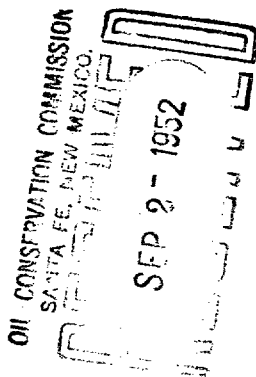


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF HEARING

August 19, 1952

Case No. 390



BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

In the matter of the application of the Oil Conservation Commission upon its own motion for an order (a) exempting the following pools from the requirements of Rule 301 of the Oil Conservation Commission's Rules and Regulations pertaining to the filing of Form C-116, Gas-Oil Ratio Test, and from the requirements of Rule 506-(paragraph d) pertaining to Gas-Oil Ratio limitations: Acme, Aid, Anderson, Artesia, Barber, Benson, Black River, Barton, Caprock, Cedar Hills, Chisum-San Andres, Dougherity, Dayton, South Drinkard, Dublin-Devonian, Empire, Forest, Fren, Garrett, Getty, Grayburg-Jackson, Grayburg-Kelly, Halfway, Henshaw, High Lonesome, Leo, Leonard, Loco Hills, Loco Hills-Queen, Lusk, West Lusk, North Lynch, East Maljamar, McMillan, McMillan-Seven Rivers, Millman, Nadine, New Hope, Nichols, P.C.A., Pearsall, Premier, Red Lake, Robinson, Russell, Santo Nino, San Simon, Sawyer, Shugart, North Shugart, Square Lake, Teas, Turkey Track, East Turkey Track, West Turkey Track, Turkey Track-Seven Rivers, Watkins, Watkins-Graysburg, North Wilson, Young, and,

(b) exempting the following pools from the requirements of Rule 506 (paragraph d) pertaining to Gas-Oil Ratio limitations: Baish, Cooper-Jal, South Eunice, Hardy, Lynch, Maljamar-Paddock, Penrose-Skelly, Rhodes, Wilson, West Wilson.

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(See transcript in Case entitled "Allowable"
for register of attendance and appearances.)

MR. SPURRIER: We will move on to Case 390.

(Mr. Graham reads the Notice of Publication.)

MR. GRAHAM: Mr. Macey.

(Witness sworn.)

W. B. MACEY

being first duly sworn, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Macey, will you state your full name for the record, please, and your position?

A W. B. Macey, Engineer, Oil Conservation Commission.

Q In your capacity as engineer for the Oil Conservation Commission, have you had occasion to make a study of Case 390, in regard to Rules 301 and 506-d?

A Yes, sir.

Q Will you give your report to the Commission, together with your conclusions and recommendations?

A In paragraph 1-a, Case 390, certain fields are listed as being exempt from both Rule 301 requiring gas-oil ratio test, and also Rule 506, paragraph d, of Rules and Regulations, putting a gas-oil ratio limit on the field.

The main reason why the pools are exempt from the requirements of these two rules is the fact that in every case all the wells involved are marginal wells; and we could see no reason for imposing a gas-oil ratio limit

on a field where there is virtually no gas or oil present. There may be some more fields in the southeastern part of the State that should be placed in this category.

As to those fields listed under paragraph b, it is my recommendation that we include the Langley-Mattix pool in that category. It was left off the list by accident; and in this case, we are removing the gas-oil ratio limitation but are still requiring an annual gas-oil ratio test on the well, which is also a production test. And we felt that in this case, where there are a number of large capacity wells in some of the fields, there are a lot of top allowable wells, we felt it advisable to require the submission of a Form C-116 on an annual basis.

That is all I have.

Q You mean all these wells are pumping and have a little gas showing?

A In the first category, not all the wells are pumping, but they are all small, marginal wells.

MR. SPURRIER: Any further questions?

MR. McKELLAR: Mr. Macey, is there any objection to putting a Crossroads Devonian in there, since it makes a strong water field production and there is virtually no gas?

THE WITNESS: That is in the first category exempting on production?

MR. McKELLAR: Yes.

THE WITNESS: I would have to check, Mac, but if it falls in the same category as the rest of the wells are in, it is to our advantage, actually.

MR. McKELLAR: Some of those wells, of course, are top allowable wells, but with a strong, water-drive field, as it was testified here on a previous occasion; and if there is no gas being produced, it would help the operators, too.

THE WITNESS: You are talking about, is there a Crossroads-Devonian pool in the first category?

MR. McKELLAR: Yes.

THE WITNESS: I think Crossroads-Devonian is the nomenclature for that pool, derived from Crossroads- Pennsylvanian.

MR. CHRISTIE: We would like to make a similar request as Magnolia did on four different fields in Southeastern New Mexico.

Those fields are the Bagley-Siluro-Devonian Field, the Hightower-Devonian, the East Caprock-Devonian, and the Knowles Fields.

All four of these fields have a very definite water drive, and there will be no increase in the gas-oil ratio. The variance in the gas-oil ratio in the Bagley-Devonian Field is 32 cubic feet per barrel; the variance in the

East Caprock-Devonian Field is 20 cubic feet per barrel; that in the Hightower is approximately 300 cubic feet per barrel; for the Knowles-Devonian it is about 180 cubic feet per barrel.

In addition to the low ratios, which are sometimes very difficult to obtain, an accurate one, we have some gas-lift wells, particular in the Bagley-Devonian Field, which complicate the taking of gas-oil ratios. It is not impossible to get a higher in-put ratio than to get an out-put ratio, because of the low solution ratio to start with.

So we would like to ask the Commission to consider exempting these Fields from Rule 301, and also from Rule 506 (d).

THE WITNESS: Mr. Christie, why do you want to exempt them from Rule 301?

MR. CHRISTIE: Well, we see no particular reason for taking them since there is no change in them, and the gas is reported at least each month on the C-115, I believe. So you actually get the measure of gas; and it is really a waste of time to try to take a ratio on 20 cubic feet, or on 32, as a matter of fact.

THE WITNESS: Well, I concur with you in that statement, but what about the oil angle of the test?

MR. CHRISTIE: Well, of course, you get an indication

of what the wells produced in the past, also, when you see the one hundred fifteen.

THE WITNESS: Would you have any objection to its just being included in the category for the removal of gas-oil ratio limitation.

MR. CHRISTIE: Well, actually, what we are trying to get out of is the work of taking the ratios, because we feel it isn't absolutely necessary. But elimination of either rule would help.

MR. SHEPPARD: Mr. Christie, were the fields you just mentioned, were they included in the Notice of Hearing?

MR. CHRISTIE: No, they were not. We are just bringing them up for your consideration.

MR. SHEPPARD: Anyone else?

MR. PIERCE: I would like to concur in the recommendation made by Mr. McKellar of Magnolia, concerning the Crossroads-Devonian Pool. It has been repeatedly testified here by expert witnesses that reservoir energy in Crossroads-Devonian is derived from a strong, water drive, and that the gas-oil ratios are extremely low and of no material benefit in indicating the conditions of the reservoir.

These ratios run on the order of 40 to 70 cubic feet per barrel; and as Mr. Christie has said, these ratios cause considerable difficulty just in the matter of obtaining them.

As far as the question Mr. Macey asked regarding the

placing of the Crossroads under Section (b) there, as being exempt from gas-oil/^{ratio}limitation, I believe nothing would be accomplished there in the matter of getting our, or relieving the burden, both on the Commission and on the operators, because the pool will probably never come up to the limitation that is now in effect.

MR. SHEPPARD: Anyone else?

MR. SELINGER: I would like to call the Commission's attention to the Penrose-Skelly Field. It is one of the Fields in the Notice on Case 390.

It is under the (b) section, which exempts this field, among other fields, from a gas-oil ratio limitation, in which no limit has been in effect for some twelve years. For at least ten of those twelve years, no gas-oil ratio tests were required in the field. I believe that the majority of the operators in that field still do not take gas-oil ratio tests.

In discussing this matter with one of the other operators in this field, his opinion was that the new Rules and Regulations on January 1, 1950, required such gas-oil tests, ratio tests, to be taken in this old field. However, as I said, most of the operators still do not take gas-oil tests in that field.

It is our purpose in calling this to the Commission's attention, to see that this field not only is exempt from

Rule 506, but should also be exempt from Rule 301.

I would like to have this marked as Skelly's Exhibit No. 1 in Case 390.

(Skelly's Exhibit No. 1, Case 390, marked for identification.)

And I would like to refer the Commission to that Exhibit, which indicates that there are 293 wells in the field that have been on production for a number of years, with no new wells for producing purposes drilled in that field.

The average allowable is 3.9 over the past four months. None of the wells can meet more than ten or twelve barrels, which is below the top allowable assignable to wells in this field.

We see no purpose, no necessity, for requiring a gas-oil ratio test on the 293 wells in this field where there has been no limiting gas-oil ratio for the past twelve years. It would serve no purpose even, to determine the productivity of the wells.

I might say that in the past all the wells were connected to a general plant in as far as their casinghead gas is concerned; and we, therefore, urge the Commission to exempt this field from not only the status it occupies now as an exemption from Rule 506 for any limitation, but we urge the Commission to exempt this field from Rule 301

in requiring 293 wells to have a periodic test, whether it is one time, or two times a year, as accomplishing no purpose except to cause a great deal of unnecessary trouble and expense, not only on the part of the operator, but also on the part of the State of New Mexico.

MR. SHEPPARD: Anyone else?

MR. RANDOLPH: In regard to the Commission's exempting pools from the rule for taking of gas-oil ratios, why we have operated one pool, where we have a low ratio and do not feel it will increase; but our wells are top allowable wells, and we feel as such, the wells should be required to be tested at least once a year; and in some of these pools where there is a water drive, we feel that where a pool has top allowable wells in it, it should not be exempt from the test.

MR. SHEPPARD: Anyone else? Any further statement?

If not, we will take the case under advisement. And we will now take a five-minute recess.

(A recess was taken at 9:55 o'clock, A.M., the hearing being resumed at 10:10 o'clock, A.M., whereupon the following proceedings were had, to-wit:)

MR. SPURRIER: For the record, we stated that Case 390 would be taken under advisement. But we should like to make a change, and continue that case to the regular September hearing, of September 16, so that you people who

are interested will have time to digest these recommendations and make your own at the next hearing.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SAN MIGUEL)

I hereby certify that the foregoing and attached transcript of proceedings in Case No. 390, before the Oil Conservation Commission, is a true and correct record of the same to the best of my knowledge, skill and ability.

Dated at Las Vegas, New Mexico, this 23rd day of August, A.D. 1952.

Ruth Warden
REPORTER