

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 20, 1963

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
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IN THE MATTER OF:

Application of Consolidated Oil & Gas, Inc., for an unorthodox location, Rio Arriba County, New Mexico. Applicant in the above-styled cause, seeks approval of its Apache Well No. 2-16 at an unorthodox location 790 feet from the North line and 1850 feet from the West line of Section 16, Township 26 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico.

Case No. 2777

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2777.

MR. DURRETT: Application of Consolidated Oil & Gas Inc., for an unorthodox location, Rio Arriba County, New Mexico.

MR. KELLAHIN: Jason Kellahin of Kellahin and Cox, representing Consolidated Oil & Gas Inc. We have one witness.

(Witness sworn)

MR. UTZ: Are there any other appearances in this case?
You may proceed.

GEORGE FARMER

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A George Farmer.

Q By whom are you employed and in what position are you employed?

A I am employed by Consolidated Oil & Gas. I am assistant to the president.

Q Are you a petroleum engineer?

A Yes.

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

A Yes.

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

MR. UTZ: Yes, they are.

Q (By Mr. Kellahin) Mr. Farmer, are you familiar with Consolidated Oil & Gas' application in Case Number 2777?

A Yes.

Q Would you state briefly what is proposed by Consolidated Oil & Gas in this case?

A We propose to complete our Number 2-16 Apache Well, located in the Northwest quarter of Section 16, in Rio Arriba County as a Mesaverde Pictured-Cliff completion. This well was originally filed as a Pictured-Cliff-Dakota Producer.

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However, in drilling the well, difficulties were encountered while drilling through the Mesaverde which in the opinion of engineers and management was extremely hazardous and they elected to not take the risk to try and drill it deeper.

Q Before we get to that, would you refer to what has been marked as Exhibit Number 1 and identify that exhibit and state what is shown thereon?

A Exhibit Number 1 is a plat showing the nine townships and ranges and sections which include all of the sections surrounding Section 16, in which this well is located and this plat shows the offset operators to be Socony-Mobil Oil Company, Occidental Petroleum and Northwest Production Company, insofar as Northwest Production Company is farming out the acreage marked Consolidated in some areas in which we have not yet received the assignment.

Q That would apply to Section 15?

A Yes, in Section 15 we have to drill a dekota test, that is before we can get the assignment, that is WPH.

Q And 21?

A That is Occidentals. They are under a contract with Northwest in which we are also involved and I don't think this is pertinent. All those operators are involved at this point.

Q The operators involved are Northwest Production, Socony-Mobile and Occidental?

A Yes.



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Q And, they are the only ones effected by this application?

A That is correct.

Q Now, the plat shows two Mesaverde Wells on Socony acreage. Do you know anything about that?

A I believe it shows one on Section 17 which is an offset to our Number 2-16 but is a very marginal Mesaverde. I don't believe that it is any longer producing from the Mesaverde. The other one to the south in Section 20 has an initial potential of 2 million and something and it is presently producing from the Mesaverde.

Q Then on that basis, you want to move to the north end of the section to get a better location?

A Not by any means.

Q You stated that in drilling the wells, difficulties have been encountered. Do you have an exhibit showing a report on the well?

A I have an Exhibit Number 2, which is a daily drilling report as recorded in our office unedited at this point.

Q Is that a record kept in the ordinary course of your business?

A This is a regular daily drilling report, yes.

Q Would you discuss for the benefit of the Examiner just what difficulties were encountered and the reason why you should not attempt to deepen this well?



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A This well was drilled to a depth below the Pictured-Cliff formation at which point, 7" casing was run. The exact depth being 3947 feet. From there on, it was attempted to drill the well using gas as a drilling fluid and all went well until the depth of approximately 5498, at which point the well ceased dust and there was evidence of moisture in the hole. Drilling was continued to a depth of 5552 and with no returns, and at that point, it was attempted to try to cement off this water by setting a skees packer. However, the skees packer leaked and it was not prudent to cement with a leaky skees packer. So, it was drilled down to 6633 at which point 200 sacks of cement were placed through the drill pipe to the bottom of the hole, and after spouting cement, it was drilled out and considerable difficulties were encountered. They are all in this exhibit here and I will not detail them all. However, the result was by the time they got to a total depth of 6636, severe sluffing took place and the bit was temporarily stuck on the bottom. At this point it appeared that the holes were so drilled as to better be drilled with gas. The holes began to throat and some other unusual things happened, so it was decided not to go any deeper. The decision was also made not to mud up for fear the problem would only increase. It was decided to run casing. We were sufficiently through the point look-out to complete a Mesaverde Well.

Q You had some experience in a mud-up. Which well was it?



A It was a Caplain 235 which was located in Township 27 North. We were mudded up and stuck for many days and had a very severe fishing job and it never did hold to the Dakota.

Q And, on the basis of that experience, you did not attempt to mud up this Dakota?

A That is correct.

Q Was Exhibit 1 prepared by you or under your supervision?

A Yes.

Q And Exhibit No. 2 is a well log kept by Consolidated Oil & Gas, Inc. in the ordinary course of your business?

A That is correct.

MR. KELLAHIN: At this time, Applicant wishes to offer Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be made a part of the record.

MR. KELLAHIN: If the Commission please, I have letters from Occidental Petroleum Corporation, Northwest Production Corporation and from Socony-Mobil Oil Company Inc., stating that none of these companies have any objection to the proposed unorthodox location and that includes all of the offset operators as shown by the testimony and Exhibit No. 1.

MR. UTZ: Copies of the letters are in the record.

MR. KELLAHIN: That is all we have to offer at this time.



CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Farmer, have you made any tests on this well yet?

A There was a small natural flow from the Mesaverde. That is all the casing setting is waiting on for completion.

Q You didn't make any grasscap tests or any initial tests at all?

A Of course the well having this trouble indicated in the log here, indicating there was a flow of gas in the Mesaverde, it was not measured, however, it was a noticeable flow.

Q Where would you--first, let me ask you: Do you know whether or not it is your company's intention to drill another Mesaverde Well on Section 16?

A It is the intention to drill another Mesaverde Well in Section 16 provided this particular well turns out and there we are also drilling a Mesaverde Well in Section 10 and it would depend on the result of those two wells. If they are satisfactory, there would be another one drilled.

Q You don't know yet where you want to drill it?

A Well, the way this is--I understand we have not yet filed an acreage dedication plat to cover the Mesaverde. It might be possible that we would wish to reverse the tract from the Dakota from an east-west unit and drill again in the South-west quarter for another Mesaverde Well, rather than in the Northeast quarter. I don't believe that decision has been

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made yet.

Q It is your intention to make a Mesaverde-Pictured Cliff?

A We will attempt to do so.

MR. UTZ: Any other questions of the witness? The witness may be excused. Any other statements in this case?

The case will be taken under advisement.

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