

sworn, testified as follows:

DIRECT EXAMINATION

BY MR. McKENNA:

Q Will you give your full name?

A James M. Welch.

Q Where do you reside, Mr. Welch?

A Artesia.

Q Have you ever testified before this Commission?

A No, I have not.

Q Will you tell the Commissioner your business, background and experience in the oil and gas industry?

A In '46 I graduated from the University of California with a degree in economics. However, I have been in the oil business, associated with my father, since 1936.

Q What has this business been?

A In the oil business.

Q Has it been --

A *Production*
Introduction, primarily; contracting.

MR. McKENNA: May his qualifications be accepted, Mr. Examiner?

MR. UTZ: To testify in this case, yes, sir.

Q (By Mr. McKenna) Was this application prepared by you or on your behalf, Mr. Welch?

A On my behalf.

Q And what is the name and location of the well under



consideration?

A It is in Section 13 of 16, 30.

Q And do you know the exact location?

A In the northeast of the southeast section.

Q What is the distance from the south line, do you know?

A 1650 from the south line, 660 from the east line.

Q What is the purpose of this application?

A To produce gas from the Penrose sand and oil from the Lovington.

Q Was this well drilled by you or under your supervision?

A Yes.

Q What is your plan for dual completion; how do you propose to accomplish dual completion?

A We plan to perforate the gas zone, 2680, 2700, and water frac that, and to treat the Lovington sand at 3230 to 3240, then to complete it, seat a Baker packer at approximately 2750 below the gas zones, and produce the oil through the tubing annulus and the gas through the casing tubing annulus.

Q What is the program for casing and cementing?

A Drilled with cable tools, set 615 feet of 8-5/8, cemented with 100 sacks, and the string was set at 3230 and cemented with 125 sacks, 5-1/2 inch casing.

Q Have you prepared a diagrammatic sketch of this proposed completion dual?



A Yes, I have.

Q Was this sketch prepared by you or under your direction?

A At my supervision.

MR. McKENNA: I'd like to introduce that as evidence, Mr. Examiner.

Q Mr. Welch, do you contemplate any problem as to liquids in the production of gas from the annulus?

A None; it is very dry gas.

Q Have you received any analysis or report on the gas in the Penrose?

A Yes, I have. The Phillips Company made an analysis of that.

Q I hand you what I am going to ask the reporter to mark as Plaintiff's Exhibit 2 for identification. Now, what has been marked as No. 2 for identification, would you please tell the commission what that is?

A It is a report from the Phillips Petroleum Company, from their engineering. They came over to the well and took a test of this gas from the Penrose sand.

Q And what does the report show?

A Well, the well showed 885 MCF per day.

Q Is the gas shown as being a very dry gas?

A Yes; in fact, 48% nitrogen. It has in the neighborhood of about half a gallon of liquids per thousand.

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MR. McKENNA: I'd like to offer in evidence Plaintiff's Exhibit No. 2 if I may.

MR. UTZ: MCF, half a gallon?

A Yes; it has 825 BTUs, was what it tested out.

Q (By Mr. McKenna) Have you submitted to the Commission a log on this well?

A I have.

Q Do you believe this application that you make for dual completion is in the interests of conservation and prevention of waste?

A Yes.

Q Do you think that this application will in any way impair or injure correlative rights?

A No.

Q Now, Mr. Welch, is this gas which will be produced from the Penrose through the annulus, is this a gas formation or a gas cap?

A It is a gas formation.

MR. McKENNA: That is all the questions I have.

MR. UTZ: Are there any oil wells in the Penrose in this vicinity?

A No, the closest is three miles west in the Penrose.

MR. PAYNE: Mr. Welch, is the packer a Baker retrievable-type packer?

A Yes, it is.

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MR. PAYNE: What pressure will that withstand, do you know?

A No; however, the gas zone has a pressure of 850 pounds, and the formation of the oil pressure below runs 400 to 450 pounds so our greatest pressure would be on top.

MR. PAYNE: And this is the type packer that pushes down from the top?

A Yes, that is correct.

MR. McKENNA: No chokes are necessary?

A No, sir.

MR. UTZ: How much cement did you say you were going to put on?

A 125 sacks; on the log, ^{Lane Wills} ~~Layne Welch~~ came out and ran the test on it, and that is the actual height of the cement, 3110 I believe it is. Surface pipe runs at the top of the salt and cemented with a hundred sacks, and I don't actually know how far it filled up, but the cable, 8-5/8 in a ten-inch hole.

MR. UTZ: How about fresh water?

A No fresh water at all.

MR. UTZ: In the event you do have some liquid problems, that half gallon per MCF will eventually accumulate some liquids, will it not?

A I don't believe so. That gas is very dry. You can't even see it.

MR. UTS: Does this liquid reach the surface in the form

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of liquid?

A No; that was their test they took at Midland.

MR. UTZ: That was squeezed out?

A Well, I guess you'd call it that. It showed on their letter, they gave the complete breakdown of the liquid content.

MR. UTZ: Other questions? Witness may be excused. Statements? Case will be taken under advisement.

The hearing is adjourned.

(The hearing was adjourned at 6:00 P.M.)

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 20th day of June, 1960.

June Paige
Notary Public - Court Reporter

My commission expires:

May 13, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 1986, heard by me on June 1, 1960.
Donald W. [Signature], Examiner
New Mexico Oil Conservation Commission

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