

CASE 3805: APPLI. BENSON-MORTIN-
GREER & L. TAYLOR FOR PRESSURE
INTERFERENCE TESTS & BACK ALLOW.

Case Number

3805

Application
Transcripts.

Small Exhibits

ETC.

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

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

TELEPHONE 325-1702
AREA CODE 505

Case 3805

June 20, 1968

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

Gentlemen:

Enclosed herewith for filing is the Joint Application of Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor for authority to conduct pressure interference tests in the La Plata-Gallup Oil Pool, San Juan County, New Mexico, and for authority to make up under production accrued as a result of said tests.

Very truly yours,

BURR & COOLEY

BY

W. J. Cooley
William J. Cooley

WJC:jjh

Enclosures

MAIL ROOM

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Date 7-11-68 Date 6/27/68

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE JOINT
APPLICATION OF -

Case 3805

BENSON-MONTIN-GREER DRILLING
CORPORATION and LLOYD B. TAYLOR

for authority to conduct pressure
interference tests in the La Plata-
Gallup Oil Pool, San Juan County,
New Mexico, and for authority to
make up under production accrued
as a result of said tests.

APPLICATION

MAILED 01310

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Come now Benson-Montin-Greer Drilling Corporation and
Lloyd B. Taylor and hereby make joint application to the
Commission for the following exceptions to the general rules
and regulations of the Oil Conservation Commission, to wit:

1. Applicant Taylor hereby requests authority to extend
for an additional sixty (60) day period the shut-in period
authorized by Order No. R-3399 and subsequent Administrative
Order dated May 24, 1968, on the Lloyd B. Taylor Vic Walker
Well No. 1 located in Unit C of Section 6, Township 31 North,
Range 13 West, N.M.P.M., La Plata-Gallup Oil Pool, San Juan
County, New Mexico, for the purpose of conducting Pressure
Interference Tests between said well and new wells to be drilled
by Applicant B-M-G in the La Plata-Gallup Oil Pool. Applicant
Taylor further requests that the under production incurred as
a result of conducting the above requested Pressure Interference
Tests be accrued and that he be permitted to later produce said
under production during a reasonable period of time after the end
of said tests.

2. Applicant B-M-G hereby requests authorization to shut-in three new oil wells which it proposes to drill in the immediate future in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32 of Township 32 North, Range 13 West, La Plata-Gallup Oil Pool, San Juan County, New Mexico, for the purpose of conducting Pressure Interference Tests with other wells in said pool. Applicant proposes to shut-in said wells immediately after recovery of load-oil and the establishment of the initial potential productivity of said wells. Applicant B-M-G further requests that the under production incurred as a result of conducting the above requested Pressure Interference Tests be accrued and that it be permitted to later produce said under production during a reasonable period of time after the end of said tests.

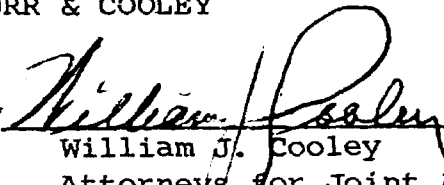
That the Pressure Interference Tests which the joint applicants propose to conduct will develop reservoir information on the La Plata-Gallup Oil Pool which will result in the greater ultimate recovery of oil from said pool and thereby prevent waste. The requested relief will not adversely affect the correlative rights of any other owner or operator in the La Plata-Gallup Oil Pool.

WHEREFORE, the joint applicants hereby respectfully request the Oil Conservation Commission to grant the relief hereinabove requested.

Respectfully submitted,

BURR & COOLEY

BY


William J. Cooley

Attorneys for Joint Applicants
152 Petroleum Center Building
Farmington, New Mexico

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

August 20, 1968

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

Re: Case No. 3805
Order No. R-3473
Applicant:

Benson-Montin-Greer Drlg. Corp.
and Lloyd B. Taylor

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

Carbon 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. 3805
Order No. R-3473

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION AND LLOYD B.
TAYLOR FOR PRESSURE INTERFERENCE
TESTS AND BACK ALLOWABLE, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of August, 1968, 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 by Order No. R-3399, dated April 9, 1968, Lloyd
B. Taylor was authorized to shut in his Vic Walker Well No. 1,
located in Unit C of Section 6, Township 31 North, Range 13 West,
NMPM, La Plata-Gallup Oil Pool, San Juan County, New Mexico, for
a maximum of 60 days beginning March 8, 1968, in order to conduct
pressure build-up tests.

(3) That said Order No. R-3399 also authorized the operator
to accumulate underproduction accruing to said well during the
period the well was shut in and to produce said underproduction
at a later date.

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CASE No. 3805
Order No. R-3473

(4) That the Secretary-Director of the Commission, by letter dated May 24, 1968, granted the operator of the aforesaid well, Lloyd B. Taylor, an additional 60 days during which the well could be shut in to conduct said tests and an additional 180 days in which to make up said accumulated underproduction.

(5) That the applicants, Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor, seek authority to extend for an additional 60-day period from July 8, 1968, the shut-in test period authorized for said Vic Walker Well No. 1 and to also extend the back allowable make-up period for said well.

(6) That the applicants further seek authority to drill three additional La Plata oil wells in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32, Township 32 North, Range 13 West, and to shut said wells in immediately after recovery of load oil and the establishment of initial potentials for a period of up to 180 days for the purpose of conducting pressure interference tests, and to make up the production lost during said test period at a later date.

(7) That the applicants further seek a provision for administrative extension of the shut-in test periods and the make-up periods.

(8) That approval of the subject application will afford the operators an opportunity to more thoroughly complete the gathering of information concerning reservoir characteristics and extent of the La Plata-Gallup Oil Pool, will be in the interest of conservation, and will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That applicant Lloyd B. Taylor is hereby authorized to continue to shut in the Vic Walker Well No. 1, located in Unit C of Section 6, Township 31 North, Range 13 West, NMPM, La Plata-Gallup Oil Pool, San Juan County, New Mexico, for an additional 60-day period from July 8, 1968, in order to complete pressure build-up tests on said well.

(2) That the operator of said Vic Walker Well No. 1 is hereby authorized to accumulate underproduction accruing to said well during the period the well is shut in and produce said underproduction at a later date, provided however, that said underproduction shall be produced only by the subject well, and

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CASE No. 3805

Order No. R-3473

provided further, that said underproduction shall be produced within 540 days after placing the well back on production.

(3) That applicant Benson-Montin-Greer Drilling Corporation is hereby authorized to drill three La Plata oil wells, one each, in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32, Township 32 North, Range 13 West, NMPM, La Plata-Gallup Oil Pool, San Juan County, New Mexico, and to shut in each of said wells for a maximum of 180 days beginning immediately after recovery of load oil and the establishment of initial potential as to each well.

(4) That applicant Benson-Montin-Greer Drilling Corporation is hereby authorized to accumulate underproduction accruing to each of said wells during the period each of said wells is shut in and to produce said underproduction at a later date, provided however, that said underproduction shall be produced only by the well incurring said underproduction, and provided further, that said underproduction shall be produced within 180 days after placing the well incurring said underproduction back on production.

(5) That the Secretary-Director of the Commission, upon proper application, may approve extensions of time during which the subject wells, those operated by Benson-Montin-Greer Drilling Corporation and/or Lloyd B. Taylor, may be shut in to conduct pressure build-up tests and/or to make up accumulated underproduction.

(6) That to obtain administrative approval for said extensions of time, the operator or operators shall submit to the Secretary-Director of the Commission an application for such extension setting forth the facts and circumstances justifying same. In addition, the applicant or applicants shall furnish proof that all operators of proration or spacing units offsetting the unit or units upon which the subject well or wells are located have been notified of the application or applications. (This notification to offset operators shall consist of the same information that is furnished to the Commission.)

(7) That the provisions of Rule 502, Sections I, II, III, and IV of the Rules and Regulations of the Commission are hereby suspended for the subject wells for the duration of the aforesaid make-up periods.

(8) That Order No. R-3399, dated April 9, 1968, is hereby superseded.

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CASE No. 3805

Order No. R-3473

(9) 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
DAVID F. CARGO, Chairman

Guston B. Hays
GUSTON B. HAYS, Member

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

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. 3744
Order No. R-3399

APPLICATION OF LLOYD B. TAYLOR
FOR PRESSURE TESTS, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 3, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of April, 1968, 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, Lloyd B. Taylor, seeks authority to shut in his Vic Walker Well No. 1, located in Unit C of Section 6, Township 31 North, Range 13 West, NMPM, La Plata-Gallup Oil Pool, San Juan County, New Mexico, to conduct pressure build-up tests, and to make up production lost during said tests at a later date.

(3) That it is anticipated the subject well will be shut in for a maximum of 60 days beginning March 8, 1968.

(4) That approval of the subject application will afford the operator an opportunity to gather valuable information concerning reservoir characteristics and extent of the La Plata-Gallup Oil Pool, will be in the interest of conservation, and will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Lloyd B. Taylor, is hereby authorized to shut in his Vic Walker Well No. 1, located in Unit C of Section 6,

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CASE No. 3744

Order No. R-3399

Township 31 North, Range 13 West, NMPM, La Plata-Gallup Oil Pool, San Juan County, New Mexico, for a maximum of 60 days beginning March 8, 1968, in order to conduct pressure build-up tests.

(2) That the operator of the subject well is hereby authorized to accumulate underproduction accruing to said well during the period the well is shut in and produce said underproduction at a later date, provided however, that said underproduction shall be produced only by the subject well, and provided further, that said underproduction shall be produced within 180 days after placing the well back on production.

(3) That the Secretary-Director of the Commission, upon proper application, may approve extensions of time during which the subject well may be shut in to conduct pressure build-up tests and/or to make up accumulated underproduction.

(4) That to obtain administrative approval for said extensions of time, the operator shall submit to the Secretary-Director of the Commission an application for such extensions setting forth the facts and circumstances justifying same. In addition, the applicant shall furnish proof that all operators of proration or spacing units offsetting the unit upon which the subject well is located have been notified of the application. (This notification to offset operators shall consist of the same information that is furnished to the Commission.)

(5) That the provisions of Rule 502, Sections I, II, III, and IV of the Rules and Regulations of the Commission, are hereby suspended for the subject well for the duration of the aforesaid make-up period.

(6) 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

GUYTON B. HAYS, Member

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

S E A L

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 24, 1968

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
A. L. Porter, Jr., Alternate Examiner:

- CASE 3809: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Travis Well No. 2 located in Unit J of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3810: Application of Bronco Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Saltmount Well No. 2 located in Unit O of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3811: Application of Charles B. Read for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill his Marathon State Well No. 1 at a location 1980 feet from the South line and 660 feet from the West line of Section 7, Township 19 South, Range 35 East, Scharb-Bone Springs Pool, Lea County, New Mexico, in exception to the pool rules which require the first well drilled on a unit to be located in the NE/4 or the SW/4 of the quarter section.
- CASE 3812: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southwest Henshaw (Premier) Unit Area comprising 1720 acres, more or less, of Federal lands in Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.
- CASE 3813: Application of Tenneco Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Southwest Henshaw (Premier) Unit Area by the injection of water into the Premier sand through nine injection wells in Sections 7, 8, 17, 18 and 19, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.

CASE 3814: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Penrose zone of the Queen formation in the perforated interval from 3818 feet to 3838 feet in its New Mexico "G" State Well No. 17 located 330 feet from the South line and 1850 feet from the West line of Section 23, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico. If said Penrose zone does not prove satisfactory, then the applicant proposes to deepen said well and dispose into the San Andres formation.

CASE 3815: Application of Humble Oil & Refining Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 5670 feet to 6030 feet in its Chalk Bluff Draw Unit (A) Well No. 19 located 990 feet from the South line and 1650 feet from the West line of Section 16, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.

CASE 3816: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the interval from 10,199 feet to 10,530 feet in its H. A. Townsend Well No. 6 located 1980 feet from the North and East lines of Section 9, Township 16 South, Range 35 East, Townsend Wolfcamp Pool, Lea County, New Mexico.

CASE 3817: Application of Continental Oil Company for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, to permit the reinstatement of underproduction accumulated by its Stevens A-35 Well No. 2 located in Unit J of Section 35, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, cancelled December 31, 1967. Applicant requests that its Stevens A-35 Well No. 1 located in Unit L and its Stevens A-35 Well No. 2 located in Unit J, both in the aforesaid Section 35 and dedicated to the same non-standard gas proration unit, be permitted to produce the aforesaid cancelled underproduction.

- CASE 3818: Application of Continental Oil Company for an exception to Rule 506, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the statewide limiting gas-oil ratio of 2,000 feet of gas per barrel of oil as promulgated by Commission Rule 506 for its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Warren-Drinkard Pool, Lea County, New Mexico.
- CASE 3819: Application of Cities Service Oil Company for the institution of gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to reasonable market demand and to the capacity of gas transportation facilities, and that the subject pool be governed by the general rules and regulations for the prorated gas pools of Southeastern New Mexico insofar as said general rules and regulations are not inconsistent with the special rules and regulations governing the subject pool. Further, the applicant proposes that the allowable production from the pool be allocated among the wells in the pool on a 100% surface acreage basis.
- CASE 3820: Application of El Paso Natural Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Harvey "A" Well No. 3 at a point 890 feet from the South line and 1650 feet from the East line of Section 32, Township 27 North, Range 7 West, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, in exception to the pool rules which require locations to be in either the Northeast or Southwest quarter of the section.
- CASE 3821: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 22, Township 20 South, Range 35 East, Lea County, New Mexico. Said acreage to be dedicated to a well to be drilled 660 feet from the South and East lines of said Section 22, and within one mile of the Southeast Lea-Wolfcamp Gas Pool.

Case 3822: Application of Aztec Oil & Gas Company for commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle San Andres production from its State "AJ" lease comprising the SW/4 and the W/2 NE/4 of Section 1 and its Amerada State lease comprising the N/2 NW/4 of Section 12, all in Township 18 South, Range 36 East, Arkansas Junction-San Andres Pool, Lea County, New Mexico, allocating production to each lease on the basis of periodic well tests.

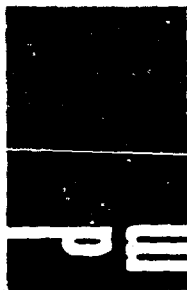
CASE 3805: CONTINUED FROM THE JULY 10, 1968, EXAMINER HEARING

Application of Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor for Pressure Interference Tests and Back Allowable, San Juan County, New Mexico. Applicants, in the above-styled cause, seek authority to extend for an additional 60-day period from July 8, 1968, the shut-in test period authorized for one well in the La Plata Gallup Oil Pool, San Juan County, New Mexico, by Commission Order No. R-3399 and to also extend the back allowable make-up period for said well. Applicants further seek authority to drill three additional La Plata oil wells in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32, Township 32 North, Range 13 West, and to shut said wells in immediately after recovery of load oil and the establishment of initial potentials, for a period of up to 180 days for the purpose of conducting pressure interference tests, and to make-up the production lost during said test period at a later date. Applicants further seek a provision for administrative extension of the shut-in test period and the make-up period.

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 10, 1968

EXAMINER HEARING

IN THE MATTER OF:)

Application of Benson-Montin-)
Greer Drilling Corporation and)
Lloyd B. Taylor for Pressure)
Interference Tests and Back)
Allowable, San Juan County,)
New Mexico.)

Case No. 3805

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

The first case on the docket will be 3805.

MR. HATCH: Case 3805: Application of Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor for Pressure Interference Tests and Back Allowable, San Juan County, New Mexico.

I believe you have had a telephone conversation from the applicant in this case, haven't you, Mr. Utz?

MR. UTZ: Yes. The applicant requested a continuance until the next Examiner Hearing. A formal letter will follow. Case 3805 will be continued until July 24th.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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.

Witness my Hand and Seal this 17th day of July, 1968.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1971.

I do hereby certify that the foregoing is
a true and correct record of the proceedings in
the hearing held at Case No. 3805,
held on July 15, 1968.
Thomas A. [Signature] President
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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

1120 SIEMAS BLDG. • P. O. BOX 1072 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 24, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Benson-Montin-Greer)
Drilling Corporation and Lloyd B. Taylor)
for Pressure Interference Tests and Back)
Allowable, San Juan County, New Mexico.)

Case No. 3805

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

Santa Fe, NEW MEXICOHearing Date JULY 24, 1968 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Jason Kellishini	Kellishini & Assoc	Lordsburg
MAX E. GURRY	Solar Oil	Midland, Tex
BILL T. STAPLER	" "	" "
James D. Smith	Shannon & Smith	" "
Terry Eskew	Aztec Oil & Gas	Albany
A. R. Crockett	Shannon & Smith	Albany
John F. McCoy	Shannon & Smith	Albany
Richard J. McMillin	Montgomery firm	Smith FC
Richard Ulrick	El Paso Natural Gas	Farmington
Walter Fox	Shannon & Smith	Midland, Texas
Victor T. Lyon	Continental Oil Co	Albany
Anna L. Williams	Shannon & Smith	SF - Albany

MR. NUTTER: The hearing will come to order, please.
The first case this morning will be this Continued Case 3805 on
the back of the docket.

MR. HATCH: Case 3805, Continued from the July 10,
1968, Examiner Hearing. Application of Benson-Montin-Greer
Drilling Corporation and Lloyd B. Taylor for Pressure Inter-
ference Tests and Back Allowable, San Juan County, New Mexico.

MR. COOLEY: William J. Cooley, Burr and Cooley,
Farmington, New Mexico, appearing on behalf of the Applicants.
We have one witness, Mr. Albert R. Greer whom we'd like to have
sworn.

(Witness sworn.)

ALBERT R. GREER

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your full name, please?

A Albert R. Greer.

Q Mr. Greer, you previously testified before this
Commission on many occasions, have you not?

A Yes, sir.

MR. COOLEY: Are the witness's qualifications acceptable

by the Examiner?

MR. NUTTER: They are.

Q Are you appearing as witness for both Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor, Mr. Greer?

A Yes, sir.

Q Have you prepared a plat which shows the area of involvement in this case?

A Yes, sir.

MR. COOLEY: I ask that this be identified as Exhibit Number 1 in this case.

(Whereupon, Applicant Exhibit Number 1 marked for identification.)

Q What pool does Exhibit Number 1 deal with, Mr. Greer?

A The La Plata Gallup Pool in San Juan County.

Q Does it bear any similarities to the Puerto-Chiquito Gallup, east and west, in Rio Arriba County, New Mexico?

A Yes, sir.

Q Are they both fractured shale reservoirs?

A Yes, sir, producing out of the Niobrara member of the Mancos shale.

Q Do we have other similarities with respect to the dip of the formations?

A Yes, sir. They have steep dips.

Q Would you state what your Exhibit Number 1 purports to depict?

A Exhibit Number 1 is a plat of the Gallup area. Shows wells presently completed as producers.

Q In what color?

A These are colored in blue; locations of proposed wells colored in red, and the red square is the general area in which we propose to drill our third well. It also shows the general structure of the producing formations contoured on an electric log marker within the Niobrara member located at the base of the main producing zone. The heavy contour lines are thousand foot intervals and the light colored ones, the light shaded ones are a hundred foot intervals. Also shows the boundary of the proposed unit.

Q Are any of the proposed wells actually in the process of being drilled?

A Yes, sir. The well designated P-31 in Section 31 is currently drilling, probably. We set intermediate casing to this one.

Q Would you outline for the Examiner what you propose to do in the way of procedures as far as testing in this pool at this time?

A Yes, sir. First, I should say that we interpret

information at this date to indicate that the area is divided into two pools, at least two pools. We believe they're separated by a fault which lies between the two producing wells which are colored in blue. We do not know the location of the fault, but we believe that it would approximate the zero contour interval as shown on this plat.

Q What leads you to believe that there are two separate pools in this area?

A The initial well, which is designated as the M-5 in Section 5, had an initial reservoir pressure on the order of 1500 pounds. It has been producing about ten years. Its pressure has dropped three or 400 pounds, and as of this year, the other well colored in blue in Section 6, the Taylor Number 1 Vic Walker, was completed and its initial pressure when projected to the same datum as the first well indicates a pressure on the order of 1500 pounds.

In other words, both wells have nearly the same initial pressures, but the pressure in one has dropped three or 400 pounds and, accordingly, I believe they are not in communication and if they're not in communication and are separated by what I believe to be a narrow boundary, why, we conclude it to be a fault.

Q Are there any other indicia that these two wells are

not in the same common source of supply as indicated by the characteristics of the oil itself?

A Yes, sir. The bottom hole sample in the Taylor Number 1 Walker indicates a bubble point of about 230 pounds. We do not know what the bubble point was in the first well, but from its gas-oil ratio, we'd estimate it to be something on the order of 1500 pounds and, so far, all of the fractured shale reservoirs, so far, found in this area have shown wells to have the same gas-oil ratio throughout the reservoir despite substantial differences in depth. So we really have two things which indicate separation of these two wells.

Q With this in mind, what is then proposed to be deduced from the tests which you intend to conduct in this area?

A We're concerned primarily with the reservoir around the Taylor Number 1 Walker and we want to take interference tests in the reservoir in this fault block and we propose to do that by drilling these three additional wells and determining from pressure interference whether they are in the same fault block and if they are, we will conduct interference tests in such a fashion as to be able to calculate oil in place per acre and, also, then be able to interpret the pressure buildup test in order to determine distances to boundaries from the wells and in this fashion be able to outline the reservoir, the area limits

of the reservoir in the west fault block and the primary reason for all this, as we believe, this particular fault block has good characteristics for gravity drainage which, if we are to operate at such a gravity drainage potential as realized, we'll probably want to inject gas and produce the wells in certain fashion, different from what we ordinarily would do.

Q Now, are the specialized interference tests that you just referred to an element of the same engineering approach that you used in Case Number 3455 concerning the Puerto-Chiquito Gallup Oil Pool in Rio Arriba County, New Mexico?

A Yes, sir. We have made similar tests and presented them in this other case to the Commission.

Q But you'll attempt to prove the per acre reserves as well as the aerial extent of the pool, fractured shale reservoir in the same engineering fashion as you did in that case?

A Yes, sir. We feel that this is necessary.

Q Do you feel that the information to be elicited from the tests which you propose will prevent waste?

A Yes, sir.

Q And result in the production of additional oil from this pool?

A Yes, sir. If the pool is produced under an ordinary solution gas drive procedure or mechanism, we can anticipate a

recovery of ten to fifteen percent of the oil in place, whereas as we can realize the gravity drainage recovery, we may realize as much as fifty to sixty percent of the oil in place, perhaps three or four times as much oil might be recovered if we can produce the reservoir in the manner we would propose, providing, of course, the tests show what we think they will.

Q How much longer do you propose to keep the Taylor Number 1 Vic Walker Well shut in?

A Well, we're thinking now about two months from the time of its last extension.

Q Was that July 8th?

A Which was July the 8th. However, we did not get started drilling other wells as we had planned and it may take a little bit longer than that, but in general, we want the well shut in until the other three wells are completed so that when we commence producing the Number 1 Vic Walker, the other three wells can be used as observation wells to reflect interference.

Q And then you propose to shut in the three wells which one is now drilling and the other two to be drilled in the very near future, immediately after they have produced their lode oil and established initial potential?

A This is correct.

Q And then use them as observation wells as the Vic

Walker back allowable is made up?

A This is correct.

Q And you are applying, are you not, for the opportunity to make up back allowable on all four wells involved, the Vic Walker Well and the three BMG Wells?

A This is correct.

Q At this point, is there any definite date on how long the BMG Wells will be shut in?

A No, sir. I would estimate at this time that the first one will be shut in probably four or five months and the others somewhat less.

Q Will you propose to keep the Commission advised of the tests as they are being conducted and inform the Commission when the tests have been concluded?

A Yes, sir.

Q Did you prepare Exhibit Number 1 or was it prepared under your supervision?

A Yes, sir.

MR. COOLEY: We offer into evidence Exhibit Number 1.

MR. NUTTER: Applicant's Exhibit Number 1 will be admitted in evidence.

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

MR. COOLEY: We have no further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Greer, as we summarized your application and printed it on the docket here, I think we've got all the points covered that need to be covered, but let's go over this just to be sure.

Now, you've got the Vic Walker. It's already been completed and it has been shut in --

A Yes.

Q -- in accordance with the previous Order of the Commission and an administrative extension of that Order, correct?

A Yes, sir.

Q And it's still shut in?

A Yes, sir.

Q Now, you're drilling the P-31 at the present time?

A Yes, sir.

Q And you propose to drill the I-6 and another well up here in the red square?

A Yes, sir.

Q And immediately upon establishing the potential for each of those three new wells, you will shut them in?

A That is true.

Q And when will you return the Taylor to production?
After the third well has been drilled?

A This is our plan on that one, yes, sir.

Q And so you'll put it on production. It will have a sizeable amount of back allowable accrued to it and so you'll be producing it pretty hard for a period of time and observing the pressure drawdown in the other three wells?

A This is correct.

Q And you're asking for authority to shut in these other three wells for a period of up to 180 days after initial potential has been established and then to make up the production at some rate. Now, in the previous Order, we authorized a make-up period of three to one. That's three days of make-up for one day of shut in. Is this going to be satisfactory as far as the new wells are concerned?

A Yes, sir. We don't have any idea as to their productivity at this time but that sounds reasonable.

Q And at any rate, you've also requested provision in the Order for administrative extension of the make-up time or the shut in time if either becomes necessary?

A Yes, sir.

MR. NUTTER: Are there any other questions of Mr. Greer?

MR. COOLEY: Yes. Mr. Greer, what time is it?

MR. GREER: I have fourteen after 9:00.

MR. NUTTER: Sixteen. We'll take the case under advisement and call the next case.

I N D E XWITNESSPAGE

ALBERT R. GREER

Direct Examination by Mr. Cooley

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Cross Examination by Mr. Nutter

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E X H I B I T

<u>Number</u>	<u>Marked for Identification</u>	<u>Received in Evidence</u>
Applicant's Exhibit Number 1	3	9

STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, 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.

Charlotte Macias
 Notary Public

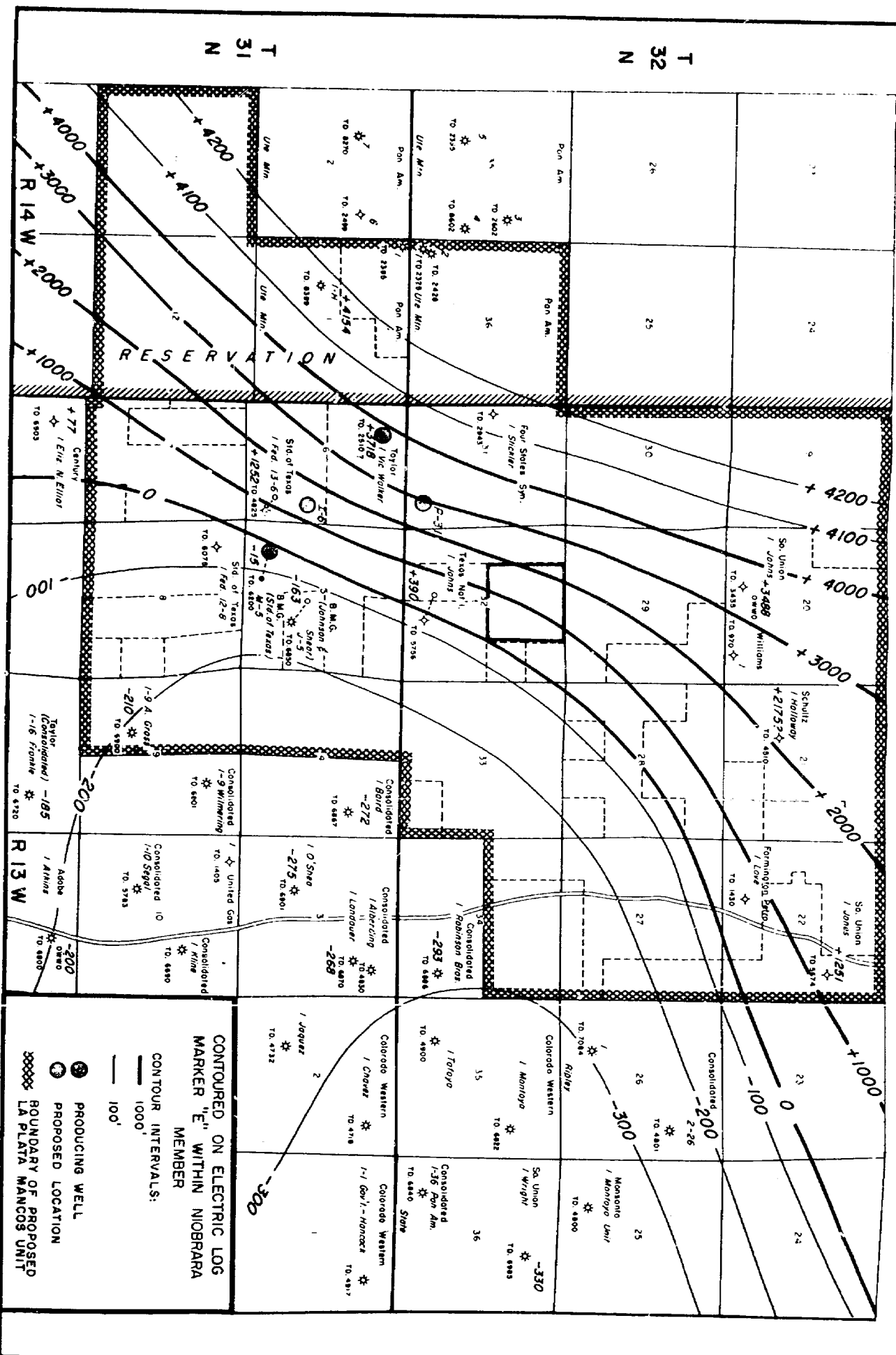
My Commission Expires:
 February 10, 1971.

I do hereby certify that the foregoing is
 a complete record of the
 the Executive Hearing of the
 held by me on 7/24 3805
 68

[Signature]
 New Mexico Oil Conservation Commission

PLAT OF LA PLATA-GALLUP AREA SHOWING PRODUCING WELLS and

PROPOSED LOCATIONS OF BENSON-MONTIN-GREER DRILLING CORP. 1968 DRILLING PROGRAM



P. Inter Test

La Plata gp Oil Pool

& to make up under accrued
as result
3 wells in 60 days:

Application of Taylor to extend ^{for} addl
60 day period from July 8, '68

R-3399 auth SI Mar 8 - 60

Ltr of 5-24-68 extended to July 8, 68

3 to 1 makeup. pressure interference

Joint Appl Benson-Motter-Green
Drilling Corp & Lloyd B. Taylor

SI 3 wells 6-31-13 ✓
oil 31-32-13
32-32-13

SI said wells immmed. after recy
load oil & establish IP for
measured purposes

for 180 days & makeup

also pres extension of tests & makeup