

CASE 2949: Application of PHILLIPS
for an exception to RULE 309-A,
Lea County, New Mexico.

CASE No.

20149

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

CO 7 MAY 1915

- I. Assume 19 wells producing into two separate tank batteries
- A. 16 wells in existing Santa Fe Battery No. 14
 1. Daily production - 16 wells x 117 BOED (Top Allowable) = 1872 BOED (Santa Fe No. 54) = 1766 BOED
 2. Storage Required (Based on 4 days storage capacity) - 1766 BOED x 4 days = 7064 kbls.
 3. Number of 1000 bbl. tanks required - 7064/945 = 7.5 tanks

2. 3 wells in new tank battery

1. Daily Production = 3 wells x 117 BOPD = 351 BOPD
2. Storage Required = 351 BOPD x 4 = 1404 MBbls.
3. Number of 1000 barrel tanks required = $1404/940 = 1.5$ tanks

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II. Assume 19 wells producing into one tank battery (Santa Fe Battery No. 14)
1. Daily Production - 18 wells x 117 + 11 = 2117 BOPD
2. Storage Required - 2117 x 4 = 8468 Bbls.
3. Number of 1000 barrel tanks required - 8468/940 = 9 tanks
Cost to add one 1000 barrel tank to Santa Fe Battery No. 14
    1 - 1000 bbl. tank - "E" Cond.                $2930
    Miscellaneous Valves and Fittings              240
    TOTAL TANGIBLES                                $3170
    Houstabout Labor 20 hrs.x$16/hr.               $320
    Miscellaneous Labor                             490
    Supervision                                     50
    INTANGIBLES                                      $860
                                                    -----
TOTAL COST                                          $4030
  
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SAVINGS IN INVESTMENT BY PRODUCING MORE THAN 14 WELLS INTO SANTA FE BATTERY No. 14
\$14,417 - \$4,030 = \$10,387

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

November 14, 1963

FILED

Mr. W. C. Rodgers Date 11-22-63
Exploration & Production Department
Phillips Petroleum Company
Post Office Box 2130
Hobbs, New Mexico

Dear Sir:

Reference is made to your letter of November 1, 1963,
requesting administrative approval to produce more
than sixteen wells into a single tank battery.

Inasmuch as there is no provision for administrative
approval for such an exception, your application is
being docketed for hearing at 9 o'clock a.m., on De-
cember 4, 1963.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN/ir



PHILLIPS PETROLEUM COMPANY

Exploration & Production Department

P. O. Box 2130
Hobbs, New Mexico

44-2449
MAIN OFFICE

1953 NOV 2 AM 8 16

November 1, 1953

In re: Request for Administrative Approval for Exception to
New Mexico Oil Conservation Rule 309(a)

New Mexico Oil Conservation Commission (2)
State of New Mexico
P. O. Box 371
Santa Fe, New Mexico

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

Gentlemen:

Phillips Petroleum Company requests an exception to NMOCC Rule No. 309(a) in respect to the maximum number of proration units permitted to be produced into a tank battery. Rule 309(a) states that a maximum of sixteen proration units shall be produced into a battery. Phillips Petroleum Company requests an exception to this rule to permit more than 16 proration units to be produced into their Santa Fe Battery No. 14, a conventional battery located in the Vacuum Abo Reef Pool, Lea County, New Mexico.

In support of this application, Phillips states that:

1. All wells to be produced into this battery produce from a common source of supply, the Vacuum Abo Reef Pool.
2. All wells are located on Phillips' Santa Fe Lease. The working interest on all proration units is identical.
3. The royalty interests from all tracts is dedicated to a common beneficiary, the State of New Mexico - Common Schools.
4. Adequate facilities will be provided for individual well testing on a monthly basis.

Attached is a plat showing the locations of the wells and the battery. There are presently 18 wells producing into this battery; however, due to possible future drilling it is requested that Phillips be allowed

November 1, 1963
Page 2

to produce a maximum of 24 proration units into Santa Fe Battery No. 14. This request is in the interest of sound conservation practices.

If administrative approval cannot be granted, it is requested that a hearing be set at an early date.

Very truly yours,



W. C. Rodgers
Hobbs Area Superintendent
E & P Dept. - Prod. Division

RNH:wna

Attach.

cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico

Attach.

Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico

11-22-63



Phillips

DRILLING

86

Phillips

Indits

75

Standard
of Texas

NOV 27 AM 8:16

NOV 27 1963

East Western

25

Phillips

Phillips

26

Phillips

H.S.P.

Eng & Exch.

72

67

69

Santa Fe

Phillips

Phillips

H.S.P.

73

DRILLING

66

74

SANTA FE BATTERY NO. 14

Santa Fe

Starfield

Starfield

Starfield

78

Phillips

85

Phillips
H.S.P.

58

Santa Fe

Santa Fe

Office Service

PHILLIPS PETROLEUM COMPANY
PLAT
WELLS PRODUCING INTO
SANTA FE BATTERY NO. 14
VACUUM ABC REEF POOL
LEA COUNTY, N.M. OCTOBER 30, 1963

SCALE 1"=1000'

State

R-35-E

T-17-S

Case 2849

Heard 12-4-63

Rec. 12-6-63,

1. Grant Phillips' request for an exception to Rule 308A. to allow them to ~~flow~~ produce up to 24 wells into their Santa Fe lease battery # 14, located in. SW SW sec. 26-17S 35E.
2. Only wells completed in Vacuum-Also pool on the Phillips Santa Fe lease ~~may~~ is subject to this exception.
3. Santa Fe lease consists of:
17S-35E,
Sec. 25 - NW/4 NW/4
" 26 - S/2 NE/4, E/2 SE/4, W/2.
" 27 - S/2 SW/4
" 34 - NE/4
" 35 - SW/4 NE/4, NW/4.
4. Use std. well test procedures in complying orders.

Thos A. Alf

State of New Mexico
Oil Conservation Commission



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

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. 2949
Order No. R-3628

APPLICATION OF PHILLIPS PETROLEUM
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 December 4, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 27th day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Phillips Petroleum Company, is the operator of the Santa Fe Lease comprising the following-described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 25: NW/4 NW/4
Section 26: S/2 NE/4, E/2 SE/4, W/2
Section 27: S/2 SW/4
Section 34: NE/4
Section 35: SW/4 NE/4, NW/4

(3) That the applicant seeks an exception to Rule 309-A of the Commission Rules and Regulations to produce not more than 19 proration units on said lease into its Santa Fe Battery No. 14 located in the SW/4 SW/4 of Section 26, Township 17 South, Range 35 East, NMPM, Vacuum-Abo Reef Pool, Lea County, New Mexico.

-2-

CASE No. 2949

Order No. R-2628

(4) That approval of the subject application will prevent waste, provided the applicant installs facilities to test each well at least once a month.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby granted an exception to Rule 309-A of the Commission Rules and Regulations to produce not more than 19 proration units on its Santa Fe Lease into its Santa Fe Battery No. 14 located in the SW/4 SW/4 of Section 26, Township 17 South, Range 35 East, NMPM, Vacuum-Abo Reef Pool, Lea County, New Mexico; provided, however, that the applicant shall install facilities to test each well at least once a month.

(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


Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

esr/



PHILLIPS PETROLEUM COMPANY

Exploration and Production Department

Phillips Building
Odessa, Texas

Order No. R-2628
Case No. 2949

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Gentlemen:

New Mexico Oil Conservation Commission Order No. R-2628, dated 12-27-63, granted Phillips Petroleum Company an exception to Rule 309-A to produce not more than nineteen (19) proration units into its Santa Fe Battery No. 14, located SW/4 SW/4 Section 26, T17S, R35E, NME, Vacuum Abo Reef Pool, Lea County, New Mexico.

Under the provisions of the proposed Vacuum Abo Unit, Phillips Petroleum Company, as Operator, proposes to utilize the present Santa Fe Battery 14 as a Unit battery to serve approximately 27 wells within the Unit. A plat it attached showing the proposed battery with the wells it will serve.

All working interests and royalty interests involved have been unitized by Agreement and approved by the New Mexico Oil Conservation Commission.

We now request that the subject Order No. R-2628 be amended to grant Phillips Petroleum Company, as Operator of the proposed Vacuum Abo Unit, permission to produce a maximum of 27 proration units into the above mentioned battery which, upon activation of the unit, will become Vacuum Abo Unit Battery No. 4.

Your prompt consideration of this request will be appreciated.

Yours very truly,

F. F. Lovering
F. F. LOVERING
Manager - Southwestern Region

BEB:bb
Attach.
cc: NMOCC - Hobbs
Attach.

*Called LPLCo Odessa
1/20/67. Talked to
Bill Miller. He says
this is an ACT.
advised him
no hwy is
necessary
to amend
R-2628.
Simply
to write
Hobbs
OCC
and
send
plat show-
ing new
wells etc,
going into
ACT unit.*

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 4, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips Petroleum Company
for an exception to Rule 309-A, Lea
County, New Mexico. Applicant, in the
above-styled cause, seeks authority to
produce up to a maximum of 24 proration
units into its Santa Fe Battery No. 14,
Santa Fe Lease, Vacuum Abo Reef Pool,
Lea County, New Mexico.

Case No. 2949

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 813-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

MR. UTZ: Case 2949.

MR. DURRETT: Application of Phillips Petroleum Company for an exception to Rule 309-A, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, representing the Applicant. I have one witness I would like to have sworn, please.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 marked for identification.)

F. C. MORGAN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A F. C. Morgan.

Q By whom are you employed and in what position?

A I'm the Assistant Area Superintendent with Phillips Petroleum Company, Hobbs, New Mexico.

Q Are you a Petroleum Engineer?

A Yes, sir.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?



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MR. UTZ: Yes, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Phillips Petroleum Company in Case 2949?

A Yes, I am.

Q Would you state briefly what Phillips proposes in this case?

A Phillips is applying for an exception to Rule 309-A and seeks to produce up to a maximum of 24 proration units into its Battery 14.

Q Referring to Exhibit No. 1, would you discuss it?

A Yes, sir. This is a portion of the Vacuum Field, Lea County, New Mexico. The area shaded in blue is Phillips-operated acreage. The wells with circles around them are Abo Reef wells. The ones coded red are Phillips Abo Reef wells. There are eighteen such wells colored red on this exhibit.

Q In the application it referred to a maximum of 24 wells to be produced into a single tank battery, is that correct?

A Yes, sir, that is correct.

Q How did you arrive at that figure?

A At the time of filing the application, our judgment of some of the edge drilling was that we could conceivably have up to 24 productive units. Since then Well No. 86 has proved to be dry in the Abo Reef.

MR. UTZ: Where is that well located?

A That is in Section 76, the Northeast of the Northwest.



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Q (By Mr. Kellahin) Section what?

MR. UTZ: You mean Section 26?

A The map accompanying the application showed that as a drilling well at that time, and it has since been completed as a dry hole in the Abo Reef, but it was plugged back to the Glorieta zone.

MR. UTZ: What was the location again?

A The Northeast of the Northwest of Section 26.

MR. UTZ: What you have labeled Well 86?

A Yes, that is correct.

Q (By Mr. Kellahin) Then there will probably not be 24 wells to be produced into this tank battery, is that correct?

A That is correct. In my judgment there will be a maximum of 19 at this time.

Q What is the ownership of the acreage involved in this application?

A The ownership is all 100 percent Phillips Petroleum Company common ownership.

Q Is it one lease?

A It is one lease, Phillips Santa Fe Lease.

Q Is the State the royalty owner?

A Yes.

Q Is the beneficiary institution the same throughout the entire acreage?

A It is the common school fund.



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Q Any overriding royalties reserved?

A No, sir, no overriding royalties.

Q Then the working interest and the royalty interest are common throughout for this application?

A That is correct.

Q Referring to what has been marked as Exhibit No. 2, would you identify that exhibit and discuss it?

A Yes, sir. The wells shown on Exhibit 1 currently produce into a conventional battery. The location is shown on Exhibit 1. The battery at the current time consists of eight 1,000-barrel stock tanks, an eight-foot heater-treater, and a test separator. Exhibit 2 is simply a schematic of this battery.

Q It shows a water line to pit. Do you have any water problems in this area?

A No, sir, there is no measurable water at this time out of the reef.

Q Was that installed in accordance with the rules of the Commission?

A Yes. We anticipated there might be production on the edge wells but that has not proved true as of now.

Q In your opinion, will this installation enable you to satisfactorily produce and account for all of the oil from the lease?

A Yes, sir, it will.

Q Will you be able to make any tests that may be required



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by the Commission from time to time to account for this production?

A Yes, sir, that is right. We have facilities for testing monthly if required.

Q Are all the wells on the lease top allowable wells?

A Every well on the lease is top allowable with the exception of our Santa Fe No. 58 which is an 11-barrel marginal well that is located in Section 35, the Southwest of the Northeast.

Q Referring to what has been marked as Exhibit No. 3, would you discuss that exhibit, please?

A Yes, sir. Exhibit No. 3 is simply a cost analysis showing the difference in economics of producing oil wells into one common battery as opposed to separate batteries. The conclusion from the exhibit is that there would be an additional cost of \$10,387 to produce these wells into two separate batteries as opposed to one common battery.

Q Do you propose the installation at some future date of an LACT system?

A Yes, our current plans are to install an LACT unit within the next sixty days.

Q Would the approval of this application have any bearing on that installation?

A Yes, sir, it would. In the event that separate batteries were required, there would be an additional cost of about \$7500.00 to install the second LACT battery.

Q Would that affect Phillips' decision on that installation



then?

A Yes, it would.

Q In your opinion, would the approval of this application be in the interest of conservation and the prevention of economic waste?

A Yes, sir.

Q Will all the interests involved be fully protected?

A Yes, sir.

Q Were Exhibits 1, 2, and 3 prepared by you or under your supervision?

A They were.

MR. KELLAHIN: At this time we offer in evidence Exhibits 1, 2, and 3.

MR. UTZ: Without objection Exhibits 1, 2, and 3 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 received in evidence.)

MR. KELLAHIN: That's all the questions I have on direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q Your Exhibit No. 3, is it your contention in that exhibit that you save \$10,387 by including three more wells?

A Yes, sir. The assumption at the top of the page is that we will end up with a total of 19 producing wells, and we



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chose to split those 16 wells into one battery, and three wells into the other battery, for comparative totals. The cost there totaled up to \$14,417 for the split batteries starting from the present moment. If we end up with 19 wells and are allowed to produce into one common battery, there will be an additional cost from this point of \$4,030. The difference between those is \$10,378 in favor of the common battery.

Q This would be an additional expenditure?

A Yes.

Q You already have money in the present battery?

A Yes, sir.

Q This lease is designated the Santa Fe Lease?

A Yes, sir.

MR. UTZ: Any other questions of the witness? He may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? The case will be taken under advisement.


* * * *



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

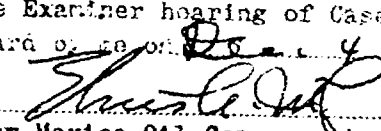
I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this 16th day of December, 1963.


 NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2848, heard on Dec 4, 1963.

 _____, Examiner
 New Mexico Oil Conservation Commission

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



DRAFT

JMD/esr

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. 2949

Order No. R- 2028

APPLICATION OF PHILLIPS PETROLEUM
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 December 4, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 _____ day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Phillips Petroleum Company, is the operator of the Santa Fe Lease comprising the following-described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 26: NW/4 NW/4
Section 26: S/2 NE/4, E/2 SE/4, W/2
Section 27: S/2 SW/4
Section 34: NE/4
Section 35: SW/4 NE/4, NW/4

(3) That the applicant seeks an exception to Rule 309-A of the Commission Rules and Regulations to produce not more than 19 proration units on said lease into its Santa Fe Battery No. 14 located in the SW/4 SW/4 of Section 26, Township 17 South, Range 35 East, NMPM, Vacuum-Abo ^{Ref} Pool, Lea County, New Mexico.

(4) That approval of the subject application will prevent waste, provided the applicant installs ~~adequate~~ facilities to test each well at least once a month.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby granted an exception to Rule 309-A of the Commission Rules and Regulations to produce not more than 19 proration units on its Santa Fe Lease into its Santa Fe Battery No. 14 located in the SW/4 SW/4 of Section 26, Township 17 South, Range 35 East, NMPPM, Vacuum-~~Ab~~^{Ref}Pool, Lea County, New Mexico; provided, however, that the applicant shall install ~~adequate~~ facilities to ~~permit~~ test each well at least once a month.

(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.