

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1196

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

February 4, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Application of the Ibex Company for permission to expand its water flood project in the Artesia Pool, Eddy County, New Mexico, and for eight unorthodox well locations. Applicant, in the above-styled cause, seeks an order permitting the expansion of its Artesia Water Flood Project No. 2, authorized by Order No. R-966 in the Artesia Pool, Eddy County, New Mexico, to convert to water injection a well in the NW/4 NW/4 of Section 28 and a well in the SW/4 NE/4 of Section 28, both in Township 18 South, Range 28 East. Applicant further seeks approval of eight unorthodox well locations in Sections 21 and 28 of the aforementioned township.

CASE NO.

1196

TRANSCRIPT OF HEARING

BEFORE: Elvis A. Utz, Examiner.

MR. UTZ: The hearing will come to order, please.

The next case on the Docket will be 1196.

MR. PAYNE: Case 1196. Application of the Ibex Company for permission to expand its water flood project in the Artesia Pool, Eddy County, New Mexico, and for eight unorthodox well locations.

MR. CAMPBELL: Mr. Examiner, Jack M. Campbell, Campbell and Russell, Roswell, New Mexico, appearing on behalf of the

applicant. We have one witness in this case.

(Witness sworn.)

MR. UTZ: Are there any other appearances to be made in this case? If not, you may proceed.

T O M F O R D, a witness called by and on behalf of the Applicant, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY: MR.CAMPBELL:

Q Will you state your name, please.

A I am Tom Ford.

Q Where do you live, Mr. Ford?

A Beckenridge, Texas.

Q By whom are you employed and in what capacity?

A Ibex Company as manager of production.

Q Are you acquainted with the application of the Ibex Company in Case No. 1196 before the Examiner?

A I am.

Q I hand you, or refer you to what has been indentified there on the board as Ibex's Exhibit No. 1 covering an area within the Artesia field in Eddy, County, New Mexico. Will you please step up to that exhibit now and will you point out on the exhibit the location of the two wells which you propose to use now and seek in this application obtaining approval for, for the injection of water.

A The Resler Yates State No. 301 and the Welch Duke State No. 15.

Q The No. 15 well is situated in the NE/4 of the NE/4 of Section 28, is that correct?

A That is correct.

Q Where is the other well situated?

A It is in the SW of the NE of Section 28.

Q Will you state the reason why you now propose to use those wells as water injection wells, please.

A Mindful of the policy of the Committee to extend the wells as we get substantial increase in production from adjoining wells, I am speaking first of this Welch Duke No. 15, the Welch Duke No. 8 to the east of it is now producing eighteen oil and no water. This was an old well which we had re-drilled at the time, before water flood results. It made approximately one barrel of oil and no water, so it has received water flood benefit to the extent of rising from one to eighteen barrels a day production.

Q Do you consider that in light of that increased production, that it is necessary for you to commence injection of water in your well No. 15 to back-up that increase?

A I do.

Q Do you believe that if the Commission or Examiner grants your application, that by converting this well to water injection, you will ultimately recover more oil than if you did not convert it?

A Yes.

Q Now, will you refer to your well on your Resler Yates State Lease?

A Yes, that is No. --

Q In the NE/4 of Section 28.

A That well is Well No. 301. Before we could stake this location, we had to make an agreement with the Western Ventures and Yates Brothers who own the 40-acre tract here on the NE of the NE. We have now completed a verbal trade on it for the written trade in which we are going to purchase that tract, so we will own all of the NE/4 of this section. In order to utilize the existing wells on that tract, we have come up with the proposed pattern as outlined by dotted lines on the map.

This Resler Yates State No. 53 is now producing 45 oil and no water, so it definitely does need a back-up.

Q In your opinion, if you are permitted to inject water into that well, 301, to back-up the increased production from Well No. 53, will it result in a greater ultimate recovery of oil than if you were not permitted to do so?

A It will.

Q In your application for this case you have also requested authority for six unorthodox locations in addition to the two that you have referred to here. Would you point out to the Examiner on Exhibit 1 where those proposed locations would be?

A Starting up on the McNutt State, the first one will be

the No. 1 well. This is a well which was drilled and completed in this pay and since has been plugged. We propose to re-enter it and eventually make a producing well out of it.

Well No. 9, located, you can see the location on the plat, is a diagonally offset to the No. 5 and No. 8 injection wells, and we need to drill that well so we can tell when our water flood has been effective out that far.

MR. UTZ: Will that be a new well?

A Yes, that will be a new well.

Q (By Mr. Campbell) In each instance state whether it is re-entry of an old well or new well, please.

A All right.

Q What was the first one?

A The first one was McNutt State, which will be re-entry of an abandoned well. Going on, now, the No. 15 Welch Duke State well already covered will be re-entry of an abandoned well. The 18 will be a producing well to offset injection wells No. 10 and 16. It will be used to determine when we do have water flood production due from those wells. It will be a new well. No. 19 and No. 20 will eventually be injection wells. It is our plan only to drill them at this time so that they will be available for water injection when the time does come. That will, of course involve a separate application, before we can inject water in them. We do not plan to produce those two wells, 19 and 20. Well No. 301 we've already covered. It will be a new well and a water injec-

tion well. No. 26 Resler Yates State will be a re-entry of an abandoned well. It will be a producer sometime in the future.

Q Do you intend to start work on all of these simultaneously or are you doing this in order to develop a program of drilling in the area?

A To develop a program of drilling. We will probably utilize one drilling rig, of course, always depending on the progress of the flood, but we will probably drill No. 301 first and then 15. We might get two rigs in and move a little faster, just depending on the progress of the flood.

Q You realize, of course, that in the event you intend to, after drilling, to use any of these wells for water injection, you will have to come before the Commission or follow administrative procedure to follow injection of water in these wells?

A Except 301, Resler Yates 301, and Welch Duke State 15.

Q Yes. The other six for which you have not sought here permission to inject water, you will have to come back and obtain permission from the Commission for the injection of water?

A Yes.

Q In your opinion is the drilling or re-entry of these wells at the unorthodox locations that you have pointed out to the Examiner necessary in order to efficiently operate this project and to obtain the greatest possible ultimate recovery of oil?

A Yes.

MR. CAMPBELL: That's all the question I have at this

time, Mr. Examiner. Oh, just a moment, excuse me. I am going to hand you what has been identified as Ibex's Exhibit No. 1, and in order to complete the record in this matter, will you state what that is?

A This is an exhibit prepared to show the latest producing oil tests of the wells involved in this Artesia Water Flood Project No. 2, and also a water injection well data showing cumulative water injection up to January the 1st, 1959. As further explanation of that table on four different wells in that table, there is a notation, "January", or "Jan". That indicates that water washed out into those wells during January.

Q Is that a recapitulation of information that has heretofore been furnished the Commission on regular reporting forms, monthly forms, to your knowledge, or is it just a current statement?

A It is more current than anything the Commission has seen as far as the producing well tests; the cumulative water injection has all be presented to the Commission.

Q I note that your Welch Duke State Well No. 6 on latest test was producing one hundred fifty-five barrels of oil per day, and thirteen and a half barrels of water. In your opinion, has that well probably peaked out and is commencing a decline, or an increase in water production?

A Apparently that is so.

Q Is that the well that has reached the highest point of daily production in the flood to date?

A Yes.

Q And is the same situation true with regard to your MRY Well No. 17, which is now producing 80 barrels of oil and 48 barrels of water, or is that a local condition. What is the situation there, if you know?

A I believe that to be the same condition, yes. I am not too sure of that. I better not say.

MR. CAMPBELL: I would like to offer Ibex's Exhibits 1 and 2 in evidence.

MR. UTZ: Without objection, they will be received.

MR. CAMPBELL: That's all I have at this time.

CROSS EXAMINATION

BY: MR. FISCHER:

Q Mr. Ford, do you have the State Engineers approval for the water that you will need for, or the additional water that you will need for the injection project as it expands at this time?

A I am afraid I can't answer that positively. I think so. I know that we have purchased water rights, or have obtained water rights throughout the area and have worked very closely with him. As to the exact status at this time, I am not positive, but I think that we do have.

Q Mr. Ford, in regard to the Well No. 301, that was a request for a water injection well that you want immediately, right?

A Yes.

Q What was the reason, would you state again what your reason is for wanting that well for injection purposes?

A To start backing up this Well No. 53 which now has a production of fifty-four barrels of oil and no water per day.

Q No. 52 is not producing?

A Yes, it is producing. We are in the process of buying this well from Western Yates. It still belongs to them, but we will own it shortly.

Q Those little circles I note on this map, are they future locations that have nothing to do with this hearing?

A That is correct. The thing down there at the bottom gives the legend on the thing.

Q In regard to the Welch Duke State No. 15, that will be a re-entry, is that correct?

A Yes.

Q You want to make a water injection well out of that?

A Yes.

Q And will you state again your reason for wanting to inject water in that well?

A The Welch Duke No. 8 there to the east, which made only about one barrel a day when it was drilled, is now making eighteen barrels of oil and no water per day. We want to inject water in No. 15 to back up the -- make a five spot, complete five spot around that well.

Q Now, the No. 15 well we were just discussing, is that

to be a producing well?

A Yes, it is a re-entry to make a producing well.

MR. FISCHER: That's all.

MR. UTZ: Are there any other questions of the witness?

If not, the witness may be excused.

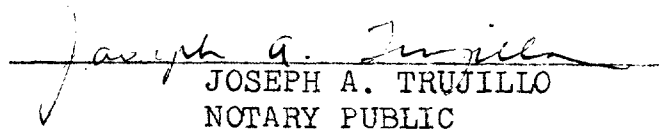
(Witness excused.)

MR. UTZ: Are there any statements to be made in this case? If there are none, the case will be taken under advisement.

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

I, Josphe A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record, to the best of my knowledge, skill and ability.

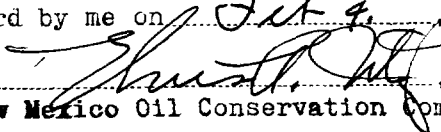
WITNESS my Hand and Seal this 9th, day of February, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 JOSEPH A. TRUJILLO
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1186, heard by me on Feb 9, 1959.


 _____, Examiner
 New Mexico Oil Conservation Commission