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PAGE 3 MR. NUTTER: Case 4640. 1 MR. HATCH: Case 4640: Application of Amoco 2 Production Company for special pool rules, Lea County, New 3 Mexico. We will take a recess. 5 (Recess.) 6 MR. NUTTER: The Hearing will come to order, please. 7 MR. BUELL: If I may say a few words to accomplish a 8 double purpose, one, kind of a little opening statement; two, Q kind of an apology. 10 As you probably are aware, Mr. Examiner, it has been an 11 extremely long period of time since I have been before you on an 12 Application involving pool rules. 13 I hope this is an omen of good times to come and we will 14 have many many more pool rule hearings before you. 15 This is our Application for pool rules in the east Jim-Yates 16 Pool. 17 At the present time it is a one-well pool, although, as our 18 testimony will show, subsequent development is seriously being 19 contemplated. 20 I might also point out that while production from Yates and 21 some of our exhibits and our testimony, in order to more 22 precisely define the exact producing interval, we will be 23 referring to the top of the lower Yates conglommerate, because 24 that is the precise interval proposed, which the well is producing

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTION

87103 BOX 10920PHONE 243-66910ALBUQUERQUE, NEW MEXICO K BLDG, EAST0ALBUQUERQUE, NEW MEXICO 87108 209 SIMMS BLDG.• P.O. B First national bank

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1 I might also point out, Mr. Examiner, after Mr. Porter sees 2 the excellent performance of this one well he may move to change dearnley-meier reporting service, 3 the name of the pool to the Little Gem Yates Oil Pool, because 4 the well is a little gem. 5 We have one witness, Mr. Malloy, who has not been sworn. 6 TOM MALLOY 7 BY MR. BUELL 8 0 Would you state your complete name, Mr. Malloy; by whom 9 you are employed; and in what capacity and what location, 10 please, sir? 11 Thomas V. Malloy. A SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 I am employed by Amoco Production Company as a staff 209 SIMMS BLDG.0 P.O. BOX 10920PHONE 243-66910ALBUQUERQUE, NEW MEXICO 67103 First national bank bldg. East0albuquerque, new Mexico 87108 13 engineer in the Division Office at Houston, Texas. 14 Mr. Malloy, you have never testified before the New Q 15 Mexico Oil Conservation Commission. In view of that, would you briefly state your 16 17 educational background in the field of petroleum 18 engineering? I received a degree of Bachelor of Science in Petroleum 19 Ά Engineering from the University of Pittsburgh in 1938. 20 21 What have you done in the field of petroleum engineering Q since graduation? 22 I have been employed in the oil industry continuously 23 Α since graduation, since 1942 I have been employed by 24 Amoco Production Company in various engineering capacities. 25

Q All right, sir. Now, you testified as a petroleum engineer 1 before the Conservation Commission of both the states of 2 Louisiana and Texas; is that right? 3 Yes, sir, I have. A 4 Are there any questions of his qualifications, Mr. Examiner? 0 5 MR. NUTTER: No, he is qualified. б Q (By Mr. Buell) In order that the Examiner can evaluate your 7 testimony, I am going to ask you at the outset to briefly 8 state the pool rules that we are recommending here today. 9 In that connection, Mr. Examiner, I will also refer to our A 10 Exhibit No. 1, which is somewhat of a summary itself of the 11 rules we are recommending. 12 1092.8PHONE 243-86910ALBUQUERQUE, NEW MEXICO 87103 36. East-albuquerque, new Mexico 87108 MR. NUTTER: I will ask, Mr. Malloy, in the interest 13 of brevity, to be more brief. 14 The pool rules that we are recommending here today would 15 provide for the 80 acre oil units consisting of either the 16 north half, southeast half, east, or west half of the 17 governmental quarter section, with the usual right to drill 18 a well on each quarter section, the spacing provision that 19 the well be within 200 feet of a government center, of a 20 209 SIMMS BLDG. P.O. BOX 109 First national bank bldg. governmental quarter section, the usual provisions for the 21 exceptions being granted, administration for topographical 22 conditions, and that the well on a standard proration unit 23 of 79 to 81 shall be given 80 acre proration factor of two. 24 (By Mr. Buell) The production in this pool is more shallow than 25

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	1		5,000?
	2	A	Yes.
	3	Q	The current unit allowable for the existing well in the
	4		pool is 80 barrels a day, is it not?
	5	A	Yes.
	6	Q	As I understand your recommendation, if it is approved by
	7		the Commission, what would be its allowable?
	8	A	Its allowable would be 160 barrels.
	9	Q	All right, sir. Would you turn now, Mr. Malloy, to what
	10		has been identified as Amoco's Exhibit No. 2?
	11	A	This is the structural contour map on the top of the lower
6 0	12		Yates carbon pat pay. This is the pay section within the
CO 871	13		Yates Formation.
V MEX- 08	14		This was prepared utilizing data from the completed
CO B71	15		well, the discovery well for this Pool, which is identified
QUERQU WMEX	16		by a large red arrow, and also data obtained from numerous
ALBU UE, NE	17		other wells in the area which were completed as dry holes
3-6691 Querq	18		which have been drilled subsequent to the completion of
ONE 24 ●Albu	19		this well.
092.0PH 9. East	20	Q	Would you locate for the record the discovery well, Amoco's
BOX 1 K BLD0	21		Discovery Well, Amoco's Bates Federal No. 1?
5.● P.O.	22	A	Amoco's Bates Federal No. 1 is located 660' from the south
ATION A	23		line; 1980' from the west line of Section 26, 19 South, 33
NMIS 60 Rest n	24		East.
NL	25		This is in the unit in Section 29.
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c. , ^ 0.1.	1	Q	All right, sir. How would you describe the structure of
	2		the pay that is reflected on Exhibit No. 2?
	3	A	Well, this would be described as an asymmetrical domal
202	4		feature.
	5		It has an axis trending from the southeast to the
	6		northwest.
	7	Q	Speak up. Were logs running on all of the dry holes shown
meie	8		on this exhibit?
ley-I	9	А	No, sir, not in all of the wells.
arn	10		Several of the wells did have logs, others the tops
de	11		were obtained from sample data, too, so it is entirely
INTIONS 103	12		possible that with additional drilling and more rigid data
, CONVI	13		the structure interpretation shown here could be slightly
LY COPY Ew Me) 7108	14		changed.
ONY,DAJ DUF,DAJ XICO 50	15	Q	Based on your study of this reservoir and the immediate
TESTIM Jouer Jouer Mew Me	16		area, its position in the area, do you feel that the
8.ХР 8.ХР 8.ХР 8.ХР 8.2 2.4 2.4 2.4 2.4 2.4 2.4 2.4 2.4 2.4 2	17		position on the structure will be critical from the stand-
11.5 11.5 11.5 11.5 11.5 11.5 11.5 11.5	18		point of whether or not a well will be productive or a dry
15, 57AT(140NE 2 170ALE	19		hole?
HEARING 1092 - F 36. EAS	20	A	No, sir. Several of the wells which were completed as dry
Sitions , 0. Box NK BLI	21		holes, based on the depth at which the pay was encountered
200 200 200 200 200 200 200 200 200 200	22		would have been expected to be producers.
LIZING II AMS BLI NATION	23		However, they had no permeability in the pay zone;
SPECIAL 200 Sin First	24		therefore, they were completed as dry holes.
	25	Q	So, you feel that porosity, permeability development will

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	1		be more controlling than position on the structure?
2005 2005	2	A	Yes, that is correct.
	3	Q	Mr. Malloy, as you probably recall, back in June of 1968,
5-5 6-5 6-5	4		a discovery allowable application was held on our Bates
 Coo Email 	5		Federal No. 1.
	6		I believe that is Case No., Mr. Examiner, 3795.
Len L	7		Was an exhibit introduced at that hearing that
eier	8		reflected structure?
m-Y:	9	A	Yes, there was a map introduced as an exhibit at that
Inde	10		hearing in 1968 showing structure.
lea	11		However, it was the structure on the top of the Yates
riows	12		Formation.
CONVEN.	13		It was not on the top of the pay interval, which we
. COPY , (g 14		have identified as the lower Yates on Exhibit No. 2.
Y, DAILY E. NE	6 15	Q	It just showed Yates on the regional basis rather than
ESTIMON	× ₩ × 16		looking closely and critically at an area like you are
ALBUQ	มี 2 มี 17		doing here?
ENTS, E) 9-6691•	о ш ло 18	A	That is correct.
STATEM One 24	⊐ • 19	Q	All right. Do you recall what the current horizontal lim-
. A RINGS , 092 • PH	15 ² 20		its of this Pool are?
TIONS, HE Box 10	2 1 2 2 2 2 1 2 2	A	The East Jim Yates Pool has been defined as the south half
DEPOSIT	z ∎ _, 22		of Section 26, 19 South, 33 East.
S BLDG	voi⊥ 23	Q	Do you have any other comments to make on Exhibit No. 2,
ECIALIZ	z ⊭ ≝ 24		Mr. Malloy?
й 2	⊾ 25	A	No, sir.

				PAGE G
			0	All right. Would you look now at what has been identified
¢ . 5.		1		as Amoco's Exhibit No. 3: what is that exhibit?
tere Se e sig		2		as impeos s handbie no. Sy what is that cantible.
¢. Z		3	A	Exhibit 3 is the zonic gamma ray log of the Bates Federal
5		4		Well No. 1, the discovery well for this Pool.
00 =		5		The Yates pay has been identified on this log at near
J 0C		6		the total depth of the well, and the interval which has
<u>a</u>		7		been perforated for completion has been also shown.
eier		8	Q	All right, sir. Do you have any other comments to make on
Ŋ-M		9		this log?
Irnle		10	A	I don't believe so, sir.
dea		11	Q	Are you introducing a cross-section exhibit here today,
TIONS	8	12		Mr. Malloy?
CONVEN	CO 8710	13	A	No, sir. At the Hearing in 1968 a cross-section was
r coPY,	W MEXI 08	14		introduced.
IY, DAIL'	JE, NE ICO 871	15		There has been some drilling in the intervening time.
ESTIMON	UERQU W MEX	16		However, there is really not new data that would
KPERT T	ALBUC UE.NE	17		change the interpretation and change the picture, so I
ENTS, E	3-66914 QUERQ	18		didn't prepare a cross-section for this Hearing.
STATEN	ONE 24	19	Q	That is already in the Commission records and files?
IARINGS,	092•PH 1. East	20	A	Yes.
TIONS, HI	80 X	21	Q	Would you turn now to what has been identified as Amoco's
DEPOSIT	6 P.O.	22		Exhibit No. 4?
ING IN	ATIONA	23	A	Amoco's Exhibit No. 4 is a tabulation of data such as is
PECIALI	IRST N	24		available on the reservoir fluid characteristics, on the
~	CN LL	25		reservoir rock.

PAGE 10 Very briefly, this lists the average porosity as eight 1 c... S.... per cent interstitial water saturation, twenty-eight per 2 dearnley-meier reporting service, cent. 3 The permeability is unknown. 4 The oil produced from this pool is 34° api gravity; 5 the solubility of the gas is unknown because the gas-oil 6 ratio is too small to measure and because of the very low 7 gas solubility, we have estimated the reservoir volume 8 factor at 1.02, reservoir barrel. 9 Do you have any other comments? 0 10 Α I don't believe so. 11 If you will look at Amoco's Exhibit No. 5, what is that 0 IPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 12 209 SIMMS BLDG.0 P.O. BOX 10920PHONE 243-66910 ALBUQUERQUE, NEW MEXICO 67103 First national bank bldg. East0albuquerque, new Mexico 67108 exhibit? 13 Exhibit No. 5 is a performance graph of the East Jim Yates A 14 Pool or Yates Federal Well No. 1 from the discovery in 1968 15 until the latter part of 1971. 16 Would you comment very briefly, please, on each indice of Q 17 performance that is mentioned on this exhibit? 18 At the top we have tabulated the available -- shortly after Α 19 completion of the well, the bottomhole pressure measurement 20 was made. The pressure datum of thrust plus 230' was 1,209 21 pounds per square inch. 22 In late November, early December, 1971, an additional 23 pressure measurement was made at the same datum of +230'. 24 The pressure was 1,187 psi or a decline of only 22 25

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e `		1	pounds from the original.
trans Bratana anna		2	The second curve on Exhibit No. 5 is the barrels of
		3	oil per day produced each month throughout the life of the
202		4	reservoir after the production of the discovery allowable.
20		5	This generally shows then that the well has been capable of
		6	producing the normal allowable assigned, normal unit
181		7	allowable assigned, and at the bottom is a curve showing
eier		8	the cumulative production, which is about 116 barrels of
۳-۲		9	oil today.
arnle	1	10	Q Let's go back to your middle curve, the average barrels of
dea	1	11	oil per day.
TIONS	g 1	12	I noticed in October of 1970 that it shows it produced
CONVEN	1 20	13	an average of about 40 barrels of oil per day.
Y COPY,	108 MEX	14	I know that the normal unit allowable was much higher
NY, DAIL	и 2 с 2 с 2 с 2 с 2 с 2 с 2 с 2 с 2 с 2 с	15	than that.
TESTIMO	0 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	16	How do you account for that?
XPERT	NE NE	17	A Was madethe answer was made through a misunderstanding,
KENTS, E	13-6691- 10/1111	18	and the production during August of 1970 was at a higher
I, STATE	TONE2	19	than the allowable rate, it being thought that discovery
IEARING	1092 • P	20	allowable still continued because of that original
ITIONS, F		21	production in August.
DEPOS	0.0 P.0	22	Then there was the well that was under produced in
NI ONIZI'	1MS BLI NATION	23	October to compensate for it.
SPECIAL	208 81V	24	Q So, this well does have excellent ability to produce?
		25	A Yes, it does.

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e		1		As a matter of fact, it has been tested a number of
e		2		times at rates about 200 barrels per day, and maybe even
C		3		exceeding that slightly.
613 673		4	Q	Let me ask you this. I don't notice any curve here showing
		5		water production. Did this well ever make water?
BDOL		6	A	No, it has never produced any water.
		7	Q	And it has produced a 116,000 barrels with only a 22 pound
mei		8		pressure drop?
ley-		9	A	Yes, sir, that is correct.
arn		10	Q	Is this well slowing or pumping?
de		11	A	This well is pumping because of a very small amount of gas
INTIONS	801	12		that is in solution in it, even with the bottomhole
r, CONVI		13		pressure being at a high level, it just won't flow, so it
ILY COP	7108	14		is pumped.
ONY, DA	2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	15		It does pump with a very high fluid level, however.
r Testik	2 0 0 7 2 2 2 2 2 2 2 2	16	Q	Some of these tests that have been conducted on this well
EXPER-	aonE, I aouE, I	17		in the range of 200 barrels a day are based on an observa-
EMENTS,	2 4 8- 665 1 - 0 - 1 - 1 2 - 0 - 1	18		tion that you made that the fluid level in the well was
65, STAT	HONE 1 - V - VE	19		high?
HEARIN	1092 • 1 0 G. EA	20	A	Yes, ŝir.
SITIONS,	0.80X	21	Q	The fluid was high?
0490 ž	NAL 0.	22	A	Even producing at the 200 barrel a day test rate.
LIZING II	NATIO	23	Q	Do-you have any other comments on Exhibit 5?
SPECIAL	FIRST	24	A	No.
		25	0	Would you turn then, please, to what has been identified

as Amoco's Exhibit 6; what is that exhibit? 1 Exhibit 6 is a data sheet which I have set forth a A 2 comparison of the oil recovery to date, to the oil in 3 place, I have repeated the parameters that we used, the 4 porosity of eight per cent, the water saturation 28 per 5 cent, the RVF of 1.02. 6 It has been determined that the well has an effective 7 net pay of 16', so going through those calculations, that 8 calculates as 7,040 barrels of oil in place here per acre, 9 or 281,600 barrels in place in this 40 acre unit. 10 While you are giving some figures, go a little slower for 0 11 the sake of the reporter. I believe he is up with you 12 NEW MEXICO 87103 87108 right now. 13 Then, using the cumulative production of 116,000 barrels Α 14 and 281,000 barrels of oil in place, you had a 40-acre unit 209 SIMMS BLDG.0 P.O. BOX 10920PHONE 245-66910ALEUQUERQUE. First national bank bldg. Eastoalbuquerque, new mexico 15 with 16' of pay, we have recovered 41.2 per cent of the oil 16 in place under a 40-acre unit. 17 Mr. Malloy, do you as a reservoir engineer, what data of Q 18 these types indicates to you from the standpoint of the 19 drainage radius of the well--20 The fact we have had no water influx to the well, the А 21 reservoir is exhibiting very slight signs of depletion in 22 that the reservoir pressure has dropped only 22,000 pounds. 23 I concluded definitely we are draining an area in excess 24 of the 40 acres. 25

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c _2		1	Q	All right, sir. Let me ask you this. We didn't core the
c		2		pay and we have no core data as to permeability. Do these
9		3		types of form data give you any idea as to the permeability
5		4		in the well bore?
		5	A	Yes, I would say that the performance data of the well and
BDOL		6		the reservoir indicate a very excellent permeability in
		7		this pay.
meie		8	Q	All right, sir. Based on the data reflected on our Exhibit
ley-I		9		6 and other performance characteristics of this well which
arn		10		you have observed have you formed an opinion as to whether
þ		11		or not one well in this Pool will effectively and effic-
INTIONS	103	12		iently drain in excess of 80 acres?
Y, CONVI	XICO 81	13	А	Yes, sir, I feel because of the excellent performance of
ILY COP	E W MEX 7108	14		the well and the reservoir that very definitely one well
IONY, DA	с 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	15		can efficiently and economically drain in excess of 80 acres.
r testik		16	Q	Do you foresee that any reservoir damage could occur if the
EXPER-	1●▲LB RQUE, 1	17		Commission approved our recommendation here tody and adop-
IEMENTS.	243-669 Buque	18		ted our 80 acre units and our two times factor which at
08, STAT	PHONE 81●AL	19		this time would result in 160 barrels a day rate for this
HEARIN	1092 -	20		Field; do you see any reservoir damage or waste occurring?
SITIONS,	0.0X	21	A	No, sir, I would not anticipate any damage of that type.
DEPC	00 7 4 1 7 4	22	Q	Do you feel that the recommendations made here today will
I DNIZIN	MMS BL NATIO	23		prevent waste as well as protecting the correlative rights
SPECIA	209 81 First	24		of all of the owners in the area?
		25	A	Yes, sir, I do.

	1	Q	Do you have anything else you would care to add?
	2	A	I don't believe so.
	3	Q	Mr. Examiner, that is all we have by way of direct evidence
	4		and testimony.
>	5		I would like to formally offer Amoco's Exhibits l
-	6		through 6.
	7		MR. NUTTER: Amoco's Exhibits 1 through 6 will be
	8	admi	tted in evidence.
•	9		CROSS-EXAMINATION
	10	BY M	R. NUTTER
	11	Q	Mr. Malloy, your bottom-hole pressure decline curve is
NTIONS 103	12		based on two points?
, CONVE XICO 87	13	A	That is correct.
LY COP	14	Q	There is no confirming point that would indicate whether
ONY, DAI Que. N Xico B	15		the line is to the flat or to the steep?
T TESTIM LOUER	16	A	No, nothing at this time, no, sir.
EXPER.	17	Q	Either point could be in error?
EMENTS, 243-669 3 0 0 0 61	18	A	The pressure that was obtained in late 1971, I believe, was
63, 57AT 9HONE 5T • AL	19		after either a 48 or 72 hour shut-in.
MEARIN 1092 - 1 DG. EA	20		The data that were entered on the form at the initial
SITIONS, O. BOX ANK BL	21		one showed stabilized pressure.
N, DEPC 	22		I don't recall of there being a record of shut-in time
MMS BL	23		for that.
SPECIJ 209 SI FIRST	24		However, it was considered a stabilized pressure, and
	25		we feel the long shut-in time for this later pressure would

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give us stabilized pressure, also. 1 What is the original IP on this one? Q 2 Α This initially was swabbed at a rate of 137 barrels in four 3 hours, I believe, on the initial test. 4 It would appear that the well was capable of producing top 0 5 allowable for most of the period of time plus the discovery 6 allowable? 7 Yes, sir. А 8 Which was, I guess, the discovery allowables were completed 0 9 then just prior to August when they over produced these? 10 Just looking at the data, discovery Α That is correct. 11 SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS allowable hearing that was held in June, '68, it can be 12 209 SIMMS BLDG.0 P.O. BOX 10920PHONE 243-66910 ALBUQUERQUE, NEW MEXICO 87103 First national bank bldg. East0albuquerque, new mexico 87108 presumed that the discovery started then probably August 1 13 and in '68, and ended August 1st, '70, but through error 14 they produced at the higher rate throughout the month of 15 August. 16 And we do feel, I mean the well has been capable of 17 producing the normal allowable in excess of that, as shown 18 by the test that has been taken from time to time. 19 Do you have a current potential on the well? 0 20 I have seen some test data. I don't know if I have it with Α 21 me, of the well pumping, oh, in the vicinity of 200 barrels 22 a day. 23 So, in other words, if your proposal were approved here and 0 24 you got here your acreage factor of two, the well would 25

dearnley-meier reporting service, me.

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я С., 5 1		1		have been on an allowable of 160 barrels, which would be
Byrr - r Mar		2		up here off of your chart?
		3	A	Yes.
<u>c</u> .2		4	Q	We have no evidence to indicate that the well can't produce
		5		that. You do have a test?
		6	A	We do have test data from time to time throughout the life
<u>a</u>		7		of the well that shows the well has been able to produce
leiel		8		in the vicinity of 200 barrels a day.
ey-m		9	Q	How come you have never drilled a second well here, Mr.
Irnle		10	~	Mallov?
dea		11	А	I think because of the fact there have been so many dry
IONS	m	12		holes drilled, some of these dry holes have been drilled
ONVENT	0 8710	13		subsequent to the completion of this well. This subject
COPY, 0	N N N N	14		well was completed in May, 1968, the well that is on
', DAILY	н, Х П (О 8710	15		Exhibit No. 2 is labeled as Gorman-McKnight, which is
STIMONY		16	,	immodiately south of that in Section 35. It was completed
ERT TE	E, NEW	17		an a dry hole in Tuly 169
4TS, EXF	6691•A UERQU	17		as a dry note in Jury, do.
TATEMEI	NE 243- Albuo	10		The well over towards the northwest corner of Section
RINGS, S	2 • PHO E AST •	22		The well immediately to the east of the discourses
NS, HEA	0 X 109 BLDG.	20		The well immediately to the east of the discovery
1 7 001710	P.O. B Bank	21	~	WELL WAS UCTODER, 1968.
IG N 9	BLDG.	22	Q	That is a Pan-Am well there?
IALIZIN	SIMMS	23	A	Yes, sir, it was. All three of these wells were Pan-Am or
SPEC	209 F - F 8	24		Amoco wells.
		25		Then up in the two McKnight wells in the northwest of

,

	,	
	1	26-4, they were 1969 completions as dry holes.
	2	So, we have tried to drill another well in this
	3 4	reservoir. We just haven't hit it.
		MR. PORTER: You think that one well will get all of
	5	the oil that would be gotten by more wells?
	6	THE WITNESS: We are still contemplating doing some
	7	more drilling, probably in the southwest of 26, for this
	8	reservoir.
	9	Q (By Mr. Buell) Actually, a recommendation to drill the
	10	additional well has been processed through the lower level
	11	of management and is ready to go to top management now?
1 TIONS 0.3	12	A Yes.
CONVEN	13	Q Would you like for us to furnish you the latest potential
Y COPY, W MEX 108	14	tests byby that, by potential tests, I mean to show that
NY, DAIL UE. NE CICO 87	15	the well can easily make in excess of the 160.
TESTINO Querq Ew Mey	16	MR. NUTTER: You might file that with the Commission.
EXPERT • A L B U Q U E. N	17	CROSS-EXAMINATION
MENTS, 1 43-6691 U QUER	18	BY MR. NUTTER
5, 57ATI Hone 2 Toalb	19	Q What is your interpretation of 16 feet of net pay based on,
tearing 1092 • P 06. eas	20	Mr. Malloy?
1 TIONS, 1 0. Box NK BLD	21	A It was obtained from the microlateral log.
• DEPOS 06.• P.C 1al bai	22	Q Were there any cores run?
IZING IN IMS BLE NATION	23	A No cores were taken in the interval from the microlateral
SPECIAL 209 SIM FIRST I	24	log.
	25	It has been estimated that there is possibly sixteen

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¢. ^		1		feet of pay.
1		2	Q	There is a calculated porosity?
C		3	A	Yes, it is a calculated porosity, and the water saturation
6-3 6-3		4		from the logs.
್ಷ		5		See, the completion is actually over a forty foot
		б		interval from 3,305 to 3,390, and within that forty foot
8		7		interval we feel there is probably sixteen feet of good
ıeiel		8		effective net pay.
ey-N		9	Q	You feel you do have a water drive here?
arnl		10	A	It is either a water drive or there is a mighty big
de		11		reservoir to maintain the pressure as it has, with the
TIONS	60 0	12		production of 116,000 barrels, with the number of dry holes
CONVEN	ICO 871	13		that we have around here, we have to find where the biggest
Y COPY.	W MEX	14		reservoir is.
NY. DAIL	UE, NE ICO 87	15	Q	The biggest reservoir doesn't show up as yet?
T ESTIMO		16	A	It hasn't shown up as yet, so I would presume there is
IXPERT.	● A L B U A U E	17		probably an aquafair thus far that is aided in maintaining
KENTS, I	13-6691 JQUER	18		the pressure.
DEPOSITIONS, HEARINGS, STATEM	I ● A L B L	19	Q	Wouldn't there be a possibility if you had a water
	092.0 P	20		production drive and you increased your pressure to a level
	L BOX	21		higher
	G.● P.O Al Bar	22	A	That might result in a condition of wateroh, some adverse
IZING IN	MS BLD IATION	23		effect on the reservoir by those high productions. I mean,
SPECIAL	209 SIM	24		nothing that has been obtained in producing and testing the
		25		wells so far has indicated any adverse effect.

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PAGE 20

It has never been produced at the rate? Q 1 It has never been produced over a sustained period of time Α 2 at the rate, though, but if that would be the case, if 3 there were indications of damage, then drilling a second 4 well on an 80 acre unit and reducing the individual well 5 producing rates would certainly appear to be in order. 6 MR. NUTTER: Are there any further questions of Mr. 7 Malloy? 8 You may be excused. 9 Do you have anything further, Mr. Buell? 10 MR. BUELL: No, Mr. Examiner, I do not. 11 MR. NUTTER: Does anyone have anything they wish to 12 209 SIMMS BLDG.+P.O. BOX 1092.0PHONE 243-6691 + ALBUQUERQUE. NEW MEXICO 87103 First national bank bldg. East+Albuquerque. New Mexico 87108 offer in Case 4640? 13 We will take the case under advisement. 14 15 16 17 18 19 20 21 22 23 24 25

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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ST NATIONAL BANK BLOG. EASTOALBUQUERQUE, NEW MEXICO 87108

1	STATE OF NEW MEXICO)
•) ss.
2	COUNTY OF BERNALILLO)
3	I, RICHARD STURGES, a Certified Shorthand Reporter, in and
4	for the County of Bernalillo, State of New Mexico, do hereby
5	certify that the foregoing and attached Transcript of Hearing
6	before the New Mexico Oil Conservation Commission was reported
7	by me; and that the same is a true and correct record of the
8	said proceedings to the best of my knowledge, skill and ability.
9	
10	Sichardu Stures
11	CERTIFIED SHORTHAND REPORTER
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PAGE 22 INDEX WITNESS PAGE THOMAS V. MALLOY Direct Examination by Mr. Buell Cross-Examination by Mr. Nutter 15 & 18 SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 209 SIMMS BLDG.0 P.O. BOX 10920PHONE 245-66910ALBUQUERQUE, NEW MEXICO 87103 First national bank bldg. East0albuquerque, new mexico 87108 EXHIBITS APPLICANT'S MARKED ADMITTED Exhibit No. 1 Exhibit No. 2 Exhibit No. 3 & 4 Exhibit No. 5 Exhibit No. 6 ;3

dearnley-meier reporting service, me.