

Application of ~~the~~ ~~provision~~ ~~of~~ ~~the~~ ~~order~~  
for an inspection in  
the "provision" provision of Order  
No. 1.

Case No.

1859

Application, Transcript,  
Small Exhibits, Etc.

**OIL AND GAS PRODUCTION AND RESERVES**  
**FORMER MID-CONTINENT LEADS IN RENTY AND CALIFORNIA-DRILLING OIL ZONES**  
**NEW YORK COUNTY, NEW YORK**

LEADS	Well No.	Oil Prod. Bbl./Day	Gas Prod. MCF/Day	Lease No.	Oil * Bbl./Day	Gas * MCF/Day
Elkhart-Elkhart	1	69	79	0	99	0
Elkhart-Elkhart	2	75	33	0		
Elkhart-Elkhart	2	69	72	0	83	28
Elkhart-Elkhart-Elkhart	1	112	224	224		
Elkhart-Elkhart-Elkhart	2	S.L.	S.L.	-	106.8	107
Elkhart-Elkhart	1	96	224	0	27	0
Elkhart-Elkhart	1	112	27		177	
Elkhart-Elkhart	2	112	120	0	108	39
Elkhart-Elkhart-Elkhart	1	2	3	200	4.8	0
Elkhart-Elkhart-Elkhart	1	75	114	0		
Elkhart-Elkhart-Elkhart	2	37	83	0	197	0
Elkhart-Elkhart	1	97	23	150		
Elkhart-Elkhart	2	200	224	224	81.6	82
Federal J	1	2	44	300	0	42.7
<b>TOTALS</b>		<b>602</b>	<b>1,205</b>	<b>1,200</b>	<b>904.2</b>	<b>299.7</b>

44  
12  
88  
41  
578  
no line yet.

\* Estimates based on January 12, 1960 takes by Elkhart.  
 \*\* Data for pipeline pump use.

not contracted  
 till Dec Act obtained in Dec.

904.2  
 299.7  
 1203.9

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 15, 1960

C  
O  
P  
Y

Mr. Charlie White  
P. O. Box 787  
Santa Fe, New Mexico

Dear Mr. White

On behalf of your clients, Texaco Inc., Kenneth Murchison and Sunray Mid-Continent, we enclose two copies of Order No. R-1562, R-1563 and R-1564 issued by the Oil Conservation Commission on January 15, 1960.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

lr/

Attachments

*Copies to Lytton, Hobbs*

**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. 1889  
Order No. R-1554**

**APPLICATION OF SUNRAY MID-  
CONTINENT OIL COMPANY FOR A  
TEMPORARY EXCEPTION TO THE  
"NO-FLARE" PROVISION OF ORDER  
NO. R-1427 FOR 12 WELLS IN THE  
BISTI-LOWER GALLUP OIL POOL AND  
FOR ONE WELL IN THE CALLEGOS-  
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, 1940, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15<sup>th</sup> day of January, 1940, 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 12 wells in the Bisti-Lower Gallup Oil Pool and for one well in the Callegos-Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the 12 wells in the Bisti-Lower Gallup Oil Pool for which an exception is sought have now been connected to gathering facilities and thus that portion of the application dealing with these wells should be dismissed.
- (4) 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 for the one well in the Callegos-Gallup Oil Pool.

-2-  
Case No. 1889  
Order No. R-1864

IT IS THEREFORE ORDERED:

(1) That the application of Sunray Mid-Continent Oil Company for a temporary exception to the "no-flare" provision of Order No. R-1427 for 12 wells in the Risti-Lower Gelling Oil Pool, San Juan County, New Mexico, be and the same is hereby granted.

(2) That the application of Sunray Mid-Continent Oil Company for a temporary exception to the "no-flare" provision of Order No. R-1427 for one well in the Gallages-Gelling Oil Pool, San Juan County, New Mexico, be and the same is hereby granted.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

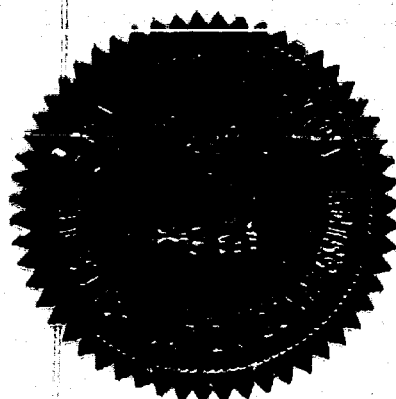
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burnoughs*

JOHN BURNOUGH, Chairman

MURRAY E. MORGAN, Member

*A. L. Porter*  
A. L. PORTER, Sec., Member & Secretary



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*12 miles Gallup*  
*12 miles Gallup*  
*12 miles Gallup*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

APPLICATION OF SUNRAY MID-CONTINENT  
OIL COMPANY FOR AN EXCEPTION TO ORDER  
NO. R-1427 IN SO FAR AS IT APPLIES TO  
CERTAIN LEASES IN THE SOUTHEAST PORTION  
OF THE BISTI-LOWER GALLUP OIL POOL AND  
IN THE GALLEGOS-GALLUP OIL POOL, AND IN  
THE ALTERNATIVE, FOR AN EMERGENCY ORDER  
FOR AN EXCEPTION TO SAID ORDER No. R-1427

CASE No. 1859

A P P L I C A T I O N

Comes now Sunray Mid-Continent Oil Company and respectfully states:

1. That it is the operator of the following leases within the Bisti-Lower Gallup Oil Pool and Gallegos-Gallup Oil Pool, San Juan County, New Mexico, each of which is productive of oil from the respective Pools, viz:

Bisti-Lower Gallup Oil Pool:

Bittonney Nez Well No. 1  
Section 23, Township 25 North, Range 11 West

Es-Ka-Ba-Ey Well No. 1 and Well No. 2  
Section 25, Township 25 North, Range 11 West

Es-Ka-Nel-E-Wood Well No. 1  
Section 22, Township 25 North, Range 11 West

H. Platero Well No. 1  
Section 15, Township 25 North, Range 11 West

Ka-Des-Pah Well No. 1 and Well No. 2  
Section 25, Township 25 North, Range 11 West

Ki-Yah-Be-Tah Well No. 1  
Section 24, Township 25 North, Range 11 West

Mar-Ga-Le-Tah Well No. 1 and Well No. 2  
Section 23, Township 25 North, Range 11 West

Nah-Glee-Des-Tah Eaton Well No. 1 and Well No. 2  
Section 30, Township 25 North, Range 10 West

Gallegos-Gallup Oil Pool:

New Mexico Federal J Well No. 1  
Section 35, Township 27 North, Range 13 West

GILBERT, WHITE AND GILBERT  
ATTORNEYS AT LAW  
SANTA FE, NEW MEXICO

*Booked*  
*1-4-29*



GILBERT, WHITE AND GILBERT  
ATTORNEYS AT LAW  
SANTA FE, NEW MEXICO

1           2. That the production from the aforesaid wells is subject to the  
2 no flare restriction as contained in Order No. R-1427 which provides that no  
3 casinghead gas shall be flared or vented from any well within the afore-  
4 mentioned Pools after December 31, 1959.

5           3. That the Applicant has been diligent in its efforts to comply  
6 with said Order and to this end has made application to and has obtained  
7 approval from the Federal Power Commission to sell and to otherwise make  
8 beneficial use of the casinghead gas and has completed its negotiations for  
9 pipeline connections with the El Paso Natural Gas Company and has otherwise  
10 fully performed any and all matters and things that it as an oil operator  
11 and producer can do to comply with the terms of said Order.

12           4. That notwithstanding the assurance that a pipeline system and  
13 connection for the handling of said gas would be installed prior to January  
14 1, 1960, Applicant is now advised by El Paso Natural Gas Company that the  
15 field facilities being constructed by said company for the handling of such  
16 gas will not be completed before January 15, 1960.

17           5. That due to no fault of the Applicant it is now confronted with  
18 a delay of approximately 15 days in the disposal of the casinghead gas in  
19 accordance with Order No. R-1427 and is further confronted with the restrict-  
20 ion of the oil production from all of the foregoing leases which will cause  
21 undue hardship on the Applicant.

22           6. That by reason of the foregoing an emergency exists.

23           WHEREFORE, Applicant prays for administrative approval for an except-  
24 ion to said Order pursuant to the provisions therein until said field  
25 facilities of El Paso Natural Gas Company are completed and in operation; in  
26 the alternative should this Commission see fit not to grant such administra-  
27 tive exception Applicant prays for issuance of an emergency order pursuant  
28 to Rule 1202 of this Commission granting an exception to said Order No.  
29 R-1427 in so far as the same applies to Applicant's leases herein named and



1 setting said matter for hearing before this Commission at its regular  
2 hearing set for January 13, 1960.

3  
4 SUNRAY MID-CONTINENT OIL COMPANY  
5 BY WILLIAM R. LOAR  
6 and

7 GILBERT, WHITE AND GILBERT  
8 P. O. Box 787  
9 Santa Fe, New Mexico

10 By *Leah*  
11 Its Attorneys

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GILBERT, WHITE AND GILBERT  
ATTORNEYS AT LAW  
SANTA FE, NEW MEXICO

*Goody  
Mailed  
1-4-60  
JR*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

*Case  
1859*

December 30, 1959

C  
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Y

Mr. William Loar  
Sunray Mid-Continent Oil Company  
Box 2039  
Tulsa 2, Oklahoma

Gentlemen:

Reference is made to your request for administrative approval of an exception to the no-flare provision of Order No. R-1487 for twelve oil wells in the Bisti-Lower Gallup Oil Pool and for one well in the Gallegos-Gallup Oil Pool, both in San Juan County, New Mexico.

After studying your application, the Commission has determined that administrative approval cannot be granted. Accordingly, the case has been set for hearing before the Commission on January 13, 1960. It would be helpful if your witness in this case is prepared to testify concerning the present casinghead gas production from these wells and the disposition thereof.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/OEP/ir

cc: Mr. L. C. White  
Santa Fe, New Mexico

*Docket  
mailed*

*Jan. 4, 1960*

*LP*

DOCKET: REGULAR HEARING JANUARY 13, 1960Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

- ALLOWABLE: (1) Consideration of the oil allowable for February, 1960
- (2) Consideration of the allowable production of gas for February 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for February, 1960.

## NEW CASES

- CASE 1850: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Rule 303 of the Commission Rules and Regulations to provide an administrative procedure whereby the production from two or more separate common sources of supply may be commingled under certain conditions, particularly after separately metering or measuring the production from each of the said common sources of supply.
- CASE 1851: Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 24 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1852: Application of Southern Union Gas Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 120-day exception to the "no-flare" provision of Order R-1427 for its Whitley Well No. 1, located in the NW/4 of Section 17, Township 24 North, Range 9 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1853: Application of Standard Oil Company of Texas for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for 18 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1854: Application of Texaco Inc. for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for three wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1855: Application of Humble Oil & Refining Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1856: Application of Sun Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1857: Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1858: Application of The British-American Oil Producing Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for certain wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1859: Application of Sunray Mid-Continent Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the "no-flare" provision of Order R-1427 for one well in the Gallegos-Gallup Oil Pool and twelve wells in the Bisti-Lower Gallup Oil Pool, both in San Juan County, New Mexico.

CASE 1862: Application of Socony-Mobil Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1860: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico:

- (a) Abolish the Huerfano-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

- (b) Abolish the West Kutz-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.
- (c) Extend the Aztec-Fruitland Pool to include:  
TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM,  
Section 20: S/2
- (d) Extend the Aztec-Pictured Cliffs Pool to include:  
TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM,  
Section 36: SE/4
- (e) Extend the Ballard-Pictured Cliffs Pool to include:  
TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM,  
Section 6: W/2  
TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM,  
Section 1: SE/4
- (f) Extend the Blanco-Pictured Cliffs Pool to include:  
TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM,  
Section 6: NE/4
- (g) Extend the South Blanco-Pictured Cliffs Pool to include:  
TOWNSHIP 27 NORTH, RANGE 7 WEST, NMFM,  
Section 2: W/2
- (h) Extend the Blanco-Mesaverde Pool to include:  
TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM,  
Section 3: E/2
- (i) Extend the Angels Peak-Gallup Oil Pool to include:  
TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,  
Section 7: E/2  
Section 17: W/2  
Section 18: NE/4  
Section 20: NW/4

(j) Extend the Horseshoe-Callup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM,

Section 27: SE/4 SW/4

Section 28: SW/4 NE/4 & S/2 NW/4

(k) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM,

Section 21: SE/4 SE/4

Section 22: SW/4 SW/4

Section 30: NE/4 SE/4

(l) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,

Section 7: All

Section 18: All

Section 19: N/2

Section 20: N/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM,

Section 1: All

Section 2: E/2 & SW/4

Section 3: S/2

Section 23: E/2

Section 24: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 4 inclusive

All of sections 9 thru 16 inclusive

All of sections 21, 22, & 23

Section 26: N/2

Section 27: N/2

Section 28: All

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM,

Section 18: All

Section 19: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,

Section 6: W/2

All of sections 7, 8, 11, 13, 14, 17, 18, 19, 20, & 21,

Section 23: E/2

Section 24: All

Section 26: E/2  
Section 29: W/2  
Section 30: All  
Section 31: All  
Section 32: All  
Section 33: W/2  
Section 35: E/2

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM,  
All of sections 1 thru 28 inclusive  
Section 29: N/2  
Section 30: N/2  
All of sections 33 thru 36 inclusive

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,  
All of sections 1 thru 18 inclusive and sections 23 & 24  
Section 25: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM,  
Section 1: All  
Section 2: E/2 & NW/4  
Section 3: N/2  
Section 4: N/2  
Section 5: E/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,  
All of sections 18, 19, & 30

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM,  
Section 12: All (partial)  
All of sections 13 thru 16, 21 thru 28, and 31 thru 36

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM,  
All of sections 19 thru 22, and 26 thru 36

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM,  
Section 9: All (partial)  
Section 10: All (partial)  
All of sections 15 and 16  
Section 17: E/2  
Section 20: E/2  
All of sections 21 thru 27  
Section 28: E/2  
Section 33: E/2  
All of sections 34, 35, & 36



TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,  
All of sections 27, 28, 33, & 34

- (m) Extend the South Los Pinos-Dakota Pool to include:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM,  
Section 13: All  
Section 14: S/2  
Section 23: N/2

CASE 1861:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and the extension of existing pools in Lea and Eddy Counties, New Mexico.

- (a) Create a new oil pool designated as the Fowler-Upper Silurian Pool and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM,  
Section 22: E/2

- (b) Create a new oil pool designated as the West Crossroads-Devonian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,  
Section 31: SE/4

- (c) Create a new gas pool designated as the East Hightower-Devonian Gas Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM,  
Section 30: NW/4 NE/4

- (d) Create a new gas pool designated as the Teague-Abo gas Pool, described as:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM,  
Section 21: SE/4

- (e) Abolish the Baish-Abo Pool in Lea County, New Mexico, classified as an oil pool, described as:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM,  
Section 21: SE/4

- (f) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,  
Section 1: NE/4

(g) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM,  
Section 22: NE/4 & S/2

(h) Extend the Four Lakes-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM,  
Section 35: SE/4

(i) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM,  
Section 2: SW/4

(j) Extend the East Millman-Queen-Grayburg Pool to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM,  
Section 18: NW/4

(k) Extend the Shugart Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,  
Section 4: NE/4

CASE 1863:

Application of Phillips Petroleum Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the no-flare provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1864:

Application of Skelly Oil Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the no-flare provision of Order R-1427 for 21 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

(over)

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CONTINUED FROM EXAMINERS HEARING

CASE 1841:

Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated. No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

NEW CASE

CASE 1865

Application of Pan American Petroleum Corporation for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 7 wells in the Bisti-Lower Gallup Oil Pool and 4 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.



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

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IN THE MATTER OF: )  
)

Application of Sunray Mid-Continent Oil  
Company for an exception to the "no-  
flare" provision of Order R-1427. Ap-  
plicant, in the above-styled cause,  
seeks an exception to the "no-flare"  
provision of Order R-1427 for one well  
in the Gallegos-Gallup Oil Pool and  
twelve wells in the Bisti-Lower Gallup  
Oil Pool, both in San Juan County,  
New Mexico. )

) Case 1859

-----  
BEFORE:

Honorable John Burroughs  
Mr. A. L. Porter  
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Sunray Mid-Continent Oil  
Company for an exception to the "no-flare" provision of Order  
R-1427.

MR. WHITE: If the Commission please, Charles White,  
appearing on behalf of the applicant, Sunray Mid-Continent. I  
also have associated with me Mr. William Loar of Tulsa, Oklahoma.  
We have one witness to be sworn at this time.

(Witness sworn)

AL M. STIERWALT

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

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

DIRECT EXAMINATION

BY MR. WHITE:

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

A Al M. Stierwalt.

Q By whom are you employed and in what capacity?

A I'm employed by the Sunray Mid-Continent as Project Engineer in the Farmington office.

Q Are you acquainted with the subject application?

A Yes, sir.

Q Will you briefly state what Sunray Mid-Continent is seeking to accomplish?

A Sunray-Mid-Continent is requesting an exception to the Commission Order R-1427 insofar as it applies to the Sunray Mid-Continent properties in this application, for such time as is needed for El Paso Natural Gas to provide facilities to pick up all of the produced gas available from these wells.

Q How many wells are involved in the original application?

A We had 14 wells, or 13 wells, I beg your pardon.

(Marked Sunray Mid-Continent's  
Exhibit No. 1, for identification.)

Q Are all those oil wells? A Yes, sir.

Q Where are they located?

A All of the wells are located within the confines of the Bisti-Lower Gallup Oil Pool with the exception of one which is

1  
located in the Gallegos-Gallup Oil Pool.

Q Will you state the daily production and gas-oil ratios of each well, and in so doing, refer to what has been marked as Exhibit No. 1?

A Well, Exhibit No. 1 does not cover the gas-oil ratios. It does cover the gas production from individual wells, if that will be satisfactory.

Q All right, continue with that.

A The first well we have here, the Bittoney-Nez No. 1 is located in Section 23, Township 25 North, Range 11 West. All of this production will be based on November figures which were the latest corrected tabulations we had available. In November the well produced 69 barrels of oil, 99 cubic feet of gas or MCF of gas, I should say.

The next well is Es-Ka-Nel-E-Wood No. 1 located in Section 22, 25, 11. This well produced 112 barrels of oil a day, 214 MCF of gas.

Q Will you give your gas sales as you go through?

A Well, these gas sales, I should probably qualify that, are based, last night we had a man make a run through the field between nine and eleven o'clock and examine each of these installations to determine how much gas was being sent down the pipeline and how much gas was actually being blown into the air.

In the column marked "Gas Sales" with the asterisk there this estimate



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that we have calculated based on a spot meter reading. Now, that may not be an actual good integrated value, but it is the best estimate we can make in the field under the conditions, it is an estimate of the amount of gas which we were placing into the sales line at that time. If you would like, I'll go back and start with the first well.

Q They're all delineated on this exhibit, are they not?

A That's right.

Q For the sake of time, would you just give the totals as to all the wells that are prorated there?

A The total amount of oil produced from these wells is 882 barrels. The total amount of gas produced is 1,205,000 cubic feet. The lease use in cubic feet per day is 1100. The amount of gas being sold, based on this estimate, was 904,200 cubic feet. The amount of gas being flared was 299,700 cubic feet.

Q Have you made any calculation as to how much financial loss Sunray would suffer if they were required to shut these wells in?

A Yes, sir, I have.

Q Would you state your figures to the Commission, please?

A This amount of oil that we would lose would represent approximately \$2500.00 per day during the period the wells were shut in.

Q What would the gas be as to the amount of gas being

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flared?

A The amount of gas being flared, the actual value of that at the contract price is \$40.00.

Q A day?

A A day. An estimate, of course, based on the gas estimate.

Q Have you signed your contract with El Paso?

A Oh, yes.

Q And has El Paso been buying your gas?

A Yes, sir.

Q Are all your gathering lines in at the present time?

A All of the gathering lines are in with the exception of the Federal J Well located in 35, 27, 13. This well is under contract but the gathering line has not been layed at this time.

MR. WHITE: If the Commission please, it's been brought out that we have our contracts with El Paso, and we also have Federal Power Commission approval or certification and we can have a witness put on the stand to give the dates of the certification if you desire that.

MR. PORTER: Are you through with this witness at this time?

MR. WHITE: We are through with the witness.

MR. PORTER: Does anyone have a question? Mr. Payne.

CROSS EXAMINATION

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BY MR. PAYNE:

Q Mr. Stierwalt, these wells are not in your Central Bisti-Lower Gallup sand unit, are they?

A No, sir.

Q Now, your application asks for an exception for 13 wells I believe it was, and your tabulation here only shows 9 wells.

A Nine leases.

Q Oh, I see, nine leases. I notice on a number of these you aren't flaring any gas.

A No, sir.

Q You don't need an exception for those?

A We could possibly, this is what was based on what was going on last night at this particular one-spot check, but by examining the fact that we are flaring gas from the other leases connected to the same system, there would be a possibility that some of the other leases might start flaring gas at such time that the system became unbalanced in their section.

Q You say if these wells are shut in you'll have an ultimate loss of oil recovery?

A No, I don't believe we could say that. It's strictly monetary.

Q How does this loss arise?

A Well, this is a value of the daily production from these wells.

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Q But you're going to get the oil eventually?

A Yes, sir, provided that an operator offsetting us is not producing it during the period we are shut in.

Q Are these all 80-acre units?

A Yes, sir.

Q Each well drains 80 acres? A Yes, sir.

Q So the offset well isn't going to produce any of your oil then?

A Well, from that viewpoint, no, sir, but I think a well will drain a little more than 80 sometimes.

MR. PAYNE: Thank you, that's all.

MR. PORTER: Mr. Nutter.

BY MR. NUTTER:

Q Mr. Stierwalt, were all of these wells except the Federal J actually on the line last night between nine and eleven?

A Yes, sir.

Q They were producing more gas than El Paso facilities could handle I guess in some events, and that's the reason why there was some gas being popped?

A Yes, sir.

Q Were El Paso's compressors all working?

A I'm really not -- as far as my man could tell when he was there, but they all seemed to be running and in good shape. I don't know if they were running at capacity or anything like that.

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I couldn't testify to that at all.

Q I think at the beginning of this case you stated that you wanted relief until such time as there would be no flaring of gas?

A That's right.

Q How long is this going to be?

A That would be hard for me to make a statement on too because that would depend a whole lot on El Paso's equipment.

MR. BUTTER: Mr. Holik, could you give us the status of the compressors in this area between nine o'clock and eleven o'clock last night? Were they all running?

MR. HOLIK: To my knowledge the compressor was running. The unit has certainly been on the line. There's one compressor rated an 800 horsepower rated that particular station. I discussed this matter with Sunray's representative a little earlier and I cannot give you an explanation as to why a particular well might have been flaring either all or a part of the gas. I don't think we know which. They say that it was, we know that we were operating the unit, if the unit was up to capacity, well, it was just taking all it could handle at that time.

I believe you mentioned to me earlier that pressures indicated on some of the batteries was 80 pound, which is far and above anything I would expect. There's something in there that I cannot answer. Other batteries showed 30 pounds, I believe.

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MR. NUTTER: This morning you were talking about 15 pound contracts.

MR. HOLIK: 15 pound contract, but in order to handle out of the Southeast No. 1 location, we are certainly going to have to be up to 25 pounds on those batteries. I hope no higher. We'll carry the loading just as far as we can in connection with getting together with the operators, and if they can go a little higher, we will make every attempt to go a little higher. Some of them can't and we can't penalize them.

MR. NUTTER: There are some leases in this area that are not connected, are there not?

MR. HOLIK: Yes, sir, there are.

MR. NUTTER: When connections are available, there's going to be more gas available to the particular compressor than at the present time?

MR. HOLIK: There might well be. I think we have to recognize here that we have been discussing all along the volumes of gas that we would be able to take, that is a hundred percent smooth characteristic and I don't believe casinghead gas wells produce that way all the time. Now, if for an upset in the producing conditions or if the engine under it's automatic control slows down for some reason, there are going to be times when gas might well flare, especially when you have got an engine loaded to maximum capacity.

MR. NUTTER: It appears here that fully one-third of the amount of gas that's being sold is also being flared.

MR. HOLIK: From this particular lease, according to their figures, 300,000 over approximately a million. I cannot answer that as to what was happening between nine and eleven last night.

MR. NUTTER: As far as you know no compressors were down last night?

MR. HOLIK: No, no compressors were down, to my knowledge there's only one.

MR. LOAR: Mr. Holik, it's my impression that El Paso has filed for additional Federal Power Commission to expand the compressors in the area.

MR. HOLIK: That's correct, there's an application on file with the Commission to put 660 horsepower in that particular location.

MR. LOAR: Until that application is granted, are not only Sunray and the other operators going to be subject to flaring at some unknown rate?

MR. HOLIK: We will handle to the maximum capacity that we have there. If there is gas available beyond that capacity in that particular location, until we get the gathering system switched back and forth and operated for awhile to where we're taking the absolute maximum there may be gas flared in that



particular location. We can't get the unit in there any faster.

MR. LOAR: Sunray's position is, has been that we think that El Paso has done an excellent job in view of the magnitude, we don't want to infer that we are criticizing the operation. I would like to ask Mr. Stierwalt a question if I may.

BY MR. LOAR:

Q When the Sunray man made the swing through the field last night, did he examine the charts which indicated the amount of gas delivered throughout the full twenty-four hours prior to his visit to the wells?

A Yes, he did.

Q And are these estimates based on a combination of what he saw flaring plus the meter readings?

A They are, yes.

Q And did he also take into consideration the normal amount of gas that we are producing from those leases?

A He did.

Q So that this is not merely a nine or ten o'clock figure, it's an attempt to get the latest figure available, based on the preceding twenty-four hours?

A That's right.

MR. LOAR: Thank you.

MR. PORTER: Mr. Nutter.

BY MR. NUTTER:

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Q Mr. Stierwalt, were these wells producing at their normal rate of production last night when the spot check was made?

A I'm informed that they were, yes, sir.

Q Producing one day's allowable in one day?

A Yes, sir.

MR. NUTTER: Thank you.

MR. PORTER: Anyone else have a question? Mr. White.

MR. WHITE: I have one more question.

REDIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Stierwalt, was the exhibit compiled by you?

A Yes, sir.

MR. WHITE: We offer the exhibit in evidence.

MR. PORTER: Without objection it will be admitted.

The witness may be excused.

(Witness excused.)

MR. PAYNE: Would you like to have Mr. Loar testify to the Federal Power Commission dates?

MR. PORTER: Yes.

WILLIAM R. LOAR, having been duly sworn, testified as follows:

DIRECT EXAMINATION

of Mr. Loar

BY MR. WHITE:

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

A William R. Loar.

Q By whom are you employed and in what capacity.

A Sunray Mid-Continent Oil Company as Chief Production Engineer.

Q Mr. Lear, are you acquainted with Sunray Mid-Continent's efforts to obtain Federal Power Commission approval?

A From examination of our files and the information furnished me by our gas contracts people, yes.

Q Will you state what information you have to the Commission?

A On January 23, 1959 we signed an agreement for the sale of gas with El Paso covering what is known as the Bisti Unit. On June 11, 1959 we requested a permanent certificate from the Federal Power Commission. On November the 20th, 1959 we requested a temporary certificate, and on December the 17th, 1959 we received this temporary certificate. As an amendment to the Bisti Unit Agreement we negotiated an agreement with El Paso covering the remainder of our production in Southeast Bisti Field. This was dated July the 23rd, 1959.

On December 20, the same date as the other one, we requested, I'm sorry, November 20, the same date as the other one, we requested temporary certificate and we received it on December the 17th, 1959. As to the Federal J Lease in the Gallegos-Gallup Field, it was quite frankly an oversight on our part and we did not contract that until December 10th, 1959. We were under the mistaken impression it was covered by our other agreements.

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Eight days later, on December 18, we filed for a temporary certificate and six days, roughly six days later, on December 24, we received a temporary certificate.

MR. WHITE: That's all the questions I have.

MR. PORTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Loar, would you say you have been less diligent in regard to the well in Gallegos than you have been in regard to the wells in Bisti?

A I don't believe that we've shown any lack of diligence on our well in Bisti, Mr. Payne, if that's what you are driving at, but as to Federal J Lease, we frankly made a mistake there or we would have included it in some of our earlier agreements.

Q How much oil does this well in Gallegos produce, is that the three barrel a day?

A Yes, sir, I would have to refer to Mr. Stierwalt's exhibit, of three barrels a day.

MR. PAYNE: That's all, thank you.

MR. PORTER: Anyone else have a question?

REDIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Loar, from your testimony, I assume as to the Gallegos Lease, it wasn't a lack of diligence, it was an oversight,

is that correct?

A I would so interpret our failure.

MR. PORTER: Any further questions? Mr. Nutter.

RECROSS EXAMINATION

BY MR. NUTTER:

Q How many barrels did you say the Gallegos wells make?

A Based on November, 1959 production, for the month we averaged three barrels a day.

Q How much gas is produced with that three barrels?

A Apparently 44 MCF per day.

Q Is El Paso willing to hook that lease up eventually?

A It is our understanding, I don't think there's any doubt about it. They are, and I'm advised they are attempting to get right-of-ways out there now.

MR. PORTER: Mr. Holik.

BY MR. HOLIK:

Q I don't readily identify the Federal J.

A It's the one in the Gallegos.

Q Is it the one in Section 17?

A No, it is in 35, 27, 13.

Q That is in Section 3 here?

A No, 35.

Q Oh, up here.

BY MR. NUTTER:

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Q Mr. Loar, what, roughly, is the value of the three barrels of oil per day there?

A Roughly nine dollars a day.

Q What would be the value of the gas?

A 44 times 13.

Q Let's just say that, would the value of the gas that's being flared be a percentage of the --

A Three dollars a day opposed to nine dollars a day. Both of them are pretty good-size sums.

MR. PORTER: Any further questions? Do you have anything further?

MR. WHITE: That's all we have.

MR. PORTER: We will take the case under advisement and move on to Case No. 1862. We'll take a very short recess.

(Whereupon a short recess was taken.)

STATE OF NEW MEXICO )  
 : SS  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, 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 26<sup>th</sup> day of January, 1960.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

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