

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1014 & 1015

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 15, 1956

IN THE MATTER OF:

CASE 1014: Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 309 (a) of the Statewide Rules and Regulations of the New Mexico Oil Conservation Commission to permit the production of more than eight wells into a common tank battery in the Fowler Pool, Lea County, New Mexico. Applicant, in the above styled cause, seeks an order approving a common tank battery to receive production from a maximum of ten producing oil wells on its South Mattix Unit, Fowler Pool, Lea County, New Mexico; said property consisting of all of Section 15, NE/4, E/2 NW/4, N/2 SE/4, SE/4 SE/4 Section 22, Township 24 South, Range 37 East.

CASE 1015: Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 309 (a) of the Statewide Rules and Regulations of the New Mexico Oil Conservation Commission to permit the production of more than eight wells into a common tank battery in the Eunice-Monument Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving a common tank battery to receive production from a maximum of ten producing oil wells on its O. J. Gillully "A" Lease, Eunice-Monument Pool, Lea County, New Mexico; said property consisting of N/2, W/2 SE/4 Section 24, W/2 NE/4 Section 25, Township 20 South, Range 36 East.

BEFORE:

Honorable John F. Simms, Jr.,
Mr. E. S. (Johnny) Walker,
Mr. William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: Next case on the docket is Case 1014.

MR. SMITH: J. K. Smith, representing Stanolind Oil and Gas Company. I would like to move the Commission for consolidation of Cases 1014 and 1015.

MR. MACEY: For the purpose of testimony?

MR. SMITH: That's right.

MR. MACEY: Any objection? If not, we will consolidate the two cases, 1014 and 1015.

G. W. EATON, JR.,

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

DIRECT EXAMINATION

BY MR. SMITH:

Q State your name, please. A G. W. Eaton, Jr.

Q By whom are you employed, Mr. Eaton?

A Stanolind Oil and Gas Company.

Q How long have you been employed by Stanolind Oil and Gas Company?

A Eight years.

Q Where are you presently located?

A I am presently located in the Roswell District office.

Q What are your duties in the Roswell District office?

A I am reservoir engineer and section leader in Roswell, classified as petroleum engineer.

Q What are your qualifications?

A I graduated from the University of Oklahoma in 1948, and have a Bachelor of Science degree in petroleum engineering.

Q Have you worked for Stanolind since that time?

A Yes, sir.

MR. SMITH: Mr. Eaton hasn't testified before the Commission before; I would like to inquire if his qualifications are acceptable as an expert witness.

MR. MACEY: Yes, sir, they are.

Q Mr. Eaton, Stanolind has made application in case 1014 for

an order granting an exception to Rule 309 (a) of the Statewide rules and regulations of the New Mexico Oil Conservation Commission to permit the production of more than eight wells into a common tank battery in the Fowler Pool, Lea County, New Mexico. Mr. Eaton, do you have an exhibit showing the location of those wells and the flow lines connected to the common tank battery which are presently connected?

A Yes, I do.

(Stanolind's Exhibit No. 1 marked for identification.)

Q Now, directing your attention to a plat marked for identification as Stanolind's Exhibit No. 1, I will ask you the wells shown there on -- in what zone are they completed?

A These wells to which flow lines are shown connected to the tank battery are all completed in the Ellenberg zone. That is the Commission's designated Fowler Pool. Other wells are shown on the plat and are completed in some other zone. Most of them in the Langlie Mattix Pay.

Q Those wells are not connected to the common tank battery; only those shown with the flow lines?

A That is correct.

Q They are all completed in the Ellenberg Zone?

A That is right.

Q This Fowler Field in the particular area shown on the map as being served by the wells are a part of the South Mattix Unit, are they not?

A Yes, sir.

Q Are all of the leases and royalty interests consolidated by unitization agreements?

A Yes, sir, both the royalty and working interests is completely unitized in the South Mattix Unit.

Q Stanolind Oil and Gas Company is operator?

A Yes, sir.

Q How many wells are connected to the common tank battery?

A There are ten wells.

Q Is there a substantial saving in cost of operations by reason of having one location?

A Yes, sir, there would be a saving in not having to duplicate existing facilities by the construction of separate tank batteries to handle production from these two additional wells.

Q What facilities are located in the area to assure the proper testing of the wells to make certain that the wells are not over produced in the common tank battery?

A I call the Commission's attention to the plat of the tank battery cite on the Exhibit No. 1. This plat shows that the tank battery consists of twelve 500-barrel tanks, two separators, one treater and a 750-barrel oil tank. Since there is two separators at the battery, one could be used for test purposes.

Q How frequently are those tests made?

A These tests are made as required by the Commission on an annual basis and reported to the Commission.

Q Do you have any further statement you would care to make to the Commission in justification of the application?

A Yes, sir. You will notice that there are 12 H1-500-barrel tanks in the battery, providing a storage capacity of around 6,000 barrels. On the present allowable for the South Mattix unit, that provides about three-days storage. We feel that that is adequate storage.

Q Is there a pipeline connection to the tank battery?

A Yes, sir, there is.

Q Is there anything further that you care to add?

A I don't believe so.

MR. SMITH: That is all the testimony we have in Case 1014.

MR. MACEY: Is there any questions of Mr. Eaton in Case 1014?

MR. GURLEY: It is my understanding, sir, that all the interests in this has been unitized, and that the interests are common throughout?

A Yes, sir.

MR. SMITH: I might mention it is a Federal type unit.

MR. MACEY: Does anyone else have a question of the witness? If not, we will continue into Case 1015.

MR. SMITH: I would like to offer into evidence our Exhibit No. 1.

MR. MACEY: Without objection it will be received in Case 1014.

Q (By Mr. Smith) Mr. Eaton, turning now, to the application of Stanolind Oil and Gas Company for an order requesting an exception to Rule 309 (a) of the Statewide Rules and Regulations of the New Mexico Oil Conservation Commission to permit the production of more than eight wells into a common tank battery in the Eunice-Monument Pool, Lea County, New Mexico, I will ask you whether or not you have an exhibit prepared showing flow lines and the wells which will be connected to the common tank battery?

A Yes, sir.

(Stanolind's Exhibit No. 1 (Case 1015) marked for identification.)

Q Now, turning to what has been marked for identification as Stanolind's Exhibit 1 in Case 1015, what field is shown to be occupied by the wells that are connected by the flow lines as shown on

the plat?

A These wells are completed in the Eunice-Monument Pool in Lea County.

Q In Lea County?

A Yes, sir.

Q The section number and other related descriptions are shown on the plat, are they not?

A Yes, they are.

Q Now, I believe that two of the wells are completed in what has been designated the Eunice Field, is that right?

A Two of the wells are completed in what is designated as the Monument Pool.

Q And the balance of the other wells are completed in the Eunice Field?

A That is right.

Q Is there any particular reason for the differentiation in fields, or are the wells all completed in the same common source of supply?

A These are all completed in the Greyburg Pay, which is a common source of supply for both the Eunice and Monument Pools. There is a slightly different gas ratio between the pools which is the only difference in proration.

Q So far as the oil itself is concerned, it comes from the same common source of supply?

A That is correct.

Q Now, are all these leases, all these wells that we are making application for located on one lease?

A Yes, sir. This Gillully lease is a lease which has common working interests and common royalty interests throughout; Stanolind Oil and Gas Company owns one hundred per cent of the working interest. It is a Federal lease.

Q It is a United States of America lease?

A Yes, sir.

Q When were the wells completed?

A These were all completed in 1937 and 1939; they are quite old.

Q Have we had, at any time, permission from the United States Geological Survey to connect the wells to the common tank battery?

A Yes, sir. Permission was obtained from the USGS in 1948 to

Q It has never been rescinded, so far as you know?

A No, sir.

Q Is there a substantial savings in operating costs by reason of not being required to set up separate tank batteries?

A There would be an economic savings in continuing to operate with the existing facilities.

Q Will you describe the facilities, physical facilities, conditions of the tank battery?

A I would like to point out that this flow line to the south of the tank battery shown to wells 3, 5, 7 and 8, producing into a common flow line, each of those wells has facilities at the well for individual tests, those tests are made by portable test separator and tank.

Q How often are those tests made?

A These well tests are made in accordance with the well test schedules submitted by the Oil Conservation Commission.

Q Are periodic adjustments made on them by reason of the tests made?

A Yes, they are.

Q Do you have anything further to add, to advise the commission with reference to the application?

A I would like to call attention to the battery facilities, consisting of six 500-barrel tanks. Those tanks provide ample storage capacity for approximately thirteen days, based on the present ability of the wells on the lease to produce. We feel that that is adequate storage capacity to have on the lease.

Q Is there a pipeline connection to the tank batteries?

A There is.

MR. SMITH: No further questions.

MR. MACEY: Any questions of the witness?

MR. UTZ: Mr. Eaton, I note your application is for ten wells in a common tank battery, whereas you show eleven wells. Do you or do you not intend to produce the well in the NE of the NW?

A Well No. 9 is presently shutin. The flow line from that well to the tank battery is still in place and that is the reason it is shown on the exhibit. It is not producing, however.

MR. UTZ: You do not intend to produce it?

A Do not intend to produce it.

MR. MACEY: Does anyone have a question of the witness? If not, the witness may be excused.

MR. SMITH: I would like to offer our Exhibit No. 1, Case 1015, into evidence.

MR. MACEY: Without objection, it will be received.

MR. SMITH: I have nothing further.

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

(Witness excused.)

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