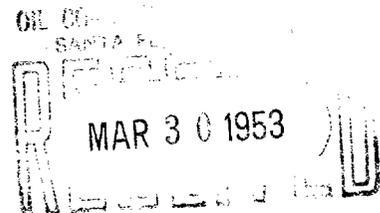


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico
March 17, 1953

TRANSCRIPT OF HEARING

CASES No. 494 & 495 (CONSOLIDATED)



proposed to utilize the battery now installed on the "AE" lease to tank the oil to be produced from the same common source of supply from its "AH" lease. State "AH" Well No. 1 is now in the process of drilling.

I have as Exhibit No. 1 ownership plat of the area, showing the location of the leases and adjacent wells and the location of the tank battery.

The purpose of this application is one of practical convenience and economic benefit. The granting of it will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

Cities Production Corporation owns and operates both of these leases, which were obtained from the State of New Mexico, both tracts being state owned lands held in trust for the benefit of the common schools. Their acreage is contiguous. The State "AE" lease is held under State Lease B-7766, and the State "AH" lease is held under State Lease E-1678. There is a common ownership of both working and mineral interests in these leases.

When the State Land Office was contacted with respect to the use of common tankage we were advised to request a hearing from the Oil Conservation Commission. They expressed no objection to the proposal.

Production in this field is from the Abo lime (Wolfcamp age) found from approximately 8350 to 8430 feet. The State "AE" lease has two wells producing from this reservoir, and the "AH" lease will have one upon the completion of the well now drilling. The distance of these wells from the common tank battery is no greater than the distance normally encountered in the development

of any 160 or 320 acre lease.

The justification of this request lies in the material saving effected in steel by the elimination of an unnecessary tank battery, the saving in its cost, and in its operation and maintenance. Orders Nos. R-143 and R-151 have authorized similar requests for the commingling of oil produced by different leases from the same common source of supply.

If this application is granted adequate tankage and other equipment will be maintained in connection with the central tank battery in order that the specific production of each well, and of future wells, can be accurately determined at reasonable intervals or upon request of the Commission Wells will be produced pursuant to Commission requirements.

I think that is all we have, Mr. Chairman.

MR. GRAHAM: What is the institutional ownership, does that show on the plat?

MR. ADAMS: No, sir. The State is the only royalty owner under the leases.

MR. GRAHAM: The State land, some belongs to one institution and some to another.

MR. ADAMS: I didn't know that. These are just State lands. I didn't know one belonged to one. It is common ownership, I am sure of that. Could we advise the Commission of that by writing?

MR. SPURRIER: Yes.

MR. GRAHAM: You have checked the production from each lease?

MR. ADAMS: Yes, we would install a manifold system there where you could test any well at any time.

MR. SPURRIER: Are there any questions of the witness?
If not you will be excused in this case, 494.

(Mr. Graham reads the Notice of Publication in Case 495.)

MR. ADAMS: 495 is an application of Cities Service Oil Company for an order authorizing the commingling in the common tank battery of oil produced from its State "AC" and "AG" leases in the Saunders Pool, Lea County, New Mexico.

We will make the same investigation on this as to the State leases and lands as to what school owns them. I would like to have the Case of 494 made a part of this hearing because the allegations in there are the same and the justification and operation purpose would be the same as in this case.

MR. SPURRIER: Without objection it will be done. Any questions of the witness in Case 495?

MR. HINKLE: I am Clarence Hinkle representing Humble. I would like to ask Mr. Adams whether or not the production that you contemplate commingling is from the same zones or the same source?

MR. ADAMS: Yes, sir, it is. I thought I made that clear. I am sorry if I didn't. I would like to introduce, as an Exhibit, the ownership of map of this latter area.

MR. WHITE: Do all these wells produce their allowable?

MR. ADAMS: No, sir, our State "AG" No. 1 Well is a marginal well in the Saunders Field in Cause No. 494.

MR. WHITE: To what each can produce?

MR. ADAMS: Yes, sir.

MR. SPURRIER: Any other questions?

MR. CHRISTY: Clarence Christy, Amerada Petroleum Company.

Do you have the depths of those five wells, Mr..Adams?

MR. ADAMS: In 495 the Saunders line is found at an approximate depth of 9,900 to 10,000. Do you mean of the specific wells?

MR. CHRISTY: Yes.

MR. ADAMS: I don't have it. Mr. Macey, do you have it?

MR. MACEY: The total depth is shown on the plat.

MR. ADAMS: It is shown 10,050 feet for No. 1, 10,078 feet for AG-No. 1.

MR. CHRISTY: That is the total depth?

MR. ADAMS: Yes.

MR. CHRISTY: Is that the same as the perforated interval, that is the producing zone?

MR. ADAMS: No, the perforations were State "AC" Well is producing from perforation through 9,910 to 9,996. I don't have the perforations on the "AG" Well. I would be glad to furnish that to you.

MR. SPURRIER: Any other questions? If not the witness may be excused. Without objections the Exhibits will be accepted into evidence. We will take the case under advisement.

(Witness Excused.)

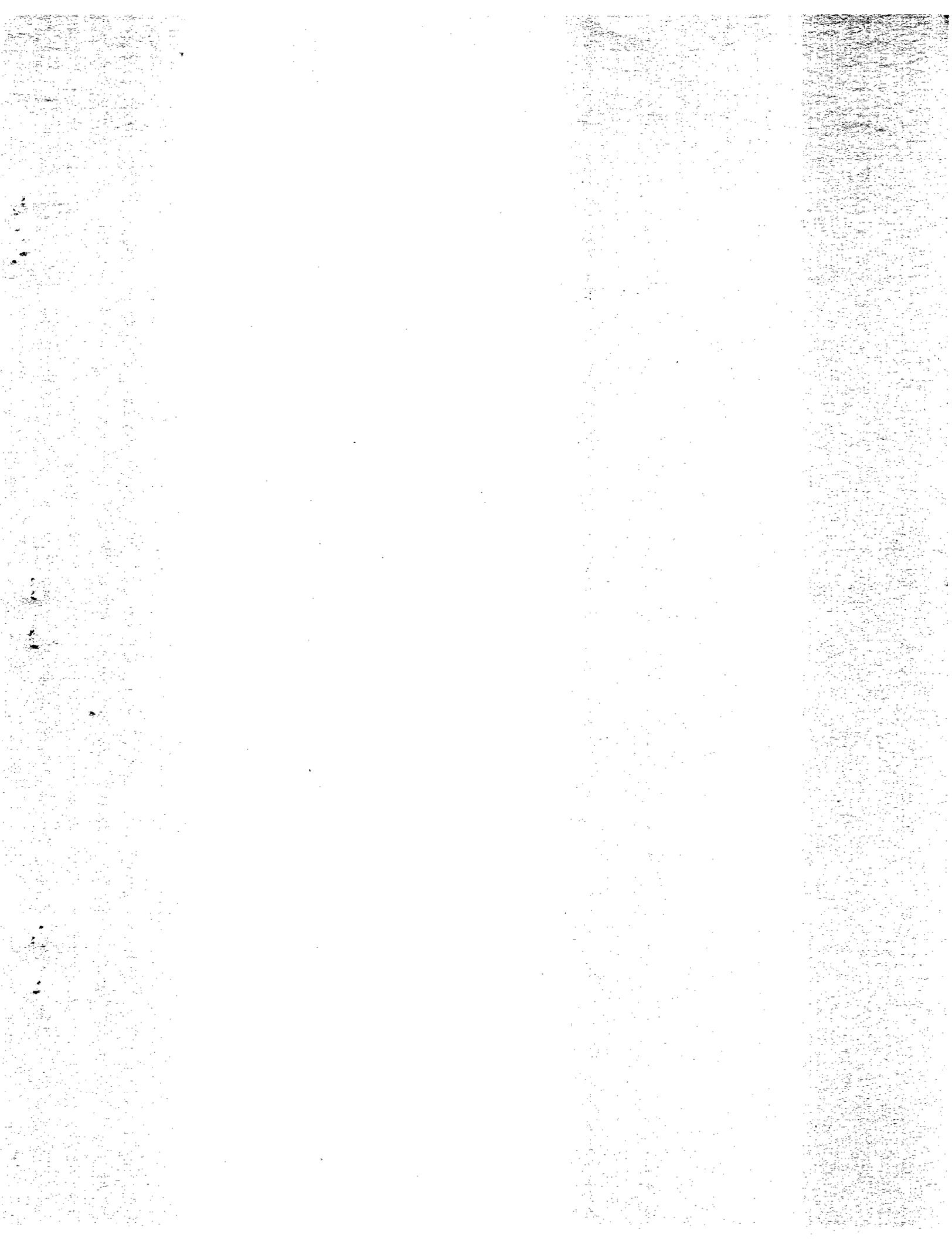
STATE OF NEW MEXICO)
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COUNTY OF BERNALILLO)

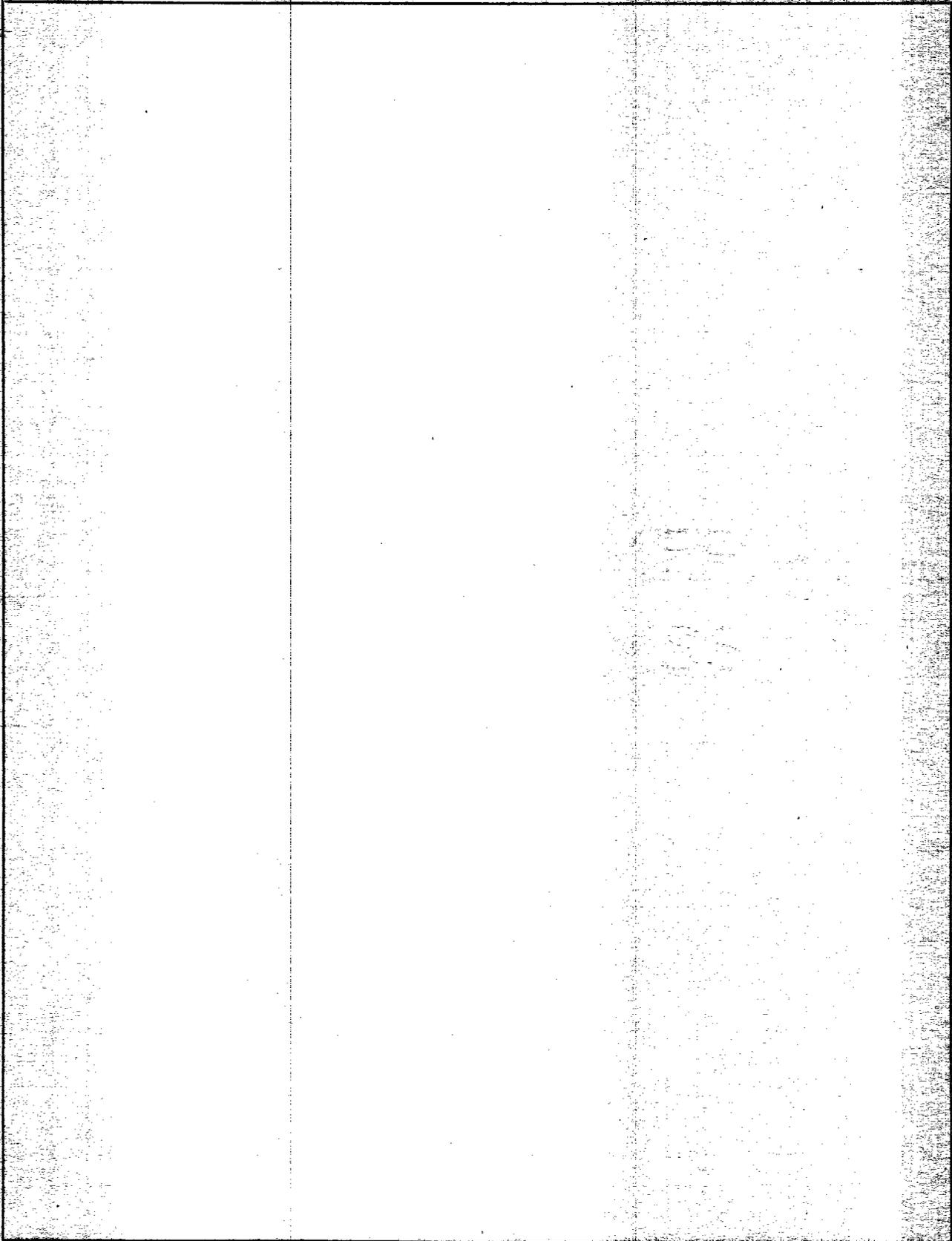
I, ADA DEARNLEY, hereby certify that the above and foregoing transcript of proceedings in Cases 494 and 495 Consolidated, taken before the Oil Conservation Commission on March 17, 1953, at Santa Fe, New Mexico, is a true and correct record.

Dated in Albuquerque, New Mexico, this 23rd day of March, 1953.


Notary Public

My Commission Expires:
June 19, 1955.





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