

CASE 4039: MOTION OF OCC TO AMEND
GAS WELL DELIVERABILITY TEST
PROCEDURE DURING 1969.

- dse Number

4039

Application

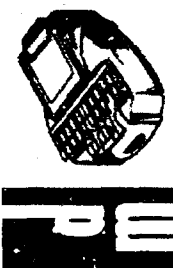
Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

February 5, 1969

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of the Oil)
Conservation Commission)
upon its own motion for)
an order granting an)
exception to the ninth)
paragraph of Chapter II,)
Section 2, of Order No.)
R-333-F.)

Case No. 4039

BEFORE: Daniel S. Nutter,
Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case 4039, which is the application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in tests at some period during the 1969 test season other than immediately following the seven-day deliverability flow test; further, to permit measuring the shut-in test pressure during the eighth to fifteenth day of shut-in of the well rather than on the eighth day as presently required. The above exceptions would be for the 1969 annual deliverability test season only, and would be applicable to all wells in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.

Mr. Hatch, do you have a witness in this case?

MR. HATCH: I have one witness, Mr. Emery Arnold.

(Whereupon, Commission's Exhibit
Number 1 was marked for
identification.)

E. C. ARNOLD

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

DIRECT EXAMINATION

BY MR. HATCH:

deliverability of values to be used in allocation formulas in those pools where we use deliverability as a factor in the proration formula.

Q Are all gas wells in northwestern New Mexico tested?

A Yes. Order R-333-F requires that all wells be tested. However, we do exempt certain wells from tests, based upon low productivity. This is done upon the terms of proration orders, which provide that based upon certain productivity levels, wells below that will be not required to test.

Q What particular part of Order No. R-333-F are we concerned with in this case?

A Chapter II, Section 2, paragraph nine.

Q Would you explain to the Examiner the present testing procedure required by that order?

A Well, present testing procedure is that a well is based on production for a two-week conditioning period. Then it is flowed the third week, and the third week is the flow period. During this flow period, the flowing pressure is taken at the well head meter, so that any necessary meter corrections can be made.

Then at the end of this flow period, the order requires that the well be shut in for seven consecutive days, and that the shut-in pressure be measured then during the next 24 hour

period. This shut-in pressure is then used with the working pressure from the well, the average daily rate of flow, the slope of the back pressure curve to calculate the deliverability of the well in Mcf per day. This deliverability as expressed, is the amount of gas that a well is capable of producing into the well bore at a pressure equal to a fixed percentage of the well shut in pressure.

In the San Juan Basin, we use deliverability pressure of 80 per cent of the shut-in pressure for Mesa Verde and Pictured Cliffs wells, and a 50 per cent of the shut-in pressure on Dakota gas wells.

Q All right. What are you specifically proposing in this case?

A I am proposing that this paragraph to which we referred have an exception granted for the 1969 testing period, to the provision which requires that a well be shut in immediately following the flow period.

In other words, that this shut-in pressure measurement can be taken at times other than immediately following the flow period.

Q Do you also have any suggestions as to when that measuring is to be done of the shut in?

A Yes, the present order states that it should be

measured within 24 hours following the end of the seven-day shut in, and I am recommending that we change that to read that it can be measured from the eighth to the fifteenth day, and that it simply be a minimum of seven days, but that we need the added flexibility of being able to measure it possibly two weeks after it is shut in rather than just a week.

Q Why do you think such exceptions are necessary?

A Well, what brought on the problem was market conditions in the San Juan Basin, which have been such during the last year that most of our -- that it has been necessary to produce most of our gas wells most of the time. In fact, as you know, we had after a hearing entered an order last August which suspended the balancing rules in all our prorated pools up there. The reason for this was it was feared that on wells connected to El Paso Natural Gas Company, particularly, that if we force curtailed wells to be shut in, that they might have trouble meeting their market demand during the fall and winter of 1968-1969.

Then in December, several hundred wells were scheduled for flow test during the month of December, for shut-in in January, as is the usual procedure. And during the flow period, El Paso determined that they simply weren't going to be able to shut all those wells in that they had scheduled and still meet

their high market demand at the moment, so they sent word out to all the testers that they needn't take the flow data during the flow period, because they were not going to be able to take the seven-day shut-in as required by the order. Therefore, it would be wasted effort to take the flow data.

It was at that time we contacted El Paso representatives to find out what the situation looked like, as far as the next several months, and they told us that it appeared that it was going to be late spring or early summer before there was any change in their market picture, and that probably all wells scheduled during at least the first four or five months of the year would run into this same difficulty. Southern Union also had a heavy winter demand, and it looked like at least a large majority of the wells that they had scheduled for test, we would also be unable to shut in. And that is what caused the calling of this case.

We decided that if we could go ahead and make use of this, of the flow period that we have scheduled at the present time, in other words, all these, we certainly have no problem at the moment in getting flow data, because all wells are producing. But if we can at a later date shut the wells in and get a shut-in pressure to go with that flow data, then we can save rescheduling the entire test in the latter part of the year.

We were afraid also that if we delay all the testing into the last six months of the year, that we would probably arrive about next November and suddenly discover that we had several hundred wells that we didn't have tests on, or maybe even several thousand.

Q Would there be any adverse effect upon the accuracy of these tests by delaying of the shut-in pressure tests?

A On some wells, if we measure a shut-in pressure three or four months after we have taken a flow data, there will be some reservoir depletion. But between the time of flow and the time of shut-in, this would have the tendency of making the shut-in pressure lower, which would cause a higher calculated deliverability.

However, there is also the situation that it is possible that next summer some of these wells will not be producing so heavily as prior to the time they are shut in, and this may be due to stabilization characteristics of our wells up there, causing the pressures to be higher at a later date than they would have been if they were taken immediately following a high, heavy production period. So I don't think that you can say that all the pressures are going to be lower or all the pressures are going to be higher. I don't think that the shut-in pressure differences are going to

be large enough to be particularly significant in a test calculation.

Q If a test does indicate that it is out of line with what it should be, there are procedures whereby the well can be retested?

A Yes. Under R-333-F, you can ask for a retest on tests that you think are not accurate tests, representative tests.

Q Will there be any problem in scheduling these shut-in tests?

A Yes, there will be some difficulty. We have discussed this with the pipeline companies, and they have agreed, or they think that they will be able to do this additional scheduling, which would cause additional paper work, because there will be quite a number of wells that will have to be scheduled twice, once for a flow period and once for a shut-in period. I am recommending that all scheduling be done exactly as it is being done now, that is by the pipeling company after consulting with the operator. They agreed on a test period, and then the pipeline company submits a schedule to the Commission. However, insofar as the time involved on submitting a schedule, particularly on these late shut-ins, I would recommend that they be required only to get us the schedule prior to the time the shut-in pressure is measured, because it is going to be a little

difficult to anticipate ahead of time exactly when we are going to be able to accomplish all this.

I think we should have scheduling flexibility, and as long as the Commission is notified prior to the time the pressure is measured, then if they want to witness a pressure or go take the pressure, we will be able to do that, which is all that is necessary.

Q Have you prepared an exhibit to show the Examiner, which has to do with the number of tests that would be required in the northwest?

A Yes, I have an exhibit which is a summary of the classification status taken as of November 30, 1968. This shows the total number of wells in the San Juan Basin, and they are broken down into pools, and further listed under pipeline companies in ascending order of number of connections.

This shows the total number of wells, the total marginal wells, the total exempt marginal wells, the total number of marginal wells which are not exempt, the non-marginal wells, and the number of wells on which tests are required, and the number of over-produced wells.

One reason we drew up this summary was to further indicate from the over-produced column, particularly, that we may get into difficulty from that later in the summer if we

don't get this flow data on a lot of these wells now. In other words, if we do have to balance these pools out by next August 1st, and we have a total of 1,631 over-produced wells which require test, unless we already have gotten the flow data on most of those 1,631 wells prior to next July or August, then obviously we are going to have to over-produce them further in order to get a deliverability test.

So this is another reason that it appeared to us we needed to get these flow tests now.

Q This exhibit only has the prorated gas pools on it, is that right?

A That's right. And it shows there is a total of 6,659 prorated wells up there, and tests are required on 4,887 wells. And 3,246 of those wells requiring tests are non-marginal wells; 1,641 of those wells requiring tests are marginal. There are a total of 1,772 exempt marginal wells.

Q Do you have anything further you would like to add?

A I don't think so.

MR. HATCH: I would like to offer Exhibit 1 into evidence, and that is all the questions we have.

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

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

THE WITNESS: I have several extra copies of these that we can pass around to anyone who would like one.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Arnold, did this dilemma, as far as being able to take these tests this winter, result from the pipelines scheduling an abnormally high number of wells for tests during this period of time, or the number of wells that were scheduled for test, is that the usual number that is scheduled every winter?

A That is right. As I understand, there wasn't anything unusual about the number of wells that they scheduled for test.

Q What is unique during this winter is the market demand situation?

A Right, and that is just about all.

Q And the Commission has previously recognized that this is a period of unusual market demand for the wells in the San Juan Basin, and has in fact suspended the shut-in and cancellation rules for a one-year period for those wells up there, is that correct?

A Right.

Q Which is, incidentally, subject to review at the regular Commission Hearing in February?

A That's right, I believe.

Q I think we are pretty clear on why you want the shut-in pressure to be taken at some time other than immediately following the flow test. But would you explain in a little further detail, Mr. Arnold, why you would take the shut-in pressure on the eighth to the fifteenth day rather than on the eighth day following shut-in?

A I actually think that this should be a permanent amendment to the order at some future time. I think that we should only require a minimum of seven-day shut-in on a well. We have had situations arise in the past where for some reason the shut-in pressure wasn't measured until maybe the twelfth or the fourteenth day. Technically, by the terms of the order, this would make it an invalid test, because it wasn't measured on the eighth day. But there is certainly nothing that an operator can gain by measuring it on the twelfth day instead of the seventh. It is simply closer to stabilized reservoir pressure. So that measuring a pressure over a longer period of time than seven days doesn't do anything to invalidate the pressure.

The reason I am recommending it now, particularly, is because we anticipate that -- well, in the first place, we

don't know what the market conditions are going to be this summer. A lot of these wells are going to have to be shut in on short notice, or there is going to be added confusion because of it all, and we wanted to make sure that we didn't break additional tests just because of this high requirement in measuring the shut-in.

Q This would be the eighth to the fifteenth consecutive day of shut-in, would it not?

A Right. However, we are not saying that an operator wouldn't have the option of measuring it the way the order now specifies on the eighth day. We would just extend that.

Q It can be measured the eighth, but up to the fifteenth, according to your proposal?

A Right.

MR. NUTTER: Any questions of Mr. Arnold? You may be excused. Do you have anything further, Mr. Hatch?

MR. HATCH: No.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4039?

MR. EATON: George Eaton for Pan American Petroleum Corporation. Pan American supports the amendment to Rule R-333-F, as proposed by Case 4039.

MR. RAINEY: D. H. Rainey with El Paso Natural Gas.

Because of the market demand situation alluded to here, we concur in the recommendations of the Commission staff that the rules be suspended, as recommended under Order R-333-F for the year 1969.

MR. NUTTER: Thank you. Any other statements?

We will take the case under advisement, and call a fifteen-minute recess.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
E. C. ARNOLD	
Direct Examination by Mr. Hatch	2
Cross Examination by Mr. Nutter	12

<u>EXHIBITS</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Commission's Exhibit Number 1	2	12

[illegible]

I, SAMUEL MORTELETTE, Court Reporter 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.

Samuel Martello
COURT REPORTER

I do hereby certify that the foregoing is a true and correct copy of the original as shown to me by the person presenting same.

2/5 4039 69

[Signature]

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

February 11, 1969

Mr. George Eaton
Pan American Petroleum Corporation
Post Office Box 480
Farmington, New Mexico 87401

Re: Case No. 4039
Order No. R-3673
Applicant:
OCC

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 Mr. Dave H. Rainey, El Paso Natural Gas Company

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. 4039
Order No. R-3673

THE APPLICATION OF THE OIL CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN ORDER GRANTING AN EXCEP-
TION TO THE NINTH PARAGRAPH OF CHAPTER II, SECTION 2
OF ORDER NO. R-333-F TO PERMIT SHUTTING IN GAS WELLS
FOR THE REQUIRED SHUT-IN TEST AT SOME PERIOD DURING
THE 1969 TEST SEASON OTHER THAN IMMEDIATELY FOLLOWING
THE 7-DAY DELIVERABILITY FLOW TEST; FURTHER TO PERMIT
MEASURING THE SHUT-IN TEST PRESSURE DURING THE 8TH TO
15TH DAY OF SHUT-IN OF THE WELL RATHER THAN ON THE
8TH DAY AS PRESENTLY REQUIRED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of February, 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 Order No. R-333-F, dated November 30, 1962, promul-
gated Special Rules and Regulations governing gas well testing in
the San Juan Basin (Counties of San Juan, Rio Arriba, McKinley,
and Sandoval, New Mexico), as an exception to Rules 401 and 402
of the general statewide rules and regulations of the Commission
relating to gas well testing procedures.

-2-

CASE No. 4039
Order No. R-3673

(3) That Chapter II, Section 2 of said Order No. R-333-F prescribes the annual deliverability and shut-in pressure test procedure.

(4) That paragraph nine of said Section 2 directs that in order to obtain the shut-in pressure of a well under test, the well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

(5) That there has been and will continue to be, for a period of several months, an extremely heavy demand for gas from wells governed by the provisions of Order No. R-333-F.

(6) That the aforementioned deliverability flow tests can continue to be scheduled and conducted as required by Order No. R-333-F during said period of heavy demand.

(7) That it will be extremely difficult for the heavy demand for gas in Northwest New Mexico to be met if the gas wells governed by Order No. R-333-F are shut in for pressure tests during said period of heavy demand.

(8) That in order to avoid shutting in the subject gas wells during said period of heavy demand, an exception to said paragraph nine should be established to permit shutting in of said gas wells for the required shut-in test at some period during the 1969 test period other than immediately following the 7-day deliverability flow test.

(9) That an exception to said paragraph nine should be established to permit the measuring of the shut-in pressure during the 8th to 15th consecutive day of shut-in of the well rather than on the 8th day as presently required in order to render less difficult the scheduling and measuring of same.

(10) That the scheduling of shut-in pressure tests at some period other than immediately following the 7-day deliverability flow test and the measuring of the shut-in pressure during the 8th to 15th consecutive day of shut in rather than on the 8th day as presently required will not have an unduly adverse effect upon the accuracy of said pressure tests.

-3-

CASE No. 4039

Order No. R-3673

(11) That establishment of the aforesaid exceptions will not violate correlative rights and will otherwise prevent waste and promote conservation.

IT IS THEREFORE ORDERED:

(1) That paragraph nine of Chapter II, Section 2 of Order No. R-333-F is hereby suspended for the duration of the 1969 annual deliverability and shut-in pressure test period, insofar and only insofar as said paragraph directs that in order to obtain the shut-in pressure of a well under test, the well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

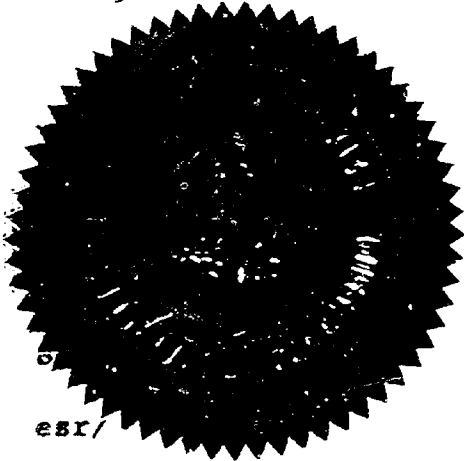
(2) That to obtain the shut-in pressure of a well, subject to the testing requirements of said Order No. R-333-F, under test during the duration of the annual deliverability and shut-in test period for 1969, the well shall be shut in at some time during the year of 1969 for a period of seven to fourteen consecutive days. Such shut-in pressure shall be measured during the eighth to fifteenth day following shutting in of the well.

(3) That each gas transportation facility shall, in cooperation with the operators involved, prepare and submit a schedule of shut-in pressure tests in accordance with Chapter I, Section 3, provided, however, that said schedule need only be submitted prior to the shutting in of the well or wells involved.

(4) That the Aztec District Office of the Commission shall be notified of the date the shut-in pressure of a well is to be measured in order that said measurement may be witnessed.

(5) 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. ARMIJO, Member

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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5 1969

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 4036: Application of Mobil Oil Corporation for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its C. L. O'Brien Well No. 1 located in Unit A of Section 7 Township 8 South, Range 30 East, Chaves County, New Mexico, to produce oil from an undesignated Pennsylvanian oil pool and the Lightcap (Devonian) Pool through parallel strings of tubing.

CASE 3975 (Reopened):

In the matter of Case No. 3975 being reopened pursuant to the provisions of Order No. R-3618, which order established 80-acre spacing units for the East Bluitt-San Andres Pool, Roosevelt County, New Mexico, for a period of approximately two months. All interested parties may appear and present evidence as to whether the subject area is indeed a separate common source of supply or an extension of the Bluitt-San Andres Gas Pool.

CASE 4010: (Continued from December 27, 1968 and January 8, 1969 Examiner Hearings)

Application of John H. Trigg for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through his Empire "J" Federal Well No. 1 located in Unit P of Section 1, Township 18 South, Range 26 East, Red Lake Grayburg-San Andres Pool, Eddy County, New Mexico.

CASE 4037: Application of Anadarko Production Company for several waterflood projects and waterflood buffer zones, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute several waterflood projects by the injection of water into the Grayburg and San Andres formations of the Square Lake Pool by the conversion to water injection of its Etz Federal Well No. 3 and its Grier Well No. 14 located, respectively, in Sections 19 and 20 of Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the designation of the S/2 SW/4 of said Section 19, the N/2 SE/4 of said Section 19 and the N/2 SE/4 of said Section 20 as waterflood buffer zones with capacity allowables.

CASE 4038: Application of Kennedy Oil Company for a waterflood project and waterflood buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg and San Andres formations of the Square Lake Pool by the conversion to water injection of its Carper Federal Well No. 2 located in Unit K of Section 19, Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the designation of the N/2 SW/4 of said Section 19 as a waterflood buffer zone with capacity allowable.

CASE 4039: The application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in test at some period during the 1969 test season other than immediately following the 7-day deliverability flow test; further to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required. The above exceptions would be for the 1969 annual deliverability test season only and would be applicable to all wells in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.

CASE 4023: (Continued and readvertised from the January 15, 1969 Regular Hearing)

Application of Ernest A. Hanson for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 1724 feet to 1736 feet in his Welch Federal Well No. 2 located 1650 feet from the North line and 2310 feet from the West line of Section 22, Township 19 South, Range 28 East, East Millman Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 4040: 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.

Docket No. 4-69

February 5, 1969 Examiner Hearing

CASE 4041: Application of Tamarack Petroleum Company, Inc. for salt water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Queen formation in the perforated interval from 4955 feet to 5030 feet in its Texaco Moran Well No. 2, located in Unit H of Section 22, Township 19 South, Range 35 East, Pearl Queen Pool, Lea County, New Mexico.

CASE 4042: Application of El Paso Natural Gas Company for an amendment to Order No. R-2948, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2948, which order established a number of non-standard gas proration units in the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico. Applicant proposes to change the acreage dedication comprising units 12 and 13 of Township 28 North, Range 6 West and Units 16 and 17 of Township 28 North, Range 7 West to comprise the following:

<u>TOWNSHIP 28 NORTH, RANGE 6 WEST</u>		
Unit	Acres	Description
12	320	Section 33: N/2
13	330.71	Section 33: S/2

<u>TOWNSHIP 28 NORTH, RANGE 7 WEST</u>		
Unit	Acres	Description
16	320	Section 35: N/2
17	332.40	Section 35: S/2

CASE 4017: [Continued from the January 8, 1969 Examiner Hearing]

Application of Morine, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled in the SE/4 of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4043: Application of David Fasken for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 2105 feet from the East line of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Case No. 4043 will be consolidated for purposes of hearing with Case No. 4017 which is the application of Corinne Grace for compulsory pooling of the same section.

CASE 4044: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard gas proration units into one 481-acre unit comprising the E/2 and E/2 W/2 of Section 3, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Reed A-3 Wells Nos. 2 and 3 located in Units H and I, respectively of said Section 3, to be effective as of January 1, 1967. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4045: Application of H & S Oil Company for an amendment to Order No. R-3357, as amended by Order No. R-3357-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3357, as amended by Order No. R-3357-A, which order authorized the H & S West Artesia Unit Waterflood Project. Applicant proposes to substitute the Roach Drilling Company-Leonard Well No. 18 located in Unit D of Section 17 as a water injection well in said project in lieu of the Cities Service-Mell Well No. 17 located in Unit M of Section 8, both in Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 4030: (Continued from the January 22, 1969 Examiner Hearing)

Application of Argus Production 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 Seven Rivers formation in the perforated and open-hole interval from approximately 3554 feet to 3775 feet in its J. T. Lynn A-28 Well No. 3 located 2310 feet from the South line and 1650 feet from the East line of Section 28, Township 23 South, Range 36 East, Jalmat Yates-Seven Rivers Pool, Lea County, New Mexico.

ir/

*Year Production
Schedule*

1 POOL Pipeline	2 TOTAL WELLS	3 TOTAL MARGINAL	4 EXEMPT MARGINAL	5 MARGINAL NOT EXEMPT	6 NON- MARGINAL	7 TESTS REQUIRED	8 OVER- PRODUCED
BASIN-DAKOTA							
Aztec Oil & Gas Co.	1	1	0	1	0	1	0
Thomas A. Dugan	1	1	1	0	0	0	0
Petroleum Consultants, Inc.	1	1	0	1	0	1	0
Plateau, Inc.	1	0	0	0	1	1	0
Amerada Petroleum Corp.	2	2	1	1	0	1	0
Aztec Oil & Gas Co. & El Paso Nat. Gas Co.	2	1	0	1	1	2	0
Pan American Petroleum Corp.	14	5	0	5	9	14	2
Southern Union Gathering Co.	195	131	38	93	64	157	39
Southern Union Gas Co.	199	80	12	68	119	187	8
El Paso Natural Gas Co.	1481	972	196	776	509	1285	268
POOL TOTALS	1897	1194	248	946	703	1649	317
		62.9	13.3	57.4	37.1	86.9	19.2
BLANCO-MESAVERDE							
Southern Union Gas Co.	35	25	14	11	10	21	4
Southern Union Gathering Co.	219	95	31	64	124	188	51
El Paso Natural Gas Co.	1751	868	373	495	883	1378	553
POOL TOTALS	2005	988	418	570	1017	1587	608
		49.3	20.8	35.9	50.7	77.2	30.3
AZTEC-PICTURED CLIFFS							
Southern Union Gathering Co.	19	10	8	2	9	11	1
Southern Union Gas Co.	63	16	9	7	47	54	7
El Paso Natural Gas Co.	334	119	107	12	215	227	110
POOL TOTALS	416	145	124	21	271	292	118
		34.8	29.8	5.1	65.1	70.2	28.1

1 POOL Pipeline	2 TOTAL WELLS	3 TOTAL MARGINAL	4 EXEMPT MARGINAL	5 MARGINAL NOT EXEMPT	6 NON- MARGINAL	7 TESTS REQUIRED	8 OVER- PRODUCED		
<u>BALLARD-PICTURED CLIFFS</u>									
Southern Union Gas Co.	89	37	33	4	52	56	5		
El Paso Natural Gas Co.	390	210	192	18	180	198	85	%2	%6
POOL TOTALS	479	247	225	22	232	254	90	57.6	38.8
<u>FULCHER KUTZ-PICTURED CLIFFS</u>									
El Paso Natural Gas Co.	121	61	60	1	60	61	48		
Southern Union Gas Co.	164	74	70	4	90	94	39		
POOL TOTALS	285	135	130	5	150	155	87	47.4	58.0
<u>SOUTH BLANCO-PICTURED CLIFFS</u>									
Southern Union Gas Co.	130	81	61	20	49	69	8		
El Paso Natural Gas Co.	1076	461	419	42	615	657	300		
POOL TOTALS	1206	542	480	62	664	726	308	44.9	46.4
<u>TAPACITO-PICTURED CLIFFS</u>									
Southern Union Gas Co.	57	23	18	5	34	39	5		
El Paso Natural Gas Co.	130	43	37	6	87	93	56		
POOL TOTALS	187	66	55	11	121	132	61	35.3	50.4
<u>WEST KUTZ-PICTURED CLIFFS</u>									
Southern Union Gas Co.	46	21	21	0	25	25	7		
El Paso Natural Gas Co.	138	75	71	4	63	67	35		
POOL TOTALS	184	96	92	4	88	92	42	52.2	47.7
SAN JUAN BASIN TOTALS AS OF 11-30-68	6659	3413	1772	1641	3246	4887	1631	51.3	50.2

BEFORE EXAMINED BY
 OF THE BUREAU OF LANDS
 4039
 CASE NO. 4039

DRAFT

GMH/esr

Feb. 7, 1969

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:

RECORDS CENTER & LAW LIBRARY

CASE No. 4039

Order No. R-3673

THE APPLICATION OF THE OIL CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN ORDER GRANTING AN EXCEP-
TION TO THE NINTH PARAGRAPH OF CHAPTER II, SECTION 2
OF ORDER NO. R-333-F TO PERMIT SHUTTING IN GAS WELLS
FOR THE REQUIRED SHUT-IN TEST AT SOME PERIOD DURING
THE 1969 TEST SEASON OTHER THAN IMMEDIATELY FOLLOWING
THE 7-DAY DELIVERABILITY FLOW TEST. ~~THE MEASURING THE SHUT-IN TEST PRESSURE DURING THE 2ND TO 15TH DAY OF SHUT-IN OF THE WELL RATHER THAN ON THE 8TH DAY AS PRESENTLY REQUIRED.~~ ORDER OF THE COMMISSION *FURTHER TO PERMIT*

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of February, 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 Order No. R-333-F, dated November 30, 1962, promul-
gated Special Rules and Regulations governing gas well testing in
the San Juan Basin (Counties of San Juan, Rio Arriba, McKinley,
and Sandoval, New Mexico), as an exception to Rules 401 and 402
of the general statewide rules and regulations of the Commission
relating to gas well testing procedures.

(3) That Chapter II, Section 2 of said Order No. R-333-F
prescribes the annual deliverability and shut-in pressure test
procedure.

(4) That paragraph nine of said Section 2 directs that in
order to obtain the shut-in pressure of a well under test, the

well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

(5) That there has been and will continue to be, for a period of several months, an extremely heavy demand for gas from wells governed by the provisions of Order No. R-333-F.

(6) That the aforementioned deliverability flow tests can continue to be scheduled and conducted as required by Order No. R-333-F during said period of heavy demand.

(7) That it will be extremely difficult for the heavy demand for gas in Northwest New Mexico to be met if the gas wells governed by Order No. R-333-F are shut in for pressure tests during said period of heavy demand.

(8) That in order to avoid ~~scheduling and~~ shutting in the subject gas wells during said period of heavy demand, an exception to said paragraph nine should be established to permit scheduling ~~and~~ shutting in of said gas wells for the required shut-in test at some period during the 1969 test period other than immediately following the 7-day deliverability flow test.

(9) That an exception to said paragraph nine should be established to permit the measuring of the shut-in pressure ^{consecutive} during the 8th to 15th ^{rather than on the 8th day as presently required} day of shut-in of the well ^{in order to} render less difficult the scheduling and measuring of same.

(10) That the scheduling of shut-in pressure tests at some period other than immediately following the 7-day deliverability flow test and the measuring of the shut-in pressure during the 8th to 15th ^{consecutive day of shut in} ~~day~~ ^{unduly} rather than on the 8th day as presently required will not have an adverse effect upon the accuracy of said pressure tests.

(11) That establishment of the aforesaid exceptions will not violate correlative rights and will otherwise prevent waste and promote conservation.

IT IS THEREFORE ORDERED:

(1) That paragraph nine of Chapter II, Section 2 of Order No. R-333-F is hereby suspended for the duration of the 1969 annual deliverability and shut-in pressure test period, insofar and only insofar as said paragraph directs that in order to obtain the shut-in pressure of a well under test, the well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

(2) That to obtain the shut-in pressure of a well under test during the duration of the annual deliverability and shut-in test period for 1969, the well shall be shut in at some time during the year of 1969 for ^a ~~the full~~ period of seven to fourteen ^{consecutive} days. Such shut-in pressure shall be measured during the eighth ^{following shutting in} to fifteenth day ^{of the shut in} of the well.

(3) That each gas transportation facility shall, in cooperation with the operators involved, prepare and submit a schedule of shut-in pressure tests in accordance with Chapter I, Section 3, provided, however, that said schedule need only be submitted prior to the shutting in of the well or wells involved.

(4) 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.

[Handwritten signature and notes at the bottom of the page, including "subject to the testing requirements of said order No. R-333-F"]