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CONTINENTAL OIL COMPANY

1845 Sherman Street
Columbine Building
Denver 3, Colorado
November 6, 1962

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attn: Mr. A. P. Porter, Jr.
Secretary - Director

Re: CASES NO. 2694 AND 2695
TO BE HEARD ON NOV. 8, 1962.

Gentlemen:

Continental Oil Company submits the following concerning
Cases No. 2694 and 2695 to be heard on November 8, 1962.

CASE NO. 2694

Continental supports the application of Southern Union
Production Company for an amendment to the Northwest New Mexico
Gas Proration Rules and Regulations which will permit wells ordered
shut-in for extended periods to make up accumulated overproducing
to produce a minimum of 500 MCF each month during shut-in. Such a
provision will allow an operator to maintain a well bore condition
free from accumulated formation water during the shut-in periods
which will allow a more economic lease operation and prevent waste
which could result from possible damage to the producing formation.
Continental does question however, the use of the word minimum in
the last sentence of Case No. 2694 as presented on the docket.

CASE NO. 2695

Our comments on the proposed revision are as follows:

1. The use of the word "static" when describing the pressure
obtained during a flow period, may better be described
by substitution of the word "stabilized". This will eli-
minate confusion to those who associate static pressure
as that obtained during shut-in periods. A minor point
and is suggested only to help prevent misunderstanding
by some operators.

CASE NO. 2695

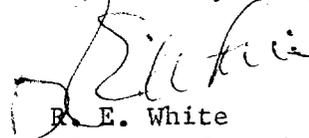
2. The definition of Deliverability Pressure as offered on the bottom of Page 8 is difficult to interpret and should be explained more clearly.
3. Section "C" on Page 10 should be expanded to indicate that tests other than One-point Back Pressure Test may be run for information purposes at the option of the operator, eg. Four-point Back Pressure and Isochronal Tests. As written this Rule implies that only a One-point Test may be taken and only as prescribed thereunder.

The information obtained from a One-point Test is limited. It may suffice in areas where adequate performance information is available from offsetting wells through previous production history. However, in areas where there are no nearby wells, and consequently no nearby gas transportation lines, additional well performance information may be a vital factor in obtaining a market connection. In these cases both the operator and the potential gas purchaser must have a reasonable prediction of a well's capability to produce before they can determine whether the cost of connections is economically feasible. A Multipoint back pressure test or Isochronal Test can be more useful in such instances. In areas of low permeability reservoirs such as many of those in San Juan Basin the Isochronal Test provides a much better basis for predicting future well performance than does the One-point Test.

In these remote areas, some distance from existing gas production and gas sales facilities, where gas reserves or gas deliverabilities are questionable, provisions should be made for allowing testing by a method or methods selected by the operator.

For this reason we recommend the Rule be modified to permit a seven day period in which the operator may run such tests as he deems necessary on a newly completed well before connection or reconnection to a gas transportation facility. These informational tests to be taken at the option of the operator and if run to be reported to the Commission.

Yours very truly,



R. E. White
Division Superintendent
Production Department