

CASE 1767: Application of EL PASO  
PRODUCTS for production of a maxi-  
mum of 35 wells in Horseshoe-Gallup.

Case No.

1767

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
SEPTEMBER 30, 1959.

IN THE MATTER OF:

Application of El Paso Natural Gas Products  
Company for permission to produce more than  
16 wells in a common tank battery. Applicant,  
in the above-styled cause, seeks an order  
authorizing the production of a maximum of 35  
wells in the Horseshoe-Gallup Oil Pool into a  
common tank battery. Said wells are located on  
applicant's Horseshoe Ute Lease comprising por-  
tions of Sections 27, 28, 33 and 34, Township  
31 North, Range 16 West, San Juan County, New  
Mexico.

CASE NO.

1767

BEFORE:

Mr. Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please.  
We will take the next Case, Number 1767.

MR. PAYNE: Case Number 1767. Application of El Paso  
Natural Gas Products Company for permission to produce more than  
16 wells in a common tank battery.

MR. SPANN: Charles Spann, 904 Simms Building, Albu-  
querque, representing the applicant. We have one witness.

(Witness sworn.)

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J O H N K. S T R O T H E R, a witness called by and on behalf of



applicant, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SPANN:

Q State your name?

A John K. Strother.

Q Will you state your residence and employment?

A Farmington, New Mexico, employed by the El Paso Natural Gas Company and Petco, the same company.

MR. SPANN: Are his qualifications accepted?

A Yes, sir.

MR. SPANN: Is this witness qualified?

MR. NUTTER: Yes, sir, proceed.

Q (By Mr. Spann) Mr. Strother, do you recall testifying in Case 1729, an application to produce 21 wells to a tank battery on the same basis as the one involved in this application?

A Yes, sir.

Q Now, that testimony was July 28, 1959, is that correct?

A That's correct, sir.

Q Now, at that time you testified concerning the leasehold, the area involved, you introduced an exhibit to show the area, that being your Exhibit 1 in that case; you also testified the way the wells would be metered, and the production measured going in this battery, and location of battery, and volume which was -- that you had at that time. Now, would your testimony



concerning those items be the same now as it was at the time that last --

A Yes, sir.

Q And you also introduced exhibits 2 and 3, at which time were exhibits showing the savings that were insured to El Paso in the event you were permitted to produce into the central battery, and would your testimony, or would those exhibits be pertinent to show a savings in this application?

A Yes, sir.

MR. SPANN: If the Examiner, please, I'm trying to save time here, in view of Mr. Strother's testimony, rather than my asking him individual questions concerning those items, I would like to request that the transcript of the hearing 1729 be considered as evidence in this hearing, and the exhibits introduced there be considered in this hearing.

MR. NUTTER: We can incorporate the entire record from that case into this case.

MR. SPANN: I would like some additional explanation, to bring the application up to date.

MR. NUTTER: If there is no objection, the record in Case Number 1729 will be incorporated into the record in this case.

Q (By Mr. Spann) Now, at this time you testified in Case 1729 that you were seeking the right to produce 21 wells into this tank battery. Now, your present application is to produce



additional wells into this battery. Now, what has occurred since the July 20th hearing, which you feel necessitates your authority to produce these wells into the central battery?

A Since that date we have drilled the Horseshoe Number 22 and 23; they are presently recovering load oil, and within the week we will be recovering new oil.

Q So there is an emergency to drill additional wells into this battery?

A Yes, sir.

Q With this well, there would be 23 producing in this lease, is that right?

A At the present time, yes, sir.

Q Now, how many additional wells might be drilled to completely drill out this acreage?

A Possibly 24 additional wells.

Q Which added to the 23 would be --

A A total of 47.

Q 47. Now, do you seek authority to produce all of those wells that are connected into this central tank battery?

A Yes, sir.

Q In connection with that, will you increase the storage at the central location to assure that the production is properly measured?

A Yes, sir.

Q Would you just explain how much additional storage



would be needed?

A Presently, we have 1600 barrel storage with the existing 21 wells, and as we develop our wells, which we do not intend to do in any rapid manner, we will add additional storage to be adequate for our production. Presently, our allowable is off this month almost 1900 barrels, a thousand ninety dollars, for the 21 wells. As we add more wells, we will have to have more storage to facilitate our --

Q Now, sufficient storage will be added to prevent waste of oil?

A Yes, sir.

Q Will the producing of oil from the wells which might be drilled and produced on this lease-hold into the central battery, sufficient, requested for the Dakota, will that cause waste?

A No, sir.

Q Will equity rights be protected?

A Yes, sir.

Q Actually, there is just one oil interest involved here?

A Yes, sir.

Q You will install adequate facilities to measure and test this production?

A Yes, sir.

MR. SPANN: That's all.

MR. NUTTER: Any questions of Mr. Strother?



CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Strother, you mentioned that you currently have 18 wells completed, I think, and --

A As of the hearing on the 28th of July we had, we were drilling our Number 18; presently we have 21 wells completed, and we are recovering oil from 22 and 23 now.

Q Oh; now you mentioned you may have 47 wells?

A Yes.

Q Were you aware that the application of El Paso Natural Gas Company, as well as the advertisement of the case seeks an order for a maximum of 35 wells --

A Yes, sir.

Q -- into the common battery?

A Yes, sir.

Q It would appear the limitation of the order will probably be 35 wells, inasmuch as the case was advertised and docketed. Do you have more than one test system into which the wells are produced, and then fenced<sup>2</sup> into a single battery?

A At present we have one test system.

Q You would probably have to have two test systems, wouldn't you?

A Yes, sir.

Q You would have to test each well once a month?

A Yes, sir.





Q And the basic system for the producing and handling of the oil is the same as it was when you testified in Case 1729?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Strother? He may be excused. Does anyone have anything further?

MR. SPANN: I would just like to say that if it is within the terms of the notice, I haven't seen it; we would like our application amended to show that we are seeking authority to produce all of the wells which might be developed on this lease into the central tank battery. I do not know if the notice will permit; if it does, we want to amend it.

MR. NUTTER: We will amend the application, but the notice has already been made.

MR. SPANN: Well, I hadn't seen the notice.

MR. PAYNE: The difficulty is, our position is our advertisement was jurisdictional and it will be some time before we get to it.

MR. NUTTER: Take this case under advisement.



STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF BERNALILLO )

I, G. R. GONZALEZ, Court Reporter, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 10th day of November, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

G. R. Gonzalez  
G. R. GONZALEZ, Court Reporter.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's Office No. 1767, heard by me on 9-30, 1959.

James, Examiner  
New Mexico Oil Conservation Commission



**DEARNLEY-MEIER REPORTING SERVICE, Inc.**

ALBUQUERQUE, NEW MEXICO

PHONE (CH 3-6691)

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DOCKET: EXAMINER HEARING SEPTEMBER 30, 1959

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

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary-Director.

CONTINUED CASE

CASE 1739: Application of Shell Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Henshaw Deep Unit Agreement comprising 4824 acres, more or less, of Federal and State lands in Township 16 South, Ranges 30 and 31 East, Eddy County, New Mexico.

NEW CASES

CASE 1760: Application of The Atlantic Refining Company for an automatic custody transfer system and for permission to produce more than 16 wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from all Horseshoe-Gallup oil wells on its Navajo "B" Lease comprising certain acreage in Township 31 North, Range 16 West, San Juan County, New Mexico.

CASE 1761: Application of Stanton Oil Company, Ltd., for a pilot water flood project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Turkey Track Pool in Eddy County, New Mexico, by the injection of water into the Queen formation through four wells located in Section 34, Township 18 South, Range 29 East.

CASE 1762: Application of Newmont Oil Company for an unorthodox water injection well location. Applicant, in the above-styled cause, seeks an order authorizing it to reopen and utilize for water injection a well located on an unorthodox location at a point 1620 feet from the North line and 1020 feet from the West line of Section 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.

CASE 1763: Application of Southwestern Hydrocarbon Company for an order abolishing the Sawyer-San Andres and South Sawyer-San Andres Oil Pools in Lea County, New Mexico, and creating the Sawyer-San Andres Gas Pool; or in the alternative for an order extending the horizontal limits of the South Sawyer-San Andres Oil Pool to include the NE/4 of Section 6, the N/2 of Section 5 and the NW/4 of Section 4, Township 10 South, Range 38 East, Lea County, New Mexico, and removing all gas-oil ratio limitations for wells in said pool; or in the alternative for an order combining the Sawyer-San Andres and the South Sawyer-San Andres Oil Pools, as well as the intervening acreage, and removing all gas-oil ratio limitations for such pool.

CASE 1764: Application of Standard Oil Company of Texas for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in the Atoka-Pennsylvanina Gas Pool, at a point 1850 feet from the South line and 1650 feet from the East line of Section 14, Township 18 South, Range 26 East, Eddy County, New Mexico.

- CASE 1765: Application of The Ohio Oil Company for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Lower San Andres formation through its State B-4286 "A" Well No. 2, located in Unit F, Section 2, Township 17 South, Range 36 East, Lea County, New Mexico. The proposed injection interval is from 5725 feet to 5968 feet.
- CASE 1766: Application of Northwest Production Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its "S" Well No. 16-2, located in the SW/4 SW/4 of Section 2, Township 24 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to produce oil from an undesignated Gallup oil pool and to produce oil from an undesignated Dakota oil pool through parallel strings of tubing.
- CASE 1767: Application of El Paso Natural Gas Products Company for permission to produce more than 16 wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing the production of a maximum of 35 wells in the Horseshoe-Gallup Oil Pool into a common tank battery. Said wells are located on applicant's Horseshoe Ute Lease comprising portions of Sections 27, 28, 33 and 34, Township 31 North, Range 16 West, San Juan County, New Mexico.
- CASE 1768: Application of T. F. Hodge for the rededication of acreage assigned to three oil wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order rededicating the acreage assigned to three oil wells on his Mary E. Wills Lease, Section 33, Township 26 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico. Applicant proposes to dedicate 40 acres to each of the three wells, said 40-acre units not to comprise a quarter-quarter section or legal subdivision.
- CASE 1769: Application of Pan American Petroleum Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Northeast Hogback Unit Agreement, comprising 10,572 acres, more or less, in Township 30 North, Range 16 West, San Juan County, New Mexico.
- CASE 1770: Application of Pan American Petroleum Corporation for approval of a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the automatic custody transfer of oil produced from its Lois Wengerd Lease in Sections 23 and 24, Township 12 South, Range 37 East, Gladiola-Devonian Pool, Lea County, New Mexico.
- CASE 1771: Application of Pan American Petroleum Corporation for approval of a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the automatic custody transfer of oil produced from its USA Malco Refinery "F" Lease, Section 1, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 1772: Application of Pan American Petroleum Corporation for approval of an automatic custody transfer system for four state leases in the Empire-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order amending Order No. R-1292 to provide for automatic custody transfer of oil commingled thereunder.

- CASE 1773: Application of Pan American Petroleum Corporation for approval of two automatic custody transfer systems for seven federal leases in the Empire-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order amending Order No. R-1399 to provide for automatic custody transfer of oil produced into the two commingled tank batteries authorized therein.
- CASE 1774: Application of Continental Oil Company for a non-standard gas unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas unit in an undesignated Tubb gas pool consisting of the E/2 NW/4 and the W/2 NE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Britt B-15 No. 10 Well, located in the SW/4 NE/4 of said Section 15.
- CASE 1775: Application of Continental Oil Company for a non-standard gas unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas unit in an undesignated Tubb gas pool consisting of the E/2 SE/4 of Section 15 and the W/2 SW/4 of Section 14, all in Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's SEMU Well No. 70, located in the NW/4 SW/4 of said Section 15.
- CASE 1776: Application of Continental Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for nine wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:  
Ascarate D-24 Well No. 1, Unit J, Section 24, T-25-S, R-36-E, Danciger A-8 Well No. 2, Unit P, Section 8, T-23-S, R-36-E, Jack A-20 Well No. 4, Unit G, Section 20, T-24-S, R-37-E, Jack A-29 Well No. 3, Unit H, Section 29, T-24-S, R-37-E, Meyer A-29 Well No. 1, Unit O, Section 29, T-22-S, R-36-E, Meyer B-28 Well No. 1, Unit E, Section 28, T-22-S, R-36-E, State A-32 Well No. 4, Unit F, Section 32, T-22-S, R-36-E, Stevens A-34 Well No. 1, Unit E, Section 34, T-23-S, R-36-E, Wells B-1 Well No. 1, Unit A, Section 1, T-25-S, R-36-E, all in Lea County, New Mexico.
- CASE 1777: Application of El Paso Natural Gas Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for two wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its E. J. Wells Lease Well No. 13, Unit L, Section 5, and its Wells B-4 Lease Well No. 1, Unit D, Section 4, both in Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for their overproduced status without being completely shut-in in order to prevent possible waste.
- CASE 1778: Application of Olsen Oils, Inc., for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for four wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:  
Cooper B Well No. 2, NE/4 NW/4 of Section 14, T-24-S, R-36-E, Myers B Well No. 1, SE/4 NW/4 of Section 13, T-24-S, R-36-E, S. R. Cooper Well No. 1, SE/4 NE/4 of Section 23, T-24-S, R-36-E, Winningham Well No. 3, NE/4 SE/4 of Section 30, T-25-S, R-37-E, all in Lea County, New Mexico.

- CASE 1779: Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for four wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:  
Legal Well No. 2, NE/4 SE/4 of Section 21,  
Dyer Well No. 3, SE/4 NE/4 of Section 31,  
Jenkins Well No. 2, NE/4 SW/4 of Section 29,  
Ropollo Well No. 1, SW/4 NW/4 of Section 28,  
all in Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1780: Application of Husky Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Montecito Woolworth Well No. 2, Unit M, Section 33, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.
- CASE 1781: Application of Texaco, Inc. for permission to continue producing an over-produced Jalmat gas well at a lesser rate. Applicant, in the above-styled cause, seeks an order authorizing it to produce its C. C. Fristoe (b) NCT-4 Well No. 2, Unit M, Section 31, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, at a maximum rate of 2500 MCF per month for lease use until over production has been compensated for.

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

October 19, 1959

Mr. Charles C. Spann  
Box 1031  
Simms Building  
Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, El Paso Natural Gas  
Products Company, we enclose two copies of Order  
No. R-1454-A in Case No. 1767, issued by the Oil  
Conservation Commission on October 19, 1959.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Enclosures: (2)

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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. 1767  
Order No. R-1454-A

APPLICATION OF EL PASO NATURAL  
GAS PRODUCTS COMPANY FOR PER-  
MISSION TO PRODUCE MORE THAN  
16 WELLS IN A COMMON TANK  
BATTERY IN THE HORSESHOE-  
GALLUP OIL POOL IN SAN JUAN  
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 30, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 17<sup>th</sup> day of October, 1959, the Commission, a quorum being present, having considered the application the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 by Order No. R-1454, the applicant was authorized to produce a maximum of 21 Horseshoe-Gallup oil wells located on its Horseshoe Ute Lease comprising portions of Sections 27, 28, 33, and 34, Township 31 North, Range 16 West, N.M.P.M., San Juan County, New Mexico, into a common tank battery.

(3) That additional Horseshoe-Gallup oil wells have been completed on said Horseshoe Ute Lease and the applicant seeks an amendment of Order No. R-1454 to allow the production of a maximum of 35 Horseshoe-Gallup oil wells into said common tank battery.

-2-

Case No. 1767

Order No. R-1454-A

(4) That Order No. R-1454 should be amended as requested.

IT IS THEREFORE ORDERED:

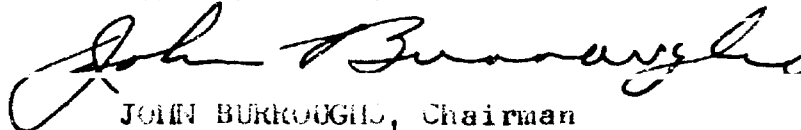
That Order No. R-1454 be and the same is hereby amended to authorize El Paso Natural Gas Products Company to produce into a common tank battery a maximum of 35 oil wells presently or hereafter completed in the Horseshoe-Gallup Oil Pool on the applicant's Horseshoe Ute Lease No. 14-20-604-1951 comprising portions of Sections 27, 28, 33, and 34, Township 31 North, Range 16 West, N.M.P., San Juan County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of each well at least once each month.


PROVIDED FURTHER, That the applicant shall install sufficient storage tanks to prevent the overflow and wasting of oil produced into said common tank battery.

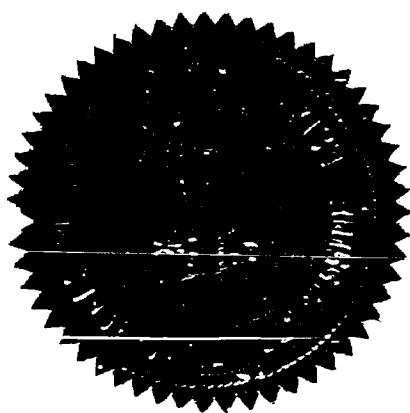
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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



lcr/



**EL PASO NATURAL GAS PRODUCTS COMPANY**

EL PASO, TEXAS

August 24, 1959

ADDRESS REPLY TO  
POST OFFICE BOX 1565  
FARMINGTON, NEW MEXICO

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

On July 30, 1959 Order R-1454 was issued authorizing the El Paso Natural Gas Products Company to produce a maximum of 21 oil wells on the Horseshoe Ute Lease No. 14-20-604-1951, comprising portions of Sections 27, 28, 33 and 34, Township 31N, Range 16W, NMPM, San Juan County, New Mexico, into a common tank battery.

The El Paso Natural Gas Products Company requests that the maximum number of wells to be produced into a common tank battery on the lease be increased to 35 oil wells. If this request cannot be authorized by administrative approval we request a hearing as soon as possible.

Adequate facilities will be installed to permit the testing of each well at least once each month. Sufficient storage tanks will be installed to prevent the over-flow and wasting of oil produced into said common battery.

Thank you very much for your immediate attention to this matter.

Very truly yours,

*Ewell N. Walsh*  
Ewell N. Walsh  
Division Petroleum Engineer

ENW:EW

cc: Mr. J. C. Vandiver  
Petro-Atlas, Inc.  
Banner Drilling Company

*Submitted  
9-15-59  
JCV*

*make record  
1929 into  
this letter*

*10-1-59  
10-1-59  
10-1-59*