

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Roswell, New Mexico
October 18, 1961

REGULAR HEARING

IN THE MATTER OF:)

Northwestern New Mexico nomenclature)
case calling for an order creating new)
pools and extending existing pools in)
Rio Arriba, Sandoval, and San Juan)
Counties, New Mexico.)

CASE 2402

BEFORE: Mr. A. L. Porter

TRANSCRIPT OF HEARING

MR. PORTER: We will take up next Case 2402. Northwestern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

I would like to ask for appearances.

MR. BUELL: Guy Buell for Pan American Oil. I would like to enter an appearance in paragraph (b).

A. L. KENDRICK

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Will the witness please state his name and position?



A A. L. Kendrick, Engineer with the Oil Conservation Commission.

Q Mr. Kendrick, have you made a study concerning the necessity for creating new pools and extension of existing pools in the area of the State of New Mexico under your jurisdiction?

A Yes.

Q And have you combined it in an exhibit marked Exhibit No. 1 in this case?

A I have.

(Whereupon, Exhibit No. 1 was marked for identification)

Q Referring to that exhibit, what is your recommendation concerning the creation of an oil pool for the Mancos production?

A I recommend that a new oil pool for Mancos production in Rio Arriba County be created known as the Boulder-Mancos Oil Pool, consisting of the South half of the West half of Section 14, the East half of Section 15, the East half of Section 22, and the Northeast quarter of Section 27, all in Township 28 North, Range 1 West. The discovery well was the P-M Drilling Company No.1 Bayless, located in Unit A of 15, 28 North, 1 West, initial potential of 88 barrels of oil per day; casing shoe, 4150 feet; completed January 24, 1961. There are two other completions in that pool.

Q What is your recommendation concerning the creation of a new gas pool for Mesaverde production?



A I recommend a new gas pool be created in San Juan County for gas production from the Mesaverde formation, to be know as the Flora Vista-Mesaverde Pool, consisting of the South half of Section 22, the South half of Section 23, the West half of Section 26, and the Northeast quarter of Section 27, all in Township 30 North, Range 12 West. The discovery well was the J. Glenn Turner No. 1-22 Osborn, located in Unit M, Section 22, 30, North, 12 West, which has an overflow potential of 10,808 MCF per day; shutin casing pressure after four days of 1368 pounds; casing shoe is a 3,332 feet; completed January 30, 1961. There are two other completions producing in that pool.

Q Mr. Kendrick, does your recommendation on the creation of this pool in any way affect the rules and regulations applicable to the wells in this pool?

A The Statewide rule will still apply as far as well location, footagewise; proration unit size will still be in effect. It would not be a proration unit.

Q This pool would not prorate as a result of this record?

A No.

Q What is your recommendation concerning the extension of the Ballard-Pictured Cliffs Pool?

A That that pool be extended as shown in paragraph (c) of Exhibit 1, on the basis of one completion therein.

Q What is your recommendation concerning the extension of the South Blanco-Pictured Cliffs Pool?



A My recommendation is that that pool be extended as shown in paragraph (d) of Exhibit 1, on the basis of one completion therein.

Q What is your recommendation concerning the extension of the Otero-Chacra Pool?

A That that pool be extended as shown in paragraph (e), Exhibit 1, on the basis of three wells completed therein.

Q What is your recommendation concerning the extension of the Blanco-Mesaverde Pool?

A My recommendation is that that pool be extended as shown in paragraph (f), Exhibit 1, on the basis of one well completed there in.

Q What is your recommendation concerning the extension of the Angels Peak-Gallup Oil Pool?

A That that be extended as shown in paragraph (g), Exhibit 1, on the basis of one well completed therein.

Q What is your recommendation concerning the extension of the Cha Cha-Gallup Oil Pool?

A That the pool be extended as shown in paragraph (h) of Exhibit 1, on the basis of five wells completed therein.

Q Do you have any recommendation with respect to the Devils Fork-Gallup Pool?

A My recommendation for the extension is that it be dismissed.

Q What is your recommendation concerning the extension of the Escrito-Gallup Oil Pool?

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A That the pool be extended as shown in paragraph (j), Exhibit 1, on the basis of three wells completed therein.

Q What is your recommendation concerning the extension of the Totah-Gallup Oil Pool?

A That it be extended as shown in paragraph (k), of Exhibit 1, on the basis of four wells completed therein.

Q Do you have anything further you would like to add to your testimony?

A No.

MR. MORRIS: That concludes the direct examination of Mr. Kendrick. I offer Exhibit No. 1, Case 2402 into evidence.

MR. PORTER: Without objection, the exhibit will be admitted.

MR. BUELL: I have a few questions. Can we go back to paragraph (b), Mr. Kendrick?

A Yes, sir.

CROSS-EXAMINATION

BY MR. BUELL:

Q The Flora Vista-Mesaverde, that you have recommended. Would you picture, in your mind's eye, the outline to define the limits of that pool that you recommended to the Commission?

A Yes, sir.

Q Based on your knowledge of the outlying Blanco-Mesaverde Pool to the North, how near would these defined limits be to one another at their closest points?



A Approximately two and a half miles.

Q Are you familiar with the rate at which this Osborn well has been producing?

A Not of my own knowledge, but strictly rumors, that it is producing at a rate in excess of the average well in the Blanco-Mesaverde.

Q Assuming that that rumor is correct and that that well has been producing at a rate of two and a half miles a day, Mr. Kendrick, how would that compare with the other allowable in the Blanco-Mesaverde well to the north?

A It would be considerably in excess or higher than the allowable for comparable, a well of comparable productivity in the Blanco-Mesaverde Pool.

Q Do you feel, I am sure you do, due to your recommendation to separate this, do you feel that that Osborn well is separable, a distinct accumulation of gas, from the Blanco-Mesaverde production?

A Probably not a separate accumulation, but it is in a separate sand segment from that which is produced as Blanco-Mesaverde Pool.

Q Mr. Kendrick, let me ask you, in view of - - I will ask you for an assumption; assuming that the interval producing in that Osborn well is in communication with production in Blanco-Mesaverde, under that assumption and with the disproportionately higher rate of withdrawal that the Osborn well is enjoying, would it not correlative rights to it?

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A With that assumption, it is possible.

MR. BUELL: That is all I have. I do have a short statement.

MR. PORTER: Any further questions? The witness may be excused.

(Witness excused.)

MR. PORTER: Mr. Buell, would you like to make your statement?

MR. BUELL: Yes, sir. Of course, again, with respect to paragraph (b), the setting up of the Flora Vista-Mesaverde, Pan American would recommend that the Commission, that in this case they be on the side of caution, since if this does prove to be connected and in communication with Blanco-Mesaverde wells, it will certainly be a violation of correlative rights.

Upon the disproportionately higher withdrawal rate that this Osborn well is enjoying we base our recommendation.

MR. PORTER: Mr. Kendrick, I would like to ask one question before you leave the stand. Are you familiar with the activity that is going on in this area now, as to whether or not we may expect any drilling between these two areas within the near future?

MR. KENDRICK: Development is going on along this sand trend and Dakota wells have been drilled between this particular sand bar and the Blanco-Mesaverde Pool, which have not encountered this particular sand build-up and Cliff House formation to the north and east between the two pools. There is a well with this

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same sand development about a mile and a half or two miles south of the proposed pool, which is about three miles west of the Blanco-Mesaverde Pool, which did encounter this particular sand bar. However, the shutin pressure in this particular well area is approximately three or four hundredd pounds more than the shutin pressures are from this pool.

MR. PORTER: Mr. Buell, you may rest assured that the Commission can certainly appreciate your concern in this matter and Mr. Kendrick and Mr. Arnold will keep the thing under close surveillance. We will go ahead at this time but conditions might warrant a change later be allotted.

MR. BUELL: We are simply alarmed over the great difference in withdrawal between this Osburn well and the Blanco; about 100 percent per day. That was the reason for our appearance.

MR. PORTER: Thank you, sir.

If there is nothing further to be offered in this case, we will dismiss paragraph (i) and take the balance of the case under advisement. The hearing is adjourned.

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