

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 9, 1958

IN THE MATTER OF: Case No. 1404

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 9, 1958

-----  
IN THE MATTER OF:

Application of Continental Oil Company for  
permission to produce more than eight oil wells  
into a common tank battery. Applicant, in the  
above-styled cause, seeks an order authorizing  
the production of a maximum of eleven oil wells  
in the Jalmat Gas Pool into a common tank  
battery. Said wells are located on the appli-  
cant's Eaves A-19 lease comprising the S/2,  
S/2 NW/4, and NW/4 NW/4 of Section 19, Township  
26 South, Range 37 East, Lea County , New Mexico.)  
-----

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order, please. The first case on the docket, Case No. 1356, of Cities Service, will be postponed to the first thing after lunch, 1:15 or 1:30, possibly. The rest of the cases we will take in order. The first case on the docket will be Case 1404.

MR. PAYNE: Case 1404: Application of Continental Oil Company for permission to produce more than eight oil wells into a common tank battery.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox, appearing in behalf of the Applicant, Continental Oil Company. We have one witness, Mr. V. T. Lyon, who will also be the witness in Case 1405. If you would like to swear him for both cases, then

we can go right into the next case.

MR. UTZ: Are there any other appearances? If not, we will proceed with this case.

(Witness sworn.)

MR. COOLEY: Let the record show that the witness is sworn for both cases 1404 and 1405.

MR. UTZ: The witness's qualifications are acceptable.

VICTOR T. LYON

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

DIRECT EXAMINATION

By MR. KELLAHIN:

Q Would you state your name, please?

A Victor T. Lyon.

Q By whom are you employed, Mr. Lyon?

A Continental Oil Company.

Q In what position?

A Acting District Engineer, Eunice District, located in Eunice, New Mexico.

Q You have previously testified before this Commission as an expert engineer, have you not?

A Yes, sir.

MR. KELLAHIN: Mr. Examiner, you say that the witness's qualifications are acceptable?

MR. UTZ: They are.

Q Are you familiar with the application in Case 1404?

A Yes, sir.

Q Would you state briefly what is proposed under that case?

A We are requesting permission to produce more than eight wells into a common tank battery on our Eaves A-19 lease located in Section 19, Township 26 South, Range 37 East.

Q That would be as an exception to the provisions of Rule 309-A of the Commission's rules and regulations?

A That's correct.

Q Do you have a plat showing the ownership and the location of the wells--

A Yes, sir.

Q -- involved in this application?

A Yes, sir.

Q Referring to Exhibit No. 1, will you state what that shows?

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

A Exhibit No. 1 is a plat which shows the Eaves A-19 lease and the surrounding area, the wells which are producing in the area, the ownership of the offset leases and so forth. The lease is shown outlined in red and the locations of the wells are spotted approximately exactly as they appear on the lease.

Q Does this lease consist of contiguous quarter-quarter sections?

A Yes, sir, quarter-quarter sections or lots.

Q Is the ownership in that lease common?

A It is.

(Continental's Exhibit No. 2  
marked for identification.)

Q Now referring to what has been marked as Exhibit No. 2,  
will you please state what that shows?

A Yes, sir, Exhibit No. 2 is a schematic diagram or is a  
plat of the lease on a larger scale showing the wells, the tank  
battery, the flow lines, and that's about it.

Q How many wells are currently producing on that lease, Mr.  
Lyon?

A We have ten wells producing on that lease.

Q How many wells do you anticipate you would want approval  
for in connection with the application to produce into the common  
tank battery?

A We have one additional location on the lease which may or  
may not be drilled.

Q But in order to prevent submitting additional application,  
do you ask for the production of eleven wells into the common  
tank battery?

A Yes, sir.

(Continental's Exhibit No. 3  
marked for identification.)

Q Now referring to what has been marked as Exhibit No. 3,  
will you state what that shows?

A Exhibit No. 3 is a schematic diagram of the tank battery

and the header, showing the flow lines coming into the header and the flow lines through the test separator, the heater, and then into the tanks. It shows that through the valve arrangement on the header, that any well can be produced selectively through the production separator, through the test separator, and into the test tank so that any well can be tested individually.

Q How often could you make a test on any given well, Mr. Lyons?

A Well, if you tested one well a day, we could test each well about three times a month, except during February we would be short a day.

Q Then your equipment is adequate to make any test that may be required by this Commission?

A Yes, sir.

Q What does the storage consist of?

A We have eight 250-barrel tanks which gives us a total of two thousand barrels of storage capacity; however, the tank battery is so set up that additional tanks can be added should it be necessary for conditions which are unforeseen at this time.

Q Are each of the wells on this lease top allowable wells?

A Yes, sir.

Q Is the storage which you have provided in your opinion adequate to take care of the production from these wells?

A In my opinion it is.

Q How many days' storage do you think would be available?

A Well, with current allowables 33 barrels, we have storage facilities for five to six days of production.

Q In your opinion is the proposed exception in this case in the interest of the prevention of waste?

A Yes, sir.

Q Would correlative rights be adequately protected by the installation that you have provided?

A I believe they would be fully protected.

Q Under this arrangement, can the production from each well be accurately determined at reasonable intervals?

A Yes, sir.

MR. KELLAHIN: At this time we offer in evidence Continental's Exhibits 1 through 3, inclusive.

MR. UTZ: Is there objection to the entrance of Exhibits 1 through 3? If not, they will be received.

MR. KELLAHIN: That is all the questions we have.

MR. UTZ: Are there any questions of the witness? Mr. Nutter.

CROSS EXAMINATION

By MR. NUTTER:

Q Mr. Lyon, I notice that on your Exhibit No. 3 you show no outlet for the gas on test separator. What disposition is made for gas from the test separator?

A It's vented.

Q What disposition is made of the gas from the remaining

wells on the lease?

A That gas which is not used for lease purposes is vented.

Q You have no casinghead gas connections for this lease?

A No, sir.

Q With the drilling of additional wells on this lease, is it more likely that an economical connection by a gas pipe line could be made to the lease?

A Well, of course, any time you get additional gas, the gas is more attractive to a prospective purchaser. We have been --

Q (Interrupting) How long has it been since Continental has contacted a gas purchaser and attempted to get a casinghead connection for the lease?

A We contact them at various intervals of time. I couldn't say when the last time was.

Q Would you be willing to ask the nearest low pressure gathering system to re-evaluate the possibilities of making a connection on this lease, and report to the Commission the results of that attempt?

A Yes, sir. We have in mind to do that in the very near future because of the additional development we have. We also have other plans, which may or may not be practical, to make available additional gas to attract a purchaser. We are evaluating these things at all times and will continue to do so. We are very interested in getting a casinghead gas connection.

Q What's the total volume of gas being flared each day on



this lease?

A I couldn't say. We haven't measured it, at least not recently. The gas-oil ratios on these wells are quite low. We have five pumping wells which are powered on the lease gas, in addition to the treater there is a large quantity of water produced on the lease, and therefore the treater is pretty good size and uses quite a bit of gas, but there is still some excess gas.

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

By MR. UTZ:

Q What is the GOR on these wells, the average GOR, if they don't vary very much?

A On the pumping wells the gas is too small to measure, but on the flowing wells the GOR varies from a low of 440 cubic feet per barrel to 1109 cubic feet per barrel.

Q Did I understand you to state that all these wells were top allowable wells?

A Yes, sir.

Q Are there any gas wells on this lease, Jalmat gas wells?

A No.

MR. UTZ: Are there any other questions of the witness?

Mr. Nutter.

By MR. NUTTER:

Q Mr. Lyon, your Exhibit 3, then, would more correctly be labeled "Fuel and Flare Gas", rather than "Fuel and Sale Gas"?

A I think you are correct.

MR. NUTTER: Thank you.

MR. UTZ: Any other questions of the witness? If there are no further questions of the witness, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any statements to be made in this case? If there are none, the case will be taken under advisement.

\* \* \* \* \*

C E R T I F I C A T E

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 Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype 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 24th day of April, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
NOTARY PUBLIC

My commission expires:  
June 19, 1959

I do hereby certify that the foregoing is a correct copy of the proceedings in the case of H. O. G. heard by me on April 9, 1958.

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

## NEW MEXICO OIL CONSERVATION COMMISSION

Mabry HallSanta Fe, NEW MEXICOREGISTERHEARING DATE Examiner April 9, 1958 TIME: 9:00 a.m.

| NAME:              | REPRESENTING:            | LOCATION:       |
|--------------------|--------------------------|-----------------|
| Jason Kellakin     | Kellakin & Fox           | Santa Fe, N. M. |
| Genette McAllister | John M. Kelly            | Hobbs, N. M.    |
| John Hampton       | Great Western Oil Co.    | Midland         |
| Dean H. Snoddy     | Great Western Oil Co.    | Midland         |
| W. L. Jacobson     | Shell Oil Co.            | Midland         |
| Larry O. Remyton   | Shell Oil Co.            | Midland         |
| (Lett)             | Shell Oil Co.            | Midland         |
| H. N. Wads         | The Texas Co.            | Ft. Worth       |
| V. T. Lyon         | CONTINENTAL OIL CO.      | El Paso, N. M.  |
| Warren W. Mankin   | Artes Oil & Gas Co.      | Dallas, Texas   |
| Thomas E. Sabin    | Artes Oil & Gas Co.      | Midland         |
| J. H. Doughman     | Artes Oil & Gas Co.      | Midland         |
| R. M. Anderson     | Simclair                 | Midland         |
| G. J. Savoy        | Gulf                     | Midland         |
| W. H. Hoover       | "                        | Midland         |
| W. V. Lasker       | "                        | Midland         |
| Byron H. Deeks     | American Oil Co. Inc.    | Houston, Tex.   |
| Warren Ford        | R. M. Statton & Co. Inc. | Santa Fe        |

NEW MEXICO OIL CONSERVATION COMMISSION

Habry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE Examiner April 9, 1958 TIME: 9:00 a.m.

| NAME:  | REPRESENTING:   | LOCATION:  |
|--|---|--|
| Lorace N. Burton<br>W. E. Bunker<br>F. L. Morgan<br>Weldon D. Casper | Pinclair Oil & Gas Co.<br>Austin Oil & Gas Co.<br>Phillips Petroleum Co.<br>Fluid Packed Pump Co. | Midland, Texas<br>Roswell, N.M.<br>Hobbs, N.M.<br>Midland, TEXAS |