

# Case No.

1012

Application, Transcript,  
Small Exhibits, Etc.

CASE 1012: Gulf Oil Corp. application for ex-  
ception to Rule 309 - produce a maximum of 11  
wells into common tank battery from Chaves-  
State "BM" lease.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Hobbs, New Mexico  
February 8, 1956

IN THE MATTER OF:

CASE 1012

TRANSCRIPT OF PROCEEDINGS

BEFORE THE  
OIL CONSERVATION COMMISSION  
Hobbs, New Mexico  
February 8, 1956

IN THE MATTER OF:

The application of Gulf Oil Corporation for an order granting an exception to Rule 309 of the Commission's Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting then permission to produce a maximum of eleven wells into a common tank battery from a portion of their Chaves-State "BM" lease; said portion consisting of the E/2 NW/4, W/2 NE/4, SE/4 NW/4, SW/4, SE/4 SW/4 all in Section 23, and the NW/4 NE/4 of Section 26, Township 13 South, Range 31 East, Ouprock-Queen Oil Pool, Chaves County, New Mexico.

CASE NO. 1012

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The next case is Case 1012, the application of Gulf for an exception to Rule 309.

ROSS MALONE: We have just the one witness Mr. Walker.

MR. MANKIN: Will you swear Mr. Walker in Mr. Gurley.

LOU WALKER

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

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name please?

A Lou Walker.

Q You are employed by Gulf Oil Corporation Mr. Walker?

A Yes, sir.

Q In what way sir?

A As a chemical petroleum production engineer.

Q You have previously testified before the New Mexico Commission, have you not?

A Yes, sir.

Q Are you familiar with Gulf's application in the pending case?

A Yes, sir.

Q What is sought by Gulf's application?

A Gulf is seeking an exception to Rule 309. Gulf is producing more than eight wells into a single tank battery.

Q What is the lease on which the wells are located?

A This is Gulf's Chaves State BM Lease located in Township - - Sections 23 and 26, Township 13 South, Range 31 East. That is a portion of the Gulf Chaves State BM Lease. There are some other acreage in the lease not included in this application.

Q Do you have an exhibit which you have caused to be prepared which shows the wells which it is proposed to be produced into the common battery?

A Yes, sir.

Q I hand you an exhibit which has been marked Gulf Oil Corporation's Exhibit A and ask you to state whether or not that is the exhibit to which you refer.

A Yes, sir, it is.

Q The area that is cross hatched in red on that exhibit indicates what Mr. Walker?

A That is the portion of the Chaves State BM Lease on which wells have been drilled and on which we wish to commingle a maximum of eleven wells into one central tank battery which is located approximately 1916' to the southeast of Well No. 1, which well is in the NW/4 of the NW/4 and 410' west of Well No. 4, all in Section 23, Township 13 South, Range 31 East.

Q How is the location of the tank battery designated on your exhibit?

A On the exhibit we indicate there two separate - - well, actually it should be four. We have four 500 barrel stock tanks there now.

Q Those tanks are presently installed.

A Yes, sir.

Q What testing equipment is installed at the present time at that battery?

A Right now we have one 2' x 6' oil and gas portable test separator there and since the gas volumes are low in this area so far it has not been economic -- economic to connect the wells and the gas is being flared except at the time it is being tested. It is not being run through the lease separator.

Q Is the tankage now located on the lease adequate to take care of the production from the eleven wells which are concerned in the application?

A Yes, sir. The four tanks on the lease will take care of the top allowable at this time - 41 barrels per well - assuming they are all making top allowable and will give 4 1/2 days storage which we consider to be adequate.

Q Are these wells producing any water at the present time?

A No, sir.

Q Will an economy result by the granting of Gulf's application?

A We think that for reasons of practicability, for practical and economic reasons we should be granted this authorization to produce into a common tank battery. The royalty ownership is the same - that being the state of New Mexico, and correlative rights will not be disturbed and it is a practical request.

Q The ownership of the operating rights in this case is all in Gulf.

A Yes, sir. That is right.

Q You have testified that the royalty interest is common on this lease belonging to the State of New Mexico.

A That is right and we think that we have sufficient facilities to handle the production and suitable equipment to take tests in accordance with the New Mexico Commission order.

Q It will be possible to take the necessary production tests on individual wells from time to time.

A Yes, sir.

Q And you propose to do so to conform to the - in compliance with Commission rules.

A That is right and continue to produce in accordance with Rule 502, the Commission's tolerance rule on production.

Q Is there any further statement that you wish to make to this Commission concerning Gulf's application?

A I don't believe so, sir. The Texas New Mexico is the pipeline that gathers the oil. All eleven wells are producing from the Caprock-Queen Oil Pool for Queen production and this is the maximum number of wells to be drilled on this property outlined on the plat.

Q Was Gulf's Exhibit A prepared under your supervision?

A That is right, sir.

Q We offer in evidence Gulf's Exhibit A.

MR. MANNING: Is there objection to the entering of this exhibit as evidence? If not, it will be so entered.

MR. GURLEY: Mr. Walker, at the time of this application, which was December 30th, 1955, you stated that there were eight wells or nine wells completed at that time and two were being drilled. Is it my understanding that now all eleven have been completed?

MR. WALKER: Yes, sir.

MR. GURLEY: And are producing.

MR. WALKER: That is right. We had temporary verbal approval to go ahead and produce there prior to the Commission hearing.

MR. MANNING: Mr. Gurley.

MR. MONTGOMERY: Mr. Walker, did you say that you have one separator -- one test separator.

MR. WALKER: Yes, sir.

MR. REEDER: In the periodic testing of wells, what do you do shut-in the well while you are testing.

MR. WALKER: No. Actually they are very low gas volume wells. The gas goes to the tanks.

MR. REEDER: Directly to the tanks.

MR. WALKER: Yes, sir. We don't actually shut-in wells during the test. It happens to be one of these wells, as you know, that doesn't have the requirement that the wells be connected to a gas gathering system and so far it hasn't indicated that it is economically feasible. There is no low pressure gas system available and we don't contemplate any one is going to connect, and if they do we will install a separate separator which is our normal practice.

MR. REEDER: How do you propose to measure the fluid volume -- by fluid meter?

MR. WALKER: By tankage.

MR. MONTGOMERY: Any further questions? Mr. Montgomery. Are there any further questions of the witness in this case? If not, the witness may be excused and we will take the case under advisement.

STATE OF NEW MEXICO     )  
                              : ss  
COUNTY OF SANTA FE     )

I, Bobby Postlewaite, do hereby certify that the foregoing  
and attached transcript of proceedings before the New Mexico Oil  
Commission Examiner at Hobbs, New Mexico, is a true and correct  
record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 5th day of March, 1956.

Bobby Postlewaite



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 11, 1956

C  
O  
P  
Y

Mr. Ross Malone  
200 West First St.  
Roswell, New Mexico

Dear Sir:

In behalf of your client, Gulf Oil Corporation, we enclose two copies of Order R-773 issued March 29, 1956, by the Oil Conservation Commission in Case 1012, which was heard on February 8th in Hobbs, New Mexico.

Very truly yours,

A. L. Porter, Jr.  
Acting Secretary - Director

ALP:brp  
Encls.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1012  
Order No. R-773

THE APPLICATION OF GULF OIL  
CORPORATION FOR AN EXCEPTION  
TO RULE 309 (a) OF THE STATEWIDE  
RULES AND REGULATIONS OF THE NEW  
MEXICO OIL CONSERVATION COMMISSION  
TO PERMIT THE PRODUCTION OF A  
MAXIMUM OF 11 WELLS INTO A COMMON  
TANK BATTERY ON APPLICANT'S CHAVES-  
STATE "BM" LEASE, CONSISTING OF THE  
N/2 NW/4, W/2 NE/4, SE/4 NW/4, SW/4,  
AND THE SE/4 SE/4, SECTION 23, AND  
THE NW/4 NE/4 OF SECTION 26, ALL IN  
TOWNSHIP 13 SOUTH, RANGE 31 EAST,  
NMPM, CAPROCK-QUEEN POOL, CHAVES  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 a.m. on February 8, 1956 at Hobbs, New Mexico, before Warren W. Mankin, Examiner, duly appointed by the Oil Conservation Commission of New Mexico, in accordance with Rule 1214 of Order No. R-681.

NOW, on this 29<sup>th</sup> day of March 1956, the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", a quorum being present, having considered said application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof, having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That applicant, Gulf Oil Corporation, is the owner and operator of the Chaves-State "BM" Lease in the Caprock-Queen Pool, Chaves County, New Mexico, a portion of which comprises the N/2 NW/4, W/2 NE/4, SE/4 NW/4, SW/4 and the SE/4 SE/4 of Section 23, and the NW/4 NE/4 of Section 26, all in Township 13 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) At present, there are eleven wells producing from the Caprock-Queen Pool into an existing tank battery located on the applicant's Chaves-State "BM" Lease.

(4) That for reasons of efficiency and economy, applicant desires to use the existing tank battery for the storage and measurement of oil produced from a maximum of the aforementioned eleven (11) oil wells in the Caprock-Queen Pool, underlying the above described lease.

(5) That the central tank battery has suitable and adequate facilities for the storage and handling of the production from a maximum of eleven oil wells in the above-described acreage and that suitable equipment has been installed whereby the production from each well on the above-described land may be adequately determined as prescribed by the Rules and Regulations of the Commission.

(6) That the above-described acreage is one of common royalty interest, the same being the State of New Mexico.

(7) That by reason of practical convenience and economy and in the absence of objection by the Commissioner of Public Lands of the State of New Mexico, application for an order granting exception to Rule 309 (a) should be granted.

(8) That no objection by the Commissioner of Public Lands has been entered.

IT IS THEREFORE ORDERED:

That the application of Gulf Oil Corporation for an order granting an exception to Rule 309 (a) of the Oil Conservation Commission's Statewide Rules and Regulations, be, and the same is, hereby granted and approved.

That Gulf Oil Corporation be and the same is hereby authorized to maintain and operate its existing tank battery located on its Chaves-State "EM" Lease, a portion of said lease comprising the N/2 NW/4, W/2 NE/4, SE/4 NW/4, SW/4 and the SE/4 SE/4 Section 23 and the NW/4 NE/4 Section 26, all in Township 13 South, Range 31 East, NMPM, Chaves County, New Mexico, said battery to receive production from a maximum of eleven (11) presently producing oil wells, in the Caprock-Queen Pool on the above described lease.

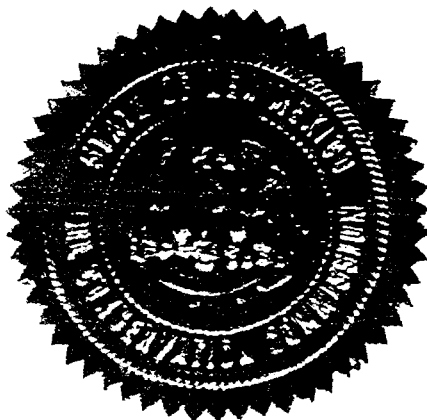
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

  
W. B. MACEY, Member and Secretary





PETROLEUM AND ITS PRODUCTS

# GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

B. E. THOMPSON  
DIVISION PRODUCTION MANAGER

December 30, 1955

FORT WORTH  
PRODUCTION DIVISION

New Mexico Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey, Secretary-Director

Re: Application of Gulf Oil Corporation for an  
Exception to Rule 309 to Apply to their  
Chaves-State "BM" Lease, Caprock-Queen Pool,  
Chaves County, New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission requesting permission to produce more than eight wells into the existing tank battery on Gulf's Chaves-State "BM" Lease, Caprock-Queen Oil Pool, Chaves County, New Mexico. The portion of the Chaves-State "BM" Lease covered in this application is composed of the N/2 of the NW/4, the W/2 of the NE/4, the SE/4 of the NW/4, the SW/4, the SE/4 of the SE/4, all in Section 23; the NW/4 of the NE/4 of Section 26, all in T-13-S, R-31-E. In support of this request, Gulf Oil Corporation states the following:

- (1) That all of the Chaves-State "BM" Lease described above has the same royalty interest.
- (2) That the existing battery, located in the SE/4 of the NW/4 of Section 23, now handles production for eight Caprock-Queen Pool wells. The ninth well was completed December 22, 1955. Two more wells are presently being drilled, making a maximum of eleven wells that will be handled by this battery.
- (3) That the central tank battery will have adequate facilities to permit taking of all required tests.
- (4) That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

New Mexico Oil  
Conservation Commission

-2-

December 30, 1955

Therefore, Gulf Oil Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to utilize the existing battery for storage of production from the ninth well, completed December 22, 1955, and wells that are presently being drilled, the maximum to be eleven wells.

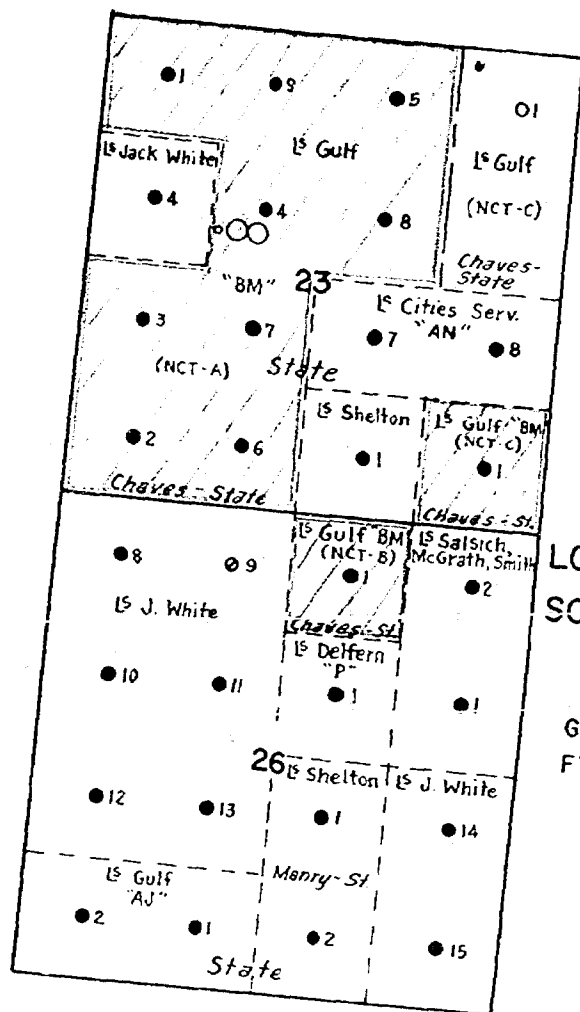
Respectfully submitted,

GULF OIL CORPORATION

By: 

Division Production Manager

cc: New Mexico Oil Conservation Commission  
P. O. Box 2045  
Hobbs, New Mexico  
Attn: Mr. A. L. Porter, Jr.



PROPOSED EXCEPTION TO RULE 309  
FOR TANK BATTERY INSTALLATION

CHAVES STATE "BM" LEASE  
CAPROCK-QUEEN OIL POOL

LOCATION-SECTIONS 23 & 26, T-13-S, R-31-E  
SOUTHEASTERN CHAVES COUNTY, NEW MEXICO

GULF OIL CORP.  
FT. WORTH, TEX.

CASE NO. 1012  
FEB. 8, 1956

SCALE 1" = 2000'

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
EXHIBIT No. A  
CASE 1012

Memo

2/16/56

From  
WWM

Re: Case #1012

To

JWB

OK. to go ahead

Approving exception to

Rule 309(a) for

WTT will.

W