

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1971

EXAMINER HEARING

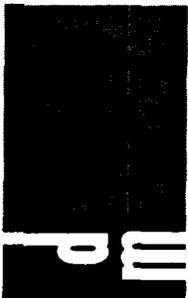
IN THE MATTER OF:

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In the matter of Case 3709 being)
reopened pursuant to the provisions)
of Order No. R-3366-A, which order)
extended 80-acre spacing units for)
the Akah Nez-Devonian Oil Pool, San)
Juan County, New Mexico, for a per-)
iod of two years. All interested)
persons may appear and show cause)
why said pool should not be devel-)
oped on 40-acre spacing units.)
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Cause No.
3709
(reopened)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



I N D E X

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E X H I B I T S

Applicant's Exhibit No. 1	<u>MARKED</u>	<u>OFFERED AND</u>
Applicant's Exhibit Nos. 2-8	4	<u>ADMITTED</u>
	9	9
		9

MR. HATCH: This Case No. 3709, in the matter of Case No. 3709 being reopened pursuant to the provisions in the matter of Order No. R-3366-A, which order extended 80-acre spacing units for the Akah Nez-Devonian Oil Pool, San Juan County, New Mexico, for a period of two years.

MR. LOPEZ: I am Owen Lopez, and I am an attorney with Montgomery, Federici, Andrews, Hannahs and Morris of Santa Fe. I have one witness.

IVAN D. GEDDIE

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

DIRECT EXAMINATION

BY MR. LOPEZ:

Q Mr. Geddie, would you state your name and tell us by whom you are employed, and in what capacity?

A I am employed by the Kerr-McGee Corporation as a petroleum engineer.

Q Have you previously testified before the Oil Conservation Commission as an expert petroleum engineer and are your qualifications a matter of record with the Commission?

A Yes.

MR. NUTTER: Yes, they are.

BY MR. LOPEZ:

Q Has Kerr-McGee drilled a well in the Akah

Nez-Devonian Oil Pool, which is the subject of this Hearing?

A Yes.

Q This well is one that is located in the north half, northeast quarter of Section 23 and 23 north and 20 west, San Juan County, New Mexico, and the first page of this exhibit shows this well. This is Exhibit 1.

(Whereupon, Applicant's Exhibit No. 1 was received.)

BY MR. LOPEZ:

Q What was the total depth of the Nez Well?

A 4300 feet.

Q When was the well completed?

A November 15th, 1967.

Q At what interval did this produce?

A Well, as shown on Exhibit No. 2, it shows that it was perforated at 1,382 feet and at 4,028 feet, and it was found to be productive of oil. The well was initially tested at 160 barrels of oil per day. The next Exhibit, which is a structure map--

Q (Interrupting) Do you mean Exhibit No. 3?

A Yes, sir, that is Exhibit No. 3.

Q What other well has been drilled in this field?

A The Navajo-Grunewald, which is located 1,800 feet from the north line and 780 feet from the east line

A Yes, there is some helium in it.

Q This gas from this area, there is not any helium produced at the plant, is there?

A No, sir, there is not.

Q The gas over in Arizona, those wells over there, that is being processed for heating, however, isn't it?

A No, sir, not the oil wells that are immediately across the line, they are in Dinehbikeya (sic) Field in Arizona.

Q Where they are processing helium gas, that is further south?

A Yes, in the Pinto-Dome/Navajo Springs area, in the Apache country.

(Whereupon, a discussion was held off the record.)

BY MR. LOPEZ:

Q Are you prepared to summarize the information on this reservoir?

A Yes, Exhibits 4 and 5 show this information. I would like particularly to call the February 29th, 1968-test on Exhibit 5 to the trial examiner's attention. Based on these, it shows the test for the gas-oil ratio was increasing. The well was shut in on March 12th, 1968, and accumulative production at this time shows as 165 barrels of oil.

of Section 23, and it is also shown on the first Exhibit. A well was drilled to the depth of 4,010 feet with a five and a half inch of casing set down 4,009, and then operations were suspended on December 21st, 1970 due to the heavy snows. The operator planned to continue testing in the spring. The Grunewald Well seemed to confirm the structure map which we just discussed.

BY MR. NUTTER:

Q Did you find out anything before suspended operations?

A Yes, sir, I conducted limited testing, and the one test I saw, the well was producing approximately 2 million cubic feet of gas and some oil, but I assume they plan to go back in and try to complete the well in the spring.

Q Did your well make gas?

A Yes, sir, my well made 2,800 cubic feet of gas per barrel, and approximately 100 barrels of oil.

Q I recently have seen a form--I think it was a Commission form--or a federal form, and I think it indicated that the gas was not combustible; was it carbon dioxide?

A I am really not too much of an expert on this gas. In this area, I'd just rather not go into that, Mr. Nutter.

Q Was there helium in this gas?

Q Now, would you please refer to the Exhibit No. 6 and identify it?

A Exhibit No. 6 shows the premitted well location which has previously been established by this reservoir, and it shows that the location tolerance is rather liberal. Exhibit No. 7 is a topographic map of the area.

Q Now, turning to Exhibit No. 8, would you identify that exhibit?

A Exhibit No. 8 is the order which established the rules presently in effect, and it provides for an 80-acre-unit spacing.

Q What action do you recommend that the Commission take in this Hearing?

A It is recommended that the Commission extend the temporary rules for one year to permit assessment of information obtained from drilling the Grunewald Well, and I would like to go on to state that we must take some action in the field within the next year.

Q In your opinion, is it economically feasible to drill on 40-acre spacing?

A No, because the wells cost approximately 150,000 dollars. In the light of cost--due to the cost of roads and location and preparation in mountainous country, the volumetric recovery indicates that well on 40 will recover

some at 83,000 barrels, which is a volumetric loss of 33,000 dollars.

Q In your opinion, will one well adequately drain the area, and protect the correlative rights?

A Yes.

Q Mr. Geddie, what we have discussed in this Hearing, has this been discussed with representatives for the Indians and with the USGS, are they aware of your position in the matter?

A We have previously presented them with copies of the field rules and they had no objection to them.

Q Have you discussed this with William Grunewald?

A Yes, and he informed me that he thought this was reasonable and he would not take any part in the hearing today.

MR. LOPEZ: I have no further questions, Mr. Examiner.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q You established the well in 1963, and then continued it for one year until 1969, and then they

have continued it for two years until, in 1971, you are now going to ask for a one-year extension, is that correct?

A Yes, sir, that is correct, and I think that I just have stated that this year we must do something: Either abandon the well or put it back on production, or at least make some firm assessment of it because of our lease=expiration problem. The lease starts to expire on August 31st, and then, I believe, our last lease in the area expires on December 31st or approximately along in there, about December 31st of this year, 1971, and so this means we must--these leases are not the type of leases you can hold without producing from the well. The well must be produced in order to hold the lease. We must take some action this year.

REDIRECT EXAMINATION

BY MR. LOPEZ:

Q Were the exhibits previously discussed prepared by you or under your supervision?

A Yes.

MR. LOPEZ: I would like to offer these exhibits.

MR. NUTTER: Kerr-McGee's Exhibits Nos. 1 through 8 will be admitted into evidence.

Are there any further questions of Mr. Geddie?

You may be excused.

Do you have any further questions, Mr. Lopez?

MR. LOPEZ: No, I don't.

MR. NUTTER: Case No. 3709 (Reopened) will be taken under advisement.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 5, 1972

EXAMINER HEARING

IN THE MATTER OF:)
)
Case 3709 being reopened)
pursuant to the provisions))
of Order No. R-3366-B)
80-acre spacing for the)
Akah Nez-Devonian Oil Pool))
San Juan County,)
New Mexico)

Case No. 3709

BEFORE: Daniel S. Nutter,
Alternate Examiner.

TRANSCRIPT OF HEARING

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MR. NUTTER: And go to case 3709.

MR. HATCH: This case is being reopened pursuant to the provisions of Order No. R-3366 B, which order continued 88 acre spacing in this area. The Commission has received a request from the Applicant that the case be continued to the first Examiner Hearing in March, March 1st.

MR. NUTTER: Case No. 3709 will be continued to the Examiner Hearing scheduled to be held in this same place at 9 o'clock, March 1, 1972.

We will call the next case, Case No. 4639.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
March 1, 1972

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Case 3709 being reopened pursuant to)
the provisions of Order No. R-3366-B,)
which order continued 80-acre spacing)
for the Akah Nez-Devonian Oil Pool,)
San Juan County, New Mexico.)
)

Case No. 3709

BEFORE: Richard L. Stamets
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: Case No. 3709.

2 MR. HATCH: In the matter of Case No. 3709 being
3 reopened pursuant to the provisions of Order No. R-3366-B,
4 which order continued 80-acre spacing for the Akah Nez-Devonian
5 Oil Pool, San Juan County, New Mexico, for an additional
6 one-year period. I believe Mr. Morris has something to
7 say.

8 MR. MORRIS: I am Dick Morris of Santa Fe and
9 appear for the Kerma-G Corporation. Kerma-G was the
10 original applicant for the special rules in this field,
11 and under which two wells were drilled. These wells have
12 not performed as well as it was hoped and I have been
13 advised by Kerma-G that they tend to plug the one
14 remaining well that they operate.

15 The other remaining well in the pool is
16 operated by another operator and Kerma-G is in no position
17 to say anything with respect to the reopening of this
18 application and as far as we are concerned, the spacing
19 in this pool can revert to 40-acre units.

20 MR. STAMETS: Are there any additional appearances
21 in Case No. 3709?

22 (No response.)

23 MR. HATCH: I would recommend in the absence
24 of anyone appearing that the special pool be abolished.

25 MR. STAMETS: The appropriate order will be

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issued in this case.

