

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1783

TRANSCRIPT OF HEARING

OCTOBER 7, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 7, 1959

IN THE MATTER OF:

CASE 1783 Application of Skelly Oil Company for an
amendment of Order No. R-1237. Applicant, in
the above-styled cause, seeks an order amend-
ing Order No. R-1237 to provide that new
wells in the Otero-Gallup Oil Pool in Rio
Arriba County be given 60 days after comple-
tion in which to make beneficial use of the
produced casinghead gas.

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Case 1783.

MR. PAYNE: Case 1783. Application of Skelly Oil
Company for an amendment of Order No. R-1237.

MR. WHITE: If the Commission please, Charles White of
Santa Fe, New Mexico, appearing on behalf of Skelly Oil Company.
We have one witness to be sworn.

(Witness sworn)

HAROLD E. AAB,
called as a witness, having been first duly sworn, testified as
follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Aab, will you state your full name for the record, and spell it for the Reporter?

A Harold E. Aab. A-a-b.

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

A Skelly Oil Company as Assistant District Superintendent.

Q Are you familiar with Skelly Oil Company's operations in the Otero-Gallup Oil Pool?

A Yes.

Q Are you familiar with the subject application in Case No. 1783?

A Yes.

Q Mr. Aab, will you briefly state the purpose of the application?

A The application is to amend Order No. R-1237, which states that after August 31, 1958 no casinghead gas shall be flared or vented within the defined limits of the Otero-Gallup Oil Pool.

Q And by this application you are seeking a sixty-day grace period?

A That's right, yes.

Q Had this Order in this particular respect proven to be a satisfactory pool rule for you to operate under?

A No.

4

Q Will you state to the Examiner the reasons why it has not proven satisfactory?

A The Order states that there will be no gas flared from this Pool in the areas in active development stage, and the Commission is constantly extending the limits of the Pool, and it is hard for the operator to determine the limits of the Pool, how they will be extended, --

Q And what --

A -- and whether the operator will be included in monthly extensions. And on development wells, it is necessary to await completion of the well to determine if it will be economically feasible to set facilities to produce and sell the gas.

Q Mr. Aab, have you previously testified before this Commission? --

A Yes, I have.

Q -- in your expert capacity as a petroleum engineer?

A Yes.

Q And have your qualifications been accepted?

A Yes.

Q Approximately what is the cost of installing a compressor?

A Installing a compressor, gathering lines into the pipeline -- into the gas pipeline is approximately fifty-five thousand dollars.

Q Are there any low pressures lines in the area where

you turn on your development?

A No.

Q And how long would you have to extend the present low pressure lines?

A From one to four miles.

Q Is it possible for you to immediately negotiate with your gas contracts upon the completion of your well in order to sell the gas?

A No, not immediately, no.

Q Approximately how long does it take you to negotiate a contract?

A Approximately sixty days.

Q Then, your request for relief from the Examiner's ruling is a matter of economics?

A Yes, that's right.

MR. WHITE: If the Examiner please, the present Rule reads as follows: "That after August 31, 1958, that no casinghead gas shall be flared or vented from any well within the defined limits of the Otero-Gallup Pool nor from any well from one mile thereof." We would like to propose the following amendment be added to the following Rule: "Provided that new wells completed and wells brought into the Otero-Gallup Oil Pool by extension of said pool boundaries as a result of hearing by the Commission shall be permitted sixty days from the date of the filing of the completion papers of any such new well or sixty days from the date of the

effective date of this Commission in extending the boundaries of Otero-Gallup Oil Pool in which to make beneficial use of the produced casinghead gas."

We would like to offer that amendment, and that concludes our presentation.

Do you have anything further to add, Mr. Aab?

A No.

MR. UTZ: Do you want this marked as an Exhibit?

MR. WHITE: We just offer it for your consideration.

MR. UTZ: All right, sir.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Aab, as I understand this, you would like sixty days in which to evaluate a new completion or a well which has been taken into the Otero-Gallup Oil Pool, in which to determine whether or not it's economically feasible to install compressors or extend lines?

A Yes, sir.

Q What if you determined that it is not economically feasible?

A Well, in that case, we would either shut the well in until we had further development that could be picked up in a program or plug the well.

MR. PAYNE: Or apply for a hearing for an exception for the well?

A Yes.

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

(Witness excused)

MR. UTZ: Are there any statements to be made in this
case?

MR. WHITE: That's all we have.

MR. UTZ: If not, the case will be taken under advise-
ment.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, 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 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, the 20th day of February 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1783, heard by me on Oct. 7 1959.
Thomas G. Metz, Examiner
New Mexico Oil Conservation Commission

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
1783 EXHIBIT NO. _____
CASE NO. _____