

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
November 17, 1954

IN THE MATTER OF:

CASE NO. 785 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 17, 1954

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IN THE MATTER OF:

The application of the Ohio Oil Company for permission to consolidate two presently existing tank batteries into a single new (replacement) tank battery for storage of oil from two separate leases.

Applicant, in the above-styled cause, seeks exception to provisions of Rule 309 of the Commission's Rules and Regulations to permit storage of oil in a single tank battery from two separate leases in the SE/4 of Section 32, Township 18 South, Range 38 East, Lea County, New Mexico, in the Hobbs Pool.

Case No. 785

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BEFORE:

Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 785.

MR. COUCH: Terrell Couch, for Ohio Oil Company.

D. K. SPELLMAN, JR.,

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

DIRECT EXAMINATION

BY MR. COUCH:

Q Will you state your name, please, and by whom you are employed, and the capacity of your employment?

A D. K. Spellman, Jr., District Petroleum Engineer for the Ohio Oil Company in the Midland District, which comprises West

Texas and Southeastern New Mexico.

Q Mr. Spellman, have you testified before the Commission before?

A Yes, sir.

Q Have you stated your qualifications as a Petroleum Engineer?

A Yes, sir.

MR. COUCH: Are the qualifications of the witness accepted?

MR. MACEY: They are.

Q Are you acquainted with the operations of the Ohio Oil Company on Section 32, Township 18 South, Range 38 East, in Lea County, New Mexico?

A Yes, sir. The Ohio Oil Company operates two 80-acre tracts in the Hobbs Pool area.

Q That is the east half, and the west half of the southwest quarter?

A That is right, of Section 32, Township 18 South, Range 38 East. Both tracts are held under State leases with the Ohio owning one-half working interest in each, and Atlantic Refining Company the other half working interest. Each tract contains two wells producing from the Bowers Pool and two producing from the Hobbs Pool.

Q At this hearing we are interested in the wells producing from the Hobbs Pool?

A That is correct. At the present time separate tank batteries are provided for the production from each tract, and, of course, for each pool.

Q This application seeks permission, or seeks an exception to Rule 309, to permit transporting of oil from each of those two

leases to one common tank battery in the southeast quarter of this Section 32, is that correct?

A Yes, that is correct.

Q Have you considered the comparison of the cost of having two separate tank batteries, and of having one tank battery for the use of both leases, in reference to production from the Hobbs Pool?

A Yes, the construction of one tank battery to serve four wells, as against two tank batteries will result in a saving of approximately \$4,000.00.

Q Is the Ohio Oil Company the operator of both leases?

A Yes, the Ohio operates the two leases under a designation of State, Section 32 lease.

Q That designation, you mean with reference to allowable schedules, proration schedules?

A Yes, sir.

Q Have you communicated your proposal to the Atlantic Refining Company, Mr. Spellman?

A Yes.

Q Is that the letter that you received in reply?

A Yes, sir. This letter, addressed to Ohio Oil Company, Box 552 in Midland, Texas, D. K. Spellman, Jr. --

MR. COUCH: I will ask that be marked.

(Marked Ohio Oil Company's Exhibit No. 1, for identification.)

A It states, in effect, that the Atlantic Refining Company is in agreement with our proposal to combine the present two tank batteries into one tank battery.

MR. COUCH: I hand you a letter from Commissioner Walker,

addressed to me, which acknowledges the fact that this application had been filed and withholds consent to the application, pending the outcome of this case with the Commission. I ask that be marked Exhibit 2.

(Marked Ohio Oil Company's Exhibit No. 3, for identification.)

MR. COUCH: We offer in evidence applicant's Exhibits 1 and 2.

MR. MACEY: Is there objection to the introduction of these Exhibits? If not they will be received.

Q Mr. Spellman, will you provide -- If there is one common tank battery there will be provisions so that tests can be held on each of the four wells producing into that tank battery?

A Yes, two separators will be installed, as we normally install them where a tank battery serves more than one well, so that wells may be tested individually at such time as we feel, or are required to test them.

MR. COUCH: We have no further testimony.

MR. MACEY: Any questions of the witness? If not the witness may be excused. Do you have anything further?

MR. COUCH: No.

(Witness excused.)

MR. MACEY: Does anyone have anything further in this case? If not we will take the case under advisement.

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 22nd day of November, 1954.

*Ada Dearnley*  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955