

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1685

TRANSCRIPT OF HEARING

JUNE 3, 1959

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

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 3, 1959

: IN THE MATTER OF: :
: :
CASE 1685 Application of El Paso Natural Gas Company :
for permission to conduct maximum pressure :
build-up tests and for non-cancellation and/:
or transfer of allowables for test wells. :
Applicant, in the above-styled cause, seeks :
an order authorizing it to conduct maximum :
pressure build-up tests on nineteen (19) gas: wells in the Blanco Mesaverde, Aztec-Pic- :
tured Cliffs, Ballard-Pictured Cliffs, Ful- :
cher Kutz-Pictured Cliffs and South Blanco- :
Pictured Cliffs Pools in San Juan and Rio :
Arriba Counties, New Mexico. Applicant fur-: ther requests the non-cancellation of allow-: ables accruing to test wells during the test: period and for authorization to transfer :
said allowables to other wells on the same :
basic lease, and for such other relief as is: necessary to properly conduct said tests in-: cluding establishment of an administrative :
procedure for approval of substitute tests. :
: -----

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please. The next case will be Case 1685.

MR. PAYNE: Case 1685. Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for non-cancellation and/or transfer of allowables for

test wells.

MR. HANNAHS: Fred Hannahs , with Seth, Montgomery, Federici, and Andres, Santa Fe, representing El Paso Natural Gas Company, appearing through Mr. Garrett Whitworth, resident counsel.

MR. WHITWORTH: We have one witness, Mr. John Mason.

(Witness sworn)

JOHN MASON,

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you state your full name and by whom you are employed and in what capacity?

A My name is John B. Mason. I am employed by the El Paso Natural Gas Company as prorationing engineer.

Q Mr. Mason, have you qualified before this Commission as an expert proration engineer before?

A Yes, sir, I have.

Q Are you familiar with the application that El Paso has filed in this case?

A Yes, I am.

Q What is the purpose of this application?

A This application seeks an order authorizing El Paso Natural Gas Company to conduct maximum pressure build-up tests on nineteen gas wells located in various pools in San Juan Basin.

It also requests that there be provisions in the order for non-cancellation and/or transfer of allowables from these proposed shut-in wells.

Q Now, is there an Exhibit attached to the application --

A Yes, sir.

Q -- in this case?

A Yes, sir, there is.

Q What is that Exhibit?

A This is Exhibit A, which sets forth the proposed shut-in wells with their locations and the pools in which they are located.

Q Are all the wells with respect to which El Paso desires to conduct maximum pressure build-up tests listed on this Exhibit A?

A Yes, sir, they are.

Q Does El Paso operate these wells and leases on which they are located?

A Yes, they do, sir.

Q Now, why does El Paso want to conduct maximum pressure build-up tests with respect to these wells?

A There is a need for additional reservoir information which these tests will provide.

Q Would you state to the Examiner how El Paso proposes to obtain this reservoir information?

A We will shut these wells in and then take frequent pressure tests with the use of a keyed weight until a stabilized pressure

is obtained.

Q In your opinion, will making these tests create or constitute waste or violate any correlative rights?

A No, sir, they would not.

Q Are you familiar with Order R-333-C of this Commission?

A Yes, sir, I am. Order R-333-C and D as amended by E, sets forth the periods during which State deliverability tests will be taken.

Q In your opinion, should the wells that are shut in for the purpose of conducting tests that El Paso asks for here be excepted from the requirement of this Order R-333-C?

A Yes, sir. Even though we do intend to conduct these tests prior to, or we intend to conduct the deliverability tests prior to the shutting in of the wells, there might be some instances wherein this is not possible. Therefore, a provision excepting these wells from this rule would be desirable, and it has been continued in previous orders of this nature.

Q I believe that I omitted to ask the Examiner that the expert qualifications of this witness be accepted by this Commission.

MR. NUTTER: Yes, sir, his qualifications are accepted.

Q What is the recommendation of El Paso with respect to transfer of allowables that accrue to any of these wells that are shut in because of the tests?

A We request that we be permitted to submit a schedule to

the Commission setting forth the allowables that have accrued, and the transfer wells and the volumes which are to be transferred to these wells. We will submit a schedule with this information requesting that the allowables be transferred in accordance with the schedule that we will submit. Also we would like for this transfer of allowables to become effective upon completion of the test or upon receipt of the deliverability test by the Commission, whichever is the later date.

Q Now, what wells does El Paso propose to transfer allowables be made to?

A We prefer that the allowables be transferred to wells that are contained on the same basic lease with shut-in wells.

Q Are these wells listed on any Exhibit that El Paso has?

A These wells are listed on Exhibit B.

MR. WHITWORTH: Just a minute. Does the Examiner have Exhibit B?

MR. NUTTER: No, sir. Exhibit A is attached to the application, but no B.

Q Now, what does Exhibit B contain?

A Exhibit B is in thirty-eight parts, and identified as Exhibit B-1 through Exhibit B-38. There are nineteen wells we propose to shut in. There are two sheets for each well. One of the sheets is a plat with the surrounding acreage, and has the test well identified by being enclosed within a square. The other wells on the same basic lease are encircled. The other of the two sheets

for each well contains completion data and test data for the test well. Also it lists the other wells on the same basic lease with their locations and the deliverability and the date that these deliverability tests were taken.

Q In other words, Exhibit B has 38 divisions, each division being applicable to each well that is to be tested, is that true?

A That's right, there are two divisions for each well that is to be tested.

Q What action does El Paso ask the Commission to take during this test period with respect to overage and underage?

A We request that the Commission suspend the rules pertaining to overproduction and underproduction as applied to these wells until the end of the six months' balancing period following the period during which the tests are completed.

Q What does El Paso recommend to the Commission with respect to substitute tests?

A We request that we might be able to obtain administrative approval of an application to substitute other wells for these test wells which are presently set forth here.

Q Are any of the wells that are covered by this application and listed on Exhibit A presently shut-in for maximum pressure build-up tests?

A Yes, sir, there are three wells in the Ballard-Pictured Cliffs Pool. The Ballard 2-14, the Quicksaw No. 9, the Wilson No. 1-A are presently shut-in.

Q What is the recommendation that El Paso makes to the Commission with respect to these wells?

A Well, I might add first that these wells were shut-in following the conducting of the State deliverability tests on these wells, and they were shut-in for the seven-day build-up pressure for purposes of the test, State test. They have remained shut-in since that time. We recommend that the Commission, if they approve this application, will set the starting date for these tests as of the date that they were actually shut-in. We have seals on these wells and will furnish the numbers from the seals to the Commission.

Q What is the length of time that El Paso plans to keep these wells that are involved in this application shut-in for the purpose of making maximum pressure build-up tests?

A We are proposing a twelve-month period. However, at this time we can't say definitely how long it might take. It might take as short a time as has been indicated by the previous tests conducted on these same wells. Also, it might be possible if we see that the pressure build-up curves are following a trend similar to that during the first test that we will be able to extrapolate from that and open the wells up sooner.

Q If it takes longer than the twelve-month period that you mentioned, what action does El Paso propose to take -- El Paso recommend to the Commission?

A We recommend that we be permitted to file an application with the Secretary-Director of the Commission and gain approval in

that manner to --

Q For extending the period of time?

A Right.

Q Do you have anything else you would like to add to your testimony in this case?

A Just like to call to the Commission's attention the fact that previous orders have been issued similar to the one requested in this case. Order R-1065 was issued in 1957, covering most of the same wells that are contained within this present application, and R-13, issued in 1958.

MR. NUTTER: R-13 what?

A I am sorry, 1300 -- Order R-1300, dated 1958. A similar type order as these previous orders will be satisfactory to El Paso.

Q Were Exhibits A -- El Paso's Exhibits A and B prepared by you or under your direct supervision?

A Yes, sir, they were.

MR. WHITWORTH: We ask that these Exhibits be admitted into evidence.

MR. NUTTER: Without objection, El Paso's Exhibits A and B-1 through B-38 will be admitted in evidence.

MR. WHITWORTH: That's all we have.

MR. NUTTER: Any questions of Mr. Mason?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Mason, do these two previous Orders, R-1065 and R-1300, did they set a time limit to the taking of these tests?

A I believe they have provisions for a twelve-month period with provisions there to extend that time in the same manner as I have recommended here.

Q I see. Now, in regard to your Exhibits B-6, B-20, I note that there is no other well on the same basic lease to transfer the allowable from the shut-in well.

A That is true, but the deliverabilities of these two wells are such that we feel that we can sufficiently make up any under-production that might accrue to them during the --

Q Now, do you propose to transfer the allowable from a shut-in well equally among the other wells on the same basic lease, or how do you propose to handle that?

A Well, in the past we have been apportioning the allowable in accordance with the deliverability of the other wells and also taking into consideration the proration status of those wells at that time.

Q So that it wouldn't necessarily be equally divided among all the other wells on the same basis?

A That is correct.

MR. PAYNE: I believe that's all. Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Mason, in a portion of your direct testimony, you

stated that you would like to run these tests until stabilized pressure is attained. It is my understanding that that is somewhat difficult to achieve in some of the wells in the basin. You actually wouldn't want to achieve a complete stabilized pressure in these wells, would you?

A Not necessarily, but if we can attain a pressure that doesn't fluxuate a great deal, we can assume that it is somewhere within that area, and at least until we get a satisfactory pressure reading that we think that we can't go any higher with it. It might reach a maximum point and then decrease somewhat after that point, but somewhere within that neighborhood.

Q Well now, you also stated that these Orders 1065 and 1300 had authorized similar tests on some of these same wells?

A That is right. Order 1065 covered some of the same wells, Order 1300 is a different set of wells.

Q Now, have the wells ever been produced since they were shut-in under R-1065?

A Yes, sir.

Q This isn't a continuation of the test authorized by 1065 on these wells?

A This is another test. Our plans had been to conduct these tests every two years, at least over a certain number of years, or at least two tests to get more points from which we could determine the pressure decline as opposed to production, and this will be the second time that a number of these wells have been tested.

Q But they have had an intervening period of time that they were producing?

A Yes, sir.

Q Now, you suggested that the Commission suspend the rules pertaining to over and underproduction until the end of the six months' period following the period in which the test is completed, is that correct?

A Yes, sir, that is right.

Q In other words, in the case of a lease there that has only one well on it, and you don't have any other well to transfer the allowable to, that would just mean a suspension of the underproduction, and then the well would be able to make that production up later on?

A Yes, sir, during the other six months.

Q Do you want that same suspension to apply to the similar wells that can be making up this allowable which the shut-in well is shut in?

A Yes, sir, and I feel -- we feel that the suspension of the rules as applied to these wells will permit a transfer well to be making in excess of its -- what would have been assigned as its allowable or what would be its allowable during this period, and will become overproduced to some extent. Then at the end of the test, when the allowable is transferred from the test well, some of the allowable that is transferred will go to compensate for that overproduction of the transfer wells that have been overproduced

during the period of the test.

Q In other words, you don't propose to be producing this shut-in well's allowable while the test is going on?

A Yes, sir, we do.

Q Now, say for instance, take your Exhibit No. B-1, Mr. Mason. You have one Well No. 5-A that is going to be shut-in, you have two wells there, the 1-A and 5-A that could be transfer wells. Now, if you shut in No. 5-A, would you transfer the allowable for 5-A while the test is going on --

A No.

Q -- to the No. 1 and 9-A, and let them produce that while No. 5-A is shut-in?

A We wouldn't transfer it during the test period. We would wait until the completion of the test, but while the test was being conducted we would -- we do intend to produce the allowables of 1-A and 9-A and try to produce in excess of them so that at the end of the test period, the completion of the test, there will not be an excessive amount of allowable required to be transferred from the test well to the other wells.

Q Oh, I see. You are not going -- you don't want the Commission to transfer No. 5-A's allowable to 1-A and 9-A right now?

A Right.

Q You just want the overproduction clause suspended for 1-A and 9-A?

A Yes, sir.

Q And they will go ahead and produce their own allowable in excess?

A Yes, sir.

Q And No. 5, then, will be underproduced?

A Yes, sir.

Q And at the end of the test period, you would just transfer 5-A's underproduction and credit it against the overproduction on 1-A and 9-A?

A That is correct, sir.

Q I see. And when will the Commission actually know which wells that you want to assign the allowables for the shut-in wells to, at the end of the test period?

A Well, we are setting forth wells on the same leases within Exhibit B and the previous orders of the Commission. They have chosen the wells that would be designated as transfer wells, and they have been set forth on the order. Then at the end of the test, when we have gotten our production in for the month during which the test was completed, we will make out our schedule indicating how much allowable to be transferred to which of the wells that the Commission has set forth in the Order.

Q Well, do you think that the Commission in this Order should list the transfer wells as they have in the previous Orders?

A Yes, sir.

Q In other words, just list every well that is on the same basic lease as you have done here on your Exhibit? Well, I think

it is the even numbered B Exhibits?

A Yes, sir, that is correct.

MR. NUTTER: Any further questions of Mr. Mason? If there are no further questions, Mr. Mason may be excused.

(Witness excused)

MR. NUTTER: Does anyone else have anything further they wish to offer in Case 1685? Take the case under advisement.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

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 Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 11th day of June, 1959, 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 Examiner hearing of Case No. 1685 heard by me on 6/3, 1959.

Deanna, Examiner
 New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 10, 1959

Mr. Fred Hannahs
301 Don Gaspar Avenue
Santa Fe, New Mexico

Dear Mr. Hannahs:

On behalf of your client, El Paso Natural Gas Company, we enclose two copies of Order No. R-1421, issued by the Oil Conservation Commission on June 9, 1959.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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Enclosures

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June 2*

BEFORE THE
OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF EL PASO NATURAL GAS COMPANY
FOR AN ORDER AUTHORIZING THE CON-
DUCTING OF MAXIMUM PRESSURE BUILD-
UP TESTS AND THE NONCANCELLATION
AND/OR TRANSFER OF ALLOWABLES FOR
WELLS INVOLVED IN SUCH TESTING PRO-
GRAM IN THE BLANCO-MESAVERDE, AZTEC-
PICTURED CLIFFS, BALLARD-PICTURED
CLIFFS, FULCHER KUTZ-PICTURED CLIFFS
AND SOUTH BLANCO-PICTURED CLIFFS GAS
POOLS, SAN JUAN AND RIO ARriba
COUNTIES, NEW MEXICO

CASE NO. 1685

ORDER NO. _____

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A P P L I C A T I O N

TO THE HONORABLE COMMISSION:

COMES NOW El Paso Natural Gas Company, hereinafter referred
to as "Applicant" and alleges and states:

I.

Applicant is a Delaware corporation with a permit to do
business in the State of New Mexico;

II.

Applicant is the operator of oil and gas leases in the
Blanco-Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs,
Fulcher Kutz-Pictured Cliffs and South Blanco-Pictured Cliffs Gas
Pools, as delineated by orders of this Commission, and the gas wells
located on said leases as described in Exhibit "A" which is attached
hereto and made a part hereof;

III.

There is a continuing need for reservoir information
concerning said pools and such information should be obtained by
shutting in the wells listed in said Exhibit "A" and conducting
maximum pressure build-up tests with respect to same. Applicant
proposes to complete such tests within the twelve-month period
following the date of issuance of the Commission's order in this
case, but Applicant should be permitted, in its discretion, to
conduct such tests over shorter periods of time where possible.

Upon filing an application with the Secretary-Director of this

Order should set a time limit! Remember San Juan Shutter

Commission and upon receiving authorization by said Secretary-Director, Applicant should be permitted to conduct such tests over longer periods of time than twelve months where necessary;

IV.

Such proposed tests would not constitute waste nor violate correlative rights and should be authorized;

V.

All wells shut-in for the purpose of conducting such tests should be excepted from the requirements of Order R-333-C and D during the time that the maximum pressure build-up tests are being conducted with respect to same;

VI.

Any shut-in well which has not been assigned an allowable prior to the effective date of any order issued pursuant to this Application should be assigned an allowable from the date of connection to a gas transportation facility, provided said date is not more than forty-five (45) days prior to the beginning of the test;

VII.

Applicant should be permitted to transfer the allowable which accrues to any shut-in well during its testing period to any other offset well or wells on the same basic lease; and that the transfer of such allowable to any specific well or wells should be upon request of Applicant and authorization of the Commission issued in the form of a supplemental allowable to such transfer well;

VIII.

The underage and overage balancing provisions of Rules 6 and 7 of Order R-128-D, as amended by Order R-967, with respect to the Blanco-Mesaverde Gas Pool, Rules 11 and 12 of Order R-846, as amended by Order R-967, with respect to the Ballard-Pictured Cliffs Gas Pool, and Rules 11 and 12 of Order R-565-C, as amended by Order R-967, with respect to the Aztec-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pools, should be suspended as to each affected shut-in and transfer well located in each such respective gas pool until the end of the

six-month proration period following the proration period during which the testing of each such shut-in well is completed; and

IX.

In addition to the maximum pressure build-up tests stipulated herein, the order sought by this application should provide for the granting of administrative approval to conduct such substitute tests as Applicant may in its discretion deem necessary for obtaining more thorough and complete reservoir information with respect to said gas pools if there is no objection thereto.

WHEREFORE, Applicant respectfully requests this matter to be set for hearing as prescribed by law, and that upon notice and hearing the Commission issue its Order authorizing the conducting of maximum pressure build-up tests with respect to the wells listed in Exhibit "A" hereto located in the Blanco-Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pools located in San Juan and Rio Arriba Counties, New Mexico, and such substitute tests as Applicant may in its discretion deem necessary to conduct after first having obtained administrative approval therefor, and the noncancellation and/or transfer of allowables for all wells involved in such testing program in the manner herein described, or in such manner as the Commission shall deem necessary and proper.


Garrett C. Whitworth
Attorney for Applicant

of

The Oil Conservation Commission of the State of New Mexico

Location of Wells

Unit	Section	Township	Range	N.M.P.M.
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✓ Atlantic #5-A	L	26	31-N	10-W
✓ Atlantic #8-A	A	29	31-N	10-W
✓ Barnes #7	K	23	32-N	11-W
✓ Barrett #2	B	19	31-N	9-W
✓ Gartner #2	G	28	30-N	8-W
✓ Hughes #1	M	19	29-N	8-W
✓ Lucerne #2-A	B	9	31-N	10-W
McElvain #1-A (30-6 Unit)	A	23	30-N	7-W
Riddle #2	L	3	30-N	9-W
San Juan Unit 28-6 #37	K	6	27-N	6-W
San Juan Unit 28-7 #56	M	13	28-N	7-W
Schwerdtfeger #1	M	27	31-N	9-W

Ludwick #2 P 19 30-N 10-W

Quitzeau #9	M	11	25-N	8-W
Ballard #2-14	E	14	26-N	9-W
Wilson #1-A	D	32	26-N	8-W

Omler #5 0 25 28-N 10-W

Jicarilla #8-E	F	20	25-N	4-W
Jicarilla #1-B	F	28	25-N	4-W

Jicarilla #1-B
 R-1645 '57
 R-1300 '58
 R-

4-W
for admiral
approval of
action afterwards.

[illegible]