

CASE 2205 Application of AETEC
OIL & GAS for an exception to
RULE 309 (a), San Juan County.

-asa // o.

2286

plication, Transcript,
all Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

August 14, 1961

Mr. George Verity
152 Petroleum Center Bldg.
Farmington, New Mexico

Re: Case No. 2286
Order No. R-2045
Applicant:

Aztec Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC X

OTHER

Bryan

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. 2286
Order No. R-2045

APPLICATION OF ARTEC OIL & GAS
COMPANY FOR AN EXCEPTION TO RULE
309 (a), 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 June 7, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of August, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

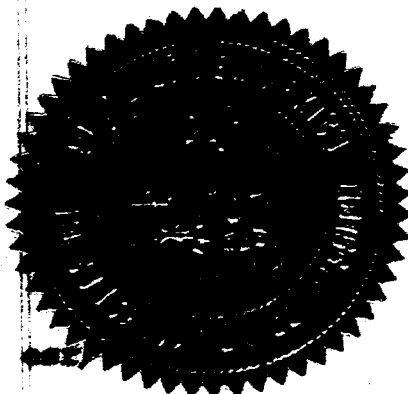
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Artec Oil & Gas Company, has requested that Case No. 2286 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 2286 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHAM, Chairman

E. S. Walker
E. S. WALKER, Member
A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELLORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

July 27, 1961

TELEPHONE 325-1702

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

ATTN: Mr. Nutter

Re: Case No. 2286 OCC
Application of Aztec Oil & Gas Co.

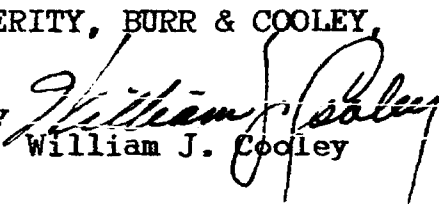
Enclosed herewith is a Dismissal of the captioned case which we are filing on behalf of the applicant, Aztec Oil & Gas Company

Please disregard the dismissal of Case No. 2287 which was forwarded to you on July 26th as same was erroneously prepared.

Yours very truly,

VERITY, BURR & COOLEY,

By


William J. Cooley

lm
encl

cc: Aztec O&G Co., ATTN: Mr. Swanson
1 encl

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF -

AZTEC OIL & GAS COMPANY FOR AN EXCEPTION
TO RULE 309-(a) AND FOR PERMISSION TO
COMMINGLE THE TOTAH-GALLUP POOL OF PRO-
DUCTION FROM THE FOLLOWING DESCRIBED LEASES,
ALL IN TOWNSHIP 29 NORTH, RANGE 13 WEST,
SAN JUAN COUNTY, NEW MEXICO:

Federal Lease No. SF-079065 in
Sections 19, 20 and 29;

Case No. 2286

State Lease B-11017-23 comprising in
pertinent part the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20;

State Lease B-11017-21 comprising in
pertinent part the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20;

Smith-Eaton Lease comprising in
pertinent part the NE $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, and
the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 20.

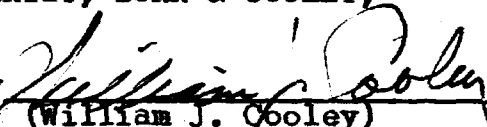
DISMISSAL

Comes now AZTEC OIL & GAS COMPANY, applicant in the above
styled and numbered case, and hereby dismisses, without prejudice,
the application heretofore filed herein.

AZTEC OIL & GAS COMPANY, Applicant

VERITY, BURR & COOLEY,

By


(William J. Cooley)
Attorneys for Applicant
152 Petroleum Center Bldg.
Farmington, New Mexico

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELLORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

July 26, 1961

TELEPHONE 325-1702

Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Case No. 2287
Application of Aztec Oil and
Gas Company
(Our file #1284-C)

Enclosed herewith is a Dismissal of the captioned case
which we are filing with you on behalf of the applicant,
Aztec Oil & Gas Company.

Yours very truly,

VERITY, BURR & COOLEY,

By

William J. Cooley
(William J. Cooley)

1m

1 encl

cc: Aztec O&G Co., Attn: Swanson
1 encl

Rec'd May 24th

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF -

THE APPLICATION OF AZTEC OIL & GAS COMPANY
FOR AN EXCEPTION TO RULE 309 (a), SAN JUAN
COUNTY, NEW MEXICO, FOR PERMISSION TO COM-
MINGLE THE TOTAH-GALLUP POOL OF PRODUCTION
FROM FIVE SEPARATE FEE LEASES, ALL LOCATED
IN SECTION 18, TOWNSHIP 29 NORTH, RANGE 13
WEST, IN SAN JUAN COUNTY, NEW MEXICO.

Case #2287

D I S M I S S A L

Comes now AZTEC OIL & GAS COMPANY, applicant in the
above styled and numbered case, and hereby dismisses, without
prejudice, the application heretofore filed herein.

AZTEC OIL & GAS COMPANY, Applicant

VERITY, BURR & COOLEY,

By

William J. Cooley
(William J. Cooley)
Attorneys (for Applicant)
152 Petroleum Center Bldg.
Farmington, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 7, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2286

Application of Aztec Oil & Gas Company
for an exception to Rule 309 (a), San
Juan County, New Mexico.

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 7, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2236 Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

BEFORE:

Daniel S. Mutter, Examiner.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4691

ALBUQUERQUE, NEW MEXICO

MR. NUTTER: We will call next Case 2286.

MR. MORRIS: Case 2286. Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico.

(Witness sworn)

MR. VERITY: George Verity appearing for the applicant.

L. M. STEVENS,

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

DIRECT EXAMINATION

BY MR. VERITY:

Q Will you state your name, please?

A L. M. Stevens.

Q Mr. Stevens, by whom are you employed?

A Aztec Oil & Gas Company.

MR. NUTTER: How is that spelled?

A S-t-e-v-e-n-s.

Q (By Mr. Verity) What is your occupation with them?

A District engineer, Farmington area.

Q Are you familiar with production methods in use in the area and means of metering and measuring gas and liquids?

A Yes, sir.

MR. MORRIS: If you care to consolidate them.

MR. NUTTER: Are they enough alike?

MR. VERITY: They have some similarities, but I think we



had better keep them apart, because there is a definite distinction.

(Whereupon, Aztec's Exhibits Nos. 1 and 2 were marked for identification).

Q (By Mr. Verity) I hand you what the Reporter has marked Exhibit 1. Will you please tell us what it is, and what it shows and represents?

A It's a plat showing Sections 18, 19 and 20 of Township 29 North, Range 13 West area that Aztec Oil & Gas Company holds under a mineral lease. The acreage circled in purple is the acreage, is the production from this acreage, which we propose to produce to a common tank battery. The acreage circled in purple, all of it goes to a present tank battery at the present time, except from the production from the Totah-Gallup Lease, and the Smith "A" and Smith "B," which have locations established on them, but they're not drilled yet.

Q In addition to what you have shown on this Exhibit, do you also have production from Section 29, to the south of 20?

A Yes, sir.

Q Does it also go into that common battery?

A Two wells in Section 29 are flowed to the common battery.

Q As to these wells that are now flowing into the common tank battery, is the royalty ownership and the lease ownership all the same?

A Yes, sir.

Q Now, then, you have at the present time completed your

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State Totah-Gallup No. 1 in the west half of the northwest of 20, right?

A Yes, sir.

Q And you propose to drill a well in the east half of the northwest on the Smith "B" and in the northeast, southeast and southeast, northeast on Smith "A?"

A Yes, sir.

Q Do you propose to separately be able to calculate the production of the oil from the various leases?

A Yes, sir. We do.

Q I hand you what the Reporter has marked Exhibit 2. Referring to it, will you please explain how you propose to keep a separate calculation and tab upon the production of all of the wells that you propose to flow into one common tank battery?

A Well, this well, this is a diagrammatic sketch of metering equipment that we propose to set. The top is a plain view, and the bottom drawing is an elevation.

Q You refer to the one on the right as being the top view, and the one on the left as being the elevation?

A Yes, sir. This equipment consists of an oil and gas separator, a metering chamber, and a three-way valve, which controls the flow of the oil; an oil header and a gas header.

Q Will you tie the wells into the separator?

A Yes, sir. Each well will be equipped with an individual flow line.



Q Explain, if you will, please, the procedure of the oil through this equipment.

A The oil will enter the oil and gas separator, production from the well will enter this oil and gas separator, where the oil and gas will be separated. The gas will pass through the top of the separator and be conducted to a gas header, a common gas header. Before reaching the header, it will pass through some test connections, making it possible to GOR test each individual well. From the header, it will pass to a vent valve out to a burner pit. The oil from the separator will flow by gravity through a three-way valve into a metering chamber. As the oil fills the metering chamber, after it has received back to, the metering chamber has received one barrel, the top float will actuate this three-way valve to close the flow line from the separator to the chamber, and open the flow line from the metering chamber to a common oil header. After the oil has emptied from the metering chamber, the bottom float will actuate the three-way valve, which will close the flow line from the metering chamber to the common oil header, and will open the flow line from the separator to the metering chamber. The metering chamber is equipped with a counting device, which will count each barrel produced to the metering chamber. The metering chamber will measure one barrel of oil each time.

Q Have you made any plans with regard to being able to make accurate computation and correction for any water that might be in the oil produced from wells in different proportions?



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A Yes, sir, we have. The metering chamber reading will be corrected at the end of each month for BS&W and shrinkage, by averaging those corrections which appear on the daily run tickets, and applying it to the monthly volume measured by the metering chamber.

Q Will you test the proportion and the percentage of water and BS&W in the flow line from each well?

A Yes, sir.

Q Is this a relatively static item?

A Yes.

Q How often will you make periodic tests?

A We will make it approximately once a week.

Q Do you propose to put one of these metering devices on each of the three wells, being the State Totah-Gallup 1, the Smith "B" 1, and the Smith "A" 1?

A Yes, sir.

Q Will this give you an accurate measurement of the production from each of those three wells?

A Yes, it will.

Q How do you propose to ascertain accurately the production from the wells located upon the balance of the acreage?

A By subtracting the corrected readings of these metering chambers from the total production.

MR. VERITY: I believe that's all we have.

MR. NUTTER: Are there any questions of Mr. Stevens?



MR. MORRIS: Yes, sir.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Stevens, we are dealing here with one Federal lease, 2 State leases, and 1 fee lease; is that correct?

A Yes, sir, that is correct.

Q Has approval been obtained for this commingling from the Federal and State authorities?

A We have filed our request with them.

Q You have not received permission from either body?

A No, sir.

Q In your application, Mr. Stevens, on Page 2, it is stated that the oil production will be separately measured from each well that is or may be located on lands not covered by Federal lease. Is your application amended in that regard now? In other words, you plan to measure the production from each lease now, do you not?

A We plan to measure the production from the Smith "A," the Smith "B" and the State Totah-Gallup, and arrive at Federal lease production by deduction.

MR. VERITY: It will be measured, but not individually measured.

MR. MORRIS: It's not going to be separately measured on the Federal lands?

MR. VERITY: It will be separately measured, if I can answer it, in that it will be measured in the tank and by the

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PAGE 9

separate measurement device of the other three wells totaled, leaving the Federal measure.

Q (By Mr. Morris) It's not directly measured, then?

A No.

Q You have not as yet received Federal approval for this procedure?

A No, sir.

Q Do you have any idea, Mr. Stevens, when you can expect to hear one way or the other from the Federal, State authorities?

A I think we can expect to hear from them the early part of next week.

Q Are they going to notify you of their action on this, or did you request that they notify the Oil Conservation Commission?

A They will notify us.

Q Would it be possible for you to furnish the Commission with a copy of any correspondence you receive relative to this application from the Federal authorities, and from the State authorities?

A Yes, sir, it would, and we would be glad to do that.

MR. MORRIS: Thank you. That's all.

MR. VERITY: We have no objection to it being in that fashion, introduced into evidence of this case.

BY MR. NUTTER:

Q Mr. Stevens, is the Smith acreage fee land?

A Yes, sir.



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Q And there are three tracts there, correct?

MR. VERITY: Two Smith tracts.

A Two Smith tracts, Smith "A" and Smith "B."

Q What's this battery on up here north of this? This is not the subject of the application here today?

A No, sir.

MR. VERITY: That is our next application.

Q This Hagood "G" lease comprises the acreage shown here in purple, and also the couple of wells south of this plant?

A Immediately south of Section 0.

Q They are all on the same basic lease?

A Yes.

Q It's an extension of the Hagood lease?

A Yes, sir.

MR. VERITY: And are presently producing into one battery.

MR. NUTTER: I see. That's this battery "F" on the plant?

MR. VERITY: Right.

Q (By Mr. Nutter) Are any of these wells capable of making top allowable, Mr. Stevens?

A All of them are, with the exception of the State Total-Gallup 1.

Q Are you aware of any instance in which the Oil Conservation Commission has approved the commingling of wells from more than one lease in which there was any top allowable wells, and using the subtraction method for determining the production from any



of the leases?

A I'm not aware of any, no, sir.

Q Are you aware of the appointment by the Oil Conservation Commission of a Committee to study the commingling of oil from various leases as well as separate pools, and the recommendation of minimum standards by that Committee to the Commission for commingling?

A Yes, I'm aware that they have been appointed. I don't know what their decision has been, though.

Q In the event that this installation that you proposed should be approved by the Commission, and you installed it, would Aztec be willing to modify it in case this installation didn't meet the minimum standards as recommended by the Committee and subsequently adopted by the Commission?

A Yes, they would.

Q As I understand it, you are not going to have a constant sample of the production from the State or either of the Smith leases; is that correct?

A No, sir.

Q Nor a sampling of the fluids from the Federal lease?

A No, sir.

Q But you would rely on a BS&W grind-out, which you would take approximately once a week?

A Yes, sir.

Q And you would have to assume that the BS&W from each of



the leases remained constant from the time of the last sample until the time of the next sampling?

A If we notice any appreciable change, of course, we would increase the frequency of the sampling period.

Q Do these metering chambers utilize non-reset totalizers on the counters?

A No, sir. They would be a reset counter. However, we could equip them with a non-reset counter.

Q How will you determine the accuracy of the metering chamber and the counting mechanism?

A We would weigh the oil dumped by the metering chamber.

Q Are these temperature compensated counters on the dump vessels?

A No, sir, they are not. They are just a mechanical counter. We would weigh the oil dumped by the metering chamber, and the way these things are constructed, you can calibrate the metering chamber in the field.

Q But any fluctuation in temperature from the time you set it the last time would not be compensated by the counter in this dump vessel, is that correct?

A No, sir.

Q I believe you stated that after the gas comes from the separator and goes into the header, it is passed off into a pit and burned?

A Yes.

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PHONE CH 3-6691

Q In the event you had a gas market, you would install separate gas meters for each of the leases, is that correct?

A That is correct. We would install a separate orifice meter for each well.

Q Is the oil that comes off the separators at this present time pipeline quality oil, or is it necessary to treat the oil?

A It's pipeline quality.

Q You anticipate that you may have to treat it, and that's the reason your header goes off to a treater?

A Yes. There's one exception to that. The oil must be heated in order to remove gas from the oil. It's pretty light oil, and the pipeline will not accept it if it has gas in it, and there's some gas driven off in the heater treater.

Q That's the purpose of heating it?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Stevens? He may be excused.

(Witness excused)

MR. VERITY: We offer Exhibits 1 and 2.

MR. NUTTER: Aztec's Exhibits 1 and 2 in Case 2286 will be admitted.

(Whereupon, Aztec's Exhibits Nos. 1 and 2 were received in evidence).

MR. NUTTER: Do you have anything further?

MR. VERITY: I have nothing further.



MR. NUTTER: Does anyone have anything further in Case 2286? We will take the case under advisement.

* * * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter, 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 machine shorthand and reduced to typewritten transcript under my personal supervision, 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 13th day of June, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission expires:

June 19, 1963

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ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2286

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2286 Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Uan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

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: The hearing will come to order, please. The

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



first case on the docket will be Case Number 2286.

MR. MORRIS: Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico.

Mr. Examiner, the Applicant in this case has requested that it be continued to the June 7 Examiner's Hearing.

MR. UTZ: Is there objection to Counsel's motion?

Case Number 2286 will be continued to the June 7 Examiner's Hearing.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691


ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

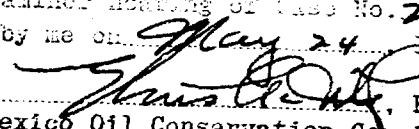
I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand Seal this, the 12th day of June 1961,
 in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 2286,
 heard by me on May 24, 1961.

 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6591

ALBUQUERQUE, NEW MEXICO



Page 2286

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

May 2, 1961

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas
Company for Permission to Com-
mingle Production from the
Totah Gallup Pool from several
Separate Leases in San Juan
County, New Mexico.

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its Application, in tripli-
cate, for an exception to Rule 309(a) of Order 850 and for permission
to commingle production from the Totah Gallup Pool obtained from several
separate oil and gas leases in a common tank battery.

In support of this Application, Applicant respectfully states and
shows the following:

1. Applicant is the present owner of the right to drill to and
produce oil and gas from the Gallup formation under the terms of the
following oil and gas leases:

- (a) United States Oil and Gas Lease Serial No. Santa
Fe 079065 insofar as it covers:

Township 29 North, Range 13 West, N.M.P.M.

Sec. 19: Lots 1,2,3,4, $E\frac{1}{2}W\frac{1}{2}$, $W\frac{1}{2}E\frac{1}{2}$, $E\frac{1}{2}SE\frac{1}{4}$

Sec. 20: $N\frac{1}{2}SW\frac{1}{4}$, $NW\frac{1}{4}SE\frac{1}{4}$, $S\frac{1}{2}SE\frac{1}{4}$, $S\frac{1}{2}SW\frac{1}{4}$

Sec. 29: All

San Juan County, New Mexico

- (b) State of New Mexico Oil and Gas Lease No. B-11017-23
insofar as it covers:

Township 29 North, Range 13 West, N.M.P.M.

Section 20: $SW\frac{1}{4}NW\frac{1}{4}$

San Juan County, New Mexico

- (c) State of New Mexico Oil and Gas Lease No. B-11017-21
insofar as it covers:

Township 29 North, Range 13 West, N.M.P.M.

Section 20: $NW\frac{1}{4}NW\frac{1}{4}$

San Juan County, New Mexico

- (d) Fee Lease executed by Siddy Carten Smith and Agnes C. Eaton, dated November 28, 1958, recorded in Book 397 at Pages 28 and 29 of the Oil and Gas Records of San Juan County insofar as it covers:

Township 29 North, Range 13 West, N.M.P.M.

Section 20: $NE\frac{1}{4}SE\frac{1}{4}$, $SE\frac{1}{4}NE\frac{1}{4}$,
 $E\frac{1}{2}NW\frac{1}{4}$

San Juan County, New Mexico

✓ 2. Applicant has drilled, or plans to drill, Gallup wells on each of the above leases and proposes to commingle Gallup oil production in a common tank battery located on the $SW\frac{1}{4}$ of Section 20, after separately metering the oil production from each well that is or may be located on lands not covered by the above Federal Oil and Gas Lease.

3. The leases above described are contiguous.

4. All production is from a common source of supply, to-wit, the Totah Gallup Pool.

5. No more than sixteen (16) units will be produced into the common tank battery and adequate facilities will be provided for accurately determining production from each well at reasonable intervals.

6. With respect to the right to drill to and produce oil and gas from the Gallup formation under the lands above described, Applicant is the Operator and sole owner thereof.

7. The consent of the State Land Commissioner and of the United States Geological Survey to such commingling has been requested.

May 2, 1961

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Mr. A. L. Porter, Jr.

Applicant respectfully requests that this Application be promptly set for hearing, that an opportunity be afforded at such hearing for Applicant to present its evidence in support of such Application as may be required or deemed expedient and that the Commission thereafter grant such exception to Rule 309(a) of Order 850 and approve such commingling in a common tank battery.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

KAS/et

Airport Well No. 1 at an unorthodox gas well location in the Basin-Dakota Gas Pool at a point 200 feet from the North line and 500 feet from the East line of Section 8, Township 29 North, Range 13 West, San Juan County, New Mexico.

CONTINUED CASES

CASE 2286:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

CASE 2287:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from five separate fee leases, all located in Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico.

No. 16-61

DOCKET: EXAMINER HEARING - WEDNESDAY, JUNE 7, 1961

9 A.M., - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, examiner, or Elvis A. Utz, as alternate examiner:

CASE 2297:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 46.74-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of the E/2 NE/4 SE/4 of Section 17, Township 29 North, Range 14 West, San Juan County, New Mexico, plus 20.73 acres in Lot 8 of said Section 17 and 6.01 acres lying North of the mid-channel of the San Juan River and along the South boundary of that portion of said Lot 8 included in the unit. Said unit is to be dedicated to the Frank L. Wood Well No. 1 at an unorthodox location 990 feet from the South line and 660 feet from the East line of said Section 17. Applicant further seeks the establishment of a 57.31-acre non-standard oil proration unit in said pool consisting of Lots 3, 4 and 5 of said Section 17 plus the S/2 of that portion of the San Juan River channel lying in the W/2 of said Section 17 and along the North boundary of Lots 3, 4 and 5. Said unit is to be dedicated to the Navajo Tribal "G" Well No. 8 at an unorthodox location 1415 feet from the South line and 335 feet from the West line of said Section 17.

CASE 2298:

Application of Chambers & Kennedy for a gas-oil dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monument State Well No. 1, located in Unit J, Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eunice-Monument Pool through the 5½-inch by 2½-inch casing-tubing annulus and through 2½-inch tubing respectively.

CASE 2299:

Application of Newmont Oil Company for an amendment of Orders Nos. R-1110 and R-1110-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Orders Nos. R-1110 and R-1110-A, which authorized a pilot waterflood

project in the Square Lake Pool, Eddy County, New Mexico, to permit the expansion of said waterflood project to include lands in Sections 27, 28, 32, 33, and 34, all in Township 16 South, Range 31 East, Eddy County, New Mexico, and to further define the horizontal limits of said project. Applicant also seeks the establishment of special rules governing the expansion of said waterflood and providing for capacity allowables therein.

CASE 2300:

Application of Southwest Production Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 321-acre non-standard gas proration unit in the Basin-Dakota Gas Pool consisting of the NE/4 NE/4 of Section 27 and all of the E/2 of Section 22, Township 30 North, Range 12 West, San Juan County, New Mexico, excepting from the E/2 of said Section 22 a 13-acre and a 26-acre tract owned by Dwight L. Millett, Gladys L. Millett, Julian Coffey and Pan American Petroleum Corporation. In the alternative, applicant seeks the establishment of a 281-acre non-standard gas proration unit in said pool consisting of all of the E/2 of said Section 22 excepting therefrom the aforesaid 13-acre and 26-acre tracts.

CASE 2301:

Application of the Murphy Corporation for approval of the Northwest Caprock Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northwest Caprock Unit Agreement, which unit embraces approximately 1525 acres of State land in Townships 11 and 12 South, Range 32 East, Lea County, New Mexico.

CASE 2302:

Application of Atlantic Refining Company for an oil-oil-oil triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its Carlson Federal "A" Well No. 1, located in Unit I, Section 23, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock formation adjacent to the Justis-Paddock Pool, the production of oil from the Justis-Blinebry Pool and the production of oil from the Justis Tubb-Drinkard Pool, through parallel strings of 2-inch tubing.

CASE 2303:

Application of Redfern & Herd, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate its