

MR. NUTTER: I will ask for appearances.

MR. KELLAHIN: Jason Kallahin, appearing for Caulkins Oil Company. I have one witness.

(Witness sworn.)

FRANK GRAY,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Frank Gray.

Q By whom are you employed and in what position, Mr. Gray?

A Superintendent of the New Mexico operations of the Caulkins Oil Company.

Q Have you testified before this Oil Conservation Commission and made your qualifications a matter of record?

A Yes, sir.

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

MR. NUTTER: Yes, sir. Please proceed.

Q (by Mr. Kallahin) Mr. Gray, are you familiar with the application of Caulkins Oil Company in Case No. 2489?

A Yes, sir.

Q Will you please state what Caulkins Oil Company seeks in this case?

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A Well, to change the field rules for the South Blanco-Tocito Oil Pool to require bottom hole pressure tests to be made annually instead of semi-annually, as the rule presently requires.

Q Now, these pool rules were originally proposed by Caudkins Oil Company to this Commission, were they not?

A Yes, sir.

Q Have you made bottom hole pressures consistently through the life of the pool?

A Yes, sir, from the date of discovery. In the South Blanco-Tocito Pool, the Caulkins property, we have recognized that accurate bottom hole pressures were essential for the operation of the property and the pool, and the first pressure test was made shortly after discovery, after it was completed in 1951. At one time, quarterly tests for the pool were run. For the past several years, semi-annual tests have been run for a total of twenty-five field-wide tests.

Q Since the adoption of Order No. R-1191, have the results of these been filed with the Oil Conservation Commission?

A Yes, sir.

Q Is there any purpose, in your opinion, at the present time, of continuing with the semi-annual test?

A No, not in my opinion, at this time. We do not think so because of the present state of the depletion of the pool and the abundance of bottom hole pressure information already available; we just don't feel it is actually necessary to take bottom



hole pressures any more frequently than once a year.

Q Have you encountered any difficulty in taking these tests?

A No, we have not encountered any difficulty, except loss of production due to shutting the wells down for as much time as we needed to get build-up information from the wells.

Q Do the wells stabilize within the period provided by the Rule?

A No, the minimum rule is seventy-two hours. We have found that in order to get representative pressure information, some of the wells have to be shut in for 120 hours.

Q That aggravates the loss of production, is that correct?

A We figure we lose five or six days production each time we have to take a pool-wide survey.

Q Does that result in an economical loss to the operators of the pool?

A We feel that it costs about \$1,200 in actual money each time we take a survey. That is just the fixed expense that can't be changed by shutting in wells, and the amount of oil that is lost during that time. I don't mean we lose the oil; it is just reserved, but we do have fixed expenses that we can't reduce or eliminate while the pool is shut down.

Q Now, this pool is subject to water injection programs, is it not?

A Yes, sir.



Q Will tests once a year give you sufficient information to maintain control of the water injection?

A Yes, sir, I think it is.

Q On the basis of past experience and pressure information available, in your opinion, do you have enough information on the effects of the water injection to continue the operation on the basis of annual tests?

A Yes, sir.

Q Do you have anything you wish to add, Mr. Gray?

A No, I think not.

Q You are not proposing that pumping wells be tested, are you?

A No, that is the rule for the pool. We have assumed that it excused or excluded the pumping wells the same as the statewide rules for taking bottom hole pressure test, and we have not -- we don't propose to take bottom hole pressures annually any more than we have been semi-annually.

Q You take them on the same basis?

A Yes, sir.

Q In effect, you are asking that the pool now be placed under the provisions of the statewide rule, are you not?

A Yes.

Q Do you have any particular time you would prefer to take these tests?

A It would be in keeping with our past testing if we



could test the wells during the month of October. That would be our preference.

Q That would keep your tests on a comparative basis with previous tests?

A Yes. The semi-annual tests were made in April and October, and we would like to continue testing in October.

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

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Gray, how many wells did you actually take bottom hole pressures on?

A Right at the present time, we have six flowing wells out of a total of eighteen wells that we are testing.

Q And bottom hole pressures have been taken on these six wells on a semi-annual basis?

A Yes, sir.

Q So, in effect, you will eliminate six tests per year?

A Yes, sir.

MR. NUTTER: Are there any further questions of Mr. Gray?

You may be excused, Mr. Gray.

(Witness excused.)

Do you have anything you wish to offer, Mr. Kellahin?

MR. KELLAHIN: That is all.

MR. NUTTER: No exhibits?



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MR. KELLAHIN: No, we can give you the same plat we gave the last time, if you wish.

MR. NUTTER: Does anyone have anything to offer in this case?

MR. MORRIS: Mr. Examiner, I have a letter from El Paso Natural Products which states, as the only other operator in the pool, they wish to concur with the applicant in this case in their application.

MR. NUTTER: Thank you, Mr. Morris.

Is there anything further?

We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, CECIL LANGFORD, NOTARY PUBLIC in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.



NOTARY PUBLIC

My Commission Expires:

