

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Elvis A. UtzSanta Fe, NEW MEXICOREGISTER

ILLEGIBLE

HEARING DATE December 12, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
<i>Jack M Campbell</i>	<i>Campbell + Russell</i>	<i>Roswell, N.M.</i>
<i>Arthur Cummings</i>	<i>Wally G. Cummings</i>	<i>Holts, N.M.</i>
<i>L.C. White</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>H.L. Summers</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>R.G. Macfied</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>James W. Kellahin</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>Frank Gray</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>Royce E. Lawson</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>H.E. Williamson</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>George C. Hoy</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>Leo Knott</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>
<i>John C. Wager</i>	<i>Wally G. Cummings</i>	<i>Santa Fe, N.M.</i>

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DECEMBER 12, 1960

IN THE MATTER OF:

CASE 2136 Application of Byard Bennett for a non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of an 80-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the E/2 NW/4 of Section 24, Township 25 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Ascarte-Federal Well No. 1, located at an unorthodox location at a point 330 feet from the North line and 2310 feet from the West line of said Section 24.

BEFORE:

Elvis A. Utz, Examiner.

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

MR. UTZ: The hearing will come to order, please. First case on the docket will be 2136.

MR. MORRIS: Case 2136. Application of Byard Bennett for a non-standard gas proration unit and for an unorthodox gas well location.

MR. CAMPBELL: Mr. Examiner, Jack M. Campbell, Campbell & Russell, Roswell, New Mexico, appearing on behalf of the applicant. We have one witness, Mr. Guy Swartz.

(Witness sworn)

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MR. UTZ: Any other appearances in this case?

GUY A. SWARTZ,

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

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q State your name, please.

A My name is Guy A. Swartz, S-w-a-r-t-z.

Q Where do you live, Mr. Swartz?

A I live in Roswell, New Mexico.

Q What is your profession?

A I am a consulting geologist.

Q In your capacity as consulting geologist, have you been employed by Byard Bennett in connection with the well, the well located in the northwest quarter of 24, 25 South, in Jalmat Gas Pool?

A Yes, sir.

Q That is the Ascarte-Federal No. 1?

A That is correct.

Q What are you seeking with regard to this well and its location?

A We are seeking approval of a non-standard gas proration unit consisting of 80 acres on which the well is. The subject well is located 330 from the North and East corners of the unit.

Q What has been your connection with the drilling and completion of this well, Mr. Swartz?

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A I supervised the geological and engineer work concerning the drilling and completion of this well.

Q Was that well originally intended to be drilled as an oil well?

A Yes, sir. It was my recommendation that the well be drilled and an attempt made to recomplete it as an oil well in the Seven Rivers formation, which was the normal producing horizon for the oil in this area.

Q Is that the reason that it was located at 330 location?

A Yes, sir. It was located 330 from the North and East corners of the 80-acre tract in order to obtain the highest structural advantage.

Q Are you acquainted with the drilling and completion history of this well, Mr. Swartz?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q I hand you what has been identified as Exhibit No. 1 in this case, and ask you to state what that is, please?

A Exhibit No. 1 is a radioactivity log which was run by Welex.

Q Referring to that log and your notes and information concerning the drilling and the completion of this well, will you point out to the Examiner the drilling history and completion history as reflected on that log, please?



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A Yes, sir. The well was drilled to a total depth of 2900 -- I am sorry -- 3040 feet. A drill stem test was taken from 2920 to 3030 feet and had gas to the surface in forty-five minutes, which was too small to measure. This test recovered 660 feet of gas cut mud, the well was subsequently drilled to the total depth of 3180 feet, whereupon a second drill stem test was taken at the top of the Seven Rivers formation, the normal oil bearing formation, and gas was surfaced in two minutes and water was surfaced in thirteen minutes.

The drill stem test had died in thirty-five minutes; the gas volume measured 480,000 cubic feet per day. The pool was open one hour and recovered 2795 feet with salt water; there were no shows of oil or gas. The well was subsequently drilled to a total depth of 3285 feet, and no indications of any oil or gas were shown throughout the Seven Rivers formation. Four and a half inch casing was then run to a total depth of 3213 feet and cemented in place. Based upon other shows in the area, existing other oil shows in the area, existing in the lower Yates formation, the well was perforated from 3009 to 11,318 to 2328 to 34 feet, 3044 to 48, 3054 to 56 feet, 3060 to 62 feet, 3068 to 72 feet, and 3088 to 94 feet. These perforations were fracture treated, and no show of oil was indicated. The frac treatment sanded off during the treatment and inasmuch as no shows -- oil shows were indicated from this interval, the well was subsequently shot in the upper Yates formation from 2936 to 38 feet, 2943 to 48, 2974 to 78 feet, and 2982 to



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86 feet. These upper perforations were subsequently frac treated, and the well swabbed and tested for gas production.

Q Now, do you have some information as to the results of the treating for gas production?

A Yes, sir.

Q What information do you have?

A El Paso Natural Gas tested this well on 10/24/60.

Q Do you have the results of that test with you?

A Yes, sir.

Q Will you give us that information, then, and advise the Examiner what the test showed?

A Gas was measured with three-quarter inch orifice, and the pressure dropped from 170 to 115 pounds during the one hour rate which stabilized in forty-five minutes. The corrected volume for the flow period was 1705 MCF per day, and a twenty-four hour shut-in pressure was taken with 480 pounds per square inch in the tubing and 606 pounds on the casing.

Q Do you have some information concerning the structural position of this well?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 2 marked for identification.)

Q I hand what has been identified as Exhibit No. 2 in this case, and ask you to state what that is, please.

A Exhibit No. 2 is a structural contour map of the portion



of the Jalmat Pool, that area concerning the adjacent portions and leases to this area. The Bennett No. 1 Escarado-Federal was indicated to be 106 feet high to its diagonal offset and plug the Seven Rivers oil producer which was the Southern Union No. 1 Escarado. The well is further located on the flange of a high reef structure existing on the edge of the central basin platform, and the main structure is one of steep dips from the central basin platform dipping into the Delaware basin.

Q Do you believe, then, it was reasonable for you to assume at the time you located this well that there was a probability if you obtained production it would be oil production?

A Yes, sir.

Q Now, based upon the information that you have concerning the wells in this area and the contours as indicated on Exhibit No. 2, is it your opinion that all of the acreage proposed to be attributed to this particular gas proration may reasonably, too, be productive of gas from the Jalmat Gas Pool?

A There are enough gas wells indicated as low as zero contour on the top of the Yates structure.

Q Do you believe that one gas well such as you have completed here will efficiently and economically drain an area of 80 acres?

A Yes, sir, inasmuch as the Yates formation is a blanket sand which occurs with porosity and permeability throughout the area indicated on the map.

Q Do you believe that the approval of this application, Mr.



Swartz, will in any way impair correlative rights?

A No, sir.

Q Do you believe that it will protect the correlative rights of the applicant?

A Yes, sir, I do --

Q In what respect?

A -- inasmuch as, if this application is not approved, there will be no productive capacity of the Bennett No.1 Escarado. This well would necessarily be plugged out, and the area of the applied non-standard proration unit would not be as effectively drained if this well is left to be productive.

Q In your opinion, in the past, has uncompensated draining been occurring from this particular proposed unit?

A Yes, sir. This is evidenced by the low pressures encountered in the gas tests taken by El Paso Natural Gas as opposed to the normal version pressures which were encountered in approximately 1935.

Q Are you acquainted with the other gas proration units in this particular area of the Jalmat Gas Pool?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 3 marked for identification.)

Q I hand you what has been identified as Exhibit No. 3, and ask you to state what that is.

A Exhibit No. 3 is a plat showing the known existing non-

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standard proration units in this area, and the location of the wells thereon.

Q And from that Exhibit there is an 80 non-standard gas proration immediately to the east of this proposed unit?

A Yes, sir. There are several 80-acre non-standard proration units in this area, as well as several wells which are located within 330 feet of the boundary lines of the unit.

Q Is the royalty interest common under this 80 -- proposed 80-acre unit?

A It is all Federal, yes, sir.

Q Is there a market for the gas from this well in the event the non-standard proration is approved and an allowable granted the well?

A Yes, sir. Contracts will be signed probably by El Paso.

Q Were the non-standard gas prorations not approved, would it be necessary to plug this well?

A I believe that it would be, inasmuch as there appears to be no other pay horizon.

MR. CAMPBELL: That is all the questions I have. I would like to offer Exhibits 1, 2 and 3 in evidence.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were received in evidence.)

MR. UTZ: Any questions of the witness?

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CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Swartz, inasmuch as you testified that this well was originally projected as a Jalmat oil well, did your original C-1-28 show a 40-acre dedication?

A Yes, sir.

Q Has any gas at all been sold from this well?

A No, sir, it has not yet.

Q No problem as to underproduced or overproduced status?

A No, sir.

MR. PAYNE: Thank you.

BY MR. UTZ:

Q Mr. Swartz, in 1070 MCF, a test you got, was that the one that was tested at 606 pounds working pressure, casing pressure?

A No, sir, that was not a deliverability test. It was --

Q What is the 1070, is it an absolute?

A It is as far as I know. It is absolute open flow, yes, sir.

Q What was your flow, then, as 606 pounds working pressure?

A I don't believe a test was taken at that pressure, with that back pressure.

Q These pressures you gave me here, was that shut-in, then? 480 and 606?

A Twenty-four hour shut-in pressures, yes, sir; 480 and 606 pounds.

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Q You don't know what well would produce at any back pressure?

A No, sir. The pressures on a forty-five minute test range between 170 pounds and 115 pounds after the initial drop, the stabilization.

Q On that test, did that well produce any liquids?

A No, as far as I know. The well may be capable of very small amounts of liquids. However, none were indicated on the test.

Q You are producing the well through tubing?

A Yes, sir.

Q Now, is the west offset a plugged oil well?

A Yes, sir.

Q And the southwest diagonal offset is also a plugged oil well?

A Yes, sir.

Q And the south offset --

A Is also a plugged oil well.

Q And I believe you said that the No. 1 Southern Union was a plugged oil well?

A Yes, sir.

Q And likewise the two offsets to the north?

A That is correct.

Q And it would appear that the only producing oil wells in this area would be a northwest diagonal and northeast diagonal off-



set, is that correct?

A That is correct. There has been recently a new well spotted, and the location has been spotted for an oil well in the southwest of the northwest quarter. However, I do not believe it is drilling at this time.

Q That is the Lowe-Linely lease?

A Yes, sir. I believe that will be drilled by Morris Antwell.

Q Continental does have an east offset and gas well?

A Yes, sir.

Q In view of all the plugged oil wells and the nearness of the Continental gas well, wouldn't it be reasonable to think you might get a gas well in this location?

A Because of the various wells higher and lower on the structure, it was thought that the oil possibilities were good under this location.

MR. UTZ: Any other questions of the witness? If there are not, the witness may be excused.

(Witness excused)

MR. UTZ: Any statements in this case in response? The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, LLEWELYN NELSON, Court Reporter, 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 machine shorthand and reduced to typewritten transcript 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 16 day of Dec
1960, in the City of Albuquerque, County of Bernalillo, State of
New Mexico.

Llewellyn Nelson
NOTARY PUBLIC

My Commission expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2136, heard by me on Dec. 13, 1960.

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

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