

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 972

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
STATE OF NEW MEXICO
Santa Fe, New Mexico

October 17, 1955

IN THE MATTER OF:)

Application of Wilson Oil Company for an exception to)
Rule 309 for a centralization of tank batteries in the)
Wilson Pool, Lea County, New Mexico. Applicant is the)
owner of the following State Leases in Section 13,)
Township 21 South, Range 34 East: B-6717, B-8251 and)
B-6807. Applicant desires to produce a maximum number)
of fifteen wells into tank batteries at the following)
locations: NW/4 NW/4 Section 18, Township 21 South,)
Range 35 East; center of the W/2 of Section 13, Town-)
ship 21 South, Range 34 East, and center of the S/2 of)
Section 13, Township 21 South, Range 34 East. Appli-)
cant at present has twelve producing wells located on)
the above leases and has received approval to drill)
three additional wells as unorthodox locations on)
these leases. Furthermore, applicant desires permis-)
sion to relocate the existing tank batteries serving)
the wells producing from said leases in such a manner)
that all of the wells will be produced into one cen-)
tral tank battery located in the center of the S/2)
of Section 13, Township 21 South, Range 34 East.)

Case No.
972

Before: Acting Chairman Warren B. Mankin.

TRANSCRIPT OF HEARING

ACTING CHAIRMAN MANKIN: The next case is Case 972.

MR. SETH: Mr. Oliver Seth, Seth and Montgomery, appearing
for Wilson Oil Company. We will call as our first witness Mr. Ray-
mond Lamb. This is an application by Wilson Oil Company for the
centralization of tank batteries. The description of the location
of the battery and description of the leases is contained in the
docket, which we would like to make a part of the record. It is
also contained in a letter from the applicant to the Commission
dated September 23, 1955, entitled "Request for approval of centrali-

zation tankage, Wilson State Leases B-6717, B-8251, B-6807,

ADA DEARNLEY & ASSOCIATES

STENOGRAPHIC REPORTERS

ALBUQUERQUE, NEW MEXICO

TELEPHONE 3-6691

located in the Wilson Pool in Lea County, New Mexico".

RAYMOND LAMB

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Mr. Lamb, would you state your name for the record, please?

A I am Raymond Lamb.

Q By whom are you employed and in what capacity?

A The Wilson Oil Company as Vice President in charge of exploration.

Q Are you familiar with this application?

A I am.

Q And the lands covered by it? A Yes.

Q Do you have for the Commissioner and Staff, copies of plats showing the area covered by the application?

A These plats were filed with the application.

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

A There is one change on the plat that was filed since the application was made. A well has been drilled, our No. 42. You will note that it is designated on the plat.

MR. NUTTER: Where is that one?

A It is with the same proration unit as Well No. 5 with Lease B-6807, it is 2310 from the south and east.

MR. NUTTER: That puts it up in the northwest of the unit?

A Yes, of that unit.

Q In your application, Mr. Lamb, you indicated that there were eleven wells within the area covered by the application?

A That is right.

Q Now there are twelve, is that correct?

A There are twelve.

Q Would you state briefly the plan as outlined in your application?

A Well, it is our plan to centralize the storage for the three leases as mentioned in the application, for a more efficient and economical operation. The number of wells at present is mentioned as well and we have plans to drill additional wells as they are needed, and in no event will the battery or batteries serve more than fifteen producing wells. The number of proration units will remain the same and we have no plans to increase that number.

Q What is the number, twelve proration units now?

A Twelve is correct.

Q This covers three separate State leases, is that right?

A That is correct.

Q Are the beneficiaries of these leases the common school fund?

A Yes, and they are all common ownership as far as the working interest is concerned.

Q Would you state the pool or zone that these wells produce from?

A These wells are located in the Wilson Pool and are producing from the Yates-Seven Rivers formation.

Q Have you previously received authority from the Commission for the drilling of additional wells on unorthodox locations?

A That is correct, it was Order R-243.

Q In Case 605, is that correct? A Right.

Q Is it the intention of your application to permit the production from these wells if they should be drilled to go into the

same tank battery?

A Correct.

Q But never more than fifteen wells?

A Never more than fifteen.

Q Would you also describe the amount of storage that is contemplated for this battery?

A We will have 3,750 barrels of storage, at the present rate of production and allowable, which will mean ten days of storage.

Q Would you also state the location of this battery?

A At the present there will be two batteries, the west battery will be eliminated as the equipment needs to be replaced; the south battery's in the center of the south half of Section 13 and the west battery is in the center of the west half of Section 13. The west battery will be eliminated as replacement is needed.

Q In view of your experience with these particular wells there, would you state in your opinion whether there is adequate tankage and other equipment so that the production from each well can be accurately determined from time to time?

A The permanent equipment will be maintained in such a status that each well can be tested separately and in need of extra equipment we have a portable test separator which can be used in conjunction with that permanent equipment.

Q Is this equipment similar to the equipment generally used in that area for that purpose?

A Yes.

Q Are your methods of testing similar to those generally employed in the area?

A Yes.

Q Have you requested approval of the centralization from the Commissioner of Public Lands?

A We have approval from the Commissioner of Public Lands under

date of October 3, 1955.

Q Would you ask Miss Dearnley to mark that?

A We have only one copy.

(Marked Wilson Oil Company's Exhibit No. 2, for identification.)

Q Are there marginal wells producing within the area that is covered by your application?

A There are two marginal wells. The remainder are top allowable wells or units. The marginal wells are identified as Wilson Oil Company Amerada State No. 1 and the Wilson Oil Company State No. 12.

Q Did you furnish to the Commission a list of the offset operators as best you could determine?

A I did. It was under date September 23.

MR. SETH: That is all the questions on this case. We are going to offer these exhibits in evidence. We will offer them now.

ACTING CHAIRMAN MANKIN: Is there objection to the entering of Exhibits 1 and 2 by the applicant in this case? If not they are so entered and received. Any questions of the witness?

CROSS EXAMINATION

By MR. NUTTER:

Q Which wells are flowing into which batteries at the present time?

A Let me get my plat. The wells on Leases 6807 are divided into the two batteries so noted. The Well No. 12 in B8251 is in a battery at the location of the south battery. Those are the two separate batteries there at the location. There is storage for the No. 12 well at that location.

Q This battery that is in the south half of 13 is actually two

batteries in one? A Yes.

Q The No. 12 flows into it? A Yes.

Q The other wells into the south half, do they flow into the battery in the south half?

A All in the south half of the section?

Q Yes.

A All except No. 7. No. 7 goes the other way.

Q No. 5 comes into this battery, 15, do ten-40 flow through a common flow line?

A Ten and 40, ten has been recompleted, we have had a little discussion on it as far as proration is concerned. It is a top allowable flowing into the battery. Forty has recently been completed as a gas well. It is no longer producing oil. We have one well on that proration unit producing oil. The other one has been converted to a gas well.

Q No. 8 flows into that battery to?

A It flows into the south battery. No. 5 has a divided flow line and may flow either way depending on the available storage.

Q It can be coming to the battery in the south or the west half?

A Yes.

Q I suppose No. 14, 41 and 9?

A They go into the west battery. Amerada 1 and 2 are produced through a flow line to the battery designated in the upper right-hand corner which is actually in Section 18 of the adjoining township.

Q What other wells are tied into that battery?

A That is a divided battery also.

Q Those two wells are in a battery by themselves?

A Yes.

Q What are 10 and 13 on the Wilson Shell State?

A They are producing wells and they go into the battery there in 18 as part of the divided battery.

Q Do they flow into the same portion as Amerada State 1 and 2?

A No. They are not common ownership.

Q They come around to the other side?

A Yes. For the history, that battery location was selected, I believe Mr. Yarborough and Mr. Wilson, for gravity purposes, into the Texas-New Mexico pipeline. As far as I know there was no written approval for it, but it was knowledge of the Commission at the time the battery was set up. The Texas-New Mexico pipeline is to the right, upper right of your plat. The battery in 18 is on top of the hill, and it will gravitate to the tanks of New Mexico pipeline. We originally were our own transporters to the pipeline. In other words, they refused to make connection. We had to be our own transporter.

ACTING CHAIRMAN MANKIN: Any other questions of the witness?

By MR. GURLEY:

Q It is your intention, as I understand it, to bring into the south battery --

A (Interrupting) Eventually a common battery.

Q You state that you are going to have to continue using the west battery for a time? How long do you think that will be necessary?

A It depends on when corrosion catches us.

ACTING CHAIRMAN MANKIN: Give us some idea.

A A couple of years. As tanks are taken out of that battery, additional tanks will be placed in the south battery.

ACTING CHAIRMAN MANKIN: Mr. Lamb, the Amerada State Lease,

did I understand that that is a split line? In other words, you still have separate flow lines, or it can be tested separately into the new batteries that will go on this map, this application?

A That is correct. Don't be misled by the Amerada State. The Amerada property was purchased on an oil payment basis. That oil payment has been completely paid off and we are sole owner of the working interest. There is no overrides. We are a common owner of all property going into the centralized property.

Q All wells covered under this application can be individually and separately tested?

A That is correct.

Q There would be no split lines where there would have to be any estimates made?

A That is right. We will be able to test them either with permanent equipment or with our portable unit. There is one other means we use, and that is transporting a test tank to the location and test directly in the tank.

Q What would the permanent facilities be, a test tank and test separator?

A It would be a test separator and we have a manifold setup so we can flow any well in the battery.

Q Your portable is a test separator, but you have a test tank?

A Our test separator is the ordinary type which carries a flow oil meter and an orifice plate for testing and measuring of gas, so it is a complete unit within itself. We also use the 100 barrel test tank, since we have very little gas we can test it directly into that tank.

Q So it would be possible to test two wells at the same time?

A We can test three at one time. By using the test tank, the

portable test separator and the permanent separator, auxiliary separator at the battery. We can test three wells at a time. That would be the maximum of the present equipment which we have.

ACTING CHAIRMAN MANKIN: One other thing, Mr. Lamb. I notice you mention No. 40 is now a gas well. I believe it has been carried up to the present time with another well which is No. 10 as a common unit for proration purposes?

A That is correct.

ACTING CHAIRMAN MANKIN: Which I presume presently would be taken away from that unit and carried as only one well within that unit?

A Yes, No. 40 will be removed from the schedule. It has happened in the last four or five days.

ACTING CHAIRMAN MANKIN: Any other questions of the witness?

MR. SETH: That is all, in that case.

ACTING CHAIRMAN MANKIN: The witness may be excused and if no statements, we will take the case under advisement. I believe you entered both of these exhibits?

MR. SETH: Yes.

(Witness excused.)

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 972 were taken by me on October 17, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.



Reporter