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

IN THE MATTER OF:	
Application of John M. Kelly for an exception to the overproduction shutin provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool.	Case 1829

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Santa Fe, New Mexico
December 11, 1959

EXAMINER HEARING

IN THE MATTER OF:	
Application of John M. Kelly for an exception to the overproduction shutin provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Shahan Well No. 3 in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.	Case 1829

BEFORE:
Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please. We're going to take Case 1829 first and then the sequence of cases will be as they appear on the docket after that case.

MR. PAYNE: "Application of John M. Kelly for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool."

(Witness sworn.)

JOHN M. KELLY

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

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his name?

A My name is John M. Kelly. I'm the operator of the Shahan Well No. 3, located in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico.

Q Do you propose to represent yourself in this hearing?

A I do. This well is located within the vertical limits of the Jalmat Gas Pool. By Commission Order SF 854 this well was shut-in on October 9, 1959 and the order stated that "this well shall remain shut-in until further notice by the Commission due to the overage of gas production". And as of December 1st, 1959 this well was overproduced in the amount of 21,963,000 cubic feet.

It is our contention that if this well remains shut-in, that we will have serious damage to the reservoir surrounding the well due to fluid encroachment, and we respectfully request the Commission that we be granted a partial allowable in order to flow the well each month. We request a partial allowable of 100,000 cubic foot per day.

The reason that we believe that the well willbe damaged is due to drillstem test taken while drilling the well. Drillstem test No. 1 in the Yates formation, which is the formation from

which the well is producing. We tested from 2501 to 2590 feet. The tool was open for one hour. We had gas to the surface in one half minute, we flowed an estimated two and a half million feet of gas with a spray of sulphur water. Our next drillstem test in the Yates zone from 2705 to 2811, tool open one hour, gas to surface in forty-five minutes. We recovered 60 foot of slightly gas-cut mud and 733 feet of highly gas-cut sulphur water.

Pressure history on the well shows that the well makes water, or let me say solution water, as it produces gas. The pressure history is very erratic. From February, 1954 to March, 1959 the pressure history varies as follows: 650 pounds, 482 pounds, 469 pounds, 389 pounds, jumps up to 600, 474 to 483, 424 jump to 465. 459 increases again to 478, 460 and 443.

These are the regular pressure tests required by the Commission. From these tests we believe that every time we have an increase in pressure it shows that the well is logging up with water and then is slugged out. The surrounding wells show water and testimony has been presented to the Commissing concerning these surrounding wells in previous cases. I refer to the Jal Oil Company Case. Based on the data that I have presented, I request that the well be given an allowable of 100,000 cubic foot per day until such time as the overage is made up.

MR. NUTTER: Any questions of Mr. Kelly?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Kelly, could you, you say this well is shut-in now?

A It has been shut-in since October 9.

Q Could you tell me what the average allowable was prior to that time per month?

A Approximately six million a month.

Q Approximately what?

A Six million a month. Specifically for December it's 5,553,000.

Q So what you are proposing, in effect, is an allowable for this well which is about half of the normal unit allowable?

A Approximately, based on a yearly average.

Q Do you know how much liquid this well makes when it produces gas?

A No, sir, we have not measured it.

Q Now, you say you are offset by the Jal Oil Company wells?

A No, not offset in the same area.

Q In the same general area?

A In the same general area.

MR. PAYNE: Thank you.

BY MR. NUTTER:

Q These pressures that you gave us extend over what period

of time?

A From February, 1954 to March, 1959.

Q These are semi-annual pressures?

A These are semi-annual and then some extra ones that were taken at the request of the Commission, or taken by El Paso Natural Gas for their own information.

Q You stated that you felt that the increase in pressure was due to loading up with fluids. At least that was the impression I got.

A These are surface pressures, by the way, shut-in surface pressures.

Q Shut-in surface pressures?

A That's right.

Q Now, the decline in pressures, the first four go from 650 to 389 pounds?

A That's right, over a year.

Q Do you think this is a normal decline in pressure of the well?

A No, sir, I think that's a little abnormal. During that period we produced a hundred million feet of gas, which at that time that was before proration and probably the well was being pulled on a little too hard at that time.

Q Then the period of time -- to what do you attribute this 600 pound pressure then?

A The well loading up with water and being shut-in probably for a month, I mean a few days, probably ten or fifteen days during the month, and of the surface pressure build up, the well equalized with that high water table.

Q Then we had a pressure decline?

A The 600 pounds is actually abnormal the other way. As I read the pressures, it went from 469 to 389, jumped to 600 and jumped down to 483. It's probable that the 600 pressure is an erroneous pressure altogether.

Q We had a decline again from 483 to 424?

A Yes.

Q An increase to 465? A Yes.

Q To what do you attribute the 465 pressure?

A Fluid encroachment.

Q In the normal operation of the well has it been necessary to blow liquid off the well periodically?

A Yes.

Q Are they liquid hydrocarbons or water?

A Water.

Q Always water? A Yes.

Q You haven't made any determination of the actual water?

A No. We just blow it into the air until we get it back in production.

Q How frequent is this necessary?

A Approximately once every sixty days.

MR. PAYNE: Was this well shut-in by Commission order?

A Yes, sir.

Q Or did you voluntarily shut it in?

A No, Commission Order SF 584.

Q It's been shut-in now approximately two months?

A That's right.

Q Has any attempt been made to open the well up to see what the condition of the well is at the present time?

A No, because it's shut-in by the Commission order.

Q How much water did you say you made on the second drill-stem test?

A Second drill-stem test made 733 foot of highly gas-cut sulphur water. That was in one hour.

Q Now, the two drillstem tests that did show water were from 2501 to 2590 and 2705 to 2811, I believe?

A That's right.

Q What is the perforated interval on the well?

A It's in the upper zone, it's between 2501 and 2590. We didn't perforate the bottom zone because we felt it would be flooded out. You want the exact perforations?

Q Yes, sir, I would like to have the interval, please.

A 2512 to 2680. So the bottom perforations, so I mean we took in some of the bottom zone.

Q What period of time do you think it would be necessary to make up the current amount of overproduction at the proposed --

A At my proposed rate I think we can make up the overproduction with the average allowable in one year.

MR. PAYNE: Does this well have tubing, Mr. Kelly?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Kelly? You may be excused.

(Witness excused.)

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1829? We'll take that case under advisement and take Case 1804.

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 19th day of December, 1959.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1829 heard by me on 12-11, 1959.

....., Examiner
New Mexico Oil Conservation Commission