

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 20, 1956

IN THE MATTER OF:

CASE NO. 1088, 1089 & 1090

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
JUNE 20, 1956

IN THE MATTER OF:

CASE 1088: Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 309 (a) of the Oil Conservation Commission Statewide Rules and Regulations in establishment of tank batteries to receive production from a lease other than that on which the tank batteries are located. Applicant, in the above-styled cause, seeks an order granting an exception to Statewide Rule 309 (a) in the establishment of tank batteries on Applicant's State "A" Tract 7 Lease located in the NW/4 of Section 10, Township 19 South, Range 38 East, Lea County, New Mexico; said batteries to receive production from applicant's E. H. Byers NW/3 R/A "A" Lease located in the NW/4 of Section 3, Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico. In effect applicant proposes to construct the tank batteries outside of the city limits of Hobbs, New Mexico, to receive production now stored in tank batteries within the city limits of Hobbs, New Mexico.

CASE 1089: Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 309 (a) of the New Mexico Oil Conservation Commission's Statewide Rules and Regulations in the establishment of tank batteries to receive production from a lease other than that on which the batteries are located. Applicant, in the above-styled cause, seeks an order granting an exception to Statewide Rule 309 (a) in the establishment of tank batteries to be located on its State "A" Tract 7 Lease in the NW/4 of Section 10, Township 19 South, Range 38 East, Lea County, New Mexico; said batteries to receive production from applicant's B. H. Turner Tract 2 R/A C Lease located in the SW/4 of Section 34, Township 18 South, Range 38 East, Bowers Pool, Lea County, New Mexico. In effect applicant proposes to construct the new tank batteries outside the city limits of Hobbs, New Mexico, to receive oil production now being stored in batteries within the city limits of Hobbs, New Mexico.

CASE 1090: Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 309 (a) of the Oil Conservation Commission's Statewide Rules and Regulations in the establishment of tank batteries to receive production from a lease other than that on which the batteries are located. Applicant, in the above-styled cause, seeks an order granting an exception to Statewide Rule 309 (a) in the establishment of tank batteries to be constructed

on applicant's State "A" Tract 7 Lease in Section 10, Township 19 South, Range 38 East, Lea County, New Mexico; said batteries to receive production from applicant's B. H. Turner Tract 1 and 2 Lease located in the W/2 of the NW/4 and the SW/4 Section 34, Township 18 South, Range 38 East, Hobbs Pool, Lea County, New Mexico. In effect applicant proposes to construct batteries outside of the city limits of Hobbs, New Mexico, to receive production now being stored in three tank batteries within the city limits of Hobbs, New Mexico.

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. MALONE: I am Ross L. Malone, Atwood, Malone & Campbell, Roswell, New Mexico, appearing on behalf of Stanolind Oil and Gas Company. I would like to move the consolidation of these three cases for the purpose of testimony, in view of the fact that most of the testimony will be common to all three applications.

MR. NUTTER: Is there any objection to the consolidation of Cases 1088, 1089 and 1090 for the purpose of taking the record? If not, they will be consolidated.

JAMES W. MEEK

called as a witness on behalf of the Applicant, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. MALONE:

Q Will you state your name, please? A James W. Meek.

Q Where do you live, Mr. Meek? A Roswell, New Mexico.

Q You are employed by Stanolind Oil and Gas Company?

A That is correct.

Q In what capacity? A Petroleum Engineer.

Q You have not previously had occasion to testify as an expert before the Commission, have you? A I have not.

Q Will you state your educational background?

A I received the degree of Bachelor of Science in Petroleum Engineering from the University of Oklahoma in 1951.

Q Subsequent to your graduation, did you immediately enter upon the practice of your profession? A I did.

Q By whom were you employed?

A Stanolind Oil and Gas Company.

Q Have you been continually employed by Stanolind since 1951?

A I have.

Q During all that time have you been performing the duties of a Petroleum Engineer? A Yes.

Q In what areas have you worked during that period?

A After graduation, I was employed in West Texas in the area of the Yeats-McCamey; I was in that area down there for a little over two years. I then went to Fort Worth for approximately one year, and since that time I have been in Roswell.

Q And what is your assignment in Roswell at the present time?

A My assignment in Roswell at the present time deals with prorotation work, unitization work and operations work.

~~MR. MALONE: Are the witness' qualifications satisfactory to~~

the Commission?

MR. NUTTER: They are.

Q Mr. Meek, are you familiar with the application which Stanolind has filed in Cases 1088, 1089 and 1090?

A I am familiar with the applications.

Q These are for an exception, or exceptions, to Rule 309 (a) of the Oil Conservation Commission's Statewide Rules and Regulations, are they not? A That is correct.

Q And what, in general, is sought by Stanolind in these three applications?

A In general, Stanolind seeks to relocate tank batteries which are now located in densely populated areas within the city of Hobbs; relocate these facilities which are considered to be fire hazards and move them out of the city limits to a lease where Stanolind owns the surface rights and thereby tend to reduce and eliminate the fire hazards that we are presently operating under.

Q I invite your attention to the exhibit which has been posted on the board and identified as No.1 in Case 1088, and the exhibits Nos. 1 in Case 1089 and No. 1 in Case 1090, and ask you to step over to these exhibits, please, Mr. Meek.

A (Going to board.)

Q Referring, first, to Exhibit No. 1 in Case 1088, will you state what is portrayed by that exhibit?

A This exhibit portrays part of the townsite of Hobbs, and, in particular, on Case 1088, Stanolind's Byers NW/3 Lease is shown

by this heavy dotted line. The present battery installation is shown located here on Block 45; the presently producing Hobbs Wells Nos. 8, 11, 29 and 28, are depicted at their locations.

Q Those wells are producing from what formation?

A From the Hobbs Field, sir.

Q All right.

A The present flow lines connecting these wells to this battery are shown by the heavy blue line; the green line shows our proposed installation of flow lines. You will notice from each individual well, numbers of which I have already gone into, individual flow lines going to a point near Well No. 29 and tying into a manifold header from whence it will proceed south to the central relocation site.

Q Now, referring, just a moment, Mr. Meek, to that relocation site; by whom is the surface rights of the land in the relocation site owned?

A The surface of the land is owned by Stanolind Oil and Gas Company.

Q By whom is the oil and gas leasehold estate owned?

A The leasehold estate is owned by Stanolind Oil and Gas Company.

Q Stanolind is producing a well on the south end of that tract?

A State "A" 7 Lease. There is actually two wells on that lease, and the battery is located between those two wells.

Q Now, referring to the portion of the relocation site which

shows the location of several tank batteries. Is there, at the present time, a tank battery which is located at that site?

A Yes, sir, there is. The tank battery for the W. S. Capps Lease, which is the top battery depicted there.

Q Now, the W. S. Capps is located within the populated area of Hobbs, is it not?

A Yes, sir.

Q Was permission heretofore granted by the Oil Conservation Commission under an exception to Rule 309 (a) to move the tank battery to this site for the Capps Lease?

A Yes, sir. Permission was previously granted for the relocation of the W. S. Capps battery in Commission Order 647 in Case 901.

Q Is the permission which is sought in the three cases now being heard similar to that which was granted in the Capps case?

A Yes, sir, it is similar.

Q Will you refer, now, to the proposed flow lines from the lease to the relocation site, and describe them and how the equipment will be installed?

A This green line here from Well No. 11 and Wells Nos. 8, 28 and 29, depicts individual flow lines which will tie into a manifold header located in the general vicinity of Well No. 29; from this header, a three inch trunk line will proceed to the relocation site. Parallel to this trunk line will be located a two and a half inch test line down to the relocation site which will provide for separate test and storage facilities at the relocation site. Incidentally,

these lines will be, as I said, consistant, two and a half inch tubing and three inch lined pipe; they will be buried approximately 24 inches deep in accordance with the requirements of the city. We will have an eight inch vertical separation between the city, gas, sewage and water lines.

Q Mr. Meek, referring to the test line as to which you testified, do I understand that through the use of the manifold which will be installed at the entrance to the trunk line it will be possible to test any one of these individual wells at any time that a test may be required?

A Yes, sir. It will be possible to test any one individual well through this two and a half inch line and still keep the remaining wells on the lease in production.

Q Now, with reference to the tanks which will be installed at the relocation site, will any commingling occur as between those tanks?

A No, sir.

Q In other words, separate tank batteries will be installed for the several leases at that relocation site?

A That is correct.

Q Now, will you refer to Exhibit 1 in Case No. 1089, and tell us what that portrays?

A This, again, is the same general map as referred to in the previous case with the area of the B. H. Turner Tract 2 Royalty Account C Lease shown by this dotted line. We have one well in this particular case which is a Bowers Field Well located here in Block

No. 13, which is Well No. 5, and it now produces to a battery located at this common battery site on Taylor Street.

Q Can you identify the block in which that battery is located?

A Block No. 18, at the junction of Fourth and Taylor Streets.

On this well, it is our proposal to lay a two and a half inch test line, or flow line, to the separate storage facilities which will be provided on the State "A" Tract 7 Lease. Now, that will be the only well producing into those facilities on that lease.

Q That is because it is the only Bowers Well that you are producing in this area?

A Yes, sir. Presently separate storage is provided at this common battery site.

Q Will it be possible to test that well individually any time the Commission may desire?

A Actually, that well is on test every day, because it is the only well going into the battery.

Q The proposed relocation site is the site at which the new tank battery would be installed?

A That is correct.

Q And that is the same relocation site as to which you testified on the previous Exhibit in Case 1088?

A That is correct, sir.

Q All right. Will you step to Exhibit 1 in Case 1090, and state what it portrays?

A Again, we have the same general map, but in this instance we are referring to the E. H. Turner Tract 1 Lease, which is subdivided

into Royalty Accounts A and B, and it is boundaried, or depicted, by the heavy lines and again the B. H. Turner Tract 2 lease with reference to the Hobbs Field production, the present battery and flow line facilities for these wells are shown on this particular map. We have Turner Tract Well No. 8, located at the junction of Leech and Lea Streets going into separate storage facilities now provided and B. H. Turner Tract 1 Royalty Account A, Well No. 29, located in Block 114, which goes to separate storage facilities which are now provided, and, down on the Turner Tract 2 Royalty Account C Lease, we have Wells Nos. 8 in Block 13, Well 11 in Block 10, Well 26 in Block 62 and Well No. 29 in Block 58.

MR. NUTTER: Those are in the Hobbs Pool?

A Those are all Hobbs Field, yes, sir.

Q To what site is it proposed to relocate the tank battery?

A These tank batteries will be relocated at the common site on the State "A" Tract 7 Lease.

Q Will you describe the connections which are proposed to be installed between the wells and the relocated tank battery?

A For the B. H. Turner Tract No 1, Well No. 8, we will lay a single two and a half inch line to separate storage facilities which will be provided at the relocation site. That is depicted on this map by the red line. For the B. H. Turner Tract 1, Royalty Account A, Well No. 29, a separate flow line will be provided to the relocation site and separate storage facilities erected there. For the B. H. Turner Tract 2, Royalty Account C, Wells Nos. 8, 11, 26 and

29, a separate line will conduct the production of these wells to separate storage facilities which will be erected at the relocation site. For Wells Nos. 8 and 11, the flow lines are depicted by this green line and shown on here that they would junction at a common point and their production will be combined into a manifold header located in the vicinity of Well No. 29. At this point, a two and a half inch test line and three inch trunk line will proceed to the relocation site. The other two wells, Nos. 26 and 29, will have individual flow lines into this header. I point that out for the reason that in order to test either Well 8 or 11, it will be necessary to shut down the other well, and then to test wells 26 and 29, we can do that here.

Q Under the proposed setup, will any commingling of oil occur from that lease with any other lease in the area?

A No.

Q You have testified that it will be possible to conduct individual tests on each well under the arrangement that is proposed?

A That is correct.

Q Referring, now, to all three of the exhibits and the general proposed plan of relocation, Mr. Meek, in the event that permission is granted by the Commission in these three cases and the tank batteries are relocated, will Stanolind then have any tank batteries located within the city of Hobbs?

A No, sir. These are the batteries located in the more densely populated areas.

Q And when the removal of these has been affected, there will be no other Stanolind tank batteries in these densely populated areas of the city of Hobbs?

A That is right.

Q Now, will you compare the development of the area around the relocation center with the area in which these tank batteries are now located so far as structures are concerned?

A These batteries depicted on this map are in areas of densely -- you might term it densely commercial and domestic development -- whereas the location site here is still relatively free from any encroaching development. I think possibly the nearest residence is at least 100 yards from the nearest facility presently located on that lease.

Q And through Stanolind's ownership of the surface of the relocation center, will it be possible to prevent the construction of structures in the immediate vicinity of the relocated tank batteries?

A Yes, sir.

Q Is it your opinion, Mr. Meek, based on your observation of these locations that the fire hazard incident to the tank batteries will be materially reduced by the requested relocation?

A Yes, sir. I believe the fire hazard will be drastically reduced.

Q Has Stanolind given consideration to the possibility of paraffining up of these lines?

A Consideration has been given to the paraffin problem, and at present it is planned to handle the paraffin problem by periodic hot oil treatments and steaming these lines and also, I might add,

in the construction, it is planned to lay these lines as straight as possible with gradual curves. In other words, long L's and things like that for the introduction of soluble solutions.

Q Has Stanolind conducted preliminary negotiations to determine whether or not the rights-of-way that will be required for these flow lines will be available?

A Preliminary provisions have been made for the rights-of-way.

Q And where is it intended to install or to locate these flow lines with reference to the street and the property lines?

A It is intended to locate these flow lines that are depicted on this map in what is termed the parkways, I believe.

Q That is the area between the sidewalk and the curbing, as we generally refer to it?

A Yes, sir.

Q And you have conducted negotiations with the city of Hobbs to determine that that right-of-way will be available?

A Yes, sir.

Q Has Stanolind made a preliminary cost estimate of the expense of relocation which is proposed in these three applications?

A It has been made.

Q Can you tell us the cost which will be incident to the reduction of the fire hazard by these moves?

A The estimated cost for this battery relocation, considering all three cases, is between sixty and eighty thousand dollars.

Q In your opinion, Mr. Meek, is there anything that would be involved in the granting of these applications which could possibly

result in waste or adversely affect the correlative rights in any way?

A No, sir, there is not.

Q Is there anything further in connection with the three applications as to which you would like to testify?

A No, sir, I believe we have stated our problem and our solution.

MR. MALONE: That is all.

MR. GURLEY: I have a question.

BY MR. GURLEY:

Q Mr. Meek, will there be any possibility in the future for additional wells -- from this same lease -- and production to be placed into the tank battery?

A You mean additional development?

Q Yes, or wells that are already in existence; will there be any possibility in the future that production from additional wells will be produced into this particular battery or these batteries?

A Let's see --

MR. MALONE: I might be able to help by asking this question. Mr. Meek, is Stanolind's acreage fully developed which would be tributary to these tank batteries? It is fully developed in the Hobbs Pool?

A Yes, sir, in the Hobbs, and, of course that is sort of a forecast, but to the best of my knowledge, I don't think we anticipate any additional development in there.

Q You mentioned that you had two wells on the south end of

the particular lease on which the tank batteries are located; where are they going?

A Into this area.

Q Same general batteries, or --

A No, there is a battery on that lease. I think those are regular six-sixty locations, and the storage facilities are mid-way between the two wells. They weren't shown on here as we wanted to blow this up.

Q Is it my understanding that the leasehold and the surface rights to the acreage on which the tank batteries are located is held by Stanolind, or is that fee land there? In other words, is that under lease for both surface and minerals, or is it Stanolind's fee property?

A It is under lease for minerals and we own the surface.

Q It is under lease for minerals and you own the surface?

A Yes, sir.

MR. GURLEY: That is all I have.

BY MR. REEDER:

Q Mr. Meek, are any safety shutdown features planned or provided in this at the well heads in the event of a line failure? In other words, in the event of a plugging up with, say, paraffin or any sort of a break, has any safety shutdown feature been planned for at the well head?

A I can't speak definitely on that, but we were discussing that this morning and they are, to the best of my knowledge, planning to incorporate some safety feature which will indicate any pressuring

of the lines.

Q More or less an indication, but not a shutdown? In other words, no automatic facility to shut the well in, say, if a stop was inadvertently closed or for some reason a line became fouled, all you would have is an indication, there would be no automatic shutdown feature or facility?

A To the best of my knowledge, I don't know of any right now. Could I inquire about that and possibly furnish you any information at a later date?

Q Certainly any safety features that were going to be added would be of interest to the Commission, and I am sure we are all interested in safety, however, --

A We are too, that is one reason we want to get these out of town.

Q A battery site in town is, of course, a considerable hazard. I pointed out more or less the possibility of these stops in the header becoming, through malicious mischief or one thing or another, closed, and there is an ever-present possibility of line fouling which would cause, or make, a potential source of blowup or line rupture. I just wondered if the thought had occurred to Stanolind, and I am sure it has.

A Yes, but as to what particular methods we are going to employ in those I am not familiar with in detail.

MR. MALONE: I would like to conclude by asking whether the three exhibits were prepared by you or under your supervision?

A Yes, sir.

MR. MALONE: We offer in evidence those three exhibits.

MR. NUTTER: Is there any objection to the introduction of these exhibits? If not, they will be received.

(Whereupon, Exhibit 1, Case 1088, Exhibit 1, Case 1089 and Exhibit 1, Case 1090 were received in evidence.)

MR. NUTTER: Mr. Malone, I would like to ask what the application is for. Is this essentially one tank battery, or a combination of several in this new location?

MR. MALONE: The application was considered necessary because of the fact that the tank battery will not be located on the lease from which it is producing, which, as I recall, is provided for.

MR. NUTTER: In other words, the oil is being transported from the lease?

MR. MALONE: Yes, sir.

MR. NUTTER: All right. Now, could this be regarded as an exception, also, as to where eight units --

MR. MALONE: No, because the individual tank battery, there will not be more than eight wells.

MR. NUTTER: This is several tank batteries, in other words?

MR. MALONE: That is right.

MR. NUTTER: And no more than eight wells producing into any tank battery?

~~MR. MEEK: That is right. That brings up one point I think~~

we have omitted. On this Turner Tract 2, Royalty Account C Lease, Hobbs Field, we presently have two batteries into which two wells each are producing. That will be consolidated into one battery at this relocation site, but we will still have only a total of four.

MR. MALONE: You have indicated on these three exhibits, by the lines, the wells which will be producing into each battery?

A That is correct. Like here, the Royalty Account B, the red line; Royalty Account A, the red line.

BY MR. NUTTER:

Q Now, will each one of these separate tank batteries in this new site have a test separator on it?

A Yes, sir. On these single wells, we will be testing every day, but down here, for instance, we have a production and test separator; on this one, we have a treater.

MR. MALONE: Let's cite which one.

A Do you want me to go through that again?

Q Yes, please.

A On the Turner Tract 1, Royalty Account B, it's a single well producing into a battery; we have no problem there.

Q There is a production and test separator there in one?

A Yes, sir, and the same holds true for the Royalty Account A, which is a single well producing into a battery; the Turner Tract 2 Lease, Royalty Account C, Hobbs Production, has a separator and a production. In other words, we can produce and test simultaneously; on the Byers Northwest 3 Lease, we have a treater and then a separator.

Q So, since you have separate separators and separate tank batteries merely located at the same location, you are actually not commingling any oil from any leases, then?

A No, sir.

Q Then, they are not commingling oil from separate pools?

A That is right.

Q All wells will have facilities to be tested either by shutting down another well and flowing through a line, or by a test line which is provided next to the trunk line?

A That is correct, there will be one instance where we will have to shut down one well and test the other; in all other cases, we can go through our manifold header.

Q And negotiations have been commenced with the city of Hobbs for obtaining this right-of-way, the city is aware of the plan?

A That is correct.

Q Isn't there a school down there in the south end of Hobbs, a new junior highschool located down there?

A I don't think that school would fall on this map. I think it is over in this area somewhere. I would estimate it at possibly a quarter to a half mile from this relocation site.

Q Mr. Meek, you testified that this battery is approximately 100 yards from this built-up area, the Booker Addition; that would be less than the 500 feet required for building a tank battery without the dike around it. Will this tank battery have a dike?

A That is merely an estimate on my part. I don't know what

the specific distance would be. I will put it this way, if a dike is required, it will be built.

Q If it is within 500 feet of an inhabited dwelling --

A We will build it.

Q And the school is --

A It is considerably removed from that battery location. The accurate distance, I wouldn't know, sir.

MR. NUTTER: Does anyone have any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

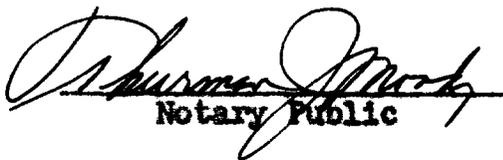
MR. NUTTER: Is there any further testimony or statements in this case? If not, we will take the case under advisement.

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STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, THURMAN J. MOODY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 26th day of June, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires:
April 3, 1960.