

CA 5048
reopened
Oct 8, 1975

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date OCTOBER 8, 1975 TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Mr-Mrs ROGER HANKS Clare & Hattie	ROGER HANKS Lanard	MIDLAND TX Pecos
Don Massey	LANO	Hobbs NM
W. Edwards	Lano	Clarks NM
W. Edwards	Lano	Hobbs
W. Edwards	Lano	Hobbs, NM
Fred ...	Reading & ...	Abilene
L. C. Coater	✓	Tulsa, Okla.
John S. Mahaffey	✓	San Angelo, Tex.
L. C. Coater	✓	Santa Fe
St. Buel	Montgomery et al	
Don Garay	Lano, Inc.	Hobbs, N.M.
W. C. Rodgers	Phillips Pet. Co	Abilene TX
Brandon C. Smith	Lone Star Producing Co.	Midland, Tex.
J. Seave	Lester & Pearson	Abilene
Ray Cook	Lano -	Lano
W. S. Taylor	Lanard Oil Corp	Abilene
Lano	Lano	Abilene

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NAME	REPRESENTING	LOCATION
Jan Janning	Jungbluth & Cappel	Roswell
Don Stevens	Beko Petr.	Santa Fe
J. A. Patterson	Beko Pet. Corp	Midland
Lee G. Nering	Beko Petroleum Corp	Houston
Ray Kelly	TUCCO Inc	Amarillo
Vic Lyon	Continental Oil Co	Hobbs
Jim Kraus	P.S.S.	Ardmore
Ed Samuels	ARCO	Midland, Tex
Hugh Christensen	"	"
James R. Graham	Self	Dallas
J. J. Dool	Atlantic Richfield	Midland
Ray Williams	Shell Petroleum	Houston
Guy Boeck	Amoco	HOUSTON
JOHN HUNTER	✓	✓
DAN CURRANS	✓	✓
All Nixon	Self	Austin Tx
R. G. Cook	Self	Dallas

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 8, 1975

EXAMINER HEARING

IN THE MATTER OF:

Case No. 5048 being reopened pursuant) CASE
to the provisions of Order No. R-4637) 5048
which order established the South)
Dagger Draw-Upper Pennsylvanian Associa-))
ted Pool and promulgated special pool)
rules therefor.)

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: James T. Jennings, Esq.
JENNINGS, CHRISTY & COPPLE
Attorneys at Law
1012 Security National Bank Bldg.
Roswell, New Mexico

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ROGER C. HANKS

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MR. STAMETS: We'll call the next Case, 5048.

MR. CARR: Case 5048, continued from the September 10, 1975 Examiner Hearing. In the matter of Case No. 5048 being reopened pursuant to the provisions of Order No. R-4637 which order established the South Dagger Draw-Upper Pennsylvanian Associate Pool and promulgated special pool rules therefor, including provisions for 320-acre proration units and a limiting gas-oil ratio of 8,000 to 1.

MR. STAMETS: Call for appearances in this Case?

MR. JENNINGS: James T. Jennings, Jennings, Christy and Cople in Roswell and we will have one witness, Mr. Hanks.

MR. STAMETS: Any other appearances in this Case?

Will you please swear the witness?

(THEREUPON, the witness was duly sworn.)

ROGER C. HANKS

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you please state your name and occupation?

A I'm Roger C. Hanks, petroleum geologist, Midland, Texas.

Q Mr. Hanks, I believe that you testified previously in this matter at the original hearing on August 22nd, 1973?

A Yes, sir, I did.

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1 Q Are you the operator of these wells in the Dagger
2 Draw area?

3 A Yes.

4 Q I believe it is the South Dagger Draw-Upper
5 Pennsylvanian Associated Pool?

6 A Yes.

7 Q And I believe that you had special pool rules
8 established under Order 4637?

9 A Yes, sir.

10 Q What has been the development since the original
11 rules were established?

12 A Well, the progress to date is such -- well, in
13 the original case we asked for the special field rules because
14 of the fact that the wellhead potential, three out of the
15 four had potentialized for what would be in excess of two
16 thousand to one GOR. So that would be a precedence as
17 far as establishing three twenty on oil. They also are
18 very high water cut, so we produced them for awhile and
19 then shut down and came to the Commission and asked for
20 this temporary three-twenty spacing of which they were
21 favorable with a two-year time.

22 During this period of two years of testing I have
23 not produced the wells a sufficient length of time in order
24 to make any recommendation at this date because of many
25 problems, the primary one being the lack of salt water

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1 disposal room, of which we have corrected up to this moment,
2 and I have as of August, have all four of the wells on gas
3 lift and have ample disposal facilities and it would be my
4 request to the Commission that a continuance or an extension
5 of these present rules for approximately a year would then
6 give us sufficient engineering data to recommend that they
7 be spaced on three twenties or less.

8 I have evidence from a similar situation eight
9 miles to the north that comes up in four months which is
10 just backwards. As a result of being able to produce, over
11 an extended period of time, to keep the wells on, I have
12 established a case that comes up in four months, and in
13 my most respected opinion, we do not have enough data yet.

14 Q Mr. Hanks, the pool is actually Sections 23, 26
15 and 35, is it not?

16 A Yes, I believe that is correct.

17 Q Referring to what has been marked as Exhibit One-A
18 in the original hearing, would you locate the four wells
19 on there ?

20 A Yes.

21 MR. STAMETS: Will you hold it just a second?

22 MR. JENNINGS: Sure.

23 MR. STAMETS: Okay, you may proceed.

24 A (Continuing.) The Penn E Federal is located in
25 the southeast southwest of Section 23, 20, 24.

1 Q While we are there, what is the status of that
2 well as of today?

3 A As of today, it is producing about two hundred and
4 seventy-five to three hundred MCF's and eighteen hundred
5 barrels of water, and I'm gas lifting it with the gas that
6 we are compressing at the next well just to the south of it,
7 which is the Robin Federal.

8 Q Okay, then go on.

9 A The Robin Federal is making approximately the same
10 amount of gas, very little oil, six to eight barrels. It
11 is also on gas lift.

12 The Vick E which is the east offset in that same
13 section 26 is producing probably a hundred and seventy-five
14 MCF.

15 We've been having our high pressure input valves
16 freeze up on us and we are having to put thermal heaters
17 on them, catalytic heaters, so they won't ice up because
18 you have to pinch the gas lift down so tight, but, I mean,
19 that problem will be worked out.

20 Once these wells have been produced they will
21 start to come around, but they have been shut in so much
22 that it really has hurt them.

23 The Preston which is down in Section 35 is producing
24 about two hundred and fifty-five thousand net cubic feet per
25 day.

1 I have a compression station at the Robin, which
2 is up in 26, so we are using our own produced gas to use as
3 lift, and, of course, the disposal lines run from the Vick E,
4 which is just east of the Robin, all the way over to Section
5 5 of 20, 25, in the northwest northwest where you see the
6 green square, that is a Monsanto-Foster. There is thirty-
7 eight miles of six-inch cement asbestos pipe in that system,
8 and it takes a small centrifugal pump to boost it over there,
9 so along with the other production from the wells to the
10 north of this area, it amounts to right at thirteen thousand
11 barrels a day in water production.

12 The four South Dagger Draw wells are comprised of
13 probably about six thousand barrels a day of production.

14 Q Has there been any development in the area of this
15 pool?

16 A No, not in the immediate area. There was a dry
17 hole drilled in -- well, that's not true, I withdraw that
18 statement. In 25 of 20, 24, Read and Stevens or Coquina
19 just finished a dry hole in the northeast northwest of 25
20 of 20, 24. They drilled a depth of ninety-five hundred
21 feet. It did not encounter the Cisco Canyon.

22 Q Do you have any recommendations to make to the
23 Commission at this time, Mr. Hanks?

24 Q I recommend that we be granted a reasonable length
25 of time to, at the discretion of the Commission, I would

1 say fourteen months at this area and take adequate bottom-
2 hole pressure and reappear.

3 Q You recommend then that the present temporary
4 rules be continued for fourteen months, did you say?

5 A Well, yes, I would take whatever the Commission
6 recommended.

7 Q Do you have anything further to offer in this
8 matter?

9 A No, sir.

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Hanks, about how much of the time have these
13 wells been shut in or producing in the last year?

14 A As near as I can say, I would say about half,
15 fifty percent to half. I was trying to run those numbers,
16 and I apologize for not doing that, but it is less than half
17 of a two-year period.

18 Q They have been shut down less than half?

19 A Yes.

20 Q In this same period of time, how much of the
21 time would you say the wells have been produced that what
22 you would consider rates sufficient to determine these
23 engineering parameters that you are concerned with here?

24 A I haven't really seen anything yet to be perfectly
25 honest with you, and I don't think I will. I hope I will

1 in six months. They scale up real quick with a hydraulic
2 pump, you know, so the first three months you get quite
3 a bit of scale built up, so you go back in, clean them up,
4 and try it again. There are multiple problems, but I think
5 that it will come out all right.

6 Q The highest rate of production you get out here
7 is three hundred MCF per day on the Penn E?

8 A Yeah, uh-huh.

9 Q So less than a million?

10 A Oh, yeah, three hundred thousand, yeah, cubic feet
11 not three hundred million, yes.

12 Q How about condensate production?

13 A It is forty-two gravity condensate, six barrels,
14 eight barrels, something in that nature.

15 Q And six thousand barrels of water off of all
16 four wells, together?

17 A Well, yes, about fifteen hundred barrels. You
18 see that is about the capacity of a hydraulic pump. Gas
19 lift will vary, the more you put in, it's in direct
20 proportion to the bottom-hole pressure because if you can
21 find that fine line of where your bottom-hole pressure
22 and your gas injection is working and then that establishes
23 your rate of production and then you can probably get up to
24 easily, if they will deliver it, thirty-five hundred barrels
25 a day.

1 I mean, we are playing with that because they
2 haven't been on long enough on gas lift to ascertain really
3 a commercial rate.

4 There is one thing that I haven't pointed out,
5 that is I have renegotiated my gas contract down there and
6 I have doubled my price for the gas which is helping a little
7 bit. It is much better, it is twice as good, exactly.

8 Q About how much gas a day does it take to run your
9 system there?

10 A Well, let's see, I would say that we are netting
11 out of the four wells, a million two, and that is net
12 production, so to -- six hundred or six hundred and fifty or
13 seven hundred thousand to lift it. Now that is -- I stand
14 corrected on that figure, I don't know exactly.

15 Q Let me rephrase my question. What I was interested
16 in is, how much of your total production goes down the sales
17 line?

18 A More than point two million.

19 Q Out of a total of how much?

20 A Well, you are only using produced gas to recompress
21 it. I just have to pay a double compression, you see, so
22 that would be on your out-pressure in-put meter. You take
23 X number of feet, say two hundred thousand to lift the
24 pressure and on the low pressure inside you show four hundred
25 thousand for that twenty-four hour period, then you have

1 netted two hundred thousand. You subtract the injected gas
2 from the produced gas and that is your net production.

3 Q What does your compressor fuel run?

4 A What is the compressor fuel?

5 Q Yes.

6 A About -- well, of course, we don't use this, we
7 can't use on-the-lease fuel. I have a separate residue
8 system and it's not a part of it because this gas goes to
9 Indian Basin to the south, and the compressor uses about
10 two ten or something like that, at full capacity, but it's
11 different altogether.

12 MR. STAMETS: Any other questions of the witness?

13 He may be excused.

14 Anything further in this Case?

15 MR. LOSEE: Mr. Examiner, I have a statement.

16 MR. STAMETS: Mr. Losee.

17 MR. LOSEE: A. J. Losee representing the A. C.
18 William Corporation and the Haig Petroleum Corporation and
19 operators in the area of the South Dagger Draw-Upper
20 Pennsylvanian Pool wish to support the request of Mr.
21 Hanks to extend the temporary orders, temporary pool rules
22 in Order No. R-4637.

23 MR. STAMETS: Anything further?

24 We will take the Case under advisement.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 10, 1975

EXAMINER HEARING

IN THE MATTER OF:)	
)	
Case No. 5048 being reopened pursuant)	CASE
to the provisions of Order No.)	5048
R-4637.)	
)	

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

For the Applicant:	Sim B. Christy, Esq.
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MR. NUTTER: We will now call Case Number 5048.

MR. CARR: Case 5048 in the matter of Case No. 5048 being reopened pursuant to the provisions of Order No. R-4637 which order established the South Dagger Draw-Upper Pennsylvanian Associated Pool and promulgated special pool rules therefor, including provisions for three hundred and twenty acre proration units and limiting gas-oil ratio of eight thousand to one.

MR. CHRISTY: Sim Christy, Jennings, Christy and Cople for the operator, Roger C. Hanks.

Mr. Examiner, we would appreciate it and move to continue the Case until the October 8th Examiner Hearing.

MR. NUTTER: Case 5048 will be continued to the Examiner Hearing scheduled at this same place, at nine o'clock, October 8th, 1975 and the special rules to continue in effect until after that Hearing.

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