

PERMISSION to produce more than 16
wells into common tank battery & to
consolidate from two leases. San Juan.
County.

Casa No.

1676

Application, Transcript,
Small Exhibits, Etc.

MAIN OFFICE 600

1959 JUN 10 AM 8:03

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:

Case 1676

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:)

Application of Humble Oil & Refining Company)
for permission to produce more than sixteen)
wells into a common tank battery and to com-)
mingle the production from two separate)
leases. Applicant, in the above-styled cause,)
seeks permission to commingle the Gallup pro-)
duction from its Navajo "F" Lease comprising)
Sections 3, 4, 9, and 10 with the Gallup pro-)
duction from its Navajo "G" Lease comprising)
Sections 1, 2, 11, and 12, all in and adjoin-)
ing the Chimney Rock-Gallup Oil Pool, Town-)
ship 31 North, Range 17 West, San Juan)
County, New Mexico. Applicant further seeks)
authority to produce more than sixteen wells)
into said common tank battery.)

Case 1676

BEFORE:

Mr. E. J. Fischer, Examiner

TRANSCRIPT OF HEARING

MR. FISCHER: The next case will be 1676.

MR. PAYNE: "Application of Humble Oil & Refining
Company for permission to produce more than sixteen wells into a
common tank battery and to commingle the production from two
separate leases."

(Marked Humble Oil & Refining
Company's Exhibits Nos. 1, 2
and 3, for identification.)

MR. CHRISTY: Sim Christy of Hervey, Dow and Hinkle for Applicant Humble Oil and Refining Company. I would like to make a short statement in connection with the notice given in this case. I refer you to what will be Exhibit 2, the plat map. You'll notice, Mr. Examiner, that Byrd Frost is an offset operator in Section 16 and Bayliss is an offset operator in Section 5. As will be testified to, all offset operators except Bayliss and Byrd Frost were notified of this hearing and were given a copy of the application.

On Byrd Frost we did not have an address for, and on Bayliss we couldn't even find out who he was. Just this morning we located Bayliss, who is in Farmington, and found that the Byrd Frost acreage is now owned by El Paso, and we offer prior to the granting of any order in here to submit to the Commission waivers and consents to the application by Bayliss and El Paso.

With that statement in mind, we have one witness, Mr. Harrill, who I do not believe has been sworn.

(Witness sworn.)

SAM F. HARRILL

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you state your name, address and occupation?

A Sam F. Harrill. I live in Hobbs, New Mexico. I'm a petroleum engineer for the Humble Oil and Refining Company.

Q Have you previously testified before this regulatory board as a petroleum engineer?

A Yes, sir, I have.

Q Your qualifications have been accepted?

A Yes, sir.

Q Are you familiar with the application in Case No. 1676 and the matters therein sought?

A Yes, I am.

Q Are you familiar with the general area involved in this application?

A Yes, sir.

MR. CHRISTY: Does the Commission have any questions concerning the qualification of the witness?

MR. FISCHER: No, they are accepted.

Q What is the nature of the application and what do you request by it?

A For one, we are asking permission to commingle production from the, our Navajo Tribe "F" Lease to our "G" Lease and to store this production into a common tank battery on our "F" Lease. This requires an exception to Commission Rule 309-A, in that all produced on the "G" Lease will be transported from the lease before it is measured.

Also we are asking permission to store all proration units or to produce all proration units from our Navajo "F" and our Navajo "G" Lease into a common tank battery which is located on our Navajo "F" Lease. This requires an exception to Commission Rule 309-A in that we will be producing more than sixteen wells into our common or central tank battery.

Q So that this can not be handled administratively?

A No, it can not.

Q Are the leases in the Navajo "F" and "G", are they contiguous acreage?

A Yes, sir.

Q Is all production from the same source of supply?

A Yes, sir, production is from the Chimney Rock-Gallup pool.

Q How about the ownership of the leases, is that common throughout?

A Yes, sir, the ownership is common. It is Indian land. The Navajo Tribe of Indians are royalty owners. Humble has a hundred percent of the working interest.

Q There are no overrides?

A No overrides.

Q Has your request been approved by the Geological Survey?

A Yes, sir. We have a letter from United States

Geological Survey approving our request. It is Exhibit No. 1

MR. CHRISTY: Here is Exhibit 1, Mr. Examiner.

A We would like to say something in regard to that letter. In our request to the United States Geological Survey we mentioned that we would use metering separators. However, as will be brought out later, we will not necessarily use metering separators and our request as discussed here today has been discussed with Mercer Thomason of the United States Geological Survey and the United States Geological Survey is in accord with what we propose.

Q Now, with the exceptions mentioned in my opening statement, have all offset operators been notified of this hearing and furnished a copy of the application?

A Yes, sir, they have.

Q And those exceptions are Byrd Frost, who is now El Paso, and Bayliss?

A Yes, sir, Bayliss has been notified by telephone.

Q That was this morning? A Yes, sir.

Q Now, do you have an exhibit showing the location of the Navajo "F" and "G" Lease and the wells on the leases and the central battery system you show?

A Yes, sir, it is our Exhibit No. 2.

Q Will you discuss that exhibit, please, and explain it to the Examiner?

A Our Navajo "G" Lease consists of Sections 1, 2, 11 and 12 in Township 32 North, Range 17 West, San Juan County, New Mexico. The area is outlined in red on the exhibit. We currently have two producing wells, on the Lease, No. 1 is recovering lode oil, No. 2 is producing into a test tank. Our Navajo "F" Lease consists of Sections 3, 4, 9 and 10. It is outlined in green on the exhibit.

Q That's the same township and range?

A Same township and range, yes, sir.

Q All right.

A We currently have our Wells No. 1 and 2 producing into the original tank battery. Our Wells No. 3 through 19 with the exception of 14, 15 and 16, are producing into the tank battery indicated on the plat. Well No. 14 is a shutin gas well, Nos. 15 and 16 are locations. That gives us fourteen wells that are currently completed or producing into our central tank battery, two wells which are producing into another battery.

Our Well No. 20 is currently being completed and we show it on the map as being connected to the battery since it eventually will be.

Q Will you explain to the Commission why you wish to produce more than sixteen wells into the one tank battery?

A The terrain is exceedingly rough and cut by ditches make the tank battery site difficult to construct and to maintain.

Also a central tank battery will permit us to have an earlier pipeline connection to service all wells.

Currently the oil is being trucked out, we are now making negotiations with El Paso Natural Products Company to tie our central or main battery into their pipeline.

Q Is there any mechanical reason why the Navajo "F" and "G" Leases can not be produced from a common tank battery?

A No, sir.

Q With respect to commingling, how do you propose to account for production on the separate leases?

A We will meter production from each lease.

Q Do you have a schematic or flow diagram showing how this meter will be accomplished?

A Yes, Exhibit 3 is a schematic diagram of our proposed method.

Q Will you explain to the Examiner Exhibit 3 and also what the red and green lines are, please?

A All right. I might mention first that since the red and green aren't related to our red and green on Exhibit No. 2, the green represents oil flow and the red represents gas flow. This is a standard Humble tank battery hookup with the exception that provision is made to receive production from two leases into a central battery. It consists of going through our legend, A would be the production separator for the Navajo "F". B would be

the production separator for the Navajo "G". C is a common test separator; D is the Navajo "F" Lease meter. E is the Navajo "G" Lease meter, F is the common test meter and G are storage or stock tanks.

The little "x's" represent plug valves and the little "s's" represent check valves. Just district production we show flow on our Navajo "G" as it would go through the test site and we show flow from the Navajo "F" as it would go through the normal or production side. Just to trace it out on the "F" as oil and gas production came in from a well, the test manifold valve would be closed, the production manifold valve would be open, whereby the fluid flow would be diverted into our production manifold and then it would pass into the production separator A. At this point the gas would be separated off and pass into the gas system. The oil would pass out through the Navajo lease meter, thence into the stock tank.

On the test side it is illustrated on our Navajo "G". The production valve is closed, the common test valve is open; the production coming in from a well would go into the test manifold, go into the test separator, the gas would go on past through an orifice meter where it would be measured. The oil would flow through a test meter where it would be measured, then the oil would pass through a three-way two position routing valve; since the "G" Lease is on test it would be routed back to the "G" Lease

side. Thence it would pass through the "G" Lease meter, then into the stock tank.

Q Now, test facilities are common on both leases?

A Yes, sir, they are.

Q Speaking of this three-way, how did you pronounce it, three-way two -- what is the terminology for this?

A It is a three-way two position valve.

Q Couldn't you commingle oil from one lease to the other on that?

A It would be possible. It would be remote. What would happen, the pumper could make an error in position valve such that if he were testing the "G" as shown, he could test "G", the valve to put the production into the "F" Lease. However, the pumper will be instructed to double check his actions in testing a well and the lines will be clearly marked.

Q Do you feel there is any great risk of that happening as a practical matter?

A No, sir.

Q What type of meter are you going to use?

A We would like permission to use a dump type or positive displacement meter.

Q At your option?

A At our option.

Q How about corrosion?

A The oil is not corrosion. It is sweet, it is possible

that some time water may be produced. At such time we will take measure to protect the meters or have the meters have a corrosive resistant material.

Q How can the meters be calibrated?

A As indicated here, they can be calibrated into the stock tank. Like on the Navajo "F" side where the flow of oil is going into the first stock tank, we could close the valve where it is going into that stock tank, open the valve on the other stock tank, thence both leases would be blowing into separate tanks and we could calibrate each meter at that time, or one separately against the tanks.

To calibrate our test meter we would, we don't expect many wells to be producing on our "G" wells, possibly three or four at the most. What we would do would be just turn all wells on the "G" Lease through our test side and thence route that production into one stock tank. At some future time we may desire, or it may be necessary, to produce or rather to calibrate the meters against a prover meter or into a prover tank.

Q That would be if you had an automatic custody system?

A Not necessarily, it would be, say that we needed our tankage or could spare the tankage for calibrating and then we would use some acceptable method of calibration.

Q A moment ago you mentioned water production. I don't think in tracing the flow of the fluids you indicated

what you would do if water were encountered.

Q Well, no water at this time is being produced. The oil is pipeline quality and produced directly into the tank. In the event of water production, what we propose to do would be to sample the fluid as it leaves the meter and then it will be determined how much water and how much oil is passing through. It may be necessary if that is done to install three water knock-outs. What we will do is do whatever is necessary to assure accurate sampling.

Q How often do you plan to test these facilities?

A The meters?

Q Yes, the meters.

A We will test the meters as so described or presently described by the Commission.

Q Would you suggest every sixty days or what?

A Well, I think it's normally required by the Commission at this time every thirty days.

Q I noticed in your application you have requested temporary permission to store more than sixteen wells in the existing tank battery. Would you explain why that request was made?

MR. CHRISTY: I might state to the Examiner before the witness answers the question, that would be in the event that an order was not issued within the next ten or twelve days, I

assume that it might well be. Go ahead and answer the question, please.

A Well, sir, we currently have seventeen producing wells on the lease. Two are going into a separate battery. That means fifteen wells are going into our central battery. It only takes four or five days to drill and complete a well, so in a very short time we are going to be in the position of being able to produce more than sixteen wells into our central battery, or make other arrangements.

Q Your No. 20 is just now going on production?

A Yes, sir.

Q You have another drilling?

A Yes, No. 21.

Q Do you feel that the granting of this application would be in the interest of conservation and the prevention of waste and the protection of correlative rights?

A Yes, sir, it would.

MR. CHRISTY: That's all.

MR. FISCHER: Are there any questions of Mr. Harrill?

MR. PAYNE: Yes.

CROSS EXAMINATION

BY MR. PAYNE:

Q What is the storage capacity?

A These are 1,000 barrel tanks.

Q 4,000?

A 1,000. We currently have 2,000 barrels of storage.

Q How many wells do you anticipate will ultimately be producing into the common tank battery?

A It is hard to tell now. We haven't really defined the limits of the field. However, our No. 14 Well, if you'll refer to Exhibit 2, was a gas well. No. 9 is a high ratio oil well. Nos. 1 and 2 are limited capacity wells, and No. 7 and 10 are limited capacity wells.

MR. FISCHER: This is all on your "F" Lease?

A All on "F". Now, our No. 1 and 2 "G" Wells are good wells. The point I'm trying to make is we nearly have defined the limits. We expect thirty wells ultimately on both leases.

Q You are seeking an open ended order, are you not? By that I mean no limit on the total number of wells that can produce into the common tank battery.

A That is correct.

Q Is all of this acreage in the Chimney Rock-Gallup Oil Pool?

A Yes, it is.

Q Now, are you going to install adequate facilities to permit the testing of each individual well at least once a month to determine the individual production from each well?

A Yes, sir, wells. We will test the wells as prescribed by the Commission. We would prefer to have permission to test the wells every sixty days if the Commission so sees fit.

Q I believe you stated that the ownership is entirely common in the "F" Lease and "G" Lease, is that right?

A Yes, sir, if it went for Federal regulation which limits the size of the lease to four sections, this would all be one lease.

Q As a matter of fact of information, why do you intend to, in view of that fact, to meter separately the production from each of these leases?

A Well, the United States Geological Survey requires they retain their separate identity. In fact, the United States Geological Survey is requiring the metering. Otherwise, we would not meter.

MR. PAYNE: That's all. Thank you.

MR. FISCHER: Any other questions?

BY MR. UTZ:

Q What kind of gas-oil ratios do these wells have?

A Very low, one or two hundred cubic feet per barrel except for No. 9. It is sensitive to flow. Oh, I would say it's normal rate or ratio is around 4,000. I could give you some additional information if you like, Mr. Utz. No. 9 is the only well that has shown any tendency at all to be high ratio.

Q What kind of wells are these, are they mostly non-marginal top allowable?

A Well, sir, four of them are marginal, one is penalized and the others are top allowable.

Q I believe you said that you thought that ultimately you would have about thirty wells producing into the battery?

A I would say somewhere between thirty and thirty-five wells.

Q The allowable for these wells, non-marginal or top allowable, is I believe what, fifty-three barrels?

A Fifty-four.

Q Fifty-four. If you had thirty wells, that would be 1,620 barrels a day. Do you think you have enough tank battery?

A No, sir, not at this time. This Exhibit 3 is purely to show our flow diagram. We will at all times have sufficient equipment and storage facilities to handle production. We only indicate two tanks here to show how we could calibrate the meter. Now, actually at the site at the present time there are only two tanks, but in the very near future we will have to install additional storage facilities if we go to this central tank battery. Otherwise, if our request is not approved, we will then have to install additional tank batteries on the lease.

Q Would it be a fair estimate that you will be producing in the neighborhood of 200,000 cubic feet of gas a day

off this lease when it's fully developed?

A I haven't tried to calculate that. Let's just see what it would be. You say 2,000 cubic feet per day?

Q I would say 200 M.C.F. per day.

A Yes, sir. Actually it might be more than that, possibly in the neighborhood of 300 to 400.

Q Do you intend to flare all of this gas?

A Except what is used on the lease. As you know, there is no market in that area whatever for gas.

Q What is the relationship between this pool, that is geographically between this pool and the horseshoe, is it north-west of horseshoe?

A Yes, sir, that is correct.

Q How far from the El Paso line from Aneth is this pool?

A Is that El Paso's pipeline?

Q Yes.

A I do not know how far it is, but we are already, in fact negotiations have already been completed with El Paso Natural Gas Products Company to lay a pipeline into our central tank battery.

Q For sale of gas?

A No, sir, just oil.

Q Just oil. You have no plans to try to sell the gas?

A None that I know of at this time.

MR. UTZ: That's all I have.

MR. FISCHER: Any other questions of Mr. Harrill?

MR. PAYNE: One further question.

BY MR. PAYNE:

Q When do you expect the seventeen wells to be producing into this battery, how many days from now?

A Well, since we have two wells producing into a separate temporary battery, our Well No. 20 would be the 15th well, the 21 is in the process of being completed would be our 16th, it could be within say a week.

Q So that if an order was issued within ten days, you probably wouldn't have to shut in any producing well?

A That is correct.

MR. FISCHER: Any other questions?

MR. CHRISTY: I have a question of the witness. Are you through?

MR. FISCHER: No, I'm not.

MR. CHRISTY: Go ahead.

BY MR. FISCHER:

Q Is the No. 15 well on your "F" Lease completed?

A No, sir. The plain circle indicates a location. We have, since this map came out things are changing rapidly, this map was corrected Friday and we have since cancelled our

Q The No. 14 you say is a gas well?

A Yes, it's gas, it produces no oil whatever. We fractured the well and we produced a small load of fractured oil back and the well went to producing gas.

Q What is the production of your No. 13 well on the "F" Lease?

A It's a top allowable.

Q Is it of a high ratio?

A No, it has a low ratio. That's one of the things we need to find out as far as defining our limits, it doesn't tie in with No. 9 too well.

Q Is 16 completed on the "F" Lease?

A No, sir, we have also cancelled that location at this time.

Q Your lines in your tank battery setup, are they above ground, all above ground?

A Normally they are below ground. Now, of course, the lines actually, the line from the regular separators are from the separators down through the meters would be above ground. In other words, that would be very short distance between the separators and the meters.

Q You say normally they would be. Are they now?

A I would say yes. I'm not familiar with the tank

battery site itself, but normally Humble buries their flow lines.

Q You mentioned something about test separator or dump separators. Would you restate that again, please, as to your desire for dump type separators?

A Well, our, possibly you are referring to our request with the United States Geological Survey, we stated there we would use a metering dump type separator, which may not be the case. Actually our test facilities will probably be a metering dump type separator.

Q Your test facilities at C?

A Yes, well, actually C and F would be one integral unit. There's essentially no difference in the meter separator and a meter and a separator that are separate. Usually a meter separator has the metering compartment integral with the separator.

Q So the positions at A and B, these separators are just normal production type separators?

A Yes, normally our tank battery comes off C and D, a production separator and test separator, which is the way it is now. What we propose to do is add another separator. Actually I should have said A and C, we would add another separator B to take care of that.

Q This three-way two position valve, is it gas operated?

A No, it will be a manually operated valve.

Q Do you know of any wells in this pool that produce

water at this time?

A No, sir, I do not.

Q You don't know of any?

A I do not know of any.

Q El Paso, you said that the Byrd Frost has been purchased by El Paso. Is that El Paso Natural Gas or Products?

A Natural Gas.

MR. CHRISTY: Gas.

Q Are you familiar with this No. 2 well on the Byrd Frost Lease in Section 15?

A No, sir, except to know it is a gas well.

Q The new tankage that you will require will also be thousand barrel tanks, what new tankage you add will be thousand barrel?

A In all probability it will be, but it wouldn't necessarily have to be, and it could just as well fit into our plan as well as a thousand barrel tank could.

Q Now, at the present time do you know the production of the "F" Lease and the production of the "G" Lease, total per day production approximately?

A While I'm figuring that, No. 1 is the only producing well on the "G" Lease is a top allowable at 54 barrels per day. No. 2 is currently recovering lode oil. It would be right at 800 barrels per month.

Q Per day?

A Per day, excuse me, about 750 per day.

Q Is your oil presently being trucked out from this?

A Yes, it is presently being trucked out.

Q So you've got a little over two days' storage at the present time?

A In the one battery actually Wells 1 and 2 go into a separate battery and Well G wouldn't be included in that also.

Q Still this "F" Lease, you have a little bit over two days' storage, is that correct?

A Let me do some checking here. It would be about three days' storage. Actually since the oil is pipeline quality and no treating is involved, no high bottom is involved, we have had no trouble whatever in getting our oil trucked out. It will, of course it's obvious that in the very near future we will need additional tankage. We will also have sufficient tankage on the lease.

MR. FISCHER: Any other questions?

MR. CHRISTY: I have a question if you are through.

RE-DIRECT EXAMINATION

BY MR. CHRISTY:

Q I believe Exhibit 1 is the original letter received by you in the Geological Survey in your Midland Office?

A Yes.

Q Your Exhibits 2 and 3 were prepared by you or under your direct supervision?

A That's correct.

MR. CHRISTY: We now offer Exhibits 1, 2 and 3 inclusive.

MR. FISCHER: Without objection they will be so received.

MR. CHRISTY: That's all we have from the witness.

MR. FISCHER: The witness will be excused.

(Witness excused.)

Any statements to be made in this case? The case will be taken under advisement.

There will be a short recess.

(Whereupon a recess was taken.)

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this *2nd* day of June, 1959.

Ada Dearnley
Notary Public-Court Reporter

My Commission Expires:

June 19, 1959.

BEFORE EXAMINER FISCHER
OIL CONSERVATION COMMISSION

Exhibit No. *1676*
Case No. *E. J. Fischer*

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1676
Order No. R-1406

APPLICATION OF HUMBLE OIL &
REFINING COMPANY FOR PERMISSION
TO COMMINGLE THE PRODUCTION FROM
TWO SEPARATE LEASES IN AND ADJOINING
THE CHIMNEY ROCK-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO, AND FOR
PERMISSION TO PRODUCE MORE THAN
SIXTEEN WELLS INTO A COMMON TANK
BATTERY

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 20, 1959, at Santa Fe, New Mexico, before E. J. Fischer, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of May, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, E. J. Fischer, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Humble Oil & Refining Company, is the owner and operator of the following-described Federal leases in and adjoining the Chimney Rock-Gallup Oil Pool, San Juan County, New Mexico:

Navajo "F" Lease (No. 14-20-603-2034) comprising
all of Sections 3, 4, 9, and 10
Navajo "G" Lease (No. 14-20-603-2033) comprising
all of Sections 1, 2, 11, and 12

all in Township 31 North, Range 17 West.

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Case No. 1676
Order No. R-1406

(3) That the applicant proposes to commingle the Gallup production from the above-described leases after separately metering the production from each lease.

(4) That the applicant further proposes to produce more than sixteen wells presently completed or hereafter drilled to the Gallup formation on the aforementioned leases into a common tank battery.

(5) That approval of the subject application will neither cause waste nor impair correlative rights provided that the production from each lease is separately metered prior to commingling and provided further that adequate testing and measuring equipment is installed.

IT IS THEREFORE ORDERED:

That the applicant, Humble Oil & Refining Company, be and the same is hereby authorized to commingle the production from the Gallup formation from all existing and future wells on the following-described Federal leases:

Navajo "F" Lease (No. 14-20-603-2034) comprising
all of Sections 3, 4, 9, and 10
Navajo "G" Lease (No. 14-20-603-2033) comprising
all of Sections 1, 2, 11, and 12

all in Township 31 North, Range 17 West, NMPM, San Juan County, New Mexico.

PROVIDED HOWEVER, That all commingled production shall be from a common source of supply.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the above-described leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the production from each lease shall be separately metered prior to commingling.

IT IS FURTHER ORDERED:

That all meters shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibrations filed with the Commission on the Commission form entitled "Meter Test Report."

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Case No. 1676
Order No. R-1406

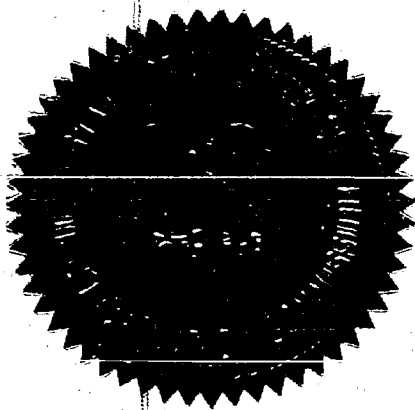
DONE AT Santa Fe, New Mexico, on the day and year hereinabove
designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



vem/

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 1, 1959

Mr. Sin Christy
Harvey, Dow & Hinkle
Box 547
Roswell, New Mexico

Dear Mr. Christy:

On behalf of your client, Humble Oil & Refining
Company, we enclose two copies of Order No. R-1406
issued by the Oil Conservation Commission on May
28, 1959.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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Enclosures

C
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Y

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

April 22, 1959

Case 1676

Inre: Application for Exception to Statewide
Rule No. 309(a).
Chimney Rock (Gallup) Field
San Juan County, Texas.

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Humble respectfully requests that you set an early date for an Examiner Hearing to consider an Exception to Statewide Rule 309(a) on our Navajo Tribe of Indians "F" Lease in the subject field, granting us permission to receive, measure, and store the oil from more than sixteen wells on the lease.

The Navajo Tribe of Indians "F" Lease consists of 2560 acres being all of Sections 3, 4, 9 and 10, T-31-N, R-17-W. Please refer to the attached plat showing the location of the existing tank battery, and the location of Wells 1 through 19. The tank battery consists of 2-1000 barrel tanks and we feel that this is adequate storage to accommodate all of the wells that will be drilled on this lease.

At the same Hearing we would like to consider the possibility of commingling the production from the Navajo Tribe of Indians "F" Lease with production from the Navajo Tribe of Indians "G" Lease. The Navajo "G" Lease consists of 2560 acres being Sections 1, 2, 11 and 12, T-31-N, R-17-W. At the present time we have a proposed location in the SW/4 of Section 11 and present plans call for the drilling of three additional wells on this lease.

In support of this request for Hearing, we submit the following information:

1. The leases to be commingled are contiguous.
2. Both leases will be produced from a common reservoir.
3. Both of the leases to be commingled are Federal Leases and the royalty ownership is common throughout.
4. The USGS has no objection to the proposed commingling.
5. The existing tankage is sufficient to adequately receive, measure, and store the production from both leases, and adequate facilities will be installed to efficiently test each individual well.

April 22, 1959

6. The production from the Navajo Tribe of Indians "G" Lease will be measured through approved USGS and Oil Conservation Commission recording meters.
7. The proposed commingling will not result in waste or impair correlative rights.
8. The owners of all adjoining oil and gas leases have been furnished a copy of this request for Hearing by certified mail.
9. The terrain in this locality is extremely rough and is cut by deep gullies making additional tank battery sites inaccessible. In most cases an all weather road is virtually impossible to construct or maintain.
10. The central tank battery location shown on the attached plat can and will be connected by a pipe line company to insure the continuous flow of oil.

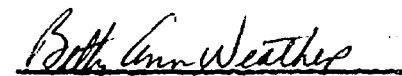
Since we now have sixteen completed wells on the lease and are currently drilling the seventeenth well, it would be appreciated if you would issue temporary permission to store more than sixteen wells in the existing tank battery.

Very truly yours,

HUMBLE OIL & REFINING COMPANY


R. MCCARTY

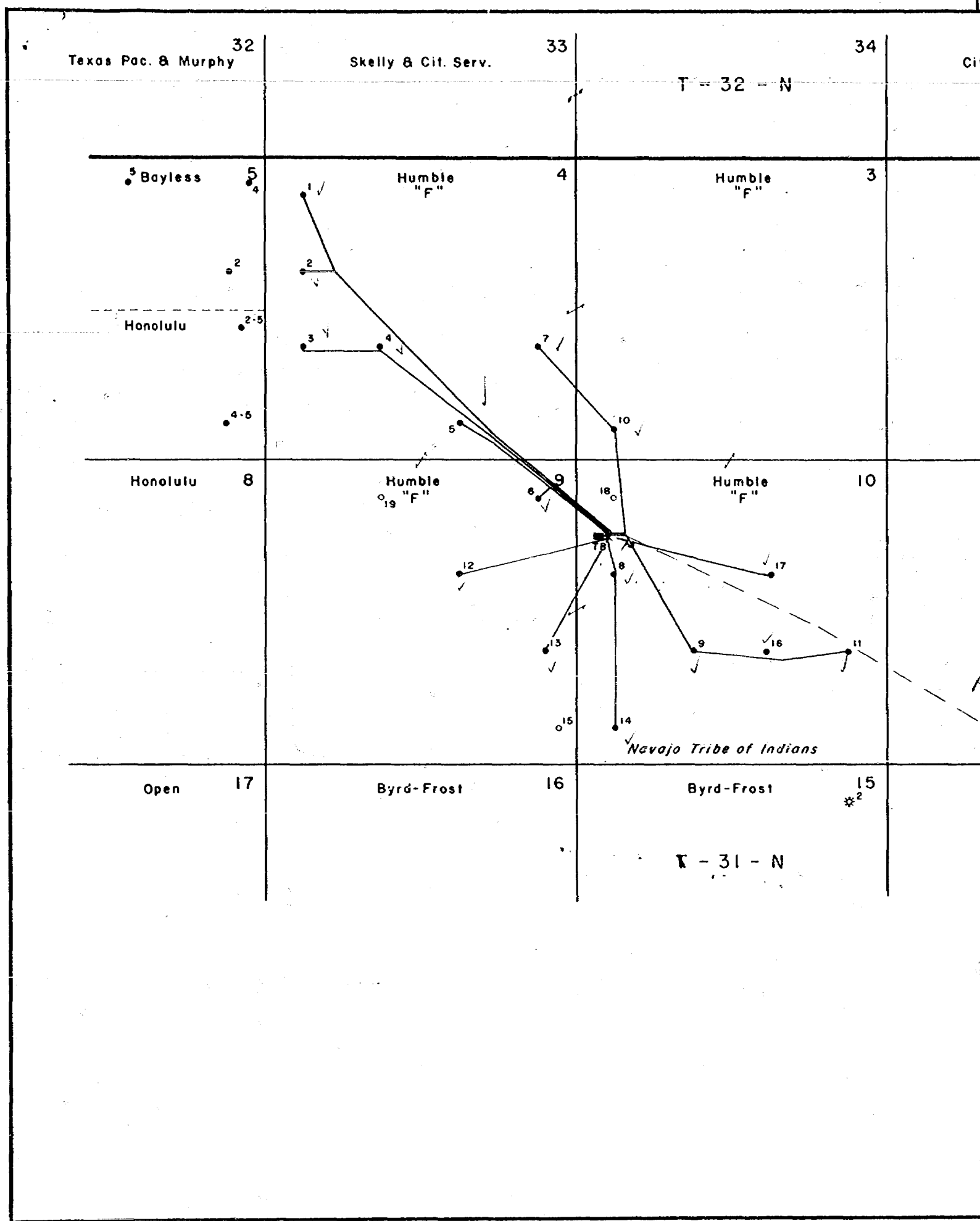
Subscribed and sworn to before me this the 22nd day of April, 1959.

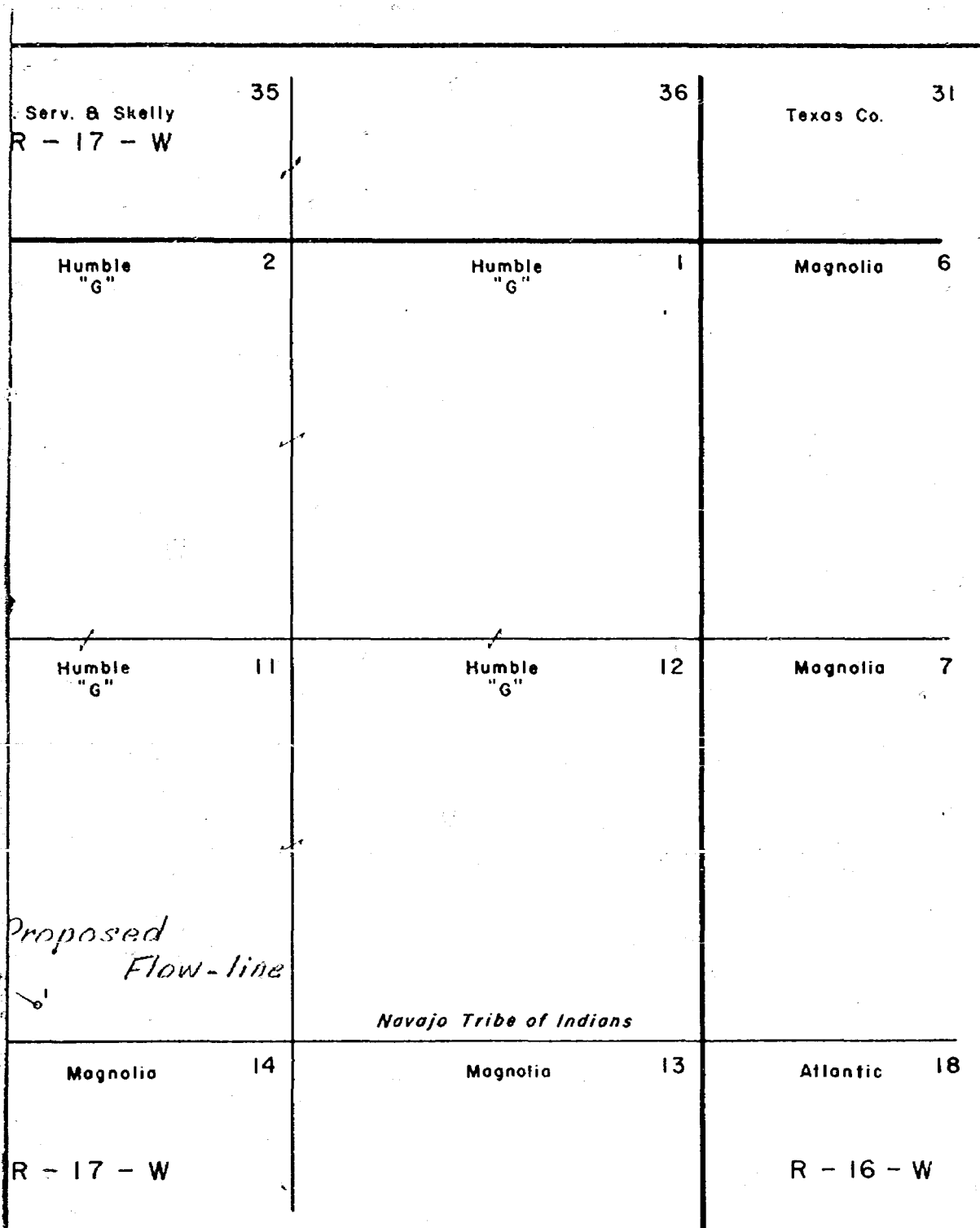

Betty Ann Weathers
Notary Public in and for
Midland County, Texas.

JEP:bw

Enc.

cc: Adjoining Operators





PROPOSED COMMINGLING BETWEEN "F" & "G"
LEASES, NAVAJO TRIBE OF INDIANS
T-31-N, R-17-W, SAN JUAN CO., NEW MEX.

HUMBLE OIL & REFINING COMPANY
PRODUCTION DEPARTMENT
MIDLAND, TEXAS

PRIMARY DESIGN BY	CIVIL ENG. DIV.	SCALE	1" = 2000'
DRAWN BY	D. V. SWENSON	DATE	4-14-59
CHECKED BY		CIVIL ENG. DIV.	FILE NO.
APPROVED BY		W-B 750	
REVISED			

Chimney Rock Field

HUMBLE OIL & REFINING COMPANY

April 22, 1959
MIDLAND, TEXAS

Texas Pacific Coal & Oil Company, Box 4067, Midland, Texas
Honolulu Oil Corporation, Drawer 1391, Midland, Texas
Magnolia Petroleum Company, Box 633, Midland, Texas
Skelly Oil Company, Drawer "H", Monahans, Texas
Cities Service Oil Company, Midland Tower, Midland, Texas
Atlantic Refining Company, Box 1610, Midland, Texas
The Texas Company, Box 1270, Midland, Texas
Byrd-Frost (Address Unknown)

Gentlemen:

Please find attached a copy of Humble's Application for Examiner Hearing to consider an exception to Statewide Rule 309(a) granting permission to store more than sixteen wells in a single tank battery, and to commingle the production from two Federal leases in the Chimney Rock (Gallup) Field, San Juan County, New Mexico.

This request for Hearing is being furnished you as an off-set operator in accordance with the Oil Conservation Commission rules.

Very truly yours,


R. R. MCCARTY

JEP:bw

Enc.

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt STANDARD TIME at point of destination

LA007 KA023

K TUA094 NL PD=TULSA OKLA 20=

O C PAYNE=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=
HAVE NO OBJECTION TO MORE THAN SIXTEEN WELLS IN BATTERY
NOR TO COMINGLING OF HUMBLE F&G LEASES IN 4-31N-17W
SAN JUAN COUNTY=
R L BAYLESS==

UNDERSCORE COMINGLING F&G 4-31N-17W=.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date May 20, 1959

CASE NO. 1676

HEARING DATE May 20, 1959

My recommendations for an order in the above numbered case(s) ~~are~~ ^{is}
as follows:

Enter an order approving application
of Humble O. & R. Co. to produce more
than sixteen (16) wells into a common
tank battery and to commingle the
productions from their Navajo (Tribe
of Indians) "F" and "G" leases.

Navajo lease located in Sections
3, 4, 9 and 10, T-31-North, R-17-West
San Juan Co.

Common tank battery located in
Section 10, T-31-N, R-17W on Navajo "F"
lease

Navajo "G" lease loc in Section 12, 11 and 12, Township
31-N
R-17-W.
E. J. Fischer
Staff Member

DOCKET: EXAMINER HEARING MAY 20, 1959

Oil Conservation Commission, 9 a.m., Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before E. J. Fischer, Examiner

- CASE 1673: Application of Standard Oil Company of Texas for an amendment of Order Nos. R-1067 and R-1124. Applicant, in the above-styled cause, seeks an amendment of Order Nos. R-1067 and R-1124 to permit the utilization of dump type meters in lieu of positive displacement meters on certain leases in the Atcka Pool, Eddy County, New Mexico.
- CASE 1674: Application of Continental Oil Company for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its M. E. Wantz Well No. 4-A located in the SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Blinebry Gas Pool and the production of oil from the Wantz-Abo Pool through the casing-tubing annulus and the tubing respectively.
- CASE 1675: Application of Hill and Meeker for six non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing six non-standard oil proration units for Delaware production on its State "36" Lease comprising all of partial Section 36, Township 26 South, Range 32 East, Lea County, New Mexico, with each of said non-standard oil proration units to consist of approximately 44 acres.
- CASE 1676: Application of Humble Oil & Refining Company for permission to produce more than sixteen wells into a common tank battery and to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Gallup production from its Navajo "F" Lease comprising Sections 3, 4, 9, and 10 with the Gallup production from its Navajo "G" Lease comprising Sections 1, 2, 11, and 12, all in and adjoining the Chimney Rock-Gallup Oil Pool, Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks authority to produce more than sixteen wells into said common tank battery.
- CASE 1677: Application of The Texas Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its V. M. Henderson Well No. 2 located in the NE/4 NE/4 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of gas from the Blinebry formation adjacent to the Blinebry Gas Pool.
- CASE 1678: Application of Rice Engineering and Operating, Inc. for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing it to recomplete its Gulf Oberholtzer Well No. 2 as a salt water disposal well in the Devonian formation; said well is located 1980 feet from the North line and 2310 feet from the West line of Section 7, Township 12 South, Range 38 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the Devonian formation in the interval from 12,206 feet to 12,400 feet.

- CASE 1679: Application of Western Oil Fields, Inc., for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of an 80-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the NW/4 SE/4 and the NE/4 SW/4 of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Gulf Hill Well No. 1, located 1980 feet from the South and East lines of said Section 4.
- CASE 1680: Application of Graridge Corporation for capacity allowables for eight wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for eight wells situated in the project area of its water flood project in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- CASE 1681: Application of The Ibex Company for a capacity allowable for one well in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Welch Duke State Well No. 18 in the project area of its Artesia Water Flood Project No. 2, Artesia Pool, Eddy County, New Mexico.

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

Care File

April 29, 1959

C
O
P
Y

Humble Oil & Refining Company
P.O. Box 1600
Midland, Texas

ATTENTION: Mr. R. R. McCarty

Gentlemen:

Reference is made to your application dated April 22, 1959, for an exception to Rule 309 (a) for your Navajo Tribe of Indians "F" Lease, Chimney Rock-Gallup Pool, San Juan County, New Mexico. This application will be docketed for the May 20th examiner hearing in Santa Fe, New Mexico.

After due consideration, the Commission must decline your request for permission to commingle the production from more than sixteen wells into a common tank battery prior to a hearing on the matter. This could be done only by way of an emergency order and we do not feel that the requisite emergency exists in this case.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

ALP/OEP:bp

CC-Emery Arnold
OCC, Aztec

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

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The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME.

LA2 06

1959 MAY 20

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L EPA203 PD=FAX ELPASO TEX 20 319PMM=
OIL CONSERVATION COMMISSION, STATE CAPITAL ANNEX=
SANTA FE NMEX=

ATTENTION: OLIVER E. PAYNE

EL PASO NATURAL GAS PRODUCTS COMPANY, AS OFFSET
OPERATOR, HAS NO OBJECTION TO THE APPLICATION OF
HUMBLE OIL & REFINING COMPANY ASSIGNED CASE #1676,
TO PRODUCE MORE THAN 16 WELLS INTO A COMMON TANK BATTERY
AND TO COMMINGLE THE PRODUCTION FROM ITS NAVAJO "F"
AND "G" LEASES IN THE CHIMNEY ROCK-GALLUP OIL POOL IN
SAN JUAN COUNTY, NEW MEXICO=

ROLAND L HAMBLIN LAND DEPARTMENT=

Case 1676

THE COMPANY HAS INTERESTED SUGGESTIONS FROM ITS CUSTOMERS CONCERNING ITS SERVICE

R. R. MCCARTY
DIV. SUPERINTENDENT
L. H. BYRD
ASST. DIV. SUPERINTENDENT
H. L. HENSLEY
ASST. DIV. SUPERINTENDENT
H. E. MEADOWS
ASST. DIV. SUPERINTENDENT
J. W. GRAYNEAL
DIV. PETROLEUM ENGINEER
R. A. ESTES
DIV. CIVIL ENGINEER

HUMBLE OIL & REFINING COMPANY

WESTERN DIVISION
P. O. BOX 1600

MIDLAND, TEXAS

April 15, 1959

*last hearing
in May
Case 1676*

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

*Requires a
filing.*

Gentlemen:

Humble is the owner and operator of a lease styled the Navajo Tribe of Indians "F" in the Chimney Rock (Gallup) Field, San Juan County, New Mexico.

By referring to the enclosed plat you will note that we have thirteen completed oil wells and have made location for several additional wells. We have constructed a central tank battery located in the NW/4 of Section 10 to serve this four section lease. This battery consists of 2-1000 barrel tanks, two oil and gas separators, and all of the equipment necessary to test each individual well.

Since we will have more completed wells on this lease than the sixteen allowed in a single tank battery as prescribed in Rule 309(a), it would be appreciated if the Oil Conservation Commission would grant us an Administrative exception to this rule so that we can produce all of the wells drilled on this lease into the central tank battery.

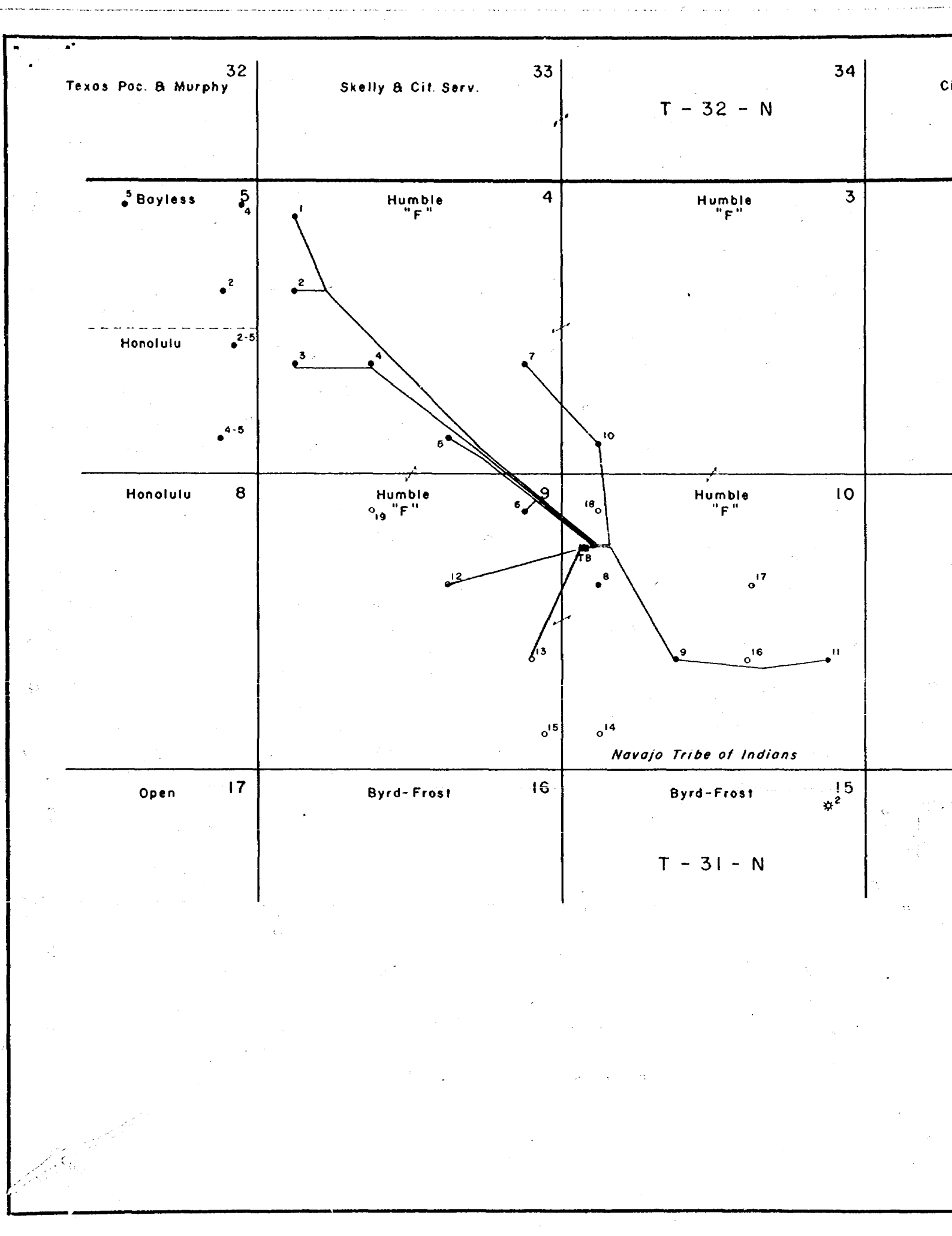
Since these wells are completed at approximately 950 feet and require approximately four days drilling time, it would be appreciated if this request could be handled at your earliest convenience. Well No. 14 is presently drilling at 100 feet.

Very truly yours,

R. R. McCarty
R. R. MCCARTY

JEP:bw

Enc.





UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

IN REPLY REFER TO:

May 13, 1959

Humble Oil & Refining Company
P. O. Box 1600
Midland, Texas

Attention: Mr. R. R. McCarty

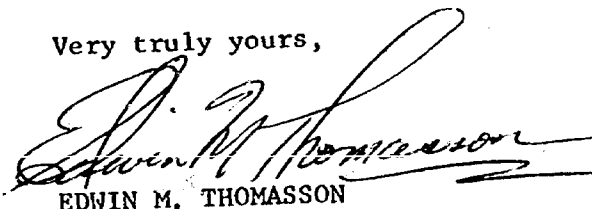
Gentlemen:

Your letters of April 15 and May 5, 1959, request approval to commingle oil from Navajo tribal leases No. 14-20-603-2033 and No. 14-20-603-2034 referred to in your letter as your "G" and "F" leases. Both leases are located in the Chimney Rock (Gallup) field of San Juan County, New Mexico.

It is your proposal to commingle oil from your "F" and "G" leases in a central tank battery to be located on your "F" lease. You have indicated that metering separators will be provided so that production can be measured from each separate leasehold. Adequate testing facilities will be installed to take periodic individual well tests on each separate leasehold.

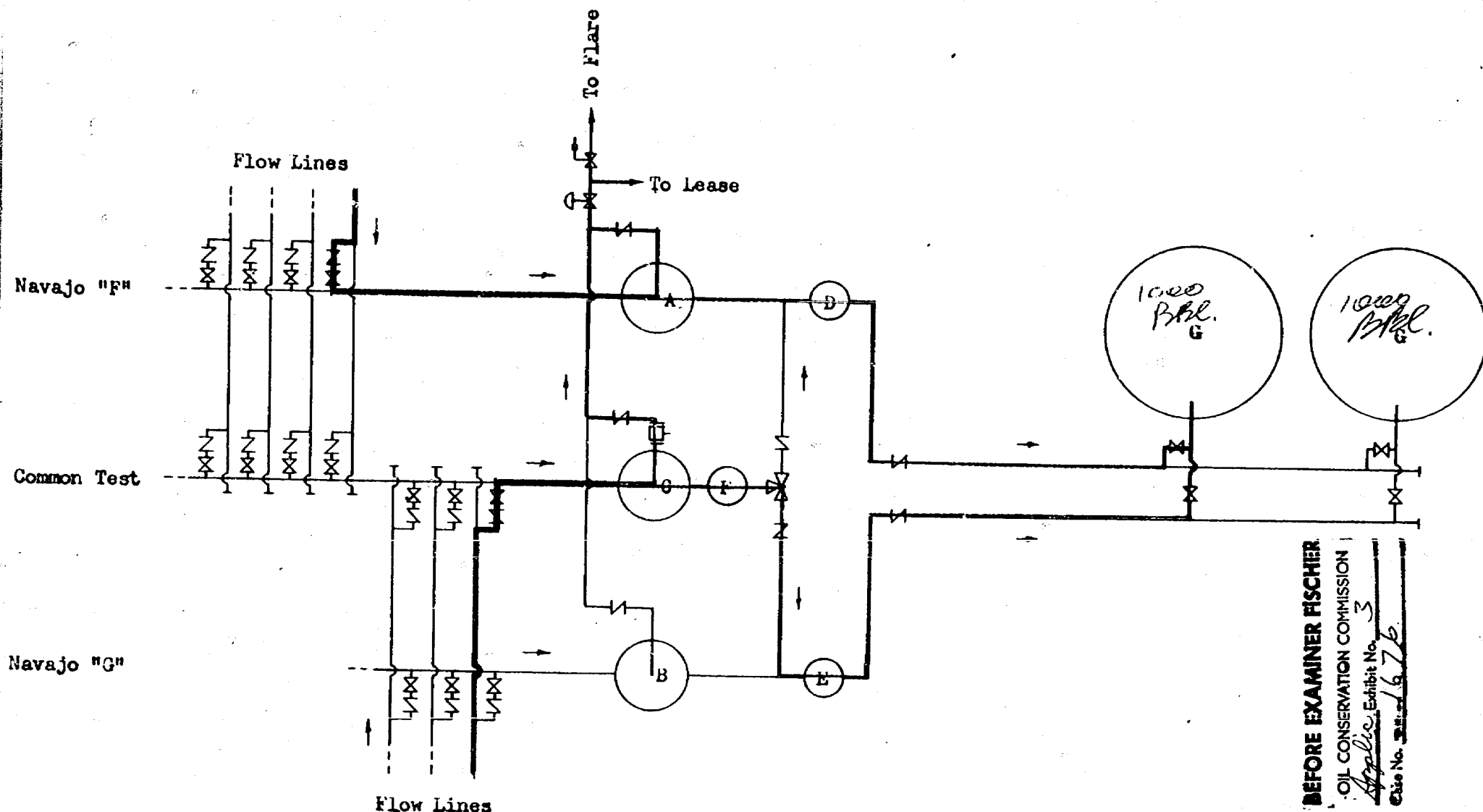
The method that you propose for metering and storage of oil produced from Navajo tribal leases No. 14-20-603-2033 and No. 14-20-603-2034 is satisfactory to this office. It is assumed that periodic meter calibration tests will be made to assure accuracy of measurement.

Very truly yours,


EDWIN M. THOMASSON

Acting Oil and Gas Supervisor

BEFORE EXAMINER FISCHER
OIL CONSERVATION COMMISSION
Applicant Exhibit No. 1
Case No. 1676



Legend: A - Navajo "F" production separator
 B - Navajo "G" production separator
 C - Common test separator
 D - Navajo "F" lease meter
 E - Navajo "G" lease meter
 F - Common test meter
 G - Storage tank
 — Oil flow
 - - Gas flow

SCHEMATIC DIAGRAM OF PROPOSED METHOD
 FOR COMMINGLING PRODUCTION FROM
 HUMBLE'S NAVAJO "F" AND NAVAJO "G"
 LEASES, CHIMNEY ROCK GALLUP POOL,
 SAN JUAN COUNTY, NEW MEXICO