

BEFORE THE
OIL CONSERVATION COMMISSION
Roswell, New Mexico
May 15, 1963

IN THE MATTER OF:)

The hearing called by the Oil Conserva-)
tion Commission on its own motion to)
consider the revision of Rule 402 of the)
Commission Rules and Regulations to re-)
quire shut-in pressures of natural gas)
wells annually only rather than semi-)
annually as now required.)

Case 2811

BEFORE: Honorable Jack M. Campbell
Mr. A. L. "Pete" Porter
Mr. E. S. "Johnny" Walker

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 2811.

MR. DURRETT: In the matter of the hearing called by
the Oil Conservation Commission on its own motion to consider the
revision of Rule 402 of the Commission Rules and Regulations to
require shut-in pressures of natural gas wells annually only
rather than semi-annually as now required.

If the Commission please, J. M. Durrett, Junior, appearing
for the Commission and its staff. Mr. Utz, our Chief Gas Engineer
who testified in the last case, will also present testimony in
this case, and he has been sworn.

MR. PORTER: The record will so show.

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ELVIS A. UTZ

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

DIRECT EXAMINATION

BY MR. DURRETT:

Q Mr. Utz, concerning our proposed revision of Rule 402, would you please give us a little background concerning the necessity for our proposed rule change and go into the major features of the change?

A The old Rule 402, as now in effect, requires that two shut-in pressures a year be taken on all gas wells in the State of New Mexico. It is my opinion that one shut-in pressure a year is sufficient for all gas wells, and this new rule will require that these annual pressures be taken during July, August and September, or as otherwise specified under special pool rules, and be reported not later than October 15 of each year on the appropriate form C-125.

It also requires, as the other rule did, that these shut-in pressures be taken after a minimum of 24 hours shut-in period. However, it does not preclude that the well be shut-in for longer than 24 hours, when it is shut-in 24 hours the shut-in time should be reported on the appropriate form, which is the C-125.

In addition to the wording in Section B of the proposed



rule I would like to suggest that the wording of this nature be added, "the maximum pressure measured during the shut-in period shall be reported." I have no propriety of ownership on this particular wording, but I do think it should be in the rule.

Q Mr. Utz, your proposed Rule 402 is prepared in the form of an exhibit, is that correct?

A Yes, it is.

Q And that is Exhibit A?

A Exhibit A, Case 2811.

Q You would like to add to that exhibit the sentence that you just read into the record, is that correct?

A Yes, or wording to that effect.

Q Am I correct that we will be, in effect, cutting down on the number of tests that the operators have to file with the Commission?

A That is true. There ought to be only one test required a year instead of two, which by the way, has been actually the rule for the past three or four years by administrative construction.

Q This will give the Commission adequate information to base its action on?

A Yes, sir, I am sure it will.

Q Also in this case with the proposed Rule 402, Mr. Utz,



is it your opinion that this will enable the Conservation Commission to more effectively administer the laws of this state pertaining to the conservation of oil and gas?

A Yes, I think it will be just as effective as the old rule as far as administration is concerned.

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

A Yes, it was.

MR. DURRETT: I move the introduction of Exhibit A at this time, and this concludes my examination of Mr. Utz.

MR. PORTER: Are there any objections to the admission of the exhibit? It will be admitted to the record.

(Whereupon, Commission's Exhibit A was introduced and admitted in evidence.)

MR. PORTER: Any questions of Mr. Utz concerning the proposed rule change? The witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone have any statement or comment to make in connection with the case? Mr. Woodruff.

MR. WOODRUFF: Normal Woodruff, representing El Paso Natural Gas Company. Again we would concur with Mr. Utz' recommendation for the change in the rules, also his additional phrase that the maximum pressure be reported. However, I would like to suggest in addition, wording for your consideration which



I think may add to the value of the information that is received. If I may, I will read sub paragraph (b) where this would be included.

MR. PORTER: Would you come down to the microphone?

MR. WOODRUFF: Sub paragraph (b) of Rule 402 would be the same relative to the first sentence in my recommendation. As to the second sentence, it would read as follows: "When the shut-in period exceeds 24 hours, the length of time the well was shut-in, plus the maximum pressure obtained, shall be reported. Adequate intermediate pressures shall be reported to indicate the well's pressure performance in instances where the final pressure obtained is not a maximum pressure obtained. This information shall be reported to the Commission."

MR. PORTER: Thank you, Mr. Woodruff. Mr. Utz, do you have any comments on Mr. Woodruff's statement you would like to make for the record?

MR. UTZ: No, I have no comments except I think it's a good idea.

MR. PORTER: Does anyone else have anything to offer in this case? The Commission will take the case under advisement.

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2811
Order No. R-2517

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION TO CONSIDER THE
REVISION OF RULE 402 OF THE COMMISSION
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 19, 1963, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of July, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That there is need for a revision of Rule 402 of the Commission Rules and Regulations to eliminate the necessity of conducting shut-in pressure tests on natural gas wells semi-annually, inasmuch as annual shut-in pressure tests will normally provide adequate data relative to gas pool pressures.

(3) That shut-in pressures should be taken with a dead weight gauge after a minimum shut-in period of 24 hours, provided however, that when the shut-in period exceeds 24 hours, the length of time the well was shut in should be reported to the Commission.

(4) That in order to provide for those cases where special shut-in pressure test periods and procedures are advisable, the Secretary-Director should have authority to prescribe such special schedules and procedures.

(5) That approval of the proposed rule change will enable the Oil Conservation Commission to more efficiently administer the laws of the State of New Mexico as they relate to conservation of oil and gas.

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CASE No. 2811
Order No. R-2517

IT IS THEREFORE ORDERED:

(1) That Rule 402 of the Commission Rules and Regulations be and the same is hereby revised to read in its entirety as follows:

RULE 402. METHOD AND TIME OF SHUT-IN PRESSURE TESTS

(a) Shut-in pressure tests shall be taken on all natural gas wells annually. Such tests shall be taken by the operator of the well during the month of July, August, or September unless otherwise specified by special pool rules or special directive. Tests shall be reported to the appropriate District Office of the Commission on Form C-125 not later than October 15 of the same year.

(b) Shut-in pressures shall be taken with a dead weight gauge after a minimum shut-in period of 24 hours. When the shut-in period exceeds 24 hours, the length of time the well was shut in shall be reported to the Commission.

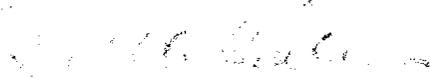
(c) The Secretary-Director of the Commission may prescribe special shut-in pressure test periods and procedures for pools when he deems the same necessary in order to obtain more accurate pressure data.

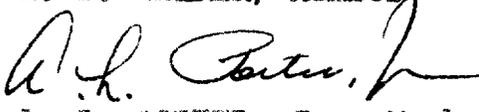
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


A. L. PORTER, Jr., Member & Secretary



esr/