

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

IN THE MATTER OF:)

Application of Kenneth Murchison)
for an exception to the "no-flare")
provision of Order R-1427.)

Case 1857

MR. PORTER: Is that when it was completed?

MR. WHITE: Yes, sir, that's the date. According to Mr. Holik's testimony, these wells will not be connected until some time around February 15; the Federal Well No. 2 has a GOR ratio, but the Federal Well No. 3 is uneconomical to connect, and we would like to file, I mean administrative authority for exception as to the Well No. 3. I have a pumper familiar with the well who can give the GOR's as to the non necessity of having Federal Well No. 3 included in the hearing at this time.

MR. PORTER: Would you call the witness, please, sir?

MR. WHITE: Yes, sir. Mr. Gould.

(Witness sworn.)

JAMES E. GOULD

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your full name?

A James Elton Gould.

Q Where do you live, Mr. Gould?

A Farmington, New Mexico.

MR. PORTER: How do you spell that, please?

A G-o-u-l-d.

Q What is your occupation, Mr. Gould?

A I am a contract well pumper and take care of these Federal No. 2 and Federal No. 3 for Kenneth Murchison.

Q You are the pumper on these wells?

A Yes, sir.

Q Were you present when these wells were tested?

A Yes, sir.

Q When were these tests run?

A On the 11th and 12th and 13th of this month.

Q What is the production of Well No. 3?

A Well No. 3 on twenty-four hour production was 18 barrels.

Q What was the gas-oil ratio?

A On testing those through a one-inch reducer pipe, we measured two inches of water on the Well No. 3 with the heater out. With the heater burning, measured one inch of water on the tester.

Q That would be equivalent to how many MCF?

A That would be about, with burning I would figure about 49,000 cubic feet and about 2450 with the heater burning.

MR. PORTER: Is that the No. 2?

A The No. 3, sir.

MR. PORTER: No. 3.

Q What does the Federal Well No. 2 produce?

A On twenty-four hour test we produced 8 barrels oil.

MR. WHITE: In view of the witness' testimony, I hereby seek administrative approval as to Well No. 2.

4
A On that we measured one inch of water, and through a test with the heater out, with the heater burning it would not move the tester at all.

MR. PORTER: Too small. Would you say the volume of gas was too small to measure?

A Yes, sir. We tried both wells through a two inch and couldn't measure them at all. They wouldn't bring the tester off the zero peg at all through a two inch pipe. We had to reduce it to one inch to get a test on it.

MR. WHITE: That's all the questions I have, Mr. Porter.

MR. PORTER: Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Yes, sir. Have you tested these wells before, Mr. Gould?

A Yes, sir, it's been, I ran a test on them approximately eight months ago.

Q Has there been any change in GOR?

A Yes, sir, fluid and gas both have decreased considerably. At that time why these wells were making an average around 40 barrels each a day.

Q How about the GOR's themselves, what is the GOR now on the No. 2 Well?

A On the No. 2, that would be, I believe, about 24,500 cubic feet.

Q Per barrel? A No, sir, per day.

MR. PORTER: And it's making --

A Making eight barrels.

Q Eight barrels? A Yes, sir.

Q And the No. 3 Well?

A No. 3 is now, this is you want that with the heater burner or out?

Q How do you operate them normally?

A Well, your heater treater, I estimate, will burn 50% of the time. Now, we tested it with the heater out and then tested it with the heater burning. With the heater shut completely off at two inches of water on the tester, I believe that figured about 49,000 cubic feet, and then when we lit the heater and had it burning, why it dropped to one inch of water, which would be about 24,500. So actually --

Q So the heater is burning all the time?

A So approximately the heater is burning half the gas the well is making when it is burning full time.

MR. NUTTER: Thank you.

MR. PORTER: Anyone else have a question?

MR. PAYNE: I have a few questions of Mr. White.

MR. PORTER: The witness may be excused.

(Witness excused.)

MR. PAYNE: Mr. White, El Paso does intend to tie in

these wells?

MR. WHITE: That's my understanding. I might read, if you care, a part of a letter that I received from Mr. Murchison's attorney in Dallas. He states that El Paso will take the gas.

MR. PAYNE: From one of the wells?

MR. WHITE: He didn't say as to any one of the wells. He said as to the wells when they are hooked up.

MR. NUTTER: Do they both go into a common tank battery?

MR. GOULD: Yes.

MR. NUTTER: So the volume of gas available would be gas from both wells?

MR. WHITE: That's right.

MR. PAYNE: As I understand it, Shell originally had Federal Power Commission approval?

MR. WHITE: That is correct.

MR. PAYNE: Dating back to June of 1958?

MR. WHITE: That is correct.

MR. PAYNE: Mr. Murchison felt that a certificate would be good for him too since the well was transferred?

MR. WHITE: That's correct, and then the lessee went ahead and filed for emergency permit.

MR. PAYNE: Did the Federal Power Commission tell him to do this or is he just assuming that he needs this certificate?

MR. WHITE: Apparently he did it on his own.

MR. PAYNE: And the gas sales contract with El Paso is dated --

MR. WHITE: Dated June 16, 1958.

MR. PAYNE: Thank you.

MR. WHITE: I can offer that in evidence if you want.

MR. PAYNE: Mr. Holik, would you buy the gas on Shell's certificate?

MR. HOLIK: That's a very difficult question. I wouldn't attempt to pass on the complexity of the Federal Power Commission rules. It's my understanding that this transfer was made by assignment.

MR. WHITE: That's correct.

MR. HOLIK: It took place back in last June and this, I think I mentioned in my direct, there were three or four locations where we are delayed, and this is one of the items that I had reference to, and let's just say it got lost in the whole crowd, shall we say.

MR. NUTTER: Mr. Holik, do you have the two wells listed on your tabulation of yours?

MR. HOLIK: I have the battery location. I am not looking at wells, I am looking at battery locations.

MR. NUTTER: What is the target date?

MR. HOLIK: This shows the 15th of February. As I might add in connection with what I have just said, this broke

like a little bombshell in the middle of December and we're rapidly getting into that one. It will take several months to get the paper work and right-of-way and whatever-have-you cleared.

MR. WHITE: It is my understanding that Mr. Gay apparently has talked with Mr., either Bill Holik or Mr. Ray Gilbert of El Paso and one or the other assured they would take the gas.

MR. PORTER: Mr. Gay is the attorney for Mr. Murchison?

MR. WHITE: That is correct, in Dallas.

MR. HOLIK: I spoke to the attorney in Dallas.

MR. PORTER: Do you have anything further to offer, Mr. White?

MR. WHITE: That's all.

MR. PORTER: If nothing further to be offered in the Case 1857, we'll take it under advisement and take up Case 1859.

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 17 day of January, 1960.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.