

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 24, 1959

EXAMINER HEARING

IN THE MATTER OF:)

Application of Gulf Oil Corporation)
for permission to commingle the pro-)
duction from two separate leases.)

Case 1812

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IN THE MATTER OF:)
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 Application of Gulf Oil Corporation for per-)
 mission to commingle the production from two)
 separate leases. Applicant, in the above-)
 styled cause, seeks permission to commingle)
 the production from the Eumont Pool from its) Case 1812
 Ramsay (NCT-D) Lease consisting of the NE/4)
 of Section 35 and from its Ramsay (NCT-J))
 Lease consisting of the SW/4 SW/4 of Section)
 25, both in Township 20 South, Range 37 East,)
 Lea County, New Mexico.)

BEFORE:
Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 1812.

MR. PAYNE: "Application of Gulf Oil Corporation for permission to commingle the production from two separate leases."

MR. KASTLER: If the Examiner please, my name is Bill Kastler from Roswell, New Mexico. I'm the lawyer for Gulf Oil Corporation. Our only witness in this case is Mr. Vance Hendricks. May he be sworn and take the stand, please?

(Witness sworn.)

VANCE HENDRICKS

called as a witness, having previously been duly sworn, testified as follows:



DIRECT EXAMINATION

BY MR. KASTLER:

Q For the record, will you please state your name, your position, your employer and location of work?

A Vance Hendricks, Petroleum Engineer for the Gulf Oil Corporation, Roswell.

Q Have you previously testified before the New Mexico Oil Conservation Commission as a petroleum engineer?

A Yes, sir.

Q For Gulf? A Yes.

Q Are you familiar with Gulf Bell Ramsay (NCT-D) and Bell Ramsay (NCT-J) Leases and with the application that Gulf has submitted requesting permission to commingle Eumont oil produced from these two leases?

A Yes, sir, I am.

MR. KASTLER: Is the witness acceptable to the Commission?

MR. UTZ: Yes, sir.

Q Have you prepared, or have you supervised the preparation of a plat which will show the subject leases?

A Yes, sir, I have.

MR. KASTLER: Gulf respectfully submits this as Exhibit No. 1.

(Marked Gulf's Exhibit No. 1,
for identification.)

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Q Referring now to Exhibit No. 1, Mr. Hendricks, please testify what is shown.

A Exhibit No. 1 is a plat of the portion of central Lea County which is pertinent to this case. Gulf Bell Ramsay (NCT-D) is located in the Northeast Quarter of Section 35 and (NCT-J) Lease located in the Southwest Quarter, and Southwest Quarter of Section 25, are both located in Township 20, Range 37 East and outlined in yellow.

Q Are these two leases contiguous?

A No, sir, they aren't.

Q It's actually one lease, isn't it?

A Yes, it is one lease.

Q But non-contiguous tracts?

A That's correct. It only has one common point.

Q What is shown in green on the plat, Exhibit 1?

A Shown in green is the layout of the proposed mechanical installation which will facilitate common storage for the two leases. The existing two 250 bolted steel tanks are schematically shown by the open green circles while the green dots represent two separators, the straight green lines represent flow lines. Gulf proposes to salvage the existing tank battery located on the Bell Ramsay J Lease, located in the Southwest Quarter, Southwest of Section 25 and run a flow line from the Bell Ramsay (NCT-J) Well No. 1, located 660 feet from the South and West

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lines of Section 25 to an existing tank battery on our Bell Ramsay (NCT-D) Lease. In addition to the new flow line a test separator with test lines to the tank will be installed.

Q Which wells are producing as are shown on the two non-contiguous tracts?

A Actually only one well producing on each lease. The Bell Ramsay D, 1980 feet from the North and East lines of Section 25, Township 20 South, Range 37 East; and our Bell Ramsay J No. 1 is located, as I stated before, 660 feet from the West and South lines of Section 25.

Q Are both wells single completions?

A Yes, they are. And they're both producing from the Eumont Oil Pool.

Q Will the proposed mechanical installation as shown in green provide adequate facilities for determining production from each well at reasonable intervals?

A Yes, both a production and test separator will be present in addition to sufficient tankage.

Q Is the royalty ownership for both leases common throughout?

A Yes, sir, both leases are parts of the same state lease.

Q What is the beneficiary institution?

A Common schools.

Q What is the number of the State Lease?

A State Lease B230.

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Q Were all offset operators notified of this application?

A Yes.

Q Have any offset operators filed any objection?

A Not to my knowledge.

Q Has the Commissioner of Public Lands of the State of New Mexico been contacted relative to this application?

A Yes, sir.

MR. KASTLER: I have here for introduction or display as evidence of this, Exhibit No. 2, which is a letter received from the State Land Commissioner.

(Marked Gulf's Exhibit No. 2, for identification.)

Q Has the Commissioner granted permission to the proposed commingling insofar as the State Land Office and common schools are concerned?

A Yes, he has.

MR. KASTLER: We would like to enter Exhibit No. 2, which is correspondence from the State Land Office approving the proposed commingling.

Q How would the granting of this application be in the interest of prevention of waste, Mr. Hendricks?

A The application, the approval of this application would result in substantial savings in steel and would also reduce the cost of operation and maintenance.



Q How much of a savings would result from salvaging one of the existing tank batteries?

A Approximately \$1900.00.

Q Would the granting of this application adversely affect the correlative rights of the royalty owners or offset operators or any other person?

A No, sir.

Q Was Exhibit No. 1 prepared by you or at your direction and under your supervision?

A Yes, it was.

MR. KASTLER: This completes the questions I have of this witness on direct testimony, and I would like to move at this time that Exhibit No. 1 be introduced in evidence.

MR. UTZ: Without objection it will be entered.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hendricks, this line from your J Lease will actually cross which of the other leases before it gets on the D Lease?

A As we propose to lay it, it will stay within the State Lease B230.

Q You mean you are going to cross section corner of the state with the line?

A As a practical matter, no, sir. We would have to avoid that. I do not believe that any --



Q Anyway, it will run right across the corner?

A Yes, as a practical matter we will make every effort to do so.

Q This designation of D and J is actually your company designation?

A That's right, just for the convenience of the company.

MR. UTZ: Any other questions?

BY MR. PAYNE:

Q Are there any diversity of overriding royalties?

A No, sir, not to my knowledge.

Q Are your storage facilities adequate to handle the common production from the two leases?

A Yes, sir.

MR. PAYNE: That's all.

BY MR. UTZ:

Q You do intend to drill some other wells on your D Lease?

A To my knowledge no plans are at present, but it's possible that in the future additional wells will be drilled.

MR. UTZ: Any other questions?

MR. KASTLER: I would like to clarify a point.

REDIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hendricks, what is the present average daily production of the respective wells here?



