CASE 1957: Application of SHELL for automatic custody system to handle Denton (Dev) Pool production, Priest least.

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1957

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

In the Matter of the Application of SHELL OIL COMPANY for an Exception to Section (a) of Rule 309 of the Commission to Permit Installation of Automatic Custody Transfer Equipment in the  $N_2^{\frac{1}{2}}$  of Section 1, Township 15 South, Range 37 East, Denton Field, Devonian Production.

Que 1951

### PETITION

SHELL OIL COMPANY hereby makes application for a hearing and order to approve an exception to Section (a) of Rule 309 of the Commission to permit the movement of oil from the Lease hereinafter described without the same being measured in tankage, and to permit the installation of automatic custody transfer facilities thereon, and for the movement of oil from the said lease to the pipe line connection. The production which is the subject of this application is from the Devonian formation. The lease which is the subject of this application is known as Shell's Priest Lease, Denton Field, and covers the  $N_2^1$  of Section 1, Township 15 South, Range 37 East, N.M.P. M.

Applicant requests that the exception and approval, if granted cover all present and future production from the said lease insofar as it covers the Devonian formation.

Respectfully submitted,

SHELL OIL COMPANY

By: Its Attorney

S. J. J. W.

# DOCKET: EXAMINER HEARING APRIL 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe The following cases will be heard before Elvis A. Utz, Examiner, or Oliver E. Payne, Attorney, as alternate examiner:

CASE 1942:

Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the Jicarilla Well No. 28-1, located in the NW/4 SE/4 of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of cil from the Gallup formation and the production of oil from the Dakota formation through parallel strings of tubing.

CASE 1927:

Application of J. W. Brown for the establishment of special rules and regulations governing the Brown Pool in Chaves County, New Mexico, to provide for 2½-acre spacing in said

Application of Gulf Oil Corporation for a dual completion and for an exception to the tubing requirements of Rule 107. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Apache-Federal Well No. 8, located in Unit D, Section 8, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Otero-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through the casing-tubing annulus and the tubing respectively. Applicant further seeks an exception to certain tubing requirements set forth in Rule 107 of the Commission's Rules and Regulations.

CASE 1944:

Application of Great Western Drilling Company for establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, seeks an order establishing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, all in Township 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to its Bordages Well No. 1 located 330 feet from the North line and 270 feet from the West line of said Section 33.

-2-Docket No. 12-60

CASE 1945:

Application of Permian Oil Company for an order force-pooling the interests in a 320-acre unit in the Dakota formation. Applicant, in the above-styled cause, seeks an order force-pooling all Dakota formation mineral interests in the 320 acres comprising the E/2 of Section 5, Township 30 North, Range 13 West, San Juan County, New Mexico, the non-consenting mineral interest owners being Raymond H. Walker and Edith Walker, 1250 South Figueroa Street, Los Angeles, California, and Norman Roybark and Rose Ella Roybark, address unknown.

CASE 1946:

Application of J. R. Cone for an exception to the over-production shut-in provisions of Order R-520, as amended by Order R-967, for two wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Mobil-Myers Well No. 4, Unit I, Section 22

Pan American-Myers Well No. 1, Unit H, Section 22

both in Township 24 South, Range 36 East, Lea County, New Mexico.

CASE 1947:

Application of Phillips Petroleum Company for the establishment of two 80-acre non-standard oil proration units and one unorthodox oil well location. Applicant, in the above-styled cause, seeks an order establishing two 80-acre non-standard oil proration units in the Kemnitz-Wolfcamp Pool, Lea County, New Mexico, each consisting of a portion of the S/2 of Section 25, Township 16 South, Range 33 East. Applicant further seeks approval of an unorthodox oil well location in said Kemnitz-Wolfcamp Pool, the location to be in the center of the NW/4 SE/4 of said Section 25.

CASE 1948:

Application of Humble Oil & Refining Company for authority to commingle the production from several separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant; in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from certain leases in Sections 4, 8, 9, 16 and 17, Township 18 South, Range 27 East, Eddy County, New Mexico, all of such leases being in the Chalk Bluff Draw Unit. Applicant also seeks approval of an automatic custody transfer system to handle said Empire-Abo Pool production from all wells presently completed or hereafter drilled on said leases.

-3-

Docket No. 12-60

CASE 1949:

Application of Trice Production Company for approval of a "slim-hole" completion. Applicant, in the above-styled cause, seeks an order authorizing the "slim-hole" completion of its Four Lakes State Well No. 1, located in the NE/4 NW/4 of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico, to be completed in either the Pennsylvanian or Wolfcamp formation at a minimum total depth of 10,000 feet.

CASE 1950:

Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the West Teas Pool production from its State Lea 886 lease consisting of the S/2 NW/4 and N/2 NE/4 of Section 16 with the West Teas Pool production from that portion of its State Lea 6019 lease consisting of the NW/4 NW/4 and SE/4 of said Section 16, all in Township 20 South, Range 33 East, Lea County, New Mexico.

CASE 1951:

Application of Texace Inc. for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the State "CH" Well No. 1, located in Unit H. Section 36, Township 20 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Atoka gas pool and the production of gas from the South Salt Lake-Pennsylvanian Gas Pool through parallel strings of tubing.

CASE 1952:

Application of Texaco Inc. for establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 4 and the NE/4 of Section 5, Township 24 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the E. D. Fanning Well No. 6, to be located 660 feet from the North and West lines of said Section 4.

CASE 1953:

Application of Keohane, Saunders, Welch and Iverson for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Hinkle-Federal Well No. 7-B in the Shugart Pool at a point 330 feet from the South line and 2329 feet from the East line of Section 35, Township 18 South, Range 31 East, Eddy County, New Mexico.

--4-Docket No. 12-60

CASE 1954:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Saunders (Permo-Pennsylvanian) Pool from all wells presently completed or hereafter drilled on the State A lease comprising the E/2 of Section 34, Township 14 South, Range 33 East, Lea County, New Mexico.

CASE 1955:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Monument Pool from all wells presently completed or hereafter drilled on the State B lease comprising the NW/4 of Section 36, Township 19 South, Range 36 East, Lea County, New Mexico.

CASE 1956:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Townsend-Wolfcamp Pool from all wells presently completed or hereafter drilled on the State ETA lease comprising all of Section 8, Township 16 South, Range 35 East, Lea County, New Mexico.

CASE 1957:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Denton (Devonian) Pool from all wells presently completed or hereafter drilled on the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, Lea County, New Mexico.

### SERVICE PIPE LINE COMPANY

Lovington, New Mexico April 19, 1960

APR 00 1960

P.S. Supv.

Mr. P. A. Dennie Division Production Manager SHELL OIL COMPANY P. O. Box 845 Roswell, New Mexico

Subj: LACT Units

Shell-State "A", Saunders Pool Shell-State "ETA", Townsend Pool Shell-Priest, Denton Pool

Dear Sirt

We have reviewed your plans for LACT units to automatically transfer oil to Service Pipe Line Company on subject leases.

Your proposed facilities are satisfactory to us, and we are agreeable to receive oil at these locations on an automatic basis. Please inform us as soon as these installations are approved so we may order proving tanks. We would also like to know your estimated completion date.

If we can be of any further assistance to you, please feel free to call on us.

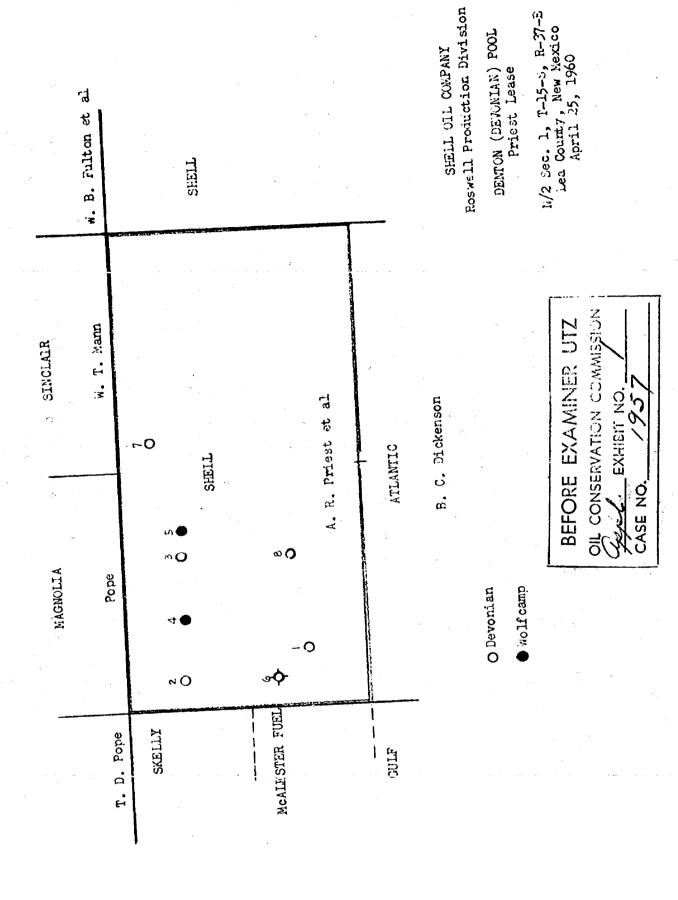
Yours very truly,

C. F. Sines

BEFORE EXAMINER UTZ CAL CONSERVATION COMMISSION

CAPAL EXHIBIT NO.

JE NO. 957



# OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

May 9, 1960

Mr. William Federici Seth, Mentgemery, Federici & Andrews Non 828 Santa Fe, New Mexico

Dear Mr. Federici:

On behalf of your client, Shell Oil Company, we are enclosing two copies of Order R-1666 in Case 1954, Order R-1667 in Case 1955, Order R-1668 in Case 1956 and Order R-1669 in Case 1957. These orders were issued by the Oil Conservation Commission on this date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

1r/

Enclosures

# OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

	. 5-2-60	
	Date	4-60
CASE / 957 Hear	ing Date	27-60
My recommendations for an order in the abo	ove numbered cases as	re as follows:
1. Grant. Shell's requ	est for a	u Act
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Staff Member

DRAFT OEP:esr May 4

# 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. 1957

Order No. R- 1669

APPLICATION OF SHELL OIL COMPANY FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM IN THE DENTON (DEVONIAN) POOL TO LEA COUNTY, NEW MEXICO.

COUNT

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz Examiner duly appointed by the Oil Conservation. Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of May , 1960, 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, Shell Oil Company, is the owner and operator of the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Denton (Devonian) Pool production from all wells presently completed or hereafter drilled on the said Priest lease.
- (4) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a relaible and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

### IT IS THEREFORE ORDERED:

That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic custody transfer equipthe ment to handle/Denton (Devonian) Pool production from all wells presently completed or hereafter drilled on its Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That in lieu of new Installing well-head shut-in valves the lease gathering lines shall not carry in excess of 50 pounds pressure.

PROVIDED FORTHER. That the applicant shall either install high level safety shut-in switches in the storage tanks which will shut-in the wells at the header, thus preventing the overflow of oil in the event of malfunction of the equipment, or it shall install sufficient storage capacity to handle one and one-half times the daily lease allowable.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said Priest lease at least once each month to determine the individual production from each well.

-3-CASE No. 1957 Order No. R-

### IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

DONE at Santa Fe, New Mexico, -----

## 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. 1957 Order No. 2-1669

APPLICATION OF SHELL OIL COMPANY FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM IN THE DENTON (DEVORIAN) 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 April 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of May, 1960, 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, Shell Oil Company, is the owner and operator of the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Denton (Devonian) Pool production from all wells presently completed or hereafter drilled on the said Priest lease.
- (4) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

-2-CASE No. 1957 Order No. R-1669

### IT IS THEREFORE ORDERED:

That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Denton (Devonian) Pool production from all wells presently completed or hereafter drilled on its Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, NMPH, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall either install high level safety shut in switches in the storage tanks which will shut in the wells at the header and at the well-head, thus preventing the overflow of oil in the event of malfunction of the equipment, or it shall install and maintain sufficient storage capacity to handle one and one-half times the daily lease allowable.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said Priest lease at least once each month to determine the individual production from each well.

### IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with 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, Chairman

MENNIGAN, Tember

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

# BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico April 28, 1960

## EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for approval of an automatic custody transfer system.

CASE 1957

TRANSCRIPT OF HEARING

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico April 28, 1960

# EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Denton (Devonian) Pool from all wells presently completed or hereafter drilled on the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, Lea County, New Mexico.

CASE 1957

BEFORE:

Mr. Elvis A. Utz, Examiner

# TRANSCRIPT OF HEARING

MR. UTZ: We will proceed to Case 1957.

MR. PAYNE: Application of Shell Oil Company for

approval of an automatic custody transfer system. Case 1957.

MR. FEDERICI: Same appearances as in Case 1956 in

(Applicant's Exhibits Nos. 1, 2, & 3 marked for identification.)

GEORGE W. OLSON

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

# VLEY-MEIER REPORTING SERVICE. Inc.

### BY MR. FEDERICI:

Q You are the same George Olson who testified in Case No. 1956?

A Yes, sir, I am.

Q Are you familiar with the type of installation proposed in this application?

A Yes, I am.

Q And is there any difference between the type of installation proposed in this case as in Case No. 1956?

A No, sir. This installation is identical to the installation discussed in Case 1954 and 1956. This installation, proposed installation will handle the production from Shell's A. R. Priest lease, which is in the Denton (Devonian) Pool, and the lease is located in the North Half of Section 1, Township 15 South, Range 37 East.

Q Now on Exhibit 1 there, will you state to the Examiner the number of wells and other data?

A This proposed installation will handle production from the Devonian wells only shown on this lease. The two Wolfcamp wells are not considered. There are five producing Devonian wells, which produce approximately 710 barrels of oil per day and 180 barrels of water per day. All five wells are pumping wells, which are pumped by gas engines, and there are two top allowable wells on the lease. We have on this lease, on the Devonian tank



LBUQUERQUE, NEW MEXICO

# DEARNLEY-MEIER REPORTING SERVICE, Inc.

battery, eight 500 barrel tanks; and we propose to keep two 500 barrel tanks on the lease after the installation of the automatic custody transfer unit.

- Q Is all production from one lease?
- Yes, sir, I believe it is.
- And you have Exhibit No. 2 there, would you explain that briefly and is it the same as Exhibit No. 2 in Case No. 1956?
- Α Yes, sir, it is. It's the same identical proposed automatic custody transfer skid unit.
- Q Did you give the production and the type of wells as shown on Exhibit 1?
- Yes, sir. The production is 710 barrels of oil per day and 180 barrels of water per day.
- With reference to Exhibit No. 3, has the pipe line Q company been notified of the application?
- Yes, sir, they have, and we have a copy of their letter stating their approval of this installation.
  - Is that the same as Exhibit No. 3 in Case No. 1956?
  - Yes, it is.

MR. FEDERICI: If the Examiner please, we offer in evidence at this time the testimony given in the previous Cases 1956 and 1954 insofar as it is pertinent and material to this case

MR. UTZ: The testimony in Case 1954 and Case 1956 will be accepted into the record of this case.

MR. FEDERICI: At this time we offer in evidence



ALBUQUERQUE, NEW MEXICO

Exhibits 1, 2, and 3.

MR. UTZ: Without objection they will be accepted.

### CROSS EXAMINATION

### BY MR. UTZ:

- You say you have two top allowable wells on this lease? Q
- Yes, sir. Α
- Do you know which wells they are? Q
- No, sir, I do not know which ones they are. Α
- How many total wells did you have?
- We had five total Devonian wells.
- As far as your storage capacity and your lines and so Q forth, they're the same as you stated in Cases 1954 and 1956?
  - That's correct. Α
  - Have about the same gathering line pressures?
  - Correct.

MR. UTZ: Any other questions in this case? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? If not, the case will be taken under advisement.

\*\*\*



3-6691 PHONE CH Inc. DEARNLEY-MEIER REPORTING SERVICE,

STATE OF NEW MEXICO COUNTY OF BERNALILLO

T, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do heroby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype, and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill

DATED this 9th day of May, 1960, in the City of Albuquerque, and ability. County of Bernalillo, State of New Mexico.

My Commission Expires: June 19, 1963.

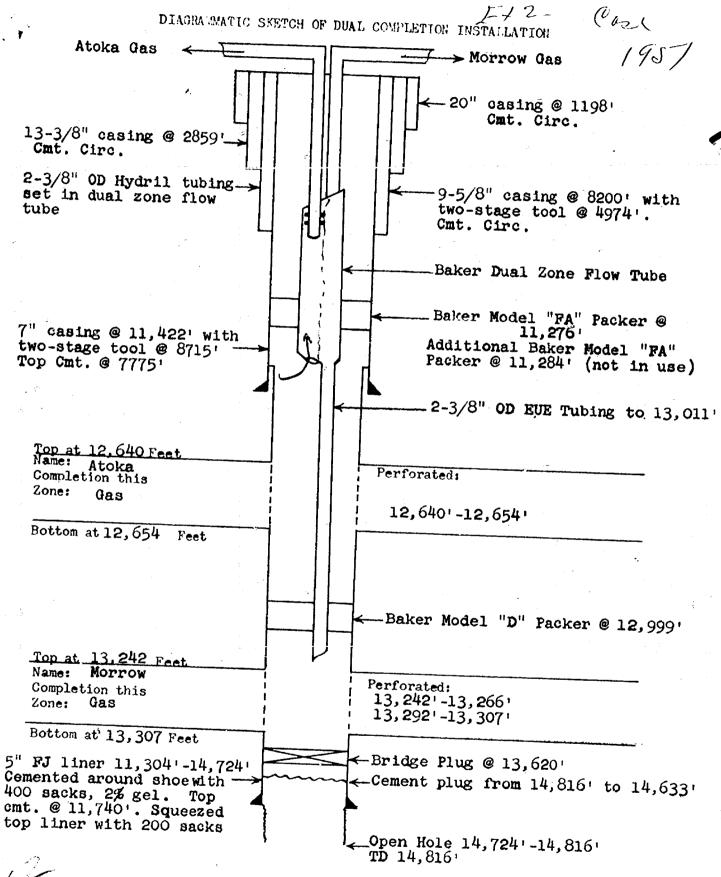
> I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1957. heard by me on April 27, 1960.

Examiner New Mexico Oil Conservation Commission

ALBUQUERQUE, NEW MEXICO

### DEARNLEY-MEIER AND ASSOCIATES

COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO



COMPANY: TEXACO Inc.

State of New Mexico "CH" Well No. 1 LEASE:

Salt Lake Penn., South and Undesignated Atoka March 30, 1960 FIELD: DATE:

BEFORE MEXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1951

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