

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 18, 1961

IN THE MATTER OF:)

Application of the Oil Conservation Com-)
mission on its own motion to consider)
authorizing the making up of under-pro-)
duction incurred in Southeast New Mexico)
during the month of December, 1960, due)
to extremely inclement weather in the)
general area resulting in electric)
failures.)

Case 2156

BEFORE: Honorable Edwin L. Mechem, Chairman
Mr. E. S. (Johnny) Walker, Land Commissioner
Mr. A. L. "Pete" Porter, Secretary-Director

TRANSCRIPT OF HEARING

MR. PORTER: The next case on the docket is Case 2156.

Mr. Ramey.

(Witness sworn.)

JOE D. RAMEY

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

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his full name, by whom
employed and in what capacity?

A Joe D. Ramey, Proration Manager for the New Mexico Oil

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Conservation Commission.

Q Mr. Ramey, are you familiar with the factual background underlying the application in Case 2156?

A Yes, it was brought to the Commission's attention that inclement weather in the form of an ice storm in December of 1960 resulted in a power failure which extended from central Lea County into southern Roosevelt County. This disrupted electric service to both producer's pumps and pipeline pumps and also in certain areas truckers were unable to service their connections.

Power in some of these areas was off for around twenty days and as a result there was accrued considerable underproduction during the month of December, 1960.

Q Did this result in applications being filed for back allowable?

A Yes.

Q Mr. Ramey, would you give the amount, the total amount first that was received by way of application and then break it down by purchaser's total production for each purchaser.

A The grand total was 227,224 barrels. Broken down by purchaser or transporter: Cities Service Petroleum Company trucks, 580 barrels; Gulf Pipeline, 7,613 barrels; Magnolia Pipeline, 112,366 barrels; McWood Corporation, 27,359 barrels; Continental Pipeline, 2,283 barrels; Permian Corporation, 13,653; Texas-New Mexico Pipeline, 18,523; Indiana Oil Purchasing

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Company, 41,129; Shell Pipeline, 3,718.

Q Mr. Ramey, if any purchaser or producer requested, you could break this down for them by lease count?

A Yes, I believe so, by pool.

Q Yes. Now, Mr. Ramey, would you consider this inclement weather, as you put it, to be a general catastrophe in the area--

A Yes, I would.

Q -- rather than merely an isolated circumstance?

A Yes.

Q What would you recommend in regard to this underproduction?

A I would recommend that these applications for back allowable be authorized, and I would further recommend that it be allocated for running over a three-month period beginning in February, 1961.

Q Would you consider this recommendation any precedent for the future when it involves only an isolated area or isolated condition?

A No, this was such a general storm that it was impossible for the Lea County Electric Coop to make repairs in a reasonable length of time, and the operators did not have a chance to make up this underproduction.

Q In the ordinary situation such repairs could be made?

A Yes, they would probably be made in a matter of a

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few days.

Q Do you have anything further?

A No, I don't.

MR. PAYNE: That concludes the direct examination of this witness.

CROSS EXAMINATION

BY MR. PORTER:

Q What was the total figure?

A 227,224 barrels.

Q And you recommend that for a three-month period?

A Yes.

Q Have you broken that down as to how much that would amount to per day?

A No, I haven't.

Q Get out your slide rule and tell us.

A It would be in the neighborhood of 2500 barrels.

Q That would be about 2500 barrels in addition to the normal unit allowable?

A Yes, that's correct.

MR. PORTER: Anyone have any questions of Mr. Ramey?

MR. SHOEMAKER: Can that be obtained by pool totals?

MR. PORTER: By pools. The information, Mr. Shoemaker, will be available in the office immediately after the hearing, if you would like to have that. The witness may be excused.

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(Witness excused.)

MR. PORTER: Does anyone have anything further to offer in this case?

MR. SMITH: Mr. Porter, M. T. Smith, representing Signal Oil and Gas Company. Our company is interested in back allowable, as we were last year, in the arrangement we had with Gulf and other people about purchasing it, and in this case here, wherever it is possible for us to make a deal with the pipeline companies to transport it for Signal Oil and Gas, we would like and we will discuss it with those people, if it's agreeable with you. I presume it will be.

MR. PORTER: Thank you, Mr. Smith. About a year ago or so we retired Mr. Smith with Shell. We are glad to have you back. Mr. Ramey, you might pass on that information with any prospective producer that might have difficulty selling their oil, they might contact Mr. Smith.

MR. RAMEY: I will.

MR. PORTER: The Commission will authorize--Mr. Robinson, did you have something to offer?

MR. ROBINSON: We have a little bit of testimony that we would like to put on at this time in regard to this.

MR. PORTER: Sure.

(Witness sworn.)

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MR. WHITE: Charles White of Gilbert, White & Gilbert appearing on behalf of Texaco, Inc. We have one witness, Mr. Ed Robinson.

J.E. ROBINSON, JR.

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Robinson, will you state your full name, please?

A J.E. Robinson, Jr.

Q By whom are you employed and in what capacity?

A Texaco, Inc. as Division Proration Engineer.

Q Have you previously testified before this Commission?

A Yes, sir, I have.

Q Have your qualifications been accepted?

A Yes, they have.

Q Did Texaco, Inc. make application for back allowable in regard to Case No. 2156?

A Yes, we did.

Q Do you have an amended application?

A Yes, I do. I have a revised copy. I only have one copy of the revised application for back allowable.

Q Referring to your revised application, will you explain the circumstances which caused the underproduction in your Cross-roads-Devonian Pool?

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A Well, first of all I would like to explain the difference in the revised copy of our application. We have deleted our State of New Mexico BSNCT-5 Well No. 2 in the Wilson Pool, which we listed as having an underage production of 314 barrels.

Now, this well has declined in a normal decline and it is not capable of making up this underage allowable.

Q Then you don't request any makeup on that?

A No, sir, not in the Wilson Pool.

Q Now, refer to the Crossroads Pool and state the circumstances that caused the underproduction.

A In the Crossroads we had an underage production of 7,487 barrels. The U. D. Sawyer lease is served by LACT which failed due to electrical failure, and then the pipeline transfer pump was also down, which resulted in this underage in the Crossroads-Devonian.

Q Now, will you similarly explain the underproduction in the Echols-Devonian Pool?

A We had 10,292 barrels shortage on our State of New Mexico A. R. lease. We have two wells on this, Well No. 2 is a flowing well and Well No. 1 is pumped with a Kobe pump powered by an electric motor, and this Kobe pump was down and I also understand that the pipeline transfer pump was down, and then once we did get power restored our Well No. 1 was headed up with water and it took quite some time to get it back on production. So that is

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the reason for our underage in the Echols-Devonian Pool.

Q Both due to electrical failure?

A That is correct.

Q What was the cause of your underproduction in the Little Lucky Lake-Devonian Pool?

A We want to go on record before the Commission in stating that this underage production is not due to an electrical failure. We had an underage of, 11,194 barrels of underage in the Little Lucky Lake-Devonian, and this underage is due solely to the chokes and the controls freezing up; when the ambient temperature was lowered these chokes froze up and the wells were not capable of making their allowable. I might say that all four of these wells are very prolific wells, producing from the Devonian with the crude being approximately 60 degrees API, and when the cold weather hit our chokes and controls started freezing up and we just couldn't produce the allowable.

Q How was the oil transported from this lease?

A The oil is transported by the Permian Corporation. They truck it approximately thirteen to sixteen miles to a storage point on the Texas-New Mexico Pipeline Company system.

Q Was there any failure in the transportation facilities during this period?

A During the month of December Permian Corporation experienced quite a bit of difficulty with their trucks being off

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in the ditches and what not, and then during part of this time their trucks were unable to truck oil. However, during the period that the trucks were unable to truck oil from our leases in the Little Lucky Lake-Devonian, we had ample space in our tanks to produce our allowable. We have nine 500-barrel tanks there on these leases, and even though during part of the time the trucks weren't able to truck this oil, we did have ample space for producing our allowable.

Q And would have produced them if they had not been froze up?

A That is correct. We would have produced it if they hadn't been frozen up. It might have been a different story if we could have produced this oil and the trucks couldn't have transported it. However, even though the trucks did not and were not able to truck this oil, this has no bearing upon this application since we did have adequate capacity to produce this allowable during that time.

Q Mr. Robinson, are each of these wells capable of making up their underproduction over a three-month period?

A Yes, sir, they are. These are very good wells. They have always made their allowables until this cold weather hit, which resulted in a little over 11,000 barrels of underage production.

MR. WHITE: That's all we have.



MR. PORTER: Anyone have any questions of Mr. Robinson?

MR. PAYNE: Yes, sir.

MR. RAMEY: Yes, sir.

MR. PORTER: Mr. Ramey.

BY MR. RAMEY:

Q You made application to the Hobbs office for this amount, who was your transporter in the Crossroads?

A Magnolia Pipeline Company transports the oil from the Crossroads and Service Pipeline transfers the oil in the Echols-Devonian.

Q I had your applications here for the Little Lucky Lake and the Echols, but I didn't have any figure for the Crossroads. I suppose those are all top allowables?

A Yes, sir, they are. The Devonian wells on our U. D. Sawyer, two of them are flowing wells and the other one is on a Kobe pump that is powered by a gasoline motor or run by butane.

MR. PORTER: Anyone else have a question?

BY MR. PAYNE:

Q How many barrels did your original application ask for?

A We originally asked for 29,287 and we have submitted a revised application for 28,973 barrels, which is a deletion of 314 barrels from the Wilson Pool.

MR. PAYNE: Thank you.

MR. PORTER: Did you have any further question, Mr.

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Ramey? Does anyone else have a question? The witness may be excused.

(Witness excused.)

MR. PORTER: Does anyone else have any testimony to present in the case or anything further to offer?

The Commission will authorize the back allowable over the three-months' period for February, March and April, recognizing that there may be some minor changes, Mr. Ramey, in the amounts, because these application figures must be verified with the C-115 filed by the operators later.

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 27th day of January, 1961.


Notary Public-Court Reporter

My commission expires:

June 19, 1963.

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