

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 24, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Company
for an exception to Order No. R-1670. Appli-
cant, in the above-styled cause, seeks an ex-
ception to Rule 14(a) of the General Rules and
Regulations for the Prorated Gas Pools of North-
western New Mexico, Order No. R-1670, to permit
the extension from February 1, 1962, of the period
during which underproduction of certain wells in
the Basin-Dakota Gas Pool, San Juan County, New
Mexico, may be produced.

CASE 2481

BEFORE:

ELVIS UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order. Case 2481.

MR. MORRIS: Application of El Paso Natural Gas Company
for an exception to Order R-1670.

MR. SETH: Mr. Garrett Whitworth and Oliver Seth for the
Applicant.

MR. UTZ: Are there any other Appearances?

MR. WHITWORTH: I have one witness to be sworn.

MR. MORRIS: Will you stand and raise your right hand,
please? (Witness complies.) Do you solemnly swear that the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

MR. HICKSON: I do.

GERALD HICKSON,

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q For the record, would you please state your full name, by whom you are employed and in what capacity?

A Gerald A. Hickson, I am a Proration Engineer.

Q Mr. Hickson, have you previously testified before this Commission as a Proration Engineer?

A Yes, sir.

Q And have your qualifications been accepted and made a matter of record?

A Yes.

MR. WHITWORTH: We ask that the witness's qualifications be accepted.

MR. UTZ: They are.

Q (By Mr. Whitworth) Mr. Hickson, are you familiar with El Paso's Application in this case?

A Yes, sir, I am.

Q What is the nature of that Application?

A El Paso Natural Gas requests that the Commission grant



exception to Rule 14(a) of Order No. R-1670, of the General Rules and Regulations for the Prorated Gas Pools of Northwestern New Mexico to permit the extension from February 1, 1962 to August 1, 1962, of the period during which under production of certain wells in the Basin-Dakota may be produced.

Q What is the number of the wells that are involved in this case?

A There is a total of 101 wells involved.

Q Of this number, how many have accumulated allowables that are subject to cancellation?

A Approximately 23, it is hard to tell at this time.

Q Now, of this number of wells, are any of these wells El Paso's wells?

A No, sir, of the 101, yes, 2 wells but of the wells that have allowables subject to cancellations, none of them are El Paso's.

Q They are just tied into El Paso's system, is that right?

A Yes, sir.

Q Why do these wells have accumulated under production or allowables subject to cancellation?

A Well, all of the Dakota wells, which were originally connected to the Pictured Cliff system, which we had planned to reconnect to the Dakota, were curtailed in order that during the low demand period of the summer months, the low pressure and low volume Pictured Cliff wells could produce their allowables and have a



better opportunity to produce their allowables with a timely completion of the Chacon Dakota system, which we had previously testified as being October 1. The Dakota wells would have an opportunity to make up the under production which they had previously accrued.

Q But of the completion of the Chacon-Dakota, a system was not completed?

A No, sir, the system, itself, was completed on September 26th with exception of a few valves which had one and four inch valves on the main line which was not shipped until the 6th of October and it was the 16th before that valve was put into, was completed on the line and the 19th before a portion of the system was in service. One other twenty inch valve was not shipped and received in Farmington until the 30th of October which delayed another section of the system until the 17th of November.

Q Will you explain again the importance of the completion of the Chacon Dakota system in order to allow these wells, Dakota wells, to produce?

A Well, if the Dakota system had been completed on October 1 and with the exception of cold weather this under production could have been made up, the biggest portion of the under production could have been made up before February 1st, I am not sure that all could have been made up, depending upon the wells capability to produce.

Q And for the most part there was delay until around the first of November?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



A That is correct, a portion of the system was in service on the 19th of October and another section was not completed until the 7th of November.

Q Mr. Hickson, what effect, you have mentioned cold weather, but exactly what effect did cold weather have on making up under production during the balance of the period?

A Well, since the date of February 1st, delivery into the Dakota system, we have been attempting to produce these wells continuously and in order that the under production could be made up but due to cold weather, there has been a certain amount of freezing and when a location freezes, pipe lines freeze and there have been some impassable roads which have prevented the switchers from getting to the leases to turn the wells on and those are the contributing factors which have prevented these wells from making up the under production.

Q Now, since the date of your first delivery of these wells into the Chacon Dakota system, what has been the rate of production from these wells?

A We have produced these wells which had an allowable subject to cancellation, from the date of the first delivery continuously, with the exception of freezing in the location equipment and line freezes.

Q And that was an effort to make up the accumulated under production?

A Yes, sir.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



Q In your opinion, what would be the effect of adding an additional proration period or extending the time within which these wells could make up the accumulated under production?

A The effect of adding six months to a period of time which these wells could make up the under production, would just give them the opportunity to produce the allowable which is subject to cancellation.

Q Can you estimate for us the extent of this under production or allowable subject to cancellation?

A Well, at this time, it would be impossible to tell exactly how much allowable is subject to cancellation because January's production is not in and hasn't been recorded, but using December's production, and estimating January's production, we came up with a figure of approximately 360,000,000 for twenty-three wells.

Q That would be as of February 1, 1962? A. February 1, 1962.

Q Mr. Hickson, do you have a list of the wells that are involved in this Application?

(Mark El Paso's Exhibit 1 for identification.)

A Yes, sir, that is El Paso Natural Gas Exhibit No. 1 which is a list of all the wells which were qualified, by qualifying I mean that were originally connected to the Pictured Cliff system and will be connected to the Dakota system.

MR. UTZ: Were all these wells connected before August 1, 1961?

A No, sir, this is all the wells that were originally



connected to the Pictured Cliff system and are now connected to the Dakota system, or will be. There is only 23 of these that have allowables, rather than around 23 that have allowables subject to cancellation. Now, some of these wells were connected after August 1st, so there is no problem there with the under production.

MR. UTZ: In the course of your testimony, do you intend to point out these wells, the 23?

A Well, I don't, I could point out 23 of them but I am not sure that 23 is going to be all we will have. We won't know until after the first of February when the production is over.

MR. UTZ: Could you supply us with a list of all wells before August 1, 1961, those are the only wells that would be subject to cancellation?

A That is true.

MR. UTZ: Could you do that?

A Yes, I think we can do that, I am not sure whether I have all that information with me at this time.

Q (By Mr. Whitworth) Mr. Hickson, when you stated that you didn't know which wells will actually be involved in this request and you won't know until what time?

A Till about the 10th of February when the January production is in.

Q And it is those wells that we are requesting that the time be extended for making up under production, is that right?

A That is correct.



Q And what is the number that you estimated?

A Approximately 23. It might be a little higher, depending on production in January.

Q Our request doesn't involve any other wells except those?

A No.

Q Is it your opinion that the majority of these wells that have accumulated allowables subject to cancellation could have made up that under production, except for the adverse circumstances that you mentioned?

A Yes, sir, I think they could have made up the under production or the largest portion of it.

Q And do you think that if that additional period is added that these wells will be given an adequate opportunity to make up the accumulated under production?

A Yes, sir.

Q Is there anything else you would like to add to your testimony?

A No, I don't think so.

Q Was El Paso's Exhibit prepared by you?

A Yes, sir.

MR. WHITWORTH: We ask that El Paso's Exhibit 1 be admitted.

MR. UTZ: Without objection El Paso's Exhibit No. 1 will be admitted into the record.

(Whereupon El Paso's Exhibit No. 1



admitted into the record.)

MR. WHITWORTH: That is all.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hickson, I wonder if it would be best for you to submit a copy of a list of all the wells on this lease that were connected prior to August 1, 1961, if you would do that, then there would be no problem --

A All right.

Q -- as far as we are concerned in the proration department and you wouldn't have to determine what wells are subject to cancellation. Would that be satisfactory?

A Yes, I think we can furnish you that list.

Q All right, sir.

A We can get that list to you Monday.

MR. UTZ: Are there any other questions?

MR. MORRIS: Yes.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Hickson, now, let me make sure I have got your proposal straight. In each case the exception that is to be given to certain wells will be to allow that well to make up the under production that it would otherwise would have had cancelled on the first of February of this year?

A That is correct.



Q And the well to be given that exception will be based upon El Paso's difficulty in getting that well hooked up to it's Dakota gathering system that was projected to be completed earlier in the year or later in 1961?

A Well, that was a part of the problem, of course it wasn't just the delay, this system itself, it was also due to cold weather.

Q Also due to adverse weather conditions?

A Yes.

Q Now, if the time is extended for making up this under production, as you have proposed, is there a good chance that these wells will be under produced at the end of the next balancing period that is on August the first, 1962, is there a good chance that these wells will be carrying considerable amount of under production at that time?

A Well, I stated that it was about 360,000,000 on 23 wells which is less than 20,000,000 a well, so I don't think that the average well will have trouble making that up.

Q And they might not have trouble making up the amount that might otherwise be cancelled but then you will be carrying over a large amount of allowable which would have normally been assigned to be produced during the period from February 1 to August 1, is that right, In other words, you are going to be carrying over into the balancing period following August 1 and in all likelihood the full allowable, or close to it, that would have been assigned during the previous period?



A No, not exactly because during November, the well had to produce during November, December and January it's current allowable before we would make up any of the under production, and if we made up some of the under production that these wells accrued, we just didn't make it all up. That is possible that these wells would go into the next proration period beginning August 1 but that would be from February 1 through August 1 under production period.

Q What I am really getting at is if by granting this exception, extending this time for making up the under production, are we going to start a snow-balling effect, we are going to be pushing the next period allowable over into the following period, so that you are always going to have large amounts of under production being carried over from period to period?

A No, we are not asking that the under production that is being accrued from August 1st to February 1st be carried on past August 1st of '62, that will be cancelled at that time too?

A But, any allowable during that period of time or any production during that period of time will be charged back to the amount that is being carried over under the exception, is that correct, so that you would have --

A Well, it is my understanding that well will have to produce it's current allowable before it will make this job.

Q All right, fine. Mr. Hickson, now, the allowable which would be cancelled if the time were not extended as you have proposed, the allowables vary from well to well don't they, they don't



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

fall in any definite proportion?

A No, sir, they vary.

Q Will the Commission, by extending the time for making up the under production, would be protecting correlative rights?

A Yes, sir, I think they would.

MR. MORRIS: I believe that is all.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.



I N D E X

<u>WITNESS</u>	<u>PAGE</u>
GERALD HICKSON	
Direct examination by Mr. Whitworth	2
Cross examination by Mr. Morris	9
Cross examination by Mr. Utz	9
<u>MARKED FOR IDENTIFICATION</u>	
El Paso's Exhibit 1	6
<u>ADMITTED INTO RECORD</u>	
El Paso's Exhibit 1	8

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, KATHERINE PETERSON, 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 _____ day of February, 1962.

Katherine Peterson
NOTARY PUBLIC - COURT REPORTER

My Commission expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7481, heard by me on Jan. 24, 1962,
Hubert R. [Signature], Examiner
New Mexico Oil Conservation Commission

