

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN RE MATTER OF THE APPLICATION OF
ZAPATA PETROLEUM CORPORATION FOR AN
ORDER AUTHORIZING THE PRODUCTION AND
STORAGE OF OIL INTO A COMMON STORAGE
OF ALL OIL PRODUCED FROM THIRTEEN WELLS
LOCATED ON BASIC LEASE COMPRISING SW $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$, SW $\frac{1}{4}$, and NW $\frac{1}{4}$ of Section 28, Township
17 South, Range 33 East AND GRANTING AN
EXCEPTION TO OCC RULE 309.

CASE NO. _____

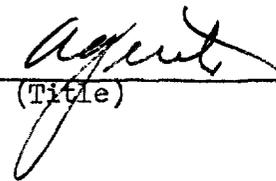
CONSENT TO ORDER GRANTING APPLICATION

TO: THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO.

Comes now BARNEY COCKBURN, one of the off-set operators
and an interested party in the above proceeding, acknowledges the
receipt of a copy of the Application and consents that the
Commission issue its Order as prayed for by the applicant.

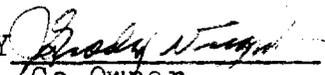
BARNEY COCKBURN

By 



(Title)

H. R. DENIUS, ET AL

BY 

Co-Owner

January 14, 1958

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN RE MATTER OF THE APPLICATION OF
ZAPATA PETROLEUM CORPORATION FOR AN
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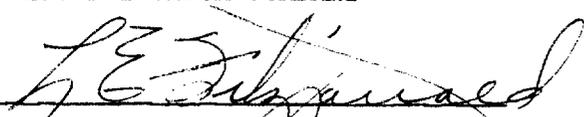
CONSENT TO ORDER GRANTING APPLICATION

TO: THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO.

Comes now PHILLIPS PETROLEUM COMPANY, one of the off-set
operators and an interested party in the above proceeding, acknow-
ledges the receipt of a copy of the Application and consents that
the Commission issue its Order as prayed for by the applicant.

PHILLIPS PETROLEUM COMPANY

By


L. E. Fitzjarrald
Manager of Production

(Title)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN RE MATTER OF THE APPLICATION OF
ZAPATA PETROLEUM CORPORATION FOR AN
ORDER AUTHORIZING THE PRODUCTION AND
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LOCATED ON BASIC LEASE COMPRISING SW $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$, SW $\frac{1}{4}$ and NW $\frac{1}{4}$ of Section 28, Township
17 South, Range 33 East AND GRANTING AN
EXCEPTION TO OCC RULE 309.

CASE NO. _____

CONSENT TO ORDER GRANTING APPLICATION

TO: THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO.

Comes now SHELL OIL COMPANY, one of the off-set operators
and an interested party in the above proceeding, acknowledges the
receipt of a copy of the Application and consents that the Commission
issue its Order as prayed for by the applicant.

SHELL OIL COMPANY

By _____

Dival M...
(Title)

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 29, 1958.

IN THE MATTER OF: Case No. 1372

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE _____

January 29, 1958

TIME: 9:00 a.m.

1958 FEB 20 AM 11:00

MAIN OFFICE DEC

NAME:	REPRESENTING:	LOCATION:
R.H. Stewart	Std Oil Co. of Texas	Box 1249 Houston
R.A. Elliott	Std. Oil Co. of Texas	Box 1249 Houston
Nancy Royal	NM Statehouse Reporting Service	- Santa Fe
L. O. White	Zapata Pet Corp.	Midland, Tex
J. Wood	✓ ✓ ✓	
R. McKey	Western Natural Gas Co.	Midland, Tex
C. Jeter	- - -	
Paul Wright	" " "	Houston, Tex
Kendall Cook	" " "	Midland, Tex.
William V. Hasker	Gulf Oil Corp.	Roswell, N.M.
J. Don Walker	" " "	Ft Worth, Texas
C. E. Mace	" " "	Roswell, N.M.
H. B. Wofford, Jr.	✓ ✓	Roswell, N.M.
W. J. Savage	✓ ✓	" "

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE January 29, 1958 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:

(Applicant's Exhibits Nos. 1 & 2 marked for identification.)

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 29, 1958

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IN THE MATTER OF:

Application of Zapata Petroleum Corporation
for permission to produce more than eight oil
wells into common storage. Applicant, in the
above-styled cause, seeks an order authorizing
the production into common storage of all oil
produced from thirteen oil wells in Section 28,
Township 17 South, Range 33 East, Maljamar Pool,
Lea County, New Mexico.

) Case 1372

-----)

BEFORE: Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please. The first case on the docket will be Case 1372.

MR. COOLEY: Case 1372: Application of Zapata Petroleum Corporation for permission to produce more than eight oil wells into common storage.

MR. WHITE: If the Examiner please, L. C. White, Santa Fe, New Mexico, representing the Applicant. We have one witness, Mr. Jim Wood.

MR. NUTTER: Would you stand and be sworn, please?

(Witness sworn.)

(Applicant's Exhibits Nos. 1 & 2 marked for identification.)

JAMES I. WOOD

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

DIRECT EXAMINATION

By MR. WHITE:

Q Mr. Wood, would you state your full name, please?

A James I. Wood.

Q Where do you live, Mr. Wood?

A Midland, Texas.

Q By whom are you employed, and in what capacity?

A Zapata Petroleum Corporation, chief engineer.

Q In Midland?

A Yes.

Q Have you ever testified before this Commission before?

A No.

Q For the benefit of the Commission, will you state your educational and professional background and qualifications?

A Engineering graduate of Georgia School of Technology in 1947; eight and a half years with Atlantic Refining as district engineer, production foreman, and drilling foreman. Two years with Zapata.

MR. WHITE: Are the applicant's qualifications acceptable?

MR. NUTTER: They are.

Q Your operations extend into New Mexico under your jurisdiction?

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3-6691 5-9546

A Yes.

Q Does the applicant own or operate any lease holdings in Section 28, Township 17 South, Range 33 East?

A Section 28, sir?

Q Yes.

A Yes, sir.

Q Do you know what that lease is referred to, the number of it?

A Zapata Petroleum Corporation Phillips State Lease, State Lease B-2229, I believe.

Q I'll direct your attention to Exhibit No. 1 and ask you to state what that represents.

A It's a diagrammatic sketch or plat of Zapata's Phillips State lease showing it and the offset leases and their operators.

Q Will you take that plat and mark on there where you intend to have your common storage set of batteries? Just take a pencil and mark an 'x' on there.

A It's in Unit F, northeast of Well No. 6.

Q Does that plat show all the offset operators?

A Yes, it does.

Q Have you obtained the consent from the offset operators to the granting of this application?

A Yes, sir, they being Phillips, Shell, Warren Bradshaw, and Barney Cockburn.

MR. WHITE: If the Commission please, here are the written

consents that should be a part of the record. I don't think they need to be introduced as exhibits, just as long as they are part of the record.

MR. NUTTER: The consents of the offset operators will be admitted as part of the record in the case.

Q Are the royalty interests common in reference to this particular lease?

A Yes.

Q And are the working interests common as to all units within the lease?

A Yes.

Q I direct your attention to what's been marked Exhibit No. 2 and ask you to explain that, please.

A This is a diagrammatic sketch of our proposed lease facilities or lease storage facilities, there being four 436 barrel tanks, six by twenty-eight foot heater treater, two and a half by two foot separator, and individual headers for each well.

Q What type of tanks are they?

A They are 436 barrel weld cone bottom tanks.

Q Is this new equipment or used?

A Purchased new in December, '57.

Q Is this system to be manually operated, or is it going to be of an automatic design?

A By "manually", I presume you mean we'll have a lease pumper on it?

Q That's right.

A On duty all the time, yes.

Q Will there be any means of gauging the production?

A Yes.

Q What will that means be?

A The pumper will gauge it daily in the customarily accepted manner of dropping a gauge line in the tanks.

Q Then you will have a full time lease pumper?

A Yes, sir.

Q Will there be any method of determining how much oil is in storage at any given time?

A Yes.

Q Will there be any means of determining how much oil is attributable to any well at any given time?

A Yes.

Q Will you explain a little more in detail what your separator is here, and how it operates on your two inch line, and also your heater treater line, your three inch line?

A Well, for normal operator or production, each individual well will be produced, will be pumped into the header, at which time production from all wells are gathered there, is gathered there --

Q (Interrupting) That is shown over on the left hand side of the plat?

A Yes, sir, the details of it are there. Over on the right hand side there, where it says "Well Nos. 1 through 13", it indicates where

it is coming in, in relation to the rest of the system. Production from each well is directed to that header, then through the heater treater and on into the tanks for normal operation; through a system of valves on the header, we're able to direct the flow of any one well through the separator and on into the tanks for testing purposes.

Q Do I understand you that this, that is designated two-inch fill line in the upper part, that is used merely for testing purposes, is that correct?

A That is correct. The three-inch for production purposes, normal production purposes.

Q Through that type of facility, you can test any one or all of the wells, is that correct?

A Yes, sir.

Q Now, how often will your wells be tested?

A We anticipate we will test each well at least monthly, once a month. That's company policy throughout our operation. We test each well once a month, more often if necessary.

Q Is this type of facility in general use throughout the industry?

A Yes.

Q Has your company used this same facility in other operations?

A Yes.

Q Has it proven successful?

A It has.

Q What precautions have you taken against line or valve breakage?

A Well, we have control valves on each well whereby we can shut the flow from the wells off, and also valves on the header here we can shut those valves off and thereby prevent waste in case the line does break.

Q Will all these wells be on pump?

A We anticipate they will, yes, sir.

Q What protection do you have against overflowing of the tanks?

A We have a pumper on duty daily and he certainly better not let a tank run over.

Q Have you taken any precautions against back flow?

A Yes, sir, we have check valves on each well, on the flow lines of each well.

Q Have you made any attempt to obtain the consent to this type of facility from your purchaser?

A Yes, sir, we have had his verbal consent.

Q That is Sinclair?

A Sinclair, yes, sir.

Q Have you obtained, or did you seek the consent of the pipe line gatherer?

A The gatherer, the transporter is Texas-New Mexico Pipe Line Company, and in view of the fact that it's to his material advantage to have this sort of system put in, it would save him money by doing that rather than have to run a gathering line over to two

separate tank batteries, we didn't think it was necessary.

Q What are the compelling reasons for Zapata to seek this application?

A Solely economic. We're trying to save all the money we can.

Q Approximately how much saving will be accomplished if this application is granted?

A Oh, roughly it will be in the neighborhood of 14 or 15 thousand dollars.

Q Will any waste, in your opinion, be permitted by the use of this program?

A No, sir.

Q Were Exhibits No. 1 and No. 2 prepared under your direction?

A That is the lease plat and this thing here, yes, sir.

MR. WHITE: We offer Exhibits No. 1 and 2 in evidence.

MR. NUTTER: Without objection, Zapata's Exhibits No. 1 and 2 will be admitted.

MR. WHITE: If the Examiner please, we have the approval of the State Land Office to the granting of this application. I might state that it's all under one lease and it's all under one beneficiary under the lease. If you don't have a copy of it, we have a copy here to submit.

That's all the testimony that we have.

MR. NUTTER: This letter from the State Land Commissioner will be entered into the record also, Mr. White. Are there any questions of the witness?

MR. PORTER: Just one, please.

MR. NUTTER: Mr. Porter.

CROSS EXAMINATION

By MR. PORTER:

Q I'm sure this was probably brought out or is shown on the exhibit, but how many wells are involved?

MR. WHITE: Thirteen wells.

MR. PORTER: Thirteen wells. Have all those wells been completed?

A They are in the process now, Mr. Porter. They have not all been completed as of this date.

MR. NUTTER: Any further questions of the witness?

By MR. NUTTER:

Q Mr. Wood, I believe you stated that all of this production is from one common single lease?

A Yes, sir.

Q Would you describe the area involved in this application; that is, the area in which the wells are located?

A It's all of Section 28, Township 17 South, Range 33 East, except Tracts A, B, and H.

Q Now, by Tracts A, B, and H, you mean the north half of the northeast quarter, and the southeast quarter of the northeast quarter?

A The north half of the northeast quarter, and the southeast quarter of the northeast quarter, yes, sir.

Q And there are thirteen 40-acre locations in that area?

A Yes, sir.

Q In Section 28?

A Yes, sir.

Q Will that be the complete development of the lease, the thirteen wells?

A Yes, sir.

Q So a maximum of thirteen wells would be produced into this battery?

A That is correct.

Q How many days' storage at current allowables will be provided?

A Four.

Q Four days?

A Yes, sir.

Q Can each well be tested separately from the remaining twelve wells?

A Yes, indeed, yes, sir.

Q Do you have a production separator as well as a test separator?

A We are using the heat treater as a production separator.

Q The heater treater acts as the production separator and the thirty inch by ten foot separator shown on Exhibit 2 is the test separator?

A That is correct.

Q What facilities are provided in the event that the well that's on test needs heating and treating?

A Well, after a test has been obtained, we have a circulating pump where we can shut the production from the test tank, from the tank in which each well or any well was tested, circulate it back through the heater treater and treat the oil in that manner. I don't believe, that is not shown on this diagram.

Q But facilities are made for the treating as well as separating the oil from all wells?

A Yes, sir.

Q How long will it take to run a test on an individual well?

A Normally we test them twenty-four hours.

Q So each well in this tank battery could be tested at least at an interval of once a month, if necessary?

A Or moreoften if desired.

MR. NUTTER: Any other questions of the witness? If there are no further questions, the witness may be excused.

(Witness excused.)

Do you have anything further, Mr. White?

MR. WHITE: That's all. Thank you.

MR. NUTTER: Does anyone have anything further to offer in Case 1372? If not, we'll take the case under advisement.

* * * * *

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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 New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, 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 *11th* day of February, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley

NOTARY PUBLIC

My commission expires:
June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. *1372* heard by me on *1-29*, 19*58*.
J. Seaman, Examiner
New Mexico Oil Conservation Commission