

CASE 3017: Application of TEXACO
INC. for an exception to RULE
309-A, Lea County, New Mexico.

CASE No.

3017

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

468 - 2-24
DMW -

State of New Mexico



Commissioner of Public Lands



E. S. JOHNNY WALKER
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

February 20, 1964

Texaco Inc.
Drawer 728
Hobbs, New Mexico 88240

ATTENTION: Mr. J. G. Blevins, Jr.

RE: Request to commingle production from Vacuum
Abo Reef Pool on New Mexico "AE" Lease and New
Mexico "AC" Lease in Lea County, New Mexico

Gentlemen:

We cannot approve the above request because you are requesting permission for eighteen proration units and we can only approve a maximum of sixteen without a Commission hearing. If I am wrong on this count, please correct me.

Also, you list one of your leases as B-871. The Lease is B-1258. The beneficiary on both leases is common schools.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY: *Romulo Martinez*
ROMULO MARTINEZ
Oil and Gas Department

ESJW/RM/bd
cc: Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 25, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc., for an
exception to Rule 309-A, Lea County,
New Mexico.

Case No. 3017

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 27, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc. for an exception to
Rules 309-A, Lea County, New Mexico.

CASE NO.

3017

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: Case 3017.

MR. DURRETT: Application of Texaco, Inc., for an
exception to Rule 309-A, Lea County, New Mexico.

MR. WHITE: If the Examiner please, may the record show
the same appearances as in the former case?

MR. UTZ: It will so show. Are there other appearances
in this case? There are none.

MR. DURRETT: May the record show that the witness was
sworn in the previous case?

MR. UTZ: So show.

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



CARL WHIGHAM, JR.,

called as a witness herein, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Whigham, are you acquainted with Case No. 3017?

A Yes, sir, I am.

Q What does Texaco seek by the application?

A Texaco requests that an exception be granted to the first paragraph of the New Mexico Oil Conservation Commission Statewide Rule Number 309-A, which limits the number of proration units producing into a central tank battery to a minimum of 16. Authority is requested to produce 20 proration units into the central tank battery, located in Section 12 on Texaco's State of New Mexico AE lease.

Q Will you refer to Exhibit One and explain that exhibit, please?

A Exhibit Number One is a plat showing the State of New Mexico AE lease encircled or enclosed in yellow. The location of the central tank battery is shown in red and appears in the Northwest Quarter of Section 12. If exception to this rule were not granted, and the situation became necessary to construct another tank battery, it would be necessary to locate the second tank battery in the vicinity of the Northwest Quarter of Section 11, as



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691

PAGE 4

shown in blue.

Q This plat shows the wells presently drilled and the proposed wells to be drilled.

A Yes, sir, it does. The tank battery serves the Abo Reef completions and these wells are shown encircled. The possible Abo Reef locations are shown in Section 11 with the dashed circles, and all of the other wells shown on this plat are San Andres wells.

Q Now, all the oil produced for this particular tank battery from the same reservoir?

A Yes, from the Vacuum Abo Reef reservoir.

Q Now, will you refer to and explain Exhibit Two?

A Exhibit Number Two is a schematic diagram showing the lease tank battery located in the Northwest Quarter of Section 12, which is currently serving the Vacuum Abo Reef completions on this lease. This is a central tank battery. It includes all testing facilities, treating facilities, and includes an automatic custody transfer system and also includes hydraulic pumping installations to accommodate the power oil and to pump the power oil to the four wells which are currently produced by artificial lift.

Q Is there any other significant items of equipment you wish to point out?

A It should be pointed out that the layout of this equip-



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

PAGE 5

ment permits all of the wells to be tested individually once each month.

Q And has this tank battery already been approved by the Commission?

A Yes, it has.

Q And will the tank battery be large enough to accommodate the increased storage that you propose?

A Yes, sir. The additional wells can be accommodated.

Q What is the ownership of the acreage involved?

A Texaco owns the lease in its entirety, covering the 7/8ths working interest. The 1/8th royalty interest is held by the State of New Mexico.

Q The working interest common throughout?

A Yes, both the working interest and the royalty interest are common throughout.

Q Is the beneficiary the same throughout?

A Yes, sir. The same throughout the lease, common schools.

Q Is there any water production?

A Yes, sir. At the present time, these wells produce approximately 100 barrels of water per day, total.

Q Does that create any water problem?

A Actually, it is not at this stage. This water is being collected in steel storage tanks and being transported to disposal facilities.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

PAGE 6

Q Will this installation permit you to produce and account for all the oil underlying the lease?

A Yes.

Q You will be able to conduct the required tests, account for the production as required by the OCC rules?

A Yes, sir.

Q How often will you be conducting these tests on each well?

A These tests are conducted at least once a month.

Q Do they have any economic data?

A Yes, sir, we have cost estimates for construction of a new tank battery and cost estimates of producing these wells into the current tank battery. Our figures show that it would cost approximately \$44,300.00 to construct a second tank battery in Section 11 on the State of New Mexico AE lease.

Q For the four wells?

A Yes, sir. It would cost an additional \$4,200.00 to connect these wells, and the total cost would be \$48,500.00.

MR. UTZ: Cost how much to connect them?

A \$4,200.00.

Q (By Mr. White) For a total of what?

A The total cost would be \$48,500.00. If these four wells are produced into the existing tank battery in Section 12, the only cost would be the connection cost for the four wells and that



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

would amount to \$14,900.00. The difference between these two amounts would be \$33,600.00, representing a savings made possible by using the existing tank battery.

Q Will all the interested parties be protected?

A Yes, sir, they would be.

Q In your opinion, would the granting of this application be in the best interest of conservation and prevent economic waste?

A Yes, sir.

Q Were these exhibits prepared by you or under your direction?

A Yes, sir, they were.

Q Do you have any further testimony to offer?

A No, sir.

MR. WHITE: At this time, we offer Exhibits One and Two in evidence.

MR. UTZ: Without objection, Exhibits One and Two will be entered into the record of this case.

MR. WHITE: That concludes our direct testimony.

* * *

CROSS EXAMINATION

BY MR. UTZ:

Q Your AE lease tank battery is a system as shown on



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691

Exhibit Number Two, is it:

A Yes, sir.

Q That is now serving how many wells?

A At the present time, that system is serving 18 wells.

Q You are asking for a maximum of 20?

A Yes, sir.

Q You don't think any of the leases, or any part of the Section 11, the South part of Section 11, rather, will be productive?

A It doesn't appear to be at the present time, other than the two wells, possible wells, indicated in the Southwest Quarter of Section 11.

Q Testing procedures on your 20 wells will be the same as you now use on the 18 wells; is that correct?

A Yes, sir, that's correct.

MR. UTZ: Are there other questions of the witness? I believe you stated that the beneficiary of the entire lease is the same?

A Yes, sir, common school.

Q How about the royalty interest?

A The same, State of New Mexico.

Q All interests in this lease are the same?

A Yes, sir.

MR. UTZ: Are there other questions? The witness may be excused. The case will be taken under advisement.

* * * *



DEARNLEY, MEIER, WILKINS and CROWNOVER

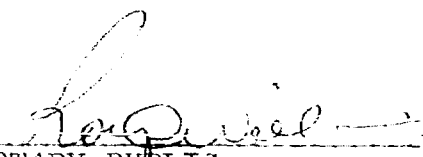
General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

STATE OF NEW MEXICO ()
COUNTY OF BERNALILLO ()

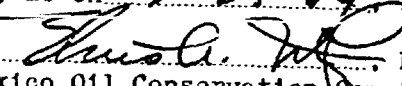
I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal of Office, this 30th day of March, 1964.


NOTARY PUBLIC

My Commission Expires:
September 6, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3017, heard by me on 3-25-64, 1964.

 Examiner
New Mexico Oil Conservation Commission



DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 25, 1964

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3014: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Otto V. Reynolds and all other interested parties to appear and show cause why his Wood Well No. 1 located in Unit N, Section 14, and his Lohman Well No. 1 and Gale Well No. 1, located in Units C and E, respectively, Section 24, and the Seitzinger Well No. 1 located in Unit H, Section 23, all in Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 3015: Application of Lone Star Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Atlantic State Well No. 1 located in Unit G of Section 30, Township 17, South, Range 36 East, Lea County, New Mexico, to produce oil from an undesignated San Andres Pool and from undesignated Abo Detritus through parallel strings of 2-3/8 inch tubing.

CASE 3016: Application of Texaco, Inc. for the creation of a new oil pool and for temporary pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Upper-Pennsylvanian production in Sections 25 and 36, Township 17 South, Range 35 East, Lea County, New Mexico, and the establishment of special pool rules therefor, including a provision for 80-acre proration units.

CASE 3017: Application of Texaco, Inc. for an exception to Rule 309-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce up to a maximum of 20 proration units into its New Mexico State "AE" lease tank battery, Vacuum Abo Reef Pool, Lea County, New Mexico.

CASE 3018: Application of Tenneco Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Round Tank San Andres Pool, Chaves County, New Mexico, by the injection of water into the San Andres formation through one well located in Unit I of Section 24, Township 15 South, Range 28 East.

CASE 3019: Application of Cactus Drilling Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Texas No. 1 Jennings Federal Well at an unorthodox location 1300 feet from the North and East lines of Section 10, Township 20 South, Range 29 East, Eddy County, New Mexico; said well is a wildcat projected to the Devonian formation.

Case 3019

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



MAIN OFFICE OCC

1964 MAR 5 AM 8:12
P. O. BOX 3109
MIDLAND, TEXAS

March 3, 1964

REQUEST FOR EXAMINER HEARING
VACUUM ABO REEF OIL POOL
EXCEPTION TO RULE 309-A

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

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

Gentlemen:

Texaco Inc. respectfully requests that an Examiner hearing be set to consider its application for exception to the first paragraph of the above subject rule. This portion of Rule 309-a specifies a maximum of 16 proration units to be produced into a central tank battery. Texaco Inc. will request that this maximum limit be raised to 20 for a tank battery located on and serving a Texaco lease. The basis for this request will be primarily afforded by the economic consideration of serving a number of wells by one existing tank battery instead of two. A secondary basis for the request will be the feasibility from a physical standpoint of operating four additional wells into an existing facility instead of a separate installation. In support of this application the following facts are presented:

1. The central tank battery in question is located on and serves Texaco's State of New Mexico "AE" Lease that produces from the Vacuum Abo Reef Oil Pool in Lea County, New Mexico.
2. At the present time only the 18 Abo Reef wells on the State of New Mexico "AE" Lease produce into the subject tank battery.
3. Approval will be requested to produce into the existing tank battery the current 18 wells plus two additional wells that may be drilled to and completed in the Vacuum Abo Reef Reservoir in the future.

DOCKET MAILED

Date 3-12-64
gr

NMOCC

-2- MAIN OFFICE OCC

March 3, 1964

1964 MAR 5 AM 8:12

It is respectfully requested that this application
be set for Examiner hearing on March 25, 1964, at Santa Fe,
New Mexico.

Yours very truly,



C. L. Whigham
Division Proration Engineer

CLW-MM

Case 3017

Heard. 3-25-64

Rec. 3-25-64

1. Grant Texas an exception to
Rule 309 to allow them ~~to~~ to up to
20 wells into their New Mexico "A E"
Lease lands Battery located in NW/4
sec. 12 - 185 - 34E.

Thos. H.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

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

LAND COMMISSIONER
C. B. JENNIFER WALKER
MEMBER

April 6, 1964

Re: Case No. 3017
Order No. R-2689
Applicant:
TEXACO

Mr. Charles White
Gilbert, White & Gilbert
Attorneys at Law
Box 787
Santa Fe, New Mexico

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.

A. L. PORTER, JR.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Artec 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. 3017
Order No. R-2689

APPLICATION OF TEXACO INC.
FOR AN EXCEPTION TO RULE
309-A, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 25, 1964, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 6th day of April, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Texaco Inc., seeks an exception to
Rule 309-A of the Commission Rules and Regulations to produce up
to 20 Vacuum-Abo Reef wells into a central tank battery on its
State "AE" Lease comprising all of Section 11 and the W/2 of Sec-
tion 12, Township 18 South, Range 34 East, NMPM, Lea County, New
Mexico.

(3) That the proposed physical installation will permit
individual testing of all wells.

(4) That approval of the subject application will allow the
applicant to operate its State "AE" Lease in the most economic
manner, and will be in the interest of conservation, the prevention
of waste and the protection of correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby granted an
exception to Rule 309-A of the Commission Rules and Regulations

-2-

CASE No. 3017
Order No. R-2689

to produce not more than 20 vacuum-Abo Reef wells into a central tank battery on its State "AS" Lease comprising all of Section 11 and the W/2 of Section 12, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that the physical installation for such production shall permit individual testing of all wells.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

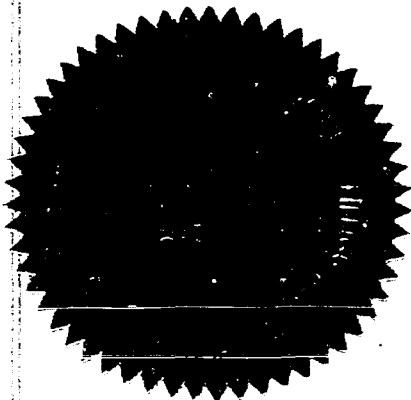
Jack M. Campbell

JACK M. CAMPBELL, Chairman

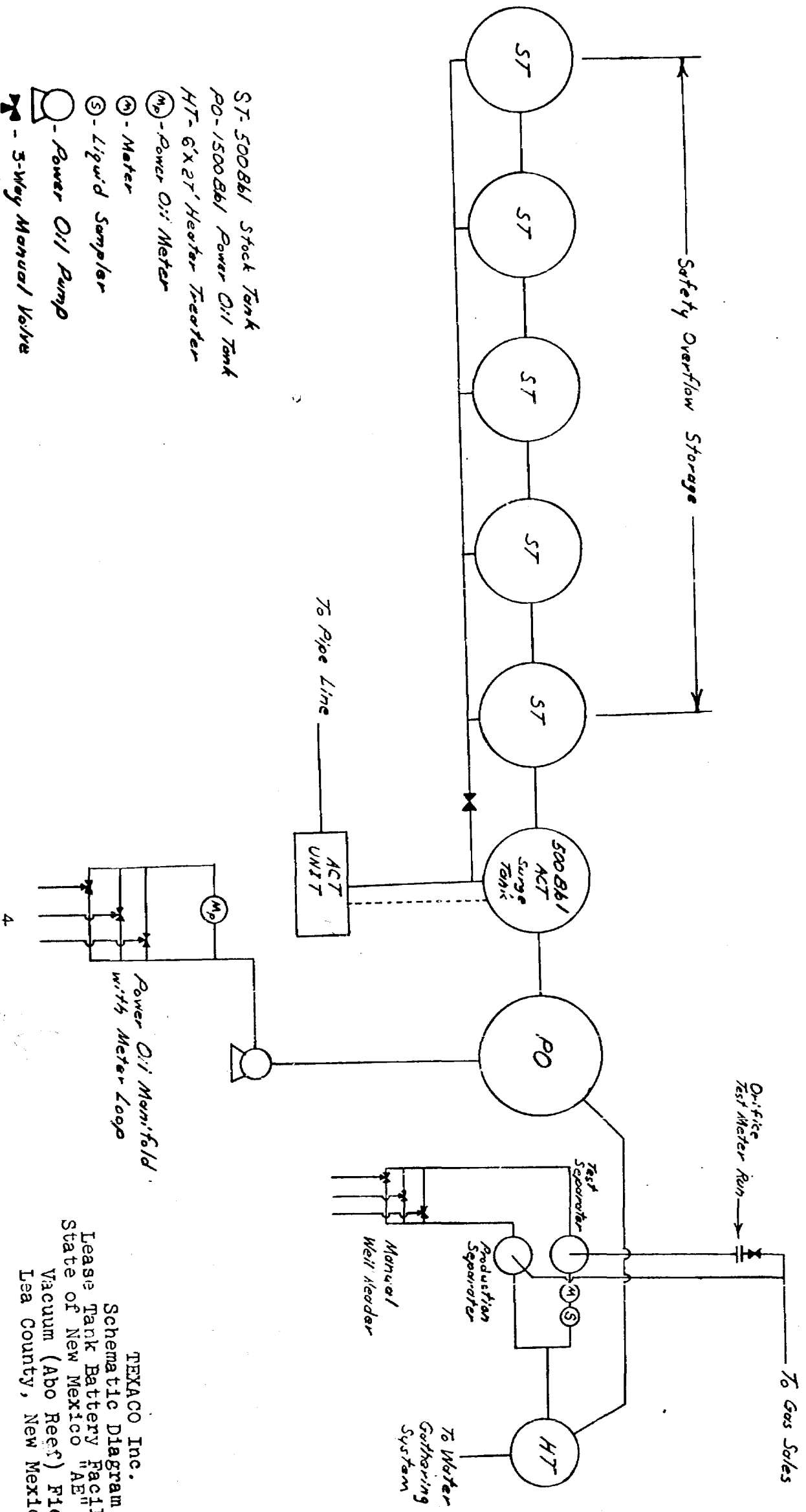
E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.

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



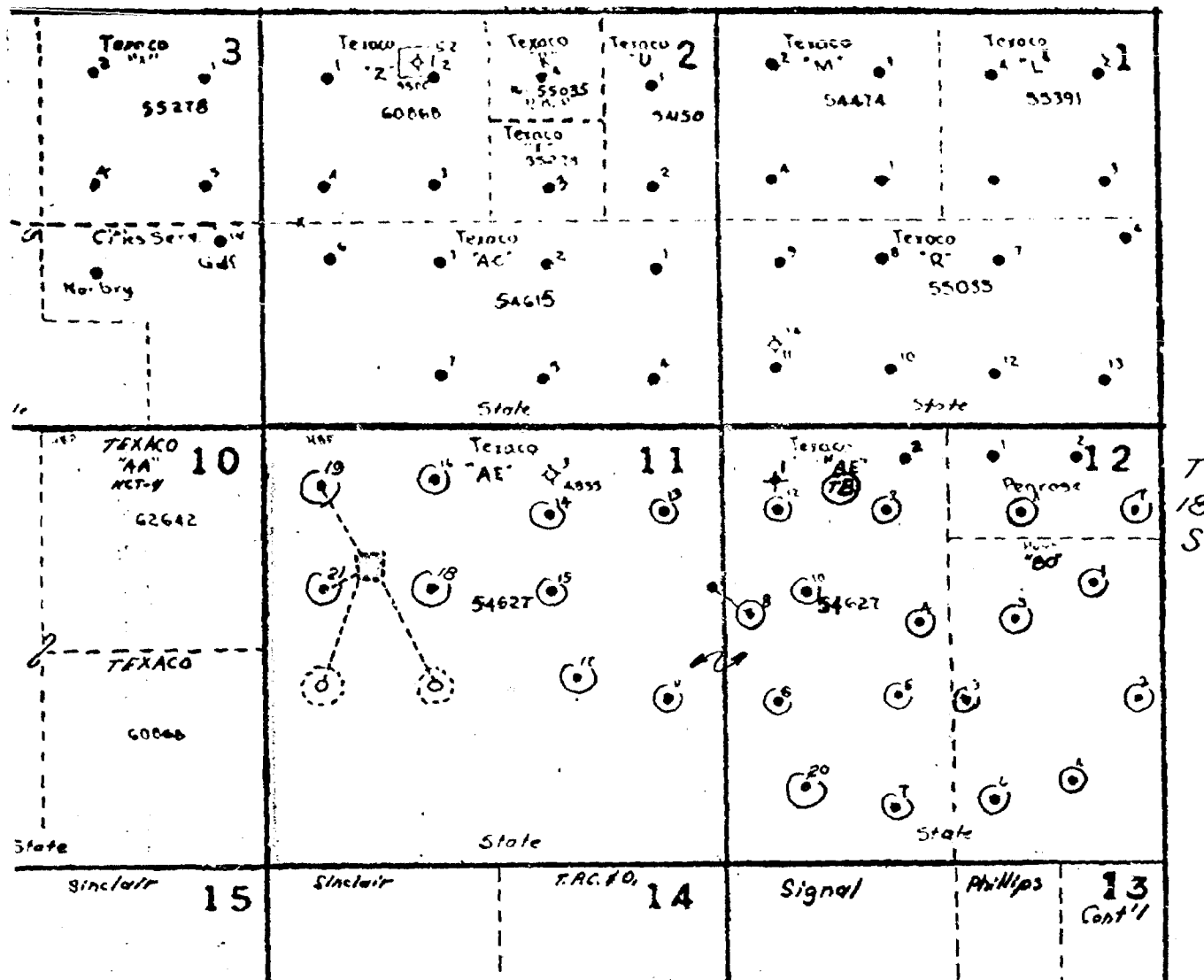
esr/



ST-500 BBL Stock Tank
 PO-1500 BBL Power Oil Tank
 HT-6'x27' Heater Treater
 (M_P) - Power Oil Meter
 (M) - Meter
 (S) - Liquid Sampler
 (P) - Power Oil Pump
 (V) - 3-Way Manual Valve

TEXACO Inc.
 Schematic Diagram
 Lease Tank Battery Facilities
 State of New Mexico
 Vacuum (Abo Reef) Field
 Lea County, New Mexico

R-34-E



TEXACO Inc.

PLAT

State of New Mexico "AE" Lease
Vacuum (Abo Reef) Field
Lea County, New Mexico

- ⊙ Existing Battery with ACT
- ⊙ Location of Battery No. 2, if installed
- ⊙ Abo Reef Completions
- ⊙ Possible Abo Reef Locations
- Wells not indicated completed in San Andres

NOTE: "AE" Lease San Andres production routed to consolidated central battery for San Andres production, only.

DRAFT

JMD/esr

March 31, 1964

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. 3017

Order No. R- 2689

APPLICATION OF TEXACO INC.
FOR AN EXCEPTION TO RULE 309-A,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 25, 1964, at Santa Fe, New Mexico, before Examiner 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 April, 1964, the Commission,
a quorum being present, having considered the ~~application, the~~ testimony,
the record, ~~and the recommendations of the Examiner,~~
_____ 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, Texaco Inc., seeks an exception to
Rule 309-A of the Commission Rules and Regulations to produce up
to 20 Vacuum-Abo Reef wells into a central tank battery on its
State "AE" Lease comprising all of Section 11 and the W/2 of Sec-
tion 12, Township 18 South, Range 34 East, NMPM, Lea County, New
Mexico.

(3) That the proposed physical installation will permit
individual testing of all wells.

(4) That approval of the subject application will allow the
applicant to operate its State "AE" Lease in the most economic
manner, and will be in the interest of conservation, the prevention
of waste and the protection of correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby granted an exception to Rule 309-A of the Commission Rules and Regulations to produce not more than 20 Vacuum-Abo Reef wells into a central tank battery on its State "AE" Lease comprising all of Section 11 and the W/2 of Section 12, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that the physical installation for such production shall permit individual testing of all wells.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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