

BEFORE THE  
 NEW MEXICO OIL CONSERVATION COMMISSION  
 OIL CONSERVATION COMMISSION CONFERENCE ROOM  
 STATE LAND OFFICE BUILDING  
 SANTA FE, NEW MEXICO  
 Wednesday, September 27, 1972

## EXAMINER HEARING

IN THE MATTER OF:

Application of Mobil Oil Corporation  
 for a unit agreement, Lea County, New  
 Mexico.

Case No. 4830

and

IN THE MATTER OF:

Application of Mobil Oil Corporation  
 for a pressure maintenance project,  
 Lea County, New Mexico.

Case No. 4831

BEFORE: Elvis A. Utz,  
 Examiner

TRANSCRIPT OF HEARING

dearnley, meier &amp; mc cormick

1 MR. UTZ: Case 4830.

2 MR. SPERLING: James E. Sperling of Modrall,  
3 Sperling, Roehl, Harris and Sisk, appearing for the applicant.

4 Mr. Examiner, Case 4830 and 4831 are really  
5 companion cases and in as much as the first of those cases  
6 relates to the unit agreement and formation of the unit area  
7 and the second, 4831, represents the evidence supporting the  
8 establishments of a pressure maintenance project for that  
9 area, for that reason we would like to ask that the two cases  
10 be combined for the purposes of the testimony.

11 MR. UTZ: Cases 4830 and 4831 will be combined for  
12 purposes of the testimony in this case and in these cases  
13 separate orders will be written on each case.

14 MR. HATCH: Case 4830: Application of Mobil Oil  
15 Corporation for a unit agreement, Lea County, New Mexico.  
16 Case 4831: Application of Mobil Oil Corporation for a  
17 pressure maintenance project, Lea County, New Mexico.

18 MR. SPERLING: For the record the same appearance  
19 for the applicant in both cases. We have two witnesses to  
20 be sworn.

21 MR. UTZ: Other appearances in this case? You  
22 may proceed.

23 E. R. FRAZIER,  
24 was called as a witness and after being duly sworn, testified  
25 as follows:

DIRECT EXAMINATION

BY MR. SPERLING:

Q Please state your name, your place of residence, your employer and the position in which you are employed.

A My name is E. R. Frazier. I am employed by Mobil Oil Corporation in Midland, Texas and I am a joint interest assistant.

Q Have you previously testified before the Commission so that your qualifications in the position in which you hold are a matter of record?

A No, sir, I have not.

Q Give us a very brief resume of your background and experience qualifying you for the position which you hold and the testimony which you are about to give.

A I graduated from the University of Texas in 1950 with a B.S. in petroleum engineering. I worked in various engineering capacities with Mobil Oil Corporation until 1967 at which time I came into the position I now have as joint interest assistant.

MR. SPERLING: Are the witness' qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Sperling) Mr. Frazier, your testimony, I understand, relates primarily to the unit agreement which is the subject of the application in Case Number

1 4830; is that correct?

2 A That's true.

3 Q Would you please identify what has been marked as  
4 Exhibit 1 in Case 4830 and tell us what that is?

5 A Exhibit 1 is a copy of the unit agreement of the North  
6 Vacuum-Abo Unit. The unit agreement is for the  
7 unitization of the Abo formation only and there  
8 interval being unitized to describe in Section 2U  
9 Page 3 of the unit agreement. Exhibit A in the unit  
10 agreement is a map of the Unit area showing the unit  
11 outline and the tract numbers.

12 Q As of the present time, Mr. Frazier, what is the extent  
13 of the sign up of the interest owners within the  
14 designated Unit area as shown on the map you have  
15 referred to?

16 A As of September the 26th, yesterday, we had 99.08  
17 per cent of the working interest owners signed in this  
18 Unit area.

19 Q Do you have tabulations which would indicate the extent  
20 of the sign up by tract number?

21 A Yes, sir. Exhibit 2 is a list of the tracts showing  
22 the per cent of the working interest signed in each  
23 tract.

24 MR. UTZ: Sir, is that an exhibit shown in the  
25 back of your unit agreement?

1 MR. SPERLING: I believe it is just inside the  
2 cover of this.

3 Q (By Mr. Sperling) The exhibit to which you have just  
4 referred is by tract and tract number and showing the  
5 participation in the unit production of that particular  
6 tract and the interest owners percentage sign up is in  
7 the third column on the right; is that correct?

8 A That's correct.

9 Q What is the situation with reference to Tract 16, that  
10 is the last tract shown?

11 A Tract 16 does not have any of the working interest sign  
12 it. There is none signed in 16.

13 Q But the total percentage interest signed does represent  
14 99.08 per cent?

15 A That's correct.

16 Q What is the nature of the basic royalty or mineral  
17 interest ownership under the Unit area?

18 A The State of New Mexico has all of the mineral interest  
19 ownership in this unit.

20 Q Have you consulted with the Commissioner of Public  
21 Lands concerning the formation of the unit and the  
22 unit agreement?

23 A Yes, sir. In Exhibit 3 is a letter from the  
24 Commissioner of Public Lands Office from the Director  
25 of Oil and Gas Department indicating they had reviewed

1 this agreement and are in agreement with its contents.

2 Q Under the terms of the unit agreement as of this time,  
3 have all of the tracts in the unit had sufficient  
4 working interest ownership approval to qualify?

5 A All tracts have sufficient working interest owners  
6 approval to qualify except Tract 3 and 16. Tract 3  
7 has 50 per cent sign up. However, Marathon is the  
8 operator of that tract and they have not signed the  
9 joinder and as we mention it, Tract 16 has no sign ups,  
10 so actually as far as the sign up goes those two  
11 tracts would be the only ones that could not qualify.  
12 However, if you notice Tract 1 there -- if Tract 3  
13 does not qualify then Tract 1 would be disqualified  
14 because it would not be a contiguous tract. So, with  
15 that in mind as of now all tracts would qualify as  
16 working interest owner sufficient approval except  
17 Tract 1, 3 and 16.

18 Q Are there any particularly unique provisions contained  
19 in the unit agreement, that is, those not ordinarily  
20 found in agreements approved by the Commissioner of  
21 Public Lands?

22 A No, sir.

23 Q You stated that unit agreement had been submitted and  
24 that Exhibit 3 indicated the conditional acceptance of  
25 the unit agreement by the Commissioner's office subject

1 to the order of this Commission and the other  
2 conditions as reflected in Exhibit 3. What is the  
3 course of the form of the agreement?

4 A The course of the form was a form that was sent to us  
5 at our request from Mr. Graham of the Oil and Gas  
6 Department of the New Mexico State Lands Office.

7 Q I believe it is on Page 20 of the unit agreement, Mr.  
8 Frazier, there is a provision for the ipso facto  
9 termination of the unit agreement if requirements have  
10 not been met by October 1st, 1972. What is the  
11 situation with regard to that provision?

12 A Mobil has requested approval from the working interest  
13 owners to extend this termination date for six months  
14 as provided for in the agreement. Working interest  
15 owners with 94.76 per cent have approved this extension  
16 which will extend the ipso facto termination date to  
17 April 1, 1973.

18 Q Do you have anything further to add?

19 A Pending approval of this Commission and the State  
20 Public Lands Office, we anticipate making this unit  
21 effective on November 1, 1972.

22 Q Anything further?

23 A No, sir.

24 MR. SPERLING: I will offer Exhibits 1 through 3  
25 in Case 4830.

1 MR. UTZ: Without objection Exhibit 1 through  
2 3 will be entered into the record of this case.

3 Any questions of the witness? You may be  
4 excused.

5 A. J. HANKINSON,

6 was called as a witness and after being duly sworn, testified  
7 as follows:

8 DIRECT EXAMINATION

9 BY MR. SPERLING:

10 Q Please state your name and your place of residence,  
11 your employer and the position in which you are employed.

12 A My name is A. J. Hankinson, Junior. I reside at 2201  
13 Huntington, Midland, Texas. I am employed by Mobil  
14 Oil Corporation as an associate engineer.

15 Q Have you on any previous occasion testified before the  
16 Commission so that your qualifications as petroleum  
17 engineer are a matter of record?

18 A No, sir, I have not.

19 Q Please give us a brief resume of your educational  
20 background and your experience background in this field.

21 A I graduated from the University of Oklahoma in 1951  
22 with a B.S. in petroleum engineering. I have worked  
23 in various engineering capacities, field reservoir  
24 economics groups since that time and I have attended,  
25 oh, a number of courses offered at the universities and

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1 also at a field research laboratory concerning  
2 reservoir engineering.

3 Q Is the Unit area which is the subject of the application  
4 in 4830 and Case 4831 an area for which you have prime  
5 responsibility from an engineering standpoint?

6 A Yes, sir. The company assigns responsibilities by area  
7 and I am called a project engineer for this particular  
8 area.

9 Q In that capacity you are thoroughly familiar with the  
10 Unit area and the wells within the Unit area and their  
11 respective characteristics and particularly the Abo  
12 reservoir underlying the area?

13 A Yes, sir, I am.

14 Q Have you prepared or had prepared under your supervision  
15 or direction certain exhibits in support of the  
16 application for the establishment of the pressure  
17 maintenance project which is the subject of this  
18 application?

19 A Yes, sir, I did.

20 Q Would you now please refer to exhibit marked Number 1  
21 in this case and explain what it is?

22 A Exhibit Number 1 is a map of the multi-reservoir  
23 Vacuum Pool showing all wells within a two-mile radius  
24 of the proposed Unit area. It identifies the unit  
25 outline. It identifies each producing well by

1 producing horizon using a color code as shown on the  
2 lower left side under column called Legend.

3 Q From the Legend it appears that it certainly is a  
4 multi-reservoir pool.

5 A Yes, sir, it is. One of the later exhibits will help to  
6 clarify the Unit area by deleting some of the other  
7 reservoirs that are not directly concerned with the  
8 application.

9 Q Would you give us a brief history of the Abo Pool which  
10 is the subject of this application?

11 A Well, first the Abo Pool is located near the town of  
12 Buckeye about 25 miles northwest of Hobbs in Lea County.  
13 The first well completed in the pool was Mobil's  
14 Bridges-State Number 112 for flowing potential of  
15 approximately 312 barrels a day on June 15, 1966. The  
16 reservoir produces by solution gas drive. There is no  
17 evidence of water encroachment. The original pressure  
18 was approximately 3230 and 30 psi. Oil gravity is  
19 36 degrees API and is a dark green in color.

20 Q Would you describe the reservoir characteristics that  
21 your studies have revealed to be present in the Abo?

22 A The North Vacuum Abo Pool has two oil productive  
23 reservoirs. The shallower reservoir, which we designate  
24 as "Abo", occurs at an average depth of 8600 feet. The  
25 deeper reservoir, herein designated the "Lower Abo",

1 occurs at an average depth of 9300 feet and is  
2 separated from the 8600 foot "Abo" by a zone of dense  
3 anhydritic dolomite. Production from the "Lower Abo"  
4 reservoir is present in only the southeastern corner of  
5 the proposed North Vacuum Abo Unit area. That is down  
6 here in Section 25 at the very southeast corner of  
7 Section 26.

8 Q That is represented by the color code which appears to  
9 be sort of dark gray in color?

10 A Yes, sir. Really, the red designates the "Abo" and the  
11 pencil or black the "Lower Abo". About in the middle  
12 of that legend is the color that designates the "Lower  
13 Abo".

14 Q Would you please refer to what has been marked as  
15 Exhibit Number 2 and explain that exhibit?

16 A Exhibit 2 is a structure map contoured on top of the  
17 Abo pay. In addition to that we have shown porosity  
18 limits to the north and to the south.

19 Q Do you have a type log which indicates the Abo structure  
20 datum upon which the contour lines are drawn?

21 A Yes, sir, we do. Exhibit 3 is a cross-section and  
22 Exhibit 4 is the pipe log and all of these three pieces  
23 of geologic information go to find the Abo reservoir.  
24 3 is a cross-section. I might comment on Exhibit 3.  
25 This cross-section begins, if you will notice the little

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1 legend underneath there, from A to A-A'. If you look  
2 on your structure map there you can perhaps see the  
3 wells a little bit better, but it begins at Pennzoil's  
4 Rock Island State Number 1 in the upper left-hand corner  
5 and goes down across the top of the structure down to  
6 the other A' point ending in Texaco State in Number 6.  
7 The significance of the cross-section is that we show  
8 porosity limits at one end. We go into a good reservoir  
9 pay qualities. Red color on each log is the porosity  
10 above 6 per cent and then the porosity deteriorates at  
11 the other end showing the limit that has been marked as  
12 porosity pinch out from A-A'. Exhibit Number 4 is the  
13 pipe log of Mobil's Bridges-State Well Number 126. The  
14 unit interval is defined as that portion of the Abo  
15 horizon between 8300 and ten feet to 9070 feet  
16 subsurface. Our Abo pressure maintenance project will  
17 be restricted to the red interval or the Abo oil  
18 reservoir which is found essentially in 8600 feet. You  
19 might note here that the Abo structural datum and the  
20 point used in preparation of the structure map is shown  
21 on this log as about 8525 and it is identified as Abo  
22 Structural Datum top of Abo. The reservoir is a back-  
23 reef deposit of anhydritic dolomite with interbedded  
24 shales. As you can see, the gross reservoir is rather  
25 thick, approximately 550 feet. It is capped with

1 dense anhydritic dolomite. Productive interval within  
2 this gross section is limited almost entirely to the top  
3 100 feet. The porosity within this producing interval  
4 has good continuity which is shown on the previous  
5 exhibit on the cross-section. I might point out that  
6 although the Abo reservoir does show structural closure  
7 it is a stratigraphic trap. The porosity pinches out  
8 to the north and to the south. We believe its boundaries  
9 are being defined on the west by porosity deterioration.  
10 However, the eastern limits of the field haven't been  
11 defined yet.

12 Q Exhibit Number 4 which is the type log does show the  
13 Lower Abo to which you previously referred. What is  
14 the nature or characteristic of the interval which  
15 separates the Abo from the Lower Abo?

16 A It is about 500 feet of dense anhydritic dolomite. No  
17 permeability and very, very low porosity. It effectively  
18 separates these two reservoirs except where they have  
19 been comingled and well bores were on C.C. approval.

20 Q Would you refer to what has been marked as Exhibit 5?

21 A Exhibit 5 is a map of the proposed Unit showing Abo  
22 wells. Again we have used the color code red for Abo  
23 or the zone we are considering in our pressure  
24 maintenance program. It shows the proposed injection  
25 wells which have penetrated the Abo and wells completed

1 in the Lower Abo. I think you can see that the Lower  
2 Abo is confined to the very southeast part of the  
3 project area. The wells that are marked with a dark  
4 pencil or sort of a black are Lower Abo completions.

5 Q You mention an Abo penetration. That is indicated  
6 according to the legend on Exhibit 5 with an X. That  
7 doesn't necessarily mean completed in the Lower Abo or  
8 I mean in the Abo, just that it has penetrated it; is  
9 that it?

10 A That's correct, sir. For example, in Section 23 Well  
11 151 shows to be an Abo penetration. This particular  
12 well is a Morrow gas completion at a lower depth. I  
13 would like to go ahead a little bit and describe this  
14 map a little further. The proposed unit covers  
15 5840 acres and includes 67 active producing wells.  
16 The cumulative oil and gas production as of July 1 was  
17 3,646,660 barrels and 4,555,903 MCF respectively. The  
18 current oil producing rate from the Unit area is  
19 approximately 3000 barrels per day and the average gas-  
20 oil ratio was 1511 cubic feet per barrel. Water  
21 production is insignificant in the Unit area and amounts  
22 to about 5.4 per cent of total fluids produced.

23 Q With reference to that testimony just given, refer to  
24 Exhibits 6 and 7.

25 A Exhibits 6 and 7 are production histories of the North

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1 Abo Unit in tabular and graphic form.

2 Q Exhibit 8?

3 A Exhibit 8 is a summary of tests of oil wells which will  
4 be involved as either producers and/or injectors in the  
5 proposed Unit area.

6 Q What does the column on the extreme right of Exhibit 8  
7 mean? It is a zone designation and in addition to Abo  
8 there are references to other zones. Would you explain  
9 that?

10 A Yes, sir, I certainly will. For example, the first well  
11 which is Mobil's Bridges-State 172 had a test on July  
12 9 of this year for 122 oil, no water, and the gas-oil  
13 ratio of 918 cubic feet per barrel. It was completed  
14 in the Abo zone. We might refer down four wells to the  
15 Bridges-State 130. This well is proposed as an  
16 injector under our plan. However, at the present time  
17 it is completed in the Morrow gas. The test on July  
18 8 of this year was 1731 MCF of gas daily and nine  
19 barrels of natural gas liquids.

20 Q So the zone designation indicates the formation from  
21 which the well which is identified by number is  
22 presently producing?

23 A Yes, sir.

24 Q With reference to the unit and the unit interval vertical  
25 limits of the unit, can you give us approximately the

1 reservoir characteristics of that interval which I  
2 believe is somewhere around 21 feet?

3 A Yes, sir. The effective pay thickness is estimated at  
4 21 feet with the average porosity characteristics of 11.3  
5 per cent and average permeability of 2mb. The oil-in-  
6 place is calculated to be 57,000,000 barrels. This is  
7 original oil-in-place. We predict an ultimate primary  
8 recovery of 9.4 million barrels or approximately 16 and  
9 a half per cent of the oil-in-place. Total recovery,  
10 primary plus fluid injection, is estimated to be 22.8  
11 million barrels or 40 per cent of the original oil-in-  
12 place.

13 Q So the establishment of the pressure maintenance  
14 project has the effect of increasing the ultimate  
15 primary recovery substantially?

16 A Yes, sir, we think it will.

17 Q Would you please describe for us what Mobil's plans are  
18 for the effecting of the pressure maintenance project  
19 mechanically and engineering wise?

20 A Mobil plans to initiate a 5-spot alternating gas-water  
21 injection program which we call AGWIP for short in the  
22 following manner: The first step would be to inject  
23 Ogallala water in all of the wells shown as proposed  
24 injectors on Exhibit 5 for a period of approximately  
25 six months. Total water injection will amount to about

1 13,600 barrels per day or about 400 barrels per well  
2 per day. The injection pressure is expected to be 3500  
3 psi. This is because of the low permeability of the  
4 Abo reservoir. The Ogallala water will be obtained from  
5 Mobil water supply wells on the Bridges-State Lease  
6 under permits issued by the State Engineering authorizing  
7 usage of 1200 acre-feet per year or up to 25,500 barrels  
8 per day. All of the above is Step 1.

9 The second phase will be to convert one half of the  
10 injectors to gas injection for four to six month  
11 intervals. Gas injection will amount to about 5,000,000  
12 cubic feet per day or about 300 MCF per well per day at  
13 4500 psi well-head pressure. The gas source will be  
14 exhaust from the engines driving the compressors which  
15 have been stripped of residual oxygen and water. The  
16 exhaust gas will then consist of about 89 per cent  
17 Nitrogen and 11 per cent CO<sub>2</sub>. It is our plan to inject  
18 one reservoir barrel of gas for each barrel of water  
19 injected.

20 The third phase would be the remaining 17 or one  
21 half of the injectors would be converted to gas injection.  
22 This cycling procedure would be continued for about ten  
23 years or so long as the procedure appeared economically  
24 attractive. Maximum pressures anticipated later in the  
25 project life are 4500 psi for water and 5500 psi for gas.

1 At this point I would like to point out that all of the  
2 above constitute our plan of operation. However, there  
3 are field conditions that might warrant a change from  
4 the ratio of injectors on gas and the injectors of the  
5 water at any time from the value of the quoted of 50-50.  
6 After we complete our cycling phase of gas-water, all  
7 injectors will be placed on straight water injection.  
8 Produced water may be reinjected into the Abo when the  
9 volume becomes significant. However, our initial plan  
10 is to inject it in our Vacuum Grayburg-San Andres flood  
11 project which is a shallower flood project. We are also  
12 considering injection of a propane slug which would  
13 amount to about 5,000 to 10,000 barrels per well in  
14 certain areas of the project. We have not completed  
15 evaluation of this yet and we need to firm up the  
16 availability of our supply and the firm cost. It seems  
17 that the cost of our supply goes up weekly with  
18 contacting these people, so we are going to really have  
19 to work that part out.

20 We mentioned the water that we are going to inject.  
21 Exhibit 9 and Exhibit 10 are analyses of the Ogallala  
22 water and produced Abo water. They are on these little  
23 pages.

24 Q Will you intend to use separate systems for the  
25 alternating injection of gas and water or is it the same

1 system or what is your plan with regard to that?

2 A We plan to use separate systems. A system for gas only  
3 and a system for water only which will be cement lined  
4 on surface to prevent corrosion activities. Our well-  
5 heads will be replaced with high-pressure equipment.  
6 Relief valves will be installed on the casing annulus  
7 to protect the casing down hole.

8 Q Would you refer to Exhibit 11?

9 A Exhibit 11 is a package of 34 well sketches showing the  
10 existing wellbore conditions of all proposed injectors.  
11 A summary sheet listing the operator, lease name, and  
12 well number and section of the proration unit is  
13 attached at the front of the package. Injection in a  
14 typical well will be through corrosion resistant lined  
15 tubing. By this we mean probably an epoxy using  
16 mechanical packer or packers to isolate the Abo from  
17 other producing horizons. The upper and lower packers,  
18 if needed, will be set within 50 feet of the top and  
19 the bottom of the Abo perforations respectively.

20 Q Is the typical injector completion diagramatic sketch  
21 shown on Exhibit 12 a single well?

22 A Yes, sir. This is our proposed typical single well  
23 injection completion.

24 Q What about Exhibit 13?

25 A 13 is an example of the typical dual well completion

1 isolating the Abo from any other producing horizons.

2 Q Now, within the Unit area and in view of the multiple  
3 completions that you have previously referred to, do  
4 you have any somewhat unique or peculiar areas within  
5 the Unit area which require or may require special  
6 consideration?

7 A Yes, sir, we do. If I may refer to the Exhibit Number  
8 5, this is the project map showing the Abo and the Lower  
9 Abo. Six of the producers and injectors which are  
10 Bridges-State Numbers 108, 109, 119, 120, 124 and 147  
11 may be the subject of a future hearing if it appears  
12 feasible to conduct a salvage fluid injection operation  
13 in the Upper Penn and Middle Penn reservoirs.

14 Q Would you locate the wells to which you have referred to  
15 generally?

16 A I certainly will. If you will start at the bottom in  
17 Section 25 you will see Well 108 as being location 25F  
18 and keep going straight north and you will see 108, 109  
19 and north to 119 and north to 120 and west to 124 and  
20 then northeast to 147. The Upper Penn Pool is a rather  
21 limited feature through here and we haven't completed  
22 our appraisal as to whether it has any fluid injection  
23 potential or not. However, this will be done before any  
24 conversant operations are attempted and the necessary  
25 approval solicited.

1 Q You are in the course of making a study of that  
2 reservoir now also; is that correct?

3 A Yes, sir, I should have that finished within 30 days.

4 Q Mr. Hankinson, would you please give us a summary now  
5 of what Mobil is seeking by the application in these  
6 two cases?

7 A Firstly, we would like approval of the North Vacuum  
8 Unit Agreement and secondly approval of the plan of  
9 operation to inject fluids into the Abo formation  
10 through the 34 wells described in Exhibit Number 11.  
11 Number 3, an allowable formula to be fixed by the  
12 Commission to provide for a maximum daily unit allowable  
13 not to exceed the number of 80-acre proration units times  
14 the daily top unit allowable set for the wells in the  
15 North Vacuum Abo Pool. Such unit allowable may be  
16 produced from any well or wells on the project area in  
17 any proportion. Four, establishment of an administrative  
18 procedure whereby the Commission may authorize the  
19 completion of a second producing well on the 80-acre  
20 proration units at unorthodox locations within said  
21 Unit, providing such wells are located no closer than  
22 1,780 feet from the outer unit boundary nor closer than  
23 ten feet to any quarter-quarter section or subdivision  
24 inner boundary.

25 MR. UTZ: Do you have this written down in the form

1 of an exhibit?

2 THE WITNESS: Yes, sir.

3 A In explanation of this the 80-acre spacing that the  
4 wells are drilled on which results in 160 acre five-spot  
5 pattern areas coupled with a low permeability of the  
6 reservoir, its effect on project response may make it  
7 necessary to infill drill the producers in certain areas  
8 of the project. Item five, the project area be fixed  
9 as the total area within the boundaries of the said  
10 North Vacuum Abo Unit as described in this application,  
11 with further provision that the project area may be  
12 expanded administratively by the Commission upon  
13 satisfactory meeting condition set forth by the  
14 Commission.

15 Q (By Mr. Sperling) Do you have anything further to add  
16 at this time, Mr. Hankinson?

17 A One thing I would like to mention is that we are going  
18 to load the casing annulus on the injection wells with  
19 treated fresh water. We will have relief valves and  
20 a pressure gauge installed on these casing annuluses to  
21 protect down hole from casing rupture and to inform us  
22 if and when remedial action should be needed. Materials  
23 will be used in the dual well installations to protect  
24 from corrosion. We have located some expensive corrosion-  
25 resistant material to apply to this 300 to 500 foot

1 interval between the deeper producing string that would  
2 be between the two packers to reduce or eliminate the  
3 effects of any corrosion.

4 Q That is an outer coating for the tube?

5 A It is a special metal alloy to resist corrosion.

6 Q Anything further?

7 A No, sir.

8 MR. SPERLING: At this time I would like to offer  
9 Exhibits 1 through 13.

10 MR. UTZ: Without objection Exhibits 1 through 13  
11 will be entered into the record of this case.

12 CROSS-EXAMINATION

13 BY MR. UTZ:

14 Q Mr. Hankinson, in regard to your multi-pool completions,  
15 is it your request here that they go approved as injector  
16 producers? You are going to continue to produce the  
17 other zones other than the Abo?

18 A At this time we would probably plan to continue production  
19 especially on the Morrow. We would have a Morrow gas  
20 injector-producer combination. We do plan to have the  
21 small area outlined here evaluated and any amended  
22 hearings necessary to determine whether we go the dual  
23 injector or the dual or eliminate the other zone.

24 Q Does Exhibit 8 list all of the projection wells that you  
25 are proposing here?

1 A It lists all wells to be used as producers or injectors  
2 within the project area. Exhibit 11 lists only the  
3 injection wells. Exhibit 8 was a well-test summary.

4 Q In other words, the front page of Exhibit 11 lists only  
5 the injection wells?

6 A Yes, sir.

7 Q For all three phases?

8 A Yes, sir.

9 Q That would be a total of 34 wells?

10 A Yes, sir.

11 Q I got your first phase in pretty good shape. The  
12 initial water injection will be in all wells?

13 A Yes, sir.

14 Q Would you give me the second phase again?

15 A We plan to convert about half the wells to gas injection.

16 Q Approximately half?

17 A Approximately half and operate these wells on gas  
18 injection for approximately six months and then convert  
19 the remaining half of the wells to gas injection. These  
20 wells had been on water and then the cycling process of  
21 gas-water-gas-water would be continued at six month  
22 intervals for a period of about ten years or perhaps  
23 longer if our operating conditions warranted additional  
24 cycling. Following that we would go on a straight  
25 water injection.

dearnley, meier & mc cormick

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- 1 Q In regard to your unit, are you unitizing only the Abo?
- 2 A Yes, sir.
- 3 Q At this time?
- 4 A That's correct.
- 5 Q If you later come in for secondary recovery in the Penn
- 6 or any other formation, you will have a separate hearing
- 7 for it?
- 8 A Yes, sir.
- 9 Q Would this include a unitization, you think, or not?
- 10 A I think the pool is so limited that it would probably
- 11 be 100 per cent Mobil's project in the other reservoir.
- 12 It is a very narrow feature in there and it is
- 13 questionable whether the project will be there or not.
- 14 Some good evidence of water production in these other
- 15 reservoirs and we haven't completed my study of the
- 16 efficiency or the natural recovery mechanism yet.
- 17 Q At this time you are asking only for the Abo?
- 18 A Abo only, sir. The Lower Abo is not part of it.
- 19 Q Does the list of injection wells on 11 include your
- 20 multiple completion wells, too?
- 21 A Yes, sir, it does.
- 22 MR. UTZ: Are there other questions of the witness?
- 23 CROSS-EXAMINATION
- 24 BY MR. HATCH:
- 25 Q You speak of Abo producers and Lower Abo producers.

1           There is no distinction. Those are not separately  
2           designated pools, are they?

3       A       No, sir.

4       Q       Your injection would be only into the Abo and not into  
5           the Lower Abo?

6       A       That's correct, only the marked red above that dense  
7           interval.

8               MR. SPERLING: Is the vertical interval indicated  
9           in the unit agreement as a unit interval as well as shown on  
10          the -- There is nothing right now to prevent a second well on  
11          an 80-acre well but it is only the location that is the  
12          problem or am I wrong about the rules of the pool?

13               MR. HATCH: I did review those rules once but I  
14          have forgotten them. I believe the rules say that the Abo  
15          wells will be drilled in the center of the northwest and  
16          southeast of each governmental quarter section.

17               What pool are we speaking of here?

18               THE WITNESS: North Vacuum Abo.

19               MR. UTZ: Are there any other questions? The  
20          witness may be excused.

21               Statements in the case? The case will be taken  
22          under advisement.

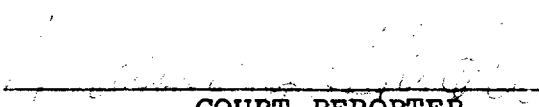
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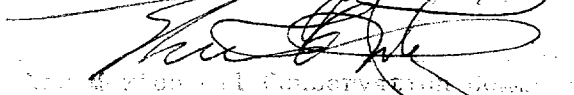
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1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF BERNALILLO )

4 I, MARCIA HUGHES, Court Reporter, in and for the  
5 County of Bernalillo, State of New Mexico do hereby certify  
6 that the foregoing and attached Transcript of Hearing before  
7 the New Mexico Oil Conservation Commission was reported by me;  
8 and that the same is a true and correct record of the said  
9 proceedings to the best of my knowledge, skill and ability.

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11   
12 COURT REPORTER  
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I do hereby certify that the foregoing  
is a true and correct record of the  
the Commission hearing of 4830  
and by me on Sept. 27, 1972

  
New Mexico Oil Conservation Commission

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I N D E X

WITNESS

E. R. FRAZIER

Direct Examination by Mr. Sperling 4

WITNESS

A. J. HANKINSON

Direct Examination by Mr. Sperling 9

Cross-Examination by Mr. Utz 24

Cross-Examination by Mr. Hatch 26

E X H I B I T S

	<u>ADMITTED</u>	<u>OFFERED</u>
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Exhibits 1 - 3 (4830)	9	8
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Exhibits 1 - 13 (4831)	24	24
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## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date SEPTEMBER 27, 1972 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
J. E. Sperling	Modell, Sperling & Co.	Alb.
E. R. Frazier	Mobil Oil Corp.	Midland
A. J. Hankinson	Mobil Oil	Midland
Jeffrey A. Smith	Mobil Oil	Midland
Larry D. Leavell	Oil Devel. Co. of Texas	Amarillo
James H. Hinkle	Coastal States Petroleum Co.	Rockwell
Jack R. McGraw	Coastal States	Midland, Tex.
Fred K. Yates	Coastal States	Midland, Tex.
W. H. Humphreys	Independent	Rockwell, N. M.
Joe Don Cook	Independent	Rockwell, N. M.
Tom Kellahan	Kellahan & Fox	Santa Fe
Jack Pooley	Burr & Cooley	Freemington
Michael H. Hinkle	Oldham & Hinkle	Midland
Mark Hartman	Sanderson	Midland
Bill L. May	Reed & Stevens & Humphreys	
John Seery	Mobil	Midland
J. L. Rando	Pennzoil Company	



