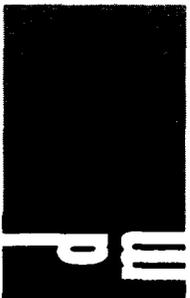


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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 4, 1969

EXAMINER HEARING

OFFICE 000

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IN THE MATTER OF:)
)
)

Application of Jack L.)
McClellan for an exception)
to Order No. R-3221, as)
amended, Eddy County, New)
Mexico.)
)

Case 4149

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. HATCH: Case 4149, application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

MR. KELLAHIN: Jason Kellahin, appearing for the Applicant, and I have one witness.

(Thereupon, Applicant's Exhibits A through F were marked for identification.)

JACK L. McCLELLAN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Jack L. McClellan.

Q Are you the Applicant in Case 4149?

A Yes, sir.

Q Are you a Petroleum Engineer?

A I am a Petroleum Geologist.

Q Have you testified before the Oil Conservation Commission previously?

A I don't remember as a Geologist. I have

testified before.

Q For the benefit of the Examiner, would you briefly review your education and experience as a Geologist?

A I graduated from Texas Tech College in 1950 with a B.S. Degree in Petroleum Geology, minor in Petroleum Engineering. Subsequently, I had a-year-and-a-half of graduate work, was employed approximately five years by the Gulf Oil Corporation as a Petroleum Geologist. I have for twelve years been an independent oil operator and consulting geologist.

Q Where are you located now?

A In Roswell, New Mexico.

Q Has a substantial part of your work been done in southeast New Mexico?

A Entirely in southeast New Mexico.

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

MR. NUTTER: Yes, they are.

Q Mr. McClellan, what is proposed in your application in Case 4149?

A I would like an exception to the Rule as stated in that application to dispose of produced water

from one well that I produced in the West Henshaw-Grayburg field in Eddy County, New Mexico, as depicted on Exhibit A in the red square.

Q In addition to the location of your well, this does show the offsetting ownership in the area, does it not?

A Yes, sir.

Q Exhibit A?

A Yes, sir.

Q Referring to what has been marked as Exhibit B, would you identify that exhibit?

A Exhibit B is taken from the proposed waterflood which ultimately can come into being, and which is now in operation. The red circles and the pyramid or triangle are now presently being utilized as a water injection field. My well is located there. It is now a producing oil well.

Q And the well No. 1 marked with a triangle, is that an injection well?

A Yes, they had set a proposed well. It is being utilized at the present time as an injection well. This is the West Henshaw-Grayburg flood, I believe they call it.

Q What flood is that?

A Operated by Mobil Oil Company.

Q You are not a member of that waterflood project?

A No, sir, I am not in that flood.

Q How much water is your well presently making?

A The last report that I had the water production was four barrels of water per day, with four barrels of oil per day. Of course, this raises the question why do I produce it? The reason I produced it is the fact that we drilled this well primarily in the hopes of achieving primary oil in the area, which didn't materialize. The injection program now being carried on, the Well No. 4, if you will look to the southwest of my well, the production has recently gone from around six barrels of oil per day to sixty-three barrels of oil per day. The well due south of me, the No. 2 well, is currently, I believe, making in excess 80 barrels a day. So the reason I continue to produce this well at an economic loss is with the expectation that eventually the injected water will force oil to my location and it will become commercial.

Q Do you know the volumes of water?

A I haven't look in the records. I believe they told me that they were making an average of about 20 barrels per day. That is only talk with the pumper. I don't know if he knows very closely, because they are into a common battery, as I understand it.

Q Now, referring to Exhibit C, will you explain that Exhibit?

A Exhibit C is a map I prepared after visiting in Roswell with the State Engineer's Office, and also visiting in the Bureau of Land Management, and observing all the map that they had, and all the other information I could determine by personal investigation as to the water in this area, and this is a composite of all the information that I determined from talking to these various individuals from their maps and personal inspection.

Q Now, the Exhibit would indicate that there is a windmill at High Lonesome. What is the status of that at the present time?

A That windmill is abandoned. There appears to be -- I haven't personally been on the location, I had my production man go out and look at it. He told me the windmill was down, and the tanks rusted out. There

is apparently an earthen pit there. I personally went to the well and got on top of the tank with binoculars, and I could not see a windmill from that location. In particular, I was looking for that one, and it just wasn't there.

Q You couldn't see any with a pair of binoculars?

A That's correct, from the top of the well in question.

Q Now, there is another Henshaw tank south of your location. Do you know the status of that?

A I believe that is a producing well. I have not been out there, and was not able to see it, but I have been informed that that well is a source of water.

Q Do you know how far that is from your well location?

A Yes, sir, it is about, I would say about three-and-a-half, perhaps four miles southeast of it.

Q According to all the information you were able to obtain, is that the only water in the area?

A In the immediate area that I can ascertain. Of course, there could be some out there that I wouldn't know about, nor these other people. But the State people and the maps of the BLM, and the Eddy County

Water Report 3 does not indicate wells in there, and I was not able to see them from the road or the well, if they do exist.

Q That would actually be closer to six miles, wouldn't it?

A On this Exhibit C, it is hard to say if it is six miles across there. I would say probably four miles.

MR. NUTTER: Which, the Henshaw tank well?

MR. KELLAHIN: Yes.

MR. NUTTER: Actually, that well is located, if you will refer to your Exhibit No. A, Mr. McClellan, that well is located there in Section 24 right near that Shell well which is called the Upper Penn discovery?

THE WITNESS: Right. I was told it was on the Shell lease, and it is a producing windmill there, which would make that some three plus miles.

MR. NUTTER: Correct.

Q (By Mr. Kellahin) Now, referring to what has been marked as Exhibit D, would you identify that exhibit?

A This is the same as our ground water report.

Q Yes.

A This map was taken from the Ground Water Report 3, which does not indicate on that Report any ground water in or near this area. However, it does not take in the area to the north under discussion here, and I did investigate that as shown on Exhibit C, to ascertain that there was any water north of it, and I could not find that there was any water. According to this, there is no water in the area.

Q And Exhibit E?

A This is a geological study of the upper zones, indicating here that the area under discussion comes under the dockum group, again showing -- well, this just shows the ground water source, if any were present, which in this area would be the dockum.

Q And it does not show any Oqallala?

A No, sir, not from this map.

Q And then Exhibit F, would you identify that exhibit?

A This is Plate 3 of the Ground Water Report 3, indicating the general movement of ground water in this particular area, which from this plat indicates it is west -- rather, southwest, south, or let's say southwest.

Q Assuming that this correctly shows the

direction of movement of the ground water, and that there is water at the Henshaw tank, would this indicate that water from your pit would go in that direction?

A Not from this information. I am relying completely on this.

Q You are not a hydrologist?

A I am not a hydrologist.

Q You are relying on the report?

A Right.

Q Mr. McClellan, in your opinion, will the continued use of a surface pit at your well location cause any damage to any fresh water anywhere in this area?

A No, sir.

Q Is there any close enough that it would be damaged, in your opinion?

A No, sir, not that I can ascertain from the information we have introduced here as evidence.

Q You are asking for permission to continue the use of a surface pit. Where is the pit located?

A About 200 feet north of the well.

Q What size pit is it?

A I believe it is a regulation twenty-by-twenty.

Q And that has been in use since you completed the well, is that correct?

A Yes, sir.

Q Were Exhibits A through C prepared by you or under your supervision?

A Yes, sir.

Q And Exhibits D, E, and F are copies from the Eddy County Ground Water Report?

A Yes, sir, taken from those plates.

MR. KELLAHIN: At this time, I offer in evidence Exhibits A through F.

MR. NUTTER: Applicant's Exhibits A through F will be admitted in evidence.

(Thereupon, Applicant's Exhibits A through F were admitted in evidence.)

MR. KELLAHIN: That completes our testimony.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. McClellan, when was this well completed originally?

A The well was -- the first production was 8-1-68.

Q And what was the producing rate at that time?

A The well potentialled for 25 barrels of oil, five barrels of water.

Q And the current rate of production is four and four?

A Yes, sir. It varies. The last test we had was four and four, four oil and four water.

Q You would anticipate if it would receive a stimulation of production from the offsetting water injection well, that the rate of production of water might increase?

A I would think it would. Judging from the other wells in the area, I'd say it would probably not exceed 20 to 30 barrels of water a day.

Q Do you know what these other wells are making, as far as water is concerned?

A Not specifically. As I mentioned before, generally, I believe they are making between 20 and 30 barrels of water a day. Unless they take specific tests, I think it would be hard to determine, because I think they are going into one common tank battery.

Q At any rate, this well south of you is now

making more than 80 barrels of oil per day, and you don't know the watercut?

A Due south of me is an injection well.

Q Which one was it that you said --

A The one that just recently increased production was the No. 1 there to the southwest.

Q You said that the No. 4 southwest had gone from --

A It is the No. 4 over in the southeast, the No. 4.

Q That is the one that went to 80?

A That one had already been kicking for a considerable time. The one that increased was No. 4 to the southwest, which approximately six weeks ago did have its kick. The well due south and the well due east are water injection wells.

Q So you have a water injection well on two sides of you?

A Yes.

Q Do you own this 40 to the west of you?

A Yes.

Q Do you have any plans for that 40 at this time?

A No.

Q This acreage is included within the boundaries of the unit?

A No, sir, if you will look at Exhibit A, you will see that it is excluded. Originally, it was proposed under Exhibit B that you are looking at, originally it was in the unit but after the unit became solidified and actually operational, it was excluded, and this well was drilled subsequent to the waterflood.

Q This boundaries shown on Exhibit B are not the boundaries, they were changed?

A That's correct.

MR. NUTTER: Any further questions of Mr. McClellan? You may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That is all.

MR. NUTTER: Does anyone have anything to offer in Case 4149? We will take the Case under advisement, and the Hearing is adjourned.

I N D E XWITNESS PAGE

JACK L. MCCLELLAN

Direct Examination by Mr. Kellahin 2Cross Examination by Mr. Nutter 11EXHIBITSMARKEDADMITTED IN
EVIDENCEApplicant's Exhibits
A through F

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STATE OF NEW MEXICO)
) SS.
 COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Samuel R. Mortelette

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4149 heard by me on 6-9, 1969.
[Signature], Examiner
 New Mexico Oil Conservation Commission