

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 E.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. SWANSON: Are his qualifications acceptable?

EXAMINER NUTTER: 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



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



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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