

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 7, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2287

Application of Aztec Oil & Gas Company
for an exception to Rule 309 (a), San
Juan County, New Mexico.

TRANSCRIPT OF HEARING

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IN THE MATTER OF: :

CASE 2287 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 permission to :
commingle the Totah-Gallup Pool production :
from five separate fee leases, all located :
in Section 18, Township 29 North, Range 13 :
West, San Juan County, New Mexico. :

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: We will take next Case 2287.

MR. MORRIS: Case 2287. Application of Aztec Oil & Gas
Company for an exception to Rule 309 (a), San Juan County, New
Mexico.

L. M. STEVENS,

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

DIRECT EXAMINATION

BY MR. VERITY:

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Q Are you the same person who testified in the preceding application at this hearing?

A Yes.

Q You are an engineer for Aztec Oil & Gas Company in the Farmington area?

A Yes.

Q Are you familiar with recent methods of metering and measuring production?

A Yes, sir.

MR. MORRIS: Let the record show that the witness was sworn in the previous case, please.

(Discussion off the record)

MR. NUTTER: Let the record show that the transcript of record in Case 2286 is incorporated in this case.

(Whereupon, Aztec's Exhibits 1 and 2 were marked for identification).

Q Referring to an Exhibit which the Reporter has marked Exhibit No. 1, will you please tell us what it reflects and shows?

A In this particular case, it shows Section 18 operated by Aztec Oil & Gas Company.

Q Does Aztec Oil & Gas own all of the leases underlying the south half of Section 18?

A Yes, they do.

Q Are there three separate leases there?

A Yes, sir.

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Q Is there a well on each separate lease?

A There's one completed well.

Q And location on the other two leases?

A Yes.

Q Do you desire to produce all three of these wells into one common tank battery?

A Yes, we do.

Q Referring now to Exhibit 2, will you tell us how you propose to meter and measure the production from the three separate leases so that you will have an accurate calculation of the production from each lease?

A Each individual well will be produced through this oil and gas separator and metering chambers.

Q You propose to separately meter the production from each of the three wells by the same means and method that you proposed to in the case of 2286, which you just testified about?

A Yes.

Q Is Exhibit 2 in this case identical to Exhibit 2 in the previous case?

A Yes, sir, it is.

Q Will this give you an accurate calculation of the production from each of the three wells that you propose to put in the Smith battery "A?"

A Yes.

Q Are all of the leases that you propose to produce into



this, fee leases?

A Yes, sir, they are.

Q You have no Federal or State leases here?

A No, sir.

Q You propose to make the same corrections with regard to water or BS&W?

A Yes, sir.

MR. VERITY: I believe that's all.

CROSS-EXAMINATION

BY MR. NUTTER:

Q What is the acreage involved here in Case 2287?

A It's Lots 2, 3 and 4 and the south half of this Section 18.

Q Which are the three leases involved here?

MR. VERITY: Would you like for me to answer that?

MR. NUTTER: Yes, sir. I would like to have a description of the leases.

MR. VERITY: The first lease is Lot 2, 3, 4, the southeast quarter of the southwest quarter.

MR. NUTTER: That would be a 40 something like this?

MR. VERITY: They call it the southeast of the southwest, but it's actually a 40, as I have designated it here. They call that southeast of the southwest as though it were a full 160-acre, which it isn't.

MR. NUTTER: Is there a well on that lease at this time?



A Yes.

Q Which well is that?

A That's the Smith 1-C.

Q That's on that lease. What's the other lease?

MR. VERITY: Then we have a lease which consists of the northeast quarter of the southeast quarter. Let me say we have two leases that cover the northeast quarter of the southeast quarter, being undivided interests.

MR. NUTTER: That's a 40 right here (indicating).

MR. VERITY: That's correct. Those are the leases described as "B" and "C" on the application.

MR. MORRIS: Northeast of the southwest?

MR. VERITY: No. Excuse me, the northeast of the southeast.

MR. NUTTER: That's the Harris location?

A That's the Harris.

MR. VERITY: Right. Then we also have two leases, being "D" and "E" described as "D" and "E" in the application, which cover the northeast quarter of the southwest quarter, the south half of the southeast quarter, and the northwest quarter of the southeast quarter, being the balance of the acreage in the south half of 18.

MR. NUTTER: That's this northeast of the southwest, that's where the Smith No. 2-C Well is?

MR. VERITY: Where it's proposed.



A Yes.

MR. VERITY: And common with that will be the northeast of the southeast -- excuse me -- will be the northwest of the southeast and the south half of the southeast.

MR. NUTTER: This acreage up to the north, is that another lease altogether?

MR. VERITY: That's not in this application.

MR. NUTTER: Now, the acreage that is under consideration here involves the Harris lease, the Smith lease, it involves the leases over here where the Harris location is?

A Yes.

Q It comprises the lease comprising Lots 2 and 3?

A Yes.

Q And it involves the acreage where the battery "A" is and where the Smith 2-C is?

A Yes.

Q Is that acreage fully developed under the spacing pattern for the pool?

A No, it isn't.

Q How many more locations do you have?

A We have one drilled and two located. That will fully develop the south half. The No. 2 will have additional acreage. It will have more than 80 acres.

MR. NUTTER: We have incorporated the record in Case No. 2286 in this case. Would your answers be the same to questions



regarding the reset metering, the sampling and other aspects?

A Yes, sir, they would.

Q Including the response to the question as to whether Aztec would be willing to modify the installation if it didn't conform to any standards that the Commission may adopt?

A Yes, sir.

MR. NUTTER: Are there any other questions of Mr. Stevens?

BY MR. MORRIS:

Q I want to make sure I understood you, Mr. Stevens. You are planning to separately meter the production from each of these wells?

A Yes, in the Smith battery "A." That is correct.

Q You don't propose to use the subtraction method anywhere --

A No, sir.

Q -- in this installation?

A Not in this installation.

MR. MORRIS: Thank you.

BY MR. NUTTER:

Q Are any leases with more than one well on it?

A You mean the south half of 18?

Q Any lease that's covered by Case 2287, whether it's fully developed, will it have more than one well?

A It will have three wells. That will fully develop it.

MR. VERITY: Well, each separate lease will only have

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one well.

A Separate lease.

Q Each separate lease will only have one well, whether it's fully developed?

A That is correct.

Q And you will measure the production from each of those wells?

A That is correct.

MR. NUTTER: Are there any further questions of Mr. Stevens? He may be excused.

(Witness excused)

MR. NUTTER: Do you wish to offer your Exhibits?

MR. VERITY: I offer Exhibits 1 and 2.

MR. NUTTER: Aztec's Exhibits 1 and 2 in Case 2287 will be admitted in evidence.

(Whereupon, Aztec's Exhibits Nos. 1 and 2 were received in evidence).

MR. NUTTER: Do you have anything further?

MR. VERITY: That's all we have.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 2287? We will take the case under advisement, and the hearing is adjourned.

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