

Case No.

1202

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 1, 1957

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Mr. Ralph Gray
203 Carper Building
Artesia, New Mexico

Dear Sir:

We enclose a copy of Order R-963 issued March 29, 1957, by the Oil Conservation Commission in Case 1202, which was heard on January 30th at Hobbs.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

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

**CASE NO. 1202
Order No. R-963**

**IN THE MATTER OF THE APPLICATION
OF BUFFALO OIL COMPANY FOR
PERMISSION TO COMINGLE OIL
PRODUCED FROM THE MALJAMAR-Paddock
POOL WITH PRODUCTION FROM THE
MALJAMAR POOL, LEA COUNTY, NEW
MEXICO, IN EXCEPTION TO RULE 303
OF THE NEW MEXICO OIL CONSERVATION
COMMISSION RULES AND REGULATIONS.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on January 30, 1937, at Hobbs, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 29th day of March, 1937, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 case and the subject matter thereof.

2. That the applicant, Buffalo Oil Company, proposes to produce its Mitchell B-19 P Well, Section 17, Township 17 South, Range 32 East, NMPM, Maljamar-Paddock Pool, into common tankage with its Mitchell "B" Wells Numbers 17, 18, 25 and 27, all in Section 17, Township 17 South, Range 32 East, NMPM, Maljamar Pool; and likewise, to produce its Mitchell B-22 P Well, Section 20, Township 17 South, Range 32 East, NMPM, Maljamar Paddock Pool, into common tankage with its Mitchell "B" Wells Numbers 9, 10, 11 and 12, all in Section 19, Township 17 South, Range 32 East, NMPM, Maljamar Pool.

3. That the commingling of oil from the Maljamar and Maljamar-Paddock Pools as proposed by the applicant will not cause waste nor violate correlative rights.

4. That the expense of maintaining separate tank batteries for each of the applicant's wells in the Maljamar-Paddock Pool would cause the abandonment of said wells at an earlier date than if the applicant were permitted to produce them into common tankage with the aforementioned wells in the Maljamar Pool.

5. That adequate facilities should be installed to permit separate testing of each well.

6. That the monthly production from each well should be reported separately on Commission Form C-115.

IT IS THEREFORE ORDERED:

1. That the applicant, Buffalo Oil Company, be and it is hereby authorized to produce its Mitchell B-19 P Well, SW/4 SE/4 of Section 17, Township 17 South, Range 32 East, NMPN, Maljamar-Paddock Pool, into common tankage with the following wells in the Maljamar Pool:

Mitchell "B" Well No. 17, SW/4 SW/4 Sec. 17 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 18, SE/4 SW/4 Sec. 17 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 25, NW/4 NE/4 Sec. 17 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 27, SE/4 NW/4 Sec. 17 - T 17S - R 32E, NMPN.

and further, to produce its Mitchell B-22 P Well, NW/4 SW/4 of Section 20, Township 17 South, Range 32 East, NMPN, Maljamar-Paddock Pool, into common tankage with the following wells in the Maljamar Pool:

Mitchell "B" Well No. 9, NE/4 SE/4 Sec. 19 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 10, SE/4 SE/4 Sec. 19 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 11, NW/4 SE/4 Sec. 19 - T 17S - R 32E, NMPN.
Mitchell "B" Well No. 12, SW/4 SE/4 Sec. 19 - T 17S - R 32E, NMPN.

2. That the applicant shall install adequate facilities on the aforementioned wells to permit the testing of said wells at reasonable intervals.


3. That the monthly production from each well be reported separately on Commission Form C-115.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
January 30, 1957

IN THE MATTER OF:

Case No. 1202

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

1000 West Broadway

Hobbs, NEW MEXICO

REGISTER

HEARING DATE January 30, 1957 TIME: 10:00 A.M.

NAME:	REPRESENTING:	LOCATION:
S. L. Kelly	Stanolind Oil & Gas Co	Roswell
E. Kirk Newman	✓	—
W. S. Meek	✓	—
R. L. Hendrickson	✓	Hobbs
E. J. FISCHER	OCC	Hobbs
W. L.
...

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
January 30, 1957

IN THE MATTER OF:

THE APPLICATION OF BUFFALO OIL COMPANY FOR
PERMISSION TO COMMINGLE OIL PRODUCED FROM
THE MALJAMAR-PADDOCK POOL WITH PRODUCTION
FROM THE MALJAMAR POOL, LEA COUNTY, NEW
MEXICO, IN EXCEPTION TO RULE 303 OF THE NEW
MEXICO OIL CONSERVATION COMMISSION RULES
AND REGULATIONS. APPLICANT, IN THE ABOVE-
STYLED CAUSE, SEEKS AN ORDER GRANTING
PERMISSION TO PRODUCE ITS MITCHELL "B" 19 P
WELL, SECTION 17, TOWNSHIP 17 SOUTH, RANGE
32 EAST, IN THE MALJAMAR-PADDOCK POOL INTO
COMMON TANKAGE WITH ITS MITCHELL "B" WELLS
NOS. 17, 18, 25 AND 27, ALL IN SECTION 17,
TOWNSHIP 17 SOUTH, RANGE 32 EAST, IN THE
MALJAMAR POOL, AND LIKEWISE TO PRODUCE
ITS MITCHELL "B" 22 P WELL, SECTION 20,
TOWNSHIP 17 SOUTH, RANGE 32 EAST, IN THE
MALJAMAR-PADDOCK POOL INTO COMMON TANKAGE
WITH ITS MITCHELL "B" WELL NOS. 9, 10, 11
AND 12, ALL IN SECTION 19, TOWNSHIP 17
SOUTH, RANGE 32 EAST, IN THE MALJAMAR POOL.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order please, the first case on the Docket this morning will be Case No. 1202.

MR. GURLEY: This is Case No. 1202, the application of Buffalo Oil Company for permission to commingle oil produced from the Maljamar-Paddock Pool with production from the Maljamar Pool, Lea County, New Mexico, in exception to Rule 303 of the New Mexico Oil Conservation Commission Rules and Regulations. Do you have any witnesses?

MAX E. CURRY

having first been duly sworn, testified as follows:

MR. CURRY: I am Max E. Curry, District Superintendant for Buffalo Oil Company. I have previously qualified before the New Mexico Oil Conservation Commission.

By this application, Buffalo Oil Company requests that the Commission set out an order granting exception to statewide Rule 303 whereby applicant will be permitted to produce each of two marginal wells in the Maljamar Paddock Pool into separate tank batteries provided for Maljamar Pool oil production. In support of that application, I wish to point out the following facts.

1. Buffalo is the sole owner and operator of all oil and gas working interests within the areas affected by this application. Exhibit No. 1 is a plat showing the Maljamar Paddock Pool and portions of the Maljamar Pool.

2. All Royalty interests are unaffected by this application as they are identical for each of the producing horizons.

3. Applicant's Mitchell B-19P is completed in the Paddock formation of the Maljamar Paddock Pool at an approximate depth of 5300'. The oil from this well is produced into a tank battery located near the center of the SW/4 of Sec. 17, T-17S, R-32E as shown on Exhibit No. 1. Adjacent to this battery is another which receives the oil produced from applicant's Mitchell B-17, 18, 25, and 26 wells, all of which are completed in the vertical limits of the Maljamar Pool. It is the applicant's request that the oil produced from the Paddock Pool be produced into and stored in the battery with the Maljamar Pool production.

4. Applicant's Mitchell B-22P is completed in and producing from the vertical limits of the Maljamar Paddock Pool. The oil produced from this well is gathered in a tank battery located near the center of the NE/4 of Sec. 19, T-17S, R-32E. This battery is also adjacent to a battery where Maljamar Pool production is stored. Applicant's Mitchell B-9, 10, 11, and 12 wells are completed in the Maljamar Pool and produce into this battery. Approval of applicant's petition will permit the oil produced from the Mitchell B-22P to be produced into and stored in the Maljamar Pool tank battery.

5. Exhibit No. 1 shows the present development of the Maljamar Paddock Pool. Buffalo is the only operator in this pool. The location of the two producing wells and the dry tests to the Paddock horizon indicate that the structure of this pool lies entirely under Buffalo leases. The operator has no plans for further development for Paddock production in this immediate area.

6. Applicant will abandon and salvage each of the two tank batteries now used for Paddock oil production storage upon approval of this petition by the Commission. Separate separating facilities will be maintained for each of the Paddock wells and, if desired by the Commission, the operator will provide adequate metering facilities for gas and oil production from that producing horizon.

7. Exhibit No. 2 shows the January allowable for each of the two producing wells in the Paddock Pool as well as the top allowable for wells of comparable depth in the state. The exhibit also shows the latest production tests for each of these wells and their accumulated recovery as of January 1, 1957. Both wells, as shown by Exhibit No. 2, are marginal wells.

8. It may be noted from Exhibit No. 1, that both the Maljamar Paddock Pool wells and the Maljamar Pool wells referred to above are located on Federal leases. The U. S. G. S. has been informed of this petition and has verbally approved of the project.

9. Approval of applicant's petition will prevent economic waste insofar as to release the surplus equipment for use elsewhere, it will eliminate the labor and materials necessary to maintain and operate two extra tank batteries and will permit an extended producing life of the two Paddock wells by decreasing the lifting cost of the oil.

10. Applicant has shown that approval of this petition will in no way impair correlative rights and will prevent economic waste; therefore, applicant prays that the commission will set out an order permitting the commingling of the Maljamar Paddock oil production with that produced from the Maljamar Pool.

Applicant offers Exhibits No. 1 and 2 as evidence in this case.

MR. GURLEY: Were these Exhibits prepared by yourself or with your help?

A Yes, I did.

MR. NUTTER: Is there objection to admission of Buffalo's Exhibit 1 and 2 in Case 1202? If not, they will be admitted. Do you have anything further Mr. Curry?

A No, that is all I have.

MR. NUTTER: Does anyone have any questions of Mr. Curry?

MR. FISHER: I do.

MR. NUTTER: Mr. Fisher.

MR. FISHER: What is the gravity?

A The gravity of the Paddock production is around 39 degrees, and that of the Maljamar Pool will run 36 to 37, and -

MR. NUTTER: Mr. Curry, as I understand it now, you want to commingle the production of your B 19 Well, which is a Paddock well with the Maljamar production in the tank battery in Section 17? Now, will adequate facilities be installed to permit the separate testing of the two formations?

A Yes, they very definitely will. As you know the Maljamar Pool itself, is subject to quite frequent periodic tests due to the nature - the way the allowable is set there, and it is our policy to take tests quite frequently on the Paddock well.

MR. NUTTER: So that you will be able to measure the production of the various wells individually in that battery?

A Yes.

MR. NUTTER: How about the battery down in Section 19, will the B 22 P, will the installation be such that it can be measured separately?

A It will be if it is in the same category as the other battery. We provide our hook up there with permanent facilities which we use portable testing equipment and do it quite frequently.

MR. NUTTER: Does anyone else have any question of Mr. Curry? If not the witness may be excused. Does anyone have anything further that they wish to offer in this case? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)

I, GLORIA ALVARADO, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 6th day of March, 1957.

Gloria Alvarado

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1202 heard by me on Jan 30 1957.

Samuel H. Tuttle, Examiner
New Mexico Oil Conservation Commission

OK
to approve
commingling
WDM
2/19/57

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-19-57

CASE 1202 Hearing Date 1-30-57

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving the commingling of oil from the Maljamar and The Maljamar Paddock Pools as requested by Buffalo in this case.

Operator has only two Paddock wells and the expense of maintaining separate batteries for each of them will result in abandonment at an earlier date than if they are produced into the Maljamar batteries. Both wells are currently marginal. All royalty interests and working interests for both pools in the subject case are identical so no violation of correlative rights should occur.

Note to legal dept:

Any previous commingling order should suffice as a guide in this order. Be sure to get the clause in there which provides that adequate facilities shall be installed to permit separate testing of the two zones at reasonable intervals.

Sam Kuller
Staff Member

**STATEMENT OF MAX E. CURRY
FOR BUFFALO OIL COMPANY
IN CASE No. 1202**

I am Max E. Curry, District Superintendant for Buffalo Oil Company. I have previously qualified before the New Mexico Oil Conservation Commission.

By this application, Buffalo Oil Company requests that the Commission set out an order granting exception to state-wide Rule 303 whereby applicant will be permitted to produce each of two marginal wells in the Maljamar Paddock Pool into separate tank batteries provided for Maljamar Pool oil production. In support of that application, I wish to point out the following facts.

1. Buffalo is the sole owner and operator of all oil and gas working interests within the areas affected by this application. Exhibit No. 1 is a plat showing the Maljamar Paddock Pool and portions of the Maljamar Pool.

2. All Royalty interests are unaffected by this application as they are identical for each of the producing horizons.

3. Applicant's Mitchell B-19P is completed in the Paddock formation of the Maljamar Paddock Pool at an approximate depth of 5300'. The oil from this well is produced into a tank battery located near the center of the SW $\frac{1}{4}$ of Sec. 17, T-17S, R-32E as shown on exhibit No. 1. Adjacent to this battery is another

which receives the oil produced from applicant's Mitchell B-17, 18, 25, and 26 wells, all of which are completed in the vertical limits of the Maljamar Pool. It is the applicant's request that the oil produced from the Paddock Pool be produced into and stored in the battery with the Maljamar Pool production.

4. Applicant's Mitchell B-22P is completed in and producing from the vertical limits of the Maljamar Paddock Pool. The oil produced from this well is gathered in a tank battery located near the center of the NE $\frac{1}{4}$ of Sec. 19, T-17S, R-32E. This battery is also adjacent to a battery where Maljamar Pool production is stored. Applicant's Mitchell B-9, 10, 11, and 12 wells are completed in the Maljamar Pool and produce into this battery. Approval of applicant's petition will permit the oil produced from the Mitchell B-22P to be produced into and stored in the Maljamar Pool tank battery.

5. Exhibit No. 1 shows the present development of the Maljamar Paddock Pool. Buffalo is the only operator in this pool. The location of the two producing wells and the dry tests to the Paddock horizon indicate that the structure of this pool lies entirely under Buffalo leases. The operator has no plans for further development for Paddock production in this immediate area.

6. Applicant will abandon and salvage each of the two tank batteries now used for Paddock oil production storage upon approval of this petition by the Commission. Separate separating facilities will be maintained for each of the Paddock wells

and, if desired by the commission, the operator will provide adequate metering facilities for gas and oil production from that producing horizon.

7. Exhibit No. 2 shows the January allowable for each of the two producing wells in the Paddock Pool as well as the top allowable for wells of comparable depth in the state. The exhibit also shows the latest production tests for each of these wells and their accumulated recovery as of January 1, 1957. Both wells, as shown by exhibit No. 2, are marginal wells.

8. It may be noted from exhibit No. 1, that both the Maljamar Paddock Pool wells and the Maljamar Pool wells referred to above are located on Federal leases. The U.S.G.S. has been informed of this petition and has verbally approved of the project.

9. Approval of applicant's petition will prevent economic waste insofar as to release the surplus equipment for use elsewhere, it will eliminate the labor and materials necessary to maintain and operate two extra tank batteries and will permit an extended producing life of the two Paddock wells by decreasing the lifting cost of the oil.

10. Applicant has shown that approval of this petition will in no way impair correlative rights and will prevent economic waste; therefore, applicant prays that the commission will set out an order permitting the commingling of the Maljamar Paddock oil production with that produced from the Maljamar Pool.

Applicant offers exhibits No. 1 and 2 as evidence in this case.

BUFFALO OIL COMPANY

A MARYLAND CORPORATION
FIRST NATIONAL BUILDING

TULSA 3, OKLAHOMA

203

ADDRESS REPLY TO:
CARPER BUILDING
ARTESIA, NEW MEXICO

January 8, 1957

APPLICATION OF THE BUFFALO OIL
COMPANY FOR AN EXCEPTION TO
RULE 303 WHICH WILL PERMIT THE
APPLICANT TO COMMINGLE OIL FROM
ITS MITCHELL B-19P AND MITCHELL
B-22P WITH OIL PRODUCED FROM
WELLS ON THE SAME LEASE COM-
PLETED IN THE MALJAMAR PAY.

New Mexico Oil Conservation Commission
P O Box 871
Santa Fe, New Mexico

Dear Sirs:

The Buffalo Oil Company, a Maryland Corporation with offices in Tulsa, Oklahoma and Artesia, New Mexico, herewith make application to the New Mexico Oil Conservation Commission for an order granting approval of an exception to rule 303 of the statewide rules and regulations as set out by the Commission.

The Buffalo Oil Company recites the following facts.

It is the sole owner of all oil and gas working interests within the areas described.

Its Mitchell B-19P is completed in the Paddock formation at a depth of approximately 5300' and this oil flows to a separate tank battery located on the Mitchell B Lease. Its Mitchell B wells No. 17, 18, 25, and 27, which are also on the same lease and completed in the Grayburg-San Andres within the vertical limits of the Maljamar Field, flow into a second tank battery which is adjacent to the Paddock tank battery. All of these wells are located in Section 17, T-17S, R-32E.

*Send copy
of Booklet to
Ralph Gray
on 1/21/57*

Its Mitchell B-22P, located in Section 20, is also completed in the Paddock zone, and it produces into a separate tank battery. A Maljamar battery is adjacent to this battery, and serves Mitchell B-9, 10, 11, and 12 wells which are completed in the Maljamar Pay. *in Sec #9.*

Each of the Paddock wells are marginal producers and it is not expected that any additional development will occur in this pay.

It is proposed to abandon and salvage each of the two Paddock tank batteries and to commingle the Paddock oil with Maljamar oil produced on the same lease. This will result in a substantial savings in material and labor, and will not create waste or cause damage to any offset operations.

If desired by the Commission, Buffalo Oil Company will be agreeable to using separate oil-gas separators for each Paddock well and will install fluid meters at the separator outlets, permitting the accurate gauging of Paddock oil from each well.

These leases are located on Federal lands and the United States Geological Survey has verbally voiced their approval of this proposal.

Wherefore, applicant respectfully requests that the Commission set this matter up for hearing at the earliest practical date, advertise the matter as required by law, and enter an order granting exception to Statewide Rule No. 303.

Buffalo Oil Company

Ralph L. Gray
Ralph L. Gray
Div. Prod. Supt.

RLG:dlr

It is requested that this be set for an Examiner hearing at Hobbs.

EXHIBIT No 2
CASE No 1202

BEFORE THE
CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 2
CASE 1202

	MITCHELL B-19P	MITCHELL B-22P
January Allowable	40	28
Top Allowable	56	56
<u>LATENT TEST</u>		
Oil	45	26
Water	Trace	24
CCR	664	2344
Date	11-5-56	5-9-56
Accumulative Recovery January 1, 1957	98547	89945