

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 26, 1958

IN THE MATTER OF: Case No.1385

TRANSCRIPT OF PROCEEDINGS

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EXAMINER HEARING
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IN THE MATTER OF:)

The application of Gulf Oil Corporation for)
permission to produce more than eight wells into)
a common tank battery. Applicant, in the above-)
styled cause, seeks an order granting permission)
to produce a maximum of sixteen oil wells in the)
Eumont Gas Pool into a common tank battery on)
its Arnott-Ramsay "D" Lease comprising All of)
Section 33, Township 21 South, Range 36 East,)
Lea County, New Mexico.)

Case 1385

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BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1385.

MR. COOLEY: Case 1385: In the matter of the application
of Gulf Oil Corporation for permission to produce more than eight
wells into a common tank battery.

MR. KASTLER: If the Commission please, my name is Bill
Kastler and I am representing Gulf Oil Corporation. Our witness
for this morning's hearing will be Mr. J. D. Walker.

MR. UTZ: Will you stand and be sworn, Mr. Walker?

(Witness sworn.)

MR. UTZ: Are there any other appearances in this case?
You may proceed, Mr. Kastler.

DON WALKER

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

DIRECT EXAMINATION

By MR. KASTLER:

Q Mr. Walker, will you please state your name, your occupation, and your place of residence?

A My name is Don Walker, I work in Fort Worth, Texas, for Gulf Oil Corporation, and I am classified as a Division Proration Engineer.

Q Have you previously appeared before the New Mexico Oil Conservation Commission and been qualified as an expert witness?

A I have.

MR. KASTLER: Are the witness's qualifications acceptable?

MR. UTZ: His qualifications are acceptable.

MR. KASTLER: Thank you.

Q Mr. Walker, would you please state the request that's involved in Gulf's application to the New Mexico Oil Conservation Commission on Case No. 1385?

A Gulf in this case is seeking an exception to Rule 309 whereby we are allowed permission to produce as many as sixteen wells into a single tank battery on our Arnott-Ramsay "D" Lease.

Q Are you familiar with all the aspects of this matter?

A Yes, sir, I believe so.

Q Would you please describe and identify the lease, that is,

as to lessor and lessee?

A This lease is located in Section 33, Township 21 South, Range 36 East, in Lea County. It's a 640 acre lease called the Gulf Arnott-Ramsay "D" Lease.

Q Is it a State of New Mexico lease?

A It is a State of New Mexico lease, and Gulf is a lease owner and all the royalty ownerships belong to the State of New Mexico.

Q Have you prepared or caused to be prepared an area plat which would show this lease and the surrounding owners and operators?

A Yes, sir, I have. In fact, it is the same plat that I put on the back of my application for this hearing, dated the 4th of February, but I have additional copies here we can enter as an exhibit.

MR. KASTLER: May this be stamped and marked as Gulf's Exhibit No. 1?

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

Q Mr. Walker, will you please indicate where this lease is shown on Exhibit No. 1?

A On this plat which we have labelled Exhibit No. 1, the lease under consideration is approximately in the center there outlined in red, which merely shows the wells drilled on the property and the offset operators; one well drilling on the property.

Q You have production on this lease at this time?

A Yes, sir.

Q Would you describe that production?

A Gulf's Wells 2 through 10 are producing at this time. Well No. 1 drilled in 1936 hasn't made any oil since the first part of 1956 and is classified shut in at this time; however, workover probably will be forthcoming.

Q Is Well No. 11 being drilled at the present time?

A Yes, sir, it's soon reached total depth, I believe it's below 3600 now on our drilling.

Q Are there plans, does Gulf Oil Corporation plan to drill all of the tracts in that lease on that Section 33?

A Well, I don't believe there are any tracts, as such, concerned. It's all one property, but if the drilling of No. 11 shows that we should continue to drill, I really expect us to drill as many as sixteen wells, but we can't say for sure.

Q Have you prepared any other plats or drawings which might show the location of the tank battery?

A Yes, sir. Here is another little outline, just merely shows the location of the tank battery and the wells on that particular lease.

MR. KASTLER: May this be appropriately marked and stamped Gulf's Exhibit No. 2?

(Gulf's Exhibit No. 2 marked
for identification.)

Q Mr. Walker, will you please refer to Exhibit No. 2 now and explain where the location of the tank battery is?

A The present tank battery is approximately 1250 feet from the north line and 660 feet from the west line of this Section 33 in Township 21 South, Range 36 East. This plat shows six tanks, which is not really the situation at this time. There are only three high five hundreds at this time. When and if this property is drilled up, I expect there will be as many as six tanks if they're all top allowable wells.

Q The present capacity, however, is three high-level five hundred barrel stock tanks?

A Yes, sir, which will have actually a capacity of about 480 barrels each between the top gauge and the pipeline cutoff, and based on March allowables we have, I believe, five top allowable wells and full limit capacity March allowable for these wells will be 219 barrels a day, which considering these three present five hundred barrel tanks gives us in excess of six days capacity, which we feel is more than adequate for good operating practice.

Q In the event that more wells were brought in to the same pay and more wells were therefore connected to this tank battery, would more tanks be added?

A Yes, sir. Our production foremen make a lot of kick when we don't have enough storage and we certainly would add tanks as they are necessary.

Q Does the tank battery at present have adequate facilities

to permit taking the required tests?

A Yes, there are the test separators, and by the use of this equipment we are able to adequately determine the capabilities of each well at regular intervals as prescribed by the Commission rules.

Q What pipe line connections are made to the tank battery?

A Shell Oil Company takes the oil from this battery.

Q Is Well No. 3 a dual oil and gas well?

A Yes, sir, it produces oil from the Queen and gas from the Upper -- I really, I'm not sure, I believe Seven Rivers, there may be some Yates, but anyway, the upper portion of the Eumont and connected to Permian.

Q Is the gas that's being produced from the separator or through the separator being utilized?

A You mean from the tank battery, the oil producing tank battery?

Q Yes.

A Yes, sir, it's being utilized. I believe last month we produced approximately 48,459 MCF of gas, all but 100 MCF of which was sold to Warren, and the 100 MCF was used on the lease.

Q If granted, would this application result in savings and economics?

A Yes, sir, as a matter of practical economy and convenience the granting of this application will result in substantial savings of steel and reduce the cost of operation.

Q Will correlative rights be impaired in any way?

A No, sir.

Q Has a copy of this application been routed to all of the offset operators, operators surrounding this lease?

A Yes, sir, on our application to the Commission dated February 4th, we gave all offset operators a copy of our application which set out most of the facts and also gave them a copy of the plats presented as exhibits in this case.

Q One final question, just to clarify the record. Are you seeking application presently to produce in excess of eight wells into one tank battery, or to produce the maximum number of wells that you will drill on this, in any event, into that one tank battery?

A Both. We want an exception to Rule 309 to be able to produce in excess of eight, and in this application we are asking for permission to produce as many as sixteen, which may be the maximum.

Q I see. Exhibits No. 1 and 2, were they prepared by you or under your supervision?

A Yes, sir.

MR. KASTLER: Mr. Utz, at this time I would like to move for the introduction of Exhibits 1 and 2 into evidence in Cause No. 1385.

MR. UTZ: Is there objection to the entrance of Gulf's Exhibits 1 and 2? If not, they will be so admitted.

MR. KASTLER: I don't have any further questions of the witness.

MR. UTZ: Mr. Porter.

CROSS EXAMINATION

By MR. PORTER:

Q Mr. Walker, you indicated that there is at least one gas-oil dual in this section?

A Yes, sir.

Q Is that well making any liquids now?

A I have the C-115 here for January, and on this it's called a dry gas well. I didn't particularly look up the answer to that question, but I judged from this it didn't make any fluid. Let me take one other look here. On our company monthly production report, this well doesn't show to be making any fluids, so I believe I can safely say that it doesn't make any fluids, so far as I know.

MR. UTZ: Anyone else have a question of the witness? Mr. Nutter.

By MR. NUTTER:

Q Mr. Walker, will Gulf install adequate facilities to test these wells in accordance with the Commission rules?

A Yes, sir, there are now adequate facilities, but as we add to it, additional facilities will be set up with this battery as necessary to comply with the Commission requirements.

Q You stated at the present time you had six days' storage

capacity?

A Yes.

Q Do you wish that you didn't have that much, according to the March allowable?

A I really personally think six days is desirable.

MR. UTZ: Mr. Porter.

By MR. PORTER:

Q Mr. Walker, with the Well No. 1 off oil production and the No. 11 drilling, that is eight wells that you are now producing into this common tank battery?

A With No. 1 off and No. 11 drilling, we now have nine producing into the battery. Actually I was probably a month late with my application. The well was completed, I believe reached a total depth on the 23rd of December, and our allowable, our oil allowable was, for No. 10 was dated, approved effective the 1st of January, 1958, so we're a little bit behind here on getting this thing cleared up.

Q Do you know whether or not it is planned to dual any of these other wells in the manner similar to No. 3?

A I know of no such plans. Actually No. 3, I believe, is a good well. There are three 160 acre units dedicated to it, rather 480 acre unit now, and during January it produced and sold to Permian 52,366 MCF. I don't know what the allowable was during that period, but I suspect that was just about it. That is about a million eight or so a day, which probably this well is capable

of handling all the acreage dedicated to it. I see no reason to consider dualling any other wells.

Q In the event that your Well No. 3 started making liquids from this gas zone, what would you propose to do with the oil that came from that zone?

A Well, as long as it was classified as a gas well, I suspect that we would set storage for the liquids and then seek permission probably to commingle it in the battery with the other production.

MR. PORTER: That's all I have.

MR. COOLEY: By that answer you mean you would measure prior to it being commingled?

A Well, by some means. It's hard for me to tell you what we would do or what the district would want to do, but we would measure it, at least for a while, until we got some permission and blessing from the Commission. Whether we would do it by monthly tests with a separator or meter, I wouldn't know.

By MR. UTZ:

Q Is my understanding correct that the No. 3 is a dual completion in the Eumont Gas and the Eumont Oil, both in the vertical limits of the Eumont Gas Pool?

A Yes, sir, but not from the same producing interval from the Eumont.

Q You have the southeast of the northwest dedicated to the oil zone?

A The southeast of the northwest? No. If I understand your question, all of the northwest quarter, the northeast quarter and the southeast quarter are dedicated to Well No. 3, gas well which produces either from the Seven Rivers or Yates, I am not sure which, and the oil zone is from the Queen, which of course as you know is 400 feet or so below the Yates.

Q It's in the vertical limits of the Eumont Pool?

A It's still within the vertical limits.

Q But the acreage dedicated to the oil zone is what?

A Is just what you said, the southeast of the northwest.

Q Southeast of the northwest. That 40 is pretty well dedicated?

A Pretty well dedicated.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Is there any further statements in this case? If not, the case will be taken under advisement.

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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 12th day of March, 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 hearing held at Case No. 13 P 5, heard by me at *Albuquerque, N.M.*
Elmer R. Meier

Notary Public, State of New Mexico Oil Conservation Commission