

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1691

TRANSCRIPT OF HEARING

JUNE 9, 1959

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Oil Conservation Commission on its own mo-
tion to consider amending Rule 107 of the
Commission Rules and Regulations to provide
that in certain instances "slim hole" com-
pletions may be approved without notice and
hearing.

BEFORE:

Mr. A. L. Porter
Mr. Murray Morgan
Gov. John Burroughs

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

MR. PORTER: We will take up next Case 1691.

MR. PAYNE: Case 1691. In the matter of the hearing
called by the Oil Conservation Commission on its own motion to
consider amending Rule 107 of the Commission Rules and Regulations
to provide that in certain instances "slim hole" completions may
be approved without notice and hearing.

We have one witness, Mr. Nutter.

DANIEL S. NUTTER,

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

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his name and position?

A Daniel S. Nutter, Chief Engineer for the Oil Conservation Commission.

Q Are you familiar with Cases 1573, 1632 and 1633 which were heard on April 15, 1959 by this Commission?

A Yes, sir, I am.

Q You are also aware, are you, that those cases were consolidated for the purpose of taking testimony?

A Yes, sir.

Q And that those cases resulted in the granting of three Orders approving "slim hole" completions?

A Yes, sir.

Q Now, Mr. Nutter, did the testimony brought out in this consolidated case establish that in certain instances "slim hole" completions can be safely and effectively utilized?

A Yes, sir, I believe that the temporary notice, case did establish that.

Q Did the testimony also indicate that in some instances the utilization of the "slim hole" method of completion will result in a greater recovery of oil?

A It will probably result in the greater ultimate recovery of oil by permitting drilling of marginal wells that perhaps otherwise couldn't be drilled.

Q Have any of the three wells that were approved actually

been drilled today?

A I don't think any of the three has actually been completed and put on production as of today.

Q Do you have any information as to any unusual difficulties which may have been encountered in the drilling of either one or more of those wells?

A No, sir, there have been no unusual difficulties encountered today to date on those wells.

Q What size tubing is considered more or less standard in the "slim hole" method of completion?

A Nominal size two and a half inch tubing, or in the particular case you referred to, two and seven-eighths inch tubing was used as a casing in those wells.

Q Are you recommending here, Mr. Nutter, that in certain instances and under certain conditions that the "slim hole" method of completion can be approved by the district supervisor without administrative approval and without approval after notice and hearing?

A Yes, sir, I am. Rule 107 of the Commission Rules requires that wells should be equipped with casing. Paragraph D of Rule 107 also requires that all flowing oil wells should be tubed, and all gas wells should be tubed, but provides administrative approval for the equipping of gas wells without tubing. I propose today that this Rule be modified in such a manner as to permit -- I'll read the proposed Rule that I have suggested here.

"District personnel should be authorized to approve slim-hole or tubingless completions utilizing 2 7/8 inch tubing or larger without notice and hearing where the following conditions exist:

1. The well is to be completed with a total depth of 5,000 feet or less.
2. The well is not a wildcat (more than one mile from an existing well producing from the same formation to which the well is projected)
3. No known corrosive or pressure problems exist which might make the completion undesirable.
4. The well will not be a dual completion.

Notice of Intention to Drill for wells which do not conform to the above shall be returned to the operator with the notation that approval must be obtained after notice and hearing before the Notice of Intention can be approved."

I suggest that, but I note there is a hole in it already, the provision that wells can be equipped as "slim hole" or tubeless utilizing 2 7/8 inch tubing or larger without notice and hearing. Now, the nominal size two inch tubing is frequently referred to as 2 3/8 inch tubing. The 4.6 pound 2 3/8 has an ID of 1.995. The nominal size 2 1/2 inch tubing, or commonly referred to as 2 7/8 inch tubing is 6.4 pound, and has an ID of 2.441. The next size of tubing as near as I can ascertain, is nominal size three inch. It's got an external diameter of 3 1/2 inch, and has an ID of from

2.992 inch to 3.068 inch, depending on the weight of the tubing. I think this is going to have to be included in a proviso in this Order that those wells cannot be equipped as slim hole using 2 7/8 inch tubing or larger unless at some point tubing would be required in it. I mean, the tubing is the casing string, or casing is the tubing string, whichever you might say. However, you've got to a point where flow is not efficient flow through large size tubing, that's the reason that our Rules require that wells should be tubed. So you get into the very very large sized tubing, and you have in effect casing again.

Q What do you recommend as a maximum?

A I think anything with a tubing in excess of 2 7/8 should have a tubing string inside the tubing.

Q Is that 2 7/8 ID?

A Yes, sir. So you get back to the requirement that you've got the tubing back in the well again. Your tubing becomes the casing, and you need a tubing string.

Q Do you have anything further you would like to offer in this case, Mr. Nutter?

A No, sir, I haven't.

MR. PAYNE: That concludes the direct examination of this witness.

MR. PORTER: Anyone have a question of Mr. Nutter?

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Nutter, you propose or recommend a hearing for all applications for notice of intention to drill which do not conform to your recommendations?

A Yes, sir. The proposed Rule as I read it and with the modification that if you go above 2 7/8 inch tubing that you have to have a hearing, either that or run a tubing string. That would become casing then.

MR. PAYNE: Wouldn't it be more simple to write the rule that the tubing had to be 2 7/8 inch OD?

A Yes, and/or smaller; not to get it too small, two or two and a half inch tubing.

MR. PAYNE: Thank you.

MR. PORTER: If there are no further questions of the witness, he may be excused.

(Witness excused)

MR. PORTER: Anyone desire to present testimony in this case? Any statements? Mr. Buell.

MR. BUELL: Guy Buell, representing Pan American Petroleum Corporation. Pan American would like to concur in Mr. Nutter's recommendation made to the Commission here today and actually Pan American feels that when the industry gains more experience in this technique, that probably we could generalize the recommendation even further.

MR. ANDERSON: R. M. Anderson, Sinclair Oil & Gas Company. We concur in the application and feel that "slim hole"

completion should be approved without notice and hearing.

MR. WHITE: If the Commission please, Charles White, representing Sunray Mid-Continent. Sunray Mid-Continent agrees in the recommendations made by Mr. Nutter. They have had success with similar installations in other states, and they believe this is well taken.

MR. KELLAHIN: Jason Kellahin, representing Continental Oil Company. Continental concurs in the recommendations which have been made by Mr. Nutter and feel it would be a forward step in oil development in New Mexico.

MR. BRATTON: Howard Bratton, Humble Oil & Refining Company. Humble Oil & Refining urges the adoption of the administrative procedure for the approval of "slim hole" completion without notice and hearing. The Commission will recall that Humble presented the testimony in the cases that were referred to earlier today. As a result of the Commission's approval of those "slim hole" completions, one well has been completed, is being fraced, and load oil is being recovered. The second well is being currently drilled. As a matter of interest, Humble plans a total of 12 "slim hole" completions in New Mexico during 1959, also the great interest expressed by other operators in this technique makes it clear that a large number of "slim holes" will be drilled in New Mexico in the future. We believe that the new technique will make it possible to drill areas that would otherwise remain undeveloped. We believe the limitations which Mr. Nutter has urged here today

on "slim hole" completions should be carefully evaluated. Actually, we believe that the 5,000 foot limitation need not be adopted. By adopting administrative procedure, the Commission is not abandoning control of "slim hole" operations. I note that Mr. Nutter proposed that those approvals be by District personnel. Possibly in the case of deeper wells, the Commission might discover that the administrative procedure or approval be granted in the office in Santa Fe. However, we believe that experience will be as in other states, that there is no necessity of a limitation of 5,000 feet on the "slim hole" completions. Further, we believe that: One, as to the limitation on wildcats, we would urge that that be considered carefully as to completing a wildcat as a "slim hole" completion. We can see easily the situation where an operator may be drilling in a wildcat area and may be drilling a larger hole, but when he gets down to the pay, it is marginal, and it is not worth while putting five and a half inch casing in there, but he would be willing to put in a "slim hole" completion. For that purpose we believe that the limitation as to wildcat areas should be carefully considered so that an operator who gets in this situation won't have to have notice and hearing before completing as a "slim hole" although he may not have drilled it as a slim hole. We recommend the adoption of liberal administrative procedures for "slim hole" completions.

MR. PORTER: Mr. Bushnell.

MR. BUSHNELL: On behalf of Amerada, Amerada is in

favor of the proposal here of administrative approvals. At the risk of being somewhat repetitious, however, Amerada is hopeful that the experience in the future will be that there can be further liberalization as to that procedure.

MR. PORTER: Anyone else have a statement to make concerning this case? We will take the case under advisement.

The hearing will recess until 2:00 o'clock.

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 7th day of March, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960