

applicant, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SPANN:

Q State your name?

A John K. Strother.

Q Will you state your residence and employment?

A Farmington, New Mexico, employed by the El Paso Natural Gas Company and Petco, the same company.

MR. SPANN: Are his qualifications accepted?

A Yes, sir.

MR. SPANN: Is this witness qualified?

MR. NUTTER: Yes, sir, proceed.

Q (By Mr. Spann) Mr. Strother, do you recall testifying in Case 1729, an application to produce 21 wells to a tank battery on the same basis as the one involved in this application?

A Yes, sir.

Q Now, that testimony was July 28, 1959, is that correct?

A That's correct, sir.

Q Now, at that time you testified concerning the leasehold, the area involved, you introduced an exhibit to show the area, that being your Exhibit 1 in that case; you also testified the way the wells would be metered, and the production measured going in this battery, and location of battery, and volume which was -- that you had at that time. Now, would your testimony



concerning those items be the same now as it was at the time that last --

A Yes, sir.

Q And you also introduced exhibits 2 and 3, at which time were exhibits showing the savings that were insured to El Paso in the event you were permitted to produce into the central battery, and would your testimony, or would those exhibits be pertinent to show a savings in this application?

A Yes, sir.

MR. SPANN: If the Examiner, please, I'm trying to save time here, in view of Mr. Strother's testimony, rather than my asking him individual questions concerning those items, I would like to request that the transcript of the hearing 1729 be considered as evidence in this hearing, and the exhibits introduced there be considered in this hearing.

MR. NUTTER: We can incorporate the entire record from that case into this case.

MR. SPANN: I would like some additional explanation, to bring the application up to date.

MR. NUTTER: If there is no objection, the record in Case Number 1729 will be incorporated into the record in this case.

Q (By Mr. Spann) Now, at this time you testified in Case 1729 that you were seeking the right to produce 21 wells into this tank battery. Now, your present application is to produce

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additional wells into this battery. Now, what has occurred since the July 20th hearing, which you feel necessitates your authority to produce these wells into the central battery?

A Since that date we have drilled the Horseshoe Number 22 and 23; they are presently recovering load oil, and within the week we will be recovering new oil.

Q So there is an emergency to drill additional wells into this battery?

A Yes, sir.

Q With this well, there would be 23 producing in this lease, is that right?

A At the present time, yes, sir.

Q Now, how many additional wells might be drilled to completely drill out this acreage?

A Possibly 24 additional wells.

Q Which added to the 23 would be --

A A total of 47.

Q 47. Now, do you seek authority to produce all of those wells that are connected into this central tank battery?

A Yes, sir.

Q In connection with that, will you increase the storage at the central location to assure that the production is properly measured?

A Yes, sir.

Q Would you just explain how much additional storage

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would be needed?

A Presently, we have 1600 barrel storage with the existing 21 wells, and as we develop our wells, which we do not intend to do in any rapid manner, we will add additional storage to be adequate for our production. Presently, our allowable is off this month almost 1900 barrels, a thousand ninety dollars, for the 21 wells. As we add more wells, we will have to have more storage to facilitate our --

Q Now, sufficient storage will be added to prevent waste of oil?

A Yes, sir.

Q Will the producing of oil from the wells which might be drilled and produced on this lease-hold into the central battery, sufficient, requested for the Dakota, will that cause waste?

A No, sir.

Q Will equity rights be protected?

A Yes, sir.

Q Actually, there is just one oil interest involved here?

A Yes, sir.

Q You will install adequate facilities to measure and test this production?

A Yes, sir.

MR. SPANN: That's all.

MR. NUTTER: Any questions of Mr. Strother?



CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Strother, you mentioned that you currently have 18 wells completed, I think, and --

A As of the hearing on the 28th of July we had, we were drilling our Number 18; presently we have 21 wells completed, and we are recovering oil from 22 and 23 now.

Q Oh; now you mentioned you may have 47 wells?

A Yes.

Q Were you aware that the application of El Paso Natural Gas Company, as well as the advertisement of the case seeks an order for a maximum of 35 wells --

A Yes, sir.

Q -- into the common battery?

A Yes, sir.

Q It would appear the limitation of the order will probably be 35 wells, inasmuch as the case was advertised and docketed. Do you have more than one test system into which the wells are produced, and then fenced into a single battery?

A At present we have one test system.

Q You would probably have to have two test systems, wouldn't you?

A Yes, sir.

Q You would have to test each well once a month?

A Yes, sir.

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Q And the basic system for the producing and handling of the oil is the same as it was when you testified in Case 1729?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Strother? He may be excused. Does anyone have anything further?

MR. SPANN: I would just like to say that if it is within the terms of the notice, I haven't seen it; we would like our application amended to show that we are seeking authority to produce all of the wells which might be developed on this lease into the central tank battery. I do not know if the notice will permit; if it does, we want to amend it.

MR. NUTTER: We will amend the application, but the notice has already been made.

MR. SPANN: Well, I hadn't seen the notice.

MR. PAYNE: The difficulty is, our position is our advertisement was jurisdictional and it will be some time before we get to it.

MR. NUTTER: Take this case under advisement.

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