

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

CASE 2383

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of C. H. Sweet Oil Company for an exception to Rule 309-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309-A to permit the oil produced from applicant's McKinley "B" lease, located in the SE/4 NE/4 of Section 20, Township 18 South, Range 38 East, Lea County, New Mexico, to be transported, prior to measurement on said McKinley "B" lease, to applicant's Grimes lease located in the NE/4 SE/4 of said Section 20.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: This hearing will come to order, please.
Take first Case No. 2383.

MR. MORRIS: Application of C. H. Sweet Oil Company for an exception to Rule 309-A.

MR. GIRAND: Will the record show that C. H. Sweet, D. W. Girand, Hobbs, New Mexico, P. O. Box 205, are present, Mr. Montgomery as my witness. Will you swear him, please?

(Witness sworn.)

RALPH MONTGOMERY

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

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follows:

DIRECT EXAMINATION

BY MR. GIRAND:

Q Will you state your name, please, sir?

A Ralph Montgomery.

Q Where do you live, Mr. Montgomery?

A Hobbs, New Mexico.

Q By whom are you employed in connection with this application of C. H. Sweet Oil Company?

A C. H. Sweet Oil Company.

Q Mr. Montgomery, you have testified before the Commission on previous occasions?

A I have.

Q While this application does not, necessarily, cover a geological matter, you are familiar with the well installations and the operation thereof?

A I am.

Q Mr. Montgomery, I hand you here what has been marked as Applicant's Exhibit No. 1 and ask you to state what the exhibit shows?

A The exhibit is a plat showing the ownership, the acreage and the area in question, and the present location of the McKinley "B" battery which is the matter of this application, and the proposed location for that battery, being off the lease on the Federal Grimes lease.

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Q The applicant proposes to produce from the McKinley "B" lease into the tank battery located on the Grimes lease?

A That's correct.

Q That would be a transfer of the production from the S/2 of the NE/4 to the NE/4 of the SE/4 of that section, is that correct?

A Yes, sir.

Q Did you inspect the properties?

A Yes, I have inspected the property, and the present battery located on the McKinley "B" lease is in an advanced stage of deterioration.

Q From your observation and inspection, would it require in the immediate future a reinstallation of tank facilities there?

A Yes, sir.

Q Did you inspect the tank facilities on the Sweet Grimes lease?

A Yes, sir, I have.

Q What condition is the tank battery in?

A It is excessive tankage on the Grimes lease for the production that is being produced on there.

Q Approximately what is the production from the Grimes lease?

A About five barrels a day.

Q In connection with the application, you are familiar with the fact that the local manager gave temporary authority to make the changes applied for here?

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A Yes, sir.

Q Have you inspected the property since that temporary authority was given?

A I have.

Q In connection with the temporary authority, are the installations so installed that there is no commingling from the McKinley lease to the Grimes lease?

A That's correct, no possible.

Q Does the Grimes lease have sufficient storage for the production that is being obtained from that well?

A It does.

MR. GIRAND: We offer Exhibit No. 1.

MR. NUTTER: Applicant's Exhibit No. 1 will be admitted in evidence.

Q In connection with the present location on the McKinley lease, what other facilities are located on that property that would, in your opinion, constitute a hazard?

A The 80-acre tract in the McKinley lease is presently under cultivation. They raise cotton on it; this particular battery, actually the cotton is right up to the fence line on it. It is a hazard due to the advanced deterioration of the tank battery, perhaps losing a tank of oil in the man's cotton field.

Q In connection with that property, is there an overhead highline, utility line, existing?

A Yes, sir. It is a major transmission line for Southeast

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New Mexico. It passes directly over the top of this tank battery, which lightning or fire could trigger and put it out.

Q In order to provide facilities for storage of oil on the McKinley lease would it be necessary to install the storage at a new location?

A Yes, sir, it would.

Q Would it entail taking additional property from the cotton field?

A Yes, sir.

MR. NUTTER: Any questions?

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Montgomery, you said the Grimes lease would produce about five barrels a day, and I missed how much production came from the McKinley "B" lease?

A It is producing about 18 barrels a day.

Q What would be the size of the tank battery that you would propose to locate on the Grimes lease?

A There are already on the Grimes lease two 250-barrel tanks which we want to put the McKinley production into, and then construct new facilities for the Grimes lease. It is new tankage, but we only need the one tank, a 110-barrel tank.

Q No commingling of the production from the two leases is proposed?

A No, sir. They are separated by approximately 20 or 30



feet, two actual batteries; there is no piping connecting it to it.

MR. MORRIS: Thank you, sir.

MR. NUTTER: Any further questions of the witness? You may be excused.

Do you have anything further, Mr. Girand?

MR. GIRAND: Only this: It is not economically feasible to put in new storage for the production we have on the lease.

MR. NUTTER: Does anybody have anything they wish to offer in Case 2383? Take the case under advisement and call next No. 2376.

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STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

ss

I, JUNE PAIGE, 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 30th day of September, 1961.

June Paige
 Notary Public - Court Reporter

My commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2383 heard by me on 9/20, 1961.
[Signature], Examiner
 New Mexico Oil Conservation Commission

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I N D E XWITNESSPAGE

RALPH MONTGOMERY

Direct Examination by Mr. Girand

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Cross Examination by Mr. Morris

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Applicant's 1

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