

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
July 24, 1958

EXAMINER HEARING

TRANSCRIPT OF HEARING

Case 1485

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
July 24, 1958

EXAMINER HEARING

IN THE MATTER OF: :

Application of Gulf Oil Corporation for a non- :
standard gas proration unit. Applicant, in the :
above-styled cause, seeks the establishment of :
a 160-acre non-standard gas proration unit in :
the Blinebry Gas Pool consisting of the NE/4 : Case
SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, : 1485
Township 22 South, Range 38 East, Lea County, :
New Mexico, said unit to be dedicated to its :
Scarborough Estate No. 3 Well, 1980 feet from :
the South line and 660 feet from the East line :
of said Section 31. :

BEFORE: Mr. Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. PAYNE: Case 1485. Application of Gulf Oil Corporation
for a non-standard gas proration unit.

MR. KASTLER: My name is Bill Kastler and I am appearing
as the attorney for Gulf Oil Corporation, and our first witness is
Mr. Savage.

(Witness sworn.)

GERALD J. SAVAGE

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

DIRECT EXAMINATION

By MR. KASTLER:

Q Mr. Savage, will you state your name, address and position?

A Gerald J. Savage, Roswell, New Mexico, production geologist with Gulf Oil Corporation.

Q Are you the same G. J. Savage who was sworn and testified in the last case?

A Yes, sir.

Q Are you familiar with Gulf's application in Case No. 1485?

A Yes, I am.

Q Have you made a location plat to be introduced as Exhibit No. 1 which will show the unit proposed?

A Yes, I have. Copies of the location plat of the area in question, which I have caused to be labeled Exhibit No. 1, in Case 1485.

(Marked Gulf's Exhibit No. 1,
for identification.)

Q Is the aerial outline identical with that in the previous Case No. 1484?

A Yes, sir, it is. Also shown outlined in red is the location of Gulf Scarborough Estate No. 3.

Q Outlined in red or by hashed mark?

A No, specifically I mentioned the location of that particular well, Gulf's Scarborough Estate Lease is outlined by hashed marks.

Q Would you give the location of this well?

A This well is located 1980 feet from the South line and 660 feet from the East line of Section 31, Township 22 South, Range 38

East.

Q Have you prepared an electric log for introduction here as Exhibit No. 2?

A I have copies.

(Marked Gulf's Exhibit No. 2,
for identification.)

Q That shows the production intervals and the intervals perforated?

A I have copies of the electric log on Gulf's Estate No. 3 which I have caused to be labeled Exhibit No. 2 in Case 1485, and specifically shown on this log is the top of the Blinebry Formation at a depth of 5,520 feet, and various perforations between the depths of 5,464 feet to 5,620 feet, such perforations being within the vertical limits of the Blinebry Gas Pool.

Also shown is the initial potential, which on March 23, 1958 through 2 3/8" tubing and 4" orifice flowed 2,876,000 cubic feet of gas with 340 pound back pressure. Estimated open flow on this well is 3,000,000 cubic feet of gas per day.

Q Have you prepared, or caused to be prepared, a structure plat for introduction here as Exhibit No. 3?

A I have copies of a contour map on top of the Tubb Formation in this area which I have caused to be labeled Exhibit No. 3 in Case No. 1485.

(Marked Gulf's Exhibit No. 3,
for identification.)

Q Was it possible to obtain a contour map on top of the

~~Blinebry rather than on top of the Tubb?~~

A Yes, it would have been possible. However, inasmuch as the Blinebry Formation is conformable with the Tubb Formation, I used the existing contours on top of the Tubb for my contour map.

Q From your knowledge of the area and your studies in connection with the various producing acreages and so forth, can you reasonably conclude that this entire area will be productive of gas from the Blinebry Formation?

A I believe that I can reasonably assume that this acreage will be productive of Blinebry gas by reason of Blinebry gas producers on strike with Gulf's Scarborough Estate No. 3 which have approved gas proration units which have been assigned gas proration units.

We also have one Blinebry gas producer which is approximately a mile and three quarters to the North. It is the Texas Company No. 1-A. H. Blinebry NCTI. It is located in Section 19, Township 22 South, Range 38 East, 660 feet from the South line and 1980 feet from the East line of that section.

I wish to point out that on this structure map it is designated as a Blinebry oil well. However, after this plat was prepared I found out that it is now a Blinebry gas, Tubb gas producer with approved gas proration units. You will note from the contours that that well is slightly down dip from Gulf Scarborough Estate No. 3 location. ~~We also have approved, numerous approved Blinebry gas~~

proration units in that area.

Q Were Exhibits 1, 2 and 3 prepared by you or at your direction and under your supervision?

A Yes, they were.

MR. KASTLER: If the Examiner please, I would move to admit Exhibits 1, 2 and 3 at this point.

MR. UTZ: Without objection they will be received.

MR. KASTLER: These are the only questions I have on direct testimony.

MR. UTZ: Any questions of Mr. Savage?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

By MR. PAYNE:

Q I believe you testified in the previous case, Gulf contemplates drilling a well on the remainder of the Scarborough Estate lease, is that right?

A To my knowledge, yes, sir, they do contemplate drilling a No. 4 well.

Q Well, now, your No. 2 Well is a Tubb-Drinkard dual, is that right?

A It's a Tubb gas, Drinkard oil dual, yes, sir.

Q Your No. 3 is a Blinebry-Drinkard dual?

A Yes, sir.

Q What do you contemplate on the remainder, do you have any

idea?

A It would be my recommendation to drill a Tubb gas, Drinkard oil well, I mean with the intention of dualing in those two zones, and then should it be necessary to produce the Blinebry gas, that it would be cheaper to drill a Blinebry gas single completion as a second well.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions of the witness?

By MR. UTZ:

Q Mr. Savage, are there any Blinebry producing wells in between the 2725 and 2750 contour as shown on Exhibit No. 3?

A Yes, sir. That well that I had mentioned being the Texas Company No. 1-A. H. Blinebry NCTI located in the Southeast quarter of Section 19, to my knowledge is a Blinebry gas producer. It is shown as being between minus 2725 and the minus 2750 foot contours.

Q Is that the only Blinebry producer that is that low on the structure?

A That is the only one in this immediate area that I know about which has an approved gas proration unit.

Q There are Blinebry wells to the East of this proposed unit?

A There are Blinebry oil wells to the East of this proposed unit. However, they are completed lower in the Blinebry section than is Gulf's No. 3 Scarborough Estate.

~~Q Actually isn't your Blinebry well that is already completed~~

and dualled very close to this 2725 foot contour?

A Yes, sir, it is.

Q Would you think that well would improve the productivity in the Northeast and Southeast in Section 31?

A I would attempt to prove the productivity of the Northeast quarter of the Southeast quarter. I beg your pardon. The Northeast quarter of the Northeast quarter and the South half of the Northeast quarter, by showing acreage to the East of Gulf Scarborough Estate lease, specifically the East half of the West half of Section 32, Township 22 South, Range 38 East as a Blinebry gas well with that 160 acre non-standard proration unit assigned, and also Gulf's No. T. R. Andrews No. 2, which has the Northeast quarter of Section 32 assigned as its unit. And then to the Northwest there are Blinebry gas wells, specifically in Section 30, Gulf's No. 1 Drinkard, which is in the Southeast quarter of the Southeast quarter, and also I believe it is the Western Oil Field Incorporated No. 3 Drinkard B, which is in the Northwest quarter of the Southwest quarter. This well is a Blinebry gas well.

By reason of the fact that Gulf's proposed non-standard proration unit is between those producers, it could reasonably be assumed that Gulf's acreage would be productive of Blinebry gas.

Q The Gulf Andrews No. 1 in the Northeast of 32 is a Blinebry gas well?

A No, sir, it is a Drinkard oil well.

Q Was it ever a Blinebry gas well?

A No, sir. I wonder if maybe you are referring to the well that I described in the Southeast quarter of the Southeast quarter of Section 30. That is the well which I stated was the Blinebry gas producer with a 160 acre proration unit.

Q Possibly our maps are in error, I show a Blinebry unit in the Northeast of Section 32, the Gulf Andrews dual completion, Blinebry oil.

A That is assigned to Gulf's No. 2 T. R. Andrews.

Q I'm sorry, it is the No. 2. That well is completed in the Blinebry and is down dip slightly from the 2750 contour?

A No, sir, it is slightly up dip, but it is approximately flat, and has its Blinebry gas proration unit assigned.

MR. UTZ: Any other questions of the witness? If not, the witness will be excused.

(Witness excused.)

(Witness sworn.)

DON WALKER

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

DIRECT EXAMINATION

By MR. KASTLER:

Q For the record, will you state your name and position?

A Don Walker, Gulf Oil Corporation, division proration

engineer, located at Ft. Worth.

Q Are you the same Don Walker who was sworn on his oath and who testified in the previous case? A Yes, sir.

Q Are you familiar with Gulf's application in Case No. 1485?

A I am.

Q Is Gulf, in that application, seeking an exception to Rule 5 of Order R-610?

A That's right. The reason we need that exception is because as in the Tubb rules, the Blinebry rules provide for a legal quarter section in the shape of a square.

Q What is the proposed NSP?

A The proposed NSP, you might call it a lazy "T", lying down "T", which consists as previously testified, of the Northeast quarter of the Southeast quarter and the Northeast quarter of the Northeast quarter in the South half of the Northeast quarter in Section 31, Township 22 South, Range 38 East.

Q Would you outline the history and the completion data of the well, the Gulf Scarborough Estate No. 3?

A Yes, the Gulf Scarborough Estate No. 3 was projected as a dually completed well, to be completed between the Blinebry gas and Drinkard oil. Total depth, 7100 feet, and the 7" casing was set at 7009 and plugged back to 7094. The 7" casing was selected to be perforated in the Blinebry zone from 5464 to 5620, and the Drinkard zone was also selected to be perforated, and that interval

was from 6920 to 7056. The production packer that separates the gas from the Blinebry and the Drinkard oil was set at 6820.

Q What is the character and what is the proposed disposition of the gas?

A This gas is dedicated, and we are waiting on connection with Permian Basin Pipeline Company. This gas is also considered sweet.

Q Is there any fluid production?

A None was reported on the initial test. However, I anticipate that this well in the Blinebry will make some fluid when it goes on production.

Q Is there any oil production on the unit from the Blinebry?

A No, sir. Not unless we make some with this well. There is no other well completed within the Blinebry zone on this proposed unit.

Q Is there a diversified royalty interest?

A No, sir, there is not.

Q Is it a fee ownership?

A Yes, sir.

Q Can you testify as to the ability of these wells to produce or of this well to produce at the increased allowable rate?

A Gulf Scarborough Estate Well No. 3 on a test on March 23rd of this year, produced at the rate of 2876 MCF with 345 pound back pressure. I believe that was previously put in the record. However, looking at the average allowables for the past couple of years,

in 1946 the average Blinebry per day gas allowable was 739 MCF, and the average for 1957 was 540 MCF per day. Based on the indicated potential as shown on this March 23rd test, this Gulf Estate Well No. 3 is capable of producing in excess of the 160 acre allowable, which may be granted to Blinebry gas wells.

Q If granted, would this application result in the prevention of waste and in the conservation of gas?

A Yes.

Q And would it ~~impair~~ anyone's correlative rights?

A It would not.

MR. KASTLER: Those are the only questions I have from Mr. Don Walker.

MR. UTZ: Does anyone have any questions of Mr. Walker?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

By MR. PAYNE:

Q Is this a relatively new well?

A Yes, it hadn't been produced, actually completed, I believe the official completion date on our records was April 29th of this year, and it was closed in immediately awaiting, at least the gas zone was closed in awaiting connection with Permian Basin. Now the Drinkard Zone is on production and I think the allowable is down around nine barrels or so. It's not a very good Drinkard well. These Drinkard wells are hardly economic without a dually

completion situation.

Q So thus far there is no acreage dedicated to the Blinebry gas?

A None.

Q It has been approved as a dual completion?

A Yes, sir.

MR. PAYNE: Thank you.

By MR. FISHER:

Q Is that Drinkard Zone in the No. 2 pumping or flowing?

A I'll tell you in just an instant. Well No. 3 is a flowing well and this is the last monthly production report I have on the well which was May, it produced 265 barrels at an average rate of nine barrels per day. Initially it went on production in April this year.

Q This Blinebry gas well mentioned by Mr. Savage of Texas Company in Section 19--

A Yes, sir.

Q The Southeast quarter. Do you happen to know if it's producing liquids in the Blinebry?

A Let me review which well you are speaking of again.

Q It's that Texas Company NCTI.

A It's shown on the gas proration schedule.

Q I'm sorry, that is shown as an oil well in the Blinebry.

A Yes, sir, but I believe it's on the gas proration schedule as a gas well, and I don't know whether it is producing liquids at this time or not. I don't know where to go to look at that record.

Q Do you think that after you dually complete this No. 3 of Gulf's and if you get permission to dually complete the No. 3 and get the allowable, that you will have to pump the Blinebry?

A I wouldn't think we would have to pump the Blinebry.

Q I'm sorry, the Drinkard.

A None of those three wells are on the pump, 1, 2 or 3. Now, No. 1 was completed in 1945 and it had to the end of May, produced 54,000 barrels of oil. Well No. 2 was completed in March, and so far it's produced a little less than 2,000. The No. 3 looks like it has the poorer of the three and has a cumulative production of a little less than 800 barrels so far. It is possible it may have to be pumped some day, but I don't believe I'll venture an estimate as to when.

MR. FISHER: Thank you, that's all.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

Are there any other statements to be made in this case? If no other statements to be made in the case, the case will be taken under advisement and proceed to Case 1486.

C E R T I F I C A T E

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 *28th* day of *July*, 1958.

Ada Dearnley

 Notary Public-Court Reporter

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo hearing of Case No. *1985*, heard by me on *July 24*, 1958.
[Signature]
 New Mexico Oil Conservation Commission