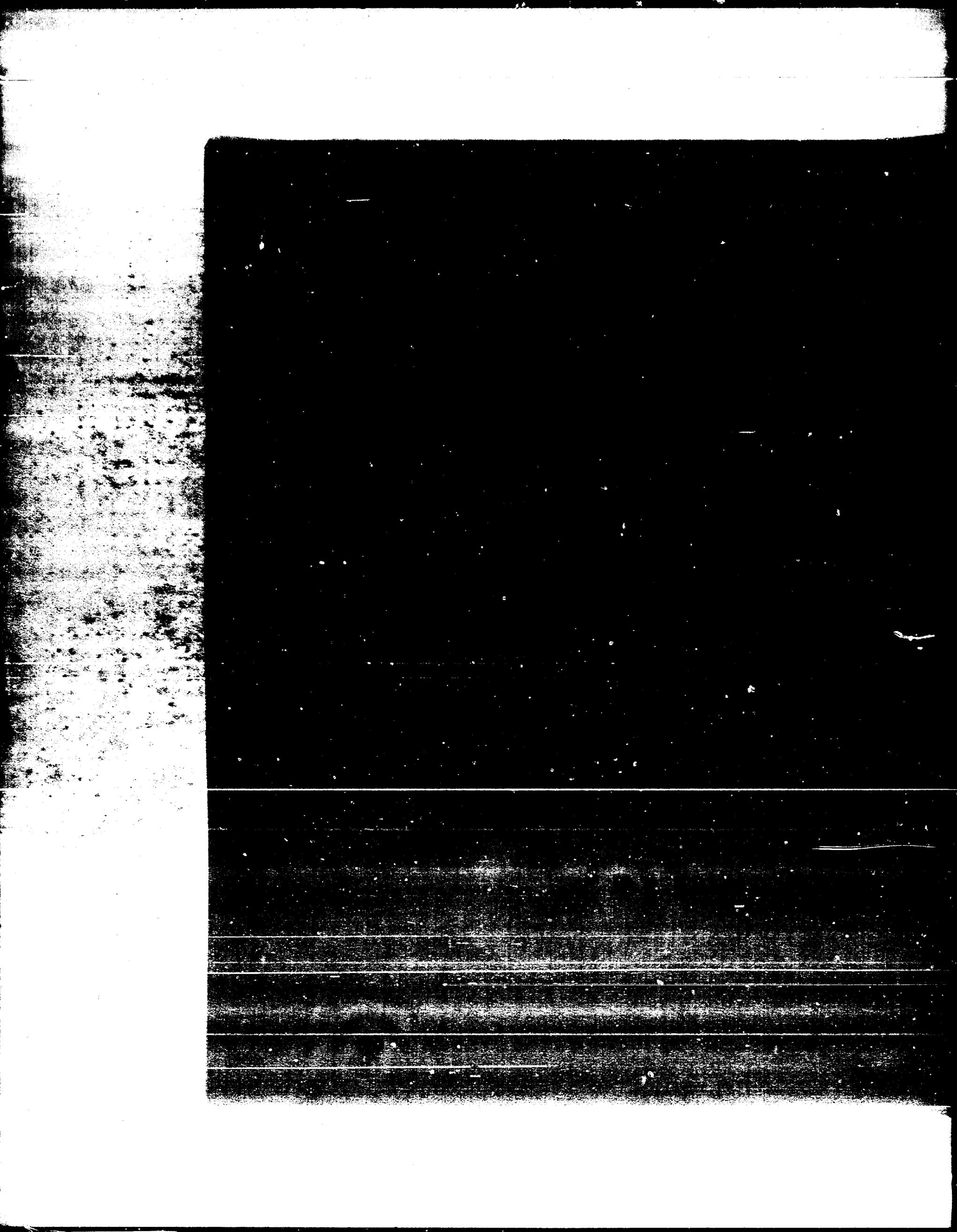


CASE 1854: Application of TEXACO INC.
for an exception to the "no-flare"
provision of Order R-1427.

Casa No.

1854

Application, Transcript,
Small Exhibits, Etc.



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

IN THE MATTER OF:)

Application of Texaco Inc. for an)
exception to the "no-flare" pro-)
vision of Order R-1427. Applicant,)
in the above-styled cause, seeks a)
60-day exception to the "no-flare")
provision of Order R-1427 for)
three wells in the Bisti-Lower)
Gallup Oil Pool, San Juan County,)
New Mexico.)

Case 1854

BEFORE:

Honorable John Burroughs
Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Texaco Inc. for an exception
to the "no-flare" provision of Order R-1427.

MR. WHITE: L. C. White of Gilbert, White and Gilbert,
Santa Fe, New Mexico, appearing on behalf of the applicant,
Texaco Inc. We have one witness to be sworn.

(Witness sworn.)

J. E. ROBINSON

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Robinson, will you state your full name for the record and also state by whom you are employed and in what capacity?

A J. E. Robinson, Jr. I'm employed by Texaco Inc., as proration engineer in their Midland Division.

Q Are you familiar with Texaco Inc.'s application 1854 seeking a 60-day exception to Order R-1427?

A Yes, sir, I am.

Q Will you state to the Commission the location of these subject wells?

A Texaco is asking for a 60-day extension of the no-flare for three of its wells. One of these wells is the Navajo Allottees Well No. 1, located in Section 15. The other two wells are located on the Navajo Allottees M. Lease, located in Section 23, all being in Township 25 North, Range 11 West, San Juan County, New Mexico.

Q Will you state what the daily production of these wells are and the GOR?

A The daily production of these wells, the Navajo Allottees Well No. 1 produces 104 barrels of oil per day. The Navajo Allottees M. No. 1 produces 40 barrels of oil per day, and No. 2 is a top allowable well with a capability of producing 131 barrels of oil per day. These three wells combined with the gas-oil ratio as last reported to the Commission shown on the proration schedule, the combined gas approximates approximately 200 MCF

per day.

Q What gathering lines, if any, have been installed on the lease?

A I was advised this morning by a representative of El Paso that these tank battery connections would be made by January the 21st. However, I note on the exhibit here that the tentative target date is February the 15th for the connection of these three wells.

Q Notwithstanding these statements, was it your request that the extension be granted for 60 days?

A Yes, sir, that is correct.

Q Have you concluded your contract with El Paso?

A Yes, sir. The contract with El Paso Natural Gas was concluded on December the 23rd, on December the 24th we sent a telegram to the Federal Power Commission asking for an emergency certificate under Section 157.28, which would relieve us of any economic burden, since the wells were scheduled to be shut in on January the 1st.

That same date we also airmailed a rate schedule to the Federal Power Commission asking for an emergency certificate. On January the 4th we applied by formal application for a Federal Power Commission certificate, making notation that on December 24th we had applied both by telegram and air mail letter for an emergency certificate. Then, on January 6 we sent a tracer out

making notation that on December the 24th we had asked by telegram⁴
and air mail letter, and then on January the 4th we had applied with
formal application.

Q In similar instances do you have any idea how long it
takes the Federal Power Commission to grant an emergency temporary
certificate?

A I have checked back through some of our records, the
shortest interval that the Federal Power Commission has acted upon
where we got the certificate back in twelve days, with a great
majority of the applications back within twenty to thirty days.
Some of them ran as high as two months and some over a year, or
one over a year.

Q What financial loss would Texaco sustain if they were
required to shut the wells in?

A The commercial value of the production of these three
wells is \$750.00 a day. The commercial value of the gas is
\$26.00 a day.

Q Is there anything more that you can do as a prudent
operator to bring about the installation of the gathering facili-
ties or granting of the certificate?

A No, sir.

MR. WHITE: That's all the questions we have.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Robinson, why did you wait until December the 24th to ask for Federal Power Commission approval?

A Mr. Porter, those, the contracts on gas is handled out of our gas and gasoline department out of Houston. I know of no specific answer to your question other than that possibly they were analyzing the contract and evaluating it.

MR. PORTER: Anyone else have a question? Mr. Payne.

BY MR. PAYNE:

Q Mr. Robinson, your company was aware that the no-flare provision in the Bisti and Gallegos was going to go into effect January 1st, 1960, was it not?

A Yes, sir, we were.

Q Has it been your experience that you can get a casing-head gas connection seven days after executing a gas contract?

A We notified El Paso that we were going to sign the contracts, and we asked them to lay the line up to our well and leave the line open where we could flank the well after we got Federal Power Commission certificate.

Q Did they so do? A No, sir.

Q You feel that they would have been justified in laying the line in view of the fact that they didn't have a contract with you?

A That could possibly be so.

MR. PAYNE: That's all, thank you.

MR. PORTER: Mr. Nutter.

BY MR. NUTTER:

Q Mr. Robinson, you were giving the volumes of gas that were being produced and flared here and you said they were based on the GOR's shown in the oil proration schedule. Are those GOR's that are shown there the current GOR's?

A No, sir, our wells are increasing in gas-oil ratios right now. We have one well that we plan to work over in the near future to try to get it back on top allowable and possibly reduce its gas-oil ratio. Our ratios are probably running around 2,000 to 1 right now.

Q What is the ratio on the M No. 1?

A From the proration schedule it is 813 to 1. I do not have an accurate test that these ratios that I'm speaking of were tests taken hurriedly by a manometer just to check out to see what our ratios were running, and they were running approximately 2,000 to 1.

Q On all three of the wells that we're talking about today?

A Yes, sir.

MR. NUTTER: Thank you.

BY MR. PAYNE:

Q Are there any adjacent wells to yours that are connected?

A Yes, sir, I believe Sunray-Mid-Continent and Sun Oil

Company both have leases or are connected on both sides of our
leases. Sunray has leases on all three sides that are connected.

Q How do you account for the fact that they're connected
and you aren't?

A Possibly they might have negotiated and concluded their
contracts at an earlier date than did Texaco.

MR. PAYNE: I see. Thank you.

MR. PORTER: Anyone else have a question? The witness
may be excused.

(Witness excused.)

MR. VERITY: May it please the Commission, I have a
dismissal at this time.

MR. PORTER: Just a moment, let me dispose of this
case. Mr. White, did you have anything further to offer?

MR. WHITE: No, sir, we have nothing further.

MR. PORTER: No other witnesses?

MR. WHITE: No.

MR. PORTER: Nothing further to be offered in this case,
we will take it under advisement. Mr. Verity.

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. 1854
Order No. R-1562

APPLICATION OF TEXACO INC. FOR
A 60-DAY EXCEPTION TO THE "NO-
FLARE" PROVISION OF ORDER NO.
R-1427 FOR 3 WELLS IN THE BISTI-
LOWER GALLUP OIL POOL, 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 January 13, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of January, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 seeks a 60-day exception to the "no-flare" provision of Order No. R-1427 for 3 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the Commission, in the proper exercise of its legal obligation to prevent the physical waste of oil and gas resources, should deny the requested exception to the "no-flare" provision of Order No. R-1427.

IT IS THEREFORE ORDERED:

That the application of Texaco Inc. for a 60-day exception to the "no-flare" provision of Order No. R-1427 for 3 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, be and the same is hereby denied.

-2-
Case No. 1284
Order No. B-1002

NOTE at Santa Fe, New Mexico, on the day and year herein-
above designated.

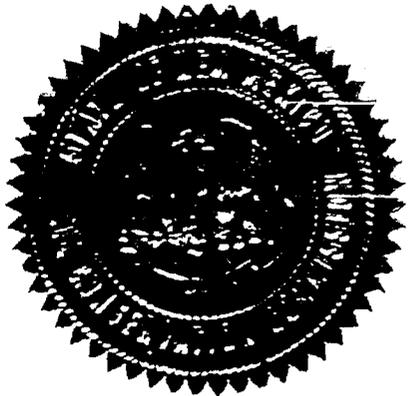
STATE OF NEW MEXICO
OIL COMMERCE COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. Foster
A. L. FOSTER, Sec., Member & Secretary

S E A L



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

*Case
185-4*

December 18, 1959

C
O
P
Y

Mr. E. N. Wade
Texaco Inc.
P. O. Box 3109
Midland, Texas

Dear Mr. Wade:

Reference is made to your request for administrative approval of an exception to the no-flare provision of Order No. R-1427 for four Texaco oil wells in the Bisti-Lower Gallup Oil Pool.

After studying your application, the Commission has determined that administrative approval can be granted for only one of these wells, that being the Navajo Allottees "T" No. 1, from which the gas production is too small to measure. Administrative Order NFO 459 has been issued for this well and you should receive it shortly.

The requested exception for the remaining three wells will be set for hearing before the Commission on January 13, 1960. It would be helpful if your witness in this case is prepared to testify concerning the present casing-head gas production from these three wells and the disposition thereof.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

*Checked
Mailed
1-4-60
ALP/ir
js*

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



December 16, 1959

P. O. BOX 3100
MIDLAND, TEXAS

Case 1854

*Set for
hearing*

AIR MAIL

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

Gentlemen:

By Memo No. 17-59, Mr. A. L. Porter, Jr. called the attention of all operators in the San Juan Basin to the provisions of Order No. R-1427 dated June 9, 1959 which prohibits the flaring or venting of casinghead gas produced from any well in the Bisti Lower Gallup Oil Pool after December 31, 1959.

TEXACO Inc. is the operator of three producing leases in the Bisti Lower Gallup Oil Pool, as indicated by the attached plat. These leases are our Navajo Allottees "M" located in Section 23, T-25-N, R-11-W, on which Wells 1 and 2 are producing; Navajo Allottees "O" located in Section 15, T-25-N, R-11-W, on which Well No. 1 is producing; and Navajo Allottees "T" located in Section 14, T-25-N, R-11-W, on which Well No. 1 is producing.

Navajo Allottees "M" Well Nos. 1 and 2 have gas-oil ratios of 813 and 892, respectively. Navajo Allottees "O" No. 1 has a gas-oil ratio of 700 and the gas-oil ratio for Navajo Allottees "T" No. 1 is too small to measure. With the December allowable, it is estimated that approximately 250 MCFG per day is being vented from all wells combined.

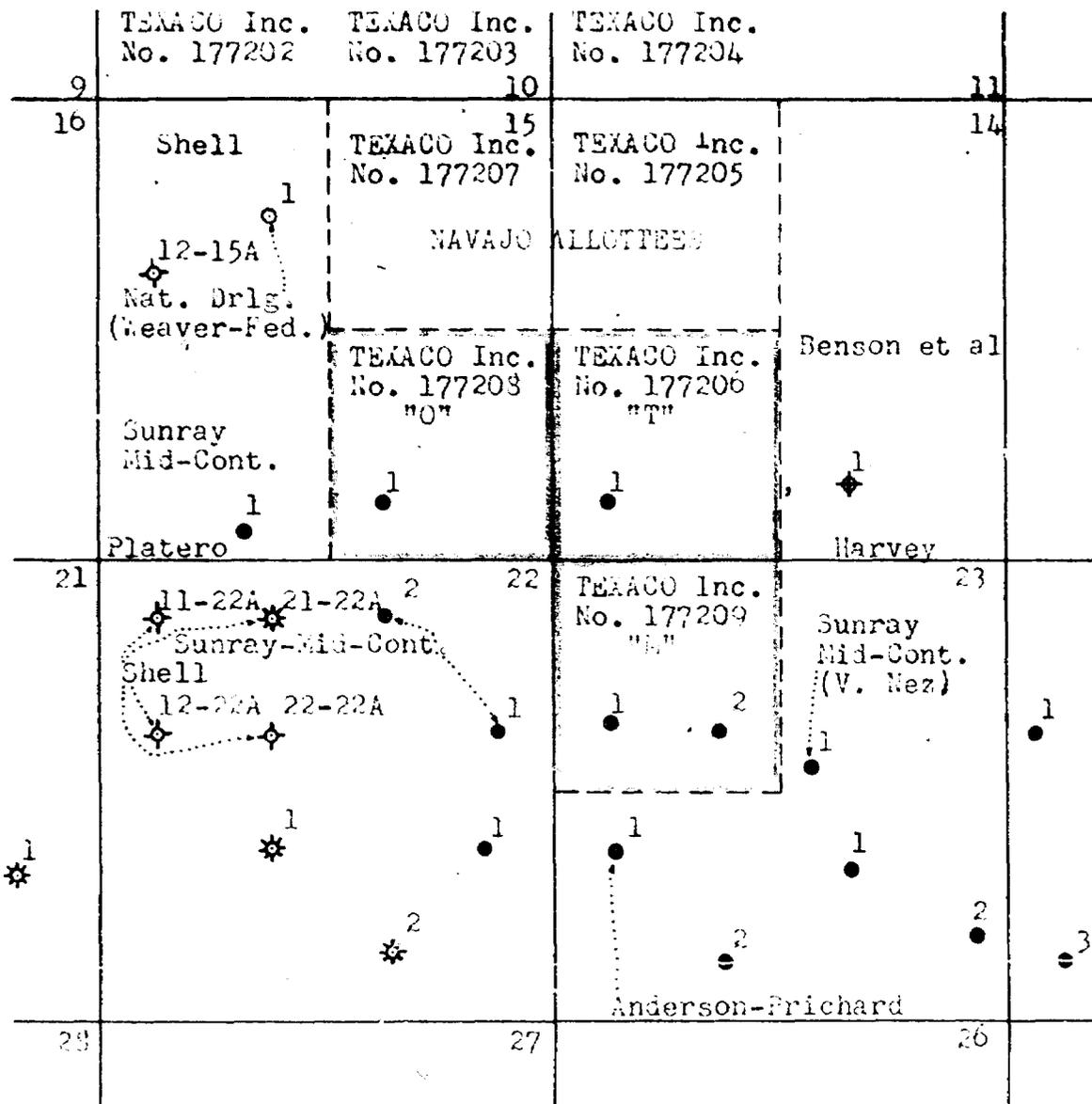
TEXACO Inc. is in the process of concluding contracts with El Paso Natural Gas Company for the sale of this casinghead gas; however, since there is a possibility of these contracts not being processed and the necessary field connections made prior to December 31, 1959, TEXACO Inc. respectfully requests a 60-day extension to the provisions of Order R-1427.

Attached is a copy of a plat showing the three producing leases of TEXACO Inc. and the wells thereon, together with offset ownership and well numbers.

Yours very truly,

H. N. Wade
Division Proration Engineer

BEB-DL
Attach.



Navajo Allottees "M" Lease Well No. 1 & No. 2, Sec. 23.

Navajo Allottees "C" Lease Well No. 1, Sec. 15.

Navajo Allottees "T" Lease Well No. 1, Sec. 14.

T-25-N, R-11-W, San Juan Co. New Mexico.

Scale 1"=2000'

TEXACO Inc.

16 Dec. 1990

STATE OF TEXAS }
COUNTY OF MIDLAND }

Before me, the undersigned authority, on this the
16th day of December, personally appeared H. N. Wade,
known to me to be the person whose name is subscribed to this
instrument, who after being by me duly sworn on oath, states
that he has knowledge of all the facts stated above and that
the same is a true and correct statement of the facts therein
recited.

H. N. Wade

H. N. Wade

Subscribed and sworn to before me on this 16th day of December,
1959.

Dorothy Langas
Notary Public in and for
Midland County, Texas

My commission expires June 1, 1961.