

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 19, 1955

IN THE MATTER OF:

CASE NO. 976

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 19, 1955

.....)
IN THE MATTER OF:)

Application of Western Oil Fields, Inc., for an order)
granting an exception to Rule 309 of the Commission's)
Rules and Regulations. Applicant, in the above-)
styled cause, seeks an order granting permission to)
produce a maximum of sixteen wells into a common tank)
battery on their State B-2148 Lease, comprising the)
S/2 of Section 17 and the N/2 of Section 20, Township)
17 South, Range 33 East, Maljamar Pool, Lea County,)
New Mexico.)

Case No. 976

.....)
BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The hearing will come to order. We have
only one case today, Case 976, which is the application of Western Oil Fields,
Inc., for an exception to Rule 309. The applicant has requested by letter
dated December 13th, 1955, that the hearing be continued. This case will be
continued and heard at 9 a.m. on January 9th, 1956. Hearing is adjourned.

STATE OF NEW MEXICO)
 :
COUNTY OF SANTA FE) ss

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

Dated at Santa Fe, New Mexico this 1st day of February, 1956.

Bobby Postlewaite

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 9, 1956

IN THE MATTER OF:

CASE 976

TRANSCRIPT OF PROCEEDINGS

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

HEARING DATE January 9, 1956 TIME: 9:00 A.M.

| NAME: | REPRESENTING: | LOCATION |
|-----------------|------------------------|--------------|
| Earl H. Johnson | Western Oil Fields Inc | Denver, Colo |
| Sam Miller | OCC | Santa Fe |
| Jim Luby | OCC | " |

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 9, 1956

.....)
)
IN THE MATTER OF:)
)
)
Application of Western Oil Fields, Inc.,)
for an order granting an exception to)
Rule 309 of the Commission's Rules and)
Regulations.)
)
Applicant, in the above-styled case, seeks)
an order granting permission to produce a)
maximum of sixteen wells into a common)
tank battery on their State B-2148 lease,)
comprising the S/2 of Section 17 and the)
N/2 of Section 20, Township 17 South,)
Range 33 East, Maljamar Pool, Lea County,)
New Mexico.)
)
.....)

Case 976

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The hearing will come to order. We have only one case today, and that is Case 976, the application of Western Oil Fields, Inc., for an order of exception to Rule 309. Mr. Johnson, I believe you are the only person who will appear in this case, will you stand and be sworn in by counsel.

EARL JOHNSON

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

MR. MANKIN: Proceed, Mr. Johnson.

MR. JOHNSON: Western Oil Fields, in an exception to Rule 309-----

MR. MANKIN: Would you first state your-----I do not believe you have previously testified before the Commission, have you? Would you state your name?

MR. JOHNSON: Earl Johnson.

MR. MANKIN: And your qualifications and position, please.

MR. JOHNSON: I am the attorney for Western Oil Fields, Inc.

MR. MANKIN: And you have not previously testified before this Commission?

MR. JOHNSON: Yes, I have, about a year and a half ago.

MR. MANKIN: About a year and a half ago, as an attorney?

MR. JOHNSON: As a witness.

MR. MANKIN: And what position do you have with the-----

MR. JOHNSON: I am in charge of the legal department and the land department for Western Oil Fields.

MR. MANKIN: How long have you been with the company?

MR. JOHNSON: Since July of 1954.

MR. MANKIN: Alright, your qualifications are accepted, proceed.

MR. JOHNSON: Western Oil Fields requests an exception to Rule 309, permission to produce more than eight wells into the existing tank battery on Western Oil Fields lease 2148, in the S/2 of Section 17, and the N/2 of Section 20, 17 South, 33 East. In support of the request, Western Oil Fields states that all of the lease described has the same royalty interest that the existing battery on the lease-----

MR. GURLEY: Excuse me just a minute sir, what is that royalty

interest?

MR. JOHNSON: The working interest.

MR. GURLEY: I know, but I mean state land or-----

MR. JOHNSON: It is State.

MR. GURLEY: The State of New Mexico.

MR. JOHNSON: Yes. The existing battery on the lease now handles the production from eight Grayburg-San Andres wells. The ninth well has been commenced. The central tank battery will have adequate facilities to permit the taking of all of the required tests. I have here pictures of the separator, treater, and the tank battery, if you care to see these.

MR. MANKIN: Do you wish to introduce those as exhibits?

MR. JOHNSON: Yes, I do and at the same time I would like to introduce this map which we have prepared showing the location of the lease and the tank battery, the wells and the pipeline.

MR. MANKIN: Would you first identify that first exhibit you had in mind there.

MR. JOHNSON: Yes. This shows the central connections to the--- leading into the tank battery, the treater and separators. And this-----

MR. MANKIN: And would you like to identify that as Exhibit 1?

MR. JOHNSON: Yes.

MR. MANKIN: And then this second Exhibit No. 2 is, what is that?

MR. JOHNSON: Well, looking east at the tank battery.

MR. MANKIN: Just another picture of the same installation.

MR. JOHNSON: The same installation, this is a close up of the terminals leading into it. Now this map shows the-----

MR. MANKIN: Is that Exhibit 3 that you are speaking of Mr. Johnson?

MR. JOHNSON: Exhibit 3, it shows the location of the lease, the location of the wells, the tank battery and the terminals leading into it, the producing wells and the proposed locations for the future wells to be drilled. There will be, when the project is completed, a total of 16 wells on the lease. This is No. 9, which is shown as blacked in, which should not be as yet--I don't---It will be completed anytime, but I do not know what the test was, I haven't-----

MR. MANKIN: Well No. 9 is the well that has been commenced that you spoke of?

MR. JOHNSON: Yes, thats true.

MR. GURLEY: And what is the location on that, Mr. Johnson?

MR. JOHNSON: Of the 9?

MR. GURLEY: Yes.

MR. JOHNSON: That is in the NE/4 of the NE/4 of Section 20.

MR. MANKIN: That is Township 17 South, Range 33 East?

MR. JOHNSON: Range 33 East.

MR. GURLEY: Located in the center of a quarter quarter section?

MR. JOHNSON: Yes. Any one of these wells can be gauged by just turning the valve which you see here on this exhibit---I do not know which one it is---it is No. 1. Treated separately and gauged separately.

MR. MANKIN: Through test separators, and gauged separately?

MR. JOHNSON: Yes Sir. This one well is shown as a dry hole-----

MR. MANKIN: Would you identify that particular well.

MR. JOHNSON: That well that is shown as a dry hole is in the SW/4 SW/4 of Section 17, Township 17 South, Range 33 East, and it is the Phillips State deep test, which did not test the Grayburg and therefore it was considered a dry hole. We propose to drill along side of it to test the Grayburg and without a doubt---as little doubt as we have, we will get a producing well.

MR. MANKIN: The well which you have mentioned was previously dry-- was that drilled sometime ago?

MR. JOHNSON: Yes, it was drilled sometime ago before we got that lease--as a matter of fact I believe that is why Phillips gave us the lease, if I am not mistaken. That was before my time.

MR. MANKIN: It was before they got the present fracturing methods and field methods?

MR. JOHNSON: Yes---and it did not test the Grayburg in which we are producing. The---- a granting of the application will of course save considerable steel, expense, waste of time, monies, labor and it effects no one in the State, or any of the interests in the lease whatsoever. Therefore Western Oil Fields respectfully requests that the permission be granted as an exception to Rule 309.

MR. MANKIN: Has a similar request been made to the New Mexico State Land Office?

MR. JOHNSON: No.

MR. MANKIN: I believe that you are aware of the fact that in exception to Rule 309, a request must be made to the State Land Office, the Royalty Section, requesting an exception to this. Its a matter of procedure which they will grant based upon your letter and they will likewise give us a copy of that request. Would

it be possible that upon returning to your office that you make such a request to the State Land Office, to the Royalty Section?

MR. JOHNSON: Yes. That will be done.

MR. MANKIN: And then they will give you approval, indicating of course, that you have had this hearing under this particular case on this date and of course they will tie that in with that particular request.

MR. JOHNSON: Yes.

MR. MANKIN: Do you have anything further, Mr. Johnson?

MR. JOHNSON: That is all.

MR. GURLEY: You understand, Mr. Johnson, that we can't take action on this hearing until we have that in our files.

MR. JOHNSON: Yes Sir, I will do that. That was certainly an oversight -- it should have been done before .

MR. MANKIN: That is, of course, a portion of this Rule 309, if you will recall the rules----that is necessary on State Lands.

MR. GURLEY: Would you send us a copy of your letter to the State Land Office?

MR. JOHNSON: I will do that.

MR. MANKIN: Mr. Nutter, did you have anything for Mr. Johnson?

MR. NUTTER: Yes, I would like to clear up something here. Now all of these wells that have been completed in this---first of all, this is one basic lease?

MR. JOHNSON: Yes.

MR. NUTTER: Although it crosses over the section lines---it is one basic lease---640-acre lease?

MR. JOHNSON: Yes.

MR. NUTTER: Alright, now all of the wells that have been completed on here are all producing from the Grayburg formation?

MR. JOHNSON: Yes.

MR. NUTTER: Now, with reference to your Exhibit No. 1 here, what are these two smaller vessels? Are these both separators?

MR. JOHNSON: From my understanding, they are-----I will admit my knowledge of the separators and treaters-----between the two of them I am----

MR. NUTTER: I expect that these are both the separators and then you have a treater on the lease too?

MR. JOHNSON: Yes.

MR. NUTTER: Well, that is the treater then I imagine--the larger vessel in the background. Now, in other words you have got facilities there for producing 15 wells through one separator and testing the 16th well after you have your acreage all drilled up.

MR. JOHNSON: Yes, my understanding is that we can test them all from the same battery.

MR. NUTTER: Test any well?

MR. JOHNSON: Yes. By just turning an array of valves--it is rather a complicated procedure.

MR. NUTTER. It sorta seems to me that when the development is completed with 16 wells on the lease, that you might need more adequate facilities for testing. There might come a time when you will have to test two wells at the same time and need three separators.

MR. JOHNSON: That can be done. As I understand we can test two wells at the same time or three wells at the same time off of the same system.

MR. NUTTER: What kind of production do you get there? Is there very much gas with the oil?

MR. JOHNSON: That I don't know---whether there is or not.

MR. NUTTER: Are the wells producing any water to speak of?

MR. JOHNSON: Very little. Now my information came from our engineer who was down there setting this whole system up and he has informed me that by this system of terminals he can test any number of wells at the same time.

MR. NUTTER: Well, the question of being able to test any number at the same time. You might possibly be able to test two wells through the two separators and flow this other production into the tanks without getting a separation on it.

MR. MANKIN: In other words, your point, I believe Mr. Nutter, is that if you had any gas and oil that needed to be separated that you could-----

MR. NUTTER: You would have to run your production from the wells that were not being tested through one of those separators, and you would have one separator left for testing, and over a test period it might just be a little bit difficult to test 16 wells through one test separator.

MR. JOHNSON: Yes, I see your point. Now mine was that if in the case it came down to some sort of an altercation, he would shut in on whatever he had to, to run two at a time until he got a test.

MR. NUTTER: I see.

MR. MANKIN: In other words, I think Mr. Nutter's idea is that right now, with eight wells, there is not apparently too big a problem.

MR. NUTTER: You have adequate facilities there now.

MR. MANKIN: Yes, but at such a future time as the lease is completely developed with 16 wells, apparently you have two tanks, one---- possibly two separators and one treater and that it might be a little difficult to test more than one well and still flow your other wells or pump them, however as they might be and get your complete separation and so I think that Mr. Nutter's thought is that possibly we should have additional plans from you when that situation does arise---possibly the installation of another separator and possibly at least another tank.

MR. NUTTER: I would say, that any time you have more than 12 wells there, there should be another separator on that--in that battery. That is my own thought, and of course if testing schedules can be arranged so that you can spread them out and test one well at a time----

MR. JOHNSON: Well that is the idea of course, and under the lease there is the State and Western Oil Fields and Phillips has an override. Outside of that there is no other interest, you see, therefore from the interest holders in the lease I could conceive possibly of somebody coming and saying that we are not functioning properly, but it is speculative of course. Now, if it ever came to that, as I say they could just shut-in a well and say go ahead and run the test on the two or the one, whichever one you would like done. But it is all one basic lease is the idea that if anything should happen it should be on the whole lease.

MR. NUTTER: Well now, what size tanks do you have?

MR. JOHNSON: 500 barrels.

MR. NUTTER: And how many tanks are there?

MR. JOHNSON: Two of them apparently.

MR. NUTTER: Two fives?

MR. MANKIN: Two fives, apparently, according to the picture,
Mr. Johnson.

MR. JOHNSON: I think there is four five hundreds.

MR. MANKIN: Maybe there are two in the rear that you can't see.

MR. JOHNSON: There are two in the rear here. There are four five
hundred barrel tanks on the lease.

MR. MANKIN: So there is apparently four tanks?

MR. JOHNSON: Yes, there is four.

MR. MANKIN: Which should be adequate tankage for this production.
But, I think Mr. Nutter's only question is possibly that sometime in the future
it may require additional installations.

MR. JOHNSON: That is true.

MR. MANKIN: As prudent operator, you would probably see fit to do
so.

MR. JOHNSON: Yes, if it came to that.

MR. MANKIN: If that situation arose.

MR. JOHNSON: And of course, as I said we don't expect any one
particular well to be singled out, actually.

MR. NUTTER: That is all I have.

MR. MANKIN: Did you have anything further, Mr. Johnson?

MR. JOHNSON: That is all.

MR. MANKIN: If not, as I say, we would like to have as soon as possible,
your request to the State Land Office and of course their approval will be forthcoming
immediately upon your request, and with that we will act upon the case as soon as we

have received that permission from the State Land Office. If there is nothing further, we will take the case under advisement and the hearing is adjourned.

MR. GURLEY: Mr. Examiner, I do not believe that the exhibits were officially entered as exhibits. Would you wish to do that at this time Sir?

MR. JOHNSON: Yes. I request that Exhibit No. 1, as showing the separator, treater and manifold be entered as an exhibit. I request that Exhibit No. 2, showing the tank battery be entered as an exhibit. I request that Exhibit No. 3, showing the location of the producing wells, the proposed locations, the location of the tank battery, and the shaded section of the lease be entered as Exhibit 3.

MR. MANKIN: Is there objection to the entering of these exhibits in evidence? If not they will be so entered in evidence and if there is nothing further, we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

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

Dated at Santa Fe, New Mexico this 11th day of January, 1956.

Joan Hadley