

1 STATE OF NEW MEXICO  
2 ENERGY AND MINERALS DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BUILDING  
5 SANTA FE, NEW MEXICO

6 6 November 1985

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Benson-Montin-Greer  
10 Drilling Corporation for authority  
11 to conduct a long term Reservoir  
12 Pressure Study, Mancos Formation,  
13 Rio Arriba County, New Mexico.

CASES  
8745

14 BEFORE: David Catanach, Examiner

15 TRANSCRIPT OF HEARING

16 A P P E A R A N C E S

17 For the Oil Conservation  
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I N D E X

A. R. GREER

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3 MR. CATANACH: Call Case Number  
4 8745.

5 MR. TAYLOR: The application of  
6 Benson-Montin-Greer Drilling Corporation for authority to  
7 conduct a long term Reservoir Pressure Study, Mancos Forma-  
8 tion, Rio Arriba County, New Mexico.

9 MR. CATANACH: Are there ap-  
10 pearances in this case?

11 MR. KELLAHIN: Mr. Examiner,  
12 I'm Jason Kellahin, Santa Fe, appearing for the applicant,  
13 and I have one witness to be sworn.

14 MR. CATANACH: Are there other  
15 appearances in this case?

16 Would the witness please stand  
17 and be sworn?

18 (Witness sworn.)

19 A. R. GREER,  
20 being called as a witness and being duly sworn upon his  
21 oath, testified as follows, to-wit:  
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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Albert R. Greer.

Q What connection do you have with the applicant, Benson-Montin-Greer, in this case?

A I'm an officer and an engineer in that company.

Q Have you testified before the Oil Conservation Division and had your qualifications as a petroleum engineer made a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. CATANACH: The witness is qualified.

Q Mr. Greer, just what is proposed by Benson-Montin-Greer in Case Number 8745?

A We're asking that some exceptions from the Division ordinary regulations covering allowables, such that allowables could be accumulated and produced at a later date and in some instances that wells could be produced in anticipation of allowables and such that over all, and over a period of months, there will be no difference in the allowables that's otherwise been granted to the well, and what

1  
2 would occur here by permitting the wells to produce at dif-  
3 ferent times than the regular allowable schedule, will per-  
4 mit us to run an interference test.

5 Q Now referring to what has been marked as  
6 Exhibit Number One, would you identify that exhibit?

7 A Yes, sir. Exhibit Number One is a plat,  
8 area plat, showing the wells of interest in the interference  
9 test.

10 We show on there the, outlined in blue,  
11 the Mallon Howard 1-8 Well in the northeast quarter of Sec-  
12 tion 1, which we would like to be the producing well in the  
13 interference test.

14 And then highlighted in pink, the Canada  
15 Ojitos Unit E-6 Well in the northwest quarter of Section 6,  
16 which we would like to be an observation well.

17 And then other wells in the area we would  
18 like as much as possible for their allowables and production  
19 to be so adjusted as to have a minimum impact on the inter-  
20 ference test wells.

21 Q Now how would you propose to accomplish  
22 that?

23 A We're suggesting that the wells which now  
24 are capable of production in this area be permitted to pro-  
25 duce both their November and December allowables immediately  
and then be shut-in in order that the reservoir tend to

1  
2 reach stabilization prior to the time the Howard 1-8 Well is  
3 put on production for the test.

4 Q Now the Howard 1-8 Well is presently a  
5 producing well, is it not?

6 A Yes, sir, it's presently producing oil.

7 Q What's the status of your monitoring  
8 well?

9 A The monitoring well is currently being  
10 drilled. Casing was run on it yesterday and we would anti-  
11 cipate it to be completed and in shape to serve as a moni-  
12 toring well by the first of December.

13 And I might point out that ordinarily we  
14 would wait until a well is produced or completed and we know  
15 that we have a well suitable to run an interference test be-  
16 fore asking for the procedure before the Commission, but in  
17 this instance, because of the timing situation, if we wait  
18 until the well is completed and then come before the Divi-  
19 sion for a hearing, it might be too late, and by too late I  
20 mean that the Mallon wells could by that time be on perma-  
21 nent production. Right now they are producing with  
22 restricted allowables, or rates, because they do not have a  
23 way of usefully disposing of the gas.

24 We anticipate having a gas pipeline in in  
25 about a month or so and when that time comes, then they will  
want to produce the wells at whatever they're permitted to

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2 do, and in running this interference test the important  
3 thing in the test is to -- to pick up the pressure pulse  
4 through the reservoir during its initial transient, which is  
5 estimated to be 30 to 60 days.

6 If the wells are put on permanent produc-  
7 tion before the monitoring well is ready to monitor the  
8 pressures, then it's possible that the monitoring well will  
9 miss that initial transient and then all we would have would  
10 be a sort of steady state pressure decline which would not  
11 be much help in analyzing the characteristics of the reser-  
12 voir.

13 Q Now in connection with this case you're  
14 asking for an exception to the no flare order of the Commis-  
15 sion. What's the reason for that?

16 A As we understand it now, the allowables  
17 for the wells, pending useful disposition of the gas, is  
18 limited to the amount of oil which can be produced with  
19 about 30 MCF of gas per day.

20 I think the allowables -- or the gas/oil  
21 ratios have been running something like 500 to 600-to-1,  
22 which means about a, oh, about 50 barrels a day allowable,  
23 and for this test we would like for the test well, the pro-  
24 ducing well, to produce at a maximum reasonable rate, and  
25 the higher the rate at which it produces, the greater will  
be the pressure drop that can be measured in the interfer-

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ence test well, and 50 barrels a day probably would not get us enough of a pressure drop to be measurable.

I'm anticipating that at 400 barrels a day, which we think the well will be capable of sustaining, that even at those rates in 30 to 60 days test period that we will still have pressures which are going to be difficult to measure to determine what we want to determine.

Q Now this no flare exception would apply to the Howard 1-8 Well, is that so?

A That's the only well that there would need to be an no flare exception for.

Q Do you have anything else in connection with Exhibit Number one?

A I believe that's -- that's probably all on it.

Q Now turning to Exhibit Number Two, would you identify that exhibit, please?

A Exhibit Number Two simply shows the status as of November 1 of all the wells listed on the plat on Exhibit One.

Q Now in connection with those wells on Exhibit Number One, the operators -- what operators would be affected by this test in the immediate area?

A The operators affected besides our company, Benson-Montin-Greer Drilling Corp., as operator of

1  
2 Canada Ojitos Unit, is the operator of the tract to the  
3 west, Mallon Oil Company; and to the northwest, Dugan Pro-  
4 duction Company.

5 Q Do you have the cooperation of Mallon and  
6 Dugan as to this test?

7 A Yes, sir, both companies have indicated  
8 they would like to -- to support the test and of course it's  
9 just a question of each company as to whether their drilling  
10 and producing operations could be -- might be unduly  
11 influenced by the test, which under our present tentative  
12 schedule they see no problem with.

13 If something happens and we don't com-  
14 plete our well as we have planned and run into a long com-  
15 pletion or difficulty, then we might just have to abandon  
16 the test, in which instance we see that no harm has been  
17 done by granting these exceptions for the allowables.

18 In a sense what we're asking for is an  
19 option on the part of Mallon and Dugan to cooperate when the  
20 time comes if at that time it is compatible with their oper-  
21 ations.

22 Q Is there anything to add to Exhibit Num-  
23 ber Two?

24 A I think not. I might just point out that  
25 with respect to Exhibit Two that Dugan's well, proposed well  
in the southeast quarter of Section 36 is still waiting on

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2 the rotary, and the particular exception from the allowable  
3 rules that we're asking for this well would be that if Dugan  
4 drills the well, has it ready for completion, but in order  
5 to support the test, if at that time the test is progressing  
6 and appears to be a productive test, that we might get some  
7 useful information from, then if Dugan would elect to delay  
8 completing his well by delaying fracing the well so as not  
9 to send a pressure pulse through the reservoir, then Dugan  
10 will be granted an exception to the allowable rules such  
11 that he would not suffer loss of allowable by supporting the  
12 test.

13 And what we're thinking about there is  
14 again where his allowable would probably be limited by 30  
15 MCP a day production, something like 50 barrels a day or  
16 1500 barrels a month, if he were to delay completing his  
17 well, say, for 45 days, then he would have an additional  
18 2250 barrels allowable that could be produced when the well  
19 is completed, over and above what he otherwise would have.

20 Q Turn to Exhibit Number Three. Would you  
21 identify that exhibit?

22 A Exhibit Three is a summary of what we're  
23 asking for in this case, which I might run down right quick.

24 Item A, we ask that the project be al-  
25 lowed four months and not to exceed four months.

That the test well production would not

1  
2 exceed sixty days, and that's, of course, because of an  
3 exception to a no flare order and generation of -- or  
4 anticipation of allowables.

5 Shut-in monitoring well not to exceed  
6 ninety days but it could accumulate allowable to be produced  
7 at a later date, which in connection with this monitoring  
8 well, the Canada Ojitos E-6, we've already laid our gas  
9 gathering line to this well and once it's completed, if we  
10 can make a successful completion, then it would as of the  
11 time it's completed be -- have useful disposition of the gas  
12 and its allowable would be whatever the allowable is at that  
13 time would not be limited by the no flare order (not clearly  
14 understood.)

15 And Item B we identify the production  
16 test well as the Howard 1-8, Mallon Oil Company's Howard 1-8  
17 Well and the monitoring well is identified as Canada Ojitos  
18 Unit E-6.

19 In Item C we set out the option which we  
20 just discussed for Dugan Production Corp.

21 In Item D we list the wells which might  
22 be shut in and allowed to produce initially in anticipation  
23 of allowable, in anticipation of December's allowable, they  
24 would be permitted, of course, to produce November's now,  
25 and then if shut in longer than December, that they would be  
allowed to make up allowable in the following six months.

1  
2 Q And those are the wells which you have  
3 listed on Exhibit Number Three.

4 A It wouldn't affect any other wells in the  
5 area?

6 A No, sir. Then Item E, we just note there  
7 that if, as of the time the test well is put on production,  
8 that Mallon does not have their pipeline in to usefully dis-  
9 pose of the gas, that the test well be granted an exception  
10 from the no flare order.

11 Q Now, Mr. Greer, just what is the purpose  
12 of this interference test? What do you hope to accomplish?

13 A It is to develop reservoir information  
14 that would be useful in the continued development and opera-  
15 tion of the two pools in this area. The Canada Ojitos Unit  
16 lies in the West Puerto Chiquito Pool. The Mallon wells lie  
17 in what we presume will soon be the Gavilan Pool.

18 The boundary between the two pools is the  
19 north/south boundary between Townships -- or Ranges 1 West  
20 and 2 West, as shown on our Exhibit One.

21 And as to the Canada Ojitos Unit proper-  
22 ties, those in the West Puerto Chiquito Pool, this pool is  
23 on 640-acre spacing and we recently asked that for the west  
24 two rows of sections that we be permitted to drill two wells  
25 on a proration unit, and if that application is approved,  
then we would have the option as we see fit to drill a

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2 second well on each of those sections, and the purpose of  
3 drilling a second well would be to protect the unit from  
4 drainage.

5 The big question that we have is do we  
6 really need a second well on all of those sections. Perhaps  
7 we only need that second well on the first row of sections  
8 joining the Gavilan Pool, and perhaps we don't even need  
9 that. It might be possible that only one well on 640-acre  
10 spacing in West Puerto Chiquito could -- could pretty well  
11 prevent drainage from the two wells on the west side, depen-  
12 ding on reservoir conditions, and that's what we would like  
13 to determine if we can in this area and perhaps by now to  
14 determine for other parts of the area whether we're going to  
15 need to drill that second well on a section.

16 If we can save the drilling of the second  
17 well on a section, there's roughly a ten-mile boundary be-  
18 tween the two pools, we could save from ten to twenty wells,  
19 and for their depth these are expensive wells, \$6-to-  
20 \$800,000 apiece, would be a substantial savings for the --  
21 for the unit.

22 And as far as the Gavilan properties are  
23 concerned, where Howard's wells are located, in about a year  
24 and a half this Division will be considering the proper  
25 spacing for the Gavilan Pool. It's presently on a temporary  
order of 320 acres. It would be good to have as much infor-

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2 mation as possible for the Gavilan owners and for this Divi-  
3 sion in making that determination at that time as to what  
4 the proper spacing is for Gavilan.

5 So for those two purposes we ask that we  
6 be allowed to run this interference test and to have allow-  
7 able changes from the regular rules in order to do, make the  
8 test.

9 Q Is the producing formation in the Puerto  
10 Chiquito and the Gavilan Pools the same?

11 A Yes, sir.

12 Q So the test would be actually affecting  
13 the same formation under each pool.

14 A Yes, sir.

15 Q In your opinion is the conduct of this  
16 test important for the protection of correlative rights and  
17 the prevention of waste?

18 A Yes, sir.

19 Q Were Exhibits One, Two, and Three pre-  
20 pared by you or under your supervision?

21 A Yes, sir.

22 MR. KELLAHIN: At this time I  
23 would offer Exhibits One, Two, and Three.

24 MR. CATANACH: Exhibits One,  
25 Two, Three will be admitted as evidence.

MR. KELLAHIN: That concludes

1  
2 the testimony, Mr. Examiner.

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4 QUESTIONS BY MR. CHAVEZ:

5 A Mr. Greer, you've said that the Howard 1-  
6 8 Well should be produced at a maximum reasonable rate of  
7 production.

8 How would that be determined?

9 A As I understand in the month of August  
10 they produced from that well 8000 barrels in 20 days, which  
11 would be about 400 barrels a day, and this is the rate that  
12 I'm thinking about as far as the maximum reasonable rate.

13 I don't know whether the well is capable  
14 of producing at a higher rate than that or not. I presume  
15 that they were producing it pretty much at capacity, but  
16 it's substantially in excess of the otherwise 50 barrels a  
17 day that they would -- would be allowed to produce, and we  
18 would -- we would hope that during the test that the well  
19 would be produced at a uniform rate. In other words, if  
20 it's capable of producing 500 barrels a day at the beginning  
21 of the test and 300 barrels a day at the end of the test, we  
22 would prefer that it be produced at 400 barrels a day  
23 throughout the test uniformly rather than at a declining  
24 rate just simply to have the best information possible to  
25 analyze.

That's what I was thinking about, about

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2 400 barrels a day.

3 Q Mr. Greer, I notice that it doesn't ap-  
4 pear that you're asking for a compensatory allowable for the  
5 Canada Ojitos Unit No. 6 Well.

6 A Well, I guess I didn't make myself clear.  
7 We would like to have whatever allowable that it would accu-  
8 mulate during the test, that it be allowed to produce that,  
9 if it's capable of doing it, above its normal allowable af-  
10 ter the test is over and be given a period of six months in  
11 which to produce that.

12 Q How would that be determined in volume?

13 A Well, when -- when the well is completed,  
14 let's say that -- that it's a comparable well to the Mallon  
15 well, which I hope it is. Of course in this pool it might  
16 only be a tenth as much, but let's just say that it was 300  
17 barrels a day, potentialed for 300 barrels a day.

18 Its present allowable is -- is, I think,  
19 about 600 barrels, might be, in one of our cases, if the  
20 Commission rules on it, it might be 700 barrels a day maxi-  
21 mum allowable. If the well's capable of making only 300  
22 barrels a day then its allowable, as I understand, would be  
23 limited to its ability to produce, so that would be 300 bar-  
24 rels a day.

25 So if it's shut in for 60 days then that  
would be 18,000 barrels that we have another -- we would

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have six months to produce over and above its other regular allowable, if it's capable of doing it.

The chances are very good with the allowables as high as we think they will be and the productivities probably being less than the allowable, it may be entirely academic that the E-6 is allowed to accumulate allowable. Even so, it seems to me that the unit owners need to have the right to make up the allowable even though the well couldn't do it.

Q Mr. Greer, I notice that you're asking for two offset operators you said have agreed to this test, and you're asking for an exception on their behalf.

Do you have any written correspondences that will show that they are in agreement with your application on their behalf?

A No, sir. They asked if we wanted them either to appear at the hearing today and testify or give us anything in writing and I told them I just didn't think it was necessary for the reason that we're not asking these operators to be bound to anything. We're just asking for options on their part to participate if they so desire, and so we would hope that all that's necessary, for instance, for Mallon, would be for them to write the Aztec Office and say that in line with this case that they would like to produce their November and December allowable now and that

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would be all they would have to do at this time, and then ask for the right to produce their well at 400 barrels a day, or whatever, when it comes time to start the test.

So the answer is no, I do not have anything in writing.

Q As concerns the Dugan Production Corporation well which has not been drilled, as far as accumulating an allowable for that well after it's drilled, however not completed, would a reasonable date to start accumulation be perhaps the date the casing is perforated?

A Either -- well, I hadn't given any thought to this. They might choose to run casing and yet not perforate it until it's time to frac it, so perhaps a better date would just be an arbitrary period of -- of some reasonable time between the time at which they start completion operations and they have it completed, and I believe you could -- you could probably get that from whatever actually happens when they do complete it.

You could choose a starting point; perhaps it would be when they do perforate it. Say, for instance, they run the casing and elect not to perforate until they're going to complete it. Then they move in, perforate, complete the well, and say that takes three weeks, then you would just allow that same amount of time.

I would think it could be fairly easily

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2 determined by the date between the time at which they run  
3 production casing and when they move the completion rig in.  
4 I believe that would be the time at which they would be de-  
5 layed. Dugan on occasion moves in his completion rig within  
6 two or three days after the rotary rig moves off, so I be-  
7 lieve you could use from the time the rotary rig sets casing  
8 until he sends in a completion ate.

9 Q In fairness to the operators, the offset  
10 operators in the pool, isn't there usually a delay of some  
11 time, which under normal operations would exist between set-  
12 ting pipe and moving in a completion rig?

13 A That's true. I think you have to go by a  
14 particular operator. We visited about that yesterday.  
15 Dugan's engineer said that the earliest he can remember them  
16 perforating was something like 24 hours after they ran  
17 cement.

18 But I think Dugan has his own completion  
19 rigs so he has a lot of flexibility there; he has at least  
20 one completion rig, so I would think this would not be a  
21 difficult thing to come by. I don't think you're talking  
22 about more than a week's difference one way or another, and  
23 at 50 barrels a day that's only 300 barrels allowable.

24 Q But would it be unfair to use the date of  
25 perforation, say should he intend to come in with a comple-  
tion rig within a week afterwards but he'll go ahead and



1  
2 by installing an artificial pressure impulse that --

3           A           Well, the problems that we have in this  
4 reservoir, it it's like the reservoir back to the east, is  
5 that we don't know the reservoir transmissibility but we've  
6 found that the wells appear to be completed in little, tight  
7 blocks, and yet the whole reservoir interconnected with a  
8 high capacity system. This makes it impossible to calculate  
9 from an interference test like one would in, say, most  
10 reservoirs, and in a lot of reservoirs it's possible to run  
11 individual well tests; from those individual well tests de-  
12 termine the transmissibility of the formation in the area of  
13 those tests, and that will be fairly uniform.

14                   In those instances, then, you can send a  
15 pressure pulse through the reservoir and the time that it  
16 takes to -- for the pulse to move and by this separate in-  
17 formation, separately determined information of transmissi-  
18 bility, then you can go back and make a lot of the calcula-  
19 tions you need to make.

20                   In this reservoir you just can't do it  
21 and we need the -- to determine the transmissibility if it's  
22 at all possible, the reservoir transmissibility by the in-  
23 terference test itself, and that's most difficult to do un-  
24 less you have -- unless the interference producing well pro-  
25 duces at a fairly constant rate and over a period of time  
such that the well, the monitoring well, the pressures in

1  
2 it, we can determine not only when the pulse first hits, but  
3 then the shape of the curve as the pressure drops in the  
4 monitoring well, from those data then we can go back and de-  
5 termine the reservoir transmissibility, and without that,  
6 you're just at a loss in this reservoir.

7 Now we can do that but the calculations  
8 are fairly simple where we have these conditions. The well  
9 produces at a steady rate, at a high enough rate that when  
10 the pulse hits the monitoring well, that the pressure dif-  
11 ferences that are measured are such that you can actually  
12 determine the shape of the curve, and this, of course, re-  
quires fairly accurate measurement.

13 For instance, I'm hoping for a 20 to 25  
14 pounds pressure drop; might only be 10 pounds. We need a  
15 spread of at least 100 points over that 10 pounds in order  
16 to determine the shape of the curve. That means you've got  
17 to measure down within a tenth of a pound. It takes some  
18 pretty sophisticated instruments to do this and the way we  
19 did it in years past was to measure the drop in fluid level  
20 because it was much more sensitive than the pressure equip-  
ment that was available at that time.

21 We now have more sensitive pressure  
22 gauges. We hope they're reliable enough to do the job. The  
23 advantage we had 20 years ago in the tests we ran then, we  
24 had only one zone perforated and we could load the hole with  
25

1  
2 dead oil, measure fluid levels, and the fluid levels we  
3 could measure within half a foot, which is roughly 16/100ths  
4 of a pound, and have very accurate pressure differentials to  
5 work with.

6 In this instance, where the offset wells  
7 are completed in all three zones, and even more than that,  
8 we have to do the same thing in our well, and whether we can  
9 load the hole with dead oil and the oil will stay relatively  
10 unchanged, we don't know. Over that several hundred foot of  
11 interval, if the fractures have been so connected in the  
12 perhaps different permeabilities and the different streaks,  
13 it's possible for the oil to tend to swop out in the sense  
14 the dead oil goes into one zone and comes back, live oil  
15 back another, such as this could affect the density of the  
16 overall column and then it would make our fluid level  
17 measurements not as dependable as they were in the tests in  
18 bygone days.

19 So, for that reason we're planning to use  
20 one of the new essentially pressure gauges, but even there  
21 I'm not -- I don't want to rely entirely on them, and so --  
22 so we'll be running probably three days with a pressure  
23 gauge and maybe three days with fluid levels and such as  
24 that in order to get it.

25 But the answer then to your -- to this  
whole question can we take a pressure pulse and determine

1  
2 what by frac treatment, we cannot calculate from it. We can  
3 determine interference, you know, it will show a bump, but  
4 there's no way to -- to really take that information and  
5 calculate back to determine the characteristics that we need  
6 to know.

7 Q Do you ask that the wells which will be  
8 produced could exceed what would be top allowable for those  
9 wells within the pool during the production phase?

10 A Oh, I think we would not need to do so.  
11 I would hesitate for them to produce at a higher rate than  
12 that. If the allowable, well, first if the Division ap-  
13 proves the application to extend the Gavilan, the allowable  
14 becomes 700 barrels a day, I think it would be best not to  
15 produce in excess of that for the simple reason that the  
16 well might not be able to produce steadily for 60 days.

17 If we knew it could produce, say, 800  
18 barrels a day for 60 days, then that would be great, but if  
19 it starts off with 800 barrels a day and dwindles down to  
20 400, then we'd have a much more difficult problem to calcu-  
21 late; probably couldn't solve what we need to know.

22 Q Will you work with the operators, say,  
23 with Mallon, to determine the rate of flow or will they have  
24 --

25 A Yes, I have in mind visiting with him  
about all the details and we have talked about some of them

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so far but we will probably want to monitor pressures in their well in the southwest of 1. At this point they've indicated that if for instance their pipeline is completed while the test is still going on, and they could otherwise produce all of their wells, that they might still leave the well in the southwest of 1 shut in in order to support our test, and so in connection with that and the production rate and all these details, we'll be working closely with Mallon, yes.

MR. CHAVEZ: That's all the questions that I have.

CROSS EXAMINATION

BY MR. CATANACH:

Q Mr. Greer, you asked for in your application a project not to exceed 4 months, yet you stated that the test would probably be completed in 30 to 60 days?

A Well, I'm thinking of 60 days of production for the producing well. We might want the monitoring well to continue beyond that, depending on what the -- what it shows, and all that would happen at the end of the test then, if that happens, insofar as Mallon is concerned, at the end of 60 days, then Mallon might put its other well in the southwest quarter of 1 on production. We might choose to continue monitoring pressures and not put our E-6 on pro-

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2 duction for another 20 or 30 days, because I think it would  
3 take that long for the pressure pulse from the southwest of  
4 1 to reach the well. So we might be able to monitor it for  
5 a little bit longer.

6 So that would be 3 months and we just  
7 asked for 4 months as a cushion to cover everything.

8 Q You asked for an exception to the no  
9 flare rule. That is just for the test well itself?

10 A Well, let's see, unless there's a  
11 requirement again for the other wells, for the other Mallon  
12 wells to produce their December allowable now, I don't know  
13 whether that requires -- I guess that does not require an  
14 exception. Well, it requires the same exception to the no  
15 flare order that they currently are given to determine their  
16 allowable.

17 The main well would be the test well.

18 Q Do you have any idea how much gas is  
19 being flared?

20 A Well, let's see, if -- if the test well  
21 is produced at 400 barrels a day and it has a, say, a 500-  
22 to-1 gas/oil ratio, that would be 200,000 feet a day and if  
23 it goes for 30 days before they get their pipeline, then  
24 that would be 6-million feet or if it goes for 60 days,  
25 which I think very unlikely that it would be that long, that  
would be 12-million feet.

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2 Q At this stage you don't know if the Mal-  
3 lon wells are going to be affected as far as having to shut  
4 them in, do you know how long they're going to have to be  
5 shut in?

6 A Well, what we're suggesting is that all  
7 the Mallon wells now capable of production be permitted to  
8 produce their November and December allowables and then shut  
9 in, and then hopefully we can complete our E-6 and it will  
10 be a well suitable for testing by the first of December.  
11 Then we would have 30 days of the test behind us before we  
12 come up with an allowable problem then for the Mallon wells  
13 and by that time, say it's the first of January, the chances  
14 are very good that they will have their pipeline system in  
15 and then they could go ahead and produce the wells in Sec-  
16 tion 2 and I would see no problem in that because they're  
17 over a mile from -- from the monitoring well, and we've got  
18 a few days of testing started before they're put on perma-  
19 nent production. I just don't believe they would affect the  
20 test.

21 QUESTIONS BY MR. CHAVEZ:

22 Q Mr. Greer, would you also like the no  
23 flare exception to extend through the make up time of the  
24 allowable after the wells are put back on production?

25 A Well, our thinking has been that that

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2 would not be necessary after the -- Mallon feels that they  
3 will have their pipeline in by the first of December, so I  
4 would think that that would not be necessary.

5 Q Might it be necessary for your No. 6 well  
6 and the Dugan Tapacitos No. 4 Well?

7 A It would not be for our Canada Ojitos E-6  
8 because we already have a gas line there.

9 Let's think about Dugan's Tapacitos. I  
10 don't know what Dugan's plans are for disposing of the gas,  
11 so he could need whatever exception he was otherwise entit-  
12 led to to produce -- to produce whatever allowable that ac-  
cumulates.

13 Q Thank you.

14 MR. CATANACH: I have no further  
15 questions of Mr. Greer.

16 MR. KELLAHIN: That concludes  
17 our case, Mr. Examiner, thank you.

18 MR. CATANACH: Mr. Kellahin,  
19 may I ask you to submit a rough order for us?

20 MR. KELLAHIN: I will submit a  
21 rough order, yes, sir.

22 MR. CATANACH: Thank you.

23 MR. KELLAHIN: And I'll count  
24 on you to smooth it out.

25 MR. CATANACH: Anything further

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in Case 8745?

If not, it will be taken under  
advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8745, heard by me on November 6 1985.

David Cotnam, Examiner  
Oil Conservation Division