

Case No.

1013

Application, Transcript,
Small Exhibits, Etc.

CASE 1013: Humble application for exception
to Rule 309 - produce oil from two leases into
common tank battery.

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. 1013
Order No. R-774

THE APPLICATION OF HUMBLE OIL
AND REFINING COMPANY FOR AN
ORDER GRANTING AN EXCEPTION TO
RULE 309 OF THE NEW MEXICO OIL
CONSERVATION COMMISSION'S STATE-
WIDE RULES AND REGULATIONS IN THE
ESTABLISHMENT OF A COMMON TANK
BATTERY TO RECEIVE OIL PRODUCTION
FROM TWO WELLS LOCATED ON APPLICANT'S
JICARILLA APACHE TRIBE OF INDIANS "B"
LEASE AND JICARILLA APACHE TRIBE OF
INDIANS "E" LEASE, NMPM, SANDOVAL
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 R-681.

NOW, on this 29th day of March 1956, the Oil Conservation
Commission of New Mexico, hereinafter referred to as the "Commission",
a quorum being present having considered the application, the eviden-
ce 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's Jicarilla Apache Tribe of Indians
"B" Lease contains 2498.78 acres, being all of Sections 1 and 12,
Township 22 North, Range 5 West and Sections 6 and 7, Township 22
North, Range 4 West, Sandoval County, New Mexico. Applicant has one
producing oil well on this lease from an undesignated field. Said
well being their Jicarilla "B" No. 1.

(3) That applicant's Jicarilla Apache Tribe of Indians
"E" Lease contains 2560 acres being all of Section 25 and 36. Town-
ship 23 North, Range 5 West and Sections 30 and 31, Township 23
North, Range 5 West, Sandoval County, New Mexico. Applicant has
one producing oil well known as the Jicarilla "E" No. 1, said well
is producing from the same undesignated field as their Jicarilla
"B" No. 1 Well.

(4) That both wells on the above-described leases are producing oil in commercial quantities from the Mancos Shale zone.

(5) That there is a common royalty interest in both leases that being the Jicarilla Apache Tribe of Indians.

(6) That for reasons of efficiency and economy, applicant desires to establish a tank battery for the storage and measurement of oil produced from the aforementioned two wells on the above-described leases.

(7) That the central tank battery will have suitable and adequate facilities for the storage and handling of the production from the two wells on the above-described acreage and suitable equipment will be 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.

(8) That by reason of practical convenience and economy and in the absence of objection by the United States Geological Survey exception to Rule 309 (a) should be granted.

(9) That no objection by the U. S. Geological Survey has been entered.

IT IS THEREFORE ORDERED:

That the application of Humble Oil and Refining Company for an order granting an exception to Rule 309 (a) of the Oil Conservation Commission's Statewide Rules and Regulations, to establish a central tank battery to receive production from its Jicarilla "B" No. 1 well located on its Jicarilla Tribe of Indians "B" Lease comprising all of Sections 1 and 12, Township 22 North, Range 5 West and Sections 6 and 7, Township 22 North, Range 4 West, NMPH, and its Jicarilla "E" No. 1 Well located on Jicarilla Tribe of Indians "E" Lease, comprising all of Sections 25 and 36, Township 23 North, Range 5 West and Sections 30 and 31, Township 23 North, Range 4 West, NMPH, all in Sandoval County, New Mexico, be and the same is hereby granted and approved.

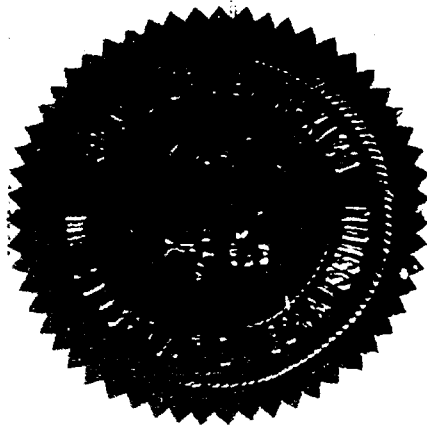
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

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

W. B. Macey
W. B. MACCY, Member and Secretary



Memo

2/16/56

From
WMM

Re: Case #1013

To

JWB

OK. To go ahead and
write order approving
exception to Rule 309(a)
for two federal cases
of one will do each.
W

BEFORE THE
CIVIL CONSERVATION COMMISSION
Hobbs, New Mexico

IN THE MATTER OF:

CASE NO. 1013

TRANSCRIPT OF PROCEEDINGS

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

-----)
Application of the Humble Oil and Refining)
Company 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 them permission to produce)
into a common tank battery oil produced from)
the following two leases: Jicarilla Apache)
Tribe of Indians "B" Lease consisting of Sec-)
tions 1 and 12, Township 22 North, Range 5)
West; Sections 6 and 7, Township 22 North,)
Range 4 West, Sandoval County, New Mexico,)
and the Jicarilla Apache Tribe of Indians "E")
Lease consisting of Sections 25 and 36, Town-)
ship 23 North, Range 5 West, and Sections 30)
and 31, Township 23 North, Range 4 West,)
Sandoval County, New Mexico. Applicant has)
one producing well on each lease; said wells)
producing from the Mancos Shale zone.)
-----)

Case No. 1013

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case, Case 1013, the application of
Humble Oil and Refining Company for an exception to Rule 309. I presume you
want to take that case first Mr. Hinkle or would you-----

MR. HINKLE: 1013.

MR. MANKIN: You have two cases, 1013 and 1004, which would you
prefer to have first?

MR. HINKLE: 1013.

MR. MANKIN: 1013, alright. We will proceed then with Case 1013.

MR. HINKLE: Clarence Hinkle, Roswell, appearing on behalf of the Humble Oil and Refining Company. We have one witness, Mr. Bob Dewey, would like to have him sworn.

BOB DEWEY

having first been duly sworn, testified as follows:

By Mr. Hinkle:

Q. State your name please.

A. R. S. Dewey

Q. By whom are you employed, Mr. Dewey?

A. Humble Oil and Refining Company.

Q. In what capacity?

A. Division Petroleum Engineer.

Q. And where at?

A. Midland, Texas

Q. Have you previously testified before this Commission as a qualified expert witness?

A. Yes Sir, I have.

Q. State to the Commission what is the nature of the application filed in Case No. 1013?

A. The nature of the application is an exception to Rule 309 to which it was requested that Humble Oil and Refining Company be permitted to commingle the oil from two leases and---two adjacent leases to the Jicarilla Apache Tribe of Indians reservation, Sandoval County, New Mexico. These leases are numbered 163717 and 163153.

Q. Now I hand you Humble's Exhibit No. 1 and ask you to state what it is?

A. This exhibit shows the location of Humble Oil and Refining Company's "E" No. 1 Well and the location of Humble Oil and Refining Company's "B" No. 1 Well.

Q. And it also shows the township, range and section where these leases are located.

A. That's correct.

Q. Are these both Indian leases?

A. They are.

Q. And state whether or not the Humble owns both of the leases.

A. The Humble owns both leases.

Q. Is the royalty ownership the same on both leases?

A. It is.

Q. From what zone or formation are these two wells producing?

A. The formation is the Mancos Shale. This reservoir is known as the Sanastee Reservoir.

Q. In your opinion are both wells producing from the same common source of supply in the reservoir?

A. That is right.

Q. What is the potential of these wells at the present time?

A. The "B" No. 1 Well is making approximately 19 barrels of oil. There is no water. The "E" No. 1 is producing approximately 22 barrels of oil and no water. Those are both average daily production figures.

Q. Where is your tank battery set at the present time?

A. It is set on the "B" lease, adjacent to the "B" No. 1 Well.

Q. Are both wells being produced at the present time into the same tank battery?

A. Well, they are being produced into adjacent tanks at the same location.

Q. Now, have you taken up with the U.S.G.S. the matter of producing these wells into the same tank battery?

A. Humble Oil and Refining Company has, I did not do it personally.

Q. I hand you Humble's Exhibit 2 and ask you to state what that is and what it shows?

A. This is a letter dated December 21, 1955 from Mr. P. T. McGrath, District Engineer, United States Department of the Interior Geological Survey, Farmington, New Mexico, which states "We are in receipt of your letter of December 9, 1955, requesting permission to commingle oil from your Jicarilla Tribe of Indians "B" and "E" leases. This office has no objection to producing wells on these two leases into a common tank battery so long as the oil is from the same zone and of the same quality. A close estimate should be made of the amount of oil produced from each separate lease."

Q. Is there anything else that you would like to state to the Commission in behalf of this application?

A. We will be very happy to comply with the request made by Mr. McGrath relative to maintaining a close estimate of the amount of oil produced from each separate lease. We will be glad to furnish periodic estimates to the Commission if

they so desire.

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

A. It was prepared under my direction.

MR. HINKLE: I would like to offer these exhibits in evidence.

MR. MANKIN: Is there objection to the entering of Exhibits 1 and 2 in this case? If not they will be so entered.

MR. MANKIN: Mr. Dewey, you received temporary permission from this Commission, dated January 25, for the commingling of the oil pending upon the outcome of this particular case, is that correct?

A. That is correct.

MR. MANKIN: And also these two particular wells at the present time are in an undesignated Mancos Shale Oil Pool at the present time is that correct?

A. As far as I know they are.

MR. MANKIN: Which is Sandoval County, New Mexico?

A. Yes Sir.

MR. MANKIN: Mr. Rieder.

MR. RIEDER: How is the oil to be measured?

A. We have a separator on the lease and the flow into the tanks is gauged.

MR. RIEDER: One separator?

A. We have one separator for the wells, that is correct.

MR. GURLEY: Mr. Dewey, I believe that you were asked if the royalty owners under both leases were the same--that is the Federal Government, is that correct?

A. That is the Jicarilla Apache Tribe of Indians.

MR. MANKIN: Is there any further questions of the witness? If not he may be excused in this case and we will take the case under advisement.

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

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

Joan Hadley

HUMBLE OIL & REFINING COMPANY

COPY

December 29, 1935

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

We recently obtained permission from the United States Department of the Interior, Geological Survey, to commingle the production from our Jicarilla Apache Tribe of Indians "B" and "F" Leases. Mr. P. T. McGrath, District Engineer for the Geological Survey at Farmington, New Mexico, granted this permission by his letter of December 21, 1935, a copy of which is attached. We would appreciate your granting an exception to Rule 309 of the New Mexico Oil Conservation Commission to cover the commingling of these two leases and in support of this request we furnish the following information.

Jicarilla Apache Tribe of Indians "B" Lease, Jicarilla Contract No. 49, Co. Lease No. 163717, contains 2499.78 acres, being Sections 1 and 12, T-22-N, R-5-W, and Sections 6 and 7, T-22-N, R-4-W, Sandoval County, New Mexico. We have one oil well producing on this lease from an undesignated field.

Jicarilla Apache Tribe of Indians "F" Lease, Jicarilla Contract No. 48, Co. Lease No. 163153, contains 2560 acres, being Sections 25 and 36, T-23-N, R-5-W, and Sections 30 and 31, T-23-N, R-4-W, Sandoval County, New Mexico. We have one producing oil well on this lease that produces from the same undesignated field as our Jicarilla "B" No. 1.

1. The production from each lease will be estimated and allocated back on a reasonably accurate basis.
2. The production is from the same zone and of the same quality.
3. The production from each lease is in paying quantities.

Your earliest consideration of this matter will be appreciated.

Yours very truly,

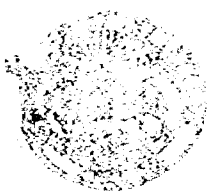
HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent

By: *[Signature]*
Asst. Div. Superintendent

TT/sc
Attachment

IN REPLY REFER TO:



DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
P. O. Box 946
Washington, New Mexico

December 21, 1955

Humble Oil & Refining Company
Box 1600
Midland, Texas

Gentlemen:

We are in receipt of your letter of December 9, 1955 requesting permission to commingle oil from your Micartilla Tribe of Indians and Ac leases. This office has no objection to producing wells on these two leases into a common tank battery so long as the oil is from the same zone and of the same quality.

A close estimate should be made of the amount of oil produced from each separate lease.

Very truly yours,

P. T. McGyath
P. T. McGyath
District Engineer

PMcGyath:ac
cc: Humble Oil Co, Yecolington
Roswell

cc: W. E. Hubbard
cc: H. H. Thompson
cc: R. C. Barber
cc: D. F. Hargrave

Drill "B" #1 Completed 5-14-55

Well Depth - 5328 feet

Depth - 5350 feet

Log perforation 5330 - 5340 feet

Reservoir - Samastee

Section - Manassas Shale

24 hr. pumping test, well potential for 55 bbls. 40.1 grav. oil, GOR 41, 1% BSW.

Best avg. daily production - 19 bbls. oil - well is making no water.

Drill "E" #1 Completed 12-22-55

Well Depth - 5353 feet

Depth - 5362 feet

Log perforation 5338 - 5342 feet

Reservoir - Samastee

Section - Manassas Shale

24 hr. pumping test, well potential 50.81 bbls., gas volume too small to measure,

.5% BSW, grav. 42.

Best avg. daily oil production - 22 bbls. - well is making no water

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

December 29, 1955

J. W. HOUSE

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

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Jicarilla Apache Tribe of Indians "E" Lease, (Jicarilla) Contract No. 48, Co. Lease No. 163153, contains 2560 acres, being Sections 25 and 36, T-23-N, R-5-W, and Sections 30 and 31, T-23-N, R-4-W, Sandoval County, New Mexico. We have one producing oil well on this lease that produces from the same undesignated field as our Jicarilla "B" No. 1.

1. The production from each lease will be estimated and allocated back on a reasonably accurate basis.
2. The production is from the same zone and of the same quality.
3. The production from each lease is in paying quantities.

Your earliest consideration of this matter will be appreciated.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent

By:

Asst. Div. Superintendent

1/se
achment

*Examine Ng
@ Hobbs
@ 10 AM
on 1/7/56
will submit amended
letter today 1/9/56
to request examine
He (m)*

*"A" unit in
NE 1/4 NE 1/4
1-72N-5W*

*"B" unit in
SE 1/4 SE 1/4
36-23N-5W*

*Monroe Shale
production*

IN FULLY REFER TO

Mr. W. H. & F. H. H. H. H.
Box 100
Midland, Texas

Gentlemen:

We are in receipt of your letter of December 9, 1955
requesting permission to use the land owned by the State of
Indiana, and "W" lease. This of the land is in production to producing
wells on these two leases and we have taken battery so long as the
oil is from the same tract and of the same oil.

A clear title to the land is required of all land
from each separate tract.

[Handwritten signature]
District Engineer

McGraw-Hill
cc. Hurst Oil Co., Fort Worth
Texas

cc. W. H. & F. H. H. H.
cc. W. H. & F. H. H. H.
cc. R. C. B. B. B. B.
cc. P. H. H. H. H. H.

CASE NO. 1013

Re: Amended Application
Exception to Rule 309, Jicarilla
Apache Tribe of Indians "B" and
"E" Lease, Sandoval County, New
Mexico.

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentleman:

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Jicarilla Apache Tribe of Indians "B" Lease, Jicarilla Contract No. 49, Co. Lease No. 163717, contains 2498.78 acres, being Sections 1 and 12, T-22-N, R-5-W, Sections 6 and 7, T-22-N, R-4-W, Sandoval County, New Mexico. We have one oil well producing on this lease from an undesignated field.

Jicarilla Apache Tribe of Indians "E" Lease, Jicarilla Contract No. 48, Co. Lease No. 163153 contains 2560 acres, being Sections 25 and 36, T-23-N, R-5-W, and Sections 30 and 31, T-23-N, R-4-W, Sandoval County, New Mexico. We have one producing oil well on this lease that produces from the same undesignated field as our Jicarilla "B" No. 1.

1. The production from each lease will be estimated and allocated back on a reasonably accurate basis.
2. The production is from the same zone and of the same quality.
3. The production from each lease is in paying quantities.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

By: J. W. House, Division Superintendent

January 16, 1956
New Mexico Oil & Gas Engineering Committee
P. O. Box 127
Hobbs, New Mexico

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

April 11, 1956

C
O
P
Y

Mr. Clarence Hinkle
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Sir:

In behalf of your client, Humble Oil & Refining Company,
we enclose two copies of each of the following orders:

Order R-772, Case 993
Order R-774, Case 1013
Order R-779, Case 1004
Order R-783, Case 1046

All of these orders are dated March 29, 1956.

Very truly yours,

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

ALP:brp
Encls.