

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
November 16, 1955

IN THE MATTER OF:

CASE NO. 975

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

Case 975

Honorable John F. Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

MR. MACEY: The next case on the docket is Case 975.

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

By MR. MALONE:

Q You have previously testified as an expert before the New Mexico Commission, have you not?

A I have.

Q Are you familiar with Gulf's application in Case No. 975?

A Yes, sir.

Q What is sought by that application?

A Gulf is asking an exception to New Mexico Statewide Rule 309, which limits or prescribes that no more than eight wells will be connected to a common tank battery on the same lease.

Q What lease is involved in this application?

A Gulf's State "DA" Lease, located in the East half of Section 11, North half of Section 14, all in Township 19 South, Range 36 East, Lea County, New Mexico.

Q Is the royalty ownership in that lease common?

A Yes, sir.

Q By whom is the royalty owned?

A State of New Mexico.

(Gulf's Exhibit No. 1 marked for identification.)

Q I invite your attention to an exhibit which has been identified as Gulf's Exhibit 1 and ask you to state what that shows.

A That merely outlines the lease, State "DA" Lease, and also shows the number of wells which are presently producing from that lease, and two drilling wells, as well as our tank battery.

Q The location of the tank battery is indicated on the exhibit, is it not?

A Yes, sir.

Q Was that exhibit prepared by you or under your direction?

A Yes, sir.

Q How many producing wells are there on this lease at the present time, producing into that tank battery?

A Well, now, you asked me two different questions.

Q You divide them and answer them as one.

A There are now seven wells producing on this property, five of which are producing into this tank battery.

Q Are there additional wells drilling at the present time?

A Yes, sir.

Q How many?

A Two.

Q Does Gulf contemplate further development of this lease?

A We plan to drill two more wells this year, and then we can determine whether or not we will drill the maximum of sixteen which could be located in 40-acre spacing on this property.

Q What storage facilities are available on the lease at the present time?

A We have three 500 barrel stock tanks located on the property, which for the present wells is capable of about, I believe, six and a half days' storage. If this approval is granted to produce all the oil produced from this property into this tank battery, the maximum of eleven wells would give us in excess of three days' storage.

Q You would still have in excess of three days' storage if the application for eleven wells is approved?

A Yes, sir.

Q What facilities are available on the lease for testing the well?

A We have two separators, one which, of course, is tied in for a test separator, so that we can adequately determine the producing capacity of the wells and also show on the C-115 monthly.

Q What is the pipeline connection on this lease?

A Gulf is our pipeline connection.

Q Can you give the Commission any information as to the wells which are now completed on this lease? Are they top allowable wells?

A All the wells, the seven wells producing are top allowable except Well No. 1, which is a high gas-oil ratio well. I believe on the October proration schedule it shows the ratio of 55,555. However, all the other wells with the exception of Well No. 5 produce at less than a thousand ratio; Well No. 5 as 1,089.

Q In the event that Gulf's application for an exception was not granted, what expense would be required, insofar as providing storage is concerned?

A It would be necessary to install an additional tank battery of an expense of ten to twelve thousand dollars. We don't believe it should be necessary, since the royalty ownership is the same, and we have sufficient storage facilities as well as testing to take care of all the wells on the property.

Q In your opinion, if this application is granted would it have any effect on correlative rights of any kind?

A None whatever.

Q What about the prevention of waste?

A Well, we would save some steel and some money.

MR. MALONE: We offer in evidence Gulf's Exhibit No. 1.

MR. MACEY: Without objection it will be received. Is that all?

MR. MALONE: That is all.

MR. MACEY: Any questions of the witness? Mr. Walker, is the casinghead gas being marketed from this property?

A I don't believe that I can answer your question, Mr. Macey. I didn't happen to check that point. I am reasonably sure it is. Let me check that and let you know.

MR. MACEY: I would certainly like to know for my own personal information.

A Yes.

MR. MACEY: Anyone else have a question? If not, the witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further, Mr. Malone?

MR. MALONE: Nothing further.

MR. MACEY: Anyone have anything further in this case? If nothing further, we will take Case 975 under advisement.

MR. SMITH: We have no comment to make with respect to this particular case, but I would like to suggest to the Commission that they give consideration to the deletion of Rule 309 from the rules. I don't believe it serves any particular useful purpose. It was apparently set up to afford a better checkup of the actual production of each individual well, which could be controlled by gas-oil ratio test or some other test to arrive at the productivity of each individual well, rather than attempt to restrict the connections to eight wells; so as I say, it is a suggestion. The Commission might give some consideration to perhaps calling a hearing on a revision of the rule and suggestions for more adequate means of controlling the test at the various wells.

MR. MACEY: Thank you, Mr. Smith.

MR. SMITH: I might mention, incidentally, that adding to what Mr. Malone said, to conserve the natural resources, that another

item might be mentioned. If you reduce your operating cost by centralizing your tank battery, it may be possible to keep a marginal well in operation longer than it would be if you tacked a higher overhead on that particular well to keep it going.

MR. MALONE: Gulf would like to join in that recommendation and to suggest the possibility also that if the rule is not deleted, that possibly provision could be made for administrative approval of the application within reasonable limits.

MR. MACEY: Anyone else have anything further in Case 975? If nothing further, we will take that case under advisement, if we haven't already done so.

* * * * *

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 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 26th day of November, 1955.



Notary Public - Court Reporter

My commission expires:
June 19, 1959.

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
November 1, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for an
exception to Rule 309. Applicant seeks an
order granting them permission to produce a
total of eleven wells into a common tank
battery on their Lea State "DA" Lease, com-
prising the E/2 of Section 11 and the N/2
of Section 14, Township 19 South, Range 37
East, Eumont Pool, Lea County, New Mexico.

Case No. 975

BEFORE:

Warren W. Mankin, Examiner

R E G I S T E R

| | | |
|----------------|-------------------|----------------------|
| L. W. Fohnar | The Texas Company | Fort Worth, Texas |
| R. E. Boone | The Texas Company | Fort Worth, Texas. |
| H. N. Wade | The Texas Company | Fort Worth, Texas |
| J. A. Schaffer | The Texas Company | Midland, Texas |
| P. D. Sweitzer | The Texas Company | Monument, New Mexico |
| C. M. Bumpass | Gulf Oil Corp. | Hobbs, New Mexico |
| C. M. Rieder | O. C. C. | Hobbs, New Mexico |
| J. W. Gurley | O. C. C. | Santa Fe, New Mexico |

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The hearing will come to order.
The first case is 975, which was the application of Gulf Oil
Corporation for an exception to Rule 309. The applicant, by letter

has indicated that their application was in error as to acreage, to which their exception was requested. The Commission consulted Gulf Oil Corporation at Hobbs, and indicated that this particular case, 975, would be heard at the regular November 16th hearing and readvertised properly.

Does Gulf have anything to add in this particular readvertise-
ment?


MR. BUMPASS: Mr. C. M. Bumpass, with Gulf Oil Corporation.
No, I believe not.

HEARING EXAMINER MANKIN: Therefore, the case will be re-
advertised properly, and will be heard at the regular November 16th
hearing.

STATE OF NEW MEXICO }
COUNTY OF BERNALILLO } SS.

I, AMADO TRUJILLO, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Hobbs, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 7th day of November, 1955.


Court Reporter