

CASE 1551: Pan American Petr. Corp. appli-  
cation to consolidate production from 3  
separate leases & to produce more than 16  
wells into common tank battery.

20 day  
meter ltr of  
trans.  
(30 day)

Casa No.

1551

Application, Transcript,  
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 28, 1958

C  
O  
P  
Y

Mr. Guy Buell  
Pan American Petroleum Corporation  
P.O. Box 1410  
Fort Worth, Texas

Dear Mr. Buell:

We enclose a copy of Order R-1292 and R-1295 issued November 26, 1958, by the Oil Conservation Commission in Cases 1552 and 1551, respectively.

Please note that these orders require that each meter installed in the subject systems shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for you to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encls.

CC-C. L. Kelley (encls.)

**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. 1551  
Order No. B-1295**

**APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR PERMISSION TO COMMINGLE  
THE PRODUCTION FROM THREE SEPARATE LEASES  
IN THE EMPIRE-ABO POOL, EDDY COUNTY, NEW  
MEXICO, AND FOR PERMISSION TO PRODUCE MORE  
THAN SIXTEEN WELLS INTO A COMMON TANK  
BATTERY.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on November 19, 1938, at Santa Fe, New Mexico, before Elvis A. Uts, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26<sup>th</sup> day of November, 1938, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Uts, 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 and the subject matter thereof.

(2) That the applicant, Pan American Petroleum Corporation, is the owner and operator of the following-described Federal leases in the Empire-Abo Pool, Eddy County, New Mexico:

LC-065478-B, N/2 NW/4, NE/4, N/2 SE/4, and the E/2 SW/4  
of Section 3; E/2 of Section 10;

NM-025604, S/2 SE/4 of Section 3; W/2 of Section 10;

LC-067858, N/2 and SW/4 of Section 11

all in Township 18 South, Range 27 East.

-2-

Case No. 1551  
Order No. R-1295

(3) That the applicant proposes to commingle the Empire-Abo Pool production from the above-described leases after separately metering the production from each lease.

(4) That the applicant further proposes to produce more than sixteen wells presently completed or hereafter drilled in the Empire-Abo Pool on the above-described leases into a common tank battery.

(5) That approval of the subject application will not cause waste nor impair correlative rights provided that the production from each lease is separately metered prior to commingling and provided further that adequate testing and measuring equipment is installed.

**IT IS THEREFORE ORDERED:**

That the applicant, Pan American Petroleum Corporation, be and the same is hereby authorized to commingle the production from the Empire-Abo Pool from all existing and future wells on the following-described separate Federal leases:

LC-065478-B, N/2 NW/4, NE/4, N/2 SE/4, and the E/2 SW/4 of Section 3; E/2 of Section 10;

NM-023604, S/2 SE/4 of Section 3; W/2 of Section 10;

LC-067858, N/2 and SW/4 of Section 11

all in Township 18 South, Range 27 East, Eddy County, New Mexico.

**PROVIDED HOWEVER,** That the production from each lease shall be separately metered prior to commingling.

**PROVIDED FURTHER,** That meters shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

**PROVIDED FURTHER,** That the applicant shall install adequate testing facilities to permit the testing of all wells located on the above-described leases at least once each month to determine the individual production from each well.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*  
EDWIN L. MECHEM, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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



DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram.	
TELEGRAM	<input type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1206 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate.	
FULL RATE	<input type="checkbox"/>
LETTER TELEGRAM	<input type="checkbox"/>
SHORE-SHIP	<input type="checkbox"/>

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
	COLLEGE			8:40 a.m.

Send the following message, subject to the terms on back hereof, which are hereby agreed to

NOVEMBER 28, 1953

MR. C. L. KELLEY  
PAN AMERICAN PETR. CORP.  
ROSWELL, NEW MEXICO

ORDER R-1292 IN CASE 1552 AND ORDER R-1295 IN CASE 1561 SIGNED

NOVEMBER 26th APPROVING YOUR APPLICATIONS.

OIL CONSERVATION COMMISSION

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 11-20-58

CASE NO. 1551

HEARING DATE 11-19-58

My recommendations for an order in the above numbered case(s) are as follows:

1. Grant application to commingle 3 Federal lease in and adjacent to the Empire-Abo oil pool.
2. Each lease must be metered separately before comm. in a common tank battery.
- 3 - List leases as shown on application.

*Christ. [Signature]*

\_\_\_\_\_  
Staff Member

DOCKET: EXAMINER HEARING NOVEMBER 19, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1337: Application of Gulf Oil Corporation for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order amending Order R-1093 and Order R-1093-A to authorize it to commingle the production from the Montoya formation with the production from the Ellenburger, Fusselman, and McKee formations on its Learcy Mc-Buffington Lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1548: Application of Shell Oil Company for an automatic custody transfer system and for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Vacuum Pool on four State Leases located in Sections 29, 30, and 31, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 1549: Application of Tidewater Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit, in both the Tubb Gas Pool and the Blinbry Gas Pool, each to comprise the S/2 SE/4 and SE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, and to be dedicated to applicant's State "Q" Well No. 1, located in the SE/4 SW/4 of said Section 36, which well is dually completed in the aforesaid pools.
- CASE 1550: Application of Tidewater Oil Company to commingle the production from several separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Ellenburger, McKee, Fusselman, Montoya and any other pool or pools encountered which produces oil of similar qualities on its Coates "C" Lease comprising the E/2 and SE/4 NW/4 and NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further requests permission to commingle production from the Drinkard formation on said lease with any other pool or pools encountered which produce sour crudes. Applicant proposes to separately meter production from each pool prior to being commingled. Applicant further seeks permission to produce more than sixteen wells into said common facilities.
- CASE 1551: Application of Pan American Petroleum Corporation for permission to commingle the production from three separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from the three separate Federal leases hereinafter described:

LC-065478-B N/2 NW/4, NE/4, N/2 SE/4, and E/2 SW/4  
Section 3; E/2 Section 10



NM-025604 S/2 SE/4 Section 3; W/2 Section 10

LC-067858 N/2 and SW/4 Section 11

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each of the above-described leases prior to being commingled.

CASE 1552:

Application of Pan American Petroleum Corporation for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Abo formation adjacent to the Empire-Abo Pool from the four separate State leases hereinafter described:

E-5461 NW/4 NW/4 Section 2

B-7244-30 S/2 NW/4, NW/4 SW/4, and SE/4 SW/4 Section 2

B-8814-12 NE/4 SW/4 Section 2

E-7833 SW/4 SE/4 Section 2

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each of said leases prior to being commingled.

CASE 1553:

Application of The Texas Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Peery-Federal (NCT-1) Well No. 1 located 1980 feet from the North and East lines of Section 29, Township 15 South, Range 30 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from an undesignated Devonian oil pool and gas from an undesignated Ellenburger Gas Pool through parallel strings of tubing. Applicant further requests permission to commingle the liquids and low pressure gas produced from the Devonian and Ellenburger formations from all existing and future wells on its Peery-Federal Lease which comprises all of said Section 29.

CASE 1554:

Application of The Texas Company for an automatic custody transfer system and for permission to commingle the production from five separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Bisti-Lower Gallup Oil Pool on five Navajo Allottee Leases located in Sections 14, 15, and 23, Township 25 North, Range 11 West, San Juan County, New Mexico. Applicant proposes to separately meter the production from each lease prior to being commingled.

CASE 1555:

Application of H. K. Riddle for two non-standard oil proration units and two unorthodox oil well locations. Applicant, in the above-styled cause, seeks an order establishing a 61-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 18, said unit to be dedicated to a well to be drilled on an unorthodox location 1980 feet from the South line and 252 feet from the West line of said Section 18; applicant further seeks

the establishment of a 63-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 19, said unit to be dedicated to a well to be drilled on an unorthodox location 660 feet from the North line and 256 feet from the West line of said Section 19, all in the Bisti-Lower Gallup Oil Pool, Township 26 North, Range 13 West, San Juan County, New Mexico.

CASE 1556:

Application of Chaco Oil Company for an exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing it to drill four additional oil wells in the Red Mountain-Mesaverde Oil Pool in the SW/4 SE/4 of Section 20 and the NW/4 NE/4 of Section 29, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 1557:

Application of Cities Service Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "P" No. 3 Well located 990 feet from the South and West lines of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinbry Oil Pool and from an undesignated Glorieta oil pool through parallel strings of tubing.

Cael 1551

## PAN AMERICAN PETROLEUM CORPORATION

Roswell, New Mexico  
October 20, 1958

File: F-672-986.510.1

Subject: Commingling of Production  
Empire Abo Field  
Eddy County, New MexicoNew Mexico Oil Conservation Commission (3)  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Pan American Petroleum Corporation respectfully requests a hearing for the purpose of obtaining an order approving the commingling of Abo production from three separate leases and permitting the production of more than 16 wells into a common tank battery. Three Federal leases in and around the area now designated as the Empire Abo Pool are involved. These leases are located in Sections 3, 10 and 11, T-18-S, R-27-E, Eddy County, New Mexico, and are described below:

Federal Leases

LC-065478-B

N/2 NW/4  
NE/4  
N/2 SE/4  
E/2 SW/4 Section 3

E/2 Section 10

NM-025604

S/2 SE/4 Section 3

W/2 Section 10

LC-067858

N/2  
SW/4 Section 11

In the arrangement we propose to use, the production from each individual lease will be separately metered before it is run into storage with production from other leases. The meters will be located at centralized storage facilities and are

*Docket Mailed*  
*11-5-58 BP*

*commingle of production from three separate leases into a common tank battery*  
*more than 16 wells*  
*Empire Abo Pool*  
*Office*  
*W. L. Porter*

Page 2  
October 20, 1958  
New Mexico Oil Conservation Commission

of proven accuracy. They will be periodically calibrated and tested to insure that this accuracy is maintained and production from all wells will be checked by actual storage measurements each day. These measurements will be compared with the individual meter readings as an additional confirmation of meter accuracy.

We are also filing, by separate correspondence, an application to commingle production from State leases in this same area. It is requested that both cases be placed on the same docket and called at the earliest possible hearing. A plat of the area is attached.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION



C. M. Kelley  
District Superintendent

Attachment

BEFORE THE  
OIL CONSERVATION COMMISSION  
NOVEMBER 19, 1958

IN THE MATTER OF:

APPLICATION OF PAN AMERICAN PETROLEUM CORPORATION, CASE 1551

TRANSCRIPT OF HEARING

DEARNLEY, MCER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
NOVEMBER 19, 1958

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IN THE MATTER OF:

Application of Pan American Petroleum Corpo-  
ration for permission to commingle the  
production from three separate leases and for  
permission to produce more than 16 wells into  
a common tank battery. Applicant, in the  
above-styled cause, seeks an order authorizing  
it to commingle the production from the Empire-  
Abo Pool from the three separate Federal leases  
hereinafter described:

LC-065478-B N/2 NW/4, NE/4, N/2 SE/4,  
and E/2 SW/4 Section 3; E/2 Section 10

) Case 1551

NM-025604 S/2 SE/4 Section 3; W/2 Section  
10

LC-067858 N/2 and SW/4 Section 11

all in Township 18 South, Range 27 East, Eddy  
County, New Mexico. Applicant further requests  
authority to produce more than 16 wells into  
the common tank battery for said leases.  
Applicant proposes to separately meter produc-  
tion from each of the above-described leases  
prior to being commingled.

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BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Next case will be Case 1551.

MR. PAYNE: Case 1551, Application of Pan American  
Petroleum Corporation for permission to commingle the production  
from three separate leases and for permission to produce more  
than 16 wells into a common tank battery.

MR. BUELL: May it please the Examiner, my name is Guy

Buell with Pan American Petroleum Corporation. We will have one witness to present in this case, Mr. Currens.

(Witness sworn.)

DAN CURRENS

the witness, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Currens, state your full name, by whom you are employed and in what capacity and what location, please.

A Daniel R. Currens, employed by Pan American Petroleum Corporation, Petroleum Engineer in the Roswell office, Roswell, New Mexico.

Q Mr. Currens, you have testified at prior Commission hearings and your qualifications as a Petroleum Engineer are a matter of public record, are they not?

A That's correct.

MR. BUELL: Any questions, Mr. Examiner?

MR. UTZ: No, sir.

Q (By Mr. Buell) I direct your attention to what has been marked as Pan American Exhibit Number One. What does that exhibit reflect?

A Exhibit One is a plat showing the area involved in this application, Case 1551, showing the acreage that will be involved in the application and showing the wells in the area. It also shows the area immediately surrounding these particular leases.

Q Have you designated the Abo wells in any fashion to distinguish them from any other wells in the area?

A Yes, sir, the wells completed in the Abo are encircled in orange.

Q All right, sir, with respect to the acreage you have outlined in various colors, actually, a portion of that acreage has already, you already have approval to commingle at a common battery on a portion of that acreage?

A That's correct.

Q Point out that acreage on the exhibit and state it for the record.

A Well, Order R-1240, August 14, 1958, we obtained approval to commingle production from the lease that is shown here on the Exhibit One outlined in Blue, being the north half and the southwest quarter of Section 11, Township 18 South, Range 27 East, and a portion of another lease, which is outlined in green, that portion being the portion that is the east half of Section 10, Township 18 South, Range 27 East.

MR. BUELL: Mr. Examiner, in the interest of expediting this hearing, we might incorporate by reference Case 1491, which was held August 14, 1958, a result of which Order R-1240 was issued.

Q (By Mr. Buell) So, actually, Mr. Currens, then the commingling phase of this hearing is a request to enlarge a previously approved facility?



A Yes, sir, that's correct.

Q All right, sir, with respect to the area which we hope to bring into the commingling authority, would you point out that on Exhibit One and locate it for the record?

A In addition to what we have previously been authorized here, we would like to add the north half of the northwest quarter of Section 3, the northeast quarter of Section 3, the north half of the southeast quarter of Section 3, the east half of the southwest quarter of Section 3, that being another portion of one of these leases, and another lease which was comprised of the south half of the southeast quarter of Section 3 and the west half of Section 10. All of these are in Township 18, South, Range 27 East.

Q Is all of the acreage in the area in question Federal acreage?

A Yes, sir. These are three separate Federal leases.

Q Mr. Currens, I notice on some of the acreage on which we are asking commingling authority, as yet no wells have been drilled. Is this field in the active stage of development?

A This field is in the early stage of development. There are nine Abo completions here now. We are very early in the development stage of this field, and an active program is now under way.

Q Do you feel it is a matter of practicality to request the authority prior to development to obviate the necessity of temporary batteries on these leases?

6

A Yes, sir, I do. I think if we can cover a larger area at this time, we'll save time and money both.

Q For both ourselves time and money for Pan American and also time for the Commission?

A Yes, sir.

Q Let me ask you this, Mr. Currens, to back up for a minute. Are we now operating a common battery in the area in question here under Order R-1240?

A Yes, sir, we are.

Q Where is that located?

A Located in the northwest quarter of Section 11.

Q Do you have a schematic diagram reflecting that current installation?

MR. UTZ: Be more specific with the matter located.

A In the northeast quarter of the northwest quarter of Section 11.

MR. BUELL: We will have that exhibit marked Exhibit Two.

(Exhibit marked Pan American  
Number Two for identification.)

Q (By Mr. Buell) What does Exhibit Two reflect?

A Exhibit Two is a schematic diagram of the present installation plus some red lines which show what the proposed additions might be.

Q All right, sir, for the purpose of your first discussion, ignore the red lines and simply discuss the installation as it

currently exists.

A Well, possibly we could best do that by following a particular lease through the system.

Q All right, sir.

A Taking the flow line we show here in the lower right hand corner of the exhibit designated "B" Number 2, we see the flow line coming into a manifold where production might be routed through what has been designated "B" Separator. After going through that separator on through the "B" meter, from that meter into the stock tanks either through normal fill facilities or test facilities. The alternate way of routing that production would be into the "B" separator through the "B" meter, from the "B" meter up to a proofer tank. We use this proofer tank for testing and calibration of our meter. From that proofer tank into the fill facilities into the tank battery itself.

As another possible alternate route that production could be brought in, instead of being taken through the normal facilities that are marked "B", it could be taken through the special test facilities which we use for well tests through the test separator, from the test separator to the test meter and then into the storage tanks themselves, after going through that meter or in through the proofer tank, and from there on into the storage tanks. I believe that covers the routes that production could take from that.

Q Directing your attention to the red lines now on Exhibit

Two, actually any leases that are added will follow generally the same flow pattern which you have just described?

A Yes, sir, it would have those various possibilities of going through separate test facilities, special test facilities, the proofer tanks or through the regular facilities.

Q Now, separation and treatment if necessary will be upstream from the meters?

A Yes, sir, that's correct.

Q What type meter are you currently using at this installation?

A A positive type volume meter.

Q Have they proved themselves to be extremely accurate and reliable?

A Yes, sir, we've been satisfied with these meters.

Q And under this proposal the production from each lease will be separately metered?

A Yes, sir, that's correct.

Q All right, sir, you earlier stated this was all Federal acreage. Has the USGS been advised of our proposal we are presenting here today?

A Yes, sir, they have.

Q Have they expressed agreement with this proposal?

A They have.

Q All right, sir, going now, Mr. Currens, to the second phase of this application, with respect to producing more than

16 wells into a common battery, how many wells, Abo wells, are currently producing on the acreage in question?

A Some seven Abo wells are now producing on that acreage.

Q Do you feel it is practical at this time to ask for authority to produce more than 16 wells into a common battery, even though we only have six wells at this time?

A I think it is timely to do it now. As stated, we have a very active development program in this area. We have four wells drilling now.

Q I state six wells, I believe you stated seven?

A There are seven wells on the area covered by the application. Six now go into the present facilities.

Q Again, you think it is a matter of practicality and expediency to get this authority now so that temporary batteries will not have to be installed as the wells are completed?

A Yes, sir.

Q Was the USGS, being the only royalty member were they advised of this feature of the application?

A Yes, sir, they were.

Q Did they express agreement with this proposal?

A Yes, sir, that met with their approval also.

Q Do you have a letter from the USGS expressing that?

A Yes, sir, we have.

MR. BUELL: May we offer such letter, Mr. Examiner, as Exhibit 3. It is a two-paged letter. We have underlined in red

their approval of the commingling feature. The last paragraph on the last page is their approval of more than 16 wells producing into one common battery.

Q (By Mr. Buell) Mr. Currens, in your opinion, if the Conservation Commission approves this application, do you feel that the correlative rights of all parties of interest will be adequately protected?

A Yes, sir, I certainly do. We will meter the production from each individual lease before we commingle with production from any other lease. That should afford adequate protection of correlative rights.

Q Have the positive volume type meters we are using and now use on the leases to be added, they have proved themselves accurate, is that right?

A Yes, sir.

Q Do you feel that the Commission's approval of this application will serve conservation in that waste will be prevented?

A Yes, sir, I do. Certainly we can effect some savings here by putting our facilities in one spot; therefore, we should have a better economic picture on this in this particular area. We should have a longer economic life of the wells. Now, with longer economic life, we wouldn't reach the abandonment rate as early; and, therefore, we should be able to recover some more oil as a result of having this longer economic life.

MR. BUELL: Mr. Examiner, that's all the direct testimony we have at this time. I would like to formally offer Exhibits One through Three inclusive.

MR. UTZ: Without objection they will be received.  
Are there questions of the witness?

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Currens, what is the maximum number of wells you eventually intend to produce into the common battery; do you have any idea?

A We are in an early stage of development now. I believe if we had authority to produce 20 wells into a common battery from this acreage, well, then, we'd have a better picture and we'd be to a point in development where we could make firmer plans.

Q If you drilled it up completely and had a producer on each unit, what would be the maximum number of wells?

MR. BUELL: Mr. Payne, do you want him to assume that all of the acreage outlined is productive?

MR. PAYNE: Yes.

MR. BUELL: We hope it is.

Q (By Mr. Payne) I was wondering if what you had in mind is maximum, if you had a maximum in mind on the order?

A Our count may be in error here. I have counted 40 locations on these three particular tracts.

MR. PAYNE: Thank you.

## EXAMINATION BY MR. FISCHER:

Q Do you have currently any automation equipment in there on that one particular battery?

A No, sir. We checked these meters with hand gauges on the tank. We haven't started the design of any LACT equipment or anything like that.

## EXAMINATION BY MR. UTZ:

Q Mr. Currens, the green outline in Section 3, what is that mark?

A That is part of the same basic Malco "D" lease.

Q And the red outline in the west half of Section 10 is part of the "E" Lease?

A Yes, sir, that is part of the same basic lease.

Q Do you intend to commingle the entire production from all leases outlined in blue, green and red into tank battery located in the northeast of the northwest of Section 11?

A Actually, sir, we are still at an early stage of development here. We want to be able to commingle production from these leases. Now where we finally set our battery in here will be dependent on how our development goes. Right now, we want to put them into existing battery. As development progresses, we might find it advisable to move that battery to another location and might be able to work out automatic custody transfer facilities or some of the other methods of effecting economies in our operations.

Q And I believe you said the royalty interest under the "A".



"E" and "D" Leases were all common; the royalty interest in all of this acreage that is outlined in red, green and blue is USGS or the Department of Interior, I believe; no other overriding royalties?

A There are carved out interests out of the working interest.

MR. UTZ: Any other questions?

EXAMINATION BY MR. FISCHER:

Q Mr. Currens, what is the size of the tanks at this battery?

A Right now we have two thousand barrel tanks. We are planning to add a third.

Q And you have completed the six wells you are now drilling, or four?

A Four.

Q And these wells that are now drilled or drilling would be produced into this battery, is that correct?

A Two are on State acreage, which is in Section 2. Two of them are drilling on this acreage. We've been running a four rig program in here. I hope we can continue it for some time.

Q Say you had 20 wells completed going into this battery --

A Yes.

Q -- how long could you estimate that it would fill up one thousand barrel tank?

A Well, the present allowable is 61 barrels a day, I believe. For the six to seven foot depth factor, we would be making then

about 1200 barrels a day. If we get in that position, I feel sure we will add another tank in there, because we certainly are going to have adequate storage facilities.

Q And who is taking the oil at the present time?

A We have a pipe line connection which, if I recall correctly, is with Malco.

Q Say if you get 20 wells or half of your proposed program, assuming all your acreage is productive --

A Yes.

Q -- and you might -- you'd fill up one tank a day, you wouldn't have any trouble getting your oil run?

A No, sir, I don't believe so.

Q If you went to 40 wells, got 40 productive wells, do you think you would go to automatic draining?

A At that time we would have taken a good look at it. We would certainly know where the trend was in here. If that is the case, I'm sure we will have made preliminary plans for LACT, anyhow.

Q Say 20 producing wells, top allowable, you don't anticipate Malco taking a tank a day, do you?

A I don't know why there would be any trouble there.

MR. FISCHER: Thank you.

MR. UTZ: Are there other questions? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there other statements or testimony to be given in this case? If not, the case will be taken under advisement.

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS

I, JOHN CALVIN BEVELL, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 26th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*John Calvin Bevell*  
NOTARY PUBLIC

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1551, heard by me on Nov. 19, 1958.  
*John A. [Signature]* Examiner  
New Mexico Oil Conservation Commission