CASE 1781: Application of TEXACO, Inc. for permission to continue producing an overproduced Jalmat gas well at a lesser rate (Fristoe (b) NCT-4 -#2.

1091/mo

1088
1218
1301

1018
983
1230
989
1052
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1146

Case No.

201

Application, Transcript,
Small Exhibits, Etc.

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. 1781
Order No. R-1513

APPLICATION OF TEXACO, INC. FOR
AN ORDER PERMITTING AN OVERPRO-
DUCED JALMAT GAS WELL IN LEA
COUNTY, NEW MEXICO TO COMPENSATE
FOR ITS OVERPRODUCED STATUS AT A
LESSER RATE THAN COMPLETE SHUT-
IN, IN EXCEPTION TO ORDERS NOS.
R-520 AND R-967

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 ________ 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 the applicant is the owner and operator of the C. C. Fristoe "B" Lease comprising the W/2 SW/4 of Section 31, Township 24 South, Range [illegible] East, NMPM, Lea County, New Mexico, which acreage is dedicated to the NCT-4 Well No. 2, a Jalmat gas well located in the SW/4 SW/4 of said Section 31.

(3) That the said NCT-4 Well No. 2 is more than six times overproduced and is therefore subject to complete shut-in under the provisions of Order R-520 as amended by Order R-967.

(4) That the applicant requests an exception to said orders to permit the overproduction of the said NCT-4 Well No. 2 to be compensated for at a lesser rate than complete shut-in in order to allow production of sufficient quantities of gas from the casinghead connection for normal lease operation on the C. C. Fristoe "B" Lease and, after metering, for normal lease operations on the applicant's Egg "A" and "B" Leases; provided, however, that in no event would the total production of gas from said well exceed 2500 MCF per month.

(5) That the El Paso Natural Gas Company connection should be shut-in until the overproduction is made up.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That an exception to Order R-520, as amended by Order R-967, be and the same is hereby granted to permit the applicant to make up the overproduction of the C. C. Fristoe "B" NCT-4 Well No. 2, located in the SE/4 SW/4 of Section 31, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, at a lesser rate than complete shut-in in order to allow the production of sufficient quantities of gas from the casinghead connection for normal lease operation on the C. C. Fristoe "B" Lease and on the applicant's Egg "A" and "B" Leases; provided, however, that in no event shall the total production of gas from said well exceed 2500 MCF per month.

PROVIDED HOWEVER, That the gas used on the Egg "A" and "B" Leases shall be metered before removal from the C. C. Fristoe "B" Lease.

PROVIDED FURTHER, That the El Paso Natural Gas Company connection shall be shut in until the overproduction is made up.

(2) That the effective date of this order is November 1, 1959.

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

Morgan
MURRAY E. MORGAN, Member

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

lcr/

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

October 27, 1959

COPY

Mr. William B. Kelley
P. O. Box 787
Biship Building
Santa Fe, New Mexico

Dear Mr. Kelley:

On behalf of your client, Texaco, Inc., we enclose herewith two copies of Order No. R-1513 issued by the Oil Conservation Commission on October 26, 1959, in Case No. 1781.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

enclosures: (2)

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 agreemnt. 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 overproduced 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.

ig/

TEXACO
INC.
PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

August 31, 1959

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

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

Dear Sir:

Reference is made to your Memo No. 13-59 covering classification of gas wells in southeast New Mexico. Texaco Inc.'s C. C. Fristoe (b) NCT-4 Well No. 2, Jalmat Gas Pool, Lea County, New Mexico, falls in the category of those wells having sizeable amounts of overage after reclassification and subject to shut-in immediately. This well has been the subject of considerable correspondence with the Commission in the past, because of the fact that it furnishes gas for lease fuel to Texaco Inc.'s I. B. Ogg "A" and "B" Leases, which are located approximately two miles to the west, and curtailment or suspension of this source of gas would shut in these leases. On September 14, 1954, in a letter to the Commission, Texaco requested permission to make up overproduction on this well by shutting in the El Paso Natural Gas Company connection while continuing to furnish a maximum of 2500 MCF per month to the Ogg leases for lease fuel purposes. This request was granted by Mr. W. B. Macey in his letter of September 20, 1954.

The conditions presently surrounding the production from this well are essentially the same as described in our letter of September 14, 1954, upon which Mr. Macey made his ruling; therefore we are hereby requesting that the making up of overage for C. C. Fristoe (b) NCT-4 Well No. 2 be accomplished by shutting in the El Paso Natural Gas Company connection only.

Your consideration of this request will be appreciated.

Yours very truly,

H. N. Wade
Division Proration Engineer

Ack't mailed
9-15-59
DR

HNW-JW
RFN
PML
NMOCC, Hobbs, New Mexico

THE TEXAS COMPANY
TEXACO PETROLEUM PRODUCTS

P. O. Box 352
Midland, Texas
October 2, 1959

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

Attn: Mr. Daniel S. Nutter

Re: Examiner Hearing, New Mexico
Oil Conservation Commission
Case No. 1786 held October 1, 1959

Dear Sir:

In compliance with the examiner's request to our Mr. L. M. Foster, attached are permanent-type copies of Exhibit No. 3 and one-half of Exhibit No. 3A to replace the Thermo-Fax copies of same submitted by TEXACO Inc. before the Examiner Hearing of Case No. 1781 held October 1, 1959.

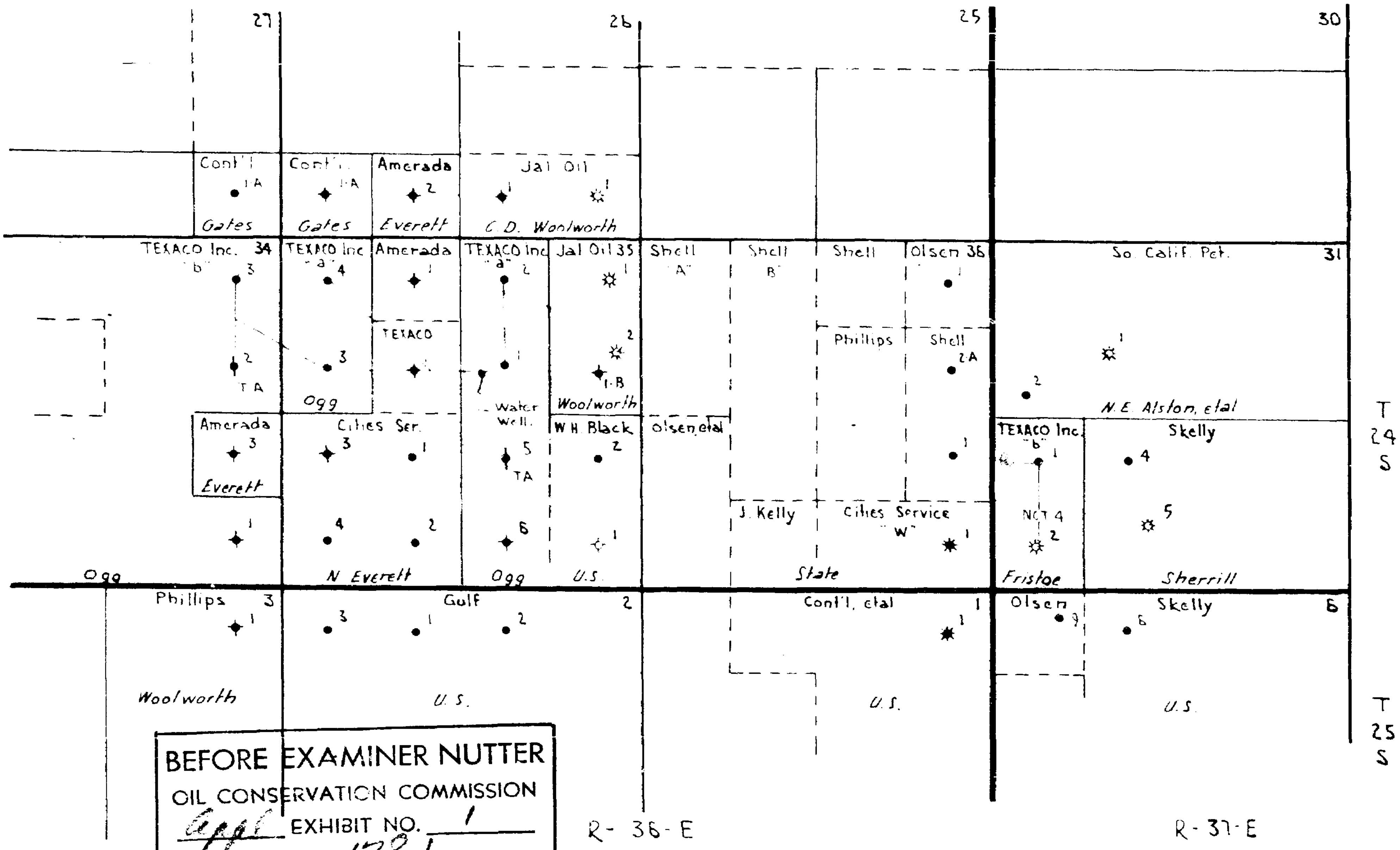
Yours very truly,

John B. Ross

John B. Ross
District Engineer

LMF-MAB

Attachments



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Appl. EXHIBIT NO. 1
CASE NO. 1781

LEGEND:

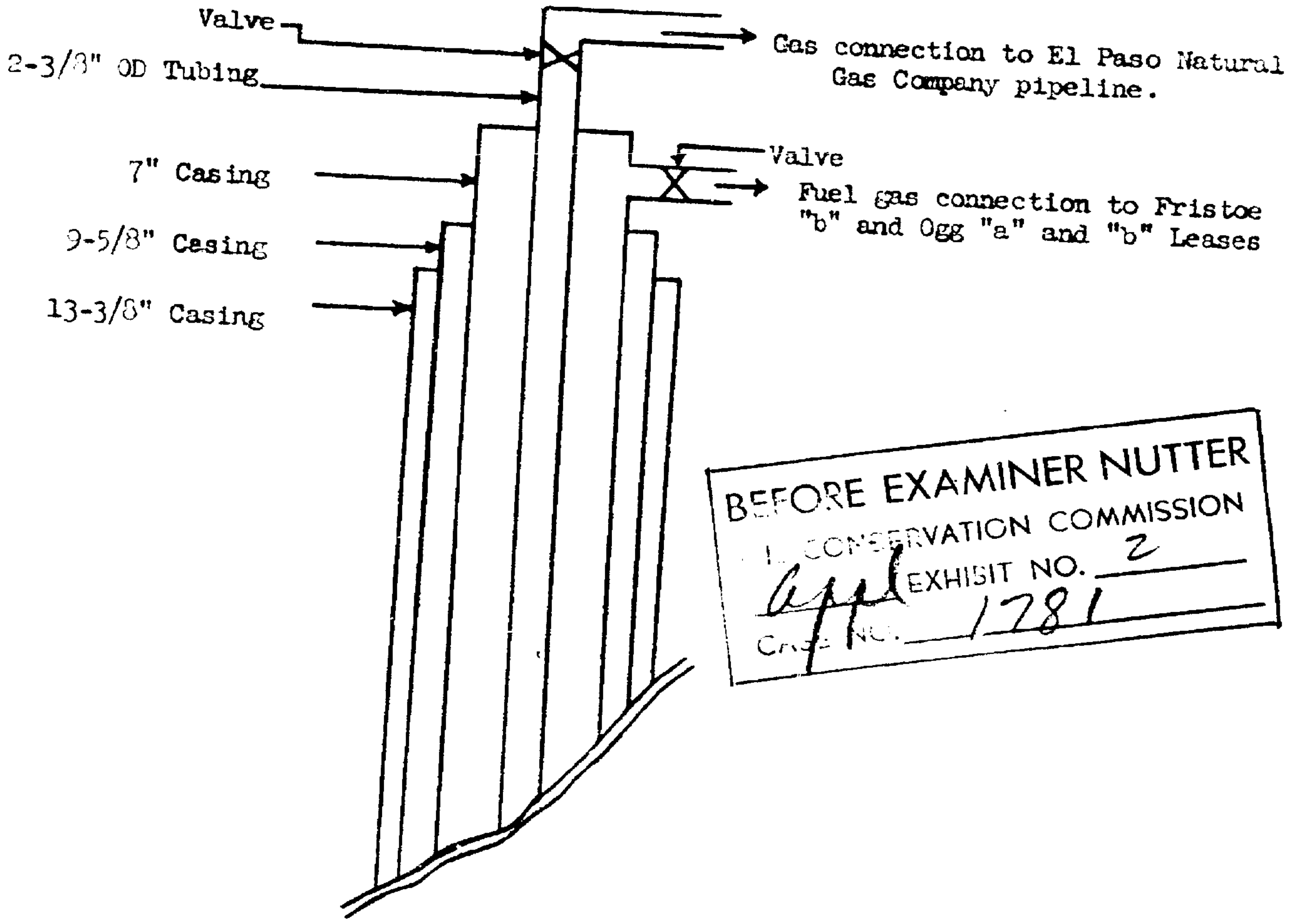
——— 2-inch fuel gas distribution line from Fristoe "b" gas well to Fristoe "b" and Ogg "a" and "b" Leases.

Gas Meter

Plat Showing TEXACO Inc. C. C. Fristoe "b"
(NCT-4) and . B. Ogg "a" and "b" Leases
Lea County, New Mexico

Scale: 1" = 2000' LMF-DDD

Applicant Ex 1
Case 1781



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1781

DIAGRAMMATIC SKETCH OF WELLHEAD
TEXACO Inc. C. C. Fristoe "b" (NCT-4) Well No. 2
Jalmat (Gas) Pool
Unit M, Section 31, T-24-S, R-37-E
Lea County, New Mexico

Ex 2
1781

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
App. EXHIBIT NO. 3
CASE NO. 1781

App. Ex 3
Case 1781

[illegible]

[illegible]

[illegible]

[illegible] subject lease [illegible] in addition to delivering natural gas into the [illegible] Natural Gas Company's line also furnishes gas for [illegible] the engines used in pumping the oil from our [illegible] wells. It also furnishes gas for our [illegible] located on the lease, which is occupied by our pumper [illegible] the requirements for the [illegible] and pumper [illegible] average [illegible]

In order to obtain deliverability and shut-in pressure tests as set out in your Directive dated March 15, 195[illegible], it would be necessary to have our [illegible] Pristos [illegible], [illegible], Well [illegible] from the prior mentioned service for eight days. The only gas we have to substitute during this period is [illegible] lease gas on our [illegible] lease which drowns out frequently, and the gas is very sour. It is [illegible] and hazardous [illegible] in the [illegible] occupied by our pumper.

[illegible] of the [illegible] mentioned objections we are [illegible] for [illegible] deliverability and shut-in [illegible] tests [illegible] subject [illegible]. This [illegible] to [illegible] test on July [illegible] will and only [illegible] advise at your earliest [illegible] formation is agreeable [illegible] the [illegible] have the ruling prior to the [illegible]. Thanking you for [illegible] in this connection.

Yours very truly,

[illegible] COMPANY

District Superintendent

By [illegible] Baker

LIB-DFA

AEN-TPD-[illegible]

7/7/34
Mr Stanley advises he talked to
San Fran on the exemption asked for
and he advised they did [illegible]
he thinks a [illegible] [illegible] not to
take the [illegible] on this project
lease well #2

757

Exh 9

July 2, 1954

Mr. L. I. Baker
The Texas Company
Midland, Texas

Re: Deliverability Tests
C. C. Fristoe "B" NCT 4 #2-M 31-24-37
Rector #2 P 30-21-36
Rector #4 O 30-21-36

Dear Sir:

Reference is made to your letters of June 24 and 25, 1954, addressed to Mr. Stanley J. Stanley, Hobbs, New Mexico, requesting exemption from taking Deliverability Tests on the above captioned wells.

Permission is hereby granted for the exemption of these wells as follows;

1. C. G. Fristoe "B" NCT 4 #2 - M 31-24-37. Reasons: Would interrupt gas service to seven pumping engines as well as pumpers cabin on Ogg A & B leases.

2. Rector #2 P 30-21-36
#4 O 30-21-36

Reason: A portable compressor between wells and El Paso Natural Gas transmission line is not capable of maintaining stabilized flow conditions for testing purposes.

I am in the process of finalizing the friction data and will in the near future furnish this information to all operators.

Very truly yours,

Elvis A. Utz, Gas Engineer

cc: Stanley J. Stanley
ir

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Appl EXHIBIT NO. 3-a
CASE NO. 1781

Appl Ex 3-a
Case 1781

September [illegible], 1954

[illegible] – G. C. FRISTOE (b) NCT-4 WELL NO. 2
Jalmat Gas Pool, Lea County, New Mexico

Oil Conservation Commission
Santa Fe, New Mexico

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

Gentlemen:

The gas proration schedule for the Jalmat Pool for September 1954 shows The Texas Company's G. C. Fristoe (b) NCT-4 Well No. 2 to have a negative allowable for August of -35,742 MCF, and a current allowable for September of 7,590 MCF. According to our calculations its net allowable for September will be -26,860 MCF. Although the cumulative overproduction at the end of August was less than six times the current allowable for September, a check of the records on this well indicates that the cumulative overage for the month of July was in excess of six times the current allowable for that month. Because of our lack of familiarity with the allocation method we failed to comply with Rule 11 of Order No. R-368A, which provided rules for the then designated Jalco Gas Pool, as we did not close in the well during this month although we did restrict its production.

This well is connected to El Paso's gathering system and in addition has another connection which furnishes gas for lease fuel to The Texas Company's I. B. Ogg (a) and (b) Leases, located approximately two miles to the west. It is our intention to close in the El Paso connection until the cumulative overproduction is dissipated, which we expect prior to the end of this year. However, this well represents the only feasible source of lease fuel for the I. B. Ogg Leases. A small and erratic volume of sour gas is produced on the Ogg Leases which is of insufficient volume to operate the seven producing oil wells on these leases. If this source of sweet gas is cut off then operation of our Ogg Leases plus gas service to our pumper's cottage will be discontinued.

By this letter we are advising you that we are discontinuing the sale of gas to El Paso to balance the production against the allowable for this well; however, we are also requesting permission to continue to furnish fuel gas from this well to our Ogg Leases and to the pumper's cottage on the Ogg Lease. We estimate that this gas will amount to not more than 2,700 MCF per month. We will submit nominations for this gas and will report its metered volume on Form C-115.

Yours very truly,

L. W. Folmar
Asst. Div. Petroleum Engineer

LWF-MFP

cc-Mr. Stanley J. Stanley
Hobbs, New Mexico

[illegible] 3

LWF 9/23
WWM 9/23
GRB
FS
CEP
MFP file

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER E.S. WALKER
MEMBER
STATE GEOLOGIST W.B. MACEY
SECRETARY AND DIRECTOR

P. O. Box 871
Santa Fe, New Mexico

September 20, 1954

The Texas Company
Box 1720
FORT WORTH, TEXAS

Attention: Mr. L. W. Folmar

Gentlemen:

We refer to your letter of September 14, 1954, pertaining to your C. C. Fristoe (b) NCT-4, Well No. 2 in the Jalmat Gas Pool, and the allocation adjustment for this well which has resulted in a temporary curtailment of production and sale of gas therefrom.

This letter will constitute your permission to continue to furnish fuel gas from this well to your Ogg Leases and to the pumper's house on the Ogg lease in an amount not to exceed 2,500 MCF per month.

We note that you sent a copy of your letter to Mr. Stanley of the Commission's Hobbs office, and a copy of this letter will also be sent there for verification.

Very truly yours,

W. B. Macey

W. B. Macey
Secretary - Director

WBM:nr

cc: Oil Conservation Commission
Hobbs, N M

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1[illegible]1

TRANSCRIPT OF HEARING

SEPTEMBER 30, 1959

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

- -

IN THE MATTER OF:

CASE 1781 Application of Texaco, Inc. for permission to continue producing an overproduced 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.

- -

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: We will take next Case 1781.

MR. PAYNE: Case 1781. Application of Texaco, Inc. for permission to continue producing an overproduced Jalmat gas well at a lesser rate.

MR. KELLY: My name is William Booker Kelly with Gilbert, White & Gilbert, Santa Fe, and I represent the Texaco Company. I have one witness and ask that he be sworn.

(Witness sworn)

L. M. FOSTER,

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Will you state your name and your employer and your classification, please?

A L. M. Foster, employed by Texaco, Incorporated, as petroleum engineer, assistant to the district engineer in our Hobbs district, located at Midland, Texas.

Q Have you ever testified before in front of this Commission or any of its Examiners, Mr. Foster?

A No, sir.

Q Please state your education and professional experience.

A I have a Bachelor of Science degree from Texas Technological College, Lubbock, Texas in petroleum engineering. I was graduated in 1952. Since that time I have been employed by Texaco, Incorporated. I have two and a half years field experience as a field engineer in drilling, production, and remedial work. Approximately two years as unit engineer of our Cargo Ree Unit at Snyder, Texas dealing with production, remedial work and pressure maintenance in the form of water injection, and for the past two and -- about two and a half years, I have been in our Midland office as assistant to the district engineer, dealing in drilling production, remedial work and unit operation.

MR. KELLY: [illegible]

Commission?

MR. NUTTER: Yes, sir. Please proceed.

Q Are you familiar with the subject application, requesting exception to O.C.C. Memo 1359?

A Yes, sir, I am.

Q Will you state the current production status of C. C. Fristoe (b) NCT-4 Well No. 2?

A C. C. Fristoe NCT-4 Well No. 2 is in the Jalmat Pool. At present, its production status -- these are figures I obtained from our ~~gas~~ gasoline department at Midland -- the cumulative overproduction of the well as of September 30, 1959, is 316,406 MCF. The September allowable is 8,131 MCF; that is an approximate thirty-nine months' overproduction at its current September allowable. This well, as far as I know, was changed from a marginal to non-marginal status, I believe, in March, 1959. And I notice from production records, which I obtained from our gas gasoline department, that from June to September there has been no production from the well to El Paso Natural Gas Company, who are the gatherers for this well.

MR. NUTTER: June when, please?

A June through September.

Q (By Mr. Kelly) Can you tell the Commission why you feel it is necessary to seek this exception?

A Yes, sir. This well, due to its extremely overproduced status, is, of course, subject to immediate shut-in due to being more than six times its current allowable overproduced. This well is furnishing from a casinghead connection fuel gas for one other well on its lease, the Fristoe (b) lease plus wells, certain wells on our I. B. Ogg "A" and "B" leases, approximately two miles to the west. These wells are on a pumping status and are being furnished fuel gas from this well.

Q Is it possible for any of these five wells to furnish their own fuel?

A No, it is not. They do not produce a sufficient amount of gas.

Q Have you studied the feasibility of using butane in this-

A If I may show and explain this Exhibit 1, and use our Exhibit 2, too. I would like to explain Exhibit 1, which is a plat showing Texaco, Incorporated, C. C. Fristoe (b) NCT-4 lease, and the I. B. Ogg "A" and "B" leases in Lea County, New Mexico, the subject gas well, Fristoe (b), if I may refer to it from now on as Fristoe (b) No. 2, is located in Section 34, Township 24, South, Range 37 East. It is 660 from the South and West lines. This Exhibit 1 shows a red line drawn from the subject well to the adjacent location to the north, which is our No. 1 Well in the Langley-Mattix Pool -- oil well. It is being furnished fuel gas for that pumping unit. Thence, the two-inch gas line is shown going through a meter on the Ogg "A" and "B" leases located, as I stated previously, two miles West. Gas is presently being furnished the Ogg -- I. B. Ogg Wells Nos. 1 and 2, shown in the

[illegible]

[illegible]

[illegible]

[illegible] No. [illegible] "B" [illegible]

[illegible] is [illegible] fuel gas being

furnished the [illegible] unit. The [illegible]

wells on the [illegible] "B" and "C" [illegible] either plugged and aban-

oned or [illegible].

[illegible] -- I would like to men-

tion another -- [illegible] -- Section [illegible]. There is a

water well located in the near vicinity of Unit No. 1. Fuel gas

is also being furnished to -- I have it as [illegible] H.P. [illegible] en-

gine on that water well. This [illegible] supplies large water

used by Texaco, and I believe [illegible] is also using some. I believe

that explains this [illegible]. [illegible] I want to bring attention -- there

is a meter located there. The fuel gas to the [illegible] "B"

leases is metered [illegible] (1) [illegible].

Q You [illegible] Exhibit No. 2 at this time.

A Exhibit No. 2 is a diagrammatic sketch of the well-

head of the subject gas well. [illegible] No. 2, showing the [illegible]

that a gas connection to El Paso Natural Gas Company is the tubing

connection with a valve from which it can be closed in. Our fuel

line comes off of our casing -- [illegible] inch casinghead, shown on the

right of the sketch with a valve to shut it off. This sketch

merely shows that we can shut off the gas connection to El Paso,

cease delivering gas to them, and yet maintain an opening for our [illegible].

[illegible] it [illegible] possible for any of [illegible] five wells to furnish their own fuel. [illegible] it ever possible for them to ever furnish their own fuel?

I believe at one time they were furnishing their own fuel. I don't have any other data I can quote. However, I have seen letters in either our Ogg "B" lease file or I believe it is one of the Ogg lease files, wherein there was a request to our company that a recommendation -- rather that a gas line be laid from our Pristoe ([illegible]) Well to our Ogg "A" and "B" leases, stating therein that the amount of gas from the Ogg "A" casinghead was of an erratic nature and [illegible] on top of that, causing corrosion and so forth. However, at the present time the wells will not -- their gas-oil ratios are all too small to measure.

Q How about any other type of fuels such as butane?

A We've investigated the possible use of butane in lieu of the natural gas which we are presently using, and based upon calculations -- rather, based upon the average fuel demand of the Ogg "A" and "B" leases over the past year, which I have an average figure -- metered figure of [illegible] MCF per month, as reported on Commission Form C-[illegible]. This average monthly figure for the past twelve months converted to BTU's and therefore to butane gas, I have calculated the cost of the butane gas to be approximately a thousand and ninety-one dollars per month compared to an average that we are paying now for the natural gas from the [illegible] approximately one hundred and fourteen dollars a month. That's based on ten and a half cents per MCF. My conversion factor for butane -- I think I can remember it -- I used the conversion factor [illegible],300, which, actually, if we had a propane-butane mixture would be somewhere around ninety-five hundred. Actually, it's the lesser figure.

Q Have you considered the use of electricity?

A Yes, sir, however, briefly. Texaco has found out from previous experience, we very seldom put a high water producer on electricity simply because it costs money. I had an estimate, and an estimate only, from our equipment engineering department as to probable cost of electricity for pumping our Ogg "A" and "B" leases, and that figure is approximately nineteen hundred dollars per month.

Q What is the present production of Ogg "A" and "B" wells?

A Present production of the Ogg "A" and "B" Wells, each well produces approximately four barrels of oil per day, each of the Ogg "A" 1, 2. 3, 4 and the Ogg "B" No. 3. They are comparatively high water producers. No. 1 produces -- our last test, I believe in May, showed one thousand and ten barrels of water.

MR. NUTTER: Per day?

A Per day. I might point out something. These are produced by casing pump. The No. 4 produces fifteen hundred and ninety-five barrels of water per day. No. [illegible] produces two hundred and ninety-five barrels of water per day, and the No. 4 one thousand one hundred and twenty barrels of water per day. And the Ogg "B" Well No. 3 produces fifteen hundred and thirty barrels of water per day. I wish to again state these are figures taken off of our last filed C-116 gas-oil ratio survey.

Q (By Mr. Kelly) They all average about four barrels of oil?

A Yes, sir.

Q Then, on that basis, do you feel that the only economic source of fuel will be the Bristoe Well?

A Yes, sir, we feel that -- let me bring this point out. The Ogg (b) Well No. 3, which, as you can see, is the only well that is producing on that lease, actually, the first six months of 1959 -- I just received word -- operated at a slight loss, using the natural gas from the Bristoe (b) Well, and we do -- I found from our Accounting Department -- we do make an actual charge for that gas to that lease. It's felt that should we have to switch to a higher priced fuel, such as butane or electricity or even gasoline -- I mean or gasoline -- that the leases would be uneconomical to operate since they are at this time operating at near economic limit.

Q Do you think you'd have to shut down the other wells, the Ogg "A" and "B" Wells, if this request were not granted?

A Insofar as I know now, we would have to shut the five wells on the Ogg "A" and "B" leases down. Should we not be able to continue use of the natural gas from this gas well.

Q How long would that shutdown period be?

A Our calculation, of course -- I believe I mentioned previously that so near as we know, based upon current allowable and current underproduction, the shutdown period for the gas well will be approximately thirty-nine months or somewhere between three and four years. Therefore, unless we obtained another fuel for our Ogg leases, we would necessarily have to leave those shut down.

Q If these wells were shut down for any length of time, would there be any danger to the wells, in your opinion?

A In my opinion, there definitely would be. I have reports from our field, in fact, that a twenty-four hour shutdown of certain of these wells will result from two to five to six days getting them back on oil production. And, of course, I feel that any prolonged shutdown of the wells will probably result in us not being able to put them on production at all.

Q Then, if the exception is not granted, you feel there will be a premature abandonment that will bring about absolute waste?

A I discussed this problem with other people within the company, and it is our considered opinion at this time that we would probably have to abandon the wells on the Ogg "A" and "B" leases because of their near economic losses in production right now.

Q Has this well, this Fristoe well, ever been exempted from 100 percent shut-in because of any of the facts that you have explained?

A To my knowledge, at least twice previously. And I would like to refer at this time to Exhibits 3 and 3-A. Exhibit 3 is comprised of a letter from Texaco, actually at that time it would have been the [illegible] at that time, dated June 25, 1954, wherein the request was made that we be exempted from taking deliverability and shut-in pressure tests on the Fristoe (b) NCT-4 Well No. 2 because in so doing the well would be down for approximately eight weeks. And stated therein is the -- that the only gas available for our Org "A" and "B" leases is from this well and that was the reason for asking exception. And then by letter dated July 21, 1954 to our Mr. [illegible] Baker, who was at that time gas gasoline district man, gave us exemption for this particular well from deliverability and shut-in pressure tests. Secondly, the Exhibit 3-A, by letter dated September 14, 1954, apparently Texaco was making up some back -- some overproduction by shutting the well in, and the request was made that we be allowed to shut-in the El Paso connection and, however, leave our casing connections furnishing fuel to our Org "A" and "B" leases opened so that -- and make up the overproduction at a lesser rate. Which permission was granted by letter dated September 20, 1954, addressed to our Mr. [illegible], at that time Assistant District [illegible] Mr. [illegible] conclusion, ex- [illegible] present shut-in [illegible] well.

[illegible] MCF [illegible] in the second situation [illegible] requested [illegible] allowed [illegible]. I wish to bring out [illegible] of this request on Septem- ber [illegible], wherein we were allowed 2,[illegible] MCF per month for fuel gas, at that [illegible] on Ogg "[illegible]" and "[illegible]" leases. I don't know which lease it was on. It was on those leases, however. In addition [illegible] the Ogg "A" [illegible]- Well No. 2. and the Ogg "[illegible]" Well No. [illegible] producing at that time. Those are the only differences between the request then and the one we are making today wherein, as I recall, [illegible] for up to a maximum of 2,[illegible] MCF per [illegible]. [illegible], we could not intend using any more than is necessary, [illegible] upon our last yearly average, monthly figure [illegible]. as I brought out, would be 1,[illegible] MCF for the [illegible] "[illegible]" [illegible]. However, since this is, the shut-in [illegible] pretty far in the future, we don't know [illegible]- opment might be made in the area, [illegible] words, future demand [illegible] probably not be furnished [illegible] - dition, of course, we [illegible] per month for the [illegible] - [illegible] with the gas well.

[illegible]

[illegible] your [illegible]?

A [illegible] sir. They [illegible] partially by [illegible] the [illegible] under my direction.

Q And Exhibits [illegible], [illegible] accurate copies of the files in your department?

A They are accurate copies of the files which I found and of the letters that I found in our files.

MR. [illegible]: I move the admission of Exhibits [illegible] through [illegible]-A.

MR. NUTTER: The Turner Exhibits [illegible] through [illegible] will be admitted. However, I would appreciate it if you would furnish us with some permanent copies such as this type of [illegible] of these letters rather than these brown copies; they have a tendency to fade with age. That will be [illegible] and [illegible], I think, [illegible] the copies of.

MR. [illegible]: That's all I have [illegible].

MR. NUTTER: Anyone have any questions of the witness?

CROSS EXAMINATION

By MR. FLINT:

Q Mr. Foster, assuming that you [illegible] per month, what percentage of your [illegible] would it be necessary to produce in order to [illegible] amount of fuel gas?

A [illegible] allowable, which is [illegible], it would be slightly [illegible] over one-third. [illegible] done, and I don't believe that I [illegible] exact percentage.

Q I wanted [illegible] in the nature of [illegible] it would [illegible] of fuel gas?

A I'm sorry to say, I [illegible].

Q Did I understand [illegible] with the current allowable it would [illegible] to make up the overproduction?

A Assuming that was [illegible].

Q So it would [illegible].

A Somewhat in excess [illegible].

MR. [illegible]: [illegible].

QUESTIONS BY MR. [illegible]:

Q Mr. Foster, [illegible] say that the Ogg leases consume [illegible] year, and the [illegible]

A Yes, sir. [illegible] of [illegible] MCF. [illegible] wherein [illegible] in [illegible] "3" [illegible].

gas used on the Ogg leases?

A The only [illegible] uses; [illegible] partly because [illegible] down [illegible] periodically [illegible] or otherwise on the pumping units themselves [illegible].

Q Do you have the actual monthly figures there of each one of those twelve months' consumption --

A Yes, sir.

Q -- on the Ogg leases?

A Yes, sir. Starting with September of [illegible], [illegible]. These are MCF figures. 1,[illegible], [illegible], 1230, [illegible], [illegible], 1,[illegible], 1,[illegible]21, 1,0[illegible], 102[illegible], 1,2[illegible], 1,1[illegible]. I might remark at this time that this -- this gas I metered through a differential recorder type of meter. Further than that, I don't know. It is handled entirely by our gas-gasoline department.

Q It appears, if anything, the demand for gas has been going up on the Ogg leases. Has the amount of water that's produced been going up also?

A I can't make a definite statement. However, I believe that it has over, say, the past year, it has increased. I'm not prepared to make a statement as to how much, and actually, we are producing the amount of water, which I would hazard a guess we are also producing that amount of water which our pumps will handle.

Q You are almost to the economic limit, that you couldn't afford to pump any more water anyway?

The witness then [illegible] use some other type of pump, I imagine.

Q You stated that all of this gas that is being used from the Bristoe (B) lease is actually charged on the operation of the [illegible] lease?

A Yes, sir.

Q Have you considered buying gas from anybody? As long as you are going to be [illegible] on, you could be buying gas from somebody else that is not overproduced, couldn't you?

A I imagine we could. I haven't looked into that possibility mainly because we had our connections already. I did not look into it in that light.

QUESTIONS BY MR. FLINT:

Q Mr. Foster, do you have any idea when it will become uneconomical to continue to produce from the J. C. Bristoe (B) Well No. 2?

A No. 1.

Q The subject well, when it will be uneconomical to continue production from there, assuming that you should reach a balanced production?

A From our gas well, the gas well in question?

Q That's right.

A No, sir, I have no idea on that.

Q And I gather from your answer to Mr. Nutter's question a moment ago, that you feel that the abandonment point will be reached within a fairly short time on the [illegible] leases?

A It is entirely possible. We have, in fact, that is -- those are the leases I was referring to, the [illegible] "A" and "B" when I spoke of abandonment or premature abandonment. I'm nearly sure that the abandonment time possibly will occur relatively soon. I don't know, I wouldn't hazard a guess. I understand the wells have been looked into once before by some of our personnel. Insofar as possible remedial work, however, at the current time I'm [illegible] looked [illegible]. I'm [illegible] now chiefly [illegible], assuming [illegible]. [illegible] we [illegible] much of a chance of performing remedial work and [illegible] reducing water production, which [illegible] is one of the prominent factors causing the [illegible].

Q One thing I'm [illegible] getting the [illegible] Well No. 1 in balance [illegible] it becomes necessary to abandon it. Over the long period [illegible] assuming this application is granted [illegible]. I was wondering what the [illegible] is [illegible] into balance?

A In view of the [illegible] which I know of, which is very little, after I [illegible] to bring out one more comment [illegible] than I do. The wells, as I [illegible] -- [illegible] in 19[illegible], and [illegible] -- [illegible] in any way [illegible] -- it [illegible] [illegible] [illegible] [illegible], [illegible] [illegible] [illegible]. I don't [illegible] [illegible] hydrocarbon [illegible] it [illegible] [illegible]. What its current [illegible] is I'm not --

MR. UTZ: Do you know the present deliverability?

A I possibly have it here. I have a well file on the well.

MR. UTZ: [illegible] [illegible] [illegible] [illegible] it anyway as long as it is capable of [illegible] [illegible], can you?

A No, sir, we don't [illegible] [illegible] of this particular well at all until it starts to produce. I have a deliverability test here, date of test, May [illegible], 19[illegible], wherein the deliverability was [illegible]. Then I have another one, date of test, [illegible] to [illegible], wherein the deliverability was [illegible]. I have a notation at the bottom here that the well was shut-in for three days, tubing pressures were taken on [illegible] [illegible] [illegible] State "[illegible]" No. 1. I don't know the full import of that, and as to explain at this time our -- I'm in the engineering department. Our gas wells are handled under [illegible] [illegible] [illegible] -- the way our company operates, we have nothing [illegible] [illegible] with the well until, say, such time as it [illegible] [illegible] [illegible] work or something like that, and our [illegible] [illegible] the [illegible] [illegible] [illegible]. I'd say production and supervision of the wells.

MR. UTZ: [illegible], however, is not [illegible] [illegible] [illegible] on the [illegible] ([illegible]) No. 1 [illegible] [illegible]?

A No, sir, we [illegible] [illegible] [illegible] [illegible] [illegible] on the gas well.

Q (By Mr. Flint) So you haven't asked that any specific amount of gas be authorized for production from that well either, have you, only enough gas to operate these other leases?

A That is what we want, yes, sir, except I do believe that in -- let me read -- the another letter. We initially made application to the Commission -- if I can find it -- thinking we might get administrative approval for just what we are asking for today. That letter was dated August 31, 19[illegible] to Mr. A. L. Porter, Jr., from our Mr. H. [illegible] [illegible], wherein -- if you would like, I will just read the letter.

> "August 31, 19[illegible], New Mexico Oil Conservation Commission, Box 871, Santa Fe, New Mexico. Attention: Mr. A. L. Porter. Dear Sir: [illegible] to your Memo No. 13-[illegible] covering classification of gas wells in southeast New Mexico. Texaco Inc.'s [illegible].C. Frisco (b) NCT-1 Well No. 2, Jalmat Gas Pool, Lea County, New Mexico, falls in the category of those wells having sizeable amounts of overage after reclassification and subject to shut-in immediately. This well has been the subject of considerable correspondence with the Commission in the past, because of the fact that it furnishes gas for lease fuel to Texaco Inc.'s I. B. Ogg "A" and "B" leases, which are located approximately two miles to the west, and curtailment or suspension of this source of gas would shut in these leases. On September 14, 19[illegible], in a letter to the Commission, Texaco requested permission to make up overproduction on this well by shutting in the El Paso Natural Gas Company connection while continuing to furnish a maximum of [illegible] MCF per month to the Ogg leases for lease fuel purposes. This request was granted by Mr. [illegible] in his letter of September 2[illegible], 19[illegible].
>
> The conditions presently [illegible] for [illegible] production from this well [illegible] [illegible] [illegible] in our [illegible] [illegible] [illegible]. Mr. [illegible] [illegible] [illegible]; [illegible] [illegible] requesting [illegible] [illegible] [illegible]

[illegible]elease (of [illegible]-[illegible] Well No. 2 be accomplished by shutting in the El Paso Natural Gas Company connection only.

Your consideration of this request will be appreciated.

Yours very truly,

L. [illegible]
Division Proration Engineer"

Only in the sense that we had asked for 25,000 MCF before is that mentioned. However, we feel that that would be a maximum, and, as I've stated previously, I believe we only intend to produce sufficient fuel gas necessary to actually operate our engines.

MR. NUTTER: [illegible] you asked for 25,000 MCF per month previously and [illegible] your [illegible] that the conditions presently surrounding production from this well are essentially the same, this case was advertised for exception up to a maximum rate of 25,000 MCF per month for this well until overproduction has been compensated for?

A Maximum, yes, sir, we don't [illegible] necessarily plan to produce that much gas.

MR. NUTTER: No, sir, you wouldn't have to produce it. Does anyone have any further questions of Mr. Foster?

MR. UTZ: Yes, sir.

QUESTIONS BY MR. UTZ:

Q Mr. Foster, [illegible], 2 [illegible] would be [illegible]?

A [illegible].

Q Probably 1[illegible] will be all you will use?

A I believe, as I stated previously -- [illegible] don't intend to produce -- we are not asking for any more than we need, and we will not produce any more than we need. I mean, we are not asking to be allowed to produce more than we need in any one month. However, we don't know about the future development in the area. In fact, right now, if I am not making a statement out of order, [illegible] deep [illegible] is anticipated in the near future. I don't know what [illegible] development, and another thing should water injection be initiated or water disposal, I wish to say, then, certainly there will be necessity for fuel gas for the injection pumps. Whether [illegible] will have gas pumps or not, we don't know. We are merely trying to anticipate, or trying to allow for enough gas, when at this time we are not actually able to anticipate as far as three or four years in advance, which this well will probably be shut-in that long.

MR. NUTTER: Mr. Foster, I have one little technicality. You are using this gas for the operation of [illegible] lease, aren't you?

A Yes, sir. I brought that out rather hurriedly. It about averages 1033.

MR. NUTTER: You need a little of it [illegible] for the [illegible] to operate that lease?

A Yes, sir.

Q (By Mr. [illegible]) How [illegible] are you using [illegible] lease?

A [illegible] the past year, and I'll [illegible] this [illegible] right now. [illegible] and, as I [illegible], they are using [illegible] cubic feet per [illegible] hour and the average over the past year is [illegible] MCF per month. Actually, our peak demand over the past twelve months [illegible] Ogg "A" and "B" and the Frisco (?) [illegible] peak demand in the same month, of course, that the Ogg [illegible]. That would be [illegible] of 16,5[illegible] of 534 MCF per that month.

Q Mr. Foster, there are other gas wells in this immediate area of the Ogg lease, are there not?

A Yes, sir, I believe that there are. I believe there is one. J&L Oil Company has one just to the east of our Ogg "A" lease, and one to the north of that. I'm not familiar with the wells and insofar as pools, I imagine they are Jalmat Gas Pool wells.

Q Have you investigated the possibility of purchasing fuel from them?

A No, sir, we have not. As I stated previously, we have not investigated it because we do have this line already laid, and I'm not sure just what negotiations might have to be done. I'm sure there would have been negotiations. In other words, we have not investigated that possibility.

MR. UTZ: That's all I have.

MR. NUTTER: Any further questions of Mr. Foster? He may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further?

MR. [illegible]: No.

MR. NUTTER: Does anyone have anything further in Case [illegible]? We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, 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 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 27th day of October, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1781, heard by me on 9-30, 19 59.
........................, Examiner
New Mexico Oil Conservation Commission