

Case No.

1583

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
JANUARY 22, 1959

IN THE MATTER OF:

APPLICATION OF AMERADA PETROLEUM CORPORATION, CASE 1583

TRANSCRIPT OF HEARING

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

## NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE Examiner January 22, 1959 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
R. H. Muen	Dilworth	Hobbs
Alvin Seth	Dilworth	Santa Fe
R. E. Proschet	Amerada	Hobbs
Jason Kellahin	Kellahin & Fox	Santa Fe, N.M.
James C. Vandiver	El Paso Products Co	Farmington, N.M.
R. L. Hamblin	El Paso Products	El Paso, Texas
Chas. Appan	El Paso Products	Albuquerque, N.M.
H. P. [unclear]	Atlantic	Los Alamos, N.M.
Harry H. Dippel	Continental	Farmington, N.M.
Ernest N. Wroble	El Paso Products Co	Farmington, N.M.
Victor T. Lyon	CONTINENTAL OIL CO	EDMUND, N.M.
RAYMOND A. BEIRNE	CONTINENTAL OIL CO.	EDMUND, N.M.
BRUCE VERNOR	Atlantic Refining Co	Casper, Wyo.
Vance Loyd	Atlantic Refining Co	Santa Fe

BEFORE THE  
OIL CONSERVATION COMMISSION  
JANUARY 22, 1959

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IN THE MATTER OF: )

Application of Amerada Petroleum Corpo- )  
ration to commingle the production from )  
three separate oil pools. Applicant, in )  
the above-styled cause, seeks an order )  
authorizing it to commingle the pro- )  
duction from the McKee, Abo and Connell )  
Pools on its Fred Turner, Jr., Lease )  
consisting of the W/2 SW/4 of Section )  
17, Township 20 South, Range 38 East, )  
Lea County, New Mexico. Applicant )  
proposes to separately meter the produc- )  
tion from each zone prior to commingling.)

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Case 1583

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The first case on the Docket this morning will be Case 1583.

MR. PAYNE: Case 1583: Application of Amerada Petroleum Corporation to Commingle the production from three separate oil pools.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox, representing the Applicant. At this time, I'd like to state this application is concerned with seeking an order for commingling production from the McKee, the Abo and the Connell formations under one lease in Lea County. By Order Number R-1322, a dual completion in the McKee and Abo was approved for one well in this lease. By Order R-1323, a dual completion for production from the McKee

and Connell was approved. Subsequent to the completion of this well, it was found that the Abo oil is a sour crude and it is not desirable to commingle that crude with the oil from the other two formations. We would like to amend our application to the extent of deleting the Abo from the application.

MR. NUTTER: Is there objection to deleting the Abo from the subject application? If not, the Abo will be deleted.

MR. KELLAHIN: We have one witness, Mr. Broschat.

(Witness sworn.)

RICHARD E. BROCHAT

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please?

A My name is Richard E. Broschat.

Q By whom are you employed and in what position?

A Amerada Petroleum Corporation as District Petroleum Engineer in Monument, New Mexico.

Q Have you previously testified before this Commission as a petroleum engineer and had your qualifications accepted?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications accepted?

MR. NUTTER: They are; proceed.

Q (By Mr. Kellahin) Are you familiar with the application

in Case 1583?

A Yes, I am.

Q Is the area involved in that application within your district?

A Yes, it is.

(Marked Applicant's Exhibit One  
for identification.)

Q Referring to what has been marked as Exhibit One, would you state what that shows?

A Exhibit one is a plat of a portion of the Warren-McKee Field in Lea County, New Mexico. It shows the subject lease, the Fred Turner, Jr., Lease, outlined in red. This lease is located on the west half of the southwest quarter of Section 17, Township 20 South, Range 38 East.

The Number One Well, Fred Turner, Jr., One, is dually completed in the McKee and Abo formations; and the Number Two Well is dually completed in the McKee and Connell formations.

Q Your original application was for the purpose of commingling the production from all three of these formations. You heard the amendment which was made to the application at the outset; have you any comment on that?

A No, I have no further comment on that.

Q You have found it undesirable to commingle the Abo production with the other?

A Yes. After running tests, we have found the Abo

is a sour crude; it is not advisable to mix it with the other two.

Q Referring to the Turner Lease, is it a B Lease?

A Yes.

Q Is it all under common ownership?

A Yes, it is.

(Marked Applicant's Exhibit Two for identification.)

Q Referring to Exhibit Two, state what that shows?

A Exhibit Two is a diagrammatic sketch of our proposed tank battery in which we propose to commingle the McKee and Connell production. Oil from the McKee Formation, the two McKee Wells, will go through a separator then through a dump type meter where oil production will be metered; then it will go into a tank battery. The same procedure will be followed for the Connell. It will be metered by a dump type meter before going to common storage.

Q Is the dump type meter you propose to use the same that has been heretofore approved by this Commission?

A Yes, it has.

Q Do you consider it an accurate meter?

A We do.

Q Will such an arrangement as you propose here enable you to separately report and keep track of the production from the separate formations?

A Yes, it will.

Q How would the gas sales from these two formations be

handled?

A Gas sales would be handled separately. We show that on our sketch here. Gas would be taken off the separators.

Q You don't propose to commingle gas production from the two formations?

A No, sir.

Q Now, will the production from the two formations be substantially the same as to volume?

A As to volume, yes. They will be practically the same. The allowable now on the wells from nine to ten thousand feet is 125 barrels per day. Our present allowable on the two McKee Wells is 94 barrels per day. So it would be approximately the same volume.

Q Do you have any information on the gravities of the crudes from the two formations?

A The gravity of the McKee is 44; gravity of the Connell is approximately 54.

Q Who is the purchaser of this oil?

A Shell Pipeline Corporation.

Q Do they have any objection to the commingling of the crudes of the two gravities?

A No, sir.

Q It is my understanding that the McKee Formation is penalized because of high gas-oil ratio, is that correct?

A That is correct.



Q Are you willing and able to make any test the Commission may desire in connection with the operation of this common tankage?

A Yes.

Q Did you make the test heretofore required in regard to the type of meter that is to be installed?

A We are prepared to test our meters.

Q Were Exhibits One and Two prepared by you?

A They were prepared under my direction.

MR. KELLAHIN: We would like to offer Exhibits One and Two.

MR. NUTTER: Without objection, they will be received.

(Whereupon Applicant's Exhibits One and Two were received in evidence.)

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

MR. NUTTER: Any questions of Mr. Broschat?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Broschat, is the working interest as well as the royalty interest common to both zones?

A It is.

MR. NUTTER: If there are no further questions of Mr. Broschat, he may be excused.

(Witness excused.)

MR. NUTTER: Anyone have anything further to offer in

Case 1583? We will take the case under advisement.

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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO)

I, JOHN CALVIN BEVELL, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 23rd day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*John Calvin Bevell*  
NOTARY PUBLIC

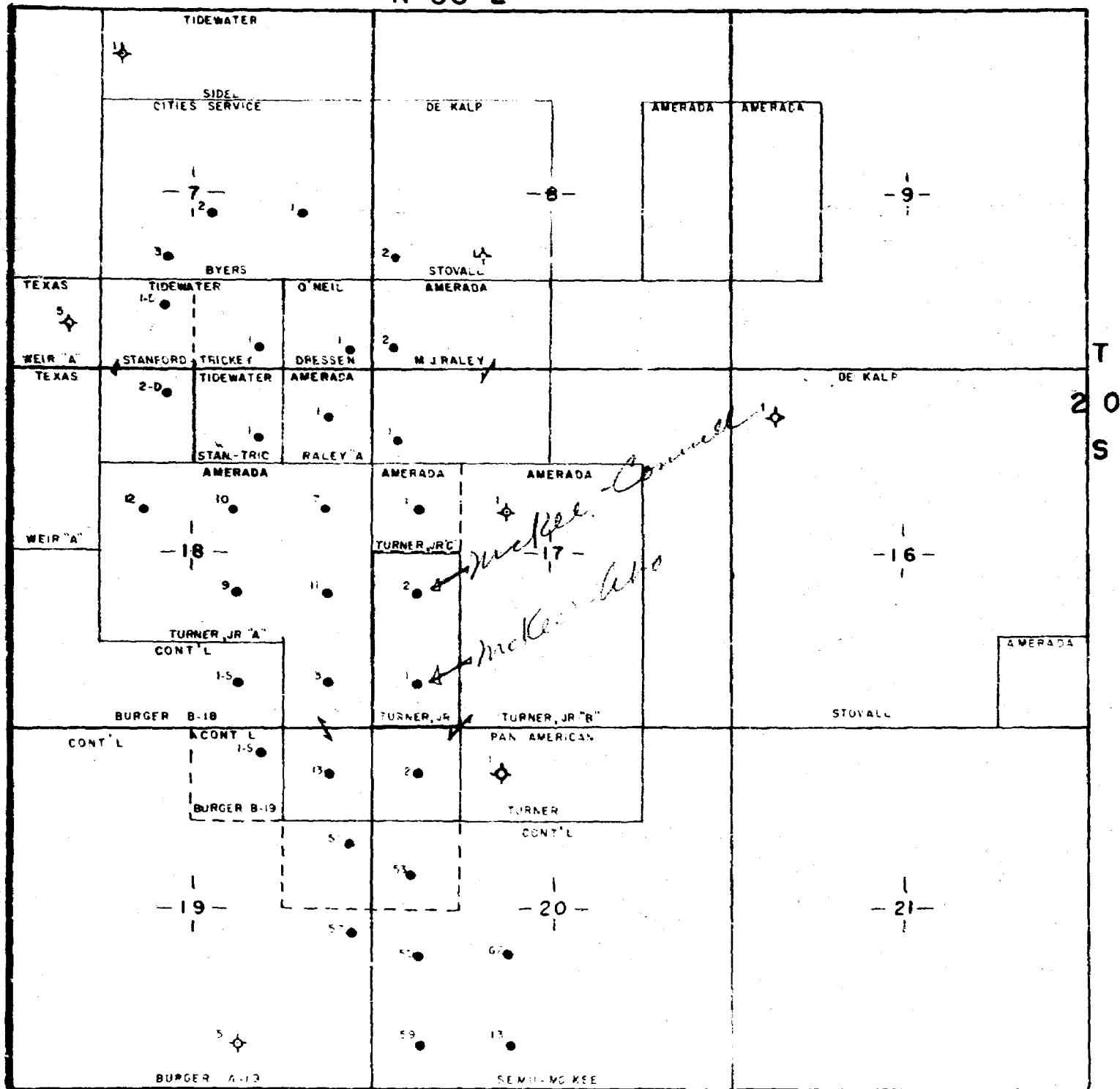
My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Case No. 1583, heard by me on 1/22, 1959.

*Samuel J. [Signature]* Examiner  
New Mexico Oil Conservation Commission

R-38-E



WARREN-McKEE FIELD

Scale: 1" = 2000'

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

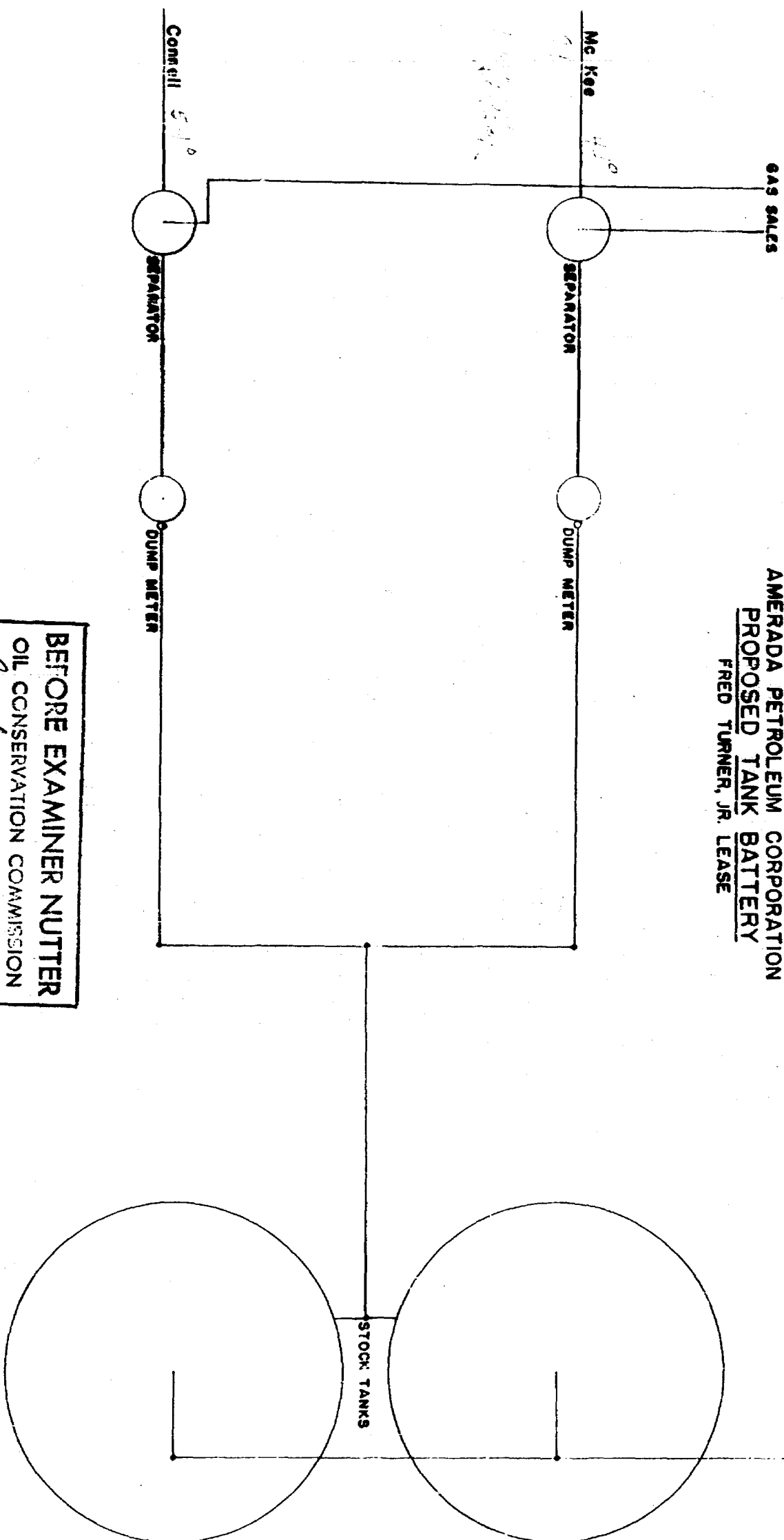
EXHIBIT NO. 1

CASE NO. 1583

Case No. 1583

Exhibit No. 1

AMERADA PETROLEUM CORPORATION  
PROPOSED TANK BATTERY  
 FRED TURNER, JR. LEASE



BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
*Approved* EXHIBIT NO. 2  
 CASE NO. 1583

Case No. 1583 Exhibit No. 2

MAIN OFFICE 800

RECEIVED 15 AM 3:49

Drawer "D"  
Museum, New Mexico  
December 10, 1958

Re: Application of Amerada Petroleum Corporation for an exception to Rule 303 in order to commingle production from the McKee, Connell, and Abo Formations on the Fred Turner, Jr. Lease, Warren-McKee Field, Lea County, New Mexico.

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

Gentlemen:

By this letter of application Amerada Petroleum Corporation wishes to state the following:

1. That Amerada Petroleum Corporation is the operator of the Fred Turner, Jr. Lease consisting of the W/2 of the SW/4 of Section 17, Township 20 South, Range 38 East, Lea County, New Mexico.
2. That the Amerada Petroleum Corporation Fred Turner, Jr. No. 1 located in the SW/SW of Section 17, Township 20 South, Range 38 East was completed as an oil well in the McKee Formation January 3, 1952. The applicant now proposes to dually complete the well in such a manner as to permit production of oil from the McKee Formation in the Warren-McKee Pool and oil from the Abo Formation in an undesignated Abo Pool through parallel strings of 2-1/16" OD Tubing. Application for Dual Completion Form 7-3-58 together with other necessary papers have been filed with the Commission.
3. That the Amerada Petroleum Corporation Fred Turner, Jr. No. 2 located in the NW/SW of Section 17, Township 20 South, Range 38 East, was completed as an oil well in the McKee Formation on July 18, 1953. The applicant now proposes to dually complete this well in such a manner as to permit production of oil from the McKee Formation in the Warren-McKee Pool and oil from the Connell Formation in an undesignated Connell Pool through parallel strings of 2-1/16" OD tubing. Application for Dual Completion Form 7-3-58, together with other necessary papers have been filed with the Commission.

*Docket Mailed  
1-7-59 B.P.*

*16-10-58  
Delete (same)  
from app  
book*

*R1322  
17-10-58  
R1322  
app McKee Connell Abo*

4. That a substantial savings in tanks and equipment could be effected if oil production from the McKee, Connell, and Abo Formations were commingled in common storage.
5. That the applicant proposes to meter production from each formation individually by means of dump type meters. The tank battery is to be designed so that it will be physically impossible to commingle the fluids prior to metering. Daily tank guages of production would serve as a check on the meters.
6. That such a method of metering is both mechanically feasible and practical.
7. That adoption of this proposal would protect correlative rights and be in the interests of conservation.

Therefore, Amerada Petroleum Corporation requests that the Oil Conservation Commission set this application for commingling for an examiner hearing, preferably at the same time as the application for approval of the two proposed dual completions is heard

Respectfully submitted,  
AMERADA PETROLEUM CORPORATION

*D. C. Capps*  
D. C. Capps  
District Superintendent

DCC/REB/rh

cc: Tulsa  
Midland  
File  
Cities Service Oil Company  
Monterey Oil Company

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO


Date 1-22-59

CASE NO. 1583

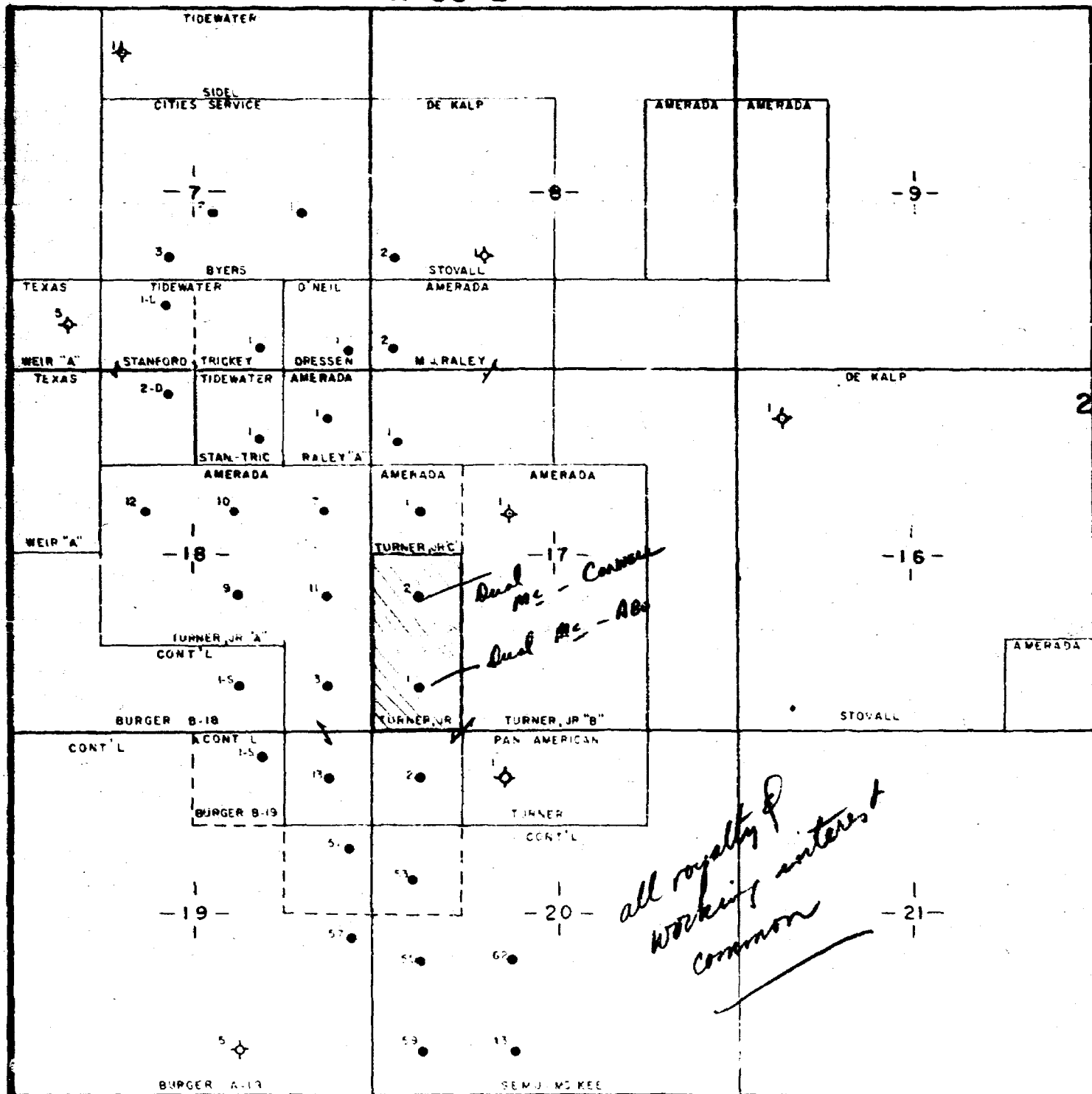
HEARING DATE 9 am 1-22-59  
DSN @ SF

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

Enter an order approving  
Amerodas request to commingle  
Carnell and McKee production  
on its Fred Turner Jr lease.  
Show, if necessary, that  
applicant amended application  
to delete the Abo from  
the proposed commingling  
set-up as it is sour and  
it would not be desirable to  
commingle

  
Staff Member  
Examiner

R-38-E



gradients of  
Connell & McKee  
54° 44°

Each pool to be  
seps. metered  
by means of  
dumpy type  
meters.

WARREN-McKee FIELD

Scale: 1" = 2000'

Case No. 1583  
Exhibit No. 1



**DOCKET: EXAMINER HEARING JANUARY 22, 1959**

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

**The following cases will be heard before DANIEL S. NUTTER, Examiner:**

**CASE 1583:** Application of Amerada Petroleum Corporation to commingle the production from three separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the McKee, ~~Abe~~ and Connell Pools on its Fred Turner, Jr., Lease consisting of the W/2 SW/4 of Section 17, Township 20 South, Range 38 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each zone prior to commingling.

**CASE 1584:** Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Fusselman Pool on its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, with the commingled production of all intermediate grade crudes on its Coates "C" Lease comprising the E/2 and the SE/4 NW/4 and the NE/4 SW/4 of said Section 24. Applicant further requests permission to commingle the sour crudes produced from the Drinkard and other formations on both of the aforesaid leases.

**CASE 1585:** Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Lockhart A-17 Well No. 4 located 660 feet from the North and East lines of said Section 17.

**CASE 1586:** Application of El Paso Natural Gas Products Company for two non-standard oil proration units and for two unorthodox well locations. Applicant, in the above-styled cause, seeks an order authorizing the establishment of a 34.12 acre non-standard oil proration unit in the Horseshoe Canyon Oil Pool consisting of that portion of the SW/4 NW/4 and that portion of the NW/4 NW/4 of Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, lying within the Ute Mountain Indian Reservation, said unit to be dedicated to a well to be located 1470 feet from the North line and 4190 feet from the East line of said Section 33. Applicant further seeks establishment of a 37.33 acre non-standard oil proration unit in the Horseshoe Canyon Oil Pool consisting of that portion of the SW/4 SW/4 and that portion of the NW/4 SW/4 of said Section 33 lying within the Ute Mountain Indian Reservation, said unit to be dedicated to a well to be located 1172 feet from the South line and 4250 feet from the East line of said Section 33. Applicant further seeks approval of these unorthodox locations for said wells.

No. 3-59

DOCKET: EXAMINER HEARING JANUARY 20, 1959

Oil Conservation Commission 1:30 p.m., Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Daniel S. Nutter, Examiner:

CASES 1195 & 1433:

Application of Graridge Corporation for capacity allowable for one well in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for the following-described well situated in the project area of its water flood project in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico:

Cap Unit Well No. 31-1, NE/4 NE/4 of Section 31,  
Township 12 South, Range 32 East, Lea County,  
New Mexico.

ir/

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. 1583  
Order No. B-1239

APPLICATION OF AMERADA PETROLEUM  
CORPORATION FOR PERMISSION TO  
COMBINE THE PRODUCTION FROM TWO  
SEPARATE OIL POOLS IN LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 22, 1960, at Santa Fe, New Mexico, before Daniel S. Hutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 151d of the Commission Rules and Regulations.

NOW, on this 2<sup>nd</sup> day of February, 1960, the Commission, a quorum being present, having considered the application, the evidence ~~adduced~~ and the recommendations of the Examiner, Daniel S. Hutter, 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, Amerada Petroleum Corporation, is the operator of the Fred Turner, Jr., lease consisting of the W/2 SW/4 of Section 17, Township 20 South, Range 38 East, NMPN, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the Connell and McKee production from two wells located on said Fred Turner, Jr., lease after separately metering the production from each formation by means of dump type meters.
- (4) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant be and the same is hereby authorized to commingle the Connell and McKee production from its two wells

-2-  
Case No. 1582  
Order No. B-1329

located on the Fred Turner, Jr., Lease consisting of the W/2 SW/4 of Section 17, Township 20 South, Range 28 East, NMPN, Lea County, New Mexico, after the production from each pool has been separately metered by means of flow type meters.

These meters shall be checked for accuracy by the Commission and the results of such calibration shall be reported to the Commission on the Commission form entitled "Meter Test Report."

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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

ir/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 2, 1959

Mr. Jason Kellahin  
Kellahin & Fox  
P.O. Box 1713  
Santa Fe, New Mexico

Dear Mr. Kellahin:

On behalf of your clients, we enclose two copies of each of the following orders issued February 2, 1959, by the Oil Conservation Commission:

Order R-1298-A in Case 1557  
Order R-1328 in Case 1585  
Order R-1329 in Case 1583

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

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Encls.

C  
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Y