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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
June 28, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural  
Gas Company for capacity production,  
San Juan County, New Mexico.

CASE NO. 4735

BEFORE: Elvis A. Utz  
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4735.

2 MR. HATCH: The Application of El Paso Natural  
3 Gas Company for capacity production, San Juan County, New  
4 Mexico.

5 MR. BUELL: Sumner Buell of Montgomery, Federici,  
6 Andrews, Hannahs, & Morris, appearing on behalf of the  
7 Applicant. We are associated with Mr. James C. Considine  
8 who will handle the matter and present it to the Examiner.

9 MR. UTZ: You may proceed.

10 MR. CONSIDINE: First, I would like to give you  
11 our Exhibits, Mr. Examiner.

12 MR. UTZ: Have they been marked?

13 MR. CONSIDINE: Yes, they have. We have additional  
14 copies of the Exhibits, if anyone would like to see them.

15 EUGENE R. MANNING,

16 was called as a witness and after being duly sworn, testified  
17 as follows:

18 DIRECT EXAMINATION

19 BY MR. CONSIDINE:

20 Q Would you please state your name, where you reside,  
21 and by whom and in what capacity you are employed?

22 A Eugene R. Manning, I reside in El Paso, Texas, and am  
23 an employee of El Paso Natural Gas Company as an  
24 administrative assistant in the gas operations department.

25 Q Have you testified previously before this Commission and

- 1 have your qualifications been accepted?
- 2 A Yes, I have testified before and my qualifications were
- 3 accepted at that time.
- 4 MR. CONSIDINE: Mr. Examiner, are the witness'
- 5 qualifications accepted?
- 6 MR. UTZ: He is qualified to testify at any time.
- 7 Q (By Mr. Considine, continuing) Mr. Manning, would you
- 8 please state briefly exactly what El Paso Natural
- 9 Gas Company is seeking in this Application?
- 10 A Well, El Paso is the operator of nine units in northwest
- 11 New Mexico and we desire to be allowed to complete a
- 12 testing involving seven wells in Section 32, Township
- 13 32 North, Range 9 West.
- 14 Q What kind of test will El Paso make?
- 15 A Tests involving the various pressures below the normal
- 16 Blanco-Mesaverde line.
- 17 The purpose of the test is to allow us to evaluate
- 18 the performance characteristics of the test wells.
- 19 Q When was this test commenced and when do you expect it
- 20 to be completed?
- 21 A We commenced testing on January 11, 1972 and we hope to
- 22 have the test completed some time in the early part of
- 23 1973.
- 24 Q What action on the part of the Commission are you
- 25 requesting in order to be able to complete this test?

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1 A El Paso respectfully requests that throughout the test  
2 period, this Commission will exempt six of the test  
3 wells from the provisions of the Rules applicable to  
4 the Mesaverde gas pool, thus allowing the wells to be  
5 produced at full capacity throughout the test period.

6 We also request that, at the end of the test  
7 period, all overproduction be accrued in the following  
8 manner: First, with the amount of overproduction which  
9 would have been attributable to all the wells in the  
10 unit, marginal wells, during this period that they be  
11 classified as prorated wells. Now, if the total amount  
12 of accumulated underage exceeds the overproduction  
13 accumulated by the test wells, all the overproduction  
14 will then be considered as offset.

15 Second, if there is overproduction remaining after  
16 the previously described process, then the remaining  
17 overproduction will be offset by underproduction  
18 attributable to the underproduced wells in the unit.

19 Q At this poing, Mr. Manning, I would like you to explain  
20 Exhibit A which is a map of the San Juan, 32, 9, unit.

21 A This is a map of our San Juan 32, 9, unit, in San Juan  
22 County, New Mexico. The heavy dash line outlined in the  
23 delineated area shows the extent of the San Juan 32,  
24 9 unit. The solid orange line delineates the participating  
25 area of the San Juan 32, 9 unit.

- 1           The green in approximately the center of the unit  
2 shows the El Paso Natural Gas Company's gathering trunk.
- 3           The blue rectangle indicates where our test pressure  
4 has been set and tied into the trunk and the test wells  
5 are circled in red.
- 6   Q    Is it correct that although the map indicates seven test  
7 wells, El Paso is requesting Commission action with  
8 regard to only six of these wells?
- 9   A    Yes, this is true. The seventh well is the M.P. Number  
10 20 El Paso on the Exhibit and is outside the participating  
11 area of the 32, 9, unit, and is presently classified  
12 as marginal and we calculate that although this well may  
13 be helped to some extent by this lowered line pressure,  
14 we do not think it will be necessary for an exemption  
15 on this well -- we do feel it will be helped and that  
16 there will have to be an exemption, but my testimony  
17 today refers to the wells, the six wells, within the  
18 participating unit.
- 19   Q    Exclusive of the M.P. Number 20?
- 20   A    Yes, sir, exclusive of the M.P. Number 20.
- 21   Q    Would you review the classifications of the other wells,  
22 the six test wells?
- 23   A    Well Number 29, which is located in the SW/4 of Section  
24 30 is presently classified by the New Mexico Oil  
25 Conservation Commission as a non-marginal well.

1 Well Number 30 is located in the NE/4 of this  
2 same Section and is also classified as a non-marginal  
3 well.

4 Well Number 40, which is located in the SE/4 of  
5 Section 30, in Township 32, North, Range 9 West, is  
6 classified as a non-marginal well.

7 Well Number 41, which is located in the NW/4 of  
8 Section 31 is presently classified as a marginal well.

9 Well Number 51 which is located in the SE/4 of  
10 Section 29, is classified as a non-marginal well.

11 Well Number 37, located in the NE/4 of Section 32  
12 is classified as a marginal well.

13 Q Mr. Manning, I ask you to look at Exhibit B and identify  
14 and explain that Exhibit.

15 A Exhibit B is a two-page Exhibit which is a list of the  
16 participating wells in the San Juan 32, 9, unit as of  
17 April 30, 1972. This list is arranged in numerical  
18 meter code order. The first column indicates the  
19 well name, the second column is the location, and the  
20 third column entitled "status" indicates the status  
21 of the well and whether it is shut-in or overproduced  
22 or underproduced.

23 The fourth column is entitled "April, 1972, Y.A.C.",  
24 which is the average producing ability of these wells.

25 The next column is entitled -- no, the fifth column

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1 is the accumulative status of the wells. A minus  
 2 indicates that the well is underproduced, the absence  
 3 of a minus sign indicates the well is overproduced.

4 The next column, which is entitled, "1972, Days  
 5 Operated," is the number of days in 1972 that the wells'  
 6 head valves were open and the wells were given an  
 7 opportunity to produce. The final column is the meter  
 8 code number.

9 Q Mr. Manning, I ask you to look at Exhibit C and make a  
 10 summary explanation of this Exhibit.

11 A Exhibit C is the projected 1972 allowable for the test  
 12 wells. The third column is the size of the unit and the  
 13 fourth column is its current state. The fifth column  
 14 is the 1972 Y.A.C. and the sixth column is the 1972  
 15 projected non-marginal allowable. The seventh column  
 16 is the projected production and the eighth column is  
 17 the projected overproduction. The ninth column is the  
 18 production that these wells have experienced through  
 19 April 30, 1972.

20 Now, the sixth column projects that the six test  
 21 wells will have a total non-marginal allowable of some  
 22 808 million cubic feet of gas.

23 The seventh column shows that we anticipate that,  
 24 during this test period, these wells will produce  
 25 approximately one trillion, three hundred twenty-one

1 billion, three hundred twenty-one million cubic feet  
2 of gas and this will result in an overproduction and  
3 this is the overproduction that we request be offset  
4 to the underproducing marginal wells in the San Juan 32,  
5 9, unit.

6 Q Looking now at Exhibit D, will you please explain that  
7 Exhibit?

8 A Column seven of Exhibit D shows the projected 1972 non-  
9 marginal allowables, for marginal wells in the San Juan  
10 32, 9, units.

11 Now, when this column is compared to the projected  
12 1972 marginal production shown in column six, then we  
13 can obtain the additional allowables shown in column  
14 eight. These figures represent the allowable available  
15 to these unit wells which they are not expected to  
16 produce because of their low producing ability. You will  
17 note that the projected marginal wells will have a total  
18 production of one billion, one hundred twenty-one million  
19 cubic feet of gas for 1972.

20 You will also note that the non-marginal total  
21 allowable will be some two billion, three hundred nine  
22 million cubic feet, and the difference constitutes some  
23 one billion, eighty-eight million cubic feet of  
24 overproduction.

25 Q Mr. Manning, looking now at Exhibit E, the final Exhibit,

1 would you please explain that Exhibit?

2 A Well, Exhibit E is a list of the 32, 9, unit wells,  
3 which are underproduced from a standpoint of accumulative  
4 status as of April 30, 1972.

5 They are listed in their order of increasing  
6 underproduction. This Exhibit shows ten wells listed  
7 and these wells have a total of 371 million cubic feet  
8 of gas assigned to them as underproduction.

9 Q Mr. Manning, how do the working interest owners participate  
10 in production in the San Juan 32, 9, unit wells?

11 A They receive a share of the production of each well in  
12 proportion to their participation in the unit.

13 Q Will the royalty owners likewise share in the over-  
14 production?

15 A Yes, they will share on the same basis.

16 Q Do you think that the granting of this Application would,  
17 in any way, violate correlative rights or create waste  
18 of natural resources?

19 A No, it will not violate correlative rights or create  
20 waste of natural resources. It will not create any  
21 waste.

22 Q Were these Exhibits, A through E, prepared by you?

23 A Yes, they were.

24 MR. CONSIDINE: Mr. Examiner, at this time, I move  
25 for the introduction of our Exhibits. I would also like to

1 point out that El Paso has received letters of support which  
2 have been directed to the Commission from Amoco and Mobil.  
3 I will call your attention to these letters.

4 MR. UTZ: Without objection, Exhibits A through E  
5 will be accepted into the record of this Case.

6 Mr. Manning, you said that Exhibits D and E were  
7 offered for the purpose of showing the participating areas  
8 of the unit will not overproduce their non-marginal allowable,  
9 you are not asking anything for these wells listed on Exhibits  
10 D and E, are you?

11 MR. MANNING: No, sir, this was merely to show that  
12 these wells on Exhibits D and E will not be overproduced.

13 MR. UTZ: The participating area as a whole would  
14 not overproduce?

15 MR. MANNING: That's right.

16 MR. UTZ: You are not asking for any transfer  
17 allowables for any of these wells?

18 MR. MANNING: No, sir.

19 MR. UTZ: Just the six wells involved?

20 MR. MANNING: Yes, sir.

21 MR. UTZ: Now, Mr. Manning, there are two marginal  
22 wells, at the present time, and the next classification under  
23 our new one-year proration period will be January 1st, it is  
24 your request, is it not, that this transfer be made at the  
25 completion of the test?

1 MR. MANNING: That is our request.

2 MR. UTZ: So the marginal wells that will be  
3 marginal until the 1st of January, will not have to have any  
4 allowable assigned to them until after the reclassification  
5 period?

6 MR. MANNING: Yes, sir.

7 MR. UTZ: And, from the projected figures here, it  
8 looks as though the two marginal wells very likely will be  
9 reclassified as non-marginal?

10 MR. MANNING: Yes, sir.

11 MR. UTZ: In which case it would be normal  
12 procedure to transfer more than non-marginal allowable to the  
13 wells if you so desired? In other words, what I am saying is,  
14 as marginal wells, you cannot transfer any more allowable to  
15 the well than is equal to the non-marginal allowable?

16 MR. MANNING: Yes, sir.

17 MR. UTZ: I just want to be sure we understand you.

18 MR. MANNING: Yes, sir.

19 MR. UTZ: Let me ask you, Mr. Manning, it is my  
20 understanding, and correct me if I am wrong, that this test  
21 is designed to determine the effect of low-line pressure on  
22 the producing characteristics of the Mesaverde wells in the  
23 32, 9, unit?

24 MR. MANNING: Yes, sir, this is the purpose of the  
25 test.

1 MR. UTZ: Will the results of the test be offered  
2 to the Commission at the completion of the test?

3 MR. MANNING: I see no reason why we shouldn't make  
4 it available. We have agreed to make the information available  
5 to Amoco and Mobil and I see no problem as to why this  
6 information should be so privileged.

7 MR. KENDRICK: Did you answer that yes or no?

8 MR. CONSIDINE: He answered, "yes."

9 MR. UTZ: In a roundabout way.

10 What pressure do you anticipate using?

11 MR. MANNING: We really don't know, at this time.  
12 We are looking for the critical pressure in there somewhere,  
13 we think it is there and we are trying to find it. There is  
14 a possibility that we will take it on down to a 50 pound gage  
15 and, if that has an adverse affect on the wells, we may use  
16 a little higher pressure. We don't know, at this time, but  
17 we are sort of playing it by ear, Mr. Examiner. We certainly  
18 do not want to damage any wells in there.

19 MR. UTZ: Exactly what are you looking for?

20 MR. MANNING: This critical pressure that may  
21 bring on an influx of fluid.

22 MR. UTZ: Do you mean water or water and hydrocarbons?

23 MR. MANNING: All fluids.

24 MR. UTZ: I believe you stated that these wells are  
25 all in the participating area, the 32, 9, unit, would you

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consider this acreage on which these wells are located as being one lease?

MR. MANNING: Yes, sir.

MR. UTZ: So no correlative rights would be disturbed?

MR. MANNING: No, sir.

MR. UTZ: Any other questions?

(No response.)

MR. UTZ: The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this Case?

(No response.)

MR. UTZ: The Case will be taken under advisement.



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I N D E X

WITNESS:

PAGE

EUGENE R. MANNING

Direct Examination by Mr. Considine

3

E X H I B I T S

APPLICANT'S

OFFERED

ADMITTED

El Paso Natural Gas Company

Exhibit A

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Exhibit B

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Exhibit C

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Exhibit D

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Exhibit E

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