

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:

Case No. 1752

TRANSCRIPT OF PROCEEDINGS

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September 2, 1959

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IN THE MATTER OF:

Application of Skelly Oil Company for an oil-oil dual completion and for permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hobbs "A" Well No. 6, located 1650 feet from the North line and 330 feet from the West line of Section 30, Township 25 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinbry Pool and the production of oil from an undesignated Tubb oil pool. Applicant further seeks permission to commingle the production of similar grade crudes from the pools underlying its Hobbs "A" lease comprising the NW/4 of said Section 30.

CASE NO.
1752

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case will be Case 1752.

MR. PAYNE: Case 1752. Application of Skelly Oil Company for an oil-oil dual completion and for permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hobbs "A" Well No. 6, located 1650 feet from the North line and 330 feet from the West line of Section 30, Township 25 South, Range 38 East, Lea County, New Mexico, in such

a manner as to permit the production of oil from the Justis-Blinebry Pool and the production of oil from an undesignated Tubb oil pool. Applicant further seeks permission to commingle the production of similar grade crudes from the pools underlying its Hobbs "A" lease comprising the NW/4 of said Section 30.

MR. WHITE: If the Examiner please, Charles White of Gilbert, White and Gilbert appearing on behalf of the applicant, Skelly Oil Company. I have associated with me Mr. George W. Selinger of the Oklahoma Bar. We have one witness, Mr. Joe Ramey, to be sworn.

(Witness Sworn.)

JOE D. RAMEY

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Ramey, will you state your full name for the record please?

A Joe D. Ramey.

Q By whom are you employed and in what capacity?

A Skelly Oil Company, I'm District Petroleum Engineer for the New Mexico District located in Hobbs, New Mexico.

Q Have you previously testified before this Commission or one of its Examiners?

A Yes, I have.

Q Are his qualifications acceptable?

MR. UTZ: Yes, they are.

Q Mr. Ramey, are you familiar with the application in Case 1752?

A Yes.

Q Will you briefly state what is proposed to be obtained by the application?

A This is an application for an oil-oil dual completion on our Hobbs "A" Well number 6 to enable us to produce oil from the Justis-Blinebry Pool and also oil from an undesignated Tubb oil pool, and we further seek permission to commingle production of the Tubb into our present intermediate crude battery.

Q Were the Exhibits that are to be introduced in this case prepared by you or under your supervision?

A Yes, they were.

Q Will you refer to Exhibit 1 and explain what this is intended to show?

A Exhibit 1 is a plat showing the location of our Hobbs "A" lease which is outlined in red, and this lease comprises the northwest quarter of Section 30, Township 25 South, Range 38 East. This lease shows well locations and offset operators. I might point out further that wells one, two, three and four are producing from the Langlie-Mattix Pool, and well number five is a Justis Ellenburger, Justis McKee oil-oil dual, and well number six is presently completed in the Tubb formation.

Q At what depth?

A The plug back total depth is fifty-nine twenty, and we are producing from perforation within the interval fifty-eight thirty-seven to fifty-eight seventy-nine.

MR. UTZ: Number five is a dual completion in the Justis McKee and what else?

A Justis Ellenburger.

Q What was the Tubb potential after you fractured?

A Potential was three hundred nineteen barrels of oil per day.

MR. UTZ: That's three hundred nineteen or two --

A Three hundred nineteen. That was after eighteen thousand gallons sand frack.

Q Now, will you refer to Exhibit 2 and explain that please?

A Exhibit 2 is a Schulmber Gamma Ray Neutron Log of the Hobbs "A" well number six and in the detail section we have marked the top of the Blinebry, which is at five thousand eighty-five, and the proposed Blinebry perforations which are from --

MR. UTZ: Five thousand eighty-five?

A Yes, if you will look down in the detail section, Mr. Utz, now Blinebry perforation will be within the interval fifty-three seventy-three to fifty-five forty-seven, and the Tubb top is at fifty-seven ninety-four, and the Tubb perforations are from fifty-eight thirty-seven to fifty-eight seventy-nine. I would like to point out that there is two hundred ninety feet separation between the top of the Tubb perforations and the bottom of the

proposed Blinebry perforations.

Q Now, Mr. Ramey, will you refer to Exhibit 3 and explain that?

A Exhibit 3 is a diagrammatic sketch of the proposed dual completion, our thirteen and three-eighths casing is set at three hundred and forty feet cemented to the surface; nine and five-eighths is at thirty-one fifty.

MR. UTZ: You don't have that on this Exhibit, do you?

A No, I do not.

MR. UTZ: Would you give me those depths again, please?

A Yes, thirteen and three-eighths, three forty; nine and five-eighths, thirty-one fifty; seven inch at seven thousand eighty, and then the green string of tubing will be set at around fifty-eight fifty, and the red string at fifty-four hundred approximately. The Baker Model "D" production retainer packer will set at around fifty-eight hundred. We have a Garrett Type "B" circulating valve above and below this packer on the Tubb string; the Blinebry string will be produced through tubing perforations.

Q Have you given the Blinebry perforations?

A Pardon?

Q Have you given the Blinebry perforation?

A Yes, the Blinebry perforation will be from the interval fifty-three seventy-three to fifty-five forty-seven.

Q What will the cost savings be out of this proposed

completion?

A The dual completion to this depth would cost around one hundred ten thousand, that is just to the, would penetrate the Tubb only. A single well would cost in the neighborhood of eighty thousand dollars.

Q Then this proposed dual completion represents a savings of approximately fifty thousand dollars?

A Right.

Q Now, will you refer to Exhibit number 4.

A Going back to Exhibit number 3, I would like to state that all the down hole equipment in this well conforms to the Commission's recommendations for oil-oil dual completions, and we have a Baker Model "D" which will adequately segregate the two zones and production will be from two strings of tubing, two and three-eighths inch tubing. Exhibit number 4 is a diagram showing the flow of the well fluids into the commingling and storage facilities at our intermediate crude battery. Since filing the application, the Tubb oil was analyzed and was found to be of the sweet classification, and will be therefore, we are requesting that it be commingled with our present battery. Flow into this system is from the well into the production separators, or the well fluids and the gas are separated and then the well fluids will go to a heater treater if the zone produces water, and from the heater treater, the clean oil passes through the Dump meter where it is accurately gauged and then into the

storage which in this case is two one thousand barrel storage tanks.

Q In other words, it will be commingled with your present production from the McKee and Ellenburger? Now, will you explain what application, if any, Order R 1402, Order R 1402 would have in this case?

A Order R 1402 would have, in Case 1556 we obtained permission to commingle the Justis, Blinbry, Fusselman, Montoya, McKee and Ellenburger.

Q What economic savings would you accomplish by the commingling of these two zones?

A This would be an economic savings of around forty-five hundred dollars.

Q And will there be any savings in evaporation losses?

A Yes, storage time will be less and hence the oil will be subject to less evaporation.

Q And what type meters do you intend to install?

A Install Dumpy meters.

Q And what tests will you take?

A Periodic tests, I think the Commission requests tests of one month to check the accuracy.

Q Would it be possible for you to accurately measure the production from each zone prior to commingling?

A Yes, it will.

Q Has the company undertaken past similar installation?

A This is the only installation we have in operation at the present which is the McKee and Ellenburger.

Q In your opinion, will this installation be mechanically feasible?

A Yes, it will be.

Q Has the Commission previously approved the commingling of these zones?

A Yes, they have.

Q And all we are asking for is the addition of the Tubb?

A I believe this will be the first well in the Tubb in this area and it has not, there has been no prior approval for commingling of that, but the remainder of the zones are being commingled by Gulf, Atlantic and Tidewater in the Justis Pool.

Q We now offer Exhibit 1 through 4 in evidence.

MR. UTZ: Without objections, Exhibit 1 through 4 will be entered into the record.

MR. WHITE: That's all we have on direct examination.

MR. UTZ: All right, sir.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Ramey, is the Blinebry a sweet crude or intermediate?

A It is, these crudes are classified as intermediate, I believe, by the pipeline in this area.

Q The Ellenburger is also intermediate, is it not?

A Yes.

Q And you want to commingle the sweet crude Tubb with the intermediate crudes?

A Yes, I believe that it, I'm not sure of this, but I think that the rest of them are classified as, or I think that this intermediate, that there is no sweet crude line in the area, there is an intermediate crude line and a sour crude line.

Q The Langlie Mattix Queen on this lease is sour?

A Yes, it is.

Q And you are not proposing to commingle it?

A It is going into a separate battery.

Q That is the only sour crude in this lease?

A Yes. We do not anticipate any sour crude production. Probably the only sour production would have been Drinkard, and the Drinkard on our lease appears to be below the water oil contact.

Q Are these corrosion resistant meters that you propose to install here?

A Yes, they will be, I think those are plastic coated.

Q Is there any danger of any materials adhering to the inside of the plastic coated meter?

A There is always a certain amount of danger, but it is considerably less with plastic coating. Plastic coating is good for paraffin control.

Q It will stick?

A There is always that possibility, yes.

Q Is paraffin the only difficulty you have with anything adhering to it?

A I believe so. I might state that we will, by the use of chemicals, why I think we can control this paraffin.

Q This is two and three-eighths "E.U.E." that you are proposing?

A Yes, "J 55" tubing with turned down "N" eighty couplings.

Q You are using a permanent type packer?

A Yes.

Q Do you prefer a permanent type packer for dual completions?

A That is all we have used to date. There certainly would be advantages in a retrievable type packer.

Q Advantages, in what manner do you mean?

A Make work overs considerably easier on the lower zone.

Q You've had no difficulty with the Model "E" permanent type packers up to the present?

A No, we have not. The only disadvantage is that they have to be drilled out if you do need to work on the lower zone. I think some of the retrievable packers will give you the same segregation that you can get with a Model "D".

Q Are there any other questions of the witness?

MR. PAYNE: Yes.

MR. UTZ: Mr. Payne.

BY MR. PAYNE:

Q Mr. Ramey, you don't have any production from the

Fusselman on this lease yet, do you?

A No, we do not, we are drilling a well at the present, our Hobbs "A" number seven and it is projected to the Fusselman. It is between well number one and well number five in the northwest of the northwest in Section 30.

Q Do you anticipate the Fusselman will be intermediate crude?

A Yes.

Q So it be commingled under the authority of R 1402?

A Yes.

Q Will commingling of the Tubb have any effect on the gravity of the commingled oil here?

A I don't think so, I believe that the gravity, I do not have the gravity, but I don't think it was particularly higher than the rest of them, I think --

Q Now you have a heater treater installed on the McKee?

A Yes.

Q Because you have water problems there?

A We are making water.

Q On the Ellenburger tubing and Blinbry you don't have them installed as yet?

A No.

Q But you intend to install them if they start to make water, is that right?

A We have left ample room for the installation, yes. That's

right. We do not have any Blinebry in this battery. I might go further and say that in our Hobbs "A" number five we tested the Montoya, let's see, what were those perforations, seven thousand twenty-six to fifty, and that was water productive and squeezed off and the well was plugged back to fifty-nine twenty. And so it is very doubtful that we will have Montoya production on this lease.

MR. PAYNE: That's all, thank you.

BY MR. UTZ:

Q I believe you gave an I.P. of three hundred nineteen. Which zone was that for?

A That's for the Tubb.

Q Tubb?

A Yes.

Q Do you have an I.P. for the Blinebry?

A No, I do not.

Q What is the nearest Tubb production?

A I believe the nearest Tubb production is some fifteen miles to the north now, I'm not absolutely sure now, but I believe it is up in the Tubb and Blinebry Tubb Gas Pool area which extends down into Township 23.

Q This would have to be a new pool then?

A Yes.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused. Any statements to be made in this

case? If not, the case will be taken under advisement.

C E R T I F I C A T E

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/or under my personal supervision, 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 12th day of September, 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. 1252, heard by me on Sept. 2, 1959.
Michael J. [Signature], Examiner
 New Mexico Oil Conservation Commission