

CASE 1386: Application of Shell Oil Co. to
commingle production from 2 separate leases
- Cooper "A" & "B" Leases, 4-20S-37E

Sec. 7, 8 & 9-33E

Case No.

1386

Application, Transcript,
Small Exhibits, Etc.

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 26, 1958

IN THE MATTER OF: Case No. 1386

TRANSCRIPT OF PROCEEDINGS

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

EXAMINER PRINTING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 24, 1958

-----)
IN THE MATTER OF:)

The application of Shell Oil Company for per-)
mission to commingle the production from two)
separate leases. Applicant, in the above)
styled cause, seeks an order granting permission) Case 1386
to commingle the production from the following)
described leases in the Monument Pool:)

Cooper "A" Lease, NW/4 NE/4 Section 4;)
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4)
Section 4;)

all in Township 20 South, Range 37 East, Lea)
County, New Mexico. Applicant proposes to allo-)
cate the individual lease production on the)
basis of monthly well tests.)
-----)

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1386.

MR. COOLEY: Case 1386: In the matter of the application
of Shell Oil Company for permission to commingle the production from
two separate leases.

MR. MONTGOMERY: J. W. Montgomery, appearing for Shell.

(Witness sworn.)

J. W. MONTGOMERY

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

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DIRECT EXAMINATION

By MR. COOLEY:

Q State your name and position for the record, please.

A J. W. Montgomery, mechanical engineer, Shell Oil Company
in Roswell, New Mexico.

Q Have you previously qualified as an expert witness before
this Oil Conservation Commission of New Mexico?

A Yes, sir.

Q Are you familiar with the particular conditions existing
in the Monument Pool in Lea County, New Mexico?

A As applies to this case, yes, sir.

Q Would you please proceed with your statement?

A First I would like to pass out a plat of the leases.

MR. UTZ: Do you want this identified as an exhibit?

A Yes, sir, I believe this will be the only exhibit that I
have.

MR. UTZ: How do you wish it marked?

A Exhibit No. 1.

MR. UTZ: No. 12

A Yes, sir.

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

A I'm sorry that I didn't mark the leases in red in this
case, but they're our Cooper "A" and Cooper "B" Leases. The Cooper
"A" is 40 acres in the northwest of the northeast of Section 4,

and the Cooper "B" lease 120 acres from the north half of the southwest quarter and west quarter of Section 4, both in Township 20 South, Range 37 East, Lea County, New Mexico. On the plat listed is our Cooper "A" and "B", they are in the upper portion of Section 4 there. We indicate the wells in question and the approximate location of the battery. All of these wells are producing from the Monument Pool. Three of them are flowing and one well is pumping at the present time. The gas-oil ratio on all of them is less than 1,000.

I would like to state that the mineral interest on the two leases in question is identical. This will be a normal lease operation in that it will be operated manually and checked daily by a lease pumper. Production will be allocated to the individual wells on the basis of monthly period well tests. I presume they will be monthly, with a meter and separator.

All offset operators have been notified of our intent and our request for this hearing and our intent to commingle production on these two leases.

We feel that centralization or commingling of the two leases into common tankage will prevent the waste of unmined hydrocarbons by lowered operating costs and also capital investment.

I would like to introduce the Exhibit 1 in evidence. That concludes my direct testimony.

MR. UTK: Any objection to the entrance of Shell's Exhibit No. 1 in Case 13862? If not, it will be so admitted.

EXHIBIT EXAMINATION

By MR. UIZ:

Q Mr. Montgomery, how many wells do you plan to corral in this back territory?

A Just the four shown on the plat.

Q If the mineral interest is the State "A" and "B" Leases, how come they're "A" and "B" instead of all "B" or all "A"?

A I don't know as I can really answer the question. We wonder that ourselves. I can probably answer it in that the mineral interest is different with depth. Now that possibly is the answer, otherwise I don't know. In the particular case in question it's identical.

Q This is the Monument Pool, is that correct?

A Yes, sir.

MR. UIZ: Are there any other questions of Mr. Montgomery?
Mr. Cooley.

By MR. COOLEY:

Q Mr. Montgomery, when you state that the mineral interests are common, do you refer to both overriding royalty and working interest?

A Yes, sir.

Q Common completely throughout?

A Yes, sir.

Q When you stated that the offset operators have been notified, have the royalty owners been notified?

A No, sir.

Q The maximum number of wells that would be drilled, that could possibly be drilled, would be five wells on two leases?

A Four wells.

Q There is one undrilled location in the northeast northeast of 4?

A Northeast?

Q I am sorry, the Cooper "A" is just a 40 acre lease?

A That is correct.

Q I have got it wrong. So it is completely developed in the Monument Pool?

A Yes, sir.

MR. COOLEY: That's all the questions I have.

MR. UTZ: Does anyone else have a question? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any further statements to be made in this case? If no further statements, the case will be taken under advisement.

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

I, ADA DEARNLEY, County Clerk 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 12th day of March, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the file of the County Clerk, No. 1386, dated March 23, 1958.
Charles A. Meyer
Notary Public for the County of Bernalillo

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

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 17, 1958

C
O
P
Y

Mr. J. W. Montgomery
Shell Oil Company
P.O. Box 845
Roswell, New Mexico

Dear Mr. Montgomery:

We enclose two copies of Order R-1132 issued March 13, 1958, by the Oil Conservation Commission in Case 1386, which was heard on February 26th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encls.

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. 1386
Order No. R-1132

APPLICATION OF SHELL OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM TWO SEPARATE LEASES
IN THE MONUMENT POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 26, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of March, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 is the owner and operator of the following-described oil and gas leases in the Monument Pool, to-wit:

Cooper "A" Lease NW/4 NE/4 Section 4,
Cooper "B" Lease N/2 NW/4 and SW/4 NW/4 Section 4,

all in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That there are four oil wells completed in the Monument Oil Pool on the above-described leases, one on the said Cooper "A" Lease and three on the said Cooper "B" Lease.
- (4) That the ownership in both the above-described leases is common throughout.
- (5) That the applicant proposes to commingle the production from both of the above-described leases in a common tank battery located on the said Cooper "B" Lease, and that the applicant proposes to allocate the production to each of the said wells on the basis of periodic well tests.
- (6) That approval of the subject application will not cause waste nor impair correlative rights.

(7) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to commingle the production from all wells completed in the Monument Pool on the following-described leases:

Cooper "A" Lease NW/4 NE/4 Section 4,
Cooper "B" Lease N/2 NW/4 and SW/4 NW/4 Section 4,

all in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant shall allocate the production to each well on the above-described leases on the basis of monthly well tests, the reports of which shall be made available to the Commission upon request.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

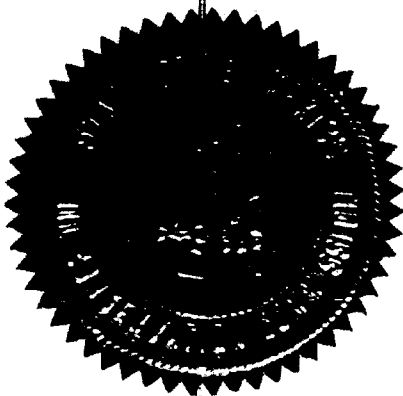
EDWIN L. MECHEM, Chairman

M. E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-28-58

CASE NO. 1386

HEARING DATE 2-26-58

My recommendations for an order in the above numbered case(s) are
as follows:

1. Applicant's request be approved as follows:
2. May commingle oil from 1 well on the
J. W. Cooper "A" lease ~~and~~ with 3 wells from
J. W. Cooper "B" lease into a common
tank battery to be located in the SWNW of
sec. 4, 205-37E.
3. Working interest and royalty interests are
the same under both leases.
4. Correlative rights will be protected.

Staff Member
Staff Member



SHELL OIL COMPANY

P. O. Box 845
Roswell, N. M.

February 3, 1958

Subject: Application by Shell Oil Company for
Exception to Rule 309 of the Rules
and Regulations of the New Mexico Oil
Conservation Commission

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

By this letter of application Shell Oil Company requests approval of an exception to Section (a) of Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission to permit oil to be transported from a lease for measurement and storage.

It is Shell's desire to install a system employing consolidated storage facilities for two contiguous leases in the Monument Field. These leases and their location are described as follows:

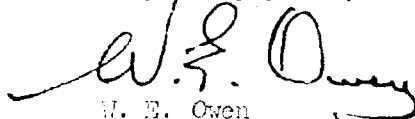
1. Cooper "A" lease consisting of 40 acres in the NW/4 NE/4 of Section 4, T-20-S, R-37-E.
2. Cooper "B" lease consisting of 120 acres in the N/2 NW/4 and SW/4 NW/4 of Section 4, T-20-S, R-37-E.

Shell desires to use the present tank battery on the Cooper "B" lease to handle the production from both the Cooper "A" and "B" leases. Since the royalty ownership of both leases are the same, it is proposed that production be allocated to the leases on the basis of monthly well tests.

By copy of this letter, all operators owning offsetting interests in this area, are being notified by certified mail of this application.

Wherefore, Shell Oil Company requests that the foregoing application for an exception to Rule 309 be heard at the February 26th Examiners hearing of the New Mexico Oil Conservation Commission in Santa Fe, New Mexico.

Very truly yours,


W. E. Owen
Division Manager

DOCKET: EXAMINER HEARING FEBRUARY 26, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1382: In the matter of the application of Buffalo Oil Company to amend Order No. 821. Applicant, in the above-styled cause, seeks an order amending Order No. 821 to permit simultaneous production from the Grayburg-San Andres pay of the Maljamar Field from the Baish "A" Well No. 15 and Baish "A" Well No. 21, located in the NE/4 of the SW/4 of Section 21, Township 17 South, Range 32 East, Lea County, New Mexico.
- CASE 1383: Application of Forest Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "A" No. 1 Well located 660 feet from the North line and 660 feet from the East line of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Kemnitz Wolfcamp Pool through the casing-tubing annulus, and to permit the production of oil from an undesignated Pennsylvanian oil pool through the tubing.
- CASE 1384: In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its State BTO No. 1 Well, located 990 feet from the South line and 2310 feet from the East line of Section 34, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bagley-Pennsylvanian (oil) Pool and the production of gas from the Bagley-Lower Pennsylvanian Gas Pool through parallel strings of tubing.
- CASE 1385: In the matter of the application of Gulf Oil Corporation for permission to produce more than eight wells into a common tank battery. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells in the Eumont Gas Pool into a common tank battery on its Arnott-Ramsay "D" Lease comprising All of Section 33, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 1386: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks an order granting permission to commingle the production from the following described leases in the Monument Pool:
- Cooper "A" Lease, NW/4 NE/4 Section 4;
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4 Section 4;
- all in Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate the individual lease production on the basis of monthly well tests.

CASE 1387:

In the matter of the application of Shell Oil Company for permission to commingle the production from two separate federal leases. Applicant, in the above-styled cause, seeks an order granting permission to produce the following described leases in the West Henshaw-Grayburg Pool into common storage:

Taylor Federal Lease consisting of Lots 9, 10, & 11 of Section 4;

Spencer Federal "A" Lease consisting of Lots 13, 14, 15 & 16 of Section 4;

all in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to continuously meter the production from each lease.

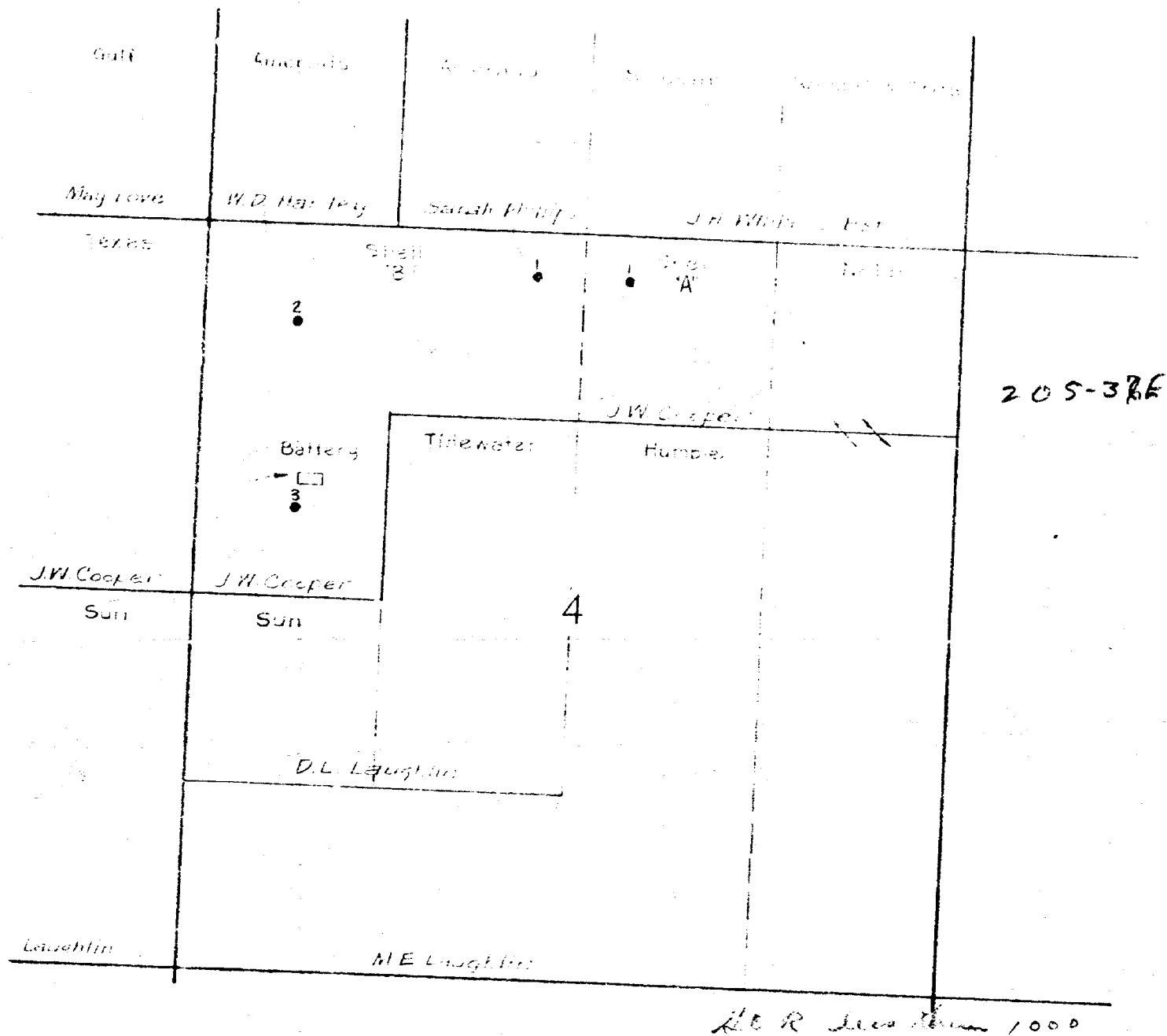
CASE 1388:

In the matter of the application of El Paso Natural Gas Products Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox gas well location for its Chimney Rock No. 1 Well located 1880 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, in an undesignated Gallup gas pool in San Juan County, New Mexico.

CASE 1389:

In the matter of the application of Skelly Oil Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox oil well location of its C. W. Roberts Well No. 3 located 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, in an undesignated Dakota oil pool in Rio Arriba County, New Mexico.

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BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 Shell EXHIBIT No. 1
 CASE 1386

Shell Oil Company
 Roswell Production Division
 PROPOSED CENTRAL TANK BATTERY
 Cooper A & B Monument Field
 T-10-S R-37-E Sec 4 Lea Co. N.M.
 Section 4

Case 1886

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. Box 871
Santa Fe, New Mexico

Date February 6, 1958

Shell Oil Company
P.O. Box 845
Roswell, New Mexico

ATTENTION: W. E. Owen

Gentlemen:

Your application for permission to commingle the production from the
Cooper "A" Lease and Cooper "B" Lease in Lea County, New Mexico,

dated February 3, 1958 has been received, and has been tentatively
scheduled for hearing before an examiner on
February 26, 1958.

A copy of the docket will be forwarded to you as soon as the matter is
advertised.

Very truly yours,


A. L. PORTER, Jr.;
Secretary-Director

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*Docket mailed 2-17-58
B P*