

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
February 17, 1955

IN THE MATTER OF:

CASE NO. 845 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

The application of the Oil Conservation Commission upon its own motion for revision of its Rule 1106 and for extension of the rule to provide for adoption of a new form.

Applicant, in the above-styled cause, seeks an order revising Rule 1106 of its Rules and Regulations relating to Form C-103, "Miscellaneous Reports on Wells," to provide for certain alterations as to the procedure reported thereon; and for extension of said Rule 1106 to provide for the use of a new form to be designated as Form C-103-A, "Well Remedial Report."

Case No. 845

BEFORE:

Honorable John Simms, Jr.  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

## TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 845.

H. N. R H O D E S ,

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

DIRECT EXAMINATION

By MR. KITTS:

Q Will you state your name and position, please?

A H. N. Rhodes, Engineer for the Oil Conservation Commission.

Q Mr. Rhodes, I believe you have a recommendation to make in connection with this case?

A Yes.

Q Will you state your recommendation and the basis for it?

A The Commission feels that Form C-103, which is presently known as "Miscellaneous Reports on Wells", is not sufficient, particularly insofar as it does not adequately allow for the reporting of workover operations conducted on wells within the entire State of New Mexico. For that reason the Commission felt, or the Commission Staff feels that an additional report, to be known as C-103-A, an additional report form, rather, should be adopted for the specific purpose of reporting the results and the nature of work over operations on wells within New Mexico.

In order to provide for this new form it was necessary to revise Commission Rule 1106, entitled: "Miscellaneous Reports on Wells". The proposed revision of the rule, along with the proposed new Form C-103-A has been duplicated and circulated to all operators. As a member of this Commission Staff, I would like to recommend that the proposed revision of 1106 and the proposed Form C-103-A, be adopted by the Commission.

Q Do you have in your possession there the proposal that you recommend?

A Yes, I have.

Q Would you like to introduce that in evidence?

A I would like to introduce this in evidence.

(Marked Commission's Exhibit No. 1,  
for identification.

Q Was that prepared by you or under your direction?

A Yes, this was.

MR. KITTS: We offer Exhibit 1 in evidence.

MR. MACEY: Is the form there?

A Yes, it is attached to it.

MR. MACEY: Is there objection to the introduction of Exhibit 1?

MR. STANLEY: I would like to make a recommendation.

MR. MACEY: Let's get this into evidence. In the absence of objection we will receive the exhibit in evidence. Do you have anything further?

A I have nothing further.

MR. MACEY: Go ahead.

MR. STANLEY: In the proposed revision, which has been introduced as an exhibit, Form C-103 applies to the Report on Plugging of the Well. Also, Form C-103 must be filed within ten days following the completion of the work specified. It is the Commission's practice to inspect every dry hole that is plugged and abandoned, to insure that the pits have been filled and the location levelled and cleared of junk. Usually we have a Commission representative inspecting such a location. We find that an operator can not file Form C-103, stating within the specified time, as entered on the proposed order within ten days, due to the fact that his pits are never dry enough for what we call backfill. Therefore, I would like to make that change to take care of that specific problem on Form C-103.

A What sort of a time interval would you suggest in lieu of the ten days?

MR. STANLEY: It depends on the weather. I think the provision should be changed to include that idea.

MR. MACEY: Mr. Porter had an idea on that feature of the rule. Why don't we hear from him and see if it is acceptable?

MR. PORTER: I believe that that could be handled satisfact-

orily by re-wording of the first sentence of Paragraph b. It could be revised to include the phrase, which I have prepared here. The sentence as revised, would read: "Within ten days following the completion of plugging operations, and the preparation of the well-site for inspection on a new well, a record of the work done will be filed with the Commission in QUADRUPLICATE, on Form C-103." Then, of course, the operator could make the required statement on its C-103.

MR. MACEY: I think we can word it so that conflict will be eliminated. Do you have anything further?

MR. WALKER: Mr. Walker, for Gulf.

CROSS EXAMINATION

By MR. WALKER:

Q Mr. Rhodes, is it correct that I understand that this is an additional form that the Commission will require, in addition to C-103, we need C-103-A?

A No, it is not. It is a substitute form. If you will read the entire proposed revision you will see that there are certain operations in which a C-103 is to be filed. There are other operations in which C-103-A is to be filed. The two forms are not to be filed on the same operation. For instance, plugging a well requires a C-103, not a C-103-A. Work-over requires a C-103-A, but no C-103.

MR. KITTS: But, will be an additional form.

A It is an additional form, but not necessary for the operator to fill it out as an additional form.

Q Is there a proposal to require all operators to file it?

A I believe that other rules of the Commission take care

of that situation. I don't remember just right off-hand where any place in there it specifically states that all operators will file the form. I believe that is generally understood from other rules of the Commission.

Q Of course, I know that if they require, or are asking for an increased allowable, they will file the form, but if the Commission is after information concerning all workovers, apparently we need the form filed, regardless of an increase in allowable. I am not sure that has been done.

A Now, you lost me there.

MR. MACEY: What he is referring to, Mr. Rhodes, is that the incentive to file a form, if they are asking for an increased allowable, it is there and they will file it, but, if they work a well over and it doesn't necessarily involve an increase in allowable, then they may never file the form.

A Don't we have to grant them the permission to do the work-over on C-102?

MR. MACEY: Yes. It depends on what type of work-over it is.

A Do we not further require the Report on the Operation, which was authorized by signature on C-102 form?

MR. PORTER: It is altogether possible that many of these work-overs could be accomplished without the Commission's knowing anything about it.

A That is true. That looks like an enforcement problem.

MR. STANLEY: I might add this, that on Form C-102, the operator will not file a form to acidize or sand-frac, or do work of that nature when he is not changing the status of the well, as far as entering one pool or plugging back to another. Many times

we find an operator whose well received a top allowable, but is declining rapidly. He may stimulate the well to maintain its top allowable status. We may not know that he has done that type of remedial work. Form C-102, to do that type of work, generally is not filed.

A Mr. Stanley, would you hand the form down here, please?

MR. STANLEY: I might ask you a question, Mr. Rhodes. In this particular study, is it possible that we might enter the data requested on Form C-103, and incorporate it on one form?

A The C-103 form is pretty crowded. If we increase the size of the form it may be possible to do it.

MR. STANLEY: There is information on C-103 that would be put on the reverse side and modified and changed. I think there is a possibility that the information, the original well data could be omitted from the file.

A In some appears in the files.

MR. STANLEY: We have the files in good shape and the information that is lacking, we write to the operator and ask for the operator to complete the file. We have a complete set of files with the information that is requested on Form C-103-A where it is headed "Original Well Data". Do you think it would be possible to combine the two forms?

A I think it would be possible. I don't know whether it would be in the best interest of the Commission to do so.

MR. PORTER: Do you mean, to combine the C-103 and C-103-A?

MR. STANLEY: Yes, sir, enter the information that is requested on C-103-A, and enter it on the C-103.

Q (By MR. WALKER) I have one other small question. On the

form where we had results of workover, before and after -- I know it is an awful thing to say, but in Texas we have a 30-day gas-oil ratio, after reworking, which gives a more accurate picture than immediately after the workover. I want to throw that out for consideration, because maybe we would want to put a period on there that that after data should be filed.

A That was considered, Mr. Walker. However, after considerable consideration, we decided to merely request the date of test, both before and after workover. If we didn't feel there was sufficient time lapse between the workover and the subsequent test, then, perhaps, we could require a special test, if it didn't suit us.

MR. PORTER: Mr. Rhodes, in that connection, I would like to suggest that a date for filing this 103-A be changed to correspond with the date required for Form C-116 for New Wells. By the same reasoning, the initial C-116 on New Wells requires between the 30 and the 60 days after completion of the well. I wonder if we couldn't make the same ruling on this file, your C-103 showing this test, between 30 to 60 days after the workover. Would that be too long a period?

A Well, in the event of a workover, they will probably -- If the workover is successful, they will probably want a new allowable. They will probably have to file the necessary form in order to obtain the new allowable. What is that form?

MR. PORTER: C-116.

A That holds in all instances?

MR. PORTER: It holds in instances in pools wherein a gas-oil ratio test is required.

A There is no form which applies to all new allowables, re-



gardless of pool or classification of the well, or anything of that nature. If I had a well, regardless of where it was, or what its classifications were, is there any form we have I would have to file in order to obtain a new allowable on that well?

MR. PORTER: Yes.

A What?

MR. PORTER: C-116.

A You say that wouldn't apply in the pool where there is no limiting gas-oil ratio where there is no gas-oil ratio test required?

MR. PORTER: It is granted upon a written request from the operator.

A Would it be possible to require C-103-A?

MR. PORTER: Yes, I think so.

A To be submitted in conjunction with that, that was your suggestion?

MR. PORTER: 103-A would serve to support the request for increased allowable. However, it is also necessary to get the increase in allowable along before the ten or thirty or sixty day periods have elapsed for filing this report.

MR. WALKER: This is not full justification for the increase in the allowable?

MR. PORTER: Well, no. In pools where you have a limiting ratio, it requires an initial gas-oil ratio test to obtain an allowable increase. Of course, that allowable increase might be controlled by one of two things, the increase or the decrease in the ratio and the increase in production.

MR. STANLEY: Usually whenever an operator requests an in-

crease in allowable, don't we request him to file a Form C-103 justifying his increase in allowable?

MR. PORTER: I have never requested that, Mr. Stanley. I have assumed that the operator would follow up. On the C-116, requesting increases in allowable, you usually find a notation, as a result of workover.

MR. HINKLE: Mr. Hinkle, representing Humble Oil and Refining. The Humble would like to go on record as being in favor of the proposal of the Commission to revise 1106, and for the extension of the rules to provide for a new form, C-103-A to cover "Well Remedial Reports". However, if that form can be combined with Form C-103, we think it would be well to do so, as it would be just one less report or form to handle administratively.

MR. MACEY: I believe, under the circumstances, that we probably ought to have you three gentlemen, Mr. Rhodes, Mr. Stanley, and Mr. Porter get together and sit down and determine whether or not it can be placed in one form, possibly revise the rules you have here, maybe to put a little more teeth in the rule to require the filing of it. The big problem, as I see it, is that we have a lot of workovers that go on that we don't have any data on. The company personnel come in to try and find something out, and we don't have anything to give them on a well.

There is no question in my mind but what we are going to get more and more workovers all the time. It is just a growing problem, and if we can help the operators by putting it on one form, and if we can help them by putting on that form all the information we need, why, we probably would be doing some considerable service. Let us continue the matter until next month. I

suggest that as soon as possible, you get together and present, get your ideas together on what you might be able to work out on it, and, Mr. Rhodes, you be responsible for reporting back next month with a recommendation.

Maybe someone else has something they would like to add. Maybe we have overlooked something. Anyone else have anything further?

MR. ARNOLD: I would like to inquire if you are going to want to have this form filed on Federal, State, and patented lands? I don't believe C-103 is filed on Federal Wells, and we have a lot of them.

MR. MACEY: What do you do when you have a Federal Well in the Southeast?

MR. PORTER: We require the C-116 only.

MR. MACEY: What about if they have a workover?

MR. PORTER: They have to file what is called a sundry notice, with United States Geological Survey.

MR. MACEY: Do they usually have pretty complete data on the Federal form?

MR. ARNOLD: We don't get a lot of the Federal forms.

MR. MACEY: I tell you, one thing, I think you are going to find, Mr. Arnold, will facilitate matters will be prorating in the Basin, in order for them to get an increase in allowable, and result in deliverability, they are going to have to file something. They can't come in and say, "We have a better well than we had yesterday". Consequently, I think you will find that you will be getting the forms you are not getting now. You might take that into consideration in talking with the United States Geological Survey about filing the form. We don't want the operators to

duplicate the work. If they have to file a report on Federal land, we don't want them to turn around and have to file one of these, if you have already got them. We certainly do want to have the data, there is no question about that, because we don't have the data right now. We have run into circumstances in reclassifying wells in the southeast, where operators have plugged wells back. They have done anything you can think of on a well and we have absolutely no record on it. Consequently, we have a tendency, possibly to classify the well in the wrong slot. It has caused a lot of trouble. Also, I don't think you can have too much information on a workover, because there is usually a lot of money involved in it.

Anyone else? We will continue the case until next month.

(Witness excused.)

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

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of February, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 845

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

March 16, 1955

IN THE MATTER OF:

Application of the Commission upon its  
own motion for an order revising Rule 1106 and  
for extension of the rule to provide for a new  
form to be designated as Form C-103-A, 'Well  
Remedial Report.'

Case No. 845  
(Continued.)

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and  
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case is Case 845.

H. N. R H O D E S

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KITTS:

Q State your name and position please.

A H. N. Rhodes, engineer for the Oil Conservation Commission.

Q Mr. Rhodes, you testified in this case last month and made  
a certain recommendation at that time, did you not?

A I did.

Q There was discussion of the matter and I believe it was  
left that you and certain other members of the Staff would re-  
consider the matter and come up with a revised recommendation.

A That is correct.

Q Have you such a recommendation?

A Yes, I have. I believe it has been distributed among those

in attendance. It is a second proposed revision to Commission Rule 1106 along with the proposed revision in Form C-103.

The revised C-103 is a combination of the old Form C-103 and the proposed Form C-103A which was recommended at the last hearing. For the purposes of the record I would like to submit the proposed revision to Commission Rule 1106 as Commission Exhibit 1 and the proposed revision to Form C-103 as Exhibit 2.

Q Those were prepared by you, both of them?

A These were prepared by myself with the assistance of Mr. Stanley and Mr. Porter.

(Marked Commission's Exhibits 1 and 2 for identification.)

MR. KITTS: We offer in evidence Exhibits 1 and 2.

MR. MACEY: Does everyone have a copy of these? Without objection they will be received in evidence.

MR. KITTS: That is all.

MR. MACEY: Anyone have any questions concerning the form?

MR. WALKER: Don Walker for Gulf. I notice here there is a change from the proposed form last month. You have shown in an extra witness's notification which to me complicates the proposition. You have witnessed by company and then down below another sworn statement. I believe one sworn statement should be adequate and save a lot of chasing around getting signatures and so forth. Is there any particular reason why that was injected?

A To my knowledge there is no particular reason except we would like to know the individual who ran the test. That is whether he was a member of the staff of the company who owns the well or whether it was a testing service, something of that nature.

Q Up in the original well data I believe that that information

is all on file with the Commission and if it is worth anything, why wouldn't the present well data be better?

A It is on file with the Commission except in the case of a good many wells drilled on Federal land. We do not have that information.

Q You know wells that have been operating 20 or 25 years it might take a little research for us to fill out that information?

A Oddly enough some of those wells on which we do not have the information have not been operating 20 or 25 years.

Q I wanted to throw in those two objections. We will let that stand. This is a substitute for the original C-103.

A This is a revision for the original C-103.

MR. MACEY: Well, the original well data, what purpose does it serve?

A Well, it assists immeasurably in bringing our records up-to-date. Some of these wells have been completed, recompleted on down the line. This I feel will assist us immeasurably in bringing the well files up-to-date.

MR. VOICE: You won't have the present well data.

A The present well data should be reflected in the details of the workover.

MR. MACEY: Anyone else have a question of Mr. Rhodes?

MR. WALKER: One more question please.

By MR. WALKER:

Q Is there anything that requires everybody to file this form? In other words, we don't. I guess this is it. This tells everyone to do it.

A Mr. Walker, paragraph 1 contains the sentence which says,



"Form C-103, 'Miscellaneous Reports on Wells', shall be filed by the operator of any well within the State of New Mexico, regardless of the status of the land on which subject well is situated."

MR. WALKER: That is all.

MR. MACEY: Mr. Porter, is there anything in here pertaining to an increase in allowable that might put the axe on someone filing this report?

A No, sir. At present we require official gas-oil ratio testimony. I see no reason to change that.

MR. MACEY: That is all I have. Anyone else?

MR. PORTER: I might add, Mr. Macey, that I believe this space for original well data would serve a good purpose due to the fact that you know our well records on Federal wells of a few years ago are very incomplete due to a fact that for a long time up until fairly recent years, forms were not filed with the Commission on wells drilled on Federal land.

MR. MACEY: Anyone else? If not we will take the case under advisement.

We are going to adjourn the hearing until tomorrow. The remainder of the cases will be heard tomorrow after the conclusion of Cases 696, 706 through 712 and 846 through 852.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 845 were taken by me on March 16, 1955; that the same is a true and correct record to the best of my knowledge, skill and ability.

  
Reporter