

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1862
Order No. R-1565

APPLICATION OF SOCONY-MOBIL
OIL COMPANY FOR A TEMPORARY
EXCEPTION TO THE "NO-FLARE"
PROVISION OF ORDER NO. R-1427
FOR 2 WELLS IN THE BISTI-LOWER
GALLUP OIL POOL, SAN JUAN
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 13, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 13th day of January, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant seeks a temporary exception to the "no-flare" provision of Order No. R-1427 for 2 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the Commission, in the proper exercise of its legal obligation to prevent the physical waste of oil and gas resources, should deny the requested exception to the "no-flare" provision of Order No. R-1427.

IT IS THEREFORE ORDERED:

That the application of Socony-Mobil Oil Company for a temporary exception to the "no-flare" provision of Order No. R-1427 for 2 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, be and the same is hereby denied.

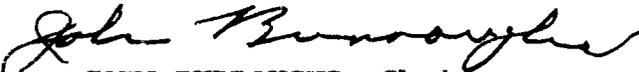
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Case No. 1862

Order No. R-1565

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



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ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

I N T H E M A T T E R O F
C A S E N O . 1 8 6 2

TRANSCRIPT OF PROCEEDINGS

January 13, 1960.



I N D E X

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E X H I B I T S

<u>Number</u>	<u>Exhibit</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
App.No.1	Plat	12		

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W. V. HOLICK

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. ERREBO:

Q You are the same Mr. Holick who previously testified today as a witness before this commission in connection with flare gas?

A Yes, sir.

Q Mr. Holick, are you familiar with the connection situation of the Socony-Mobil Oil Company lease in the Bisti-Lower Gallup Oil Pool?

A Yes, sir.

Q Can you tell me, Mr. Holick, how many wells are connected at the present time?

A I could not state the wells, there are four batteries that we are concerned with, I believe, at this time that Socony has.

Q Can you state whether, of your knowledge, the Sanda Well lease having two wells, is unconnected?

A Is unconnected?

Q Yes.

A I believe that is what we carry as 61, as it's located in 17, 25, and 11.

Q Northwest of 1, 25, 11?

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A 17, I believe.

Q 17, correct. That is the lease number.

A That battery is not connected now. It is anticipated that that battery will be connected by the 21st of January.

Q Mr. Holick, do you have any knowledge of when Socony-Mobil entered into contract with you for the purchase of this gas?

A That was, I believe, in August of 1958.

Q August of 1958. Now --

A That is the base contract, I believe.

Q Yes. Now, do you recall when you obtained F. P. C. approval?

A When El Paso did?

Q Yes.

A We got temporary and permanent, permanent -- the temporary twenty-five million was in September, as I recall of '59. The original small amount of temporary was earlier in '59, I could not give you the exact date.

Q And then did you commence construction of this gas system in the Bisti Pool thereafter?

A Yes, we did.

Q Now then, did it come to your attention that this well was unconnected in November of this year, do you recall?

A This was brought to our attention by Magnolia, or Mobil brought to our attention, and it is located, I believe, in the, what I call the Shell-Carson unit there, or immediately



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adjacent to it. We were under the impression it was part of that unit. It was called to our attention that that was incorrect, and we immediately took steps as promptly as possible to tie that well in correctly to the Number 1 gathering system.

Q Actually, then that well was just overlooked because of its situation?

A It was our mistake.

Q Both of these wells were?

A The battery, it was our mistake.

Q Now, that was in November of 1959; it is now January of 1960. What steps have you taken, do you know, to make that?

A Yes, we have gone out to get the right-of way, get the pipe available. The surveys have been completed, and it is my understanding that we made arrangements to hang another valve in the gathering line, and we are ready to tie it in. If it is not tied in today or this week, it will be very shortly, certainly by the 21st.

Q Of course, Socony-Mobil appreciates that you have other wells in there. We have been talking about them all day. But, I take it then, you just have to get around to these wells, these batteries, when you can to tie them in?

A We are doing it as rapidly as possible, and barring any completely unforeseen circumstances, we will be tied in by the 21st.

Q By the 21st of January?



A That's correct.

Q Now, then, do you know of any right-of-way problems which were encountered, so far as that lease is concerned, which might have held up your laying your line?

A I could not specifically describe any particular right-of-way problem; they have developed through that area at various times and at various locations. It is my understanding that the right-of-way is cleared on that lease.

Q Now, when that well is tied in on the 21st, and actually, do you have any reason to believe now, other than some unforeseen circumstance, that that well will not be tied in on the 21st of January?

A Barring any unforeseen circumstances, I believe it will be tied in.

Q That is, in other words, that is on the schedule for connection, which there is no reason why it should not be fulfilled, is that right, barring anything unforeseen, is that correct?

A That's correct.

Q Now, actually --

A I'm not trying to hedge, but you realize of course that we are in the middle of winter up there, and if it snowed neck deep, well, I don't know what will happen.

Q Of course, you must realize also that is very critical to us, and if maybe you don't come through, we may be cut off again?

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A Right.

Q Now, when that well is, or that battery is tied in, do you expect that your system will be able to take the gas which the battery produces?

A We expect to take every bit of gas from that battery that the system is capable of taking. Now, we have heard testimony earlier today that because of some circumstances, we had the Number 1 station in operation, and there was some gas flaring, evidently, from another producer's lease.

Q Is this well connected into the Number 1?

A It is connected into the Number 1 system. And we would take the gas from that well to the maximum capacities of the facility that we have. If gas, from all of the producers in that particular area, is not capable of being handled by the equipment that is there, certainly that battery would share with all the other batteries in the capacity that would be available. And then, any difference might have to be flared.

Q Well, Mr. Holick, do you mean to say that they would be flared regularly?

A I certainly mean that.

Q Now, I am interested in knowing where this flaring would take place, would it take place on the lease--

A I imagine.

Q -- or at your station?

A I believe it would take place at the lease. There



is no central flare to my knowledge there.

Q Now, then, are you prepared to state as a conclusion from your testimony here, whether, as far as your latest knowledge, there is room now, or as of your latest knowledge, in your system to take the production of gas from the Sanda Well lease?

A The figures that I have available to me, the latest production figures that we had, indicated that the horsepower that we had available would handle the gas presently available from that Number 1 area. Now, those figures are the most recent that we had available.

Q Then it would be your conclusion from that, that you could take all the gas from the Sanda Well lease?

A I believe we can.

Q Would you care to make an estimate as to what percentage of the batteries which are connectable, or you foresee are connectable, are now connected? Is your job 85 percent, is it 90 percent done?

A I would imagine, I would have to make an estimate here, I haven't made any calculation on it. It is probably 85 percent. Now, I want to call attention, however, to this one particular item, when I say 85 percent, I mean 85 percent of the wells that are contracted and clear, and maybe for late contracts we haven't tied in some of them. But as for what we see now, that we are in the midst of tying into the various producers, I'd say we are that far along.

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MR. ERREBO: That's all we have from this witness.

MR. PORTER: Anyone else have questions of Mr. Holick?

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Holick, as a practical matter, even after your system is complete, after every well is connected, every well operator whom you have a contract with, there will still be some flaring, won't there?

A I would be surprised if in particular areas that you picked out, if there weren't some small amount of flaring. I don't think that you can have things so nice and even that you can have it all even when you are loaded up in a particular instance.

Q The important thing is to get all the wells connected?

A Get them connected and to take gas from them right across with everybody else as rapidly as possible.

MR. PAYNE: Thank you.

MR. PORTER: Any further questions?

(No response.)

MR. PORTER: The witness may be excused.

MR. PAYNE: One further question, Mr. Holick.

Q (By Mr. Payne) The Otero Group Oil Pool has no flare provision in the pool rules, are you familiar with it?

A I'm not familiar with that particular one.

Q What has been your general experience as to flaring,

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when there are connections for all the wells in the pool?

A Well, let me see if this might answer it. We are very sensitive to gas flaring, and we attempt in every instance where we can, to get those flares out. Now, I don't know the particular circumstances surrounding this pool.

Q You do generally find though, don't you, that you have to glare some gas?

A Oh, yes, you will always find that.

MR. PAYNE: That's all.

MR. PORTER: The witness may be excused.

MR. ERREBO: Call Mr. Gordon.

JOSEPH G. GORDON, JR.

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. ERREBO:

Q Will you state your name, please?

A Joseph G. Gordon, Junior.

Q By whom are you employed?

A Mobil Oil Company Division of Socony-Mobil Oil Company, Incorporated.

Q And, in what capacity, and where are you located?

A I am a senior production engineer, located at Hobbs.

Q In connection with your duties with the Socony-Mobil Oil Company, what can you tell me? Are you familiar with the



Socony-Mobil Oil Company leases in the Bisti-Lower Gallup Pool?

A Yes, sir.

Q And, are you in agreement, insofar as your office is concerned, with Mr. Holick's testimony that all of the seven wells, which are the subject of this application, are connected with the exception of two?

A Yes, sir.

Q And, what are those two wells?

A Those two wells are the wells on the Sanda Well lease, located in the Northwest quarter of Section 17, 25, 11.

Q Mr. Gordon, I will refer you to a plat which has been marked as Applicant's Exhibit Number 1, and ask that you identify it.

A This is a plat showing the location of El Paso Natural Gas Company's gas gathering line in their Number 1 system; outlined in red is the Sanda Well lease, showing the two wells, the battery location, and the tie-in to El Paso Natural Gas' gathering system.

Q The gathering system line then runs across in an East-West direction across the South line of that lease, is that correct?

A Yes. And both our wells are located in the approximate vicinity of that quarter section, and the connecting lateral is on the North-South line there.

Q Can you point out to the Commission the approximate

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location of the Bisti Pools?

A Approximately here in this geographical center (indicating). We are denoted here with the red line shown here as to batteries to be tied in by January 21st.

Q Now, can you state what the current production is from each of those wells, as to oil and gas?

A From both wells, the battery production is averaging now 60 barrels of oil per day.

Q That is from both wells?

A From both wells. That's a battery production figure.

Q And the total amount of gas production?

A It is a little over a hundred MCF per day.

Q And, what is the average gas-oil ratio of those two wells?

A Approximately 1900.

Q Can you state when your contract was signed with the El Paso Natural Gas Company, was that September 1st of '58?

A Yes, sir.

Q Now, actually that was about three months, was it not, before the flare gas, the first flare gas hearing held by this Commission?

A Yes, sir.

Q And, do you have anything further that you care to advise the Commission of at this time? I might ask you, if you have a recommendation as to what type of exception that you would

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need?

A We would like to ask for an extension of our present exception to the no-flare order, that extension to be extended until we are connected; or, if that is not satisfactory with the Commission because of its indefinite status, then the exception to be extended to February 1st, 1960.

MR. ERREBO: That's all we have.

MR. PORTER: Does anyone have any questions of the witness?

(No response.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Gordon, you were talking about the Sanda Well Number 1, and 2 wells, all the time there, weren't you?

A Yes, sir, I also used the term "battery".

Q Yes, sir. Do you mean that these two wells together are only making 60 barrels of oil per day?

A Yes, sir.

Q The proration schedules show them as both top allowance wells, with an allowable of 106 barrels a day each. That is Sanda Well Number 1 in Unit F of 17, 25, 11, and Number 2 in Unit E of 17, 25, 11.

A Our latest figures don't reflect any 106 barrels allowable, sir.

MR. PORTER: You are talking about production?

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A This is production, sir.

Q (By Mr. Nutter) It would appear that perhaps you ought to request a change in allowance on those wells.

A Yes, sir, this figure of 60 barrels here per day was our daily average production.

Q Do you have any idea what the production is for each of the wells?

A Approximately 30 apiece, sir.

MR. NUTTER: Thank you.

MR. PORTER: Have you experienced rapid production at times on those wells?

A Yes, sir. Both the wells are still flowing, and we are expecting to put, I know, personally, the Sanda Well Number 2 on pump and try to increase production in the very near future.

QUESTIONS BY MR. PAYNE:

Q When were these wells drilled?

A I could not tell you right now, sir.

Q They are more or less located on the fairway of the pool, aren't they?

A Yes, sir, they are of an older generation.

Q Now, you are just asking an exception for two wells now?

A Yes, sir. Our other batteries are connected.

MR. PORTER: Anyone else have any questions?

MR. ERREBO: I have one further question.



REDIRECT EXAMINATION

BY MR. ERREBO:

Q Mr. Gordon, do you know of anything further that Socony-Mobil Company could have done in order to attain connection of these wells at an earlier date?

A No, sir.

Q Do you feel then that you have been diligent and prudent in your operation in your endeavor to comply with the flare gas order?

A Yes, sir, to comply.

MR. PORTER: Any further questions?

(No response.)

MR. PORTER: The witness may be excused.

(Witness excused.)

MR. ERREBO: If it please the Commission, I have a statement I would like to give to the Commission.

MR. PORTER: You may proceed.

MR. ERREBO: In this instance, it appears to the applicant that we have been fully diligent as well as prudent in trying to get a connection here. Certainly, we have had problems. Our lease unfortunately was overlooked in the connection of other leases and batteries in that area. Almost all of the others in that general neighborhood are connected. Apparently, also there was some right-of-way trouble. We find ourselves therefore in the last 15 percent to be connected, and certainly we are no less

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diligent than any other operators who are now fortunate enough to be connected.

We feel that the flare gas order, which this Commission issued, has been effective and has substantially accomplished its purpose. The casing-head gas in this pool is now being saved at an unusually early time, we feel, in the light of the average oil well. And we feel, therefore, that the Commission is to be complimented on the results which have been attained.

Now, the Commission has been tolerant in the application of this flare gas order, and we ask in this instance only that the Commission bear with us just a little longer.

Each situation, we feel, must be looked at individually, and if this Commission should find and believe that Socony-Mobil has not been diligent and has not been prudent, has dragged its feet, has been lacking in its endeavors to comply with this order, then we believe our application should be denied. We believe, on the other hand, if you find that we have been diligent, and we have done everything that we could do, and that this delay has been caused by circumstances which we could not very reasonably foresee and which are beyond our control, then we respectfully submit that you should grant our application.

MR. PORTER: Does anyone have anything further to offer in this case?

(No response.)

MR. PORTER: The Commission will take the case under advisement.



