

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1534

TRANSCRIPT OF HEARING

October 22, 1958

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BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF: :

Application of Zapata Petroleum Corporation for:
permission to commingle production from nine :
non-contiguous state leases. Applicant, in the:
above-styled cause, seeks an order authorizing :Case 1534
it to commingle the production from nine sepa- :
rate state leases in the Vacuum Pool, all in :
Townships 17 and 18 South, Range 35 East, Lea :
County, New Mexico. :

-----:
Mabry Hall
Santa Fe, New Mexico

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order.

The next case on the docket will be 1534.

MR. PAYNE: Case 1534, "Application of Zapata Corporation
for permission to commingle production from nine non-contiguous
state leases."

MR. WHITE: L. C. White of Gilbert, White and Gilbert,
Santa Fe, New Mexico, representing the applicant. We will have
to swear in Mr. Jim Wood.

(Witness sworn in).

JAMES I. WOOD

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Wood, will you state your full name for the record, please?

A James I. Wood.

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

A Zapata Petroleum Corporation, Chief Engineer.

Q Have you previously testified as an expert witness before this Commission as an engineer and have your qualifications been accepted?

A Yes, sir.

Q Are you familiar with the pending application?

A Yes, sir.

MR. WHITE: Is the witness qualified?

MR. UTZ: Yes, sir.

Q (By Mr. White) Mr. Wood, I will ask you to refer to what has been marked as Exhibit A and state what that exhibit shows?

A Sir, it is a plat of a portion of the Vacuum structure, Vacuum field, in Lea County, New Mexico, indicating eleven locations scattered over the entire structure which Zapata has obtained. We propose to drill one well on each of the forty-acre locations; there will be eleven in all. As seen, the locations are widely scattered, a great number of them are not contiguous one with the other, and because of this fact, we would like to set up four tank batteries for the eleven locations. The motivating factor for this, of course,

is to do it as cheaply as possible and provide adequate facilities without duplicating these facilities.

Q Does this plat also show the offset operators to the subject leases?

A Yes, sir.

Q Will you refer to Exhibit B and explain what that exhibit is and also your plan of development upon the subject leases?

A Sir, we have each of these--each of these eleven locations are among the eleven locations--I should say we have nine basic State leases and all these eleven locations are on State land. There are nine basic State leases. At the right, upper right hand corner of Exhibit A we have those nine tracts listed along with the basic lease numbers.

Q Those same basic lease numbers appear on Exhibit A, do they not?

A Yes, sir.

Q All right, continue, please.

A We propose to--regarding leases number one and two, numbers one and two as shown on Exhibit A, we would like to set up one tank battery for those two locations and commingle the production from those two locations into common storage.

Q Where would the location of the tank battery be to serve these two wells?

A It will be, sir, in the northeast of the northeast quarter of Section 28, 17, Township 17 South, Range 35 East, I

believe that is Unit A, sir.

And continuing on, leases we have identified here, three, four and five, that involves four locations. We would like to set up one common tank battery for those four locations. That tank battery would be located in the northwest quarter of the northeast quarter of Section 29, 17 South, 35 East. I believe that's Unit B, as in Baker.

And further, regarding the two locations identified as six and seven, which are separate leases, let's see, I believe we would like to place the tank battery in the northeast quarter of the southeast quarter, Section 26, 17 South, 35 East. And the last three locations are located down near the lower left hand corner of our Exhibit A.

Q Lease numbers eight and nine?

A Yes sir, lease numbers eight and nine. We propose to locate the tank battery in the southeast quarter of the northeast quarter of Section 5, Township 18 South, Range 35 East.

Q Production from these wells is expected to be from what zones?

A Grayburg-San Andres, sir.

Q And what approximate depth?

A Approximately 4800 feet.

Q Will you refer to Exhibit C and state what that is?

A Sir, this is a representative--a diagram that represents the type tank battery we propose to install. It by no means

represents any specific tank battery but is just a general plan of how we plan to do this.

Q That's a typical tank battery that you have installed on other leases?

A Yes, sir.

Q And has this type of equipment and installation been previously approved by this Commission?

A Yes, sir.

MR. WHITE: At this time, I would like to introduce in evidence Exhibit D, which is a consent from the State Land Office on the proposed commingle.

Q (By Mr. White) Mr. Wood, have you received consent from all the offset operators?

A Yes sir, all the direct offset operators, sir.

MR. WHITE: And if the Commission please, we would like to introduce Exhibit E collectively, which are consents from the following: Harper Oil Products, Magnolia Petroleum Corporation, Great Western Drilling Company, Shell Oil Company, Phillips Petroleum Company, Drilling and Exploration Company, Inc., and Humble Oil and Refining Company.

Q (By Mr. White) Mr. Wood, were Exhibits A through C prepared either by you or under your direction?

A Yes sir, they were.

Q Well, will the battery be manually or mechanically operated?

A Manually operated, sir.

Q Will there be a means whereby you can determine the amount of oil in storage at any given time?

A Yes sir, merely by gauging the tank.

Q Is Zapata, the applicant here, the only working interest?

A Yes, sir.

Q How many separate royalty owners are there?

A From my understanding, there's only one, the State of New Mexico.

MR. WHITE: We have no further questions, if the Examiner please.

MR. UTZ: Do you want to offer your exhibits at this time?

MR. WHITE: At this time, we offer all the exhibits.

MR. UTZ: Is there objection to the introduction of Exhibits A through E?

(No response).

MR. UTZ: Without objection, they will be accepted.

Any questions of the witness?

CROSS EXAMINATION

BY MR. PAYNE:

Q None of these wells are dry, are they?

A Only one in the northeast of the northeast quarter of Section 28, sir. We are presently testing it to satisfy ourselves that we have a well.

Q You expect all production to be from the Grayburg-San Andres?

A Yes, sir.

MR. BAYNE: No further questions.

MR. UTZ: Any other questions of the witness?

(No response).

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Wood, would you care to identify these tank batteries by a number or a letter?

A Sir, the way--of course, we have not set up our lease names as such yet, but regarding the one in Section 28, we are calling it the Phillips State 28 Lease, and as we move from section to section--by the way, all these were obtained from Phillips through farmout arrangements, so they will all be called Phillips State 28 if it is in Section 28, Phillips State 29 if it is in Section 29 and Phillips State 20 if it is in Section 20 and so on.

Q The location of the tank battery, the section in which the tank battery is located, will be the tank battery number --

A Yes, sir.

Q Prefixed by Phillips State?

A Yes, sir.

Q Would you be willing to take production tests periodically as required by the Commission to determine the producing ability of each well?

A Yes, sir. As a matter of company policy, we do test each well once a month. If the Commission would like to have more frequent

tests, we will be happy to get them, sir.

Q I am sure that will be plenty frequent. What is the size of the tanks shown on Exhibit C?

A Sir, Exhibit C was presented merely to set up a general form for indicating the hookup. I believe Exhibit B would indicate a true picture of the storage we propose to install. On Section 28, we propose to install two 210-barrel tanks and the facilities on the following leases, three, four and five, would be two 436's. For leases six and seven, it would be two 210's and for leases eight and nine, two 210's.

MR. UTZ: Any other questions of the witness?

(No response).

MR. UTZ: It not, the witness may be excused.

(Witness excused).

MR. UTZ: Any statements to be made in this case?

(No response).

MR. UTZ: If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission 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 25th day of October, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Jerry Martinez
Notary Public

My Commission Expires:
January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1539, heard by me on Oct 22, 1958.

Frank W. ..., Examiner
New Mexico Oil Conservation Commission