

CASE 2145: Application of OIL
DEVELOPMENT CO. OF TEXAS for off-
lease storage of oil from Santa Fe
Pacific Railroad Lease.

Casa No.

2145

Application, Transcript,
Small Exhibits, Etc.

Application of ~~the~~ Oil Development
Company of Texas for off-lease
storage of oil. Applicant, in the
above styled cause, seeks an
order authorizing it to store the
East Crossroads - Devonian production
from its Santa Fe Pacific Railroad
Lease (S/2 SW/4 of Section 19, Township
9 South, Range 37 East) in a
separate tank battery to be located
on its Santa Fe Pacific Railroad Lease
(NE/4 of Section 26, Township 9 South,
Range 36 East) both in Lea County,
New Mexico.

Jan

DRAFT

RSM/esr
December 13

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. 2145
Order No. R-1843

APPLICATION OF OIL DEVELOPMENT
COMPANY OF TEXAS FOR AN ORDER
AUTHORIZING OFF-LEASE STORAGE
OF OIL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 12, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, 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 December, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Oil Development Company of Texas, proposes to ^{measure and} store the East Crossroads-Devonian ^{pool} production from its Santa Fe Pacific Railroad Lease, comprising the S/2 SW/4 of Section 19, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico, in a separate tank battery to be located on its Santa Fe Pacific Railroad Lease, comprising the NE/4 of Section 26, Township 9 South, Range 36 East, NMPM, ^{Crossroads Devonian Pool,} Lea County, New Mexico.

(4) That the said East Crossroads-Devonian production to be ^{measured and stored off-lease} ~~be transferred from the first to the second of the above-described~~ leases will not be commingled with the production from any other lease or pool.

(5) That approval of the subject application will neither cause waste nor impair correlative rights. ^{off-lease storage}

(3) That the proposed ~~transfer~~ ^{need} of oil is necessitated ^{under} in by the ~~in said Section 26.~~ to make use of salt water disposal facilities available

IT IS THEREFORE ORDERED:

That the applicant, Oil Development Company of Texas, be
and the same is hereby authorized to store East Crossroads-
Devonian ^{Pool} production from its Santa Fe Pacific Railroad Lease,
comprising the 3/2 SW/4 of Section 19, Township 9 South, Range
37 East, NMPM, Lea County, New Mexico, in a separate tank battery
to be located on its Santa Fe Pacific Railroad Lease, comprising
the NE/4 of Section 26, Township 9 South, Range 36 East, NMPM,
Crossroads Devonian Pool,
Lea County, New Mexico.

PROVIDED HOWEVER, That the said East Crossroads-Devonian ^{Pool}
production for which this authorization is granted shall not be
commingled with the production from any other lease *or pool*.

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

Docket No. 36--60

CASE 2145:

Application of Oil Development Company of Texas for off-lease storage of oil. Applicant, in the above-styled cause, seeks an order authorizing it to store the East Crossroads-Devonian production from its Santa Fe Pacific Railroad Lease (S/2 SW/4 of Section 19, Township 9 South, Range 37 East) in a separate tank battery to be located on its Santa Fe Pacific Railroad Lease, Crossroads-Devonian Pool (NE/4 of Section 26, Township 9 South, Range 36 East) both in Lea County, New Mexico.

CASE 2146:

Application of Humble Oil & Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its D. H. Crockett Well #1, located in Unit C, Section 21, Township 15 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Caudill-Wolfcamp Pool and the production of oil from the Caudill-Devonian Pool through the annulus between strings of 5½-inch casing and 2½-inch tubing and through 2½-inch tubing, respectively.

DOCKET: EXAMINER HEARING, MONDAY, DECEMBER 12, 1960

Oil Conservation Commission - 9 a.m., STATE LAND OFFICE BUILDING, SANTA FE, NM

The following cases will be heard before Elvis A. Utz, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

- CASE 2136: Application of Byard Bennett for a non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of an 80-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the E/2 NW/4 of Section 24, Township 25 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Ascarte-Federal Well No. 1, located at an unorthodox location at a point 330 feet from the North line and 2310 feet from the West line of said Section 24.
- CASE 2137: Application of Caulkins Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Basin-Dakota Pool, San Juan and Rio Arriba Counties, New Mexico, comprising the SE/4, S/2 NE/4 and S/2 SW/4 of Section 16, Township 26 North, Range 6 West. Said unit is to be dedicated to the D-268 well located in the SE/4 NE/4 of said Section 16.
- CASE 2138: Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle without separately measuring the production from the Penrose Skelly and Drinkard Pools from all wells presently completed on its Baker "B" Lease consisting of the SW/4 and the W/2 SE/4 of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 2139: Application of Cosden Petroleum Corporation for the promulgation of special rules and regulations governing the South Prairie-Pennsylvanian Pool, Roosevelt County, New Mexico, including a provision for 80-acre oil proration units.
- CASE 2140: Application of Humble Oil & Refining Company for approval of the North Kirtland Unit Agreement. Applicant, in the above-styled cause, seeks approval of the North Kirtland Unit Agreement, which unit embraces 11,478 acres of Federal and State land in Township 30 North, Range 14 West, San Juan, New Mexico.
- CASE 2141: Application of Honolulu Oil Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of its McKittrick Canyon Unit Agreement, which unit is to embrace 6708 acres of Federal, State and fee lands in Township 22 South, Ranges 25 and 26 East, Eddy County, New Mexico.

Oil Development Company of
Texas -

Santa Fe Pacific Railroad
Joe 5/2 SW 1/4 Sec 19
E. Cross Town 9 S R 37 E -

to the F F Pac Rr
Crossroads NE 1/4 Sec 24 T 9 S R 36 E
Dev

Amesbury No 67231 Ext 248
John Major

NEW MEXICO OIL CONSERVATION COMMISSION
ENGINEERING DIVISION
DATE _____

OPERATOR _____

LEASE NAME _____ WELL NO. _____ UNIT LETTER _____

SECTION _____ TOWNSHIP _____ RANGE _____

COUNTY _____

LOCATION _____

PITS _____

REGULATION MARKER _____

CHECKED BY _____

REMARKS _____

TITLE _____

Case 2145

OIL DEVELOPMENT COMPANY OF TEXAS

900 POLK STREET
AMARILLO, TEXAS

OFFICE OF MANAGER OF PRODUCTION

1960 NOV 25 AM 8:30

November 25, 1960

SFPRR 1-19

Oil Conservation Commission of the State of New Mexico
107 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Gentlemen:

Oil Development Company of Texas hereby makes application for hearing by the Oil Conservation Commission of the State of New Mexico for permission to receive and measure oil off the lease premises from which it was produced in exception to Commission Rule 309 (a).

Oil Development Company of Texas holds an oil and gas lease from Santa Fe Pacific Railroad Company covering the S/2 of the SW/4 of Section 19, T-9-S, R-37-E NMPM, upon which there is one well (SFPRR 1-19) producing from the Devonian formation in the East Crossroads Field. Oil Development Company of Texas further holds an oil and gas lease from the Santa Fe Pacific Railroad Company covering the NE/4 of Section 26, T-9-S, R-36-E NMPM, which lease is within the defined limits of the Crossroads Field.

To facilitate the disposal of oil field waters produced on the Section 19 lease it is the desire of Oil Development Company of Texas to construct the tank battery serving this lease upon lands covered by the Section 26 lease. This will be done by separate recepticals and there will be no commingling of the lease products.

Yours very truly,

E. Paschal

JCM:bc

*Letter
mailed
12-5-60
R*

Oil Conservation Commission of New Mexico

STATEMENT

In connection with its producing activities in the East Crossroads Field, Lea County, New Mexico, Oil Development Company of Texas asks permission of the New Mexico Oil Conservation Commission to receive and measure crude oil off the lease premises from which it is produced to facilitate the disposal of oil field brine.

We now submit a map of the leases as an Exhibit.

Point "A" on the map is the present tank battery serving Oil Development Company of Texas Well SFPRR 1-19. It is located in the S/2 SW/4 of Section 19, T-9-S, R-36-E NMPM, on a lease from Santa Fe Pacific Railroad Company. The well currently pumps approximately 80 barrels of oil and 250 barrels of salt water daily from the open hole interval of 12,223 to 12,233 feet, Devonian Formation, East Crossroads Field. It is the desire of Oil Development Company of Texas to dispose of this water through available disposal wells in the Crossroads Field.

Point "B" on the map is the Oil Development Company of Texas lease on the NE/4 of Section 26, T-9-S, R-36-E NMPM, Crossroads Field. There are two Devonian producing wells on this lease which produce salt water incident to the oil production, and they are connected to the Crossroads Salt Water Disposal System, of which Oil Development Company of Texas is a member company. This water is disposed of underground through two disposal wells in the Field. Permission has been obtained from the operator of this disposal system to handle the East Crossroads Field water production of well SFPRR No. 1-19, pending approval of other disposal system member companies.

The point of tie-in on the salt water disposal system is approximately 18 feet higher in elevation than the elevation of SFPRR Well 1-19 and it will be necessary to pump the brine from the well to the disposal system.

This brine can be pumped from the present tank battery on Section 19. To do this it will be necessary to either install additional tankage

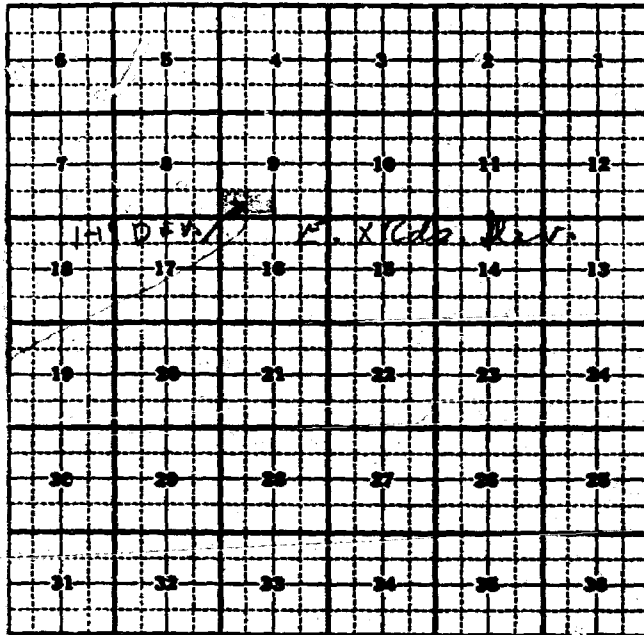
or a cement lined pit in which to accumulate the water, then with automatic controls, establish a pumping system to pump the water to the disposal system. For a dependable automatically controlled system it will be necessary to bring in electricity from about $1\frac{1}{2}$ miles away.

We here ask permission to move this tank battery off this lease to the vicinity of the salt water disposal system from Point "A" to Point "B" on the Exhibit. We can then pump the total well effluent to the newly located battery with the production pump on the well. The oil and water will be separated with the water going directly to the Crossroads disposal system.

There will be no commingling of oil from the lease in Section 19 with the oil from Section 26, even though the royalty owner is common under both leases. Both the oil-water separation facilities and the receiving tanks will be entirely separate for the two leases, and there will be no physical connection between the two batteries.

me
Address
Remarks

Ph.



T R State
or County

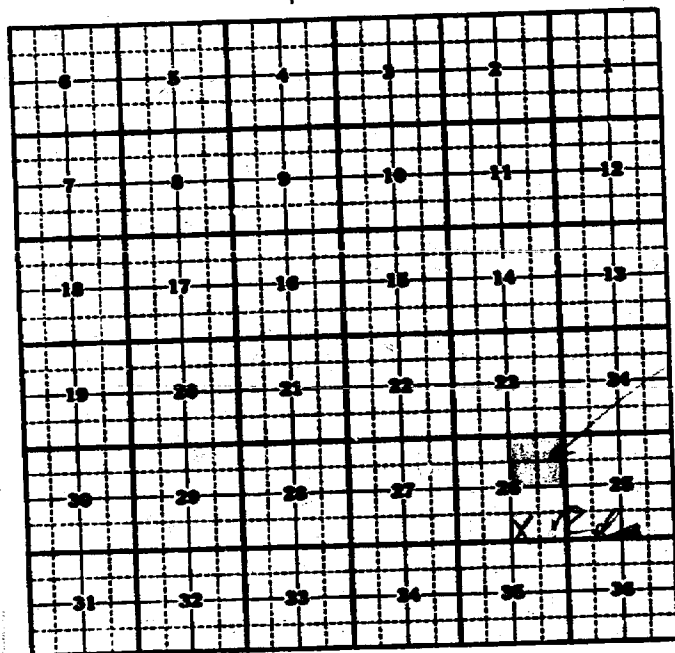
Name

Address

Ph.

Remarks

9 S-36 E



T R State
or County

Case 2145

Heard 12-12-60

12-15-60

1. I recommend that Oil Development of Tex. application for off lease storage be granted.
2. It should be made clear that this is being allowed only because of the Salt brine disposal problem.
3. There is no rooming to be allowed in this order.

- Thistlethwaite

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

December 21, 1960

Mr. Robert McCoy
Idon & Johnson
Suite 1200 - Simms Building
Albuquerque, New Mexico

Re: Case No. 2143
Order No. 2-1843
Applicant:

Oil Development Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, JR.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other

**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. 2145
Order No. R-1843**

**APPLICATION OF OIL DEVELOPMENT
COMPANY OF TEXAS FOR AN ORDER
AUTHORIZING OFF-LEASE STORAGE
OF OIL, LRA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 12, 1960, at Santa Fe, New Mexico, before Elvis A. Uta, 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 21st day of December, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uta, 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, Oil Development Company of Texas, proposes to measure and store the East Crossroads-Devonian Pool production from its Santa Fe Pacific Railroad Lease, comprising the S/2 SW/4 of Section 19, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico, in a separate tank battery to be located on its Santa Fe Pacific Railroad Lease, comprising the NE/4 of Section 26, Township 9 South, Range 36 East, NMPM, Crossroads-Devonian Pool, Lea County, New Mexico.

(3) That the proposed off-lease storage of oil is necessitated by the need to make use of salt water disposal facilities available in said Section 26.

(4) That the said East Crossroads-Devonian Pool production to be measured and stored off-lease will not be commingled with the production from any other lease or pool.

-2-

CASE No. 2145
Order No. R-1843

IT IS THEREFORE ORDERED:

That the applicant, Oil Development Company of Texas, be and the same is hereby authorized to measure and store the East Crossroads-Devonian Pool production from its Santa Fe Pacific Railroad Lease, comprising the S/2 SW/4 of Section 19, Township 9 South, Range 37 East, NEMH, Lea County, New Mexico, in a separate tank battery to be located on its Santa Fe Pacific Railroad Lease, comprising the NE/4 of Section 26, Township 9 South, Range 36 East, NEMH, Crossroads-Devonian Pool, Lea County, New Mexico.

PROVIDED HOWEVER, That the said East Crossroads-Devonian Pool production for which this authorization is granted shall not be commingled with the production from any other lease or pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Menden
MURRAY E. MENDEN, Member

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

S E A L

CSZ/

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DECEMBER 12, 1960

IN THE MATTER OF:

CASE 2145 Application of Oil Development Company of Texas:
for off-lease storage of oil. Applicant, in
the above-styled cause, seeks an order author-
izing it to store the East Crossroads-Devonian
production from its Santa Fe Pacific Railroad
Lease (S/2 SW/4 of Section 19, Township 9 South:
Range 37 East) in a separate tank battery to be
located on its Santa Fe Pacific Railroad Lease,
Crossroads-Devonian Pool (NE/4 of Section 26,
Township 9 South, Range 36 East) both in Lea
County, New Mexico.

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Case 2145.

MR. MORRIS: Case 2145. Application of Oil Development
Company of Texas for off-lease storage of oil.

MR. MCCOY: Robert W. McCoy, 1220 Simms Building, Albu-
querque, New Mexico, appearing for Oil Development Company of Texas.
I have one witness, Mr. Examiner, John Major, which I would like
sworn.

(Witness sworn)

JOHN C. MAJOR,

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

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PHONE CH 3-5691

ALBUQUERQUE, NEW MEXICO



follows:

PAGE 2

DIRECT EXAMINATION

BY MR. McCOY:

Q For the record, would you please state your name and your occupation and address?

A My name is John Major. Address, Amarillo, Texas. General Superintendent for Oil Development Company of Texas.

Q In connection with your duties of general superintendent for your company, are you familiar with the general operation of your company in the Crossroads and East Crossroads area in Lea County, New Mexico?

A Yes, sir.

Q Please state your professional qualifications?

A I am a graduate petroleum engineer from the University of Oklahoma. I have been a licensed professional engineer with this company for eleven years.

Q Are you familiar with the application filed by your company before the O.C.C.?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 1 marked for identification)

Q I will ask you to direct your attention to what has been marked Exhibit No. 1, and ask that you explain this Exhibit to the Commission.

A Exhibit No. 1 is a map of the general Crossroads, East



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ALBUQUERQUE, NEW MEXICO

Crossroads area. The colors on the map indicate common mineral ownership by Santa Fe Pacific Railroad. The different colors represent different leaseholders. Lone Star Producing Company, Socony Mobile Oil Development Company of Texas. Point A is the present location of the tank battery that we would like to move to Point B on the map.

Q Your company is asking for exceptions to Rule 309-A, is it not?

A A portion of that rule, yes.

Q How do you presently operate at Point A, so far as disposal of brine?

A In open pits, unlined dirt pits.

Q In the proposed operation involved in your application, will there be any commingling of oils?

A No, sir.

Q Is it not true that the Royalty owner of both A and B-- is it not true that the owner is common owner of those two leases?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 2 marked for identification)

Q Now, will you take Exhibit 2, direct your attention to Exhibit 2, please, sir, and explain to the Commission what that purports to represent?

A That is a statement by our company telling what we would like to do. At the present time we are disposing of the water in



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open pits. We would like to dispose of the water on the ground. We belong to a Crossroads salt water disposal system and have received approval from the operator of that system to put this water from East Crossroads into the Crossroads disposal system. We would like to move the tank battery part of its facilities to Point B, which is the tank battery serving its northeast quarter of Section 26, that we may tie the water directly into the Crossroads disposal system. We would like to do that by pumping the total fluid from Well No. 1, 19, down the line, then utilize the pumping capacity of the pump that is on the well as a prime mover, to move this oil and water down the line to a disposal point.

Q Were Exhibits 1 and 2 prepared under your supervision, sir?

A Yes, sir.

MR. McCOY: At this time we move to offer Exhibits 1 and 2 into evidence, Mr. Examiner.

MR. UTZ: Without objection, Exhibit 1 and 2 will be entered into the record.

(Whereupon, Applicant's Exhibits
1 and 2 were received in evidence)

MR. McCOY: Mr. Major, should the Commission look favorably upon this application, in your judgment, would it result in more efficient operation in your company so far as disposal of this brine is concerned?

A Yes, it would. It would save us money, we will be utilizing power that is already there. To separate the oil and



water at the present tank battery would require additional receptacles to catch the water and automatic controls to pump it to the Crossroads Field for automation. I think we would have to bring in electricity which is about a mile and a half away. Then, in case the electric power failed, we would be right back to shutting the well in or putting small amounts back in the pit. Under this operation, it is just completely automatic it goes directly to the disposal system.

Q Now, have you made a preliminary study of the cost of your cost in dollars that would be saved to your company by following the proposal outlined in your application?

A Not a detailed study. Preliminary study, we feel on some of the salvage we can affect from the present tank battery we can save between seventeen and twenty thousand dollars.

Q In your judgment, would the granting of this application be in the interest of the O.C.C. Oil Conservation?

A Yes, it is more efficient operation.

Q Insofar as you know, would the correlative rights of any other parts be affected?

A No, there would be no effect.

MR. MCCOY: This concludes my questioning, Mr. Examiner.

MR. UTZ: We would like to cross examine the witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Major, the oil from the production on your Section

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19 will be separated on your location by your Section 26, is that right?

A Yes.

Q Will that be a buried line?

A We will try to bury it. We have a little difficulty with the land owner in that area. We doesn't like for us get out in his grass. We would like to bury it approximately twelve inches.

Q There will be no connection of any nature between the two leases?

A No physical connection.

MR. UTZ: Any other questions?

BY MR. PAYNE:

Q Mr. Major, if you bury your line, how do you propose to determine if there is a flow line break?

A Just like we do with our other flow line, sir. We have to see evidence of it at the surface.

Q Then you wouldn't bury it over twelve inches, you say?

A No, sir.

Q Now, actually, approval of this application is probably very desirable since you are disposing of your salt water and in the East Crossroads?

A Yes, sir.

Q Therefore, any fresh water might constitute some hazard to them?

A Yes, sir.

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Q And the water will, if the application is granted, the water will then be injected into a salt water disposal well?

A Into two disposal wells now operating in the Crossroads Field.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements?

MORRIS: No statements, Mr. Examiner.

MR. UTZ: Case will be taken under advisement. We will take a ten-minute recess.

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PHONE CH 3-6691



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I, LLEWELYN NELSON, Court Reporter, 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 machine shorthand and reduced to typewritten transcript 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 16 day of Nov, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Llewellyn J. Nelson
NOTARY PUBLIC

My Commission expires:
June 14, 1964

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2145, heard by me on Dec. 12, 1960.
Thurston J. [Signature], Examiner
New Mexico Oil Conservation Commission

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

