

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 20, 1976

EXAMINER HEARING

-----  
IN THE MATTER OF:

Case 5117 being reopend pursuant to the	)	CASE
provisions of Order No. R-4691, which	)	5117
order established temporary special	)	(Reopened)
pool rules for the North Dagger Draw-	)	
Upper Pennsylvanian Pool, Eddy County,	)	
New Mexico.	)	

-----  
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:	James T. Jennings, Esq.
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sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
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I N D E X

ROGER HANKS

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1 MR. NUTTER: We will call Case Number 5117.

2 MR. CARR: Case 5117, in the matter of Case 5117  
3 being reopened pursuant to the provisions of Order No. R-4691,  
4 which order established temporary special pool rules for the  
5 North Dagger Draw-Upper Pennsylvanian Pool, Eddy County,  
6 New Mexico.

7 MR. JENNINGS: I'm James T. Jennings of Jennings,  
8 Christy and Copple, appearing on behalf of Mr. Roger Hanks,  
9 and I will have one witness, Mr. Hanks.

10 (THEREUPON, the witness was duly sworn.)

11  
12 ROGER HANKS

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

15  
16 DIRECT EXAMINATION

17 BY MR. JENNINGS:

18 Q. Would you state your name and occupation, please,  
19 sir?

20 A. Roger Hanks, I'm a geological engineer.

21 Q. Mr. Hanks, are you one of the operators in the  
22 North Dagger Draw-Upper Pennsylvanian Pool?

23 A. Yes, I am the only operator there.

24 Q. Were special pool rules established in a previous  
25 hearing to this that were effective January 1, 1974?

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1 A. That's true.

2 Q. Referring to what has been marked as Exhibit Number  
3 One, would you find out which wells have been drilled in the  
4 pool since the rule has become effective?

5 A. Well, at that time I believe we had the Kathy down  
6 in 31 and Dagger Draw Number One in 30 and the Barbara 1  
7 Federal 1 and 2 in Section 18.

8 The heavy black lines represent the present three-  
9 hundred-and-twenty acre allocation attributed to the  
10 Cisco Canyon zone at approximately seven, six hundred feet.  
11 Each of these six wells are completed and are producing  
12 from that zone.

13 Q. They are oil wells, are they not?

14 A. Yes.

15 Q. Basically it is on the three-hundred-and-twenty  
16 acre spacing, the pool rules call for three-hundred-and-  
17 twenty-acre spacing?

18 A. True. The Commission gave us permission to space  
19 the wells on three-hundred-and-twenty acres and with a review  
20 in two years to see if the unit should not be reduced.

21 Q. What is the production history on these wells?

22 A. Since inception the six wells that are presently  
23 there now, in addition to the others, I've drilled the Barbara 3  
24 and the Federal No. 3 over in Section 17 and the Barbara 4  
25 in Section 17. The Barbara 4 is a nonstandard location

1 because it is the reentry of a well formerly drilled by Yates  
2 Petroleum, so it is a nonstandard.

3           The wells have produced accumulatively through  
4 December 31st of 1975 approximately two hundred and twenty-  
5 three thousand barrels of oil and two million, seven hundred  
6 and twenty-four thousand barrels of water. It is slightly  
7 greater than ten percent water cut.

8           Q     Have you prepared a tabulation showing the production  
9 of the various wells?

10          A     I have the tabulations by months, by years, on each  
11 well and it is Exhibit Number Three.

12          Q     Is that your Exhibit Number Three?

13          A     Yes, sir.

14          Q     Mr. Hanks, have you taken the bottom-hole pressures  
15 on the wells?

16          A     Yes, I did. We had the original bottom-hole  
17 pressures, more specifically the average bottom-hole pressures  
18 for the six wells would be between twenty-nine, fifty and three  
19 thousand.

20          Q     Have those been tabulated on what you have marked  
21 as Exhibit Two?

22          A     No, these are the more recent ones. The first ones  
23 were submitted in Case 5117, in that folder, and they have  
24 already been submitted, and I did just for the record bring  
25 one of the Dagger Draw which was included as evidence.

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1 Q Referring to Exhibit Two, just explain that  
2 exhibit to the Commission?

3 A Okay. Comparatively speaking the bottom-hole  
4 pressures, like for instance on the Barbara No. 1, is twenty-  
5 two eighty-five, but the bomb was in the hole for only  
6 thirteen hours. The corrosiveness of the water will generally  
7 eat the lining too, so we run it in like over night and  
8 pull it and then get a build-up and it extrapolates in  
9 seventy-two hours to within a hundred pounds of the original  
10 pressure. With having pulled the volume of fluid we have from  
11 the reservoir and seen the last year-and-a-half a substantial  
12 increase in production, I'm ready to testify that I don't  
13 feel that we are draining three-hundred-and-twenty acres.

14 Q What leads you to believe that, Mr. Hanks?

15 A What leads me to believe that?

16 Q Yes, sir.

17 A The fact that the bottom-hole pressure extrapolates  
18 back to within a hundred pounds of the original after we have  
19 pulled three million barrels of fluid out of the reservoir.

20 MR. NUTTER: Give me those figures again, Mr. Hanks,  
21 on that production.

22 A Two hundred and twenty-three thousand barrels of  
23 oil sold, Mr. Nutter, to the transporter and two million,  
24 seven hundred and twenty-four thousand barrels of water  
25 produced.

1 MR. NUTTER: Now, that is the total from these six  
2 wells on Exhibit Number One?

3 A. Yes, sir, plus or minus a few thousand barrels but  
4 those are ball park figures, yes.

5 MR. NUTTER: And still when you run a bottom-hole  
6 pressure test you get back within a hundred pounds extrapolated  
7 under your original bottom-hole pressure?

8 A. Yes, sir.

9 MR. NUTTER: Okay. Go ahead.

10 Q (Mr. Jennings continuing.) Were you through  
11 explaining the --

12 A. Well, yes.

13 Q Mr. Hanks, in light of your history of your  
14 production in the area, do you have any recommendations to  
15 make to the Commission at this time?

16 A. Well, yes, I do. I think it is proper to reduce  
17 these units to one sixty and drill additional wells and come  
18 back and report again to see if they don't need to be reduced  
19 again. I felt before they were wholly an uneconomical thing  
20 and we would only test it but it appears the thing to do  
21 now is in-field development based on a standard one-sixty  
22 unit with an allowable that -- I believe the allowable that  
23 was granted was one sixty and they won't make that.

24 Q I believe it was four hundred and some barrels  
25 for thirteen?

1 MR. NUTTER: Four hundred and twenty-seven.

2 A. They won't -- a hundred and fifty or sixty barrels  
3 a day right at this moment is tops but you never know when the  
4 water starts appreciably down, that they could conceivably  
5 make a hundred and sixty barrels.

6 Q. Would you recommend that the allowable be left  
7 at four hundred and twenty-seven barrels if that is the one-  
8 hundred-and-sixty acre allowable?

9 A. Yes, sir.

10 Q. Do you feel it would be economic to drill the un-  
11 drilled hundred-and-sixty acre tracts within the -- it would  
12 mean the drilling of at least six additional wells?

13 A. Yes, for sure in the north two sections. Respectable  
14 engineering is calculating roughly five million barrels of  
15 original oil in place under each one of those sections and you  
16 are talking about producing as much as thirty percent of the  
17 oil in place, so it is economical to in-field develop four  
18 wells to the section to recover what's there.

19 Q. Mr. Hanks, were Exhibits One, Two and Three prepared  
20 by you or under your supervision?

21 A. Yes, they were.

22 MR. JENNINGS: We have nothing further, Mr. Examiner,  
23 we would offer the exhibits.

24 MR. NUTTER: What are there, four?

25 MR. JENNINGS: Three. One, Two and Three.

1 MR. NUTTER: Hank's Exhibits One through Three will  
2 be admitted into evidence.

3 (THEREUPON, Hanks' Exhibits One through  
4 Three were admitted into evidence.)

5  
6

CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Were there any other special features to these pool  
9 rules, Mr. Hanks, that you know of or was it limited just to  
10 the spacing and the special depth bracket allowable?

11 A If I remember right, I was reading it awhile ago,  
12 Mr. Nutter, I don't recall anything other than that, those  
13 two items.

14 MR. JENNINGS: I didn't recall anything either,  
15 Mr. Examiner.

16 MR. NUTTER: Are there any further questions of  
17 Mr. Hanks? He may be excused.

18 (THEREUPON, the witness was excused.)

19 MR. NUTTER: Do you have anything further, Mr.  
20 Jennings?

21 MR. JENNINGS: No, sir.

22 MR. NUTTER: Does anyone have anything they wish  
23 to offer in Case 5117, reopened? If not, we will take the  
24 case under advisement.

25

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

*Sidney F. Morrish*  
\_\_\_\_\_  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5117 (reopened)  
heard by me on 1/20 19.....  
*[Signature]*....., Examiner  
New Mexico Oil Conservation Commission

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