

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF  
NEW MEXICO

IN THE MATTER OF THE APPLICATION       )  
OF THE TEXAS COMPANY IN ACCORDANCE       )  
WITH RULE 112 TO DUALY COMPLETE        )  
ITS J. B. MCGHEE WELL NO. 1, WEST       )  
DOLLARHIDE FIELD, LEA COUNTY, NEW       )  
MEXICO

Comes now The Texas Company and alleges and states:

1. That The Texas Company has heretofore drilled a well in the West Dollarhide Devonian Pool, Lea County, New Mexico, known as the J. B. McGhee No. 1 well, located in the Northeast quarter (NE/4) of the Southeast quarter (SE/4) of Section 31, Township 24 South, Range 38 East.

2. That said well was completed as an oil well producing from the interval between 7440 and 7610 feet and between 7630 and 7705 feet in the Devonian formation.

3. That the said well is offset by L. E. Elliott's Federal-Elliott No. 1-R well, located in the Southeast quarter (SE/4) of the Northeast quarter (NE/4) of Section 31, Township 24 South, Range 38 East, which well produces from the Drinkard horizon; and that during the drilling of the said McGhee well, drill stem tests were taken which indicated the Drinkard formation encountered would be commercially productive in said well.

4. That the applicant proposes to perforate the five and one-half inch (5-1/2") casing between the intervals of 6350 and 6396 feet, between 6416 and 6469 feet and between 6479 and 6512 feet, opposite the Drinkard horizon; and set a Baker production packer at approximately 7390 feet, said installation to contain equipment which will allow measurement of bottom hole pressures of either the Devonian or Drinkard horizons.

5. That the applicant proposes to dually complete the said well to produce oil from the Devonian formation through the tubing and oil from the Drinkard formation through the 5-1/2 inch casing. The manner and method of the proposed dual completion are shown in the attached exhibit.

6. That the granting of this application for permission to produce dually oil from the Devonian formation and oil from the Drinkard formation is in the interests of conservation and the protection of correlative rights.

7. That the applicant will do such things as may be required of it by the New Mexico Oil Conservation Commission in the maintenance of separation of production from said two horizons.

8. That the manner and method of the proposed dual completion is mechanically feasible and practicable.

Therefore, The Texas Company requests that the Oil Conservation Commission set this matter for hearing, and after said hearing to grant permission in order that the applicant may dually complete its J. B. McGhee Well No. 1 so that oil from the Devonian formation may be produced through the tubing and oil from the Drinkard formation may be produced through the casing.

Respectfully submitted,

THE TEXAS COMPANY

By   
Petroleum Engineer

CJR, Jr-ECH

STATEMENT TO BE PRESENTED IN CASE 426,  
APPLICATION OF THE TEXAS COMPANY FOR  
PERMISSION TO DUALY COMPLETE ITS MCGHEE  
WELL NO. 1, WEST DOLLARHIDE DRINKARD FIELD.

The Texas Company's J. B. McGhee Well No. 1 is located in the NE/4 of the SE/4 of Sec. 31, T24S., R38E., Lea County, New Mexico. This well was originally drilled to a total depth of 8735 in the Fusselman Horizon, which formation was found to be water-bearing at this location. The well was plugged back to a depth of 7762-; the casing was perforated between 7440 and 7610 feet and between 7630 and 7705 feet opposite the Devonian Formation. The well flowed 69 Bbls. of oil in 24 hours on initial potential test completed Sept. 24, 1952.

On Sept. 11, 1952, the Elliot No. 1-R Federal-Elliott well was completed in the Drinkard formation, flowing an initial potential of 132 Barrels of oil in 12 hours. This well is located in the SE/4 of the NE/4 of Sec. 31, T24S, R38E, and is a direct offset approx. 330' N. of The Texas Company's McGhee Lease.

I have here a map of the West Dollarhide Area which shows the location of wells in this area. The producing formation of these wells has been indicated by colored circles which are explained in the Legend of the map. I request this be marked as The Texas Company Exhibit No. 1, and now introduce it into evidence.

On Oct. 21, 1952, a Form C-102 was filed with the Oil Conservation Commission, requesting permission to recomplete the No. 1 McGhee Well in the Drinkard Horizon. This was subsequently accomplished in the following manner:

1. A drillable bridge-plug was set at a depth of 6600'.
2. A cement plug, approximately 10' in length, was spotted on top of the drillable plug.
3. A D.ST was performed which ascertained that the Devonian section was effectively plugged off.
4. The casing was perforated between 6350 and 6396 feet, between 6416 and 6469 feet, and between 6479 and 6512 feet, opposite the Drinkard horizon.

5. On October 28, 1952, the well produced 113 barrels of oil in 6 hrs. flowing; this was the initial potential test.

I have here an Electrical Log of the McGhee Well No. 1. I request it be marked "The Texas Company Exhibit No. 2". On this exhibit, all perforated intervals previously referred to have been marked in red. The location of the Bridge plug and cement plug are also marked, as is the location of the proposed dual completion equipment.

We are requesting approval of the Commission to dually complete this well in the following manner:

1. Drill out the plug now located at a depth of 6600'.
2. Install a Baker Model "D" production packer at a depth of 7390'. This is a point 49' above the top of the Devonian Formation as found in this well, and is 50' above the top perforation opposite the Devonian Formation.
3. A side door choke will be installed immediately above the packer to facilitate cleaning up the well after installation, and to allow a means of measuring bottom hole pressure of either productive horizon.

I have here a diagram of the proposed equipment and installation. I request it be marked "The Texas Company Exhibit No. 3" - and I now offer it into evidence.

The dual completion equipment just described, will provide the means for producing the Drinkard oil through the casing annulus, and the Devonian oil through the tubing. This installation is mechanically feasible and similar installations have been successfully used by The Texas Company, and other operators, in fields where dual completion of oil horizons are permitted.

The J. B. McGhee Well No. 1 produced from the Devonian formation for a period of approximately 30 days, during which time production amounting to 1623 barrels of oil was recovered. A production decline from the 69 barrels of oil/day potential to approximately 35 bbls. oil/day was evident. This production history, while of short duration, is indicative, in my opinion, that the Devonian Production from this location will not repay the cost of a well.

The granting of this application will, in my opinion, permit the recovery of oil that may not otherwise be recoverable, and, therefore, is in the interest of conservation in that it will prevent underground waste.

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. 426  
ORDER NO. R-233

THE APPLICATION OF THE TEXAS COMPANY  
FOR AN ORDER PERMITTING DUAL COMPLETION  
OF ITS J. B. McGHEE, WELL NO. 1, NE/4  
SE/4 SECTION 31, TOWNSHIP 24 SOUTH,  
RANGE 38 EAST, NMPM, LEA COUNTY,  
NEW MEXICO, IN SUCH A MANNER AS TO  
PERMIT PRODUCTION OF OIL FROM THE  
DEVONIAN FORMATION AND OIL FROM THE  
DRINKARD FORMATION.

Comes now The Texas Company and files this its motion  
for rehearing of its application for an order permitting dual  
completion of its J. B. McGhee, Well No. 1, NE/4 of the SE/4,  
Section 31, Township 24 South, Range 38 East, NMPM, Lea County,  
New Mexico, in such a manner as to permit production of oil from  
the Devonian formation and oil from the Drinkard formation; and  
Order No. R-233 of the Oil Conservation Commission of New Mexico  
denying this application; and as grounds for such motion  
respectfully shows:

That in Paragraph 4 of the Commission's Order No. R-233,  
quoted below:

"(4) That evidence indicates that the J. B. McGhee,  
Well No. 1, is offset by a well producing from the  
Drinkard formation, but is not offset by any well  
producing from the Devonian formation, and that  
geological evidence indicates to the Commission the  
presence of a sealing fault between the J. B.  
McGhee, Well No. 1, and those wells in the West  
Dollarhide-Devonian Pool producing from the  
Devonian formation, this eliminating any possibility  
that the J. B. McGhee, Well No. 1, may be drained  
by wells presently producing from the Devonian for-  
mation in the area."

the Commission has not considered wells on another lease adjoin-  
ing the applicant's lease which wells now produce from deeper  
horizons, but are capable, as hereafter shown, of producing  
from the Devonian horizon, and when so completed will drain  
applicant's lease at the location of its J. B. McGhee, Well No. 1.

That geologic evidence shown on applicant's Exhibit  
No. 1, presented at the hearing of this cause, shows that on  
the Skelly Mexico "J" Lease, S/2 of Section 32, Township 24  
South, Range 38 East, adjoining the east line of applicant's

lease, five wells, the Skelly Mexico "J" Wells Nos. 1, 2, 3, 4, and 5, penetrate the Devonian horizon and that oil was recovered from this horizon in tests on three of these wells, Skelly Mexico "J" Wells Nos. 1, 2 and 3 and that this evidence indicates that all above-mentioned wells may reasonably be considered capable of producing oil from the Devonian formation.

The uncontroverted evidence presented at the hearing of this cause conclusively shows that a separate well drilled at the location of the J. B. McGhee, Well No. 1, to produce Devonian oil will not recover sufficient oil to repay the costs of drilling, operating and marketing; hence, a separate Devonian well being uneconomic, applicant cannot afford such a well, and is not obligated to drill an uneconomic well under and by virtue of the lessees implied covenant reasonably to develop.

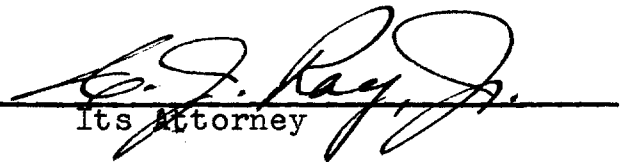
Therefore, the Oil Conservation Commission's order denying our application to dually complete the J. B. McGhee, Well No. 1, will necessarily result either in: (1) a denial of the applicant's correlative rights, or (2) under ground waste by reason of the fact that oil recoverable by dual completion will be forever lost. The first unwarranted alternative would occur as a result of additional Devonian development on the Skelly Mexico "J" Lease either by the recompletion of the existing wells or by the drilling of additional wells at this location, which would apparently result in drainage of the applicant's Devonian oil and hence a denial by the Commission of applicant's correlative right to produce its fair share of Devonian oil.

If no wells on the Skelly Mexico "J" Lease are ever completed so as to produce from the Devonian formation and cause drainage of the applicant's Devonian oil, and hence a denial of applicant's correlative rights, then it being uneconomic for the applicant to drill a separate Devonian well at the location of its McGhee Well No. 1, the order of the Commission herein will necessarily result in applicant's Devonian oil, otherwise recoverable by dual completion, being wasted underground and forever lost, this also being a denial of applicant's correlative rights by the Commission's order.

WHEREFORE, The Texas Company prays that this motion for rehearing of its application be granted, and upon rehearing of said application, that the Commission rescind its order No. R-233 and enter its order approving the dual completion of the J. B. McGhee Well No. 1.

Dated this 31st day of December, 1952.

THE TEXAS COMPANY

BY   
Its Attorney



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By C. J. Ray, Jr.  
Petroleum Engineer

CJR,Jr-ECH