

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
December 11, 1961

IN THE MATTER OF:

Application of Texaco Inc. for an exception to Rule 309-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the Abo production from its State "AB" Lease, located in Section 6, Township 18 South, Range 35 East, Lea County, New Mexico, to be transported prior to measurement on said lease to applicant's State "R" (NCT-1) Lease, located in said Section 6.

Case 2450

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2450.

MR. WHITFIELD: Application of Texaco Inc. for an exception to Rule 309-A, Lea County, New Mexico.

MR. KOCH: Appearing on behalf of the applicant, Sumner S. Koch, of Gilbert, White and Gilbert, Santa Fe.

We have one witness, Mr. Black.

MR. UTZ: Are there other appearances? You may proceed.

(Witness sworn)

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DIRECT EXAMINATIONBY MR. KOCH

Q Will you state your full name and address, please?

A I am C. R. Black, I am employed by Texaco, Inc.,
as a petroleum engineer out of Midland, Texas.

Q Have you previously been qualified by the Commission?

A Yes, I have.

Q As a petroleum engineer?

A Yes, sir, I have.

Q And your qualifications have been accepted?

A They have.

Q Are you familiar with the application which Texaco
makes in Case Number 2450?

A Yes, sir, I am.

Q Would you advise the Examiner, please, what Texaco
seeks by its application?

A This is the application of Texaco, Inc. for an excep-
tion to Rule 309-A to allow Texaco to transport Abo production
from our State of New Mexico "AB" Lease to existing storage
facilities on our State of New Mexico "R" (NCT-1) Lease prior
to measurement.

Q Has the appropriate state agency been notified of
this application?

A Yes, sir, we have. We have notified the Commissioner

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of Public Lands since this does involve state land; and by letter dated November 14, 1961, of which a copy was sent to the Commission, attention Mr. A. L. Porter, Jr., they do approve our application and state that they have no objection since both of these leases are common school lands for the state of New Mexico. We have also received a temporary approval pending the outcome of this hearing from the Conservation District Office in Hobbs.

MR. KOCH: May I ask, Mr. Examiner, does the Commission file contain a duplicate copy of that letter from the State Land Office?

MR. UTZ: Yes, sir, it does.

(Whereupon, Applicant's Exhibit 1 was marked for identification.)

Q (By Mr. Koch) Mr. Black, would you identify and describe the Exhibit Number 1, Texaco's Exhibit Number 1?

A Exhibit Number 1 is a plat showing the two leases involved in Texaco's application. These leases are located in Section 6. I don't have the Township and Range on these. They're located in section 6.

MR. WHITFIELD: Township 18 South, Range 35 East.

A Yes, Township 18 South, Range 35 East. The plat shows the State of New Mexico "R" (NCT-1) Lease, the Northeast Quarter of Section 6, and the "AB" Lease which is the Southeast Quarter of Section 6. Well, in October of 1961, Texaco completed



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their State of New Mexico "AB" Number 2 as a Vacuum-Abo producer, this well potentialized in excess of top allowable and is currently producing top allowable of 102 barrels a day. At that time there were existing storage facilities available on our State of New Mexico "R" Lease. These storage facilities consisted of two five hundred tanks and a treater. Texaco desired to use these facilities and therefore made application to the Commission for transfer privileges prior to measurement. We were informed that this could not be handled administratively, and therefore a hearing was set for this, therefore in order to allow us to be able to produce our Abo Well, the Hobbs District Office gave us temporary approval pending the outcome of this hearing.

Shown on the State of New Mexico "R" Lease are the storage facilities available for the San Andres and Abo production. The State of New Mexico "AB" Number 1 located in the Northwest Quarter of the Southeast Quarter of Section 6 is a San Andres producer and is currently being commingled with San Andres production on our State of New Mexico "R" Lease. The Abo tank battery or Abo facilities are in no way connected with the San Andres facilities, and therefore there would not be any commingling between the zones.

Q Did you state when the well was completed?

A Yes, sir. The State of New Mexico "AB" Number 2 was completed in the latter part of October of this year.



MR. UTZ: That is the Abo well?

A That's our first Abo well in the area, yes. Currently we have two wells drilling, wells Number 3 and 4, which are also shown on this plat or prospective Abo completions of the State of New Mexico "AB" Lease, and well Number 5 has been staked.

Q Do you know approximately how much it would cost for new facilities, should that construction be required?

A Yes, sir, if we were required to construct a tank battery on the "R" (NCT-1) Lease at this time, it would necessitate an expenditure of approximately \$6500. Therefore, by utilizing the existing facilities, we can effect a savings of \$6500.

(Whereupon, Applicant's Exhibit 2 was marked for identification)

Q Now, referring to Applicant's Exhibit Number 2, would you please identify and describe that?

A Exhibit Number 2 is a plat showing the general area of the Vacuum-Abo field at this time. It shows the Texaco leaseholdings in this particular area. They're denoted or are shaded in yellow. It can be seen that Texaco has considerable leaseholdings in this area, and we expect and anticipate that the Abo development will continue further Westward from where it is currently located and that we should have substantial development on our leases. This additional Abo development

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should be accomplished in the near future, and at that time we propose to install a central tank battery and construct LACT facilities in order to efficiently handle our production in this area. At that time we will ask for permission to commingle from various leases in the area into this one central tank battery, but until that time, however, it would be expedient and economical for us to use the existing facilities on our State of New Mexico "R" Lease. Therefore, actually our request will be temporary in nature and as soon as the additional development is done on the adjoining leases to the West, we will then, at that time we will ask for permission to commingle the production with other Abo production in the area.

Q Mr. Black, were these Exhibits 1 and 2 prepared by you, or under your supervision?

A Yes, sir, they were.

Q And do they truthfully depict the matters that you have testified to?

A Yes, sir, they do.

MR. KOCH: We ask that Exhibits 1 and 2 be admitted.

(Whereupon, Applicant's Exhibits
1 and 2 offered in evidence.)

MR. UTZ: Without objections Exhibits 1 and 2 will be entered into the record in this case.

Q (By Mr. Koch) Is there anything further you wish to state in behalf of the application?



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A I have nothing further at this time, no sir.

MR. KOCH: Nothing further from the applicant.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Black, is all the other interest in the South Half of this lease the same as those in the North Half of the lease?

A You are speaking of the State of New Mexico "AB" Lease?

Q Yes.

A The State of New Mexico --

Q I'll restate the question. Are the interests in your "AB" Lease the same as they are in the "R" Lease?

A Yes, our State of New Mexico "R" Lease and "AB" Lease, we have 100 percent working interest with 87-1/2 percent royalty interest. The state owns the royalty interest.

Q No other royalty interest?

A No other royalty interest.

MR. UTZ: Any other questions? The witness may be excused.

(Witness Excused)

MR. UTZ: Any statements in this case? We will take the case under advisement.



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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 11th day of December, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2450, heard by me on Jan. 11, 1961.
[Signature] Examiner
New Mexico Oil Conservation Commission

