

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Odessa Natural Corpora- ) CASE  
tion for pool creation, assignment of ) 5629  
a discovery allowable and special pool )  
rules, Rio Arriba and Sandoval Counties,) )  
New Mexico. )

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Sumner G. Buell, Esq.  
MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & BUELL  
Attorneys at Law  
350 East Palace Avenue  
Santa Fe, New Mexico

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I N D E X

Page

EWELL N. WALSH

Direct Examination by Mr. Buell	3
Cross Examination by Mr. Nutter	9

EXHIBIT INDEX

Page

Applicant's Exhibit No. One, Booklet	9
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1 MR. NUTTER: We will call Case Number 5629.

2 MR. CARR: Case 5629, application of Odessa Natural  
3 Corporation for pool creation, assignment of a discovery  
4 allowable and special pool rules, Rio Arriba and Sandoval  
5 Counties, New Mexico.

6 MR. BUELL: Mr. Examiner, I'm Sumner Buell of  
7 Montgomery, Federici, Andrews, Hannahs and Buell appearing  
8 on behalf of the applicant and we will have one witness.

9 (THEREUPON, the witness was duly sworn.)

10  
11 EWELL N. WALSH  
12 called as a witness, having been first duly sworn, was  
13 examined and testified as follows:

14  
15 DIRECT EXAMINATION

16 BY MR. BUELL:

17 Q Would you state your name, please?

18 A Ewell N. Walsh.

19 Q Mr. Walsh, by whom are you employed, where and in  
20 what capacity?

21 A I'm employed by Walsh Engineering and Production  
22 Corporation as a petroleum engineer consultant.

23 Q And where are your offices?

24 A In Farmington, New Mexico.

25 Q And you are a consulting engineer to the Applicant

1 in this case?

2 A. Yes, I am.

3 Q. Have you previously testified before the Commission  
4 or one of its Examiners and had your qualifications accepted  
5 and made a matter of record?

6 A. Yes, I have.

7 Q. Are you personally familiar with what is sought in  
8 this Case 5629?

9 A. Yes, I am.

10 MR. BUELL: Are the witness's qualifications  
11 acceptable?

12 MR. NUTTER: Yes, they are.

13 Q. (Mr. Buell continuing.) Referring you to what has  
14 been marked for identification as Applicant's Exhibit Number  
15 One, would you briefly explain what is contained in this  
16 exhibit?

17 A. In this exhibit, which is a booklet, is the  
18 information concerning the discovery wells for this area,  
19 taken under concern, information concerning the subsequent  
20 development wells, recommended pool boundaries, vertical and  
21 horizontal, and recommended special pool rules.

22 Q. Referring you to what has been identified in the  
23 exhibit as Figure Number Ten, which is the last page, would  
24 you explain what this shows?

25 A. This is a copy of the portion of the area under concern

1 which indicates within the dashed lines the proposed horizontal  
2 pool boundaries for this Dakota oil pool. This is located in  
3 Township 23 North, Range 3 West.

4 Q And also shown on this exhibit are the wells involved?

5 A Yes, there are three wells currently completed in  
6 this are, the discovery well which is the Dave M. Thomas, Jr.  
7 Chacon Jicarilla Apache "D" No. 1 located in the northeast  
8 quarter of Section 23. The subsequent development wells which  
9 are Odessa Natural Corporation Chacon Jicarilla "D" 1 in the  
10 southeast quarter of Section 15, the Chacon Jicarilla "D" 2  
11 in the southeast quarter of Section 16.

12 Q Referring you back to page one of the exhibit, which  
13 covers the discovery well and the information on that well,  
14 would you just briefly outline the nature of the discovery well  
15 and what you found, how it is completed?

16 A This is the Dave M. Thomas, Jr. Chacon Jicarilla  
17 Apache "D" No. 1. This well was drilled through the Dakota  
18 formation. The tops of the formations are indicated on that  
19 page. Also on Figure One in your back pocket is a copy of  
20 the log. The tops are also marked. The well was completed  
21 and ready for production in September 4th, 1974. This is  
22 completed essentially only in what we call our Dakota "A"  
23 zone in this area. The initial potential for the well was  
24 ninety-five barrels of oil per day, fifty-five MCF of gas  
25 per day with a GOR of five hundred and seventy-nine cubic feet

1 of gas per barrel of oil.

2 Q What are the producing intervals in this well, in  
3 footage?

4 A The present producing intervals are from perforations  
5 in the Dakota "A" zone from seventy-three hundred and fifteen  
6 feet to seventy-three hundred and twenty-five feet, seventy-  
7 three hundred and thirty-eight feet to seventy-three hundred  
8 and forty-five feet.

9 Q Referring you now to page three of Exhibit One,  
10 again would you briefly outline the more salient points con-  
11 cerning the information on the subsequent development well?

12 A On the subsequent development wells, the two Odessa  
13 wells, previously referred to, were completed in both the  
14 Dakota "A" and the Dakota "B" zones. One well, the Chacon  
15 Jicarilla "D" 1, a completion attempt was made in the Dakota  
16 "B", however, it was determined that zone was non-productive  
17 or void of any hydrocarbons, therefore, those perforations  
18 were not left open.

19 Q In referring you to page six, you have here  
20 recommended pool boundaries both vertically and horizontally?

21 A Yes, I have.

22 Q What are the recommended vertical limits of this  
23 pool?

24 A The recommended vertical limits of this pool, if  
25 you please refer to Figure One, which is a copy of the log of

1 the Dave M. Thomas, Jr. Chacon Jicarilla Apache "D" No. 1.

2 MR. NUTTER: Is that the one that is Keyes and  
3 Thomas?

4 A. Keyes and Thomas, yes. There was an operator name  
5 change there.

6 It is recommended that the vertical pool boundaries  
7 be established, starting at the base of the Greenhorn formation  
8 or top of the Graneros shale interval at seventy-two hundred  
9 and eighty feet and subsequently down four hundred feet from  
10 that point. This interval has been used by the Oil Conservation  
11 Commission before in establishing the vertical pool boundaries  
12 for the Dakota pool.

13 Q. (Mr. Buell continuing.) And you have also  
14 recommended horizontal limits. Are those horizontal limits  
15 set out there on page six without detailing them?

16 A. Yes, they are and are also indicted in Figure Ten.

17 Q. You have some recommended special pool rules for  
18 this pool as shown on page seven of Exhibit One?

19 A. On both page seven and eight, items (a) through (i).

20 Q. Now, Mr. Walsh, is there some feature of this that  
21 is particularly unique as to these special pool rules?

22 A. Yes, one feature is item (d) which we are  
23 recommending for a temporary two-year period only, that the  
24 standard proration unit or unit for the well be established  
25 as three hundred and twenty acres and that the three hundred

1 and twenty acres can be either the north half or south half  
2 of the section, or the east half or the west half of the  
3 section.

4 Q Why is it that you feel that three hundred and  
5 twenty acres as a temporary measure is necessary?

6 A This is a new oil pool in relation and in comparison  
7 to the other Dakota oil pools in the area, the West Lindrith  
8 Gallup Dakota and the South Lindrith Gallup Dakota. The  
9 initial information we are obtaining from these wells indicate  
10 that this area is going to be more productive, highly  
11 productive, than these two. We will need additional informa-  
12 tion from the reservoir and from production to be able to  
13 establish a pattern, not a pattern, but the density of drilling  
14 for the future. We just don't want to see a dense drilling  
15 pattern and then find out that we could have gotten by with  
16 less ~~or~~ denser.

17 Q Is there any other item in the special pool rules  
18 that is somewhat unique?

19 A Yes, there is an item (h) on page eight and this  
20 is that the Secretary-Director of the Commission be authorized  
21 to grant without notice of hearing, the conducting of  
22 interference tests with transfer of allowables from a shut in  
23 well to a producing well on the same lease.

24 Q Do you have a recommended name for this pool?

25 A Yes, we would like to recommend that this oil pool



1 be named the Chacon, that's C-h-a-c-o-n, Dakota oil pool.

2 Q And is it your opinion that the granting of this  
3 application would prevent waste and protect correlative rights?

4 A Yes, it is.

5 Q Was Exhibit One prepared by you or under your  
6 supervision?

7 A Yes, it was.

8 MR. BUELL: We move the introduction of Exhibit One.

9 MR. NUTTER: Exhibit One will be admitted into  
10 evidence.

11 (THEREUPON, Applicant Exhibit One was  
12 admitted into evidence.)

13 MR. BUELL: I have nothing further, Mr. Examiner.

14  
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Walsh, isn't it a fairly well known fact that  
18 the Dakota <sup>gas</sup> formation is just barely draining three hundred  
19 and twenty acres, if at all, and isn't it also a fairly well  
20 known fact that most reservoirs are less permeable to the  
21 flow of oil than they are to gas?

22 A In answer to your first part, I would say, yes, in  
23 the other areas of the Dakota production this is true. However,  
24 I believe we are possibly coming into an area of Dakota  
25 production that has better reservoir characteristics and

1 conditions to give better production and the answer to your  
2 last part, yes. In the formations, like the Dakotas, the  
3 movement of fluid is slow.

4 Q Now, this Thomas well has been on production for a  
5 couple of years, hasn't it?

6 A It was in September of 1974.

7 Q So it would be about a year and a half?

8 A A year and a half, right.

9 Q How much oil has that well produced?

10 A Approximately twelve thousand barrels.

11 Q Do you have any original pressure and any current  
12 bottom-hole pressure on that well?

13 A On that well --

14 Q Now, its IP was ninety-five barrels of oil per day,  
15 what will it make now?

16 A Currently, Mr. Nutter, under pump, with a pump,  
17 about forty-five barrels a day. However, there is an indica-  
18 tion that the pump is not pumping to capacity, it seems to be  
19 carrying a fluid level within the well.

20 Q How about these other two wells, how much do they  
21 make?

22 A The two Odessa wells are currently shut in, Mr.  
23 Nutter, waiting on gas line connection for the gas. They did  
24 not wish to vent the gas.

25 Q And what was their IP on original completion?

1           Okay, I found it. The first one is a hundred and  
2 forty-two barrels?

3           A. Right, on page four there and that was for the  
4 "D" No. 1 and the "D" No. 2 was a hundred and twenty barrels  
5 of oil per day.

6           Q. How much oil have they made to date, before they  
7 were shut in?

8           A. Their production would be in the neighborhood of  
9 approximately a thousand barrels.

10          Q. So there is no pressure information available on  
11 them either, I guess?

12          A. On the "D" No. 2 we have been taking pressures and  
13 we plan to continue to take pressures during shut in to  
14 establish reservoir pressures, for the two zones that are open  
15 in the wells.

16          Q. Does the Thomas well have a casinghead gas connection?

17          A. No, sir, its current gas production is about twenty-  
18 three MCF per day. Originally it was some fifty-five. It  
19 was not sufficient gas to justify a gas company laying a gas  
20 line for it. It has been approved as an exception to the  
21 no-flare order.

22          Q. But Odessa is planning to get a casinghead gas  
23 connection for their wells?

24          A. Oh, yes, definitely. One thing there is a proposed  
25 workover program of the Dave M. Thomas well to open what we

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1 call the B zone. This in completion of the Odessa wells  
 2 indicated to have possibly sufficient gas to be able to flow  
 3 the Thomas well, rather than have to pump it then.

4 Q Now, the application was for this pool creation and  
 5 the promulgation of pool rules, also for the assignment of a  
 6 discovery allowable to the discovery well, but you have  
 7 sought here in your pool rules an allowable equal to seven  
 8 hundred and forty-seven barrels of oil per day and the  
 9 discovery allowable would be assigned on top of that, is there  
 10 any chance that this Thomas well can make a discovery allowable?

11 A No, sir, we have not even covered that in this portion  
 12 of the hearing because we think that is a matter after the  
 13 fact now.

14 Q Okay. It's probably not necessary?

15 A It's not necessary, that's true.

16 MR. NUTTER: Are there any further questions of  
 17 Mr. Walsh? He may be excused.

18 (THEREUPON, the witness was excused.)

19 MR. NUTTER: Do you have anything further, Mr. Buell?

20 MR. BUELL: No, sir.

21 MR. NUTTER: Does anyone have anything they wish to  
 22 offer in Case 5629?

23 MR. THOMAS: Mr. Nutter, I am Dave Thomas of  
 24 Farmington, New Mexico and I have consulted with Mr. Walsh  
 25 and with Odessa Natural on their field rules and applications

1 and I do concur completely with them.

2 MR. NUTTER: Thank you.

3 MR. THOMAS: Thank you, sir.

4 MR. NUTTER: Does anyone else have anything to offer  
5 in this case? We will take the case under advisement.

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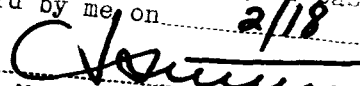
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 229  
heard by me on 2/18, 1976.  
  
Examiner  
New Mexico Oil Conservation Commission