

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
AUGUST 10, 1960

EXAMINER HEARING

IN THE MATTER OF:

CASE 2046 Application of Tennessee Gas and Oil Company for :  
permission to transfer oil well allowables. Ap- :  
plicant, in the above-styled cause, seeks an :  
order authorizing it to transfer, for a period of: :  
60 days, the allowable assigned to its Glenn Cal- :  
low Well No. 11 to its Glenn Callow Well No. 9, :  
both in Section 28, Township 29 North, Range 13 :  
West, San Juan County, New Mexico, in order to :  
conduct pressure interference tests. :

BEFORE:

Elvis A. Utz, Examiner

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. UTZ: Case 2046.

MR. PAYNE: Case 2046. Application of Tennessee Gas  
and Oil Company for permission to transfer oil well allowables.

MR. SETH: Oliver Seth and Mr. Federici and Mr. Sanders  
for the applicant. We have one witness.

(Witness sworn)

JOHN J. LACEY,

called as a witness, having been first duly sworn on oath, testi-  
fied as follows:

DIRECT EXAMINATION



BY MR. SETH:

Q Will you state your full name, please?

A John J. Lacey.

Q By whom are you employed, Mr. Lacey?

A I am employed by Tennessee Gas and Oil Company, division of Tennessee Gas Transmission Company.

Q How do you spell your last name? A L-a-c-e-y.

Q What are your duties?

A Employed by an operating division of Tennessee Gas Transmission as district engineer in this district office in Durango, Colorado.

Q Have you testified previously before the Commission?

A Yes.

MR. SETH: Will you accept his qualifications?

MR. UTZ: Yes.

Q (By Mr. Seth) Will you state briefly the purpose of the application?

A Tennessee wants to conduct a bottom hole pressure interference test between the two wells in the Totah-Gallup oil field. In order to do this, we will have to shut in a well for a prolonged period of time, which has an allowable assigned to it, and in order not to lose that allowable production, we are requesting that the allowable from this shut-in observation well be transferred to the interference well.

Q Do you have a plat showing the location of these wells?

A Yes, I do.

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(Whereupon, Applicant's Exhibits 1 and 2 marked for identification.)

Q Now, referring to the plat, will you tell the Commission, please, what it shows?

A The plat shows the location of Tennessee's acreage and the producing wells in the Totah-Gallup field, and shows the location of the two wells we plan to use for the interference test.

Q Would you give us the description of each well, the location by survey description?

A Do you mean the exact footages?

Q No, the quarter section.

A The shut-in observation well is a Gallup Glenn H. Callow 11, an upper producing zone in a dual completion; is located in the northwest quarter of Section 28, 29 North, 13 West. The interference well, the well to which we want the allowable transferred, is the Callow 9, which is a Gallup, an upper producing interval in a dual completion; is located in the southeast quarter of Section 28, 29 North, 13 West.

Q State briefly how the test will be conducted and the duration of it.

A Briefly, the test, we will shut the two wells in and conduct a bottom hole pressure buildup test until the two wells have reached a stabilized bottom hole pressure, at which time we will open up the Callow 9 and produce it at its allowable rate and at periodic intervals will run bottom hole pressures in the 9 and in the 11.

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Q Are both of these wells dual completions?

A Yes, they are.

Q Which zones?

A They're dually completed in the Gallup oil zone and the Dakota gas condensate zone. The legend in the lower left hand corner of the plat shows what wells are completed in what zones.

Q What will be the duration of the test?

A We're requesting that the allowable transfer be for a period of sixty days.

Q If the petition is granted, you will advise the Commission when the test commences?

A Yes. When the test commences and when we have completed the test.

Q What is the purpose of the test?

A The purpose of the test is to obtain reservoir data on the Gallup zone; well, primarily that.

Q You think some significant data will be obtained?

A Yes, I do.

Q Are both these wells full allowable wells?

A Yes, at the present time both of these wells are top allowable wells, flowing.

Q On the same lease?

A On the same basic lease, the same royalty owner.

Q The same field?

A The same field, yes.



MR. SETH: That's all the direct examination, Mr. Utz.

CROSS-EXAMINATION

BY MR. UTZ:

Q What was the potential of the No. 9?

A It was around a hundred barrels or slightly more. The well is capable of producing considerably more, but we potentialized the wells approximately for top allowable and 25 percent.

Q What will the allowable be?

A The allowable for these two wells is 94 barrels a day.

Q For both wells?

A For both wells.

MR. PAYNE: 94 or 92?

A Well, its basic unit allowable times 133.

MR. SETH: Each well is the same, each is 94?

A Right. Both have the same top allowable.

Q (By Mr. Utz) Will the No. 9 produce a hundred eighty-eight barrels a day?

A We have never produced the well at its maximum capacity. However, we believe that it will be capable of producing a double allowable.

Q The purpose of this test is to determine the drainage radius, reserves or what?

A The data obtained from this test could have several applications. One would be in determining recoverable reserves

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from the wells; drainage radius could be another; permeability; the inner well reservoir could be another.

Q You must have something specific in mind. What is your purpose in running this test?

A Well, for reserves, I would say would be one of the basic considerations. Actually, a test of this type at some future date could be applicable for any number of purposes.

Q Primarily, right now, you are interested in evaluating your reserves?

A Right.

MR. UTZ: Any other questions of the witness?

MR. PAYNE: Yes.

BY MR. PAYNE:

Q Mr. Lacey, are there any Gallup completions in Section 34?

A No, sir, there are not. The wells in that section are completed in the Pictured Cliffs and in the Dakota formations.

Q And production of this transfer well at 184 to 190 barrels a day you don't feel will in any way damage the reservoir?

A No, sir, I do not.

MR. PAYNE: Thank you.

BY MR. UTZ:

Q Any Gallup completions in 27 or 33?

A Yes, sir. On the bottom of the plat I have circled all of the producing Gallup wells in the vicinity. The ones circled in

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blue are the wells producing from the Gallup which will not be used in the test, and the orange triangle shows the two Gallup wells we propose to use for the test.

Q But you do own the mineral interest in those two sections?

A Yes, sir. The acreage colored in red and in yellow is acreage in which we have the working interest.

MR. UTZ: Any other questions?

REDIRECT EXAMINATION

BY MR. SETH:

Q Do you have some gas-oil ratio data that you want to present?

A Yes, sir. The second attached Exhibit shows the most recent test available on the two wells, and shows their current producing GOR is considerably less than the field limit of 2000 cubic feet per barrel, so that we feel that in producing this well at a high rate we will not be exceeding, we don't believe we'll be exceeding 2000 cubic feet per barrel ratio.

MR. SETH: We would like to offer Exhibits 1 and 2.

MR. UTZ: Exhibits 1 and 2 will be entered into the record without objection.

(Whereupon, Applicant's Exhibits  
1 and 2 received in evidence.)

MR. UTZ: Any other questions? The witness may be excused.

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(Witness excused)

MR. UTZ: Any other statements? If not, the case will be taken under advisement.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 18<sup>th</sup> day of August, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley  
NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examination of the 2046 heard by me on Aug 10, 1960.

Thurston G. [Signature], Examiner  
New Mexico Oil Conservation Commission

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ALBUQUERQUE, NEW MEXICO





OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Case 2046

July 18, 1960

C  
O  
P  
Y  
  
Tennessee Gas and Oil Company  
P. O. Box 1714  
Durango, Colorado

Attention: Mr. L. B. Plumb

Gentlemen:

Reference is made to your request for administrative approval to transfer oil allowables for the purpose of taking pressure interference tests.

As a matter of policy, the Commission is, of course, desirous of encouraging the gathering of reservoir data. However, we have no procedure for approving the transfer of allowables except after notice and hearing.

Unless I hear from you to the contrary this week, I will docket your application for the August 10th examiner hearing.

Very truly yours,

OLIVER E. PAYNE  
General Counsel

OEP/esr

cc: Mr. Emery Arnold  
Oil Conservation Commission  
1000 Rio Brazos Road  
Aztec, New Mexico