

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
January 19, 1956

IN THE MATTER OF:

CASE NO. 997

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

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January 19, 1956

Application of the Oil Conservation Commission at the request of Pubco Development, Incorporated, for an order revising Rule 9 of Order R -128-D pertaining to the Blanco-Mesaverde Gas Pool rules, Rule 14 of Order R-565-C pertaining to the Aztec-Pictured Cliffs Gas Pool rules, Rule 14 of Order R-565-C pertaining to the South Blanco-Pictured Cliffs Gas Pool rules, Rule 14 of Order R-565-C pertaining to the Fulcher Kutz-Pictured Cliffs Gas Pool rules, and Rule 14 of Order R-566-D pertaining to the West Kutz-Pictured Cliffs Gas Pool rules. Applicant, in the above-styled cause, seeks an order revising the existing rules pertaining to the assignment of allowables on re-completed wells. Applicant desires to amend the existing rules to provide that the assignment of allowables on re-completed wells shall be effective upon the date of the completion of the work over.

Case No. 997

TRANSCRIPT OF HEARING

ELVIS A. UTZ

DIRECT EXAMINATION

Q First of all, as a preliminary matter, it is true, is it

not, that Rule 9 of Order 128-D and Rule 14 of R-565-C covering the pools embraced in that order, and Rule 14 of R-566-D, that all those rules are identical in language, are they not?

A That is correct.

Q Have you prepared an exhibit incorporating your recommendation in this matter?

A Yes, I have.

Q Mr. Utz, will you tell the Commission what your recommendation is, and turning to the order, what you propose to amend and to change?

A Under Rule 9 of 128-C, the fourth paragraph which now reads--

Q 128-D?

A 128-D. "A change in the wells deliverability due to retest, or test after recompletion or workover shall be effective on the 1st of the month following the receipt and approval of form C-122-A for such test. Such test shall be taken in accordance with Order R-333-C."

Q That is the only paragraph that you would delete and substitute your recommendation?

A That is correct, and the wording in that paragraph is identical in all three orders. I would substitute in place of that paragraph the following:

"A change in a wells deliverability due to retest or test after recompletion or workover shall become effective:

(a) On the date of reconnection" -- and that is a change over what was printed on this Rule. Rather than 'completion', I would recommend 'reconnection' be used there--"after the workover, such date to be determined from Form C-104 as filed by the operator; or

(b) A date 45 days prior to the date upon which a well's

initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C and D; or,

(c) A date 45 days prior to the receipt and approval of Form C-104 by the Commission's office (Box 697, Aztec, New Mexico), Form C-104 shall specify the exact nature of the workover or remedial work; whichever date is later.

Q Will you state the basis for your recommendation or change in this Rule, or reason for it?

A The initial rule was written as a matter of convenience to the Commission in not having to calculate and mail some supplements since the change in the well's deliverability would automatically become effective the 1st of the following month a supplement was not necessary. However, we have found that that rule is somewhat discriminatory in that it causes an operator to lose a certain amount of allowable even after he has worked his well over, so I recommend the change as stated for that reason.

Q Mr. Utz, I would like to call your attention to Paragraph C of your recommendation. You provide there that Form C-104, which would be the form whereby an additional or a new allowable will be requested, isn't that correct?

A That is correct, yes.

Q You provided there that on that form shall be specified the exact nature of the workover or the remedial work. You are aware, are you not, that Form C-103, required by our rules, that any 30 days after any workover for remedial work, that should be reported. Would that be in addition to that?

A It was my original intention that they--it not be necessary

to file C-103. However, the wording, and Rule 1106 does require it. I would not be adverse to changing C to require 103 or the equivalent form of the USGS.

Q Would it be agreeable to you recommending or attaching to the C-104 the copy of the C-103 the full nature of the remedial work?

A I would be agreeable to that. I wouldn't be sure that the supervisor of the Aztec office would be.

MR. ARNOLD: It seems to me that the important thing is that you get the information. I think its better to leave them a little flexible if you can, so you don't get on it. It seems a little arbitrary to make them re-file.

Q The rule itself requiring the C-103 to be filed maybe somewhat arbitrary by itself in the books. Do you feel that C-104 is set up for the purpose of, or that the information report of the complete remedial work could be placed on C-104?

A I think in some cases it could, yes. C-104 does contain the information necessary for us to revise the allowable.

MR. KITTS: That is all.

MR. MACEY: Anyone else have a question of the witness?

CROSS EXAMINATION

BY: MR. MANKIN:

Q Was the only change that you made to the proposed recommended change that was passed out, that the word changed in the paragraph today was 'completion of' to 'reconnection after'?

A That is right.

Q In other words, you would put the wording, 'reconnection after' rather than 'completion of'?

A That is correct.

Q That is the only change in the slip passed out?

A Yes.

MR. MANKIN: That is all.

MR. MACEY: Anyone else? Mr. Arnold.

CROSS EXAMINATION

BY: MR. ARNOLD:

Q Mr. Utz, regarding C-104 and C-103's again, what do you think of having the operator specify on the C-104 whether he has previously filed C-103 covering the workover, in that case he wouldn't have to show his workover again on the C-104?

A I think as long as you have a record of what the workover or the remedial work, or whatever consists of is all that is necessary.

MR. ARNOLD: I think so to. That is all.

CROSS EXAMINATION

BY: MR. GORHAM:

Q I have a question. In substituting 'reconnection after' for 'completion of', is it conceivable that a marketing company, for reasons of its own could not reconnect a workover for a period of time thus incurring a hardship on the operator?

A It is conceivable that the operator would not want to connect a well for at least 30 days after workover. It is also conceivable that the pipe line could not connect. My reason for changing that is that I doubt that an operator is entitled to allowable during that period.

Q What period did you have in mind?

A During the period of testing or whatever you might be doing to the well between the completion date of the workover and

the reconnection to the pipeline.

Q I have one more question. As a matter of fact, it is a question for the Commission, if I could ask it. If the Commission please, Pubco Developing would like to request that the Commission consider the substitution of sixty days for forty-five days where used in the recommended change for the following reasons:

1. A three week period of conditioning plus one week of production is required for the actual deliverability test, or a total of 28 days.

2. The charts must be integrated by the marketing company in the case of El Paso Natural Gas Company in El Paso, Texas, which apparently, according to our experiences require a minimum of ten to twelve days upon the return of the charts to our company. The deliverability is calculated and then forwarded to the oil and gas conservation commission. It is possible that work can be completed in a 45 day period. We feel that a hardship could be incurred and would like to recommend that that period be changed from 45 to 60 days.

MR. MACEY: Is that all you have?

MR. GORHAM: Yes.

MR. MACEY: Anyone else have a question of the witness, or statement?

MR. ARNOLD: I would like to ask one more question. What would you recommend as being the effective date of the order?

A The effective date of the change.

MR. ARNOLD: Of the change?

A The date the order was written.

MR. MACEY: What you are talking about is whether or not it

would be retroactive?

MR. ARNOLD: That is what I had in mind.

MR. MACEY: Does anyone else have a thought on that subject?
Mr. Gorham.

MR. GORHAM: Well, as a matter of fact, we have considerable thought on that subject. The point was not really brought out, I do not believe, that not only would an operator suffer a reduced allowable during the period which under the old rule from the time the workover was completed to the one month after the receipt of the deliverability by the Commission, but that the operator would, in testing the new workover well, incur an overage based on the old deliverability. This overage has required the shutting-in of several of our recompleted wells because of the fact it was produced under the old allowable situation. As a consequence, since we have completed approximately eight pictured-cliff wells, the last sixty days, we of course, would like to have a retroactive date on this particular order.

MR. MACEY: Does anyone else have anything further in this case?

A I have something else I would like to put in, in regard to the 45 day period. Actually, the way the order reads now, we have 60 days, the last 15 days by request. In the first month after the revision of the orders in question, 128-D, 565-C, and 566-D, there were 41 completion or connection. Out of the 41, 14 were received in the Aztec office between 34 and 45 days, 26 were received between 45 and 60 days. There was only one that went beyond 60 days, and it was 62 days. Of the 42 completion or reconnection, 17 of these were annual tests, which requires considerably longer time

than the production test. 24, of course, were production tests. In checking with El Paso, they tell me that if the operator will have his request in at the El Paso office for the intergrated chart data on his test chart, that that data can be returned to them in less than a week. In view of this, as a matter of fact, Pubco got four production tests back in 35 to 40 days. In view of this, I doubt the feasiblity of extending the time. I believe that 60 days in most of the cases will be sufficient.

MR. GORHAM: That 60 days will be sufficient?

A Yes, you have 45 days and you get another 15 by merely requesting it.

MR. GORHAM: In regard to that one point of retroactive decisions of the Commission, I would like to request that the Commission consider the possiblity of removing all overages incurred during the period of the completion of the workover to the date of the new deliverability, and perhaps not necessarily give an increased deliverability retroactively.

MR. MACEY: You are talking about a mammoth bookkeeping problem. I am sure they will work it out.

Anyone else have a statement or question of Mr. Utz?

MR. WOODRUFF: I have a statement.

MR. MACEY: The witness may be excused if there is no further questions.

(Witness excused.)

MR. WOODRUFF: Norman Woodruff, El Paso Natural Gas Company. We concur in the recommendation offered by the Commission here. We think it is reasonable to consider a 60 day period rather than a 45. As you know, it takes 28 days to test a well. The operator

must obtain from the pipeline company the volume of gas measured during the test period. We do co-operate closely with the operators in getting back to them the volumes of gas measured. However, it is conceivable that due to the time of the month during which the well was tested, that the operator may not get his data back promptly enough to report in 45 days. I understand that there is a 15 day extension if requested. However, I think it would be reasonable to establish a 60 day period initially.

MR. MACEY: Anyone else? If nothing further, we will take the case under advisement.

MR. KITTS: By the way, Mr. Utz, this exhibit was prepared by you?

MR. UTZ: That is right.

MR. KITTS: We offer the Commission staff Exhibit 1 in evidence.

MR. MACEY: Without objection, the exhibit will be received and we will take the case under advisement.

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 997 was taken by me on January 19, 1956. that the same is a true and correct record to the best of my knowledge, skill and ability.


REPORTER