

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 28, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2310: Application of Standard Oil Company
 of Texas for permission to transfer
 allowables, Lea County, New Mexico.

TRANSCRIPT OF HEARING

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IN THE MATTER OF:

CASE 2310 Application of Standard Oil Company of Texas :
 for permission to transfer allowables, Lea :
 County, New Mexico. Applicant, in the above- :
 styled cause, during vertical communication :
 tests, seeks permission to transfer allowables: :
 in the Vacuum Abo Pool for a 120-day period :
 from its Vac-Edge Unit Well No. 4, located in :
 the NW/4 NE/4 of Section 4, Township 18 South,:
 Range 35 East, Lea County, New Mexico, to its :
 Vac-Edge Unit Wells Nos. 3 and 6, located in :
 the NE/4 NW/4 of said Section 4 and in the :
 NE/4 NE/4 of said Section 4, respectively. :

BEFORE:

Mr. 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: Case 2310.

MR. MORRIS: Application of Standard Oil Company of
Texas for permission to transfer allowables, Lea County, New Mex-
ico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin,
Kellahin & Fox, Santa Fe, representing the applicant. We will have
one witness I would like to have sworn.

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MR. UTZ: Are there other appearances in this case?

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification).

R. L. McGANNON,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A R. L. McGannon.

Q By whom are you employed and in what position?

A Standard Oil Company of Texas as Proration Engineer.

MR. UTZ: What was the name again?

A M-c-G-a-n-n-o-n.

MR. EKLLAHIN: R. L.

MR. UTZ: Okay.

Q (By Mr. Kellahin) Have you had any training and experience as a petroleum engineer, Mr. McGannon?

A Yes. I graduated from Texas A & M College in 1951 with a B.S. in petroleum engineering and mechanical engineering. Since that time, in the past eight years, I have been employed as a petroleum engineer with Standard of Texas.

Q Where have you worked for Standard of Texas?

A I have worked in West Texas, North Texas, and Oklahoma as an engineer.

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Q Where are you presently located?

A In Houston, Texas.

Q In connection with your duties with Standard Oil Company, do you have anything to do with the operations in New Mexico?

A Yes, sir. That is under our supervision, the proration aspect.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, they are .

Q (By Mr. Kellahin) Are you familiar with the application of Standard Oil Company of Texas in Case 2310?

A Yes, sir, I am.

Q Would you state briefly what is proposed in this application?

A This is the request to shut in the Standard of Texas' Vac-Edge Unit Well No. 4, located in the northwest quarter of the northeast quarter of Section 4, Township 18 South, Range 35 East, Lea County, New Mexico, for a period up to 120 days, for the purposes of testing for vertical communication in the Vacuum Abo reservoir. It is proposed to transfer the allowable from the No. 4 Well to the No. 3 and No. 6 Wells in this field.

Q Referring to what has been marked as Exhibit No. 1, would you discuss the information shown on that Exhibit?

A Exhibit No. 1 is an outline of the Vac-Edge Unit, which was created by Order R-1395. The Unit is outlined in red, and the

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No. 4 Well is circled in red, with the No. 3 and 6 Wells, the proposed recipient wells circled in green, and around the Unit are the offset operators to this lease.

Q The Exhibit also shows the offsetting wells?

A Yes, sir. The offsetting wells are shown with the operators.

Q Now, referring to what has been marked as Exhibit No. 2, would you discuss the information shown on that Exhibit?

A Exhibit No. 2 is a Lane Wells Mena log, which is comparable to a microlog. On this the section of the Abo reef is shown, and the black indicates your porosity zones in the reef. Also, marked on there are your perforations in the Vac-Edge No. 4 Well, which this log is on. The well is perforated in the upper portion of the pay from 8364 to 8400 feet. This log indicates that you have a gross pay of -- in excess of 500 feet. This average pay in the field, a net pay of approximately 150 feet. As can be seen from this log, the upper porosity zone was perforated for the purposes of testing for vertical communication. The other wells in the field, only on the lower portion of this reef, are perforated.

Q Then, this is the only well that's perforated in the upper portion of the reef?

A That is correct.

Q And this well is not open in the lower zone, is that correct?

A No, it is not open.

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Q Have the offsetting operators been notified of the application of Standard in this case?

A A copy of the application was sent to all offsetting operators, and a request was made for waivers from these operators, and these waivers have been received.

Q Is there any importance in conducting this test at the present time, Mr. McGannon?

A Yes, sir. We feel that the information on whether we have vertical communication is very important on our completion techniques, plus the possible study of pressure maintenance operations. If we did have vertical communication, you will get a gravity segregation, and, actually, the reservoir is unsaturated at this time, but when the gas starts coming out of solution, if we can form a secondary gas cap, our recovery will be much better than if we have separation in the reservoir, meaning we will start producing gas at an early stage in the field.

Q Will the results of this test affect your operations in the Unit?

A Yes, sir, it will.

Q Will it likewise be of value to the offsetting operators?

A Yes, sir, it definitely will.

Q Is it a fact that this is the only well open in the upper zone of any significance?

A Yes, sir, it is, at this stage, because we feel that if we do have vertical communication, and a secondary gas cap is

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formed, then there will be a possibility of wells that are completed in the gas cap, or what will be the gas cap, producing at a high gas-oil ratio, and if we can -- the sooner we find out the information, it will be more valuable on our completion techniques.

Q Is there any possibility that other wells may be completed in this zone?

A Yes. The area is still under development now, and it is possible that wells could be completed in the upper zone at this time.

Q Is it Standard's position, then, that they wish to make this test prior to the completion of any further wells in the area?

A Well, I'm not sure of the completion stages of the other wells, but we would like to commence the test the 1st of July to start on an even month, and to try to obtain information as soon as possible.

Q Are you receiving cooperation in the conducting of the tests from the offsetting operators?

A Yes, sir. The immediate offset operators have agreed to shut in their wells seventy-two hours. If we obtain permission the first of the month, they would shut in the first three days of the month, and then we would start commencing our shut-in tests.

Q You understand, Mr. McGannon, that there is quite a remote possibility an order could be entered prior to the 1st of July in this case, do you not?



A Yes, sir. If we could make the order effective to the 1st of July, when it is issued, it would be satisfactory.

Q Is that your request, then, to the Commission --

A Yes, sir.

Q -- that the order be effective July 1st, regardless of the date it is entered? Do you have anything to add to your comments on this?

A I believe that's it.

Q Were Exhibits 1, 2 and 3 prepared by you, or under your supervision?

A Yes, sir.

MR. KELLAHIN: I would like to offer in evidence Exhibits 1, 2 and 3.

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

MR. KELLAHIN: That completes the direct examination.

CROSS-EXAMINATION

BY MR. UTZ:

Q Mr. McGannon, do you have the perforations for your No. 3, No. 6?

A Yes, sir. The No. 3 Well is perforated in the interval 8746 to 8764, and 8778 to 8800. The No. 6 Well is perforated from 8938 to 8950, from 8972 to 8986, from 9,000 feet to 9,007 feet, from 9,022 feet to 9,045 feet.

Q The perforations on the No. 3 and 6 are anywhere from



600 feet lower than the perforations on your No. 4?

A That is correct.

Q Is there anything in the interpretation of this log that would indicate that there is not vertical communication?

A No, the log does not conclusively show the lack of vertical communication. It's the appearance of the streaks in the dolomite there that we want to test.

Q I think you stated, but would you mind repeating just how you intend to go about creating a secondary gas cap?

A Well, actually, the reservoir is unsaturated at this time.

Q I see.

A As you drop below your saturation pressure, your gas will begin to come out of solution, and if you do have communication, a secondary gas cap would be formed under the circumstances.

Q Just a matter of getting your pressure down?

A Yes, sir.

MR. UTZ: Any other questions of the witness?

MR. MORRIS: Yes, sir.

BY MR. MORRIS:

Q Mr. McGannon, do you propose to transfer the allowable from your No. 4 Well to the No. 3 and 6 Wells in approximately equal parts?

A Yes, sir.

Q Do you have any objection to making that a part of the order that is entered in this case, that it will be transferred

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in approximately equal parts?

A No, sir. That is how we had planned it.

Q You stated that you had waivers from all of the offset operators. The Commission has received copies of several waivers, but we do not have copies of all of the waivers. Do you have waivers from all of the offset operators?

MR. KELLAHIN: They are Exhibit No. 3, which we entered.

MR. MORRIS: I see.

MR. UTZ: Are there other questions? Any other statements in this case? The witness may be excused.

(Witness excused)

MR. UTZ: The case will be taken under advisement.

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I, ADA DEARNLEY, 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, the 2nd day of July, 1961, in the
City of Albuquerque, County of Bernalillo, State of New Mexico.

Joe Kearney
NOTARY PUBLIC

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. 2310, heard by me on June 28, 1961.

_____, Examiner
New Mexico Oil Conservation Commission

