

CASE 3388: Appli. of CHAS. B. READ
for special rules for the LLANO-
PENNSYLVANIAN POOL, Lea County.

ASE No.

3388

Application,
Transcripts,

MAII Exhibits

ETC.

State of New Mexico
Oil Conservation Commission



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

April 5, 1966

Re: Case No. 3388
Order No. R-3055
Applicant:

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. 3383
Order No. R-3055

APPLICATION OF CHARLES B. READ FOR SPECIAL
RULES FOR THE LLANO-PENNSYLVANIAN POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 23, 1966,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of April, 1966, 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, Charles B. Read, seeks promulgation
of special pool rules for the Llano-Pennsylvanian Pool, Lea County,
New Mexico, including a provision for 160-acre proration units.
- (3) That one well is presently completed in the subject pool
and no additional drilling is contemplated.
- (4) That said well is not capable of producing a 160-acre
allowable.
- (5) That the applicant has not established that one well
in the subject pool can efficiently and economically drain and
develop 160 acres.
- (6) That the applicant has not established that approval of
the subject application would prevent the economic loss caused by
the drilling of unnecessary wells, avoid the augmentation of risks
arising from the drilling of an excessive number of wells, prevent

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Case No. 3383

Order No. R-3055

reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

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

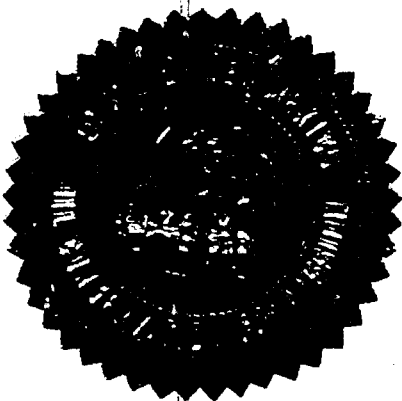
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



ir/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
MARCH 23, 1966

EXAMINER

HEARING

IN THE MATTER OF:

Application of Charles B. Read for special
rules for the Llano-Pennsylvanian Pool,
Lea County, New Mexico

Case No. 3388

BEFORE:

Daniel S. Nutter, Chief Engineer

TRANSCRIPT OF HEARING

MAIN OFFICE 000
APR 2 AM 11:42

MR. DURRETT: Application of Charles B. Read for special rules for the Llano Pennsylvanian Pool, Lea County, New Mexico.

MR. JENNINGS: I'm James T. Jennings of Roswell, appearing on behalf of the Applicant, Mr. Charles B. Read. We have one witness, Mr. Read.

MR. DURRETT: May the record show that Mr. Read was sworn in the previous case and is still under oath.

MR. JENNINGS: May the record show that Mr. Read's qualifications were accepted in the previous case.

C H A R L E S B. R E A D, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Mr. Read you are the operator of the Ramble "A" Number 1 Well located in the Northeast Quarter Northeast Quarter of Section 32, Township 11 South, Range 35 East?

A I am.

Q When was this well drilled and by whom, and just explain the history of the well down to date?

A Well, the original well as drilled and completed, it was drilled by Carper Drilling Company and temporarily abandoned on January the 19th, 1962. They actually filed a

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completion record of dry and abandoned, however the casing was never pulled or the tubing was never pulled out of the hole. It was left in the hole and temporarily abandoned at that time. They tested by swab testing a hundred and nine barrels of oil and a hundred and seventy barrels of water in 14 hours, but it was their opinion that it did not justify the costs of installing a Cobe pumping equipment down hole pump triplex and power system, tank battery and separator and so forth, so they abandoned the well. Great Western took the well over, went back in the well and took a farm-out. Of course, Carper later sold to City Service Oil Company and then Great Western took a farm-out and took the well farm-out from City Service and completed the well on November the 5th, 1965, for an initial production of a hundred and twenty-one barrels of oil per day plus four hundred and eight barrels of water per day.

Great Western produced this well from that day until November the 13th of 1965, at which time they elected to plug and abandon the well because in their opinion it was non-commercial. So I negotiated a deal with Great Western to take the well over and do some additional work over producers in an attempt to increase the oil production and decrease the water production. During the month of December we got the oil production up to approximately 1500 barrels of oil per month; the well was averaging about 50 barrels of oil per day which in

our opinion we could make a profit off of it.

We had spent about \$35,000.00 out there for equipment; we installed a Cobe pumping unit, tank battery, and separator, and we did some work overwork on the well itself, and thought we had production established at about 50 barrels a day.

During the month of January we were averaging at that time 400 to 635 barrels of water a day. Commencing in January we started having a lot of trouble with the well, mechanical trouble, and our production at that time dropped down to about 30 to 35 barrels of oil a day. This was due to failure of down hole---bottom hole pump. We had several frozen lines and so forth on the surface but our production did decline.

The well, in our opinion, is capable, we feel is capable of probably an average production of about 50 barrels per day but the costs of drilling a new well or a second well or developing the reservoir or 50 barrels of oil per day production is not profitable or economical, and we don't feel that it would be justified to drill this reservoir on the basis of 80 acre spacing or 40 acre spacing, and we feel that the reservoir conditions are such to drain a hundred and sixty acres and it's a marginal type operation but we would like to get 160 acre spacing approved for this area. It's--in our opinion, our maximum production that we could anticipate, I mean when

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Great Western was operating the well they at one time produced as much as a hundred barrels of oil a day, but our last sustained production in December was 52 or 53 barrels a day.

Q What's the well pumping now, Mr. Read?

A We're working it over now, at the present time, but for our mechanical trouble we are putting in a new Cobe triplex and power system on the surface at the present time at a cost of about \$6,000.00, but prior to that time it was making about 30 to 35 barrels a day but that's actually not a true production figure because as I mentioned we had a lot of surface trouble during the month of January and February with equipment failure.

Q Are there any other wells in this pool?

A No, this is the only well in the pool.

Q This is the Llano-Pennsylvanian Pool which was just established in March of 1966?

A That's correct.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q Mr. Read, I hand you here what has been marked Exhibit 1 and ask you to identify that, please?

A This is a structural contour map on top of the Bough "C" Formation of the Llano-Pennsylvanian Pool; contour intervals of 20 foot.

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Q What does it show the limits of the pool to be?

A It's a very small reservoir that could possibly include in our opinion probably the Northwest Quarter of 33 and maybe--well, a very small part of the Southwest Quarter. We're on what we think the structurally down-dip as far as you can go and you can see by that contour line that the only other part of the reservoir about our contour interval is located primarily in the Northwest Quarter of 33. In our opinion we feel--

Q 32?

A 32, excuse me. We feel that the productive limits or the economic productive limits of the reservoir would probably encompass most of the Northwest Quarter of Section 32 and no more; getting any lower down-dip the water would be of too large a quantity to be commercial.

Q Any other wells drilled in the immediate vicinity?

A Two other dry holes that have been drilled in Section 29 of the Southwest Quarter of the Southwest Quarter which penetrated the same formation. Another well was drilled in the Northwest Quarter of the Northeast Quarter of the same Township and Range, 11 South, 35 West, and it was plugged and abandoned as a dry hole. The well to the East of Section 33 is a shallow well and did not go deep enough.

Q Has any test been made to determine the reservoir

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characteristics of this pool?

A Yes, the Halleburton drill stem test was run at the time that the well was drilled by the Carper Drilling Company and reservoir characteristics were analyzed.

Q What are the characteristics?

A The reservoir has excellent fluid transmissibility; it's got a high effective permeability; it's got good porosity; it's got a continuous nature throughout the reservoir and continuous porosity, and there's no question about the capability of the reservoir being able to drain an area larger than a standard proration unit. There was virtually no damage at the time of retesting, and on the charts it indicated a continued reservoir and had an excellent productivity index.

Q In your opinion, Mr. Read, will one well efficiently and economically drain 160 acres?

A Yes, sir, there's no question about one well being able to deplete or drain that entire Quarter Section.

Q Would it be economical and feasible to drill other wells in this pool?

A No, sir, I don't think so. We have adequately tested the well, it has been tested by three companies now, and the production. It was swab tested by Carper Drilling Company and production tested by Great Western Drilling Company, and production tested by myself, and all three tests are conclusive

to the extent that it is a very marginal type operation and the-
probably the maximum average daily production that you could
anticipate out of a well of this nature is in the vicinity
of 50 barrels of oil a day.

Q Was Exhibit 1 prepared by Mr. Habner under your
supervision?

A Yes, sir.

MR. JENNINGS: We offer Exhibit 1 and have nothing
further to offer.

(Whereupon, Applicant's Exhibit
1 offered into evidence.)

MR. NUTTER: Exhibit 1 will be admitted into evidence
in this case.

(Whereupon, Applicant's Exhibit
1 admitted into evidence.)

CROSS-EXAMINATION

BY MR. DURRETT:

Q Would you have any idea of what a hundred and sixty
acre allowable would be in this pool, assuming a normal unit
allowable of 44 barrels a day or something similar to what we
have now?

A I could figure it up, you mean just--

Q Just roughly, is what I was thinking?

A About a hundred and sixty--oh, I expect about 239
barrels a day, I mean a hundred and sixty acre allowable, I mean

that's--I'm assuming just going by guesswork, now; we could figure by depth.

Q If it would come out something around 200, this well has never made that?

A No, sir.

Q And you don't think it will?

A No, sir, this presentation is based primarily on economics, I mean there's just no reason to drill another well on another 80 acre tract.

CROSS-EXAMINATION

BY MR. PORTER:

Q The spacing now is on 40, is that right?

A That's correct.

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Read, what does a well in here cost and what is the depth?

A The depth is 10,080 to 10,102.

Q What does one of these wells cost?

A That well cost a hundred and forty to a hundred and fifty thousand dollars to drill and complete; putting the tanks, that would be a pumping well, I'd say a hundred and fifty thousand dollars.

Q What's the cumulative production from this well to

date?

A About 3300 barrels, approximately.

RECROSS-EXAMINATION

BY MR. PORTER:

Q Hasn't paid out yet, has it?

A Not quite, we haven't paid the operating costs to tell you the truth.

RECROSS-EXAMINATION

BY MR. NUTTER:

Q Do you contemplate drilling any additional wells in this pool, Mr. Read?

A No, sir.

RECROSS-EXAMINATION

BY MR. PORTER:

Q Charlie, why would you need a hundred and sixty acre spacing, you have more allowable on 40 than you could ever produce, apparently.

A Well, we have a situation, I mean it's actually--it's a title situation along with an engineering situation that's involved in it, Pete. We spent a lot of money on the well and we actually figure that we got a pretty slim chance now of even getting our money back. We spent pretty close to \$50,000.00 on equipment and reworking operations and testing procedures since December, and we have a farm-out from City Service

production company on this acreage and that's the reason we're asking for--

Q Is somebody demanding an offset of this well?

A No, sir.

Q Are you obligated?

A No, sir.

RE CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Read, can we say anything good about the well other than it has a pretty name?

A I didn't name it but that's about the only good thing I can say about it. We're just trying some way to figure how to get our money back.

RE CROSS-EXAMINATION

BY MR. PORTER:

Q This one well bore is all you have any information on?

A That's right.

Q You indicate you have good permeability and good porosity?

A Yes.

Q All you know is what you got out of the well bore, you don't know what it is out of another location ten feet away?

A That's right. Of course, you can tell by your

reservoir pressures that this is--I mean that you're going to get a good flow of fluid from a large distance, I mean there's no question about being able to drain a hundred and sixty acreage. I don't think there's any question in our mind that this thing is an isolated spot right around the bore hole because the way these pressures build up--

Q What are you asking for, a temporary order?

A It would be left to the discretion of the Oil Conservation Commission; either a temporary order or a permanent order, we'd be agreeable to either one, I'm sure.

MR. NUTTER: Any other questions of Mr. Read? He may be excused. Do you have anything further Mr. Jennings?

MR. JENNINGS: No.

MR. NUTTER: Anyone have anything they wish to offer in Case 3388? The Commission will take the case under advisement and the hearing is adjourned.

(Whereupon, the hearing was adjourned at 10:40 A.M.)

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E X H I B I T S

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>MARKED</u>
Applt's. 1	5	8	8

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SS

Witness my Hand and Seal this 1st day of April, 1966.

NOTARY PUBLIC

March 13, 1969.

3388

1. Memorandum

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 23, 1966

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

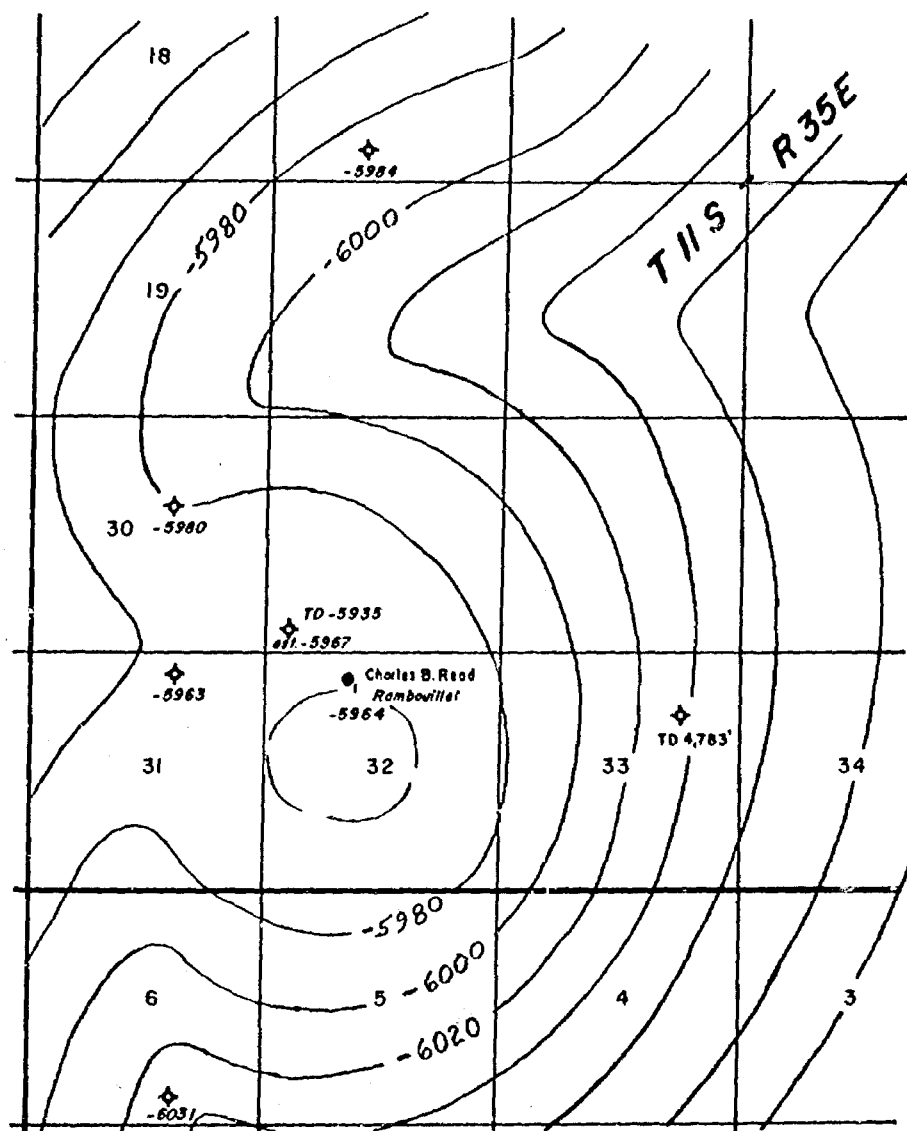
The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 3385: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 of Section 19, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to applicant's E. L. Steeler Wells Nos. 1, 2, and 3 located in Units P, K, and L, respectively, of said Section 19. Applicant further seeks authority to produce the allowable assigned to said unit from any of the aforesaid wells in any proportion.

CASE 3386: Application of Sunray DX Oil Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its New Mexico State "AO" Well No. 1 located in Unit M of Section 16, Township 10 South, Range 34 East, Simanola Pennsylvanian Pool, Lea County, New Mexico, in such a manner as to produce oil from the Pennsylvanian formation through perforations from 9933 feet to 9939 feet and to dispose of produced salt water into the San Andres and Glorieta formations through the annulus between the 8 5/8 and the 5 1/2 inch casing to the interval from 4100 feet to 9390 feet.

CASE 3387: Application of Charles B. Read for a dual completion and down-hole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Bogle Farms Well No. 1 located in Unit L of Section 13, Township 16 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce gas from an approximate depth of 3300 feet, West Mesa-Queen Gas Pool, and to produce oil from an approximate depth of 3600 feet, Bunker Hill-Queen Oil Pool, separating the zones by means of a packer and pressure-operated gas entry valve, utilizing said gas to gas lift the oil.

CASE 3388: Application of Charles E. Read for special rules for the Llano-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Llano-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units.



BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Read EXHIBIT NO. 1

CASE NO. 3388

LLANO PENNSYLVANIAN POOL

Lea County, New Mexico

Structure Contour Map

TOP BOUGH "C"

Contour Interval = 20 ft.

Scale: 1 in. = 4,000 ft.

K.C. Havenor
Certified Professional Geologist

Roswell, N.M.
March, 1966

JAMES T. JENNINGS
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 522-8432
AREA CODE 505

March 4, 1966

100 7 21 01

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

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Attention: Daniel S. Nutter

RE: CHARLES B. READ APPLICATIONS

Gentlemen:

Enclosed herewith you will find two Applications filed on behalf of Charles B. Read. We discussed these yesterday and I understand that Notices are being published and that the matters will be set for hearing on Wednesday, March 23.

Thank you very much for your assistance in getting these matters set down for hearing at an early date.

Yours very truly,

JENNINGS & COPPLE

James T. Jennings
James T. Jennings M.B.

JTJ/mb

Encl.

cc: Charles B. Read

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

MAR 7 AM 01

IN THE MATTER OF THE APPLICATION OF)
CHARLES B. READ FOR AN ORDER FOR)
THE ESTABLISHMENT OF SPECIAL RULES)
AND REGULATIONS FOR THE LLANO-)
PENNSYLVANIAN POOL INCLUDING 160)
ACRE SPACING)

NO. 3388

APPLICATION

COMES NOW Charles B. Read and hereby makes application
for the establishment of special rules and regulations for the
Llano-Pennsylvanian Pool including 160 acre spacing and states:

1. That Carper Drilling Company completed its No. 1
Rambouillet-Atlantic Well located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 32, Town-
ship 11 South, Range 35 East, to a total depth of 10,736 feet on
January 19, 1962, and thereafter temporarily abandoned the well. *was not economic*
That Great Western Drilling Company re-entered the No. 1 Rambouillet
(formerly Carper Drilling Company, Inc. No. 1 Rambouillet-Atlantic)
Well and recompleted said well on October 5, 1965, for initial
production of 121 barrels of oil plus 408 barrels of water per
day from the Bough B Zone from perforations between 10,080 feet and
10,102 feet. *At location found to be 13,65 feet below to 11 ft, then*

2. That Applicant, Charles B. Read, has assumed opera-
tions of said well and the well is now pumping approximately 35
barrels of oil per day. *Not oil prod up to 100 bbl per day in Dec. by installing Koke eqt. spent 35000 Jan prod 400-600*

3. By Order No. R-3043 effective March 1, 1966, the Com-
mission established the Llano-Pennsylvanian Pool covering the NW $\frac{1}{4}$
Section 32, Township 11 South, Range 35 East, Lea County, New Mexico.

4. The area covered by the common source of supply is
limited and to prevent waste and protect correlative rights, pro-
duction units of 160 acres should be established.

Read

5. That one well will efficiently and economically drain at least 160 acres of the common source of supply.

WHEREFORE, Applicant requests that the Commission set this matter down for hearing before an examiner, publish notice as required by law, and after hearing issue its Order establishing proration units of 160 acres for the Llano-Pennsylvanian Pool and special rules for the regulation of said pool.

Respectfully submitted,

CHARLES B. READ

By


James T. Jennings

For Jennings & Copple, his attorneys
P. O. Box 1180, Roswell, New Mexico