

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 24, 1957

TRANSCRIPT OF HEARING

CASE NO. 1331

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

(Witnesses sworn.)

MR. CHRISTY: I believe, if it please the examiner, the unorthodox location was handled administratively, by Mr. Porter, and the location has been established.

MR. NUTTER: That is correct? Administrative approval.

MR. CHRISTY: Correct. On the non-standard drilling proration unit we have consent from Honolulu, the only offset operator, which I offer in evidence.

MR. COOLEY: Would it be satisfactory to identify the letter as Exhibit One?

MR. CHRISTY: Certainly. We offer in evidence the applicant's Exhibit One.

MR. NUTTER: Without objection it will be received.

H. J. RANSAY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Mr. Ramsay, would you state your name and address, please sir?

A H. J. Ramsay, Hobbs, New Mexico.

Q What do you do?

A Petroleum engineer, Magnolia Petroleum Company.

Q Have you ever testified before this commission before?

A No, I have not.

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Q What higher education did you have, sir?

A Graduated from the University of Pittsburgh, 1952;
Bachelor of Science degree in petroleum engineering.

Q Have you practiced petroleum engineering since 1952?

A Yes, I have.

Q Where and when?

A Worked in Illinois for two years; and I was in the
service for two years; in West Texas and New Mexico for a year.

Q Are you familiar with the general area involved in this
application, with particular reference to Pictured Cliffs and
Mesaverde gas production zones?

A Yes, I am.

Q Have you ever testified before any other regulatory body
in another state?

A Yes, I have.

Q What state, sir?

A State of Texas.

Q For the Railroad Commission there?

A Yes, sir.

MR. CHRISTY: Does the Examiner have any questions of the
witness' qualifications?

MR. NUTTER: No, the witness is qualified.

MR. CHRISTY: This witness will testify as to the dual
completion factor only.

Q Mr. Ramsay, the application seeks approval of a dual completion of a well in lot 1 of Section 19, Township 26 North, Range 2 West. Would you briefly explain to the examiner how you propose to dually complete that well?

A I have a diagram here that I would like to offer as an exhibit.

MR. CHRISTY: Let me have this one marked.

(Marked as Exhibit Number Two)

A In the subject well we propose to set the surface casing at 300 feet, would be ten and three-quarter inch casing circulated to the surface.

The intermediate casing string approximately 3900 feet, and it would be cemented so the top of the cement will be approximately 500 feet above the Pictured Cliffs formation.

The liner, five and a half inch liner, set from approximately 300 feet, to the total depth of 6000 feet.

The Pictured Cliffs formation will be perforated from approximately 3600 to 3700 feet. In the Mesaverde from approximately 5400 feet to 5900 feet, intending to run the strings of two inch tubing and the two formations will be separated by means of a Baker D production packer; which then the Mesaverde will be produced from one string of tubing and the Pictured Cliffs from the other string of tubing.

Q Does this proposed method, in your opinion will it

prevent the comingling of gas from the two zones?

A Yes, it will.

Q In addition to this method you have outlined, are you complying with the rules and regulations of the commission with respect to dual completions?

A Yes, sir.

MR. CHRISTY: The examiner have any questions? We have no further questions.

BY MR. NUTTER:

Q Is this proposed method of dual completion accepted in the San Juan Basin?

A Yes, to the best of my knowledge it is. We have completed approximately 20 other wells in this manner.

Q Have satisfactory results been obtained with this type of dual completion?

A Yes, sir.

MR. NUTTER: Does anyone else have a question of the witness? If not the witness will be excused.

(Witness excused)

MR. CHRISTY: Offer in evidence applicant's Exhibit Two.

MR. NUTTER: Without objection it will be received.

DAVID D. LAYTON

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

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BY MR. CHRISTY:

Q Would you state your name and address and occupation please, sir?

A David D. Layton, Petroleum Engineer with Magnolia Petroleum Corporation in Dallas, Texas.

Q Have you ever testified before this Commission before, sir?

A No, sir.

Q What forms of higher learning did you have, sir?

A I hold a Bachelor of Science degree in petroleum engineering from the University of Texas in 1949.

Q Have you practiced the profession of petroleum engineering, sir?

A Yes.

Q And where and when?

A Since graduation I have been employed with Magnolia in Louisiana and Oklahoma up until 1954 and from that date I have been in Magnolia's Natural Gas Reservoir Section concerned with proration and production problems in natural gas.

Q Have you ever testified before any other regulatory bodies --

A Yes, I have.

Q -- in other states? Which ones, please?

A Kansas, Oklahoma and Texas.

Q Are you familiar with the general area involved in the application with particular reference to Pictured Cliffs and Mesaverde formations?

A Yes, I am.

MR. CHRISTY: The examiner have any questions concerning the qualifications of the witness?

MR. NUTTER: No, the witness is qualified.

MR. CHRISTY: Thank you.

Q Mr. Layton, I refer you to the lands involved in the application and I'll ask you whether or not in your opinion, based upon the material now known, if the well in Section 19 will effectively and efficiently drain 160 acres of Pictured Cliffs formations?

A Yes, I believe it will.

Q I'll ask you the same question as to Mesaverde for 320 acres in that same well?

A It will. It should drain 320 acres.

Q Now, sir, you have a No. 1 Federal Cheney well in the southwest quarter of Section 18 in that same township and range I believe that is dually completed Mesaverde and Pictured Cliffs, or is it just --

A It's just Mesaverde.

Q In your opinion is that well now draining Mesaverde production underlying the lands in Section 18?

A I believe it is, yes, sir.

Q Now, you have over in Section 13 of the next township to the west a 3D well which is a Jicarilla well.

A Yes.

Q That is a Mesaverde well?

A Yes, sir.

Q Is any drainage from the applicant's lands been affected by that well?

A I would think there was, yes, sir.

Q Now, by establishing the two unitized areas, that is Section 19 for Pictured Cliffs and Sections 18 and 19 for Mesaverde, in your opinion will that impair the correlative rights of any of the royalty or operator owners in the general vicinity, particularly on the lands?

A I don't believe it will, no, sir.

Q Will it or will it not tend to prevent waste?

A It will prevent waste.

Q I believe Magnolia and Humble, who are the two operators in these two sections, have entered into a communitization agreement?

A Yes, they have.

Q For the development of this --

A Yes.

Q -- along the lines asked for in the application?

A Yes, they have.

MR. CHRISTY: That's all.

MR. NUTTER: Anyone have a question of the witness?

MR. COOLEY: Yes, I do.

BY MR. COOLEY:

Q Mr. Layton, would you go into some more detail on what would be the limits of the two Pictured Cliffs non-standard gas proration units?

MR. CHRISTY: Excuse me, there's only one Pictured Cliffs well. That one well in Section 19 will be dualled for Pictured Cliffs in Section 19 and Mesaverde in 18 and 19, this well will not be dualled.

MR. COOLEY: The scope of this application does not include Pictured Cliffs non-standard proration unit or 18, only Section 19?

MR. CHRISTY: Only Section 19, yes, sir.

Q Mr. Layton, the entire Section of 19 will be dedicated to the Pictured Cliffs well?

A That's my understanding, yes, sir.

Q And how many acres are contained therein?

A A hundred and sixty.

MR. NUTTER: I believe that's a little in excess of a hundred and sixty.

A Am I incorrect in that? I'm sorry, I had that wrong.

Actually in Section 19 there's a 177.76 acres within Section 19.

Q (By Mr. Cooley) And would you break down the ownership of that acreage, please?

A Well, let's see, can you give me the lot numbers on that? The lots 2 and 3 of 19 are lands of the United States embraced in oil, gas lease owned by Magnolia Petroleum Company, which said lease is dated February 1, 1951 and bears serial number NM-04764; and lots 1, 2, 3, and 4 in said Section 18 and lot 1 of Section 19 are lands of the United States embraced in certain oil and gas lease owned by Magnolia Petroleum Company, which lease is dated September 1, 1949, and bears serial number SF-079995.

MR. NUTTER: Which lots were those again, Mr. Layton?

A 1, 2, and 3 and 4 of 18.

MR. COOLEY: My question was directed to Section 19, please.

A I'm sorry. Let's see, lots 2 and 3 and lot 4. Lots 1, 2, 3 belong to Magnolia and lot 4 is a Humble lease.

Q This hasn't been introduced.

MR. NUTTER: Are you going to introduce this as an exhibit?

MR. CHRISTY: I was going to offer in, actually, the ones attached to the application, sir. I would just as soon offer this. Would you like it marked now?

Q This Magnolia Petroleum --

A That was an option which when the map was drawn exercised option. All of this is federal land. Magnolia has one, lot 2, 1, 2 and 3; Magnolia covering lot 1 and Humble covering lot 4. They are all federal leases. I would be glad to mark it.

Q That's satisfactory. The next question, I believe you stated Magnolia and Humble have entered into, have actually executed a formal unitization agreement?

MR. CHRISTY: Yes, sir, and it's so alleged in the application.

Q Those are the agreements one in the Pictured Cliffs unit comprising Section 19, and the other comprising, Mesaverde unit comprising Sections 18 and 19.

MR. CHRISTY: It's actually one instrument but the facts are correct.

MR. COOLEY: That's all the questions I have.

MR. NUTTER: Anyone else have questions of the witness?

MR. UTZ: Yes, I do.

BY MR. UTZ:

Q Do you know whether Magnolia has any intention of drilling a Pictured Cliffs well on Section 18?

A I would be unable to say at this time, Mr. Utz. I would think it would depend partially on the success of the well in 19. To my knowledge there are no plans at this time.

Q There are no Pictured Cliffs wells in Section 18 to

complete the Pictured Cliffs wells at this time?

A No, sir.

MR. UTZ: That's all.

MR. NUTTER: Anyone else have a question of the witness?

If not the witness may be excused.

(Witness excused)

MR. CHRISTY: We would like to offer applicant's
Exhibit 3 --

MR. COOLEY: Would you identify it?

MR. CHRISTY: ___ which is a township and range map showing
the location of the lands involved in the application, and all of
the offset wells and the ownership of leases in the area.

MR. NUTTER: Without objection Exhibit 3 will be
received. Mr. Christy --

MR. CHRISTY: Yes, sir.

MR. NUTTER: -- the witness's testimony was that there
are 177.76 acres in Section 19. Is the figure of 173.56 acres for
Section 18 as indicated in the application the correct figure for
it.

MR. CHRISTY: That is the correct figure, I got it from
the United States Geological Survey in Roswell.

MR. NUTTER: And the Mesaverde unit, the acreage in the
Mesaverde unit will be the sum of the acreage in Sections 18 and
19?

MR. CHRISTY: Yes.

MR. NUTTER: Anyone have any further questions? Any statements to offer in Case 1331? If there are no questions we'll take the case under advisement.

