

STATE OIL & GAS BOARD OF ALABAMA

Montgomery, Alabama

21 June 1957

Testimony and proceedings before the State Oil and Gas Board, in the second-floor auditorium of the State Office Building, Montgomery, Alabama, pursuant to adjournment, on this the 21st day of June, 1957.

BOARD PERSONNEL PRESENT:

DR. WALTER B. JONES, Secretary & Supervisor

MR. LINDSEY C. BONEY, Chairman

MR. VERNON MERRITT, Board Member

MR. RANKIN FITE, Board Member

MR. WILLIAM G. O'REAR, Attorney

MR. ROBERT MacELVAIN, Ass't Supervisor

MR. GENE WHITE, Petroleum Engineer

(Reported by Lou M. Chambers)

A P P E A R A N C E S

<u>NAME</u>	<u>REPRESENTING</u>
Taylor Carlisle	Gulf Oil Corporation
James D. Heldt	Seneca Development Company
Byron O. Sims	Magnolia Petroleum Company
Joe A. Thompson	Humble Oil & Refining Co.
William E. Spere	Mid-Continental Oil & Gas Company

P R O C E E D I N G S

(The hearing was convened at 12:05 P.M., 21 June 1957)

MR. BONEY: I think we've got some matters here we could discuss before Rankin comes. It's on the Field Rules of the Citronelle Field, and Carlisle wants to speak, and I think Gene will bear him out in this, so we'll come to order and discuss that particular phase of it. Mr. Carlisle -- I don't think he needs to be sworn, because he's just talking at random anyway.

MR. CARLISLE: Mr. Chairman and Mr. Merritt, it's on this Rule 14 of your Special Field Rules - Doctor, do you have some copies of the Special Field Rules for Citronelle?

MR. MacELVAIN: I think that one is all I've got with me. I didn't know you were going to bring it up today.

MR. CARLISLE: I'll read that, then, into the record, the Rule 14. This is the Special Field Rules of Citronelle, Order No. 54.

"Rule 14 - Production Tests:

Semi-annual gas-oil ratio and water cut tests shall be performed of each well producing from the Upper Donovan Pool or Lower Donovan Pool in the months of May and November of each year, and gas-oil ratio tests reported in cubic feet of gas per barrel of oil and water cut tests reported in barrels of oil and barrels of water to the Oil & Gas Board by the 15th

of the month next following the month in which the gas-oil ratio and water cut tests were performed. Duration of gas-oil ratio and water cut tests shall be for a period of not less than six hours following the 24-hour pre-test production period, the last eight hours of which shall be at a rate reasonably approximating the current daily well allowable rate or the well's capacity to produce, whichever is the lesser, provided that the procedure and method of measuring oil and gas during this test shall be one currently recognized as standard practice of the oil and gas field operation."

Our suggestion to the Board would be that if you see fit, to call a hearing on your own motion to determine one thing, that we take it by key wells rather than by every well in the field, and our engineer has talked with Mr. White about the matter.

MR. MERRITT: Didn't we amend the General Order No. 1 to that effect a couple of months ago?

MR. CARLISLE: I don't believe you did.

MR. BONEY: I don't believe we did.

MR. WHITE: We amended the Field Rules of the Pollard Field to that effect.

MR. CARLISLE: That's right.

MR. BONEY: But we'd like to set that up on the July hearing. I don't think we should change it here until the

others have heard you, see.

DR. JONES: I don't think we can.

MR. CARLISLE: That's right. We just ask that you set it up for a hearing.

MR. BONEY: I think we could change the rule - we could probably change it into an emergency, we'll put it that way, but we'd have to set it up on the July hearing, you know.

MR. CARLISLE: To make it key wells rather than every well in the field.

MR. MacELVAIN: Just which tests are those you want - all of them or some of them?

MR. CARLISLE: No - just let you and Gene, as representatives of the Board, pick out the key wells in there. You've said we've got 90 wells, you pick out a well that --

MR. MacELVAIN: I understand that, but which tests do you object to?

MR. CARLISLE: The gas-oil ratios -

MR. MacELVAIN: Just the gas-oil ratios?

MR. CARLISLE: That's right. Now, I understand you have some other talk here from another operator, am I right, about another test, but this is only on this Rule 14.

MR. BONEY: Well, I make a motion that it be set up in the hearing for July, and we'll decide on it at that time. I don't think it'd have to be in the form of a motion, for that

matter, just set it up on the agenda for that time. I don't think there'll have to be any motion.

MR. HELDT: We think it will be a limited amount of gas down there, and you might as well work it out on the key wells under the special circumstances, but you obviously want some statements when you have your hearing.

MR. MERRITT: This doesn't apply to bottom hole pressures, does it, that --

MR. CARLISLE: This is gas-oil ratio, the gas-oil ratios down there - they tell me that -- the engineers -- that you can take that -- they measure that gas just like you measure it into your house. It's not enough there to warrant -- isn't that right, Gene?

MR. WHITE: Right. Actually, the bubble point of oil there, that point at which free gas starts breaking out of the solution with the oil is between 560 and, I'd say, 580 pounds. Until that point is approached, they're not going to have any drastic gas-oil ratios.

MR. CARLISLE: What is it, now, around 4,000 - what is the bottom hole pressures down there?

MR. WHITE: About 3800, and until the bottom hole pressure approaches the bubble point, then you're not going to have any critical situation.

MR. BONEY: What is the bubble point now?

MR. WHITE: Between 560 and 580. The bubble point won't vary - the bubble point won't vary at all, ever.

MR. BONEY: You lack a foot there of approaching the level, don't you?

MR. WHITE: Yes, and when you start approaching that level, then the gas-oil ratio does become a critical factor because it starts increasing very rapidly.

DR. JONES: This was precisely the same reasoning that was used in the Pollard Field.

MR. BONEY: Yes, but we amended that one for the Pollard Field.

DR. JONES: That's right.

MR. CARLISLE: I think it'd have to be after notice and hearing.

MR. BONEY: Yes, I know that, unless an emergency existed. Of course, you'd still wind up with a notice and hearing.

MR. CARLISLE: It says "May and November" - of course, the May has already been done, and if you do see fit to amend it in July at your hearing, then of course, we could make the key wells for the November tests, and let your staff pick whatever wells in the field --

MR. BONEY: We'll put that up for the July hearing.

MR. WHITE: In this pressure-survey test that we're currently studying, if they take those with the bomb type device,

the gas-oil ratios can be determined from that, I believe. If a bomb type, say, amerada bomb is used in taking these bottom hole pressures, can't the gas-oil ratios be determined from that, from the bomb --

MR. SIMS: You're talking about the bubble point?

MR. CARLISLE: No, the gas-oil ratio.

MR. WHITE: In other words, you take a sample of the oil and it traps the gas with it, doesn't it?

MR. SIMS: You're talking about the bottom hole samples?

MR. WHITE: No, I'm talking about the bottom hole pressures -

MR. SIMS: It just measures pressure - you can't get the gas-oil ratio from it.

MR. BONEY: Gentlemen, is there any other discussion on that for the hearing set up for July?

(No response)

MR. CARLISLE: Thank you.

MR. HELDT: There's nothing to add to what I said last time. I still don't know the answers to the legal problems. I've done some more work to find out who owns the title on those little bodies of water.

MR. BONEY: The question is, did you drill the well?

MR. HELDT: The well is drilled down and plugged.

MR. BONEY: Didn't you find oil?

DR. JONES: He capped it in the dock and left it.

MR. HELDT: Somebody told us that we'd have to answer to Judge Brassell because he always told everybody "there's gas down there."

MR. BONEY: I ~~make~~ a motion that that emergency for the Gulf Beach Land and Development Company be made permanent.

MR. MERRITT: I second it.

MR. BONEY: It's moved and seconded that it be made permanent.

MR. MERRITT: What depth did you drill to?

MR. HELDT: The final depth was 8245, which was --

MR. MERRITT: It was in the lower tuscaloosa, wasn't it?

MR. HELDT: That's what we resigned to test what we looked at. Dr. Jones, in connection with plugging that well, we had kind of an interesting problem come up, and I want to tell you what we did about solving it. You know your orders provide that you must have a 100-foot plug -- the Statewide order -- at the contact point of the fresh and salt water sands. The electric logs show that we set the surface casing in there because it required -- and the electric logs show that right at the base of the surface pipe, we were in the salt water sands already. We've put a 50-foot plug below the casing and a 50-foot up into the casing, and then put five or ten sacks of cement in there.

DR. JONES: Well, you conformed to the law, although the cement job on your surface string would have automatically taken care of the surface fresh water.

MR. HELDT: Yes.

MR. BONEY: Vernon, let's just discuss No. 3, and leave this allowable and wait on Rankin, hear? On that Citronelle Field, I think it's a question of just discussing the pressure survey. Does anyone want to make a statement on that?

MR. CARLISLE: Mr. Chairman, and Mr. Merritt, we were just discussing this, and that's the first we've seen of that, it didn't come out on your original mailed copy, Doctor, that No. 3 and No. 4.

MR. MacELVAIN: The thing was already set up. I just put that down there so we could show the Board members on our chart just what we had done.

MR. CARLISLE: I say, it wasn't on the distributed copies so we had no notice of --

MR. BONEY: In other words, it's more or less discussion between the Board, that's all right - his progress report.

MR. MERRITT: A progress report.

MR. BONEY: Well, go ahead, then - who's going to discuss it, you or Gene?

MR. MacELVAIN: Well, the only thing I have on it is just to show you the -- how we've been able to space these wells.

MR. BONEY: I believe if you'd prop it over beside that wall, the people in front could see probably as well as us, here, don't you think -- on that table?

MR. MacELVAIN: We've got a tentative agreement among the operators that the wells shown in white, here -- we don't have a well in the center of the field, because all of those--

(At this point in the hearing, the proceedings were off the record)

MR. FITE: Mr. Chairman, it seems to me that unless there's some objection, I see nothing wrong with letting them continue to have what we've given them. Do you see anything wrong with it, Doctor?

MR. BONEY: The only thing is that we just don't make it permanent.

MR. FITE: No, I don't think we ought to make it permanent until we see the extent of the field, isn't that right?

DR. JONES: And you can't tell anything about that until they've produced for two or three --

MR. FITE: I've been told that -- I know they're making arrangements with Northwest Gas District, which is that municipal gas company up there, to run a test on the well. I don't know whether there's been any -- I know it's in the negotiation stage --

MR. MERRITT: Have they made any sales agreement with any

company - are they going to sell the gas to Northwest?

MR. FITE: No sir, Southern Natural is the one that's making the -- arranging for the test by Northwest.

MR. MERRITT: I see.

DR. JONES: Is that a capacity test?

MR. FITE: That's what I understand, Doctor. They want to put it on a -- they've got -- I don't know the correct terminology for it, but a series of metering things and pressure tests that they want to run, but I'm sure that they'll be contacting you people, unless they have already - have they, Bobby?

MR. MacELVAIN: No, they haven't said anything to us officially.

MR. FITE: But the Southern Natural seems to be very much interested in the well.

MR. BONEY: Did you make ~~that~~ in the form of a motion?

MR. FITE: Yes sir, I will - that we continue to let them have the temporary allowable. Is that the correct --

MR. BONEY: For another 60 days?

MR. FITE: Yes, for another 60 days, at one million cubic feet a day, temporarily.

MR. MERRITT: I second that.

MR. BONEY: It's moved and seconded ~~that we extend~~ the allowable on that gas well in Marion County for another

60 days at one million cubic feet per day. All in favor of that, let me know by saying "aye" - any opposed "no."

(All Board members voted "aye")

DR. JONES: Who seconded that?

MR. MacELVAIN: Mr. Merritt -

MR. BONEY: Is there anything else that you want to bring up? The minutes have got to be --

MR. MERRITT: I move that they be approved.

DR. JONES: Did y'all get the minutes, your copies of that?

MR. MERRITT: Yesterday -

MR. FITTE: I second it.

MR. BONEY: It's moved and seconded that the minutes be accepted. If there's no other business, we stand adjourned.

MR. FITTE: I move that we adjourn.

MR. BONEY: I second it.

(Whereupon, at 1:04 P.M., 21 June 1957, hearing in the above entitled matter was closed.)

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This is to certify that the foregoing is a true and accurate account of the proceedings before the State Oil & Gas Board at its June 21, 1957 meeting, to the best of my knowledge and belief.

Lou M. Chambers

LOU M. CHAMBERS
Hearings Reporter