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BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

CAUSE NO. 3
IGNACIO FIELD

Nov. 21, 1955



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BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION AND
ESTABLISHMENT OF FIELD RULES TO GOVERN
OPERATIONS IN THE IGNACIO FIELD, LA PLATA
COUNTY, COLORADO, WITH PARTICULAR REFERENCE
TO THAT KNOWN PRODUCING ZONE LOCATED THERE-
IN TERMED "MESAVERDE".

CAUSE NO. 3

PURSUANT TO NOTICE to all parties in interest, the
above-entitled matter came duly on for hearing at the State
Capitol, Denver, Colorado, at the hour of 10:00 o'clock a.m.,
November 21, 1955.

BEFORE:

Mr. Warwick Downing, Chairman
Mr. H. C. Bretschneider, Commissioner
Mr. F. M. Van Tuyl, Commissioner
Mr. W. A. Dillon, Commissioner
Mr. Prescott Eames, Commissioner

APPEARANCES:

L. G. Truby, Jr., Albuquerque, New Mexico,
Pacific Northwest Pipeline Corp.;
Roscoe Walker, Jr., Esq., Denver, Colorado,
Pubco;
Andrew E. Schneider, for the
Amerada Petroleum Corporation;
A. J. Jersin, Denver, Colorado, Deputy Director,
Sam Freeman, Esq., Denver, Colorado, for the
Oil and Gas Conservation Commission.

CHAIRMAN DOWNING: The first case today is Ignacio, the application of Pacific Northwest Pipeline Corporation for spacing. Are you ready in that matter?

MR. TRUBY: Yes, sir.

CHAIRMAN DOWNING: Is there any contest?

MR. WALKER: Roscoe Walker, Jr., appearing for Pubco. We have no contest.

CHAIRMAN DOWNING: Any further appearances?

MR. TRUBY: L. G. Truby, Jr., for Pacific Northwest.

MR. SCHNEIDER: Andrew E. Schneider, for Amerada Petroleum Corporation. We have no objection.

L. G. TRUBY

called as a witness for the Pacific Northwest Pipeline Corp., being first duly sworn, upon his oath testified as follows:

DIRECT TESTIMONY

THE WITNESS: I have testified before the Commission before, but rather briefly, and I would like to be qualified if I may.

CHAIRMAN DOWNING: If there is no objection you will be considered qualified.

THE WITNESS: I would like to present our first exhibit, which is similar to our request for the call of the hearing. There are some pencil corrections on that to include new developments, and for ease in reading the Mesaverde wells are circled in red, the completed wells. The underlined wells are those

that we are working on.

CHAIRMAN DOWNING: Just what is the application for?

THE WITNESS: For spacing and field rules in the Mesaverde Field. The Ignacio Field is spaced but not the Mesaverde Formation. The discovery well in the Mesaverde Formation is the 2-1 well in Township 33 North, Range 8 West. The well in the far upper right hand corner, which we plugged as a dry Dakota test into the Mesaverde, had a 3-hour initial potential of 2,280,000. The other two wells completed inside our proposed area are the 3-2 well in the next section with an initial potential of 4,250,000 approximately.

CHAIRMAN DOWNING: This is a deeper sand than the upper sand?

THE WITNESS: This is the sand in between the Dakota and the Pictured Cliffs at approximately 5,000 feet. This 5-3 well in 33, 9, is a completed well with an initial potential of 17,250,000 approximately. At our call of the hearing we were drilling the 6-7 well and we are continuing to drill to the Dakota at the present time. We had a very good drilling gauge on it with a test of approximately 1 million cubic feet a day, drilling through before frac, which indicates a good well in the Mesaverde in that area.

The proposed field limits are indicated on the map in red. We have selected the limits to correspond essentially with those in the Ignacio Field. In this type of reservoir we believe, of course, that the overall San Juan Basin picture is

a stratigraphic trap, that the better production is found on the local highs in the basin; so that we selected our field limits in that area that we think is good potential drilling prospects. If I may, I would like to enter this map as Exhibit No. 1.

CHAIRMAN DOWNING: If there is no objection, it will be admitted. What spacing order do you wish?

THE WITNESS: We are asking for 320-acre spacing with the wells located on the southeast and the northwest quarter. This corresponds with the Fruitland Pictured Cliffs spacing and differs from the Colorado Blanco Mesaverde Field and the New Mexico Mesaverde Field in quarters only. The same spacing is requested. The reason we have asked for that is because of the potentialities of dualing the wells in the Fruitland-Pictured Cliffs or Mesaverde or twinning with the attendant decrease in drilling cost or location costs and also pipeline cost; whereas we would be running a line to four quarters. This way we can run a line to two, if our wells come in.

CHAIRMAN DOWNING: Do you think this proposed order covers the field?

THE WITNESS: As of the present drilling program, yes.

CHAIRMAN DOWNING: One well on 320 acres will adequately drain it?

THE WITNESS: We think it will adequately and efficiently drain it, and it's our best estimate for a pattern which we can

economically develop the field.

CHAIRMAN DOWNING: What about the royalty owners and land owners, what do they think about this? They have been rather vociferous at times.

THE WITNESS: Well, no complaint has been noted to us, and since it is in the area developed essentially on the spacing in the area, I don't know what the objection would be.

CHAIRMAN DOWNING: Any other questions?

THE WITNESS: I would like, if I may, to submit this Exhibit 2 and enter it in the record as Exhibit 2. It's a geologic map of the area on the "C" point, which is a point on the Lewis Shale. That is exactly the same map that we submitted with the hearing request.

COMMISSIONER VAN TUYL: I notice the productive gas well in Township 10 West, 33 North, Section 34. Why is that not included in the spacing area?

THE WITNESS: At the time we called the hearing that well had not been completed, although it looked like it may be a completion. That well is approximately half way in between Colorado Blanco Mesaverde Field and our proposed field in this area, and the reason we hadn't included it is that we don't know about this area right in here. If it's structurally low we think it may not produce. We have a well drilling down here in 3-25, a well which is about half way between our field limits and this well in which we haven't completed yet, but we got a very poor test in the Mesaverde; and until we do complete it

we don't know if we will have a commercial producer in there. So in view of the drilling we had at the time, that would be the best field limits we could ask for.

COMMISSIONER VAN TUYL: It's possible you will ask for an extension?

THE WITNESS: Yes, sir, it's possible both to the southwest and to the west. We haven't completed any of these wells here. If these wells come in we will go further to the west, but until the time we can complete the wells and get some information in there we think that would be about as far as we can go.

CHAIRMAN DOWNING: Any further questions?

THE WITNESS: If I may, I would like to enter our proposed rules, which are in essence similar to the rules currently in existence in the Ignacio Field.

CHAIRMAN DOWNING: Is there anything you want to call our attention to in the proposed rules?

THE WITNESS: Yes, sir. In Rule 2-A, the previous rule indicated a designated drilling unit and further indicated that the lands would be unitized before drilling, at least that was the interpretation on the part of some people. We have tried to change that so that the drilling unit would not be designated, that is north, east, west or south, until the well is completed, and we believe that the Commission can completely enforce the 320-acre spacing on the basis that there would be

only two wells in the section. The purpose of our change there, of course, is to be able to proceed where necessary with the drilling of a well, and any unitization would be at the operator's risk.

COMMISSIONER VAN TUYL: It ought to be such that you need some range.

THE WITNESS: Yes, sir. We have asked in Rule 3 that we be given a leeway. It was suggested exactly the same leeway as the proven Pictured Cliffs spacing, and we feel that would be satisfactory. If it comes without that range, we would have to ask for a hearing. It is very rough country in portions of that field to make locations. Our Rule 4 is exactly the same as the Fruitland-Pictured Cliffs spacing, the cementing rules. We actually believe that the casing requirements are a little bit too high with 24-hour waiting time and would prefer 12 to 18 hours, but in view of the fact you might have a twin well or dual completion between the Fruitland-Pictured Cliffs and Mesaverde we let it that way until we can call a hearing and amend the casing rules and all of the rules in the field if that is deemed satisfactory by everyone. The first part of following Rule 4, referring to 320-acre drilling units, have been changed to correspond with the change in Rule 2-A with reference to a designated drilling unit. We have listed six wells following that that are off the established basin pattern on which we have initiated work that we would prefer to have exceptions to our requested spacing order. There are wells

which we haven't initiated work on.

CHAIRMAN DOWNING: Mr. Jersin of course will read this over carefully. Any further testimony?

THE WITNESS: No, sir, that completes my testimony.

CHAIRMAN DOWNING: Any further questions? If not, we will refer the matter to Mr. Jersin for a report to the Commission.

(Whereupon the hearing in Cause No. 3 adjourned at 10:10 o'clock a.m., November 21, 1955.)

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C E R T I F I C A T E

I, Donald E. Weimer, Certified Shorthand Reporter, hereby certify that I personally recorded in shorthand the proceedings in the foregoing matter in the first instance and that I later transcribed the same and that the foregoing record is true and correct to the best of my knowledge and belief.

Done at Denver, Colorado, the 16th day of
December, 1955.

Phone
FR7-0358

Donald E. Weimer
Certified Shorthand Reporter
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Denver 7, Colorado