

CASE 2383: Application of C. H.
SWEET OIL CO. for an exception to
Rule 309-A. (McKinley "B" lease)

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

October 9, 1961

Mr. W. D. Girard
Girard, Cowan & Reese
204 New Mexico Bank & Trust Co. Bldg.
Hobbs, New Mexico

Re: Case No. 2383
Order No. K-2069
Applicant:
C. H. Sweet Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER

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. 2383
Order No. R-2069

APPLICATION OF C. H. SWEET OIL
COMPANY FOR AN EXCEPTION TO RULE
309-A, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 20, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 9th day of October, 1961, 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 cause and the subject matter thereof.
- (2) That the applicant, C. H. Sweet Oil Company, is the owner and operator of the McKinley "B" Lease, comprising the S/2 NE/4 of Section 20, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, and of the Grimes Lease, comprising the NE/4 SE/4 of said Section 20.
- (3) That the applicant seeks permission to install a tank battery for its McKinley "B" Lease on its Grimes Lease at a site which is common to the location of a separate tank battery for the Grimes Lease.
- (4) That no commingling of production from each lease will result and there will be no intercommunication between the tank batteries of each lease.
- (5) That the installation of the tank battery for the McKinley "B" Lease on the Grimes Lease will not cause waste and will not impair correlative rights.

-2-
CASE No. 2383
Order No. R-2069

IT IS THEREFORE ORDERED:

(1) That the applicant, C. H. Sweet Oil Company, is hereby authorized to install a Hobbs Pool tank battery for its McKinley "B" Lease, comprising the S/2 NE/4 of Section 20, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, on its Grimes Lease, comprising the NE/4 SE/4 of said Section 20, at a site which is common to the location of a separate Hobbs Pool tank battery for the Grimes Lease.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

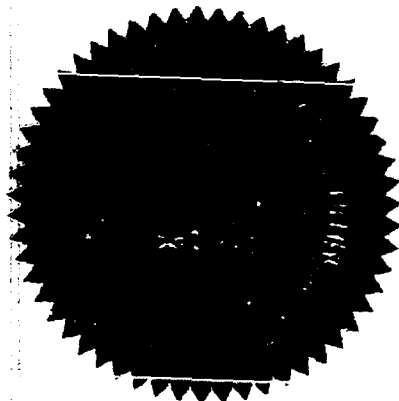
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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



esr/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 9/21

CASE 2383

Hearing Date 9am 9/20
DSN @ SF

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

Enter an order allowing
C.H. Sweet oil Co to install
a tank battery for its C.H.
Sweet McKinley B Lease, $\frac{1}{2}$ NE $\frac{1}{4}$
Sec 20 T18S R38E, Hobbs Pool
on its Grimes Lease, NE $\frac{1}{4}$ SE $\frac{1}{4}$
of said section 20.

There shall be ^{no} commingling
or interconnections between
batteries.

[Signature]

No 26-61

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 20, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as alternate examiner:

- CASE 2376: Application of the Oil Conservation Commission on its own motion to abolish certain portions of the San Simon and Wilson Pools in Lea County, New Mexico; to create a new pool for oil production in Township 21 South, Range 35 East, to be designated the North San Simon-Yates Pool; and to establish a limiting gas-oil ratio for said North San Simon-Yates Pool.
- CASE 2377: Application of N. R. Williamson for a waterflood project in the Seven Lakes Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Seven Lakes Pool in Sections 18 and 19, Township 18 North, Range 10 West, McKinley County, New Mexico. Applicant further seeks the establishment of procedures for obtaining administrative approval of extensions to the proposed waterflood project.
- CASE 2378: Application of The Atlantic Refining Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Carlson Federal "A" Well No. 2, located in Unit J, Section 23, Township 25 South Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in the Paddock, Blinebry and Tubb-Drinkard Pools, the production of oil from each pool to be through parallel strings of 2-inch tubing.
- CASE 2379: Application of The Atlantic Refining Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Langlie Federal Well No. 2, located in the NW/4 SE/4 of Section 14, Township 25 South, Range 37 East, Lea County, New Mexico, as an oil-oil-oil triple completion in an undesignated Paddock Pool and in the Justis-Blinebry and Justis Tubb-Drinkard Pools.

- CASE 2380: Application of Consolidated Oil & Gas, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Blanco Mesaverde and Basin Dakota Gas Pools comprising the NE/4 of Section 9, and the NW/4 of Section 10, all in Township 31 North, Range 13 West, San Juan County, New Mexico. Said unit is to be dedicated to applicant's Segal Well No. 1-9, located in the NE/4 NE/4 of said Section 9.
- CASE 2381: Application of Southwest Production Company for an order pooling all mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 22, Township 30 North, Range 12 West, San Juan County, New Mexico.
- CASE 2382: Application of Morris R. Antweil for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 230.95-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of Lot 4 in Section 1, and Lots 1, 2, 3, 7 and 8 in Section 2, all in Township 21 South, Range 35 East, Lea County, New Mexico. Said unit is to be dedicated to applicant's L. W. White Well No. 1, located in the NE/4 NE/4 of said Section 2.
- CASE 2383: Application of C. H. Sweet Oil Company for an exception to Rule 309-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the oil produced from applicant's McKinley "B" lease, located in the SE/4 NE/4 of Section 20, Township 18 South, Range 38 East, Lea County, New Mexico, to be transported, prior to measurement on said McKinley "B" lease, to applicant's Grimes lease located in the NE/4 SE/4 of said Section 20.
- CASE 2384: Application of General American Oil Company of Texas, for an exception to Rule 309-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the Loco Hills oil production from applicant's State Lease B-1778, located in Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, to be transported, prior to measurement on said State Lease B-1778, to applicant's Federal Lease LC 060520, located in Section 31, Township 17 South, Range 30 East.

CASE 2385:

Application of Texaco Inc. for a unit agreement and for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Lovington Unit Agreement, covering 2,472 acres, more or less, in Townships 16 and 17 South, Range 36 East, Lea County, New Mexico. Applicant further seeks authority to institute a pool-wide waterflood in the West Lovington Pool by the injection of water into the San Andres formation through 18 wells in Sections 3, 4, 5, 6, 7, 8, and 9, Township 17 South, Range 36 East.

CASE 2386:

Application of Continental Oil Company for the establishment of two non-standard oil proration units in the Empire-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Empire-Abo Pool described as follows:

(1) Lot 2 and the Southernmost 12.06 acres in Lot 1, Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, comprising 40 acres. Applicant proposes to dedicate said unit to its State S-30 Well No. 1, 2310 feet from the North line and 330 feet from the West line of said Section 30.

(2) Lot 3 and the Northernmost 11.83 acres of Lot 4, all in said Section 30, comprising 40 acres. Applicant proposes to dedicate said unit to its State S-30 Well No. 3, to be drilled at a standard location in said unit.

CASE 2387:

Application of Continental Oil Company for permission to dispose of salt water, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of produced salt water from the Anderson Ranch Wolfcamp Pool into the Wolfcamp formation through its Anderson Ranch Unit Well No. 8, located 1980 feet from the South line and 660 feet from the East line of Section 11, Township 16 South, Range 32 East, Lea County, New Mexico.

*Off-lease
storage
- no comingling*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF C. H. SWEET, DOING)
BUSINESS AS C. H. SWEET OIL COMPANY)
FOR AN EXCEPTION TO RULE 309 (AS)
AMENDED BY ORDER R645, ORDER R1172)
AND ORDER R1959) TO ALLOW THE APPLI-)
CANT TO PRODUCE THE OIL ON APPLICANT'S)
MCKINLEY "B" LEASE LOCATED IN THE)
SE 1/4 OF THE NE 1/4 OF SECTION 20,)
T18S, R38E, N.M.P.M., LEA COUNTY,)
NEW MEXICO, INTO THE TANK BATTERY)
LOCATED ON THE C. H. SWEET - GRIMES)
LEASE LOCATED IN THE NE 1/4 OF THE)
SE 1/4 OF SECTION 20, T18S, R38E,)
N.M.P.M., LEA COUNTY, NEW MEXICO.)

CASE NO. 2283

COMES NOW C. H. SWEET, doing business as C. H.
SWEET OIL COMPANY, of 424 North Dal Paso Street, Hobbs,
New Mexico, and files this, his application for an excep-
tion to Rule 309 (as amended by Order R645, Order R1172
and Order R1959) and for cause would show:

1.

Applicant is the owner of an oil well designated
as C. H. Sweet Oil Company - McKinley "B" No. 2, located
in the Southeast 1/4 of the Northeast 1/4 of Section 20,
Township 18 South, Range 38 East, N.M.P.M., Lea County,

New Mexico, within the Hobbs Pool and is producing said well into tank batteries located on said lease in the Southwest 1/4 of the Northeast 1/4 of Section 20, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and applicant is the owner of the well known as C. H. Sweet - Grimes, located in the Northeast 1/4 of the Southeast 1/4 of Section 20, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Applicant desires to utilize the storage facilities now located on the C. H. Sweet - Grimes Lease for the production of oil from the C. H. Sweet Oil Company - McKinley "B" Lease and to establish new storage for the light production being obtained from the C. H. Sweet - Grimes Lease for the following reasons, to-wit:

- a. The tank battery located on the applicant's McKinley "B" lease is in bad condition and will require replacement unless this application is approved.
- b. The tank battery located on the applicant's Grimes Lease is in good condition and can

be utilized for the reception of the oil produced from the McKinley well.

- c. That the applicant's Grimes well is a very light producer, incapable of producing more than 30 or 40 barrels of oil per month and applicant will install storage to handle the production from the Grimes well, eliminating any chance of comingling the production from the two leases.
- d. That the cost of erecting new storage to satisfy the requirements of applicant's well on the McKinley "B" lease is uneconomical, and would constitute waste.

2.

Upon the granting of the application, applicant will designate the tank battery located on the C. H. Sweet - Grimes lease in the Northeast 1/4 of the Southeast 1/4 of Section 20, Township 18 South, Range 38 East, as the C. H. Sweet Oil Company - McKinley "B" Lease and will provide adequate and suitable storage facilities to handle the production of the C. H. Sweet - Grimes

well and will designate the storage handling that production so that identity of both storages will be in full compliance with the rules and regulations of the Commission.

3.

Applicant requests that this application be set for hearing before an examiner at the earliest possible hearing date.

4.

Applicant would further show the Commission that the following are the offset operators owning property offsetting the properties belonging to applicant involved in this application:

Standard Oil Company of Texas, Midland, Texas;
Shell Oil Company, Midland, Texas;
Atlantic Refining Company, Dallas, Texas;
Gulf Oil Corporation, Roswell, New Mexico;


and copies of this application are being mailed to the offsetting operators as herein set forth.

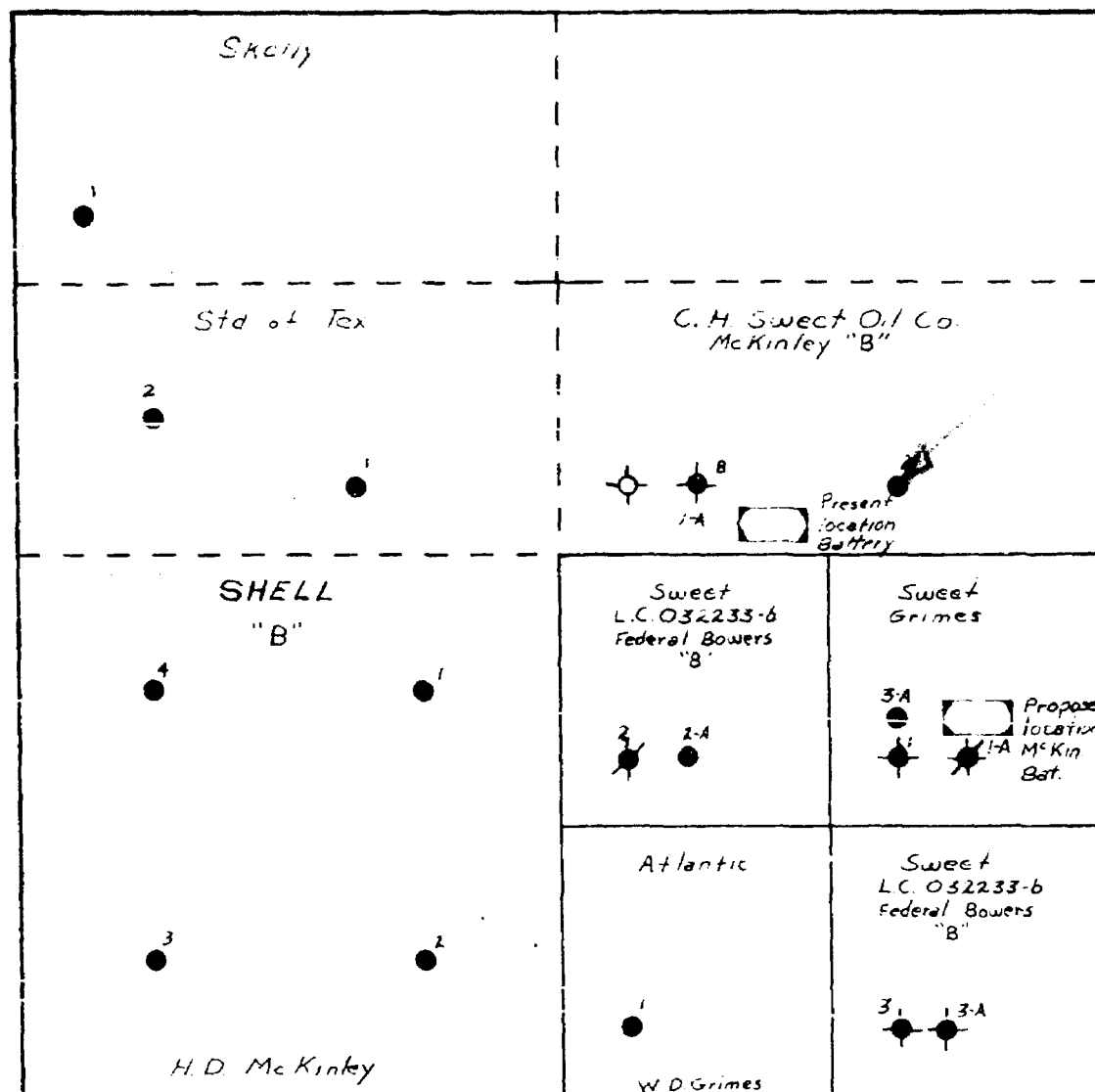
5.

Attached to this application is a plat showing the present location and proposed location of the storage

for the C. H. Sweet Oil Company McKinley "B" well.

WHEREFORE, Applicant prays that upon the hearing of this application the Commission enter its Order granting to applicant an exception to Rule 309, as amended, authorizing applicant to produce applicant's C. H. Sweet Oil Company - McKinley "B" well located in the Southeast 1/4 of the Northeast 1/4 of Section 20, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico, into the tank battery on the C. H. Sweet - Grimes Lease located in the Northeast 1/4 of the SE 1/4 of Section 20, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and for such other and further Order as the Commission deems fit and proper.


of GIRAND, COWAN & REESE
POST OFFICE BOX 2405
HOBBS, NEW MEXICO
ATTORNEYS FOR APPLICANT



C.H. Sweet Oil Co. McKinley Lease
 Section 20 T-18S, R-38E Lea County
 Hobbs Pool

Map 2383

W. D. GIRAND
RAY C. COWAN
N. RANDOLPH REESE

GIRAND, COWAN & REESE
LAWYERS
204 NEW MEXICO BANK AND TRUST CO. BUILDING
HOBBS, NEW MEXICO

1383
TELEPHONE
EXPRESS 3-9116
POST OFFICE BOX 2405

August 28, 1961

Oil Conservation Commission
State of New Mexico
Santa Fe
New Mexico

Re: Application of C. H. Sweet, dba
C. H. Sweet Oil Company for an
Exception to Rule 309, as amended.

Gentlemen:

I am enclosing the above Application in triplicate for
your action.

We have this day sent copies of the above Application
to the offset operators owning property offsetting
the properties belonging to applicant involved in this
Application.

Very truly yours,


GIRAND, COWAN & REESE

WDG:mys
Encls. as stated

cc: Production Department, Standard Oil Co. of Texas;
Production Department, Shell Oil Company;
Production Department Atlantic Refining Company;
Production Department, Gulf Oil Corporation;
Mr. C. H. Sweet

*Rechecked
7/16/61*

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

CASE 2383

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of C. H. Sweet Oil Company for an exception to Rule 309-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the oil produced from applicant's McKinley "B" lease, located in the SE/4 NE/4 of Section 20, Township 18 South, Range 38 East, Lea County, New Mexico, to be transported, prior to measurement on said McKinley "B" lease, to applicant's Grimes lease located in the NE/4 SE/4 of said Section 20.

) Case
) 2383

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: This hearing will come to order, please.

Take first Case No. 2383.

MR. MORRIS: Application of C. H. Sweet Oil Company for an exception to Rule 309-A.

MR. GIRARD: Will the record show that C. H. Sweet, J. W. Girard, Hobbs, New Mexico, P. O. Box 205, are present, Mr. Montgomery as my witness. Will you swear him, please?

(Witness sworn.)

RALPH MONTGOMERY

called as a witness, having been first duly sworn, testified as

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CN 3-6691



follows:

DIRECT EXAMINATION

BY MR. GIRAND:

Q Will you state your name, please, sir?

A Ralph Montgomery.

Q Where do you live, Mr. Montgomery?

A Hobbs, New Mexico.

Q By whom are you employed in connection with this application of C. H. Sweet Oil Company?

A C. H. Sweet Oil Company.

Q Mr. Montgomery, you have testified before the Commission on previous occasions?

A I have.

Q While this application does not, necessarily, cover a geological matter, you are familiar with the well installations and the operation thereof?

A I am.

Q Mr. Montgomery, I hand you here what has been marked as Applicant's Exhibit No. 1 and ask you to state what the exhibit shows?

A The exhibit is a plat showing the ownership, the acreage and the area in question, and the present location of the McKinley "B" battery which is the matter of this application, and the proposed location for that battery, being off the lease on the Federal Grimes lease.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q The applicant proposes to produce from the McKinley "B" lease into the tank battery located on the Grimes lease?

A That's correct.

Q That would be a transfer of the production from the S/2 of the NE/4 to the NE/4 of the SE/4 of that section, is that correct?

A Yes, sir.

Q Did you inspect the properties?

A Yes, I have inspected the property, and the present battery located on the McKinley "B" lease is in an advanced stage of deterioration.

Q From your observation and inspection, would it require in the immediate future a reinstallation of tank facilities there?

A Yes, sir.

Q Did you inspect the tank facilities on the Sweet Grimes lease?

A Yes, sir, I have.

Q What condition is the tank battery in?

A It is excessive tankage on the Grimes lease for the production that is being produced on there.

Q Approximately what is the production from the Grimes lease?

A About five barrels a day.

Q In connection with the application, you are familiar with the fact that the local manager gave temporary authority to make the changes applied for here?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q Have you inspected the property since that temporary authority was given?

A I have.

Q In connection with the temporary authority, are the installations so installed that there is no commingling from the McKinley lease to the Grimes lease?

A That's correct, no possible.

Q Does the Grimes lease have sufficient storage for the production that is being obtained from that well?

A It does.

MR. GIRARD: We offer Exhibit No. 1.

MR. NUTTER: Applicant's Exhibit No. 1 will be admitted in evidence.

Q In connection with the present location on the McKinley lease, what other facilities are located on that property that would, in your opinion, constitute a hazard?

A The 80-acre tract in the McKinley lease is presently under cultivation. They raise cotton on it; this particular battery, actually the cotton is right up to the fence line on it. It is a hazard due to the advanced deterioration of the tank battery, perhaps losing a tank of oil in the man's cotton field.

Q In connection with that property, is there an overhead highline, utility line, existing?

A Yes, sir. It is a major transmission line for Southeast



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO

New Mexico. It passes directly over the top of this tank battery, which lightning or fire could trigger and put it out.

Q In order to provide facilities for storage of oil on the McKinley lease would it be necessary to install the storage at a new location?

A Yes, sir, it would.

Q Would it entail taking additional property from the cotton field?

A Yes, sir.

MR. NUTTER: Any questions?

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Montgomery, you said the Grimes lease would produce about five barrels a day, and I missed how much production came from the McKinley "B" lease?

A It is producing about 18 barrels a day.

Q What would be the size of the tank battery that you would propose to locate on the Grimes lease?

A There are already on the Grimes lease two 250-barrel tanks which we want to put the McKinley production into, and then construct new facilities for the Grimes lease. It is new tankage, but we only need the one tank, a 110-barrel tank.

Q No commingling of the production from the two leases is proposed?

A No, sir. They are separated by approximately 20 or 30



feet, two actual batteries; there is no piping connecting it to it.

MR. MORRIS: Thank you, sir.

MR. NUTTER: Any further questions of the witness? You may be excused.

Do you have anything further, Mr. Girand?

MR. GIRAND: Only this: It is not economically feasible to put in new storage for the production we have on the lease.

MR. NUTTER: Does anybody have anything they wish to offer in Case 2383? Take the case under advisement and call next No. 2376.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

I, JUNE PALGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 30th day of September, 1961.

June Palge
 Notary Public - Court Reporter

My commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2383 heard by me on 9/20, 1961.

Heimer, Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



I N D E X

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E X H I B I T S

<u>NUMBER</u>	<u>IDENTIFIED</u>	<u>ADMITTED</u>
Applicant's 1	2	4

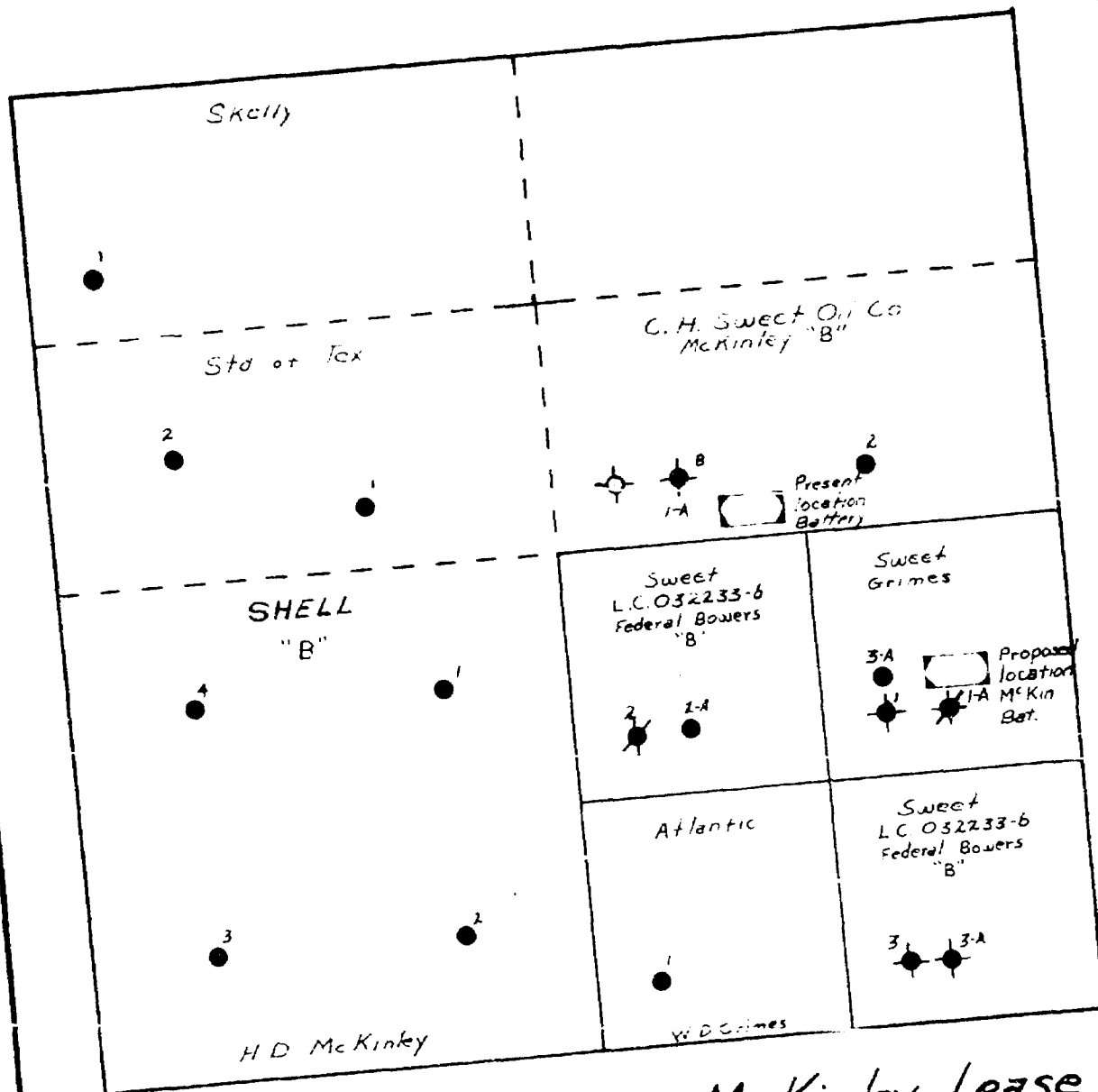
DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 1
 CASE NO. 2383



C.H. Sweet Oil Co. McKinley Lease
 Section 20 T-18S, R-38E Lea County
 Hobbs Pool