

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 28, 1959

EXAMINER HEARING

IN THE MATTER OF:

Case 1729

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

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IN THE MATTER OF: )  
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 Application of El Paso Natural Gas Products Com- )  
 pany for permission to produce more than 16 )  
 wells in a common tank battery. Applicant, in )  
 the above-styled cause, seeks an order authoriz- ) Case  
 ing the production of more than 16 wells in the ) 1729  
 Horseshoe-Gallup Oil Pool into a common tank )  
 battery. Said wells are located on applicant's )  
 Horseshoe Ute Lease comprising portions of )  
 Sections 27, 28, 33 and 34, Township 31 North, )  
 Range 16 West, San Juan County, New Mexico. )  
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BEFORE:

Mr. Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

Case 1729.

MR. PAYNE: Case 1729. "Application of El Paso Natural Gas Products Company for permission to produce more than 16 wells in a common tank battery."

MR. SPANN: Charles C. Spann of Grantham, Spann & Sanchez, Albuquerque, New Mexico, appearing for the applicant.

We have one witness.

(Witness sworn.)

JOHN J. STROJEK

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

DIRECT EXAMINATION

BY MR. SPANN:

Q Will you state your name for the record, please?

A John Strojek.

Q And you are employed by El Paso Natural Gas Products Company?

A That's right, sir.

Q In what capacity?

A I am a petroleum engineer for the El Paso Natural Gas Products Company.

Q Have you previously testified before this Commission?

A No, sir.

Q Would you state briefly your educational background and your experience as a petroleum engineer?

A I was graduated from the University of Kansas in 1953 with a Bachelor of Science in Petroleum Engineering, and I have been employed by the Mountain Field Supply Company for two and a half years in Wyoming, and three and a half years here in Farmington, New Mexico for El Paso Natural Gas Products Company.

MR. SPANN: Is the witness qualified?

MR. UTZ: The witness is qualified.

Q Are you familiar with the El Paso's application, Mr. Strojek?

A I am.

Q Case No. 1729? A I am.

Q And that briefly seeks what relief?

A Permission to produce more than sixteen wells into one tank battery.

Q That's in the Horseshoe-Gallup Oil Pool?

A That's right, sir.

Q You have a plat or a map of the area?

A I have.

MR. SPANN: I would like to have that marked as an exhibit, please.

(Thereupon the document above referred to was marked Applicant's Exhibit No. 1, for identification.)

Q Directing your attention to Applicant's Exhibit 1, will you state what that is?

A Exhibit 1 is a map of the acreage of El Paso Natural Gas Products Company with the existing wells, existing pipeline and tank battery, and the proposed additional wells and proposed additional flow lines.

Q And, would you give the description of the area or leasehold interest involved there?

A The area and leasehold is involved in Section 28, Section 33, and Section 34 of Township 31 North and 16 West.

Q And I believe that's the Ute Indian Lease, is that correct?

A That's right, sir.

Q And there is no question of commingling here of separate leasehold interests or production from separate leasehold interests, is there?

A No, sir.

Q All the acreage involved and the wells involved are on a lease in which the Ute Indians are the royalty owners, is that correct?

A That is right, sir.

Q Now, does that show the location of the tank battery through which you intend to produce these wells?

A It does, sir, it is in the Southwest of the Northwest of Section 34, Township 31 North, 16 West.

Q And how many wells are being produced into those tank batteries at the present time?

A Presently fifteen wells are being produced.

Q And how many additional wells at this time do you propose to produce into those tank batteries?

A We have four scheduled, and as of yesterday we have staked two more, so that will make a total of six wells.

Q Well, now, are the four that are additional wells,

they have not been completed, is that correct?

A 17, 18 have been drilled and are awaiting completion rigs and are presently drilling No. 18.

Q Are the locations of those wells shown on Exhibit 1?

A They are, sir.

Q And those, of course, are not connected to the battery as yet. Does it show the proposed pipeline connections from those wells to the tank batteries?

A It does.

Q Now, the two additional wells you have just recently staked, are the locations of those shown on Exhibit 1?

A No, they aren't, sir.

Q Will you mark on the exhibit for the benefit of the Examiner just where those locations are, mark on your map, and then also on his?

A Well No. 20 will be on the Northwest of the Southeast of Section 34.

Q Would you mark an "X" at the location of that well? Did you get that, it is Northwest of the Southeast of Section 34. Would you go to the Examiner's exhibit there, please? You do not have it marked?

A No, they were just staked yesterday and 21 would be Northwest of the Northeast of Section 34.

Q So that you, in addition to the fifteen wells that are

already being produced through that tank battery, you contemplate six additional wells or a total of 21 at this time, is that correct?

A Yes.

Q Now, those wells are produced through pipelines into the tank battery, I take it?

A That's connection.

Q And those pipeline connections are shown on that exhibit?

A Yes, sir.

Q Now, from the tank battery, how is the production handled?

A We have a gathering system by the El Paso Natural Gas Products Pipeline Company which gathers it at the battery site.

Q Will you just describe for the Commission how the production is measured from the wells into the tank batteries from each of these wells?

A Presently the production is measured through a portable Rollawell well checker which has a dump type meter and a gas meter to measure the gas.

Q And --

A This is measured at the well site.

Q Measured at the well site. And the production from each well is measured as you have described it?

A Yes, sir.

Q And would that be carried out in connection with the production from these additional wells?

A Yes, sir.

Q Do you have reason to believe that these other wells will be producing wells?

A Yes, sir.

Q Now, what is the capacity of the present tank batteries there on the location as shown on Exhibit 1?

A 1600 barrels.

Q Per day, 1600 barrels total capacity?

A Total.

Q Now, how many day's production from these wells would that hold under the present allowable?

A Two days.

Q Two days? A Yes.

Q Now, is that sufficient capacity for you to produce these additional wells and the present wells and measure the production from each well accurately and at reasonable intervals?

A Yes, sir.

Q Now, do you have any figures as to the cost of additional batteries to handle production from these additional wells in the event this application were not granted?

A I do.

Q Does that appear on, have you compiled those as an exhibit there?

A Yes, sir.

Q Handing you Exhibit 2, Applicant's Exhibit 2, would you state what that is?

A This is an estimate of an additional three-tank battery for a proposed battery location. If the wells proposed for this original tank battery were not allowed to produce into it, and this will be for 1200 barrels storage, and a battery location, and additionally we would have to construct one-half mile of pipeline connection from the present pipeline to the tank site location.

Q So it will be a total cost of \$15,098.00, according to this exhibit, for the additional batteries to handle production from these additional wells, is that correct?

A Yes, sir.

Q Now, have you made a determination of the cost of pipeline facilities to these additional wells from the present tank batteries?

A Just the pipeline, sir?

Q Well, what, have you made determination so far as the pipe costs are concerned?

A For the Product Pipeline Company, yes, we have a determination here of the cost to lay one-half mile of three inch

line would be \$3,960.00.

Q Well, now, that's in your figures for the battery?

A Yes. Now I made another estimate of the cost of just laying additional flow lines to the existing batteries.

Q Yes, that's what I want. Do you have those?

A Yes, sir. Yes, sir.

Q I am handing you Applicant's Exhibit 3. Will you state what that is?

A It is an estimated cost of laying additional flow lines to the existing battery. This would only cover the cost of laying flow lines from the proposed wells, the four additional wells and the two additional locations to the existing battery.

Q So that if this application were granted, your cost of laying additional flow lines to bring this production into existing batteries would be \$5,145.00, and if you were required to construct additional batteries your cost would be \$15,098.00, is that correct, is that what these two exhibits show?

A Yes.

Q The basis of your application is that from an economic standpoint it would result in a savings to you to be permitted to produce these additional wells into the existing batteries?

A Yes, sir.

Q And you state, I believe, that there is no problem

about measuring the production from the additional wells, and, it can accurately be determined at reasonable intervals under your proposal?

A Yes, sir.

Q Now, were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A Yes, sir.

MR. SPANN: I would like to offer Exhibits 1, 2 and 3 in evidence.

(The documents heretofore marked Applicant's Exhibits Nos. 1, 2 and 3 were offered in evidence by counsel for the Applicant.)

MR. UTZ: Without objection they will be accepted.

Q Do you know if there are any other producers or operators in the area that are producing more than sixteen wells into a single tank battery?

A To my knowledge, Atlantic Refining Company is producing more than sixteen wells into one battery.

Q And where are they located with reference to your property?

A They are located in Sections 31, 32, 30 and 29 of Township 31 North and 16 West.

Q And is their production, their wells shown on your Exhibit 1?

A They are, sir.

Q Are they having any problems accurately measuring the production from their wells at reasonable intervals?

A Not to my knowledge, sir.

MR. SPANN: I believe that's all.

CROSS EXAMINATION

BY MR. UTZ:

Q What was your name again?

A Strojek, John Strojek.

Q Mr. Strojek, I believe you said that the capacity of your tank battery was 1700 barrels?

A 1600.

Q 1600?

A Yes.

Q And that you were going to have twenty-one wells eventually into this tank battery?

A Yes, sir.

Q Do you intend to enlarge the capacity of this battery?

A Should it be necessary we will.

Q Are all of these wells top allowable?

A No. The No. 2, Horseshoe-Ute No. 2 is not a top allowable well and the Horseshoe-Ute No. 3 is only a 44 barrel a day well based on acreage, and the Horseshoe-Ute 5 is 51 barrels a day well based on acreage, and the Horseshoe-Ute 11 is 53 barrels a day well based on acreage. All the rest are top unit allowable

wells.

Q That's four marginal wells?

A As I remember, that 3 and 5 and 11 are not marginal, it is just that they are non-standard proration units, they are less than forty acres.

Q Of course -- what is it, five, six undrilled wells, you do not know what they will be?

A No, sir.

Q Your calculation as to two days' tank battery capacity, did you assume they would be top allowable?

A Our present fifteen wells, we have two days' storage capacity. Now if we go on to twenty-one, which makes six additional wells, that will increase, on our present daily allowable we would have 989 barrels per day production if they were top allowables.

Q Is it your plan to keep two days' storage capacity in this tank battery?

A If possible, yes.

BY MR. PAYNE:

Q Do you have any trouble getting this oil run?

A No, and to facilitate running of the oil more speedily, we have a pump at the battery which runs the oil into the pipeline and that way we can run 700, 800 barrels into the pipeline.

Q You have considerable undrilled acreage in this lease.

Your proposal here is simply to produce 21 wells into this tank battery, is that right?

A Yes, sir.

Q Rather than an unlimited amount?

A What would be an unlimited amount?

Q Well, you could probably have if it were completely drilled, you probably could have about 60 wells there. You are only seeking authority for 21?

A Presently, yes.

BY MR. UTZ:

Q Without increasing the size of your tank battery, it is necessary for you to run oil every day?

A Yes, sir.

Q When you get 21 wells hooked to this tank battery, how often do you propose to test the well for capacity?

A At least once a month if possible.

Q Once a month. That will be done with a well checker?

A Yes, sir.

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

(Witness excused.)

MR. SPANN: That's all we have.

MR. UTZ: Any statements to be made in this case? If not, the case will be taken under advisement.

STATE OF NEW MEXICO )  
                                  :  
COUNTY OF BERNALILLO )

I, JOSEPH A. TRUJILLO, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 7<sup>th</sup> day of August, 1959.

*Joseph A. Trujillo*  
Notary Public-Court Reporter

My Commission Expires:  
Oct. 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1229 heard by me on Aug 5, 1959.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission