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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

IN THE MATTER OF:

Application of the Ohio Oil Company for a  
160-acre non-standard gas proration unit,  
an unorthodox well location and an oil-gas  
dual completion, Lea County, New Mexico.

CASE NO. 2424

EXAMINER HEARING

November 8, 1961



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IN THE MATTER OF:

Application of the Ohio Oil Company for a 160-acre non-standard gas proration unit, an unorthodox well location and an oil-gas dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Monument-McKee Gas Pool, comprising the  $N\frac{1}{2}SW\frac{1}{4}$  and  $S\frac{1}{2}NW\frac{1}{4}$  of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the Bertha Barber Well No. 12, located at an unorthodox location 1650 feet from the South line and 330 feet from the West line of said Section 5. Applicant further seeks permission to complete said Bertha Barber Well No. 12 as an oil-gas dual completion (conventional) in the Monument-Paddock Pool and in the Monument-McKee Gas Pool, with the production of oil from the Monument-Paddock zone and the production of gas from the Monument-McKee zone to be through parallel strings of 2 3/8- inch tubing.

CASE NO.  
2424

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2424.

MR. MORRIS: Application of the Ohio Oil Company for a

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160-acre non-standard gas proration unit, an unorthodox well location and an oil-gas dual completion, Lea County, New Mexico.

MR. LEACH: Warren B. Leach, Jr., attorney for the Ohio Oil Company. Mr. J. O. Terrell Couch is also here representing the Ohio Oil Company. We are both members of the Texas bar.

Our local counsel, Atwood & Malone, on October 30, made an appearance for us in this case.

EXAMINER UTZ: That letter is a matter of record.

MR. LEACH: Before we commence with our evidence in the case, I would like to make a short statement.

On October 10 of this year, I filed an application for administrative approval of an unorthodox location for the Bertha Barber Well No. 12 for completion for gas production in the Monument-McKee zone. This well is situated on the north half of the Southwest quarter of Section 5, Township 20 South, Range 37 East, in Lea County, New Mexico. This application for administrative approval of the location was granted by the Commission on November 2 by Administrative Order 278.

We feel the hearing on this particular application is unnecessary at this time and we would request that the notice for this hearing be withdrawn.

EXAMINER UTZ: It will be so withdrawn.

MR. LEACH: In connection with our remaining applications, I wish to call this to the attention of the Examiner also: Ohio filed on October 11 a request for the approval of a 160-acre



non-standard gas proration unit for the Bertha Barber Well No. 12 in the McKee formation. This non-standard unit was described in our application as composing the north half of the southwest quarter and the south half of the northwest quarter of Section 5. Since the filing of the application, we have learned that the owners of the oil-gas leases covering land in the south half of the southwest quarter desire to negotiate for the formation of a standard 160-acre gas proration unit for the Ohio Bertha Barber Well No. 12 in the McKee formation.

Under these circumstances, Ohio has agreed with the owners of the leases in the south half of the southwest quarter that we will request at this hearing a non-standard eighty-acre unit for its Bertha Barber Well No. 12, that eighty consisting of the north half of the southwest quarter, the eighty acres upon which the well is situated.

We have also agreed with the owners of the lease in the south half of the southwest quarter that we would advise the Commission that we would commence negotiations for the formation of a standard 160-acre unit but that in the event that for some reason we were unable to agree upon terms mutually satisfactory to all parties that Ohio's request at this time for an eighty-acre non-standard unit will be prejudiced to its rights to apply for a standard 160- or such other unit as may be deemed appropriate at that time.

Subject to these alterations in our application,



changes in our applicatio, I would like to call our witness, Mr. Thomas Webb.

EXAMINER UTZ: Are there other appearances to be made in this case?

You may proceed.

(Witness sworn.)

MR. LEACH: Mr. Examiner, before proceeding with the testimony of our witness, I would like to present for the record the letters which I have received from the Union Texas Natural Gas Corporation, one of the owners of an interest in the lease in the south half of the southwest quarter together with a telegram received from Mr. William M. Broderick of that company and a letter from Amerada Petroleum Corporation addressed to the Ohio Oil Company under date of November 2. These letters state that these operators have no objection to Ohio's application for a non-standard eighty-acre unit at this time. It's my understanding that Phillips Petroleum Company has sent a telegram to the Commission advising the Commission that it has no objection to our request for the non-standard eighty-acre unit.

MR. NUTTER: Where is the Phillips property here?

MR. LEACH: On our plat we have shown the Anderson Pritchard Oil Company as owning a quarter section. It's our understanding that quarter section was assigned to the Union Texas Natural Gas Corporation and in some manner Phillips has acquired an interest in what is shown on our plat as the Anderson-Pritchard



lease. The Frankfort Oil Company owns some sort of an interest in that quarter section. We have not received any communication from Frankfort Oil Company in connection with this eighty-acre non-standard proration unit, but from discussing the matter with the owners of the other undivided interest in that quarter quarter section, it's my understanding that Frankfort has no objection to our application for a non-standard proration unit.

MR. MORRIS: In the telegram that the Commission has received from Phillips they state they own one-half interest in the southeast quarter of the southwest quarter of this Section 5 and the telegram that you refer to has been received by the Commission and it will be made part of the record in this case.

MR. LEACH: Thank you, sir.

THOMAS WEBB

called as a witness, by and on behalf of applicant, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LEACH:

Q Will you state your name, please, sir.

A Thomas O. Webb.

Q Have you ever testified before the Commission before?

A Yes, sir, I have.

Q Will you state what your present employment is, sir, and in what capacity you are employed.

A I am employed by the Ohio Oil Company in the capacity



of area petroleum engineer in Hobbs, New Mexico.

Q In connection with your duties as area petroleum engineer, do you have under your supervision Ohio's leases in Lea County, in that portion of Lea County where Ohio's Bertha Barber Well No. 12 is situated?

A Yes, sir, I do.

Q I hand you a plat which has been marked Exhibit No. 1. Will you state whether or not this exhibit was prepared under your supervision and direction?

A Yes, sir, it was.

Q Will you explain what this Exhibit No. 1 purports to be?

A Exhibit No. 1 is a plat of the Ohio Oil Company Bertha Barber lease and the surrounding area. The lease has been outlined in yellow and consists of three hundred twenty contiguous acres in which the Ohio Oil Company owns 100% working interest, all lease ownership and existing wells which are shown on this exhibit, to the best of my knowledge. The Bertha Barber Well No. 12, the subject of this application, has been circled in red on the exhibit and is located 1653 feet from the south line and 330 feet from the west line of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico.

The proposed eighty-acre non-standard gas proration unit has been outlined in red on this plat and consists of the north half of the southwest quarter of Section 5.



Q Mr. Webb, is this an identical plat with the one that you filed or attached to Ohio's application in this case?

A No, sir, it is not.

Q Wherein does this plat differ from the one attached to the application?

A The plat which was attached to our application in this case indicated a 160-acre non-standard gas proration unit consisting of the north half of the southwest quarter and the south half of the northwest quarter of Section 5.

Q Is this the only change in the exhibit?

A Yes, sir, it is.

Q Will you state, Mr. Webb, what formation Ohio Oil Company's Bertha Barber Well No. 12 is now completed in?

A This well is now completed in the Monument-Paddock Pool.

Q I hand you a document marked Exhibit No. 2 and ask you to state what this document purports to be, sir.

A Exhibit No. 2 is a gamma ray neutron log run in the Bertha Barber Well No. 12 at the time of completion in the Monument.

Q What is reflected in this exhibit, sir?

A The top of the Paddock formation and the perforated interval are indicated thereon along with the original total depth and the original plug back total depth.

Q The Paddock zones are also shown on here?





A Yes, sir, they are.

Q Mr. Webb, will you describe briefly the manner in which the Ohio Oil Company's Bertha Barber Well No. 12 was completed in the Paddock formation?

A Yes, sir. The subject well was drilled to a total depth of 5255 feet with 7 inch OD 23-pound casing set at 5255 and cemented with 300 sacks of Trinity inferno cement. The 7-inch casing was then perforated in Paddock pay at 5174 to 5207 and after treatment with 500 gallons mud acid and 2,000 gallons of regular acid the well's potential on February 14, 1955, was 66½ barrels oil, 5.18 barrels water in six hours flowing with a GOR of 713 to 1.

The well was assigned top allowable immediately following completion and has remained on top allowable since that time.

Q What is the current top allowable for a Paddock well, Mr. Webb?

A Current top allowable in the Paddock is 46 barrels oil per day.

Q Can the Bertha Barber Well No. 12 make a top allowable at this time?

A Yes, sir. On this last survey conducted on August 29, 1961, the well flowed 53.46 barrels oil, 9.433 barrels water in twenty-four hours with a GOR of 5 to 1. It indicates the well's current ability to produce top allowable. Also, it indicates that the water percentage has increased very slightly as of the



initial well completion.

Q What is the gravity from the crude?

A Gravity of the Monument-Paddock crude is 37 degrees API, 63 Farenheit.

Q Would you describe briefly the Paddock formation in which this well is completed?

A The Monument-Paddock Pool is anticlinal structure trending northwest, southeast. The pay section is a finely crystal dolomite containing pinpoint to small sugular porosity.

Q Do you have the bottomhole pressure in this well?

A The initial static bottomhole pressure of the Paddock zone in the Bertha Barber Well No. 12 was 1842 pounds psi gauge measured on February 28, 1955, or 14 days after the well completion and measured at the pool datum minus 1600 feet. Since that time we have experienced a gradual decline in reservoir pressure and on March 28, 1961, the stat bottomhole pressure in this well was found to be 1598 psig.

It's my opinion based upon the available data that the primary reservoir mechanism for the well is a water drive.

Q Mr. Webb, does Ohio propose to dually complete this Bertha Barber Well No. 12 for oil production in the Paddock formation and gas production from the McKee formation?

A Yes, sir, we do.

Q To your knowledge, are there any other dual completions of these formations in this area?



A Not to my knowledge.

Q Will you describe briefly the McKee formation based upon the information you have available to you, sir?

A Yes, sir. Based upon the available information, the production from the Monument-McKee gas reservoir is also structurally controlled, this structure being an elongated anticline which trends northwest, southeast. The production is from the McKee sands which are described as very very friable consisting of clear well-rounded medium-sized coarse grains.

Q What type of production is obtained from completions in this formation?

A Based on the information available to us, reference condensate recovery, the condensate recovery from this reservoir is approximately 25 barrels of condensate per MCF of gas with an average ratio of 40,000 cubic feet gas for condensate produced. The initial bottomhole pressure of the McKee reservoir was 3543 pounds. This was measured at a pool datum of minus 6290 feet.

Q What is the gravity of the liquid recovered from this formation, Mr. Webb?

A The gravity of the condensate recovered from the Monument-McKee is zero degrees API at sixty degrees Fahrenheit.

Q Is this liquid distinguishable from the crude produced from the Paddock zone?

A Yes, sir, it is. It's my understanding the condensate produced from the McKee reservoir is relatively clear in color



whereas the crude produced from the Monument-Paddock Pool is greenish brown in color.

Q Is the McKee formation in a prorationing gas pool?

A Yes, sir. Prorationing in the Monument-McKee Gas Pool has been in effect since March 1st, 1961, and since that time the average allowable for a standard gas proration unit in the Monument-McKee pool has averaged approximately one MCF per day.

Q In your opinion, at what depth in the Bertha Barber Well No. 12 will the top of the McKee formation be encountered?

A It is my understanding that the top of the McKee sands will be encountered in the Bertha Barber Well No. 12 at a depth of approximately 9736 feet.

Q In your opinion, will a well completed in the McKee formation at the location of Ohio's Bertha Barber Well No. 12 be capable of producing a top allowable for a well on a standard proration unit in the McKee pool?

A Yes, sir. The Bertha Barber Well No. 12 will be capable of top allowable production from the McKee reservoir.

Q In your opinion, may all the lands within the north half of the northwest quarter and the north half of the southwest quarter of Section 5 be reasonable deemed to be productive of gas from the McKee formation?

A Yes, sir.

Q Mr. Webb, I hand you a document which has been marked Exhibit No. 3 and ask you whether this instrument was prepared



by you or under your supervision and direction?

A Yes, sir, it was.

Q Will you explain what this exhibit is, please, sir.

A Exhibit 3 is a diagrammatic sketch of the proposed dual completion illustrating the down-hole equipment which we plan to employ in the dualing of this well. The casing program which was utilized in the Paddock completion is illustrated on this exhibit.

Q Let me ask you this, Mr. Webb: Is this diagrammatic sketch the exact same diagrammatic sketch as was attached to Ohio's application in this case?

A Yes, sir, it is with the exception of one addition to this exhibit. This addition is a Baker snap set seal assembly which has been indicated on the Monument-Paddock tubing string and which has been underlined in red on the exhibit.

Q Will you described, please, sir, referring to Exhibit 3, the dual completion of the Bertha Barber Well No. 12, which Ohio proposes?

A Yes, sir. We propose to drill the subject well to a total depth of 9950 feet. A string of  $4\frac{1}{2}$  inch OD 11.6 pound casing will then be set from approximately 5225 or 30 feet above the seven-inch casing shoe to approximately 9948 feet. We propose to cement this liner with 450 sacks of Trinity inferno cement and to circulate cement to the top of the liner.

I may also say that this liner will be pressure tested



in accordance with the provisions of Rule 107 to ascertain if it is holding satisfactorily. We then propose to perforate the McKee zone at approximately 9746 to 9812.

A Baker Model D production packer will be set at 9700 feet in the  $4\frac{1}{2}$ -inch casing. The McKee tubing string will be 2  $\frac{3}{8}$ -inch OD, 4.7 pound EUE N-80 tubing. This string will be equipped with a Baker anchor seal assembly unit and will be anchored into the Baker Model D packer.

Incidentally, the Baker Model D packer is designed to withstand a pressure differential far greater than any pressure differential we anticipate in production of this well.

A string of 2  $\frac{3}{8}$  inch OD, 4.7 pounds EUE J-55 tubing will be run to accommodate production from the Monument-Paddock zone. The 7-inch casing in this well offers ample clearance for the installation of proposed parallel tubing strings.

We anticipate that it may ultimately become necessary to artificially lift production from the Monument-Paddock reservoir. If you will note on Exhibit 3, the Paddock tubing string is equipped with gas lift valves and this string will be landed in a Baker Model K dual string packer.

Now, it is my opinion that with this equipment the production from the Paddock zone can be efficiently and effectively gas lifted. We have a sufficient supply of high pressure gas on the Bertha Barber lease for gas lift purposes. It is also my opinion that the McKee zone being productive of high pressure



production will flow to depletion and that the installation of artificial lift facilities on this zone will never become necessary. The installation is designed and will be installed in accordance with sound engineering practices and principles.

Q Mr. Webb, if the equipment and material reflected on Exhibit 3 proposed to be used in this well is not available at the time, will Ohio substitute equipment of equivalent quality?

A Yes, sir, of equivalent quality and rating.

Q In your opinion can the dual completion be accomplished safely, efficiently and effectively in the manner outlined in Exhibit 3?

A Yes, sir.

Q In your opinion, can the Paddock and McKee formations in this well be safely, efficiently and effectively produced to depletion by this dual completion?

A Yes, sir, in my opinion they can.

Q Will the dual completion as set forth in Exhibit 3 prevent communication of the production in these two zones?

A Yes, sir. It is my opinion that this equipment will effectively prevent communication between the two zones of production.

Q Are dual completions comparable to that which Ohio proposes in common usage in the southeast portion of New Mexico?

A Yes, sir, they are.

Q When this proposed dual completion is installed, will



Ohio be able to measure the reservoir pressure in each of the zones?

A Yes, sir. The reservoir pressure for each separate zone may be measured with a bottomhole pressure gauge and this can be done in each separate zone without the necessity of shutting in the zone which is not being bottomed.

Q Will you conduct packer leakage tests in this dual completion?

A Yes, sir. The well will be equipped with all necessary connections for conducting packer leakage tests.

Q Will Ohio be able to measure production accurately on each of the zones?

A Yes, sir. Our equipment will be sufficient that the production of oil and gas from each zone will be separately and accurately measured.

Q Will Ohio install well head equipment on this dual completion in conformance with Commission Rule 115?

A Yes, sir, we will

Q Do you anticipate any corrosion problem in connection with production from these formations?

A No, sir. We anticipate no severe corrosion problems at all. This opinion is based on the fact that in the past the Monument-Paddock zone has offered very little corrosion problems and the McKee gas is characteristic of the sweet.

Q In your opinion, how will this dual completion affect





the ultimate recovery of each of those two reservoirs in this well?

A The ultimate recovery from the proposed dual completion from each zone of production in my opinion will be just as great as the ultimate recovery which could be effected from the single wells drilled to each zone separately.

Q Have you compared the estimated cost of dually completing this well, the Bertha Barber Well No. 12, with the estimated cost of a new well to the McKee formation?

A Yes, sir. The cost of drilling a new well to the McKee zone and completing it therein is estimated at \$161,126. The cost for deepening and dually completing the Bertha Barber Well No. 12 is estimated to be \$132,467. In each case the cost of the necessary surface equipment has been included in the estimate. It may be seen that by deepening and dualing the Bertha Barber Well No. 12, a saving of \$28,662 can be realized.

Q In your opinion, is the dual completion of the Bertha Barber Well No. 12 in the interest of conservation?

A Yes, sir, it is.

Q In your opinion, is the approval of the dual completion necessary in order to afford Ohio a reasonable opportunity to recover its fair share of hydro-carbons from the McKee formation?

A In my opinion, it is.

Q In your opinion, will correlative rights be protected by the granting of this authority to dually complete the Bertha



Barber Well No. 12?

A Yes, sir.

Q Will this dual completion cause waste?

A No, sir.

Q Will the dual completion prevent the drilling of unnecessary wells in your opinion?

A Yes, sir, it will.

Q Mr. Webb, when this well has been drilled to a total depth in the McKee formation, will you furnish to the Commission a log of the well in accordance with Commission Rule 112-A?

A Yes, sir. An acceptable log will be submitted to the Commission.

Q In your opinion, Mr. Webb, is the granting of the non-standard eighty-acre proration unit which Ohio is requesting at this hearing for its proposed completion in the McKee formation necessary to protect Ohio's correlative rights pending completion in accordance to the formation of a standard 160-acre unit?

A Yes, sir.

MR. LEACH: Mr. Examiner, at this time we will offer in evidence Exhibits 1, 2, and 3.

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

MR. LEACH: That concludes our presentation.

EXAMINATION BY EXAMINER UTZ:

Q Mr. Webb, is the Paddock sweet crude?



A Intermediate crude.

Q And the gas well liquid, the McKee liquids are what?

A Characteristically sweet.

Q What is the producing formation of the Number 4 and Number 6 wells on your Bertha Barber lease in the north half of the southwest quarter of Section 5?

A Well Number 4 and Well Number 6 are both completed in the San Andres zone. They are Monument Pool wells.

Q And the Number 10 is a dual completion, is it?

A No, sir; Number 10 is a Monument Blinbry well.

Q Why was it that you picked the Number 12 to dual rather than either the other three wells?

A Well No. 6 is completed to a total depth of 3890 feet. It does contain 7-inch casing set at a depth of 3820. It is producing from open hole interval, 320 to 390. The well is a pumping well. It is assigned top allowable of 34 barrels oil per day. The Bertha Barber Well No. 12 is 1345 feet deeper than Well No. 6. I have prepared a cost estimate which indicates that the additional deepening cost which would be required in the case of Well Number 6 is approximately \$18,674. Furthermore, Well Number 6 was completed in December, 1936, whereas Well Number 12 was completed in February, 1955.

The casing in Well Number 6 is more than 18 years older than the casing in Well Number 12 and presents more likelihood of failure. Furthermore, the corrosion problems which are



afforded by the San Andres crudes are considerably more severe than the corrosion problems which are afforded by the Paddock crudes.

Well Number 4 is completed to a total depth of 3895. It does contain 7-inch casing. Here again production is from open hole interval. The well is shut in so it could be possible to deepen Well 4 and affect a single well completion in the Monument-McKee reservoir. However, Well No. 12 is 1468 feet deeper than Well No. 4 and it is estimated that the additional cost which would be required to dual or deepen and single complete Well Number 4 due to the additional drilling would be \$17,632 greater than the cost required for deepening and dual completing Well Number 12.

Here again, Well Number 4 was completed in 1936, whereas Well Number 12 was completed in 1955 and the casing in Well Number 4 is again more than 18 years older than the casing in Well Number 12 and offers considerably more likelihood of failure.

Well Number 10 is a Monument Blinebry well and in itself would be in an orthodox location. It was completed in 1952 to a total depth of 5742. The casing size, however, is  $5\frac{1}{2}$  inch OD. We are producing Monument Blinebry oil through the casing. Perforations are 5682 to 4705 and this well is pumping. It has been assigned an allowable of 37 barrels oil per day. Top allowable for the Monument Blinebry Pool is also 46 barrels oil per day. There was a recent test on this well conducted on August 26, 1961,



on an annual GOR survey at which time the well pumped 37 barrels oil in twenty-four hours with a GOR of 758 to 1. Well No. 12 contains 7-inch casing and a larger diameter casing is considerably more suitable for deepening and dualing operations. Furthermore, the Blinebry zone of Well 10 is limited in productivity whereas the Paddock zone of Well 10 is capable of top allowable production and in view of this, we feel that there is less likelihood of having to perform remedial work on the Paddock zone of Well No. 12 in the near future. It is also my opinion that the possibility of damaging the Blinebry zone in Well No. 10 is considerably more likely than damaging the Paddock zone of Well No. 12.

These are the reasons that Well No. 12 was chosen.

EXAMINER UTZ: Are there any other questions of the witness?

MR. MORRIS: Yes, sir.

EXAMINATION BY MR. MORRIS:

Q Mr. Webb, I will address these questions to you, but perhaps Mr. Leach will have to come to your rescue. In the telegram from Phillips which has been made part of the record in this case, Phillips takes the position that they will offer no objection to the formation of this non-standard unit provided negotiations are entered into promptly to the formation of a standard unit comprising the southwest quarter of this Section 5.

Do you foresee any problem in communitizing Ohio's



acreage with the remainder of the southwest quarter?

A I personally foresee no problems.

MR. LEACH: I might assist our witness here some in that regard. Well No. 12, of course, is a dual completion. The pro-  
ration unit would be of only one of the completions in the McKee. It is possible that the parties might have some problem in con-  
nection with determining which operating cost should be borne by which of the parties and the possibility of reaching a satisfac-  
tory agreement upon what should be done with these formations in the event one has to be shut in. Other than these matters, we don't foresee any big difficulty in forming a 160-acre standard unit.

Q (by Mr. Morris) Will Ohio's royalty owner, Bertha Barber, go along with communitization of her interests with the remainder of the interest in the southwest quarter? Do you have a pooling clause in your lease?

A This I can't answer, Mr. Morris.

Q Have you made preliminary negotiations with your royalty owner to feel her out at all?

A No, sir. This has come up on such short notice we have really made no -- have not had sufficient time to commence any negotiations at all.

MR. COUCH: With regard to our royalty owner, one reason we sought the non-standard unit was because of the fact we feel some obligation to our royalty owner to at least make the

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attempt. We realize that the Commission rules require standard units of regular governmental quarter sections. I would anticipate that in view of this, of the objections that have come up, our own royalty owners would acquiesce.

MR. MORRIS: In communitizing the southwest quarter, how long would it take to complete those negotiations to the formation of a standard unit?

MR. LEACH: I don't think we could guess at it. We will proceed diligently. We have here four operators in the south half of the southwest quarter. We just don't know just how much difficulty we are going to encounter.

Q (by Mr. Morris) Mr. Webb, are the other wells completed in the Monument-McKee Pool in this area under or over-produced; do you know?

A I do not know.

Q The chances are they are carrying a status of either over- or under-production, though, as most gas wells do from time to time?

A That's true.

Q Do you know who the purchaser is of the gas from the Monument-McKee?

A No, sir, I do not.

Q Would the status of the well, whether it had an under- or over-produced status adversely affect the negotiations toward the finalization of the communitization agreement?



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MR. LEACH: Which well do you suggest might be over-produced?

MR. MORRIS: In the event the Commission approves the eighty-acre non-standard unit and assigns a gas allowable to this well, then as it goes on the line it probably is going to be carrying over- or under-produced status at the time the communitization agreement becomes effective.

I am asking if this over- or under-produced status would adversely affect the negotiations toward the formation of a standard unit.

In other words, if it carries an under-produced status, your royalty owner is not going to want to communitize the acreage because he's going to be losing out on the amount of gas coming to him. Can you make provisions for that in your communitization agreement?

MR. LEACH: We believe the Commission's procedures will take care of that although we are not sure what the parties will agree upon.

MR. COUCH: This may be of some assistance to the Commission. We have not as yet made a sale of the gas that we hope to obtain in the Monument-McKee Pool in this well. It is very likely that negotiations could be concluded before the well is ever actually placed on production.

EXAMINER UTZ: You could overcome that by keeping the well in balance?





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MR. COUCH: That would be our effort.

MR. MORRIS: I believe that's all I have; thank you.

EXAMINATION BY MR. NUTTER:

Q Mr. Webb, how long will it take to drill this well to the depth of 9950 feet after you commence operations?

A I feel we should be able to deepen and dually complete the well within a period of approximately two and a half months.

Q Will you take any special precautions to protect the Paddock formation from damage during the two and a half months you are drilling the well?

A The Paddock formation wells in this case -- we will use oil base mud so that the Paddock formation will not be damaged due to mud loss to the formation.

Q You won't take any precautions attempting to squeeze the Paddock or anything like that during the drilling operations and perforating operations?

A No, sir.

MR. NUTTER: That's all.

EXAMINATION BY EXAMINER UTZ:

Q Mr. Webb, do you know who will be the purchaser of gas?

A No, sir, I do not.

Q Do you have any intention of completing a McKee well providing this one is successful in the northwest quarter?

A I have not been so informed, but I can assure you we will take a very close look at the northwest.



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EXAMINER UTZ: Are there any other questions of the witness?

The witness may be excused.

(Witness excused.)

EXAMINER UTZ: Are there any other statements to be made in this case?

The case will be taken under advisement.

- - - - -



STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF SAN JUAN )

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to type-written transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 26 day of November, 1961, in the City  
of Farmington, County of San Juan, State of New Mexico.

T. Harne  
Notary Public

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 2424,  
heard by me on Nov. 8, 1961.  
\_\_\_\_\_  
\_\_\_\_\_, Examiner  
New Mexico Oil Conservation Commission

**DEARNLEY-MEIER REPORTING SERVICE, Inc.**

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