

Case Number

4365

Application
Transcripts.

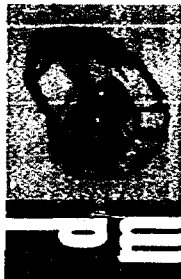
Small Exhibits

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 10, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Benson-Montin-Greer
Drilling Corporation for
amendment of special pool rules,
Rio Arriba County, New Mexico.

Case No. 4365

IN THE MATTER OF:

Application of Mobil Oil
Corporation for down-hole commingling
Lea County, New Mexico

Case No. 4366

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The first case is 4365.

MR. HATCH: Application of Benson-Montin-Greer Drilling Corporation for amendment of special pool rules, Rio Arriba County, New Mexico. The applicant has requested that this case be dismissed.

MR. NUTTER: Case No. 4365 will be dismissed, and we will go on with Case No. 4366.

MR. HATCH: Application of Mobil Oil Corporation for down-hole commingling, Lea County, New Mexico.

MR. NUTTER: At the outset, I might point out there was an error in the legal notice for this case in the Hobbs Daily News Sun. We will go ahead and hear the evidence in this case. We will re-advertise it and call it at the next hearing. We cannot enter an order in the case until we have had the correct advertisement.

MR. SPERLING: I am James E. Sperling of Modrall, Seymour, Sperling, Roehl and Harris, appearing for the applicant. We have one witness, and his name is William B. Simmons.

(Whereupon, Applicant's Exhibits
1 through 9 marked for
identification.)

(Witness sworn.)

WILLIAM B. SIMMONS, JR.

called as a witness, having been first duly sworn, was

examined and testified as follows:

DIRECT EXAMINATION

BY MR. SPERLING:

Q Please state your name, position, place of residence and employer.

A I am W. B. Simmons, Jr., employed as Associate Engineer in the Proration Group for the Midland Division Office of Mobil Oil Corporation.

Q Have you on any previous occasion testified as a Petroleum Engineer before the Commission?

A Yes, I have.

Q Your qualifications are a matter of record?

A Yes, they are.

MR. SPERLING: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Sperling) What is sought by Mobil in this application?

A Mobil Oil Corporation plans to seek exception to New Mexico Oil Conservation Commission's Rule 303 and requests authority to commingle within the well-bore of Mobil's Bridges State No. 109, production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools. The Upper Pennsylvania

Zone is now at its economic limit. Then it can continue to produce along with the Wolfcamp Zone. Both zones will realize an extension of their economic productive life and will ultimately result in additional oil recovery, thereby preventing waste.

Q Would you please refer to what has been marked as Exhibit 1 and explain its purpose?

A Exhibit 1 is an ownership plat that shows the location of the subject well, Bridges State 109, which is located in Unit N, 610 feet from the south line 1830 feet from the west line of Section 24, Township 17 South, Range 34 East in Lea County, New Mexico. The Upper Pennsylvania producers and the outline of the field are noted in the red color and the Wolfcamp producers and the outline of the Wolfcamp field are outlined and noted in the green figure.

Q Is the entire area outlined here as the Bridges Lease, is that held under one lease?

A Yes, the lease consists of 5,281.38 acres, leased from the State of New Mexico.

Q Now, refer to Exhibit 2 and explain that exhibit and its purpose.

A Exhibit 2 is a graph and it shows the performance curves for the Wolfcamp Zone of Well 109. It shows that the production is decreasing at approximately 35% percent decline,

that the well is producing at a marginal rate and that the -- it's about 29 barrels of oil a day. We had a test at 2770. Now, not shown on this graph is the insignificant amount of water produced since 1966. It's cumulative is only about 114 barrels.

Q Now, refer to Exhibit 3, please.

A Exhibit 3 is a graph showing the performance curves for the Upper Penn Zone of Well 109. It shows that the oil production is decreasing at an approximate rate of 39% decline and the well is producing at a marginal rate.

Q And what, if any, water production is being encountered?

A On Graph 4, I have indicated the water production because of the crowded Graph 3. I wasn't able to put it on there, but this graph shows that the water production initially was somewhat high. It has dropped and has maintained a low water volume. We expect this trend to continue.

MR. NUTTER: Have you had a recent test in this Zone, Mr. Simmons?

THE WITNESS: Yes, sir, I have and it tested at 10 barrels per day with 4 barrels of water per day.

MR. NUTTER: What was the date of that?

THE WITNESS: That was 5-27-70.

MR. NUTTER: Same date as the other one?

THE WITNESS: Yes, sir.

MR. NUTTER: Thank you.

Q (By Mr. Sperling) Now, the last graph that you have offered is marked Exhibit 4, is that correct?

A Exhibit 4, yes.

Q Now, refer to Exhibit 5, please.

A Exhibit 5 is the backup information. It's a tabular data, tabular production history, and it just backs up the graphic.

Q Simply presents --

A In tabular form.

Q -- the information shown on the previous exhibits --

A Yes, sir.

Q -- three and four. O. K. Exhibit 6?

A Exhibit 6 is a graph that shows the anticipated production decline of both Zones if produced separately and then a composite production curve if the same two Zones were produced commingled down-hole. Now, the combined production will be 39 barrels of oil per day produced with a Ben pump operating under vented conditions.

Q What is the significance of the horizontal line on Exhibit 6?

A It was shown to, drawn on there to show the 80 barrels

of oil per day which is the maximum daily production allowed for both zones when commingled under Commission's Rule 303C. This Rule provides for an administrative procedure by which exceptions to Rule 303A may be granted by the Commission, provided certain facts, exhibits and the required conditions were met.

Now, since this Rule was written for specifically dually completed wells, this triply completed well is not eligible for administrative approval under this rule. The graph also shows that the total commingled production on line 3 there, is expected to decline from its initial rate at about 36 decline rate, with an extended life due to the commingling.

Q Are there any other facts or conditions existing in these two zones which would meet the guideline for Rule 303A?

A Yes. Both zones do require artificial lift and are under artificial lift at present, for any future production. Neither zone produces more than the 80 barrels of water per day allowed for this dip. Now actually, the combined water is only 4 barrels of water per day. The fluid from both zones are compatible with each other and their combination will not result in damaging precipitates in either reservoir.

The total value accrued will not be reduced by commingling. Ownership of the zones to be commingled is common.

The royalty interest of both zones is common. Mobil has no plans for secondary recovery in either of the zones to be commingled, nor do we know of any such plans.

Q Why do you consider that these points are significant in this matter?

A Well, in my opinion, the two zones in Well 109 has substantially satisfied the guidelines of eligibility set forth in Commission's Rule 303C and should receive consideration for these facts, along with any criterion that the Commission deems necessary in this case. If Mobil were required to continue production from separated zones, the Upper Penn Zone would have to be abandoned in the near future, thereby resulting in waste.

Q Now, would you refer, please, to what has been marked as Exhibit 7 and explain its purpose.

A Exhibit 7 is a data sheet with attachments that summarizes the background necessary for the Commission's consideration of this request. The two attached C-1 16 forms are current productivity tests for both zones.

Q Now would you please refer to Exhibit 8?

A Exhibit 8 is a computation of the relative values of the hydrocarbon production before and after down-hole commingling. It shows that the value of accrual will remain

the same before and after the proposed down-hole commingling. These two zones are presently commingled on the surface in accordance with Commission's Rule PC-100.

Q Would you please refer back to Exhibit 7, and there are bottomhole pressures indicated which do result in a pressure differential which conceivably could cause cross-flow insofar as these two zones are concerned after down-hole commingling. How do you propose to handle that problem?

A In answer to this question, I would like to submit Exhibit 9 which is a schematic well-bore sketch of Well 109. This shows the existing triple completion and the proposed dual completion, if down-hole commingling were allowed.

You will note that the packers are to be left in place and that the long string will be perforated as shown on the exhibit there, at about 10,000 feet. The existing Ben pump now pumping the Upper Penn Zone will be pulled, and a new pump installed, and operated in such a manner as to maintain a low fluid level in this well. This will minimize any tendency for cross-flow since we believe the reservoir pressure of the lower zone will more than offset the pressure encountered by normal pumping level of the commingled well. The gas lift equipment in intermediate string shown on the exhibit will be pulled, but the tubing will be left in place to provide

draining of the commingled zones.

We believe this will increase pumping efficiency of the well. However, if the well were to become inoperative for a rather long period of time, or a sufficient time for the fluid level to rise, the check valve, stemming valve would prevent cross-flow from the Wolfcamp Zone into the Upper Penn Zone.

After the proposed commingling the Abo Zone will continue to be produced, maintained and operated as an isolated zone and it will be completely isolated from the two lower zones.

Q Was notification given to the other operators in the area as to Mobil's proposed plan?

A Yes, we sent them individual letters. Now, there has been no adverse response to this application directed to Mobil. The State of New Mexico, as royalty owner, has been notified of this application by letter to the State Land Commissioner and a copy was sent to the Commission, and I believe the Commission has received a copy from the State Land Commissioner on this. At least, I was informed of that.

Q In response to the letter?

A Yes, stating they had no objections.

Q Now, in your opinion, Mr. Simmons, would the granting

of this application have any adverse effect upon the
correlative rights of any other operators?

A In my opinion, no.

Q I believe you testified earlier that in your opinion
the granting of the application would enable Mobil to recover
oil that would not otherwise be economically recoverable, and
thereby preventing waste, is that your testimony?

A Yes, sir, it will prevent the waste of oil, and we
believe it will be in the best interest of conservation.

Q Were Exhibits 1 through 9 prepared by you, or under
your supervision?

A Yes, they were.

MR. SPERLING: At this time, I would like to offer
Exhibits 1 through 9.

MR. NUTTER: Mobil's Exhibits 1 through 9 will be
admitted in evidence.

MR. SPERLING: That's all we have.

MR. NUTTER: Are there any questions of Mr. Simmons?
He may be excused. Anything else, Mr. Sperling?

MR. SPERLING: No.

MR. NUTTER: Does anyone have anything they would
like to offer in Case 4366? The case will be taken under
advisement.

I N D E XWITNESSPAGE

WILLIAM B. SIMMONS, JR.

Direct Examination by Mr. Sperling

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EXHIBITMARKEDOFFERED AND
ADMITTED

Applicant's 1 through 9

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, the undersigned, Notary Public in and for the
 County of Bernalillo, State of New Mexico, do hereby certify
 that the foregoing and attached Transcript of Hearing before
 the New Mexico Oil Conservation Commission was reported by me;
 and that the same is a true and correct record of the said
 proceedings, to the best of my knowledge, skill and ability.

Severino Gonzalez
 NOTARY PUBLIC

MY COMMISSION EXPIRES:

March 26, 1974

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the hearing held on the 4th day of 4/10, 1970, 4365-66
 held by me on 4/10, 1970.

Severino
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2022 - SANTA FE

87801

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

June 17, 1970

Mr. William J. Cooley
Burr & Cooley
Attorneys at Law
152 Petroleum Center Building
Farmington, New Mexico 87401

Re: Case No. 4365
Order No. R-3976
Applicant:
Benson-Montin-Greer

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 x

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. 4365
Order No. R-3976

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR AMENDMENT
OF SPECIAL POOL RULES, RIO ARriba
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 10, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of June, 1970, the Commission, a
quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

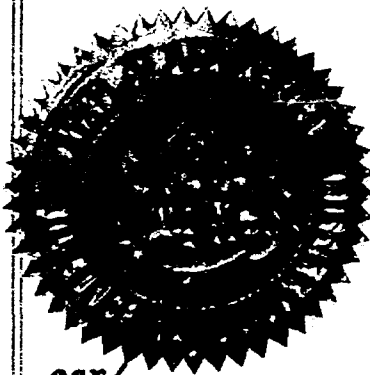
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4365 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Alex J. Armistead
ALEX J. ARMISTEAD, Member

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

BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO
87401

MAIN OFFICE

70 JUN 8 AM 8 12

JDEL B. BURR, JR.
WM. J. COOLEY

TELEPHONE 325-1732
AREA CODE 505

June 5, 1970

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed herewith are original and two copies of Motion to withdraw the Application filed in case no. 4365, and Application for an Order extending the horizontal limits of the West Puerto Chiquito Mancos Oil Pool, contracting the horizontal limits of the East Puerto Chiquito Mancos Oil Pool, and expanding the unit area of the Canada Ojitos Unit in Rio Arriba County, New Mexico.

Very truly yours,

BURR & COOLEY

By


William J. Cooley

WJC:jjh
Enclosures

Docket No. 14-70

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 10, 1970

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

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

- CASE 4363: Application of Jack L. McClellan for unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for his Atlantic Federal Well No. 1 located 2130 feet from the South line and 660 feet from the East line of Section 24, Township 8 South, Range 37 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico. The S/2 of said Section 24 to be dedicated to said well.
- CASE 4364: Application of Roy E. Kimsey, Jr., for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 120-acre non-standard oil proration unit comprising the N/2 SW/4 and SE/4 SW/4 of Section 24, Township 9 South, Range 34 East, Jenkins-Cisco Pool, Lea County, New Mexico, to be dedicated to his Mounsey Well No. 1-Y located in Unit N of said Section 24.
- CASE 4365: Application of Benson-Montin-Greer Drilling Corporation for amendment of special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 1 of the Special Rules and Regulations governing the East and West Puerto Chiquito-Mancos Oil Pools to provide that wells completed or recompleted in the Mancos formation within one mile of said pools shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations governing said pools.
- CASE 4366: Application of Mobil Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the well-bore of its Bridges State Well, No. 109, a triple completion, located in Unit N of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4367: Application of Mobil Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Bridges State Waterflood Project, Vacuum Pool, by the drilling of an additional water injection well at an unorthodox location 100 feet from the South line and 1980 feet from the West line of Section 26, Township 17 South, Range 34 East, Lea County, New Mexico.

Examiner Hearing - June 10, 1970

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Docket No. 14-70

- CASE 4368: Application of Mobil Oil Corporation for a water flood expansion and amendment of rules governing same, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Bridges State Waterflood Project, Vacuum Pool, by the conversion to water injection of 13 additional wells and the drilling of one additional water injection well, all at standard locations in the N/2 of Section 25, Section 26, and E/2 of Section 27, Township 17 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the amendment of the rules governing said project to permit expansion of the project administratively without a showing of well response.
- CASE 4369: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Anadarko Production Company and all other interested persons to appear and show cause why the Anadarko Samwell No. 1, located in Unit B of Section 15, Township 19 South, Range 29 East, Turkey Track-Queen Pool, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

SA
BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF

BENSON-MONTIN-GREER DRILLING CORPORATION

No. 4365

For an Order amending the Special Rules
and Regulations for the East Puerto Chi-
quito Mancos Oil Pool and the West Puerto
Chiquito Mancos Oil Pool in Rio Arriba
County, New Mexico.

M O T I O N

COMES NOW the Applicant in the above styled and numbered
cause and respectfully moves the Commission to withdraw its Applica-
tion in the above styled and numbered cause.

Respectfully submitted,

BURR & COOLEY

By 

William J. Cooley

Attorneys for Applicant

152 Petroleum Center Building
Farmington, New Mexico 87401

BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO
87401

JOEL B. BURR, JR.
WM. J. COOLEY

TELEPHONE 325-1702
AREA CODE 505

*Rec. 5-15-70 S.F.
occ office Case 1265*

May 12, 1970

WJ

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed herewith for filing is the Application of Benson-Montin-Greer Drilling Corporation for an order amending the Special Rules and Regulations for the East Puerto Chiquito Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool in Rio Arriba County, New Mexico.

Very truly yours,

BURR & COOLEY

By

WJ Cooley
William J. Cooley

WJC:jjh
Enclosures

DOCKET MAILED

Date 5/28

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
BENSON-MONTIN-GREER DRILLING CORPORATION

Case
No. 43.65

For an Order amending the Special Rules and Regulations for the East Puerto Chiquito Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool in Rio Arriba County, New Mexico.

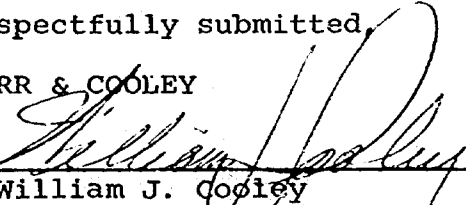
COMES NOW the Applicant in the above styled and numbered cause and respectfully makes Application to the Commission to delete those portions of the Special Rules and Regulations for the East Puerto Chiquito Mancos Oil Pool and the Special Rules and Regulations for the West Puerto Chiquito Mancos Oil Pool which provide that Rule 104-A of the General Rules and Regulations of the Oil Conservation Commission of New Mexico shall not be applicable outside the defined limits of said pools.

In support of the foregoing Application, Applicant would show the Commission that there is a good probability that the areal extent of the East Puerto Chiquito Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool extends beyond the presently defined horizontal limits of said pools. It is thus likely that waste will be caused and correlative rights will be violated unless the special pool rules for said pools are extended for a distance of one mile beyond their defined limits as is generally and ordinarily the case pursuant to Rule 104-A of the Commission General Rules and Regulations.

Respectfully submitted,

BURR & COOLEY

By


William J. Cooley

Attorneys for Applicant
152 Petroleum Center Building
Farmington, New Mexico 87401

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. 4365

Order No. R-3976

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR AMENDMENT
OF SPECIAL POOL RULES, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 10, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of June, 1970, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4365 is hereby dismissed.

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

CASE 4366: Application of MOBIL
OIL CORPORATION FOR DOWN-HOLE
COMMINGLING, LEA COUNTY.