

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

November 29, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Hudson & Hudson for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Maljamar Pool, one well to be located within 100 feet and not less than 25 feet of the Southeast corner of Unit J, Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico, and one well to be located within 100 feet and not less than 25 feet of the Northwest corner of Unit O in said Section 24.

CASE NO.
2436

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: We will call Case No. 2436.

MR. WHITFIELD: Application of Hudson & Hudson for two unorthodox oil well locations, Eddy County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, representing the Applicant. We have one witness, Mr. Gray.

RALPH L. GRAY,

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Ralph Gray.

Q What business are you engaged in, Mr. Gray?

A Consulting petroleum engineer.

Q In connection with your business as consulting petroleum engineer, have you testified before this Commission and had your qualifications made a matter of record?

A I have.

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

EXAMINER NUTTER: Yes, sir.

Q (by Mr. Kellahin) Mr. Gray, as a consulting petroleum engineer, have you been employed by Hudson & Hudson in connection with Case No. 2436?

A Yes, sir.

Q You are familiar with the application in this case?

A Yes, sir.

Q Would you state briefly what is proposed here?

A The Applicant proposes to drill two five-spot location wells which will be located at an unorthodox location in the Maljamar Field.

Q Have you prepared a plat showing the location of the wells and the adjacent area?

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A Yes, sir, I have.

(Applicant's Exhibit No. 1
marked.)

Q (by Mr. Kellahin) Referring to what has been marked Exhibit No. 1, would you discuss the information shown on that exhibit?

A Exhibit No. 1 shows a part of the Maljamar Field and it shows the Hudson A & B leases. This map also shows four five-spot wells which have previously been drilled under Order No. R-1693, and these are shown on the map as Numbers A 19, 20, 21, and 22. They are in Section 24 - 17 - 31. In addition, the map shows several locations which are indicated by the green dots which have also been authorized under Order R-1693. The two proposed locations are shown by the red dots and these are designated as A 23 well which is located within 100 feet of the southeast corner of Unit J, Section 24; B Well No. 21, located within 100 feet of the northwest corner of Unit O of Section 24.

Q Will these proposed locations crowd any offsetting operator?

A No. Each of them will be at least -- let's say more than 1320 feet from the closest lease line.

Q Is Hudson asking for any increase in the allowable above normal 40-acre allowable?

A No. We propose to limit the production to one top allowable.

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Q Does Hudson have any future plans as to the development of this area in connection with waterflood or secondary recovery?

A Yes. The purpose of drilling these five-spot wells is for a proposed waterflood program, which we anticipate will probably be started next year some time, and we propose to use these five-spot locations as water input wells at such time as the project is actually started.

Q Now, these wells will be drilled, cased, and cemented with that prospective use in mind?

A Yes, sir, that's right, and we did not submit a log of the two proposed wells since that previously has been submitted in a similar, under a previous order.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: I offer Hudson's Exhibit No. 1 in evidence.

EXAMINER NUTTER: Applicant's Exhibit No. 1 will be entered in evidence.

MR. KELLAHIN: That's all I have.

EXAMINER NUTTER: Are there any questions of Mr. Gray?

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Gray, could you give me a more exact footage description of the location of these two wells?



A Yes, sir. Ordinarily, these locations will be located 25 feet out of the corner of the 40-acre unit. However, we prefer that the order be written to authorize the location within 100 feet since there are power lines existing in the area; in order to get far enough away from some of these power lines, it's necessary to locate the wells 100 feet from the corner. In these two cases, I am not certain as to whether or not the power lines will conflict since the wells have been staked, but if there are no surface obstacles in the way, the A No. 23 will actually be located 25 feet out of the southeast corner of that 40-acre unit and B 21 will be located 25 feet out of the northwest corner of the unit.

Q You do request a certain flexibility be allowed so that you can locate the well 100 feet out of the corner?

A Yes, sir.

MR. MORRIS: That's all I have; thank you.

CROSS EXAMINATION

BY EXAMINER NUTTER:

Q You may want to come back a little further to the middle of the 40, but no closer to the boundary of the 40?

A Yes. We won't locate a well any closer than 25 feet. If we have to move the well, we will move it in closer to the center of the 40.

Q In the wells that were authorized by Order No. R-1793, was any provision made to assure the 40-acre tract in which the



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well was bottomed? Do you recall if that order had any provision for any survey to be made?

A You mean at the bottom of the hole?

Q Yes.

A No, sir. There is no provision in the order for a survey to be made at the bottom of the hole.

Q Was a survey made?

A No, sir. These wells were drilled with cable tools and in the past we have taken deviation surveys and this is in an area where it is very easy to maintain straight holes, and I'm quite sure there is very little deviation at the bottom of the hole from the surface location.

Q You did take a deviation survey when they were drilled?

A I don't think they were actually taken on the recent well, but in the past they have been taken on various wells.

Q What kind of potentials have you been getting in the corners?

A These wells are not fracked very heavily and their potential varies from 50 to possibly up as high as 200 or 300 barrels a day on a short test. However, these wells don't hold up to that very long. It is characteristic for them to decline pretty rapidly.

Q Now, immediately to the east of this lease, Mr. Gray, are there Continental leases in the area where Continental is contemplating a water injection program?



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A Yes, sir.

Q Is the Hudson property included in that Continental unit?

A No. The Continental does not include the Hudson properties. However, we have previously had correspondence with Continental and have advised that we are willing to conduct a co-ordinated flood along the lease lines with them.

Q So, when their water injection program is being carried out in Section 19 and 30, you will be conducting a program in Section 24 and 25?

A Well, of course, I don't know how the timing will work out. I understand that they are trying to get approval on their proposed plan now and we anticipate that our flood will be commenced possibly by the middle of next year.

Q Do you know whether there is any plan to use a five-spot pattern as you seem to be building up in your acreage?

A I am not sure. It was my understanding that they were going to try various spacings in their pilot project. I am not sure if that is being carried out or if they have a change in plans, but, no, sir, I can't answer you for certain. I don't know what their program involves.

EXAMINER NUTTER: Are there any other questions of Mr. Gray?

He may be excused.

(Witness excused.)



