

BEFORE THE  
CIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2294

TRANSCRIPT OF HEARING

*DEARNLEY-MEIER REPORTING SERVICE, Inc.*

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2294 Application of El Paso Natural Gas Company  
for authorization to conduct maximum pres-  
sure build-up tests. Applicant, in the  
above-styled cause, seeks authorization to  
conduct maximum pressure build-up tests in  
the Blanco-Mesaverde Gas Pool, the Aztec-  
Pictured Cliffs Gas Pool, the Ballard-  
Pictured Cliffs Gas Pool, the Fulcher Kutz-  
Pictured Cliffs Gas Pool, and the South  
Blanco-Pictured Cliffs Gas Pool, San Juan  
and Rio Arriba Counties, New Mexico. Appli-  
cant further seeks establishment of special  
rules covering said tests including a pre-  
fix authorizing the non-cancellation and/or  
transfer of the allowable for the lease to  
be shut in in each pool and including a  
prefix allowing substitute tests by admini-  
strative approval.

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: We will call case 2294.

MR. MORRIS: Application of El Paso Natural Gas Company  
for authorization to conduct maximum pressure build-up tests.

MR. WHITWORTH: Seth, Montgomery, Federici, and Andrews  
of Santa Fe by letter, and Garrett C. Whitworth representing El Paso  
Natural Gas Company. I have one witness, Mr. Gerald A. Hickson.

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(Witness sworn.)

GERALD A. HICKSON,  
called as a witness, having been first duly sworn, was examined and  
testified as follows:

## DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you state your full name, by whom you are employed  
and in what capacity?

A Gerald A. Hickson.

MR. UTZ: Are there any other appearances?

You may proceed.

A Proration engineer for El Paso Natural Gas Company.

Q Have you previously been qualified as an expert witness  
before this Commission and are your qualifications a matter of  
record?

A Yes, sir, they are.

MR. WHITWORTH: We ask that the witness be accepted as  
an expert in this case.

MR. UTZ: Yes, sir.

Q (By Mr. Whitworth) Mr. Hickson, you are familiar with  
El Paso Natural Gas Company's application in this case, are you not?

A Yes, sir; I am.

Q What does El Paso seek by this application?

A We are seeking by this application an order authorizing  
us to conduct maximum pressure build-up tests on sixteen gas wells

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located in various pools in the San Juan Basin and also a provision authorizing the non-cancellation and/or transfer of allowables from proposed shut-in wells.

Q Would you name the pools affected by the application?

A The Aztec-Pictured Cliffs Gas Pool, the Ballard-Pictured Cliffs Gas Pool, the Blanco-Mesaverde Gas Pool, the Fulcher Kutz-Pictured Cliffs Pool and the South Blanco Pictured Cliffs Pool.

Q You have all of these wells to be tested listed on what has been termed El Paso's Exhibit A?

A Yes. They're all listed, the pools and locations.

Q Now, is the El Paso Exhibit A, which was filed with the application, entirely correct?

A No, sir. We have one correction to make. We would substitute fields number three for fields number five.

MR. WHITWORTH: We ask that the application be amended in this respect: that fields number five listed on the original Exhibit A be changed to fields number three.

MR. UTZ: Without objection Exhibit A will show the correction.

Q (By Mr. Whitworth) Mr. Hickson, is El Paso the operator of all these wells involved?

A Yes. El Paso is the operator of all the wells to be tested and transfer wells.

Q Why does El Paso wish to conduct maximum pressure build-up tests with respect to these wells listed on Exhibit A?

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A Well, there is a need for additional information, reservoir information, and by the taking of these tests, we can obtain a third point on a pressure decline curve. All the wells in this case have been tested once before, so this is the third point. We will have it on a pressure decline curve.

Q It is for re-evaluation or calculation of reserves involved, that is the reason that El Paso wants to conduct these tests?

A Yes. El Paso wants to re-evaluate its reserves based on this group of tests that have been taken in the past and this test.

Q How does El Paso propose to conduct these tests?

A Well, after taking of the state allowable tests, the wells are shut in, padlocked and at frequent intervals shut-in pressure readings are taken with a dead weight gauge.

Q Are you familiar with initial cap order no. R333-C, D and E of this Commission?

A Yes, sir, I am.

Q In general, what do those orders refer to?

A Well, they refer to the deliverability test taken.

Q In your opinion, should these wells that are shut in for the purpose of conducting these tests be exempt from the requirements of these orders?

A Yes, sir. We are planning to -- our procedure in the past has been to take the deliverability test and then shut the well in, but some case might come up where we might not be able to do



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that and it would be desirable to have an exception to this rule.

Q And it should apply during the time the maximum deliverability tests are being conducted?

A Yes, sir.

Q How about the overage and underage provisions? Do you have any recommendations to make to the Commission concerning the rules regarding the overage and underage requirements with respect to the pools where these wells are located during the time tests are being made?

A Well, we are asking that the Commission suspend the rules for the northwest portion of Order No. R-1670, Sections C and D until such time as a six-month balancing period for the pool in which the well is tested is completed on the individual well.

Q Now, the application also mentions substitute tests. Why would it be necessary to make substitute tests?

A Well, it may be necessary in a group of wells where we have no water problems or any other mechanical problems or trouble with the wells and it might be that we might have to substitute another well on the basic lease for this test which is the well that we have set up on Exhibit A.

Q Do you have an exhibit depicting the wells on the same lease?

A Yes, sir; Exhibit B.

Q Exhibit B consists of how many pages?

A Thirty-two sheets.



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Q Two pages for each well involved?

A Yes, sir.

Q Briefly, Mr. Hickson, what does Exhibit B contain?

A Two sheets for each well. The first sheet is a plat showing the offset acreage, and the test well is indicated by a square around the well; and the transfer wells on the same basic lease are shown with a circle. The second sheet shows the test information on 1960 tests and also lists the wells on the same basic lease, their locations, deliverability and date of basic tests.

Q Are any of the wells covered by this application that are listed on Exhibit A presently shut in because of maximum pressure build-up tests?

A Yes. We have five shut in now: Atlantic No. 5, Mansfield No. 4, San Juan Unit 32-9, No. 29 -- those three wells were shut in February 14 after deliverability tests were taken; and on April 6, the Cap Howell No. 3-A and the Pritchard No. 2-1 were both shut in on April 6 when state deliverability tests were taken.

Q What action do you recommend that the Commission take with respect to the taking of these tests?

A Well, we are asking of the Commission if this application is approved that they use the starting date we have given here for the beginning date on the test.

Q Is there anything else you'd like to add to your testimony?



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A No, sir; I don't think so.

Q Were El Paso Exhibits A and B prepared by you or under your direct supervision?

A Yes, sir; they were.

MR. WHITWORTH: We ask that these exhibits be accepted into evidence.

MR. UTZ: Without objection, Exhibits A and B will be accepted into the record.

Q (By Mr. Whitworth) In your opinion, Mr. Hickson, would the taking of these maximum pressure build-up tests violate any correlative rights or create any waste?

A No, sir.

Q El Paso Natural Gas has conducted maximum pressure build-up tests before?

A Yes, sir, we have. This is the fourth time we have come before the Commission asking for this type of order, and if it's approved, we are asking for the same order we received in Case No. 1685, Order No. R-1421.

Q This was issued last year by the Commission?

A It was issued in June of '59.

Q And the only difference in the order we are requesting here would be in the wells involved, is that right?

A Well, the wells involved plus one other rule that would have to be changed, regarding overage and underage.

MR. UTZ: Well, that's no different than 1421.





THE WITNESS: Well, 1421 was -- 1670 was consolidated in April of '60 and 1421 went back to the older order. That's the one we're asking for.

Q (By Mr. Whitworth) To your knowledge, there has been no opposition to El Paso's proposal in this case?

A No, sir.

MR. WHITWORTH: That's all I have.

MR. UTZ:

Q Is 1421, providing for the authority to change test wells, any different from that which you have applied for?

A Yes, sir; it would be by administrative approval.

Q So long as they're on the same basic lease?

A Yes.

Q You are not asking for any different test on a different lease?

A No, sir; that's rule 7, 1421.

MR. UTZ: Are there any other questions?

MR. MORRIS:

Q You are asking for non-cancellation and/or transfer of allowables. Are you contemplating by that question that some of the allowables might be transferred to another well and some might be retained to be attributed to that well at a later date after the tests are completed?

A Well, that's why we want to transfer the allowables or just leave it on the test well for non-cancellation. The first of

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the month following the completion of the test, we in the past have sent the Commission a schedule showing the allowable that has accrued to the test well and the list of transfer wells showing how much of that allowable we wanted to transfer from the transfer well.

Q Now, you referred to two wells on your Exhibit A that you have already shut in and you requested there that the date of shut in be the beginning date of the test on these two wells.

A Yes.

Q What were those wells?

A On February 14, Atlantic No. 5, Mansfield No. 4, San Juan Unit 32-9, No. 29. Now, on April 6, the Howell No. 3-A and the Pritchard 2-1 were shut in. I might also add that that is covered under Rule 8 of our 1421. That's the same type of order we are asking for here.

MR. MORRIS: I have no further questions.

MR. UTZ: Are there any other questions of the witness?  
The witness may be excused.

Are there any other statements in this case?

The case will be taken under advisement.

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STATE OF NEW MEXICO   )  
                                   ) ss  
 COUNTY OF BERNALILLO )

I, THOMAS F. HORNE, 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.

  
 NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2294, heard by me on May 24, 1961.

, Examiner  
 New Mexico Oil Conservation Commission

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