

Case No.

494

Application, Transcript,  
Small Exhibits, Etc.

CASE 494: Citiles Production Corporation  
Exception to Rule 309 (to permit commingling  
on State A1 and A5 leases), Lea County

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

Santa Fe, New Mexico  
March 17, 1953

TRANSCRIPT OF HEARING

CASES No. 494 & 495 (CONSOLIDATED)

OIL CONSERVATION COMMISSION  
SANTA FE  
MAR 30 1953

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1302  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico  
March 17, 1953

In the Matter of:

Application of Cities Production Corporation authorizing the commingling in a common tank battery of oil produced from its State "AE" & "AH" Leases, Lovington-Abo Pool, Lea County, New Mexico, this being done as an exception to Rule 309 of the Oil Conservation Commission's Rules and Regulations.	Cases No.  494  &  495  (Consolidated)
Application of Cities Service Oil Company authorizing the commingling in a common tank battery of oil produced from its State "AC" & "AG" Leases in the Saunders Pool, Lea County, this being done as an exception to Rule 309 of the Commission's Rules and Regulations.	

TRANSCRIPT OF HEARING

MR. SPURRIER: The next case on the docket is Case 494.

(Notice of Publication read by Mr. Graham.)

MR. ADAMS: R. E. Adams, Cities Production Corporation. I  
would like to be sworn.

(Witness sworn.)

MR. SPURRIER: Mr. Adams, can you consolidate 495 with 494?

MR. ADAMS: There are two different companies involved,  
Cities Production Corporation and Cities Service Oil Company.  
The facts are similar. I would like to put on the first case  
and make a statement for the second case that the facts are simi-  
lar. I am proration engineer for the Cities Production Corpora-  
tion. This is their application for an exception to Rule 309 of  
the General Rules of the Commission granting it permission to com-  
mingle in the same tank battery oil produced from its State "AE"  
and "AH" leases in the Lovington Abo Field, Lea County. It is

proposed to utilize the battery now installed on the "AE" lease to tank the oil to be produced from the same common source of supply from its "AH" lease. State "AH" Well No. 1 is now in the process of drilling.

I have as Exhibit No. 1 ownership plat of the area, showing the location of the leases and adjacent wells and the location of the tank battery.

The purpose of this application is one of practical convenience and economic benefit. The granting of it will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

Cities Production Corporation owns and operates both of these leases, which were obtained from the State of New Mexico, both tracts being state owned lands held in trust for the benefit of the common schools. Their acreage is contiguous. The State "AE" lease is held under State Lease B-7766, and the State "AH" lease is held under State Lease E-1678. There is a common ownership of both working and mineral interests in these leases.

When the State Land Office was contacted with respect to the use of common tankage we were advised to request a hearing from the Oil Conservation Commission. They expressed no objection to the proposal.

Production in this field is from the Abo lime (Wolfcamp age) found from approximately 8350 to 8430 feet. The State "AE" lease has two wells producing from this reservoir, and the "AH" lease will have one upon the completion of the well now drilling. The distance of these wells from the common tank battery is no greater than the distance normally encountered in the development

of any 160 or 320 acre lease.

The justification of this request lies in the material saving effected in steel by the elimination of an unnecessary tank battery, the saving in its cost, and in its operation and maintenance. Orders Nos. R-143 and R-151 have authorized similar requests for the commingling of oil produced by different leases from the same common source of supply.

If this application is granted adequate tankage and other equipment will be maintained in connection with the central tank battery in order that the specific production of each well, and of future wells, can be accurately determined at reasonable intervals or upon request of the Commission Wells will be produced pursuant to Commission requirements.

I think that is all we have, Mr. Chairman.

MR. GRAHAM: What is the institutional ownership, does that show on the plat?

MR. ADAMS: No, sir. The State is the only royalty owner under the leases.

MR. GRAHAM: The State land, some belongs to one institution and some to another.

MR. ADAMS: I didn't know that. These are just State lands. I didn't know one belonged to one. It is common ownership, I am sure of that. Could we advise the Commission of that by writing?

MR. SPURRIER: Yes.

MR. GRAHAM: You have checked the production from each lease?

MR. ADAMS: Yes, we would install a manifold system there where you could test any well at any time.

MR. SPURRIER: Are there any questions of the witness?  
If not you will be excused in this case, 494.

(Mr. Graham reads the Notice of Publication in Case 495.)

MR. ADAMS: 495 is an application of Cities Service Oil Company for an order authorizing the commingling in the common tank battery of oil produced from its State "AC" and "AG" leases in the Saunders Pool, Lea County, New Mexico.

We will make the same investigation on this as to the State leases and lands as to what school owns them. I would like to have the Case of 494 made a part of this hearing because the allegations in there are the same and the justification and operation purpose would be the same as in this case.

MR. SPURRIER: Without objection it will be done. Any questions of the witness in Case 495?

MR. HINKLE: I am Clarence Hinkle representing Humble. I would like to ask Mr. Adams whether or not the production that you contemplate commingling is from the same zones or the same source?

MR. ADAMS: Yes, sir, it is. I thought I made that clear. I am sorry if I didn't. I would like to introduce, as an Exhibit, the ownership of maps of this latter area.

MR. WHITE: Do all these wells produce their allowable?

MR. ADAMS: No, sir, our State "AG" No. 1 Well is a marginal well in the Saunders Field in Cause No. 494.

MR. WHITE: To what each can produce?

MR. ADAMS: Yes, sir.

MR. SPURRIER: Any other questions?

MR. CHRISTY: Clarence Christy, Amerada Petroleum Company.

Do you have the depths of those five wells, Mr..Adams?

MR. ADAMS: In 495 the Saunders line is found at an approximate depth of 9,900 to 10,000. Do you mean of the specific wells?

MR. CHRISTY: Yes.

MR. ADAMS: I don't have it. Mr. Macey, do you have it?

MR. MACEY: The total depth is shown on the plat.

MR. ADAMS: It is shown 10,050 feet for No. 1, 10,078 feet for AG-No. 1.

MR. CHRISTY: That is the total depth?

MR. ADAMS: Yes.

MR. CHRISTY: Is that the same as the perforated interval, that is the producing zone?

MR. ADAMS: No, the perforations were State "AC" Well is producing from perforation through 9,910 to 9,996. I don't have the perforations on the "AG" Well. I would be glad to furnish that to you.

MR. SPURRIER: Any other questions? If not the witness may be excused. Without objections the Exhibits will be accepted into evidence. We will take the case under advisement.

(Witness Excused.)

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS.

I, ADA DEARNLEY, hereby certify that the above and foregoing transcript of proceedings in Cases 494 and 495 Consolidated, taken before the Oil Conservation Commission on March 17, 1953, at Santa Fe, New Mexico, is a true and correct record.  
Dated in Albuquerque, New Mexico, this 23rd day of March, 1953.

*Ada Dearnley*  
Notary Public

My Commission Expires:  
June 19, 1955.

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO  
-6-



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 494  
Order No. R-314

THE APPLICATION OF CITIES  
PRODUCTION CORPORATION FOR  
AUTHORIZATION TO COMMINGLE  
IN A COMMON TANK BATTERY OIL  
PRODUCED FROM ITS STATE 'AE'  
AND 'AH' LEASES IN THE LOVINGTON-  
ABO POOL, LEA COUNTY, NEW MEXICO,  
AS AN EXCEPTION TO COMMISSION RULE  
309.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10<sup>th</sup> day of April, 1953, the Commission, a quorum being present, having considered the testimony adduced and exhibits introduced, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of this cause.
2. That the acreage located in the Lovington-Abo Pool, Lea County, New Mexico, the subject matter of the application herein, is all state-owned, held under State Lease B-7766 and State Lease E-1678, of the applicant, and the separate tracts are contiguous with common institutional ownership of minerals.
3. That for further identification the applicant terms the tracts its "AE" and "AH" leases, respectively.
4. That by reason of practical convenience and economy, and in absence of objection by the Commissioner of Public Lands of New Mexico, exception to Rule 309 should be granted, provided ample facilities are provided for testing specifically the production of each connected well.

IT IS THEREFORE ORDERED:

That the application of Cities Production Company for an exception to Rule 309, be and the same hereby is approved, and that Cities Production Corporation be and it hereby is authorized to establish, maintain and operate a central tank battery to receive production from wells completed in the Lovington-Abo Pool on its State "AE" and State "AH" leases, being described as:

Case No. 494 - Order No. R-314

Township 16 South, Range 36 East, NMPM  
W/2 SW/4 Section 36

and

Township 16 South, Range 36 East, NMPM  
SE/4 NE/4, NE/4 SE/4 Section 35

respectively, in the Lovington-Abo Pool, Lea County, New Mexico;

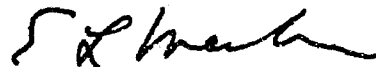
PROVIDED, HOWEVER, That adequate tankage and pertinent equipment are installed and maintained so as to permit specific production tests of each and every connected well at reasonable intervals or upon request of the Commission, or of the Commissioner of Public Lands, and

PROVIDED FURTHER, That no well now or hereafter connected to such tank battery be permitted to produce at a rate in excess of top allowable as now or hereafter may be fixed for the Lovington-Abo Pool.

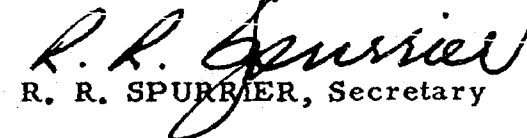
IT IS FURTHER ORDERED, That jurisdiction of this case is hereby retained for purpose of revocation and modification under changed conditions.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member  
R. R. SPURRER, Secretary

SEAL



## Cities Production Corporation

Bartlesville, Oklahoma

March 24, 1953

Oil Conservation Commission,  
State of New Mexico,  
Santa Fe, New Mexico.

Re: Case No. 494

Attention: Mr. R. R. Spurrier, Secretary

Gentlemen:

At the hearing on our application for permission to commingle the oil produced from our State "AE" lease in Section 36-16S-36E with the oil produced from our State "AH" lease in Section 35-16S-36E a question was raised with respect to which school fund received the royalties from these leases.

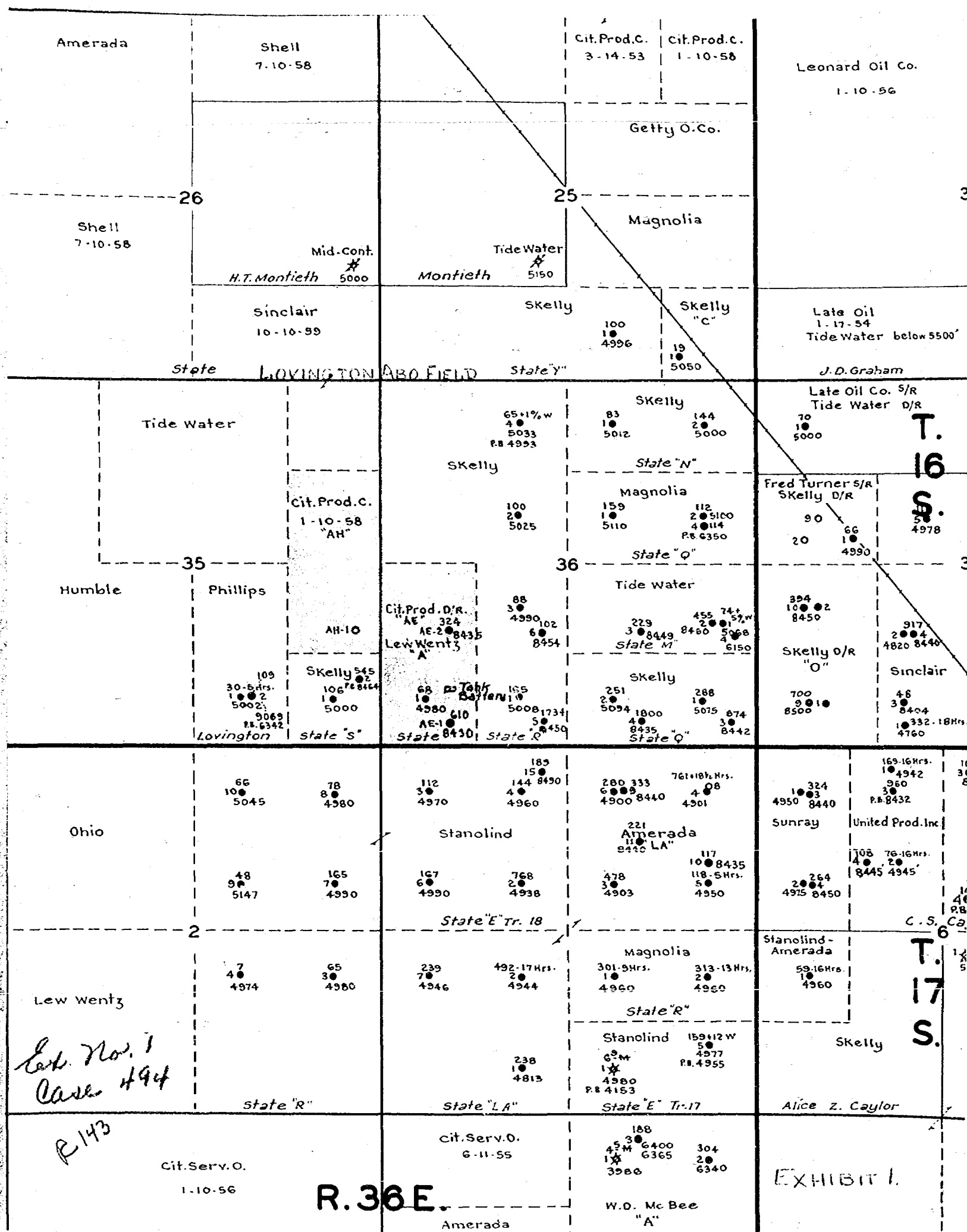
We have checked this matter with the State Land Office and are advised that royalties under both these leases are dedicated to the common schools and there is, therefore, a common ownership of royalties under said leases.

Yours very truly,

*R E Adams*  
aw

R. E. Adams,  
Proration Engineer

REA:pg



Case 494

## Cities Production Corporation

Bartlesville, Oklahoma

January 30, 1953

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier, Secretary

In re: Application of Cities Production Corporation  
for Authorization to Commingle in the Same  
Tank Battery Oil Produced from Its State "AE"  
and "AH" Leases, Lovington Abo Field, Lea County,  
New Mexico.

Gentlemen:

Cities Production Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission granting it permission to commingle in the same tank battery oil produced from its State "AE" and "AH" Leases, Lovington Abo Field, Lea County, New Mexico, and in support thereof states:

1. That Cities Production Corporation owns two contiguous oil and gas leases obtained from the State of New Mexico, both tracts being Common School Lands, described as follows, to-wit:

State "AE" Lease - State Lease B-7766  
W/2 SW/4 Section 36, T-16-S, R-36-E, 80 acres.

State "AH" Lease - State Lease E-1678  
SE/4 NE/4 and NE/4 SE/4 Section 35,  
T-16-S, R-36-E, 80 acres.

That there is a common ownership of both working and mineral interests in said leases.

2. That State "AE" Well No. 1 has been completed in Unit "M", SW/4 SW/4 Section 36, T-16-S, R-36-E, and that State "AH" Well No. 1 is now in the process of drilling in Unit "I" NE/4 SE/4 Section 35, T-16-S, R-36-E.

3. That attached hereto marked as Exhibit "A" is an ownership plat of the area showing the location of said leases and wells, and properties of offsetting operators.

4. That it is proposed to receive and measure the oil produced from said two leases in common tankage located on the State "AE"

Page - 2  
January 30, 1953

lease. That adequate tankage and other equipment will be maintained in connection with said central tank battery in order that specific production of each well, and of future wells, can be accurately determined at reasonable intervals, or upon request of the Commission.


5. That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

Therefore Cities Production Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to receive and measure in common tankage oil produced from its State "AE" and State "AH" Leases.

Respectfully submitted,

CITIES PRODUCTION CORPORATION

By

  
R. E. Adams - Proration Engineer

REA:lk

