

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

19 February 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of V-F Petroleum, Inc., CASE
for an exception to the special pool 8833
rules and regulations of the Dean
Permo-Pennsylvanian Pool as promul-
gated by Division Order No. R-892
to permit applicant to complete its
ARCO State Lease Well No. 1.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Jeff Taylor
Division: Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin
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I N D E X

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STATEMENT BY MR. KELLAHIN

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J. M. FULLINWIDER

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Direct Examination by Mr. Kellahin

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E X H I B I T S

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V-F Exhibit One, Notice

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V-F Exhibit Two, Plat

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V-F Exhibit Three, Map

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V-F Exhibit Four, Listing

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V-F Exhibit Five, Log

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V-F Exhibit Six, Log

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V-F Exhibit Seven, Log

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2 MR. STOGNER: We'll call Case
3 Number 8833.

4 MR. TAYLOR: The application of
5 V-F Petroleum, Inc., for an exception to the special pool
6 rules and regulations of the Dean Permo-Pennsylvanian Pool
7 promulgated by Division Order No. R-892, Lea County, New
8 Mexico.

9 MR. STOGNER: Call for appear-
10 ances.

11 MR. KELLAHIN: If the Examiner
12 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
13 on behalf of the applicant, and I have one witness.

14 MR. STOGNER: Are there any
15 other appearances in this matter?

16 If not, will the witness please
17 stand at this time and be sworn?

18
19 (Witness sworn.)

20
21 MR. STOGNER: Mr. Kellahin?

22 MR. KELLAHIN: Thank you, Mr.
23 Examiner.

24 Mr. Examiner, I'm advised by
25 Mr. Fullinwider that our application in addition to seeking

1 a 40-acre nonstandard proration unit in this pool, we had
2 also sought an unorthodox well location.

3 Mr. Fullinwider advises me that
4 his location is a standard location, even if the spacing
5 unit is reduced from 80 to 40, so we would delete that por-
6 tion of our application.

7 MR. STOGNER: Thank you, Mr.
8 Kellahin. The portion of this application requesting an
9 unorthodox location will be dismissed.

10 MR. KELLAHIN: Mr. Examiner,
11 Mr. Fullinwider is President of V-F Petroleum Company, has
12 previously been qualified before the Division as a practical
13 oil and gas operator.

14 We will tender him as such be-
15 fore the Examiner. If you would like me to re-qualify him,
16 I'd be happy to do so.

17 MR. STOGNER: No, I don't think
18 that will be necessary.

19
20 J. M. FULLINWIDER,
21 being called as a witness and being duly sworn upon his
22 oath, testified as follows, to-wit:

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25

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Fullinwider, for the record would you please state your name and occupation?

A J. M. Fullinwider, President of V-F Petroleum, Inc., Midland, Texas.

Q Mr. Fullinwider, let me direct your attention to Exhibit Number One, which is an area plat of the land ownership, and have you identify for the examiner the 40-acre tract that's involved in this application.

A It's the 40-acre tract described as the northwest quarter of the southwest quarter of Section 35, Township 15 South, Range 36 East, Lea County, New Mexico.

MR. KELLAHIN: Mr. Examiner, I've mis-identified that plat. It's Exhibit Number Two.

Exhibit Number One represents our notice to the offset operators within the pool, and we have notified Mr. Moncrief, ARCO, and Mobil Producing Texas and New Mexico, Inc..

Q While we're looking at the Exhibit Number Two, Mr. Fullinwider, would you identify for us what it is that you're seeking to accomplish with the application?

A We originally completed our well in -- which we drilled in 1980 at the Devonian formation and the field rules for the Dean Devonian Pool were, and still are,

1 40-acre spacing.

2 We have recently recompleted the same
3 borehole in the Permo-Penn zone, specifically the Strawn,
4 and the rules as they stand require 80-acre spacing for
5 Permo-Penn in the Dean Permo-Penn Pool, and we are seeking
6 an exception to that rule so we may make a legal completion
7 in the Strawn or the Permo-Penn in this borehole.

8 Q Using Exhibit Number Two as a reference,
9 would you identify for us the offset operators?

10 A Yes. To the north is Bliss Petroleum.
11 To the east is Atlantic Richfield, or ARCO. To the south is
12 Mobil. And to the west, I believe, is Mobil.

13 Q And Bliss is operating under a farmout
14 from ARCO?

15 A That is correct.

16 Q And where is Mr. Moncrief's acreage?

17 A Mr. Moncrief's acreage is located to the
18 northeast approximately a quarter of a mile from our tract,
19 specifically described as the northeast quarter of the
20 northwest quarter of said Section 35.

21 Q Let me turn your attention now to Exhibit
22 Number Three, Mr. Fullinwider, and have you locate on the
23 structure map the subject well.

24 A The well is shown with an arrow pointing
25 to it and under the label V-F as Well No. 1. It's

1 specifically spotted 660 feet from the west line and 1980
2 feet from the south line of Section 35.

3 Q Do you have available to you or is there
4 available within the section another 40-acre tract that
5 could be included and dedicated to the Strawn production
6 from the subject well?

7 A No, there isn't; at least not to our
8 knowledge. Each 40-acre tract that adjoins us has a well
9 located on it and is owned and/or producing by other people
10 and held by production.

11 Q Can you reference us to the Bliss Petro-
12 leum well that also is producing from the Strawn Pool that's
13 involved in this case? Where is the Bliss well?

14 A Yes, it is an immediate north 40-acre
15 offset to our well. It is denoted on the tract as the No.
16 1-Y. It is a recent completion in the Permo-Penn zone.

17 Q And what's your understanding of the ac-
18 reage dedication by Bliss for that well out of the Dean Per-
19 mo-Pennsylvanian Pool?

20 A 40 acres is all Bliss petroleum has.
21 They're in the same shape we are acreage-wise, and they are
22 dedicating the southwest quarter of the northwest quarter of
23 Section 35, that 40-acre tract, to that well.

24 MR. KELLAHIN: Point of refer-
25 ence, Mr. Examiner, Bliss' application for that well was set

1 on the same docket today as Case 8810. I believe the case
2 has been dismissed because their application has been ap-
3 proved administratively.

4 Q Let's turn your attention now, Mr. Full-
5 inwider, to Exhibit Number Four and have you identify that
6 exhibit.

7 A Exhibit Number Four is a listing of pro-
8 duction from various wells and leases in the Dean Permo-Penn
9 Field.

10 Q If we turn to Exhibit Five, would you
11 identify that exhibit?

12 A Exhibit Five is a partial copy of a well
13 log from the V-F Petroleum ARCO State Well No. 1.

14 Q And this is the zone in the Strawn that
15 you propose to produce under this order to be entered in
16 this case?

17 A That is correct. This shows the Strawn
18 zone on the electric logs. It shows -- the drill stem tests
19 that we ran on this zone is shown as Number 2, and it's
20 typed there, the results of the drill stem test that we took
21 during the drilling of this well, and we knew from the re-
22 sults of that test that this zone would be good and some day
23 we would wish to make a completion in it.

24 And then in the center of the well log
25 you will notice the perforated interval shown in a block

1 with little holes in it. That is the interval that -- that
2 we have recently perforated.

3 Q Turn your attention to Exhibit Number Six
4 and would you identify that?

5 A Exhibit Number Six is a partial copy of a
6 well log of the Sinclair Oil and Gas Company State 396 Well
7 No. 1, which shows the same Strawn interval at the approxi-
8 mate depth of 11,422 feet, and this well is located a direct
9 east 40-acre offset to our well.

10 This well produced for some years from
11 this particular horizon. It is no longer producing from
12 this horizon.

13 Q All right, and if you'll turn to Exhibit
14 Number Seven and identify that exhibit.

15 A Exhibit Number Seven is a partial copy
16 from a well log from the Bliss Petroleum, Inc., ARCO State
17 Well No. 1-Y. It also shows the Strawn zone, the same equi-
18 valent zone as shown in previous exhibits, and shown thereon
19 are the perforations where Bliss has made their recent com-
20 pletion in this zone.

21 Q In your opinion, Mr. Fullinwider, is the
22 Bliss well completed in the Strawn completed in the same
23 correlative interval as your well?

24 A Yes.

25 Q What is the current status of your well?

1 A Our well has been potentialed after
2 treating with 500 gallons of acid, and the potential has
3 been filed with the Commission. Potential was flowing 118
4 barrels of oil, no water, 625 MCF of gas a day -- correc-
5 tion, Mr. Examiner, I see that we did produce 11 barrels of
6 water on that potential.

7 The oil gravity is 47 at 51 degrees. It
8 was flowing on a 14/64ths inch choke with 775 pounds flowing
9 tubing pressure, and this test was a 24-hour test taken on
10 January 29th, 1986.

11 The gas/oil ratio was 5300-to-1. The
12 well is in a testing mode at the present time under a tem-
13 porary testing allowable, and it is flowing oil and gas and
14 the water has now disappeared, I am happy to say.

15 Q Is there anything else you'd like to add
16 to your testimony, Mr. Fullinwider?

17 A Well, I might add that from the pressures
18 that we recorded when we drilled this well in 1980, mind you
19 that this field was developed in early 1950ies and over 5-
20 million barrels of oil from the Permo-Penn has been pro-
21 duced, and when we drilled our well in 1980 we had a bottom
22 hole shut-in pressure of 2429 pounds, which proves conclu-
23 sively to us that the 80-acre spacing which had been granted
24 some years prior for the development of this field was not
25 totally draining the field, otherwise there would be no way

1 we would have that sort of bottom hole pressure.

2 We have spoken with the Bliss organiza-
3 tion and they tell us their bottom hole pressure in their
4 well is close to 2600 pounds. So it does appear that you're
5 going to need 40-acre development in this field to adequate-
6 ly drain it.

7 MR. KELLAHIN: That concludes
8 my examination of Mr. Fullinwider, Mr. Examiner.

9 We'd move the introduction of
10 Exhibits One through Eight.

11 MR. STOGNER: Exhibits One
12 through Eight will be admitted into evidence.

13 Thank you, Mr. Fullinwider, I
14 hope to see you and Mr. Bliss come in one of these days and
15 get that proration unit back to where it's supposed to be.

16 I have no further questions of
17 this witness at this time.

18 Are there any other questions
19 of this witness?

20 If not, he may be excused.

21 Anything further in Case Number
22 8833?

23 This case will be taken under
24 advisement.

25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division