

CASE 2444: Application of AZTEC
OIL & GAS for exception to RULE
309-A - (HAGOOD FEDERAL LEASE).

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olution, Transcript,

all Exhibits, Etc.

Case
2444

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.
DALLAS 1, TEXAS

October 17, 1961

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas
Company for Off-Lease Storage
Permission for Production from
the Totah-Gallup Pool from a part
of Section 19, T-29-N, R-13-W,
N.M.P.M., San Juan County, New
Mexico

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its application, in triplicate, for an exception to Rule 309(a) of Order 850 and for permission to produce into a tank battery located on Section 18, T-29-N, R-13-W, N.M.P.M. and there store production from certain wells located on United States Oil & Gas Lease SF-079065.

In support of this Application, Applicant respectfully states and shows the following:

1. Applicant is the present owner of the right to drill to and produce oil and gas from the Gallup formation under the terms of the following oil and gas leases:

- (a) Fee lease executed by Bruce M. Barnard, Jr., et al, dated October 30, 1959, recorded in Book 438 at Page 204 of the Records of San Juan County, New Mexico covering the following lands:

Township 29 North, Range 13 West, N.M.P.M.

Section 18: Lots 2,3,4, SE $\frac{1}{4}$ SW $\frac{1}{4}$

San Juan County, New Mexico

- (b) United States Oil & Gas Lease SF-079065 insofar as it covers the following lands:

Mr. A. L. Porter, Jr.

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October 17, 1961

Township 29 North, Range 13 West, N.M.P.M.

Section 19: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
(among other lands not here relevant)

San Juan County, New Mexico

2. Applicant has erected a tank battery located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 18, T-29-N, R-13-W, consisting of three 500 barrel tanks and one 6 X 20 heater-treater. It was contemplated that this storage battery would be necessary to accommodate production to be developed in Section 18. Subsequent drilling has shown that the storage capacity of this facility is considerably in excess of the requirements of the Aztec-Smith "C" #1 well located on the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, the only well on the Section presently producing from the Totah-Gallup Pool. Applicant is desirous of utilizing this storage capacity by connecting to it three of the wells located in Section 19, T-29-N, R-13-W, covered by Federal Lease SF-079065. These wells are the Aztec-Hagood Nos. 25, 26 and 27, all of which produce from the Totah-Gallup Pool.

3. There will be no commingling of oil in said tank battery since the three wells named above are all located on the same lease and produce from the same pool; no other wells will produce into said tank battery. A separate tank will be erected near the Aztec-Smith "C" #1 to receive production from this well.

4. The leases above described are contiguous.

5. All production is from a common source of supply, to-wit; the Totah-Gallup Pool.

6. No more than sixteen (16) units will be produced into said tank battery.

7. With respect to the right to drill to and produce oil and gas from the Gallup formation under the lands above described, Applicant is the Operator and sole owner thereof.

8. The consent of the United States Geological Survey to such off-lease storage has been requested.

9. All offset operators have been notified of this Application by certified mail, and their consent thereto has been requested.

Applicant respectfully requests that this Application be promptly considered administratively, without notice and hearing, in accordance

Mr. A. L. Porter, Jr.

-3-

October 17, 1961

with Rule 309 5(b) and that permission be granted administratively for such off-lease storage.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

KAS/et

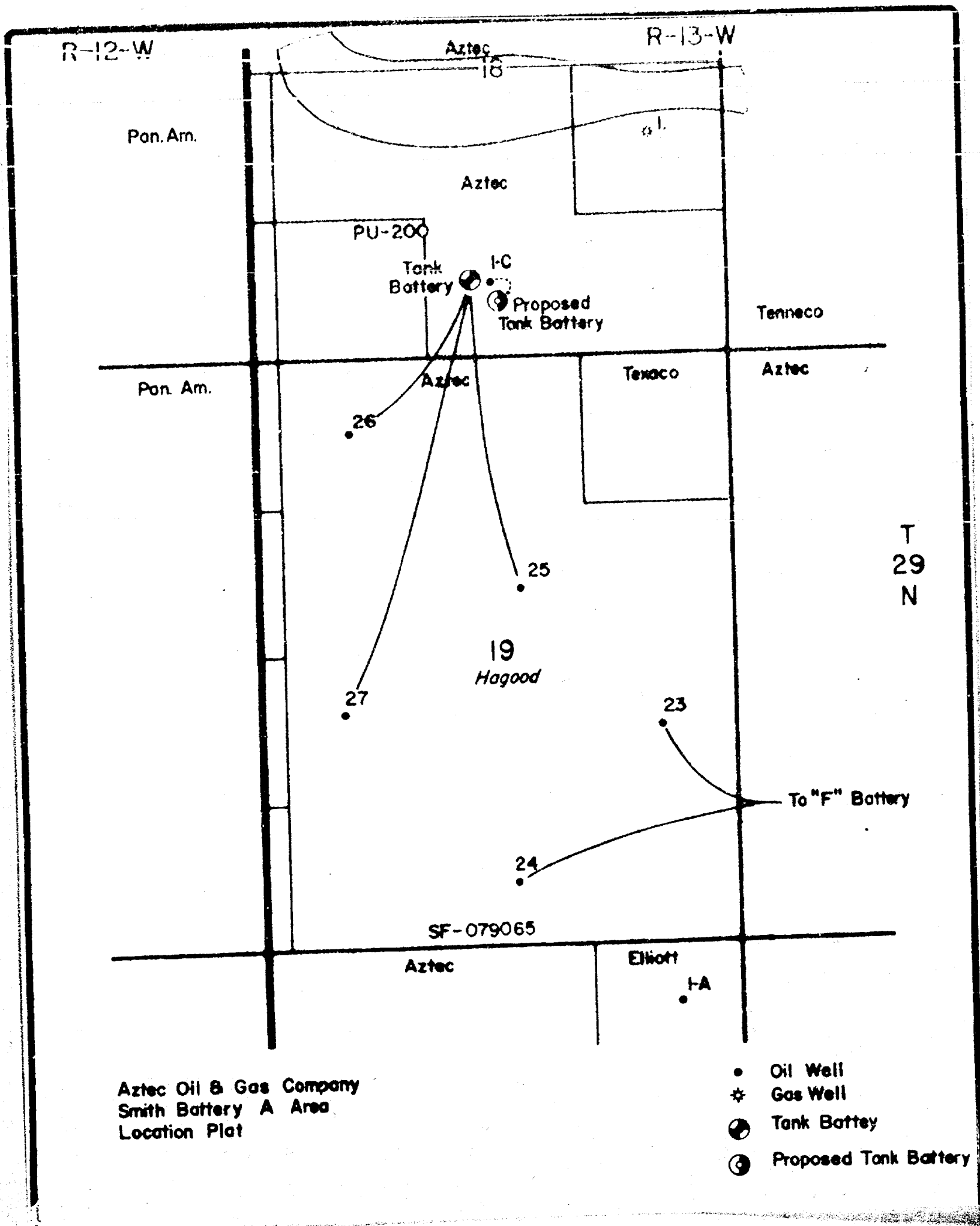
Copies of this Application and the Plat attached as Exhibit "A" have been mailed by certified mail to the following parties:

Pan American Petroleum Corporation
Oil and Gas Building
Fort Worth, Texas

Texaco, Inc.
P. O. Box 810
Farmington, New Mexico

Elliott, Inc.
P. O. Box 1355
Roswell, New Mexico

Tenneco Oil Company
P. O. Box 1714
Durango, Colorado



OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

*Case
2444*

October 23, 1961

**Aztec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas**

Attention: Mr. Kenneth A. Swanson, Attorney

Gentlemen:

Reference is made to your application, dated October 17, 1961, for administrative permission to store the production from the Totah-Gallup Pool from a part of Section 19, Township 29 North, Range 13 West, San Juan County, New Mexico, in a tank battery to be located in the SW/4 SE/4 of Section 18, Township 29 North, Range 13 West, San Juan County.

In view of the fact that Rule 309 of the Commission Rules and Regulations provides a procedure for administrative approval of lease commingling facilities only, your application for off-lease storage, without commingling being involved, is being set for hearing on November 29, 1961, before one of the Commission's Examiners.

Enclosed for your assistance in the future is one copy each of Order No. R-2060 and the Commission Manual for the Installation and Operation of Commingling Facilities.

If I can be of any further assistance to you in this matter, please advise.

Very truly yours,

**J. E. WHITFIELD
Legal Assistant**

11-16-61
Wm/ear
Enclosures

cc: United States Geological Survey - Farmington

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

December 14, 1961

Re: Case No. 2444

Order No. R-2132

Applicant:

Aztec Oil & Gas Company

Mr. Kenneth A. Swanson, Attorney
Aztec Oil & Gas Company
920 Mercantile Securities Bldg.
Dallas 1, Texas

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.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC X

OTHER Mr. George Verity

Case 2444

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.
DALLAS 1, TEXAS

October 17, 1961

11/29
11/29
11/29

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas
Company for Off-Lease Storage
Permission for Production from
the Totah-Gallup Pool from a part
of Section 19, T-29-N, R-13-W,
N.M.P.M., San Juan County, New
Mexico

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its application, in triplicate, for an exception to Rule 309(a) of Order 850 and for permission to produce into a tank battery located on Section 18, T-29-N, R-13-W, N.M.P.M. and there store production from certain wells located on United States Oil & Gas Lease SF-079065.

In support of this Application, Applicant respectfully states and shows the following:

1. Applicant is the present owner of the right to drill to and produce oil and gas from the Gallup formation under the terms of the following oil and gas leases:

- (a) Fee lease executed by Bruce M. Barnard, Jr., et al, dated October 30, 1959, recorded in Book 438 at Page 204 of the Records of San Juan County, New Mexico covering the following lands:

Township 29 North, Range 13 West, N.M.P.M.

Section 18: Lots 2,3,4, SE $\frac{1}{4}$ SW $\frac{1}{4}$

San Juan County, New Mexico

- (b) United States Oil & Gas Lease SF-079065 insofar as it covers the following lands:

October 17, 1961

Township 29 North, Range 12 West, N.M.P.M.

Section 19: Lots 1,2,3,4, E₂W₂¹, W₂E₂¹, E₂SE₄¹
(among other lands not here relevant)

San Juan County, New Mexico

2. Applicant has erected a tank battery located in the SW₄SE₄¹ of Sec. 18, T-29-N, R-13-W, consisting of three 500 barrel tanks and one 6 X 20 heater-treater. It was contemplated that this storage battery would be necessary to accommodate production to be developed in Section 18. Subsequent drilling has shown that the storage capacity of this facility is considerably in excess of the requirements of the Aztec-Smith "C" #1 well located on the SW₄SE₄¹ of Section 18, the only well on the Section presently producing from the Totah-Gallup Pool. Applicant is desirous of utilizing this storage capacity by connecting to it three of the wells located in Section 19, T-29-N, R-13-W, covered by Federal Lease SF-079065. These wells are the Aztec-Hagood Nos. 25, 26 and 27, all of which produce from the Totah-Gallup Pool.

3. There will be no commingling of oil in said tank battery since the three wells named above are all located on the same lease and produce from the same pool; no other wells will produce into said tank battery. A separate tank will be erected near the Aztec-Smith "C" #1 to receive production from this well.

✓4. The leases above described are contiguous.

✓5. All production is from a common source of supply, to-wit; the Totah-Gallup Pool.

✓6. No more than sixteen (16) units will be produced into said tank battery.

✓7. With respect to the right to drill to and produce oil and gas from the Gallup formation under the lands above described, Applicant is the Operator and sole owner thereof.

✓8. The consent of the United States Geological Survey to such off-lease storage has been requested.

✓9. All offset operators have been notified of this Application by certified mail, and their consent thereto has been requested.

Applicant respectfully requests that this Application be promptly considered administratively, without notice and hearing, in accordance

October 17, 1961

-3-

Mr. A. L. Porter, Jr.

with Rule 309 5(b) and that permission be granted administratively for such off-lease storage.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

KAS/et

Copies of this Application and the Plat attached as Exhibit "A" have been mailed by certified mail to the following parties:

Pan American Petroleum Corporation
Oil and Gas Building
Fort Worth, Texas

Texaco, Inc.
P. O. Box 810
Farmington, New Mexico

Elliott, Inc.
P. O. Box 1355
Roswell, New Mexico

Tenneco Oil Company
P. O. Box 1714
Durango, Colorado

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 1961

9 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:

Cases listed on this docket after Case 2444 will not be heard before 1 P.M.

- CASE 2434: Application of Amerada Petroleum Corporation for a dual completion and a 160-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State DA Well No. 1 located in Unit L, Section 16, Township 21 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the Eumont Gas Pool and the Drinkard Pool, with the production of oil from the Drinkard zone to be through a string of 2 3/8-inch tubing and the production of gas from the Eumont zone to be through the tubing-casing annulus. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the N/2 S/2 of said Section 16, said unit to be dedicated to said State DA Well No. 1.
- CASE 2435: Application of Cities Service Oil Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hodges "B" Well No. 3, located in Unit L of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in undesignated Blinebry and Drinkard pools and in the Fusselman formation adjacent to the North Justis-Fusselman pool, with the production of oil from the Blinebry and Drinkard zones to be through parallel strings of 2 1/16-inch tubing and the production of oil from the Fusselman zone to be through a parallel string of 2 3/8-inch tubing.
- CASE 2436: Application of Hudson & Hudson for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Maljamar Pool, one well to be located within 100 feet and not less than 25 feet of the Southeast corner of Unit J, Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico, and one well to be located within 100 feet and not less than 25 feet of the Northwest corner of Unit O in said Section 24.

CASE 2437: Application of J. C. Williamson for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Westates-Federal Well No. 6, located in Unit D of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the McKee and Ellenburger formations with the production of oil from both zones to be through parallel strings of 2 3/8-inch tubing.

CASE 2438: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its V. M. Henderson Well No. 6, located in Unit C of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico, as a triple completion in the Paddock, Blinebry Gas, and Drinkard Pools with the production of oil from the Drinkard formation to be through a tapered string of tubing of 2 1/16-inch and 1 1/4-inch diameter and from the Paddock formation to be through a parallel string of 2 1/16-inch tubing and the production of gas from the Blinebry formation to be through the tubing-casing annulus.

CASE 2421: (Cont.)
Application of Texaco Inc. for approval of a unit agreement and for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northeast Caprock (Queen) Unit Agreement, covering 1360 acres, more or less, in Township 12 South, Range 32 East, Caprock Queen Pool, Lea County, New Mexico. Applicant further seeks authority to institute a unit-wide waterflood by the injection of water into the Queen formation through 19 wells located within said unit.

CASE 2439: Application of Sunray Mid-Continent Oil Company for a 67.04-acre non-standard oil proration unit and an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of 67.04-acre non-standard oil proration unit in the Totah-Gallup Oil Pool, comprising Lots 2, 3 and 4 of Section 14, Township 29 North, Range 14 West, San Juan County, New Mexico, said unit to be dedicated to a well to be located at an unorthodox location 330 feet from the North line and 2510 feet from the West line of said Section 14.

CASE 2440: Application of Socony Mobil Oil Company for permission to transfer allowables, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to shut-in the Boulder-Apache Well No. 12-14, located in Section 14, Township 28 North, Range 1 West, Boulder-Mancos Oil Pool, Rio Arriba County, New Mexico, and transfer its allowable to the Boulder-Apache Well No. 23-14 located in said Section 14 for the purpose of conducting interference tests.

CASE 2441: Application of Water Flood Associated, Inc., for a waterflood project in the Maljamar and Robinson Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Maljamar and Robinson Pools in portions of Sections 5, 6 and 7, all in Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2442: Application of El Paso Natural Gas Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Mescalero Ridge Unit Well No. 1, located in Unit D of Section 21, Township 19 South, Range 34 East, Lea County, New Mexico, as a dual completion (conventional) in the Bone Springs and Morrow formations, with the production of oil from the Bone Springs zone to be through a string of 2 3/8-inch tubing and the production of gas from the Morrow zone to be through a parallel string of 2 1/16-inch tubing.

CASE 2443: Application of Gulf Oil Corporation for an 80-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an 80-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the E/2 NE/4 of Section 34, Township 19 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the J. W. Smith Well No. 2, located 660 feet from the North and East lines of said Section 34.

The following cases will not be heard before 1 P.M.

CASE 2444: Application of Aztec Oil & Gas Company for an exception to Rule 309-A, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the Totah-Gallup oil production from three wells on

applicant's Hagood Federal Lease, located in Section 19, Township 29 North, Range 13 West, San Juan County, New Mexico, to be transported prior to measurement on said lease to applicant's Smith "C" Lease, located in Section 18, Township 29 North, Range 13 West.

CASE 2445: Application of Southwest Production Company for an order extending the Flora Vista-Mesaverde Pool, San Juan County, New Mexico, and establishing special rules and regulations in said pool. Applicant, in the above-styled cause, seeks an order extending the Flora Vista-Mesaverde Pool to include Sections 22, 23, 26 and 27, all in Township 30 North, Range 12 West, San Juan County, New Mexico, and establishing special rules and regulations including a provision for 320-acre spacing units in said pool.

CASE 2446: 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. Interested parties include Roy Rector and O. G. Shelby, both of Flora Vista, New Mexico, and Myron T. Dale, address unknown.

CASE 2416: (Cont.)
Application of Southwest Production Company for an order pooling all mineral interests in an undesignated Mesaverde gas pool in the E/2 of Section 22, Township 30 North, Range 12 West, San Juan County, New Mexico.

CASE 2447: Application of Humble Oil & Refining Company for approval of a pressure maintenance project in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in the Cha Cha-Gallup Oil Pool by the injection of water into certain wells located on the Navajo Indian Reservation in Sections 13 through 29 and 33 through 36, Township 29 North, Range 14 West, San Juan County, New Mexico. Applicant further seeks the promulgation of special rules and regulations governing said project.

CASE 2448: Application of Pan American Petroleum Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project on its C. J. Holder,

State Holder Oil Unit, State "CA", State Oil Unit and Gallegos Canyon Unit Leases, San Juan County, New Mexico, in the Cha Cha-Gallup Oil Pool with water injection initially to be through five wells located in Sections 8 and 16, Township 28 North, Range 13 West, and Section 23, Township 28 North, Range 12 West, and requests adoption of special rules to govern the operation of said project.

CASE 2449:

Application of Pan American Petroleum Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project on its Navajo Tribal "H" and Gallegos Canyon Unit Leases, San Juan County, New Mexico, in the Totah-Gallup Oil Pool with water injection initially to be through five wells located in Section 35, Township 29 North, Range 13 West, Section 12, Township 28 North, Range 13 West, and Sections 13 and 24, Township 29 North, Range 14 West, and requests adoption of special rules to govern the operation of said project.

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. 2444
Order No. R-2132

APPLICATION OF AZTEC OIL & GAS
COMPANY FOR AN EXCEPTION TO
RULE 309-A, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 29, 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 13th day of December, 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, Artec Oil & Gas Company, is the owner and operator of the Hagood Federal Lease, located in Section 19, Township 29 North, Range 13 West, NMPM, and the Smith "C" Lease, located in Section 18, Township 29 North, Range 13 West, NMPM, all in San Juan County, New Mexico.

(3) That the applicant seeks permission to transport, prior to measurement, the Totah-Gallup oil production from the Hagood Federal Wells Nos. 25, 26, and 27 located on the above-described Hagood Federal Lease to a tank battery on the above-described Smith "C" Lease.

(4) That comingling of production from the two leases will not result, and there will be no intercommunication of the batteries designated to each lease.

(5) That the location of the proposed battery will not result in waste nor will it impair correlative rights.

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CASE No. 2444

Case No. 2132

IT IS THEREFORE ORDERED:

(1) That the applicant, Aztec Oil & Gas Company, is hereby authorized to transport, prior to measurement, the Totah-Gallup oil production from its Hagood Federal Wells Nos. 25, 26, and 27 on the Hagood Federal Lease, located in Section 19, Township 29 North, Range 13 West, NMPM, to a tank battery on the Smith "C" Lease in Section 18, Township 29 North, Range 13 West, NMPM, all in San Juan County, New Mexico.

(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/



TENNECO OIL COMPANY • P. O. BOX 1714 • 835 SECOND AVENUE • DURANGO, COLORADO

October 24, 1961

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


Gentlemen:

Subject: Application of Aztec Oil & Gas
Company for Off-Lease Storage
Permission for Production from
the Totah-Gallup Pool from a part
of Section 19, T. 29 N., R. 13 W.,
N.M.P.M., San Juan County, New
Mexico

Tenneco Oil Company has no objection to the application of Aztec Oil
and Gas Company for exception to Rule 309 (a) of Order 850. This
application was set forth in Aztec's letter of October 17, 1961.

Yours very truly,

TENNECO OIL COMPANY


L. B. Plumb
District Production Superintendent

IBP:bjo

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

FORT WORTH, TEXAS
October 27, 1961

ALEX CLARKE, JR.
DIVISION ENGINEER

File: GWK-377-986.510.1

Subject: Waiver for Off-Lease Storage
Totah Gallup Pool,
San Juan County, New Mexico

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

This is to advise that the undersigned, an authorized representative of Pan American Petroleum Corporation, an offset operator, has been duly informed by Aztec Oil and Gas Company of their application for permission to produce oil from the Totah Gallup Field underlying their Federal Lease No. SF-079065 located in Section 19, T-29-N, R-13-W, San Juan County, New Mexico, into a tank battery located on their Bruce M. Barnard, Jr. Lease located in Section 18, T-29-N, R-13-W, San Juan County, New Mexico, and hereby waives notice and hearing on that application.

Yours very truly,

Alex Clarke Jr.

CRM:ts

cc: Aztec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Elliott, Inc.
Box 889 - Phone MAin 2-5840
Roswell, New Mexico
October 23, 1961

File

H. E. Elliott
President

Edmund M. Elliott
Sec'y-Treas.

Mr. A. L. Porter, Jr.
N. M. Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas
Company for Off-Lease Storage
Permission for Production from
the Totah-Gallup Pool, dated
October 17, 1961

Dear Mr. Porter:

Please be advised that we have no objections as an off-set
owner to the above referenced Application of Aztec Oil & Gas
Company.

Very truly yours,

ELLIOTT, INC.

By 

Vice President

FOE/nc

CC: Aztec Oil & Gas Company
920 Mercantile Securities Bldg.
Dallas 1, Texas
Attn: Kenneth A. Swanson

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT

file
P. O. BOX 871
MIDLAND, TEXAS

November 3, 1961

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

Attn: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

TEXACO Inc. has been notified by Aztec Oil and Gas Company of their application for permission for off lease storage of oil production in Section 19, T-29-N, R-13-W, Totah Gallup Pool, San Juan County, New Mexico. TEXACO Inc. has no objection to this application and hereby waives all objection rights.

Yours very truly,

A handwritten signature in dark ink, appearing to read "W. C. Lenz", written in a cursive style.

W. C. Lenz
General Superintendent of
Drilling and Production

CRB-MM

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELLORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

November 22, 1961

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

TELEPHONE 325-1702

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

Re: Appearance in Aztec Oil &
Gas Co. application, Case
No. 2444.

Gentlemen:

Please note my appearance in the captioned case.

I am acting as New Mexico counsel for the applicant herein, and
would appreciate your permitting this case to be tried by Mr.
Kenneth A. Swanson, Texas attorney for the applicant.

Yours truly,

VERITY, BURR & COOLEY

By 
Geo. L. Verity

GLV/kp

cc: Mr. Kenneth A. Swanson
Aztec Oil & Gas Co.
920 Mercantile Securities Bldg.
Dallas 1, Texas



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico

November 17, 1961

Aztec Oil & Gas Company
920 Mercantile Securities Bldg.
Dallas 1, Texas

Attention: Mr. K. A. Swanson

Gentlemen:

Your letter of October 20 transmits an application dated October 17, 1961, requesting approval for off-lease storage for certain Gallup formation wells on Federal lease Santa Fe 079065.

The diagram you have submitted shows the production from your Aztec-Hagood wells Nos. 25, 26, and 27, lease Santa Fe 079065, being produced into a common tank battery located on a fee lease contiguous to Santa Fe 079065. You state that no other wells will be produced into said tank battery and that production from the fee lease will be to a separately located tank battery.

The method you propose for off-lease storage facilities for your Aztec-Hagood wells Nos. 25, 26, and 27, lease Santa Fe 079065, is satisfactory to this office and is hereby approved subject to like approval by the appropriate officials of the State of New Mexico.

Very truly yours,

John A. Alderson
JOHN A. ALDERSON
Regional Oil and Gas Supervisor

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>A</u>
CASE NO.	<u>2444</u>

R-12-W

R-13-W

Pon. Am.

Aztec

PU-200

Tank Battery

I-C

Proposed Tank Battery

Pon. Am.

Aztec

Texaco

Aztec

26

25

19

Hagood

27

23

24

To "F" Battery

SF-079065

Aztec

Elliott

I-A

T
29
N

*U.S.G.S.
has approved*

*These
RBD
have
battery
500 bbl
30000*

Aztec Oil & Gas Company
Smith Battery A Area
Location Plat

- Oil Well
- * Gas Well
- Tank Battery
- ⊙ Proposed Tank Battery

Case 2444

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

November 29, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Aztec Oil & Gas Company for an
exception to Rule 309-A, San Juan County, New
Mexico. Applicant, in the above-styled cause,
seeks an exception to Rule 309-A to permit the
Totah-Gallup oil production from three wells
on applicant's Hagood Federal Lease, located
in Section 19, Township 29 North, Range 13
West, San Juan County, New Mexico, to be
transported prior to measurement on said lease
to applicant's Smith "C" lease, located in
Section 18, Township 29 North, Range 13 West.

CASE NO.
2444

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: We will call Case No. 2444.

MR. WHITFIELD: Application of Aztec Oil & Gas Company
for an exception to Rule 309-A, San Juan County, New Mexico.

MR. SWANSON: Kenneth Swanson, attorney with Aztec Oil
& Gas Company. We will have one witness, Mr. Ben Means.

MR. MORRIS: Are you appearing with resident counsel?

MR. SWANSON: Yes, I am.

MR. VERITY: In conjunction with me in this matter. We



would appreciate the Commission hearing him.

(Witness sworn.)

BEN H. MEANS,

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SWANSON:

Q Mr. Means, please state your name, the company by which you are employed, and your position with the company.

A I am Benjamin H. Means. I am employed by Aztec Oil & Gas Company, Farmington, New Mexico, as a district engineer.

Q Have you previously testified before the Oil Conservation Commission?

A No, sir, I haven't.

Q Will you briefly outline your educational and professional experience?

A I was graduated from the University of Houston, Houston, Texas, with a B.S. degree in petroleum engineering in January of 1955 and have, since that time, been associated with the oil industry as petroleum engineer with Cities Service Oil Company, El Paso Natural Gas Company, and presently Aztec Oil & Gas Company.

Q Your position with Aztec at this time is that of district engineer?

A That's correct.

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MR. BARNETT: Are his qualifications satisfactory?

EXAMINER HUPPES: Yes, sir. Please proceed.

Q (By Mr. Swanson) Are you familiar in general with Aztec's application? I hand you a copy of the location plat which is attached to Aztec's application. Would you in general explain the purpose of this application and the things that are depicted on this plat?

A We have a tank battery located in Section 18, Township 29 North, Range 13 West, which is known as the Smith "A" battery. Presently we have one well, the Smith No. "C", one producing into this battery, and this well is producing at a rate of less than five barrels of oil per day. The tank battery has three 500-barrel tanks, separator and treater, and we would like to take the production from Hagood Wells No. 25, 26 and 27 in Section 19, Township 29 North, Range 13 West, into this tank battery. We would take the production for the Smith Well No. 1 C out of this battery. Our Smith Well No. 1 C location is capable of storage of the oil it would produce.

Q Those three wells, the Hagood 25, 26, and 27, are located on Section 19 immediately south of Section 18 where the three 500-barrel tanks are located. The royalty ownership is common under those wells, is that correct?

A Yes, sir.

Q Is that a Federal lease?

A Yes, it is a Federal lease.

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Q With the exception of the Northeast quarter of the Northeast quarter where the plat shows that it is under lease to Texaco, that is all one Federal lease, is that correct?

A Yes, sir.

Q Then, there is no possibility of co-mingling of oil in that tank battery?

A No, sir, none whatsoever.

Q The royalty ownership under the Well 1 C, is that fee ownership?

A Yes, sir.

Q Has the USGS been requested for their approval of this?

A The USGS has been asked for their approval. It's my understanding that we have received that approval by letter.

MR. SWANSON: We have copies of the letter from the USGS indicating that they have no objection to this application.

Q (by Mr. Swanson) Does this exhibit which was prepared by Aztec's drafting department correctly show the location of the wells, the location of the tank battery, and other matters that are shown there to the best of your knowledge?

A To the best of my knowledge, they do.

MR. SWANSON: This concludes our presentation of testimony at this time.

EXAMINER NUTTER: Does anyone have any questions of Mr. Means?

CROSS EXAMINATION



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BY MR. MORRIS:

Q Mr. Means, you stated the ownership of the lease from which the oil will be transported prior to measurement was fee or Federal?

A Federal.

Q The fee lands are lands to which the production will be transported?

A That is correct.

MR. MORRIS: I would like to state for the record at this time that Mr. Howard C. Bratton, attorney for the fee owner in this area, has informed me that L. N. Hagood, the overriding royalty owner, has no objection to the subject application provided no co-mingling will occur.

That's all I have.

CROSS EXAMINATION

BY EXAMINER NUTTER:

Q Mr. Means, when is it contemplated that this installation would be made, providing it were approved by the Commission?

A Immediately.

Q Will this complicate the gathering and compression of casing head gas above and beyond which it presently is complicated?

A No, sir. The Knight Engineering Corporation which is in the process of constructing a gathering system in that area has a main line that goes across Section 19 and also, I believe, across the corner, the Southwest corner of Section 18 and they



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have the right-of-way and a ditch to this battery location.

Q That will be run to the proposed tank battery?

A That is correct.

Q Will it be feasible by having the battery up there to also put the gas from the Smith Well No. 1 C into the Knight system?

A Yes, sir, I believe that can be arranged because at present we have a flow line from the 1 C to the battery, which we could convert to a gas line.

Q How far apart would the two batteries be?

A Approximately 400, 500 feet. They're right close together.

EXAMINER NUTTER: Are there any further questions of Mr. Means?

The witness may be excused.

(Witness excused.)

MR. SWANSON: We request that Exhibit A, the letter from the USGS be introduced in evidence.

EXAMINER NUTTER: It will be admitted in evidence. If there is nothing further, the case will be taken under advisement.

* * * *



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STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss.

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

Thomas F. Horne
NOTARY PUBLIC

My Commission Expires:

October 2, 1965

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2444
heard by me on 7/27, 1965.

[Signature], Examiner
New Mexico Oil Conservation Commission

