

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182SANTA FE, N. M.
PHONE 983-3971ALBUQUERQUE, N. M.
PHONE 243-6691

Q You are Mr. Robert E. Smith of Lubbock, Texas, senior grade petroleum engineer with the Applicant, is that correct?

A That is correct.

Q Immediately prior to this hearing, you have testified as a petroleum engineer in Case 2661, have you not?

A I have.

MR. MALONE: Would the qualifications of this witness be satisfactory?

MR. NUTTER: Yes, sir, please proceed.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q (By Mr. Malone) Referring, Mr. Smith, to what was marked as the Applicant's Exhibit No. 1, was this exhibit prepared by you or under your direct supervision?

A Yes, it was.

Q Will you please describe generally and briefly what it is that the Applicant seeks in this application?

A Yes. We seek to triply complete our South Mattix Unit Well No. 14, located in Township 24 South, Range 37 East, as a Fowler Paddock gas, a Tubb, undesignated Tubb gas, and a Fowler Blinebry oil well.

Q Is this a work-over or a newly drilled well?

A No, this is a newly drilled well.

Q What did you say with respect to this gas, this Tubb gas in this area? Did you say it was the first Tubb gas?

A This is the first Tubb gas in the area. The nearest



Tubb that I'm familiar with is in the Tubb Field proper some ten miles north of here. The Tubb is productive in the North Justis Field about two miles south, but it is oil.

Q We are dealing here with the South Mattix Unit No. 14 Well, is that well within the declared limits of the Fowler Paddock and the Blinebry Pools?

A It is.

Q Going now to your exhibit, Attachment No. 1 is a map or plat. Does the red arrow indicate the subject well?

A Yes, the red arrow points to the South Mattix 14.

Q With respect to your application, was notice of this application given to the offset operators shown on Attachment 1?

A Yes, sir, it was furnished to the offset operators. A copy of the application accompanied this notification and the offset operators are shown on the Attachment 4, which was the notice of application to the Commission.

Q As I understand you, Pan American's letter of September 12, 1962, to the Commission, making this application, was forwarded to offset operators shown on the map?

A That is right. That's my understanding.

Q Attached to the letter was the printed form required by the Commission?

A Yes.

Q That printed form appears as Attachment No. 4 in the exhibit, does it not?

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A Yes.

Q Would you now briefly discuss the matters contained in the application?

A Yes. This well has actually physically been completed. A diagrammatic sketch of the well is shown as Attachment 2. In this case the Tubb was perforated in six intervals shown on the sketch, at which time a Baker Packer type 8732, which is just a designation of the bore size, was set. We then tested ten perforations in the Blinebry and received flowing oil. We then blanked this off and tested the Paddock perforations in three intervals which flowed gas.

In this particular instance we are using three packers as noted. The reasoning for this is that the Paddock gas is sour and in order to protect the tubing and the annulus above the Paddock, we are running this 3-1/2 inch OD tubing string through the upper two Paddocks with the Tubb long string landed in the bottom packer. This center 3-1/2 inch tubing will be externally coated to protect it from this corrosive gas produced.

The Paddock gas then will flow through the 2-inch Buttress tubing on the left. The Tubb gas will come straight through and the Paddock gas will cross over into the string on the right. We've run a garrett sleeve in here with a closed position. The Paddock is currently flowing, at which time it ceases to flow we'll be able to manipulate the gas annulus, opening this garrett sleeve.



Q Is there anything further that should be pointed out with respect to this Attachment No. 2?

A No. The 7-inch casing was set at 643, as shown, we cemented it with 500 sacks which was calculated to be sufficient to take to the base of the salt at approximately 27, 2800 feet. Temperature survey is not available. The 9-5/8 inch did have cement circulated.

Q Going now to the log which is shown as Attachment No. 3 in your exhibit, please briefly state what that shows.

A This log shows the top of the Drinkard, the base of the Tubb, and the Tubb intervals, top and bottom, Blinebry intervals, top and bottom, and the Glorieta, of which the Paddock is commonly referred; and the perforated intervals, by the way.

Q The perforated intervals --

A Are shown in red.

Q The tiny red rectangular box?

A That's true.

Q With respect to Attachment No. 4, this was furnished to the Commission with the application, is that correct?

A Yes, that is right. The log presented here is a gamma ray neutron log, since it had more details than our electrical log.

Q In a letter to the Commission dated September 12, 1962, Pan American made reference to the Blinebry as an undesignated pool at that time. Has any additional study been given to this



matter?

A Yes. At the time we -- I believe our Mr. Sandidge contacted Mr. Nutter personally by phone and asked that this be advertised as an undesignated Blinebry Pool, since the producing characteristics of our well were superior to the only other Blinebry well existing, which is the Gulf Plains Knight located in Section 23 and shown in a yellow dot.

Q That would be the well on Attachment No. 1 which is in the far --

A The Southwest Quarter of 23, 24, 37.

Q Fine.

A This well, as indicated on the map, potentialed for 57 barrels a day. It has now declined down and produced I believe some 25 or 26,000 barrels. We feel that the tension on our well, which was 144 barrels a day flowing, and also the fact -- if you'll refer to the log of this Blinebry in the top of the Blinebry interval, you'll notice a real or a well-developed porosity zone. This interval is not present in the wells to the south, that well to the south, and we feel like it is an indication of a newer zone. It does seem to dissipate toward them, but, however, the bulk of the perforations are in the Gulf well and we no longer feel like we have a separate zone here and desire that this be classified as a Fowler Blinebry well. It is within the defined limits of the Fowler Blinebry Pool.

Q Your proposed triple well would produce Blinebry from



the same pool in which the Gulf well is producing Blinebry?

A That is correct. We drilled a well in Section 16 in the far southeast corner on the State "D" which tested some oil in the Blinebry but was abandoned due to mechanical problems, if I remember correctly; and based on this well, the Commission placed the defined limits of the Fowler Blinebry Pool up this far.

Q Would the correlative rights of other owners in the area be adversely affected by the granting of this application?

A They would not.

Q Would the correlative rights of Pan American be protected by the granting of this application?

A Yes, we would be allowed to produce our fair share of hydrocarbons.

Q Would economic waste be prevented by the granting of this application?

A No, it would not. If we did not receive the permission to triple complete, it would be necessary to drill additional wells for these hydrocarbons which would incur additional expenditures which we feel would be unnecessary.

Q Your explanation of your answer indicates that your answer should have been, "Yes, economic waste would be prevented."

A I'm sorry, that is right.

Q Because additional drilling would be prevented, is that correct?

A That is correct.



MR. MALONE: That completes our direct, Mr. Nutter.

MR. NUTTER: Does anyone have any questions of Mr. Smith?

CROSS EXAMINATION

BY MR. NUTTER:

Q First of all, I understand that the original application was for a Fowler Blinebry; then that was amended by a subsequent letter after telephone call to be Blinebry undesignated oil?

A That's right.

Q But now your final conclusion, after further study, is that this is Fowler Blinebry oil?

A Fowler Blinebry oil, yes, sir.

Q Now the Paddock gas is sour, you stated?

A Yes, it is sour.

Q It will come from its perforations into the annulus and then into the cross-over tool and up the --

A The upper string Paddock 2-inch OD Buttress, plastic-coated internally and landed at 4810.

Q It comes up the 2-inch plastic-coated?

A Yes, on the left there. I failed to mention a while ago that it will be internally coated tube to protect it from corrosion.

Q Now the Blinebry oil comes up the 2-3/8ths inch tubing?

A No, sir. It comes up the 2-1/2 inch or 3-1/2, I beg



your pardon, and crosses over into this (indicating).

Q Well, after it crosses over it comes up the 2-3/8ths from there?

A Yes, that is right, 2-3/8ths.

Q It will be possible to artificially lift the Blinebry oil through this 2-3/8ths?

A That is correct.

Q Now the Tubb oil --

A Beg pardon, the Tubb gas.

Q The Tubb is also gas?

A Yes.

Q You have only one oil zone and it will be produced through 2-3/8ths?

A That's right.

Q Do you have any bottomhole pressures or any other data on this?

A No, sir, we do not have bottomhole pressures at this time on these zones.

Q Is the production from the Blinebry and the Tubb classified as sweet production?

A The Blinebry, the Tubb is, it is sweet, and the Blinebry to my knowledge is sweet.

Q The Paddock is definitely sour?

A The Paddock is definitely sour, yes.

Q What is the F.A. 87, F.A. 47 packer, it's the upper



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packer?

A These packers arrangements are just special bores to receive these seating elements.

Q Are these Baker Model "F" Packers?

A Yes, these are Baker Model "D" Packers.

Q The middle is a Model "F" and the lower is a Model "D" right?

A Yes, Baker Packers, yes, sir.

MR. NUTTER: Any further questions of Mr. Smith? He may be excused.

(Witness excused.)

MR. MALONE: We have nothing further. Move the Exhibit be admitted in evidence.

MR. NUTTER: Pan American's Exhibit No. 1 in Case 2662 will be admitted in evidence.

(Whereupon, Applicant's Exhibit No. 1 entered in evidence.)

MR. MALONE: I failed to move the admission in the first case. May I open 2661 for that purpose?

MR. NUTTER: The exhibits are also admitted in Case 2661.

(Whereupon, Applicant's Exhibit No. 1, Case 2661, entered in evidence.)

MR. NUTTER: Does anyone have anything they wish to offer in Case 2662? We'll take the case under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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 is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 29th day of October, 1962, 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 Examiner hearing of Case No. 260 heard by me on 10/11, 1962.
[Signature], Examiner
New Mexico Oil Conservation Commission

