

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
February 8, 1956

IN THE MATTER OF:

CASE 1012

TRANSCRIPT OF PROCEEDINGS

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IN THE MATTER OF:

The application of Gulf Oil Corporation 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 them permission to produce a maximum of eleven wells into a common tank battery from a portion of their Chaves-State "BM" Lease; said portion consisting of the N/2 NW/4, W/2 NE/4, SE/4 NW/4, SW/4, SE/4 SE/4 all in Section 23, and the NW/4 NE/4 of Section 26, Township 13 South, Range 31 East, Caprock-Queen Oil Pool, Chaves County, New Mexico.

CASE NO. 1012

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BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The next case is Case 1012, the application of Gulf for an exception to Rule 309.

ROSS MALONE: We have just the one witness Mr. Walker.

MR. MANKIN: Will you swear Mr. Walker in Mr. Gurley.

DON WALKER

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

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name please?

A Don Walker.

Q You are employed by Gulf Oil Corporation Mr. Walker?

A Yes, sir.

Q In what capacity?

A I am division petroleum proration engineer.

Q You have previously testified before the New Mexico Commission, have you not?

A Yes, sir.

Q Are you familiar with Gulf's application in the pending case?

A Yes, sir.

Q What is sought by Gulf's application?

A Gulf is seeking an exception to Rule 309. Gulf is producing more than eight wells into a single tank battery.

Q What is the lease on which the wells are located?

A This is Gulf's Chaves State BM Lease located in Township - - Sections 23 and 26, Township 13 South, Range 31 East. That is a portion of the Gulf Chaves State BM Lease. There are some other acreage in the lease not included in this application.

Q Do you have an exhibit which you have caused to be prepared which shows the wells which it is proposed to be produced into the common battery?

A Yes, sir.

Q I hand you an exhibit which has been marked Gulf Oil Corporation's Exhibit A and ask you to state whether or not that is the exhibit to which you refer.

A Yes, sir, it is.

Q The area that is cross hatched in red on that exhibit indicates what Mr. Walker?

A That is the portion of the Chaves State BM Lease on which wells have been drilled and on which we wish to commingle a maximum of eleven wells into one central tank battery which is located approximately 1916' to the southeast of Well No. 1, which well is in the NW/4 of the NW/4 and 410' west of Well No. 4, all in Section 23, Township 13 South, Range 31 East.

Q How is the location of the tank battery designated on your exhibit?

A On the exhibit we indicate there two separate - - well, actually it should be four. We have four 500 barrel stock tanks there now.

Q Those tanks are presently installed.

A Yes, sir.

Q What testing equipment is installed at the present time at that battery?

A Right now we have one 2' x 6' oil and gas portable test separator there and since the gas volumes are low in this area so far it has not been economic -- economic to connect the wells and the gas is being flared except at the time it is being tested. It is not being run through the lease separator.

Q Is the tankage now located on the lease adequate to take care of the production from the eleven wells which are concerned in the application?

A Yes, sir. The four tanks on the lease will take care of the top allowables at this time - 41 barrels per well - assuming they are all making top allowable and will give $4\frac{1}{2}$ days storage which we consider to be adequate.

Q Are these wells producing any water at the present time?

A No, sir.

Q Will an economy result by the granting of Gulf's application?

A We think that for reasons of practicability, for practical and economic reasons we should be granted this authorization to produce into a common tank battery. The royalty ownership is the same - that being the state of New Mexico, and correlative rights will not be disturbed and it is a practical request.

Q The ownership of the operating rights in this case is all in Gulf.

A Yes, sir. That is right.

Q You have testified that the royalty interest is common on this lease belonging to the State of New Mexico.

A That is right and we think that we have sufficient facilities to handle the production and suitable equipment to take tests in accordance with the New Mexico Commission rules.

Q It will be possible to take the necessary production tests on individual wells from time to time.

A Yes, sir.

Q And you propose to do so to conform to the - in compliance with Commission rules.

A That is right and continue to produce in accordance with Rule 502, the Commission's tolerance rule on production.

Q Is there any further statement that you wish to make to this Commission concerning Gulf's application?

A I don't believe so, sir. The Texas New Mexico is the pipeline that gathers the oil. All eleven wells are producing from the Caprock-Queen Oil Pool for Queen production and this is the maximum number of wells to be drilled on this property outlined on the plat.

Q Was Gulf's Exhibit A prepared under your supervision?

A That is right, sir.

Q We offer in evidence Gulf's Exhibit A.

MR. MANNIN: Is there objection to the entering of this exhibit as evidence? If not, it will be so entered.

MR. GURLEY: Mr. Walker, at the time of this application, which was December 30th, 1955, you stated that there were eight wells or nine wells completed at that time and two more being drilled. Is it my understanding that now all eleven have been completed?

MR. WALKER: Yes, sir.

MR. GURLEY: And are producing.

MR. WALKER: That is right. We had temporary verbal approval to go ahead and produce these prior to the Commission hearing.

MR. MANNIN: Mr. Montgomery.

MR. MONTGOMERY: Mr. Walker, did you say that you have one separator - one test separator.

MR. WALKER: Yes, sir.

MR. RIEDER: In the periodic testing of wells, what do you do shut-in the well while you are testing.

MR. WALKER: No. Actually they are very low gas volume wells. The gas goes to the tanks.

MR. RIEDER: Directly to the tanks.

MR. WALKER: Yes, sir. We don't actually shut-in wells during the test. It happens to be one of those pools, as you know, that doesn't have the requirement that the wells be connected to a gas gathering system and so far it hasn't indicated that it is economically feasible. There is no low pressure gas system available and we don't contemplate any one is going to connect, and if they do we will install a separate separator which is our normal practice.

MR. RIEDER: How do you propose to measure the fluid volume - by fluid meter?

MR. WALKER: By tankage.

MR. MONTGOMERY: Any further questions? Mr. Montgomery. Are there any further questions of the witness in this case? If not, the witness may be excused and we will take the case under advisement.

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

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

Dated at Santa Fe, New Mexico this 5th day of March, 1956.

Bobby Postlewaite