

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
EXAMINER HEARING

IN THE MATTER OF:)

Application of The Atlantic Refining)
Company for an exception to Rule 104)
(c) of the Commission Rules and)
Regulations.)

Case 1824

December 11, 1959.

DEARNLEY - MEIER & ASSOCIATES
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ALBUQUERQUE, NEW MEXICO
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OIL CONSERVATION COMMISSION
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IN THE MATTER OF:)

)
Application of The Atlantic Refining Com-)
pany for an exception to Rule 104 (c) of)
the Commission Rules and Regulations.)
Applicant, in the above-styled cause,)
seeks an exception to Rule 104 (c) so)
that it may recomplete in the Denton)
Wolfcamp Pool its Federal Jones Well No.)
2, located 330 feet from the South and)
East lines of Section 34, Township 14)
South, Range 37 East, Lea County, New)
Mexico, said well being located closer)
than 660 feet to a well producing from)
the same common source of supply.)

Case 1824

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: "Application of The Atlantic Refining
Company for an exception to Rule 104 (c) of the Commission Rules
and Regulations."

MR. BRATTON: Howard Bratton, Hervey, Dow and Hinkle,
Roswell, appearing on behalf of the Applicant, The Atlantic
Refining Company. We have one witness, Mr. Tomlinson, and ask
that he be sworn.

(Witness sworn.)

W. P. TOMLINSON

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

DIRECT EXAMINATION

BY MR. BRATTON:

Q Please state your name, by whom you are employed and in what capacity.

A W. P. Tomlinson. I work in Roswell for The Atlantic Refining Company as Petroleum Engineer.

Q You have appeared before this Commission as an expert witness, Mr. Tomlinson?

A Yes, sir.

Q You are familiar with the area of the application in question?

A Yes, sir.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, sir. Please proceed.

Q Will you refer to Exhibit No. 1, Mr. Tomlinson, and from that explain the nature of this application?

A The Exhibit No. 1 is a plat of the area near The Atlantic Refining Company Federal Jones Lease in the Denton Field. We show on it producing wells in the Devonian and Wolfcamp reservoirs in that vicinity, offset operators and the lease names. The Devonian producers are shown as a dot with a circle around them. The Wolfcamp producer is shown with a dot without a circle.

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You'll notice that on the Federal Jones Lease we have shown the distance from lease lines for the Federal Jones No. 2 and 4 and also the distance between those two wells. You'll notice that they're only 330 feet apart. Each of them is at least 330 feet from the nearest lease line. Now, the Federal Jones No. 2 is a former Devonian producer. It has been temporarily abandoned since December of 1958 and we carried on extensive remedial work in that well, and after a lengthy period of low production it ceased to be economical.

The Federal Jones No. 4 is a Wolfcamp producer. It's producing in the order of 55 barrels of oil per day from the Wolfcamp at the present time. We would like to utilize the Federal Jones No. 2 as a Wolfcamp producer, and that is the reason we need the exception to Rule 104 for the plug back. I believe that rule states that we should be 660 feet from another Wolfcamp producer.

Q That's the only part of the rule from which you need an exception?

A Yes, sir.

Q These wells were 660 feet apart, you would not need the exception?

A We would not need the exception if they were at least 660 feet apart.

Q You say the present production from the No. 4 well is



55 barrels a day?

A It's in the order of 55. Some months it makes about 50, others about 55.

Q What's the Wolfcamp allowable?

A Of course that varies from month to month, but it runs in the order of 125 to 130 barrels per day.

Q Is there anything you further desire to say about Exhibit No. 1 before turning to Exhibit No. 2?

A No.

Q Referring to Exhibit No. 2, Mr. Tomlinson, will you explain what that is?

A This is a chronological history of Atlantic Refining Company's Federal Jones No. 2 in the Denton-Devonian Pool. It's a summary of the workover operation in that well to date in the Devonian formation. It's all fairly self-explanatory I believe. I think the significant thing from this exhibit is that we made every effort we could to continue production in the Devonian pay and we actually spent a total of \$491,000 in drilling and completing a workover to get only 141,000 barrels of oil. We feel that it's, further money expended in the Devonian formation there is not justified.

Q The utilization of this Wolfcamp, in order to come closer to your allowable, would help you recoup something on your investment?

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A Yes, sir. We would like to obtain some of our Wolfcamp oil earlier, and by recompletion we can do that. It seems logical that as long as we have the hole in the ground, to go ahead and use it rather than let it sit idle.

Q Is there anything further you care to say about the history of the Jones No. 2 well?

A No. That's the history to the present. I might just go over briefly the next exhibit, which is Exhibit 3. It is an electrolog of the Federal Jones No. 2. Now, that well had pipe set at 12,536 feet, 750 sacks of cement. Now, the top of the cement has been indicated by a temperature survey at 8310 feet, which would be above the interval that we plan to perforate in the Wolfcamp.

On the Exhibit 3 is shown the general interval that we plan to complete in. It is the interval that produces in probably 90% of the Wolfcamp producers in the Denton Field. In the event the application is granted, of course, we would not like to be restricted to the proposed perforations that we show on the log, because sometimes some changes are necessary in the intervals.

It shows nothing unusual in the pay, that makes us think we couldn't make a completion there. We would set a plug at 9600 feet, which is below any expected production in the Wolfcamp formation. The water-oil contact most commonly observed in the Denton Field runs about 9500 feet, so I think we would be below

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that and could perforate any additional pays necessary. That's about all there is to say on Exhibit 3.

Q Referring to Exhibit No. 4, the log of the Jones No. 4 well. Will you explain what it shows?

A This is an electrolog for the Federal Jones 4. It shows the present perforation in intervals 9338 to 9388 feet. It shows a liner was set at 9500 feet with 400 sacks of cement. This is by placing the log for the Federal Jones No. 2 and No. 4 alongside each other, you can see that the interval that we're planning on completing in is approximately the same, corresponds very closely.

Q Is there anything further you care to state in connection with this application?

A I would say that the purpose of it is to utilize a well that is now standing idle in order to help us obtain some oil sooner.

Q In your opinion will the granting of this application be in the interest of conservation and the protection of correlative rights?

A Yes, sir.

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

A Yes, sir.

MR. BRATTON. We would like to introduce Exhibits 1 through 4 in evidence.

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MR. NUTTER: The Atlantic Refining Company Exhibits 1 through 4 will be entered.

MR. BRATTON: We have nothing further to offer at this time.

MR. NUTTER: Does anyone have any questions of Mr. Tomlinson?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q You don't feel it would be economical to dually complete this Jones well No. 2, I take it?

A With the Devonian?

Q Yes, sir.

A No, sir. We tried to get all the oil we could out of the Devonian. I don't believe that we could do anything else.

Q If this exception is granted you will only be crowding yourself, will you not?

A Yes, sir.

Q You are aware that you would only get one 40-acre allowable for the two wells?

A Yes, sir.

MR. PAYNE: Thank you.

BY MR. NUTTER:

Q Mr. Tomlinson, your exhibit, the chronological history



of the well, I think it is Exhibit 2?

A Yes.

Q In the fourth paragraph here, the date that the workover was completed, is that supposed to be April 14, 1959 or some other year?

A It should be April 14, 1954. I'm glad you called my attention to that, it's a typographical error.

Q Do I read this exhibit correctly in seeing here that there has only been a total of 141,000 barrels of oil from the Devonian?

A Yes, sir.

Q This well hasn't paid out then?

A No, sir.

Q This is strictly a salvage operation?

A Yes, sir. I might break this down just a little bit. If you take drilling and completion costs from the total costs shown at the bottom, the drilling and completion costs shown in the second paragraph on Exhibit 2, you will see we spent over a hundred thousand dollars attempting to maintain production.

Q What was the last producing capability of the well prior to the time it was shut in, do you know?

A Well, sir, I don't have a figure at hand, but I do know that several times we observed that we couldn't produce it much below ten barrels a day economically, and I would imagine

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when it got down to that point we had to quit producing it.

Q What kind of pumping equipment did this well have on it?

A It had Cobb equipment at the time. The limitation on the Cobb normally in this well was that we couldn't get enough fluid to produce it without breaking the pump in the bottom of the well. The place that we plugged back, as far as we could in the Devonian to eliminate water, and the place we were completed in would not give up large volumes of fluid as it will further on down in the Devonian.

Q Is this on the edge of the pool insofar as the Devonian formation is concerned?

A Yes, it is very low on the west flank. Down on the edge.

Q Do you expect to increase the recovery, as far as this 40 acre tract is concerned, from the Wolfcamp formation by completing another well here?

A As far as this 40-acre tract is concerned I think the recovery would be increased.

MR. NUTTER: Does anyone have any further questions of Mr. Tomlinson? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Bratton?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything further for Case 1824? I beg your pardon. Mr. Webb.

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MR. WEBB: Tom Webb, from the Ohio Oil Company.

The Ohio is an operator in the Denton-Wolfcamp and Denton-Devonian Pools. The Ohio recognizes that in some other areas and at some future time in the Denton Field it may be feasible and reasonable to permit operations such as Atlantic has proposed in this case. However, if Atlantic's application is granted at this time, Atlantic will in effect be given an opportunity to produce more than Atlantic's proportionate part of the oil and gas in the Denton-Wolfcamp Pool by means of increasing its rate of production at a time when other operators in the field do not have a similar opportunity to protect their correlative rights by increasing their respective rates of production.

The effect of the exception sought by Atlantic would be to encourage other operators to prematurely abandon Denton-Devonian wells in order to protect and prevent damage to their correlative rights in the Wolfcamp Pool. Such premature abandonment could cause underground waste by reducing the ultimate recovery otherwise expected from the Denton-Devonian Pool.

If the tentative proposal to water flood the Wolfcamp Pool should prove feasible after further study, the recompletion of Devonian wells in the Wolfcamp at this time could also interfere with and complicate efforts to negotiate an agreement for water flooding the Wolfcamp Pool.

Denial of Atlantic's request at this time will maintain the

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balance of the correlative rights of the Denton-Wolfcamp operators on the present basis of equal opportunity for all. Atlantic's correlative rights will not be injured for it will still have the same opportunity now available to all other operators in the pool.

Denial of the application will not cause waste, but it may prevent waste. At some time in the future when the Devonian Pool has been more fully depleted, so that other operators can without waste recomplete their Devonian wells and have an equal opportunity to protect their correlative rights in the Wolfcamp Pool, Atlantic's proposal may prove acceptable and feasible as a salvage operation in the Denton Field. For these reasons the Ohio has found it necessary to object to the granting of Atlantic's application at this time.

MR. NUTTER: Is the Ohio of the opinion that is being prematurely abandoned in the Devonian?

MR. WEBB: I don't believe we're of the opinion that Atlantic's well in this case would be prematurely abandoned.

MR. NUTTER: You don't want to see other wells prematurely abandoned, is that right?

MR. WEBB: Right.

MR. NUTTER: I see. Thank you very much. If there is nothing further in this case we'll take the case under advisement.

MR. BRATTON: We would just like to point to the

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Atlantic's Exhibit No. 1, plat of ownership, and point out, as Mr. Payne pointed, is that the only one Atlantic is crowding is Atlantic, and that that is the only occasion for this exception, is the fact that these two wells happen to be 330 instead of 660. On the same lease, if they were 660 feet on the same lease we would just start producing them from the Wolfcamp. We see no indication for Ohio's objection or anybody's objection for that matter.

MR. NUTTER: Is there anything further in Case 1824? We'll take the case under advisement and take 1825.

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 18th day of December, 1959.

Ada Dearnley
Notary Public - Court Reporter

I do hereby certify that the foregoing is
a true and correct record of the proceedings in
the last hearing of Case No. 1824
heard by me on 12-11, 1959.
My commission expires June 19, 1963.

Vaughan M. Nutter, Examiner
New Mexico Oil Conservation Commission



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