

Case Number.

4174

Application

Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 23, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Amerada Hess
Corporation for a dual
completion, Lea County,
New Mexico.

Case No. 4174

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

1969 AUG 27 AM 8 19

I N D E X

CHARLES C. STEPHENSON
Direct Examination by Mr. Kellahin
Cross Examination by Mr. Utz

Page

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7

E X H I B I T S

Applicant's Exhibit No. 1
Applicant's Exhibit No. 2

Marked

Offered and
Admitted

4

7

5

7

MR. UTZ: The first case on the Docket this afternoon will be Case No. 4174.

MR. HATCH: Case No. 4174, Application of Amerada Hess Corporation for dual completion, Lea County, New Mexico.

MR. KELLAHIN: I am Jason Kellahin of Kellahin and Fox, appearing for the Applicant. We have one witness who was sworn in the previous case. Will the record show that he is still under oath?

MR. UTZ: Let the record so show. Are there other appearances?

CHARLES C. STEPHENSON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please?

A Charles C. Stephenson.

Q You are the same Mr. Stephenson who testified in Case No. 4173?

A Yes, sir.

Q Mr. Stephenson, are you familiar with the Application of Amerada Hess Corporation 4174?

A Yes, I am.

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Q What is proposed by Amerada Hess in this Application?

A Amerada proposes -- Amerada's Application is for dual completion. The well is located or designated as Amerada Petroleum Corporation State "A", Well No. 5, located in the NE/4 of the NE/4 of Section 32, Township 18 South, Range 38 East, Lea County, New Mexico. The well is currently completed in both the Hobbs-Blinebrey and Hobbs-Drinkard Pools.

(Whereupon, Applicant's Exhibit No. 1 was previously marked for identification.)

Q Referring to what has been marked as Applicant's Exhibit No. 1, would you identify that exhibit?

A Exhibit 1 is an area map showing the current Blinebrey completions by the large circles colored red, and the one dual completion which is in Blinebrey-Drinkard, Amerada State "A", Well No. 5, as shown with the green half and a red half in the circle. Also shown are certain wells which are open circles that are currently being drilled or locations staked in the area.

Q The small circles that are colored green, are those projected Drinkard wells?

A Yes, that is correct.

Q And all the red wells are Blinebrey wells?

A Yes.

Q Now, referring to what has been marked as Exhibit No. 2, would you identify that exhibit?

(Whereupon, Applicant's Exhibit No. 2 was previously marked for identification.)

A Exhibit No. 2 is a schematic showing the completion status of the State "A" No. 5. As you can see, the well is completed with various sized casings, ranging from 11 and 3/4 down to 5 1/2. It has two barrel strains of 2 and 3/8 tubing. Also it has a packer set at 6605 and a parallel tubing anchor at 5945. The cement tops protecting and setting strain of casing is indicated. These were determined by temperature surveys run shortly after the casing was set.

Q Do you have any information on the fluid characteristics of the two zones?

A Yes, I do. The Blinebrey perforations from 5905 and 5957 produce a fluid at 36.6 degree of gravity and a gas-oil ratio of approximately 450, and on the 24-hour test bumed 145 barrels of oil and 8 barrels of water. The Drinkard perforations from 6926 to 6936 and 6674 and 6698 produced during a flow test, 36 barrels of oil per day with

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a gas-oil ratio of 27,750 and a gravity of 35 degrees.

Q What is the difference between the pressure in the two zones?

A The last recorded pressure in the Blinebrey zone on this well was shortly after the well was completed and its measured pressure was 1733 pounds. The pressure previously discussed on the Drinkard is 2650.

Q With that pressure difference across the packer do you anticipate there will be any problem in retaining the fluids in the original reservoir?

A No, sir, we do not.

Q There would be no communication across the packer?

A No, there wouldn't.

Q Have you made any analysis of the economics of this type of completion?

A Yes, I have, and that has primarily to do with well completion costs. A Blinebrey well, single completion, costs approximately \$84,000. A Drinkard single completion costs approximately \$92,200. So combined, the costs for these wells would be \$176,200. Now, a dual Blinebrey and Drinkard well would cost \$102,000. and this would represent a savings of \$74,200. We will get the same recovery by the dual well and we will reduce our initial

investment and also our operating costs by dually completing the wells.

Q In your opinion, is the approval of this dual completion as proposed in the interest of Conservation?

A Yes, sir, it is.

Q Will any waste occur as a result of it?

A No, it will not.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were offered and admitted in evidence.)

MR. KELLAHIN: That's all I have, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q How far does the cement go up into the 8 and 5/8?

A It goes up to 2300 feet.

Q What I meant was, how far does the cement go up

inside of the 8 and 5/8 from the 7 inch?

A It goes up 1498 feet. The 8 and 5/8 is set at 3798, the top of the cement being 2300 behind the pipe, so there would be a difference of 1498 feet between the top of the cement and the casing in point.

Q Well, I guess I still didn't make myself clear. I will ask it this way: How far does the 7 inch go up inside the 8 and 5/8?

A I see. The liner is set at 3710 so there is approximately 88 feet of overlap there.

Q That is the figure I was looking at. And that is cement to the top of the liner?

A Yes, sir, it is.

MR. UTZ: Any questions of the witness?

BY MR. UTZ:

Q These are both flowing zones at the present time?

A The Blinbrey is currently being pumped. It really aggitates and flows but we lost some load water in the zones while completing and we are having to pump it back.

Q Do you think it is capable of flowing?

A Yes, sir. We think it is flowing right now. We are producing more fluid than we can pump with the pump.

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which is a good indication.

MR. UTZ: Other questions? Witness may be excused.

(Witness excused.)

MR. UTZ: Anything further in this case?

MR. KELLAHIN: That's all, Mr. Utz.

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

(Whereupon, the Hearing was concluded at
approximately 1:35 P.M.)

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court 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 true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
COURT REPORTER

My Commission expires April 8, 1971.

I do hereby certify that the foregoing is a complete record of the proceedings in the familiar hearing of Case No. 4124, heard by me on July 23, 1969.
Michael H. [Signature], President
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

August 4, 1969

Mr. Jason W. Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4174
Order No. R-3803
Applicant:
Amerada Hess Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4174
Order No. R-3803

APPLICATION OF AMERADA HESS CORPORATION
FOR A DUAL COMPLETION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 23, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of August, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Amerada Hess Corporation, seeks
authority to complete its Amerada Petroleum Corporation State
"A" Well No. 5, located in the NE/4 NE/4 of Section 32, Town-
ship 18 South, Range 38 East, NMPM, Lea County, New Mexico, as
a dual completion (conventional) to produce oil from the Hobbs-
Blinebry Pool and an undesignated Drinkard pool through parallel
strings of 2 3/8-inch tubing, with separation of the zones by a
packer set at approximately 6605 feet.

(3) That the mechanics of the proposed dual completion
are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent
waste and protect correlative rights.

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CASE No. 4174

Order No. R-3803

IT IS THEREFORE ORDERED:

(1) That the applicant, Amerada Hess Corporation, is hereby authorized to complete its Amerada Petroleum Corporation State "A" Well No. 5, located in the NE/4 NE/4 of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, as a dual completion (conventional) to produce oil from the Hobbs-Blinbry Pool and an undesignated Drinkard pool through parallel strings of 2 3/8-inch tubing, with separation of the zones by a packer set at approximately 6605 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 212-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the undesignated Drinkard pool.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

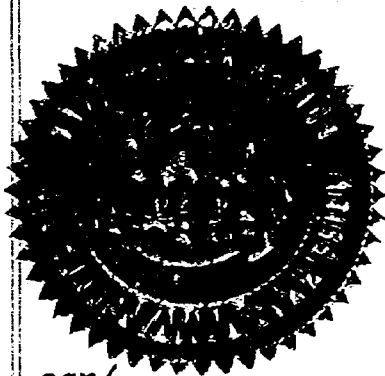
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


A. L. PORTER, Jr., Member & Secretary



ear/

4/24
Record 2-2389
Rec - 2-2389.

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Garden. Drinkwater
(Garden).
Packets to act at 12.15
6605 + Bath Jones & 11.15
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W. H. H. H.

Docket No. 21-69

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 23, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4160: (Continued and Readvertised)

Application of Roger C. Hanks for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the NW/4 and NE/4 of Sections 28 and 29, respectively, from the South Prairie-Cisco Pool and the extension of the Middle Allison-Pennsylvanian Pool to include all of Section 29, the SE/4 of Section 30, the N/2 of Section 32, and the N/2 of Section 33, all in Township 8 South, Range 36 East, Roosevelt County, New Mexico.

CASE 4172: (This case will be continued to August 6, 1969)

Application of Pennzoil United, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

CASE 4173: Application of Amerada Hess Corporation for special pool rules and pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Hobbs-Drinkard Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units. Applicant further requests that said pool be extended to include the following-described acreage:

TOWNSHIP 18 SOUTH, RANGE 38 EAST

Section 28: SW/4
Section 29: S/2
Section 32: All
Section 33: W/2

TOWNSHIP 19 SOUTH, RANGE 38 EAST

Section 4: NW/4
Section 5: N/2

CASE 4174: Application of Amerada Hess Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Amerada Petroleum Corporation State "A" Well No. 5, located in the NE/4 NE/4 of Section 32, Township 18 South, Range 38 East, Lea County, New Mexico, to produce oil from the Hobbs-Blinebry and Hobbs-Drinkard Pools through parallel strings of tubing.

CASE 4175: Application of International Minerals & Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to include the following-described lands in the Potash-Oil Area defined by said order:

TOWNSHIP 23 SOUTH, RANGE 30 EAST

Section 8: S/2 & S/2 NW/4

Section 9: S/2 SW/4, NW/4 SW/4, S/2 SE/4

Section 10: SE/4

Sections 11 thru 15: All

Sections 24 and 25: All

Section 26: E/2

TOWNSHIP 23 SOUTH, RANGE 31 EAST

Section 7: S/2, NW/4, S/2 NE/4,
and NW/4 NE/4

Section 18: All

CASE 4176: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider excepting from the provisions of Order No. R-3221, as amended, certain wells in Eddy County, New Mexico. The Commission will consider excepting all wells producing from the Corral Canyon-Delaware Pool, Eddy County, New Mexico, from the provisions of Order (3) of Commission Order No. R-3221, as amended, which prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

CASE 4177: Application of Roger C. Hanks for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Milnesand-Pennsylvanian Pool, Roosevelt County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

Examiner Hearing - July 23, 1969

Docket No. 21-69

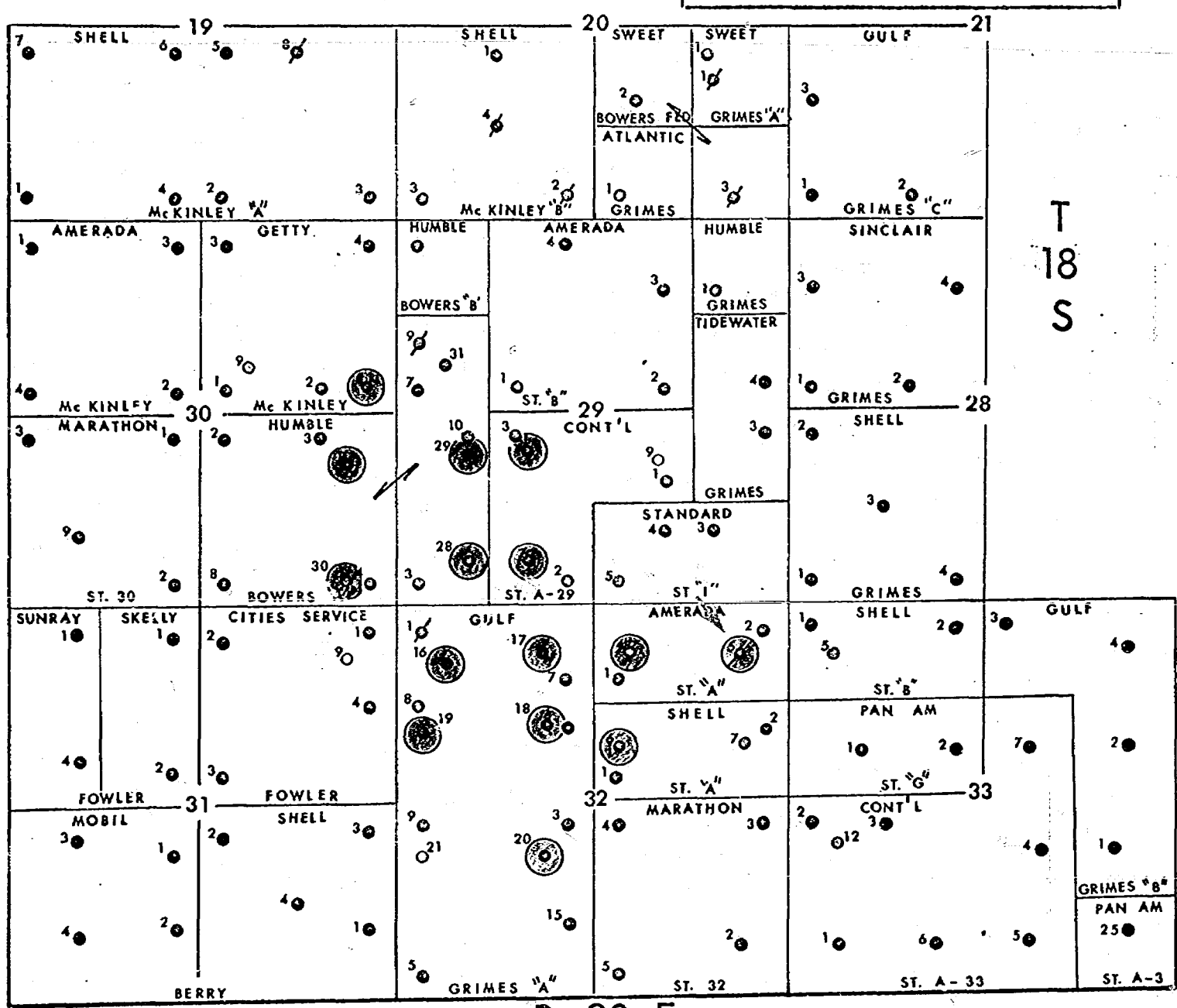
-3-

CASE 4178: Application of Aztec Oil & Gas Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 29 North, Range 9 West, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico:

A 146.27-acre non-standard unit comprising the SW/4 of Section 30 and the N/2 NW/4 of Section 31, to be dedicated to its Cain Well No. 16, located in Unit N of said Section 30 if said well is recompleted in the Pictured Cliffs formation or to a new well which may be drilled on the same location.

A 147.61-acre non-standard unit comprising the S/2 NW/4 and the SW/4 of Section 31 to be dedicated to its Cain Well No. 4, located in Unit N of said Section 31.

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
Amerada Hess Co. EXHIBIT NO. 1
 CASE NO. 4174



R 38 E

HOBBS FIELD

Lea County, New Mexico

Scale 1" = 2000'

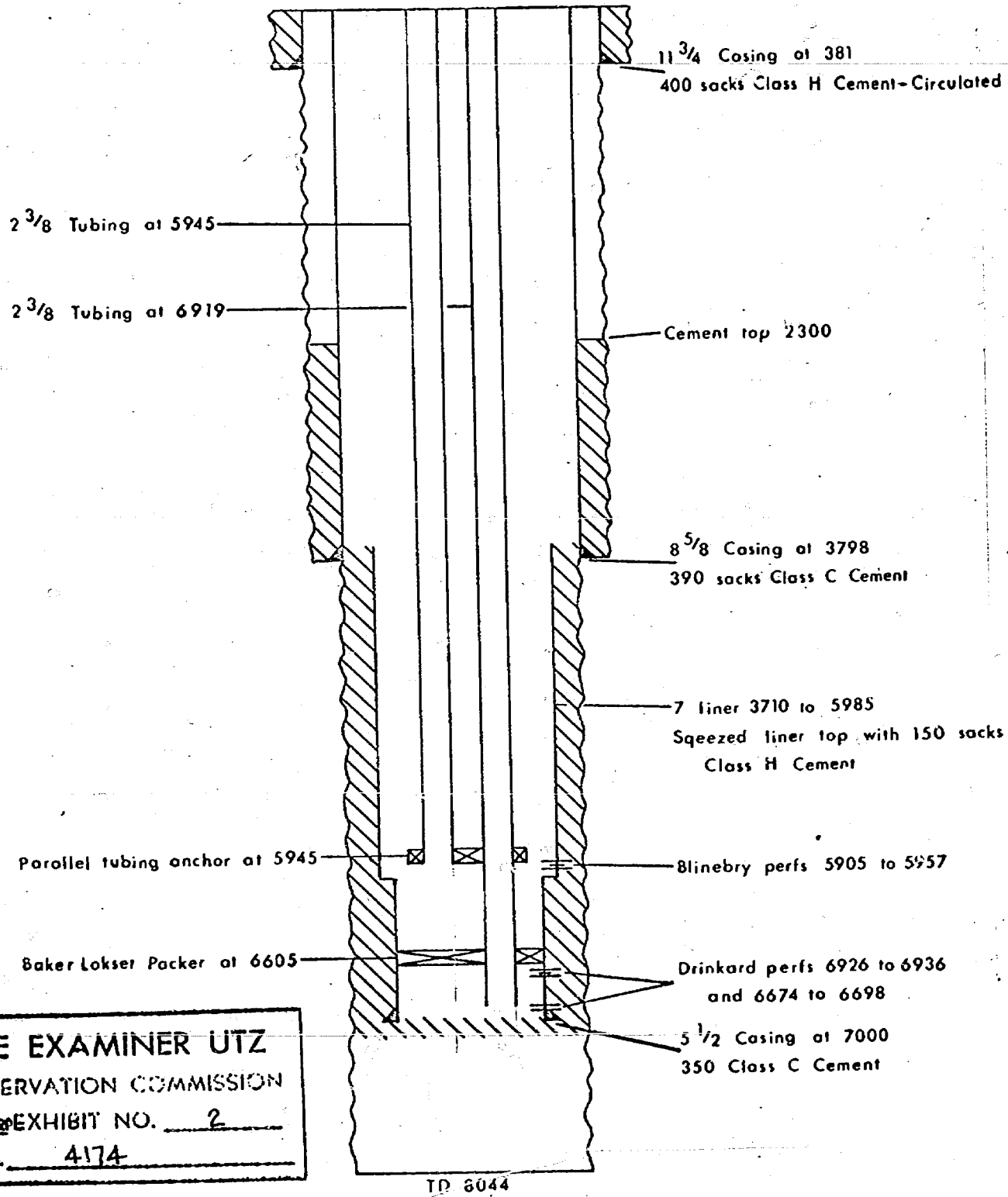
- Grayburg San Andres Well
- Blinbry Well
- ⊗ Blinbry-Drinkard Dual Well
- Location or Drilling Well

AMERADA HESS CORPORTION

STATE "A" NO. 5

HOBBS FIELD

LEA COUNTY, NEW MEXICO



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
AMERADA HESS CORP EXHIBIT NO. 2
CASE NO. 4174

MAILED
JUN 31 PM 3 57
BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
AMERADA HESS CORPORATION FOR APPRO-
VAL OF A DUAL COMPLETION, LEA
COUNTY, NEW MEXICO

Case 4174

A P P L I C A T I O N

Comes now AMERADA HESS CORPORATION and applies to the Oil Conservation Commission of New Mexico for approval of a dual completion of its Amerada Petroleum Corporation State "A" Well No. 5, located in the center of the NE/4 NE/4 of Section 32, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Commission:

1. The above-described well was drilled to a total depth of 8044 feet, cemented back and the cement drilled out to 6954 feet. Surface pipe of 11 3/4 inches was set at 381 feet and cemented with 400 sacks of cement, the cement circulated; production string of 8 5/8ths inch pipe set at 3798 feet, and cemented with 590 sacks; two liners were set: a 7-inch liner from 3701 feet to 5985 feet, and a 5 1/2 inch liner from 5985 feet to 7000 feet.

2. Applicant proposes to dually complete the subject well for production of oil from the Hobbs-Drinkard Pool, and from the Hobbs-Blinebry Pool, through 2 3/8 inch tubing as follows: A packer will be set at 6605 feet. Tubing will be set at 5945 feet for Blinebry production, and the Blinebry interval will be perforated from approximately 5905 feet to 5957 feet. Tubing will be set at 6919 feet for Drinkard production, and the Drinkard interval will be perforated from 6674 feet to 6698 feet, and from 6926 feet to 6936 feet.

3. No waste will occur as a result of the dual

DOCKET MAILED

Date 7-11-69

completion of the subject well, and the dual completion is in the interests of conservation, and prevention of waste, and correlative rights will be fully protected.

WHEREFORE, applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the dual completion of applicant's well as proposed in this application.

Respectfully submitted,

AMERADA HESS CORPORATION

BY:

Jason W. Kellahin
Kellahin & Fox
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4-74

Order No. R- 3803

APPLICATION OF AMERADA HESS CORPORATION
FOR A DUAL COMPLETION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 23, 1969, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this day of July, 1969, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Amerada Hess Corporation,
Amerada Petroleum Corporation
seeks authority to complete its State "A"
the NE/4 NE/4
Well No. 5, located in Unxxxxxxx of Section 32, Township

18 South, Range 38 East, NMPM, Lea County, New
~~North~~ ~~West~~

(conventional) oil
Mexico, as a dual completion ~~(combination)~~ to produce ~~gas~~ ~~(tubingless)~~

from the Hobbs-Blinebry ^{Pool} and the in undesignated ~~Pool~~ Hobbs-Drinkard

~~poole~~ through parallel strings of 2 3/8 -inch tubing, with

separation of the zones by a packer set at approximately

660 5 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amerada Hess Corporation
Amerada Petroleum Corporation
is hereby authorized to complete its A State "A"
the NE/4 NE/4
Well No. 5, located in XXXXXXX of Section 32, Township
18 ~~North~~ South, Range 38 ~~West~~ East, NMPM, Lea County, New
Mexico, as a dual completion ~~(conventional)~~ Pool oil
~~(combination)~~ to produce ~~gas~~
~~(oil and gas)~~
from the Hobbs-Blinebry and the undesignated ~~Hobbs-Drinkard~~
pool through parallel strings of 2 3/8 inch tubing, with
separation of the zones by a packer set at approximately
6605 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate,
and produce said well in accordance with the provisions of Rule
112-A of the Commission Rules and Regulations insofar as said rule
is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take ~~zone segregation~~
tests upon completion and annually thereafter during the Annual
Gas-Oil Ratio Test Period for the undesignated Hobbs-Drinkard Pool.
~~Deliverability~~

(2) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.