

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1459

TRANSCRIPT OF HEARING

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May 28, 1958

BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF:

Application of Continental Oil Company for
a dual completion and non-standard gas pro-
ration unit. Applicant, in the above-styled
cause, seeks an order authorizing the dual
completion of its Farney A-17 Well No. 3,
located in Section 17, Township 23 South,
Range 36 East, Lea County, New Mexico, in
such a manner as to permit the production
of oil from the Lower Yates formation of
the Jalmat Gas Pool and gas from the Upper
Yates formation of the Jalmat Gas Pool
through the tubing and casing-tubing an-
nulus respectively. The applicant further
seeks the establishment of a 160-acre non-
standard gas proration unit in the Jalmat
Gas Pool, comprising the NW/4 of said
Section 17, to be dedicated to the said
Farney A-17 Well No. 3.

CASE NO.
1459

BEFORE:

ELVIS A. UTZ, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1459.

MR. PAYNE: Case 1459. Application of Continental Oil
Company for a dual completion and non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox, Santa
Fe, New Mexico, representing the applicant, Continental Oil Company.
We have one witness, Mr. V. T. Lyon.

(Witness sworn.)

VICTOR T. LYON

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

DIRECT EXAMINATION

BY: MR. KELLAHIN:

Q State your name, please.

A Victor T. Lyon.

Q By whom are you employed, Mr. Lyon, and in what position?

A By Continental Oil Company, acting district engineer, Eunice District, in Eunice, New Mexico.

Q Are you familiar with the application of Continental Oil Company in Case 1459?

A Yes, sir.

Q What is proposed to be done in this application?

A This is Continental Oil Company's application for approval of a dual completion so as to produce oil and gas separately from the Jalmat Gas Pool in our Farney A-17 No. 3 Well, located in Section 17, Township 23 South, Range 36 East, and also for approval of a non-standard gas proration unit for the well, consisting of the NW/4 of Section 17.

Q Now, Mr. Lyon, referring to what has been marked Exhibit No. 1, will you state what that is?

A Exhibit No. 1 is a plat showing the Farney A-17 Lease and the immediate surrounding area. The lease, which consists of

the NW/4 of Section 17, Township 23 South, Range 36 East, is shown outlined in red, and the No. 3 Well is located 1650 feet from the North line and 990 feet from the West line of the section circled in red.

Q Does that plat show the lease ownership surrounding this proposed unit?

A Yes, sir, it does.

Q Now, referring to what has been marked as Exhibit No. 2, state what that shows.

A Exhibit No. 2 is a plat that covers the same area depicted on Exhibit No. 1, and shows the structural configuration of the Yates formation in this area. It shows the Farney A-17 Lease outlined in red, the No. 3 Well circled in red; it shows Jalmat gas wells in the area, circled in green, and the units allocated to those wells outlined in green, and it shows the Jalmat oil wells circled in orange.

Q Does that exhibit reflect there has been dual dedication of acreage in this area?

A Yes, sir, there are five such instances on this exhibit.

Q Now, based upon the structural location of the lease and its proximity to the producing Jalmat gas wells, is it reasonable to presume that all of the proposed unit will be productive of gas?

A Yes, sir, in my opinion it is productive of gas in its entirety.

Q Now, refer to what has been marked Exhibit No. 3 and state what that is.

A Exhibit No. 3 is a copy of the radioactivity log which was run on this well. By red pencil notations I have shown the approximate location of a bridge plug, which has been cemented in the well.

Q Has that already been set?

A Yes, sir. It is set at 3679, and the present perforations are from 3670 to 90 -- No, 3650 to 3670, the proposed location, or proposed perforation for the upper Yates and the top of the Yates formation.

Q Where do those proposed perforations appear?

A They would be from 3557 to 3577, and 3599 to 3623.

Q Now, referring to what has been marked as Exhibit No. 4, will you state what that shows?

A Exhibit No. 4 is a schematic diagram of the proposed dual completion. It shows that the 8 5/8 inch casing is set at 366 feet, and the cement was circulated when that pipe was set; the approximate top of the Yates; the approximate intervals of the upper Yates perforations; the approximate placing of the Baker production packer; the lower Yates perforations; the location of the bridge plug, and it shows that 5 1/2 inch casing was set at a total depth of 3807; it also shows that we plan to run 2 1/2 inch tubing with a Garrett circulating device, or similar device, above the packer tubing cells, and that below the packer

we will run 2 inch EUE tubing with beveled and turned down collars.

Q What is the purpose of this Garrett circulating valve, or other device?

A It enables us to unload the casing-tubing annulus when we are ready to place the gas on production from above the packer.

Q Is it anticipated that it will be necessary to pump the oil, use artificial lift?

A Present indications are that the well will have to be pumped from the lower zones.

Q How do you propose to do that?

A In more or less conventional manner, with the exception that it will be necessary to lift the oil through sucker rods, pinning the gas between the annular spacings, between the sucker rods and two and a half inch tubing.

Q Is that a practical method of operation, Mr. Lyon?

A Yes, sir. We have a very successful completion like that.

Q Is this proposed unit within one governmental section?

A Yes, sir.

Q Does the proposed unit consist of continuous and contiguous quarter-quarter sections?

A Yes, sir.

Q Is the proposed unit in excess of 5,280 feet?

A No, sir.

Q In your opinion, is the approval of this application

necessary to prevent waste and protect correlative rights?

A Yes, sir, in my opinion it is.

Q Now, the subject well is offset by gas wells, is it not, Mr. Lyon?

A Yes, sir. As shown on Exhibit No. 2, it is surrounded on three sides by acreage allocations.

Q Is there any danger of drainage occurring in this lease?

A If this well is not completed for gas, there certainly will be drainage of gas from the lease.

Q Now, there are oil and gas wells producing from the Jalmat area, are there not?

A Yes, sir.

Q Do you know of any other dual completion in the Jalmat which has been approved by the Commission?

A I made a brief study of the DC orders of the Commission and found one such dual completion which has been authorized, and we have such a dual completion which was issued under an order, it being R - 242 for our Lea State "B" 25, and the one DC order was the Gulf Day No. 1, which was approved by DC Order 303.

Q Did you make any check to determine the extent of dedication of acreage to both oil and gas production in the Jalmat Pool?

A Yes, sir, I studied the oil proration schedule and the gas proration schedule and found that there were 118 units, 48 acre

units, or lots, which were dedicated for both oil and gas production from the Jalmat Pool.

Q Were there a large number of companies holding dually dedicated acreage in that instance?

A Yes, sir. There were twenty-five companies who had such dedications.

Q Do you have anything else to add, Mr. Lyon?

A I believe not.

Q Were Exhibits 1 through 4 prepared by you or under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: At this time we would like to offer Exhibits 1 through 4 inclusive.

MR. UTZ: Without objection they will be admitted.

MR. KELLAHIN: That's all the questions I have.

MR. UTZ: Are there any questions of the witness.

MR. CAMPBELL: Mr. Examiner, I am Jack M. Campbell of Campbell and Russell, Roswell, New Mexico. I would like to ask the witness a few questions on behalf of Texas Pacific Coal and Oil Company.

CROSS EXAMINATION

BY: MR. CAMPBELL:

Q Mr. Lyon, when was this well completed, approximately? Is it an old well?

A This No. 3 well?

Q Yes, sir.

A It is being completed. We are test pumping at the present time. When I left Eunice we had not quite recovered the oil load.

Q It has not been producing oil from the Jalmat Pool up to now?

A No, it is a new completion.

Q Are these two, your well No. 1 and No. 2, oil wells now producing?

A Yes, sir.

Q Do you know whether they are producing any substantial amount of gas with the oil?

A The gas-oil ratio in both of those wells is quite low, less than one thousand cubic feet per barrel.

Q Do you know whether your company contemplates additional dual completions of this nature in the Jalmat Gas Pool at this time?

A We have no immediate plans for such additional completions.

Q Is it impossible for you to dually complete either your Well No. 1 or 2?

A I believe that either of them could be dually completed.

Q Are those open hole completions?

A No, they are completed in the same manner as No. 3, except, of course, we don't anticipate dually completing them.

MR. CAMPBELL: I think that's all the questions I have.

QUESTIONS BY MR. UTZ:

Q Do I understand you to say that it would be necessary to pump this oil?

A It appears that it will be necessary to pump it.

Q Do you have any idea what the difference in pressures is between the lower Yates and the higher Yates?

A No, I don't believe that there is any substantial difference in pressure.

Q Could this well be just as well produced and not have separation between the upper and lower Yates?

A I don't believe so.

Q You mean from a mechanical standpoint?

A Yes, from a mechanical standpoint.

Q Why would that be?

A I believe that the production from the well would be substantially gas rather than oil. The oil, I don't believe, would be as efficiently produced.

Q Even to pump the lower zone without a packer?

A I think the well would flow, but most of the production would be gas. I assume that you mean after we have perforated additional upper Yates perforations that we indicated.

Q Yes. Then, in effect, this dual completion is only to avoid drilling another well in the lower Yates formation to produce oil?

A Well, when we have a well already drilled, it seems wasteful to me to drill another well to produce lower Yates oil.

Q Did I understand you to say that there were two such other dual completions producing from the vertical limits of the Jalmat Pool?

A Those are the only ones I found--there may be more issued-- under our orders. I didn't check the order file, I did check the DC Order File, and I found that one instance approved on DC Order, and the one which was our completion, which is an R Order.

Q And in the Jalmat vertical limits?

A Yes.

Q As far as dual dedication is concerned, is there any difference between twin wells and dual completions?

A I can see no difference.

MR. UTZ: Are there any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any further statements in this case? If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

ss

I, J. A. Trujillo, Notary Public 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 in Stenotype and reduced to typewritten transcript, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 9th day of June, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the ~~Declaratory~~ Hearing of Case No. 1459, heard by us on May 28, 1958.

Ernest A. [Signature], Examiner
 New Mexico Oil Conservation Commission