't get Mr. Mankin's question on these Tubb Oil Wells producing to the east, south, and southwest. Do you anticipate, Mr. Palmer, that you might get oil in your proposed perforated intervals in any particular well?

A No, I do not think so; however, we have produced no oil on our tests to date, and as I said, we have drill-stem tests on a hundred and twenty acres of this hundred and sixty acres, but that doesn't mean we could recover any oil.

Q I notice those wells were recorded when you submitted Form C 102, but you have not submitted Form C 103. Is it possible that you have incomplete information in order to complete Form C103?

A Yes, sir, that is correct, we haven't submitted Form C 103 because we haven't taken the official test because the pipe line

connection has not been completed. We will wait until that connection is completed so we won't have to blow the gas to the air, and then we will get our official test, and we will submit this Form C 103.

Q This dual completion of this well, will it be a single string of tubing?

A That is correct.

Q Will you experience any loss in production of Drinkard oil below a packer in this area without having facilities to vent the Drinkard gas to the surface?

A No. We have, all dual completions in this area are Drinkard Wells are flowing, so we haven't had any loss production from that.

Q So, you will not vent the Drinkard?

A Well, when it becomes--if it becomes necessary to produce the Drinkard Formation by artificial lift, we have installed two and a half inch tubing, and we probably will try to pump that through, one is--or we will vent the gas through--one is to prevent the gas from locking.

Q You will have to drill it out with your packer then?

A No, we have it set up so we can install artificial lift equipment without moving any more dual equipment.

MR. FISCHER: That is all I have.

MR. MANKIN: Any further questions of the witness?

(No response.)

MR. MANKIN: First, I believe you desire to have Exhibits

1 and 2 introduced in evidence? A Please.

MR. MANKIN: If there are no objections these two Exhibits will be introduced in evidence. If there is nothing further, the witness may be excused. Are there any statements to be made in this case?

(No response.)

MR. MANKIN: If not, we will take the case under advisement.

(Witness excused.)

* * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ROBERT V. MAES, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission Examiner, for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 31st day of August, 1957.

Notary Public - Court Reporter

My Commission Expires
February 7, 1961

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1284, heard by me on August 7, 1957.

Examiner
New Mexico Oil Conservation Commission