

CASE 8017, APPROVED OF DISMISSAL  
FOR REMOVAL OF MEMBER FROM  
Transfer system - Miller "M. 1000".

Casa No.

2017

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Application, Transcript,  
and Exhibits, Etc.

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. 2017  
Order No. R-1736

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR APPROVAL OF AN AUTO-  
MATIC CUSTODY TRANSFER SYSTEM IN  
THE MALJAMAR 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 July 27, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 4th day of August, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Continental Oil Company, is the owner and operator of the Miller "EX" lease comprising in pertinent part the E/2 of Section 14, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Maljamar Pool production from all wells presently completed or hereafter drilled on the above-described portion of the said Miller "EX" 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. 2017

Order No. R-1736

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Maljamar Pool production from all wells presently completed or hereafter drilled on that portion of its Miller "BX" lease comprising the E/2 of Section 14, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described portion of the said Miller "BX" lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the applicant shall install storage facilities capable of handling the lease production during the maximum unattended hours of operation.

PROVIDED FURTHER, That the applicant shall install a high level safety shut-in switch in the storage tank which will shut-in the wells at the header thus preventing the overflow of oil in the event of malfunction of the equipment.

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*  
JOHN BURROUGHS, Chairman

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

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

ssr/

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OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
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Order No. R-1736

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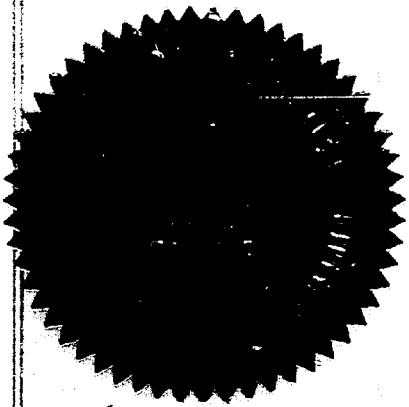
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That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

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*  
JOHN BURROUGHS, Chairman

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

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

esx/

GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE  
August 4, 1960

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

Re: Case No. 2017  
Order No. B-1736  
Applicant:

Continental Oil Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X  
Artesia OCC         
Aztec OCC       

Other

CLARK OFFICE 000

1930 JUN 10 PM 11 00

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CONTINENTAL OIL COMPANY FOR AN  
EXCEPTION TO RULE 309(a) OF THE NEW  
MEXICO OIL CONSERVATION COMMISSIONS  
RULES AND REGULATIONS FOR ESTABLISH-  
ING MEASUREMENT OF PRODUCED OIL WITH  
LEASE AUTOMATIC CUSTODY TRANSFER  
ALLOCATED TO ITS MILLER "BX" LEASE,  
MALJAMAR POOL, LEA COUNTY, NEW MEXICO.

*Page 2017*

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and petitions the Commission for an order approving automatic custody transfer from its Miller "BX" lease located in the E/2 of Section 14, T-17S, R-32E, Maljamar Pool, Lea County, New Mexico, and in support thereof would show:

1. That applicant is owner and operator of said lease containing, among other lands, the E/2 of Section 14, T-17S, R-32E, Lea County, New Mexico.
2. That applicant completed its Miller "BX" No. 1 well as a producer from the Grayburg-San Andres formation, located 660 feet from the South and East lines of said section, and presently plans to drill seven more wells on this lease, subject to encountering commercial quantities of oil.
3. That production will be transferred from said wells to a battery located approximately in the center of subject lease, and custody transfer will be from this point.

Wherefore, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, that appropriate notice be given, and that upon hearing, an order be entered granting applicant an exception to Rule 309(a)



New Mexico Oil Conservation Commission  
Page 2

of the New Mexico Oil Conservation Commissions Rules and Regulations for automatic custody transfer of production from its Miller "BX" lease.

Respectfully submitted,

CONTINENTAL OIL COMPANY

*J. R. Parker*  
J. R. Parker  
Alternate for  
Division Superintendent  
of Production  
New Mexico Division

JRP-EL

DOCKET: EXAMINER HEARING JULY 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as alternate Examiner:

CASE NOS. 2023 through 2033 will not be heard before 1 p.m. on July 27, 1960.

CASE NOS. 2034 through 2040 will not be heard before 9 a.m. on July 28, 1960.

CASE 2017: Application of Continental Oil Company for an order authorizing an automatic custody transfer system to handle the Maljamar Pool production from its Miller "BX" lease comprising in pertinent part the E/2 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2018: Application of Continental Oil Company for an order authorizing the triple completion of its Jicarilla Apache Well No. 27-2, located in the NW/4 NW/4 of Section 27, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation, the production of oil from the Greenhorn formation and the production of oil from the Dakota formation through parallel strings of 4½ inch, 2 7/8 inch, and 4½ inch casing cemented in a common well bore. Applicant proposes to install tubing to the Gallup and the Dakota formations.

CASE 2019: Application of Continental Oil Company for an order authorizing the triple completion of its Northeast Haynes Apache Well No. 9-1, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Mesaverde formation, the production of gas from the Gallup formation and the production of gas from the Greenhorn formation through parallel strings of 2 7/8 inch, 4½-inch, and 4½-inch casing respectively, cemented in a common well bore. Applicant also proposes to install tubing in the latter two zones.

CASE 2020: Application of Amerada Petroleum Corporation for an order authorizing the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Langlie Mattix Pool, the disposal of salt water into the Grayburg and San Andres formations in the interval from 3500 feet to 4200 feet, and the production of oil from the Justis-Blinbry Pool by means of two parallel strings of 3½-inch casing cemented in a common well bore. Applicant would dispose of the salt water through one string of casing, produce the Blinbry oil through 1½-inch tubing set in the second string of casing, and produce Langlie Mattix gas through the annulus of the 1½-inch tubing and the second casing string.

CASE 2021: Application of Shell Oil Company for authority to recomplete its State BUA Well No. 2 (formerly its Bluitt Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluitt Pennsylvanian Pool. Said well is located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2022: Application of Sinclair Oil & Gas Company for an order authorizing the dual completion of its Turner "B" SP Well No. 67, located in Unit L, Section 20, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Grayburg-Jackson Pool and the production of oil from an undesignated Abo pool through parallel strings of 2-inch tubing.

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The following cases will not be heard before 1 p.m. on July 27, 1960:

CASE 2023: Application of Honolulu Oil Corporation for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico; applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2024: Application of Humble Oil & Refining Company for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through 29 wells located in Sections 3, 4, 9, 10, and 11, Township 31 North, Range 17 West, San Juan County, New Mexico; Applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2025: Application of Socony Mobil Oil Company for permission to convert to water injection its Navajo "A" Well No. 9, located in NE/4 NW/4 of Section 14, Township 31 North, Range 17 West, Rio Arriba County, New Mexico, in conjunction with a proposed adjacent pressure maintenance project in the Horseshoe-Gallup Oil Pool.

CASE 2026: Application of The British American Oil Producing Company for an order authorizing the "slim-hole" completion of its Fullerton Well No. 7, located 1850 feet from the South and West lines of Section 11, Township 27 North, Range 11 West, Dakota Producing Interval, San Juan County, New Mexico, utilizing 2 7/8-inch tubing as casing.

- CASE 2027: Application of Hondo Oil & Gas Company for an amendment of Order No. R-1643 to provide an alternative to the fail-safe features required in the automatic custody transfer system authorized therein for the Hondo-Western-Yates State 647 lease, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 2028: Application of Pan American Petroleum Corporation for an order authorizing it to commingle the production from the Empire-Abo Pool from all wells on eight separate leases in Sections 27 and 34, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant also seeks authorization of an automatic sustody transfer system to handle said commingled production.
- CASE 2029: Application of Pan American Petroleum Corporation for an amendment of Order R-1399 to permit the commingling of Empire-Abo Pool production from Federal Lease No. LC-064050-A, E/2 SE/4 of Section 34 and NW/4 SW/4 of Section 35, Township 17 South, Range 27 East, with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph one of said order and to permit the commingling of Empire-Abo Pool production from Federal Lease No. NM-025602, NW/4 and N/2 SW/4 of Section 15, Township 18 South, Range 27 East with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph two of said order. Applicant also seeks an amendment of Order No. R-1399-A to permit production from the above-described leases in Eddy County, to be handled by the automatic custody transfer systems authorized in said order.
- CASE 2030: Application of Fan American Petroleum Corporation for permission to commingle the Empire-Abo Pool production from eleven separate State leases in Townships 17 and 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks permission to install automatic custody transfer facilities to handle said commingled production.
- CASE 2031: Application of Union Oil Company of California for approval of its South Caprock Queen Unit Agreement, which unit is to embrace 9526 acres in Townships 14 and 15 South, Ranges 30 and 31 East, Caprock Queen Pool, Chaves County, New Mexico.
- CASE 2032: Application of Union Oil Company of California for an order authorizing it to institute a waterflood project in the Caprock-Queen Pool on its proposed South Caprock Queen Unit by the injection of water into the Queen formation through ten wells located in Township 15 South, Range 31 East, Chaves County, New Mexico, and for authority to drill a water injection well at an unorthodox location, being 330 feet West of the East line and 1320 feet South of the North line of Section 18, Township 15 South, Range 31 East.

CASE 2033: Application of Cabeen Exploration Corporation for permission to complete its State 1-K Well located 1980 feet from the South and West lines of Section 11, Township 10 South, Range 32 East, in an undesignated Permo-Pennsylvanian pool in Lea County, New Mexico as a "slim-hole" completion, using 2-7/8 inch casing.

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The following cases will not be heard before 9 a.m. on July 28, 1960

CASE 2034: Application of Gulf Oil Corporation for an order authorizing the dual completion of its J. N. Carson Well No. 6, located 330 feet from the South line and 965 feet from the East line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Penrose-Skelly Pool and the production of gas from the Blinebry Gas Pool through parallel strings of 2 3/8-inch tubing.

CASE 2035: Application of Gulf Oil Corporation for an order authorizing the dual completion of its W. T. McCormack Well No. 12, located 554 feet from the North line and 1874 feet from the East line of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool and the production of oil from the Wantz-Abo Pool through parallel strings of 2 3/8-inch tubing.

CASE 2036: Application of Charles Loveless, Jr., for the establishment of a 280-acre non-standard gas unit in the Atoka-Pennsylvanian Gas Pool consisting of the NE/4, N/2 NW/4 and SW/4 NW/4 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Applicant proposes that said unit be dedicated to the Brunner No. 1 Dayton Townsite Well to be located on an unorthodox location at a point 1650 feet from the North line and 2310 feet from the East line of said Section 21.

CASE 2037: Application of Sun Oil Company for the creation of a new oil pool for Wolfcamp production to be designated as the Jenkins-Wolfcamp pool and to consist of Sections 2, 3, 4, 8, 9, 10 and 11 of Township 9 South, Range 34 East, Lea County, and Sections 34 and 35, Township 8 South, Range 34 East, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules and regulations for said pool including a provision for 80-acre drilling and proration units.

CASE 2038: Application of Benson-Montin-Greer Drilling Corporation for an order authorizing the dual completion of the Jones Well No. 1, located in Unit P, Section 17, Township 28 North, Range 13 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup Pool and the production of gas from the West Kutz-Dakota Pool through parallel strings of 1 1/2-inch OD tubing.

Docket No. 21-60

CASE 2039: Application of Southwest Production Company for approval of an unorthodox oil well location in the Gallegos-Gallup Oil Pool for its Rummel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.

CASE 2040: Application of Neville G. Penrose, Inc., for an order authorizing the dual completion of its Grizzel Well No. 1, located in Unit G, Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and the production of oil from the Drinkard Pool through the casing-tubing annulus and 2 3/8-inch tubing respectively.

CONOCO

JUN 29 1960

OFFICE OF THE SECRETARY

# CONTINENTAL OIL COMPANY

825 Petroleum Building  
Roswell, New Mexico  
June 28, 1960

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Continental Oil Company's  
Application for Exception  
to Rule 309 (a) of the New  
Mexico Oil Conservation  
Commission's Rules and  
Regulations for Establishing  
Measurement of Produced Oil  
with Lease Automatic Custody  
Transfer Allocated to its  
Miller "BX" Lease, Maljamar  
Pool, Lea County, New Mexico

Gentlemen:

Forwarded herewith is an Application for Exception  
to Rule 309 (a) of the New Mexico Oil Conservation Commission's  
Rules and Regulations for permission to use automatic custody  
transfer equipment to measure production from the Continental  
Oil Company Miller "BX" Lease, Maljamar Pool, Lea County, New  
Mexico.

Please set this matter for hearing at your earliest  
convenience.

Yours very truly,

J. R. PARKER  
Alternate for  
Division Superintendent

JRP-AD  
Encs.

PIONEERING IN PETROLEUM PROGRESS SINCE 1875



R-32-E

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION

Appl. EXHIBIT NO. 1  
CASE NO. 2017

*Maljamar  
Cooperative  
Area*

CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
ARTESIA DISTRICT  
MILLER "BX" LEASE  
MALJAMAR POOL  
LEA COUNTY, NEW MEXICO  
SCALE 0' 100' 200'

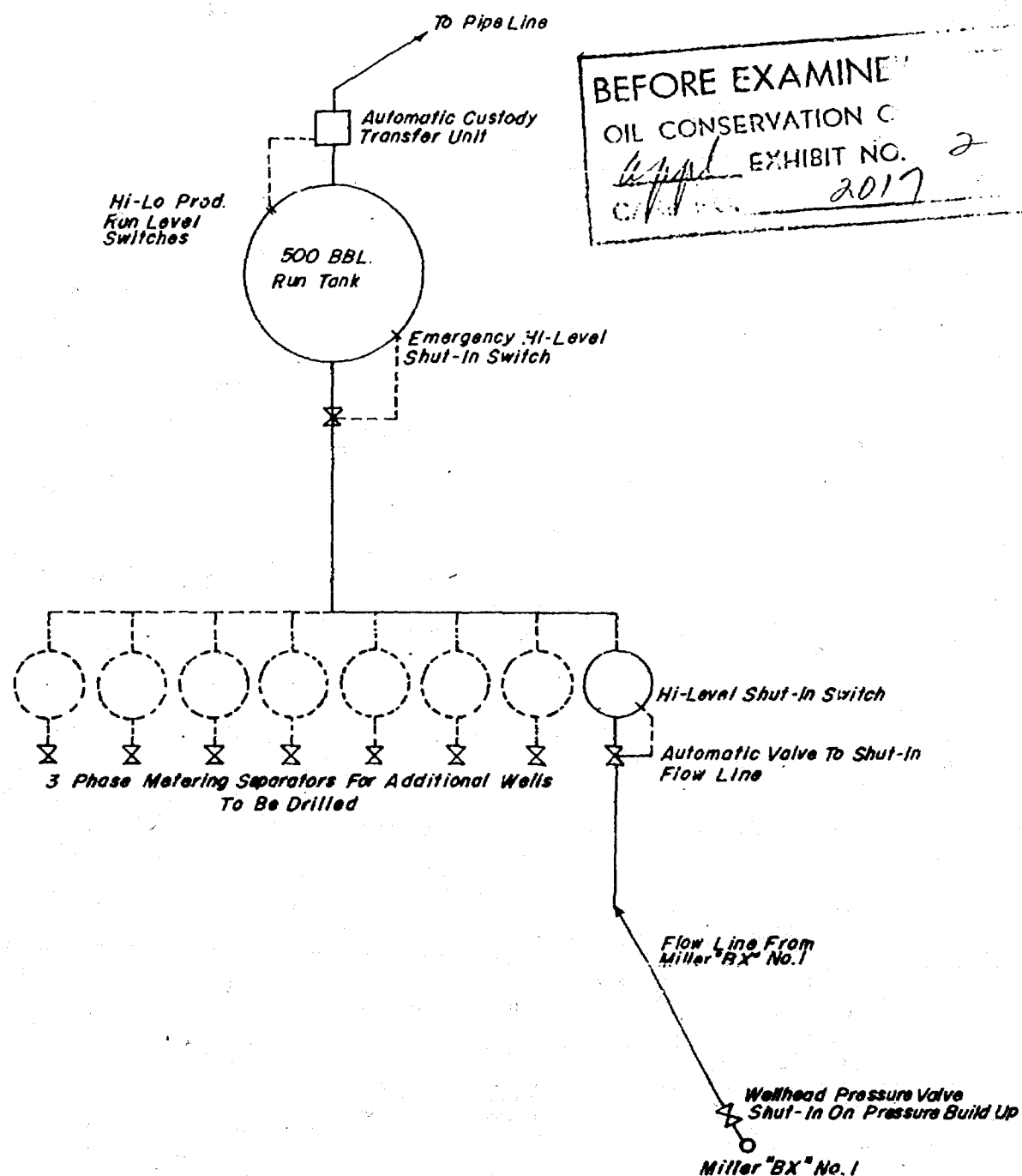
EXHIBIT No. I

RJD-REC

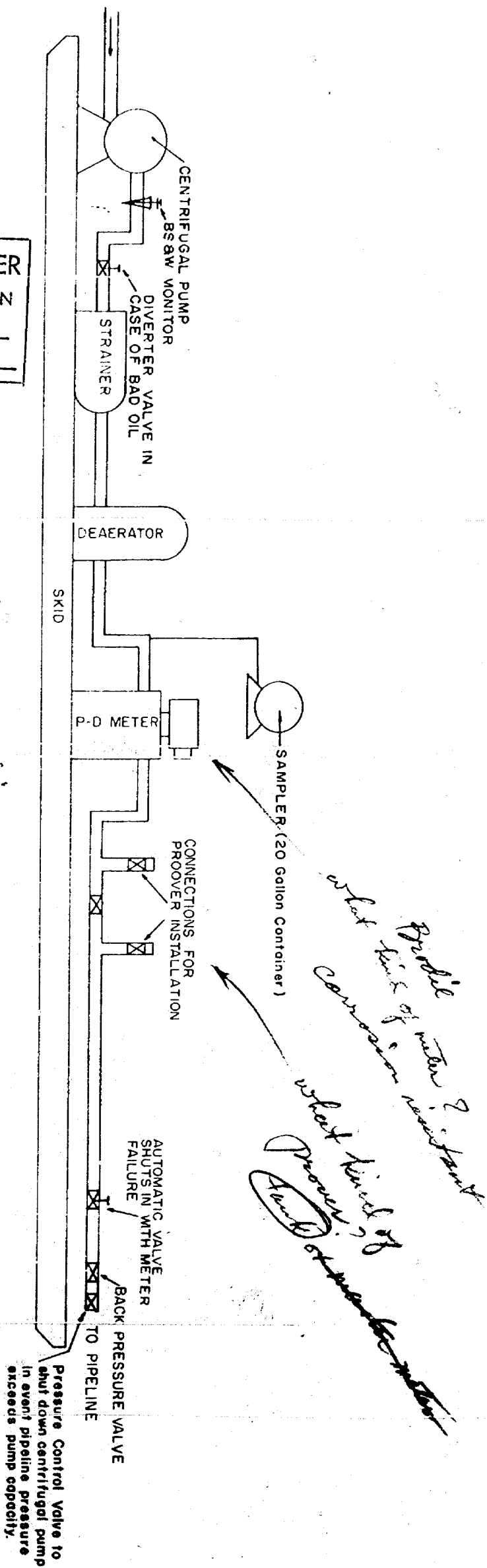
6-24-60



**AUTOMATIC CUSTODY TRANSFER UNIT**  
**MILLER "BX" LEASE**  
**LEA COUNTY, NEW MEXICO**



# PROPOSED SKID MOUNTED AUTOMATIC CUSTODY TRANSFER UNIT



BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 2017

CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
PROPOSED SKID MOUNTED AUTOMATIC  
CUSTODY TRANSFER UNIT  
RJD-REC  
6-24-60

EXHIBIT III

*Case  
2017  
contd ants  
industry transfer*

NEW MEXICO OIL CONSERVATION COMMISSION  
Examiner Hearing (Daniel S Nutter)  
Santa Fe, NEW MEXICO

REGISTER

HEARING DATE July 27 & 28, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Herbert D Miller	Amerasia Pet. Corp.	Tulsa, Okla.
M.A. MacLENNAN	Continental Oil Co.	Durango, Colo.
E. O. COTHARP	Continental Oil Co.	Artesia, N. Mex.
J. Q. McGuire	Continental Oil Co.	Artesia, N. Mex.
Jason Kellahin	Kellahin & Fox	Santa Fe
Wm Federici	Shell Oil Co.	Santa Fe
R. A. LOWERY	Shell Oil Co.	Roswell, N.M.
R.M. Sanders	Sinclair Oil Co.	Midland, Tex.
Frank E. Luby	State Engineer Office	Santa Fe
Everly Wood	Ed Paso Volina Oil & Prod	Farmington, N.M.
M. C. Davis	Renton Well Equip Co.	Denver, Colo.
Ed Thompson	U.S.G.S.	Roswell, N.M.
Jim Kozak	U.S.G.S.	Artesia, N.M.
L. C. White	Robert White & White	Santa Fe
P.M. Bary	Mobil Oil Co.	Durango, Colo.
Ed Thompson	" " "	" "
R. C. Mills	" " "	" "

## NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Daniel S. Nutter)Santa Fe, NEW MEXICOREGISTERHEARING DATE Jul 27 & 28, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
H. C. Dutton	Humble	Hobbs
Wm. A. Davis	Humble	Midland
Douglas N. Eppell	Humble	Midland
Burns H. Grebow	Modell et al	Albuquerque
J. H. Cavin	Humble Oil & Gas Co.	Roswell
J. R. McMinin	" " " " "	" " " " "
ALBERT H. GREEN	PAN AMERICAN	LUBBOCK TEX
Jack McCampbell	Campbell & Russell	Roswell NM
William M. Huffitt	Continental Oil Co.	Denver, Colo.
Edward J. Matchus	Union Oil Co. of Calif	Midland Texas
Frank Newman	Standard Oil Co.	Roswell
Sam A. Lyght	Union Oil Co. of Calif	Midland
W D Owens	Union Oil Co. of Calif	Midland.
Neal H. Potts	Cabcon Exploration Corp.	Roswell, N.M.

## NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Daniel S Nutter)Santa Fe, NEW MEXICOREGISTERHEARING DATE July 27 & 28, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Bill Costa	Gulf Oil Corp.	Roswell
J. W. McGee	Gulf Oil Corp.	Hobbs
Geo. W. Smith	Self	Farmington
Harry E. Lawrence	Self	Roswell
Ross Brunner	Self	Midland
Stanley J. Starkey	Benson-Martin-Grier	Farmington

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 27, 1960

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Continental Oil Company for )  
an order authorizing an automatic custody )  
transfer system to handle the Maljamar )  
Pool production from its Miller "BX" lease )  
comprising in pertinent part the E/2 of )  
Section 14, Township 17 South, Range 32 )  
East, Lea County, New Mexico )  
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Case 2017

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

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

The first case this morning will be Case 2017.

MR. PAYNE: Application of Continental Oil Company for an  
order authorizing an automatic custody transfer system to handle  
the Maljamar Pool production from its Miller "BX" lease comprising  
in pertinent part the E/2 of Section 14, Township 17 South, Range  
32 East, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin,  
Kellahin and Fox, Santa Fe, representing the applicant, and we will  
have one witness, Mr. Coltharp.

(Witness sworn.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



E. D. COLTHARP

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A E. D. Coltharp.

Q By whom are you employed and in what position?

A Continental Oil Company, District Engineer, Artesia District.

Q Have you previously testified before the Oil Conservation Commission of New Mexico as a petroleum engineer?

A Yes, sir.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, if I knew how to spell his name.

A E. D. C-o-l-t-h-a-r-p.

MR. NUTTER: Please proceed, Mr. Kellahin.

Q Are you familiar with the application in the case before the Commission?

A Yes, sir.

Q Would you state briefly what is proposed in the application?

A This is an application of Continental Oil Company for

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



a transfer system for its Miller "BX" lease, located in the East Half of Section 14, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

Q Are there any wells presently located on that lease?

A Yes, sir. We have just a recently completed well, Miller "BX" No. 1 well, completed on June the 13th, 1960, and that well was completed for an initial flowing I.P. of 286 barrels per day on a 15-64 S choke, flowing on 600 pound tubing pressure with GOR of 1821. Another well, Miller "BX" No. 2, was recently treated on July 25 of 1960 and we're presently recovering load oil from treatment. We presently have plans for additional wells on this lease.

Q What zone are those completed in?

A Grayburg-San Andres pay of the Maljamar Pool.

Q Is there a possibility of production from other zones in this area?

A There is possibility of other production, yes, sir.

Q Is it your present proposal to commingle all the production from the lease?

A Yes.

Q Is the ownership common throughout?

A Yes, sir.

Q And Continental Oil Company is the operator?

A Yes, sir.

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Q Of the entire lease? A Yes, sir.

Q Now, referring to what has been marked as Exhibit No. 1, would you discuss the information shown on that exhibit?

A Yes, sir.

Q Exhibit 1 is location and ownership map showing the Miller "BX" lease as outlined in red and the Maljamar Cooperative Agreement area, which is below and to the left of the green line drawn across the plat.

Now, this lease is in the Northeast corner of the Maljamar Cooperative area and it lies within the Maljamar Cooperative area. This red outlined lease is the East Half of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico. The proposed location of the subject tank battery, or the battery, is at the point indicated in the center of the lease in red.

Q Now, referring to what has been marked as Exhibit No. 2, would you discuss that exhibit?

A Exhibit 2 is a schematic drawing of the proposed battery. Production from each well will flow through an individual three-phase metering separator and then on to a custody transfer run tank, which is the 500 barrel tank, and then on through the automatic custody transfer unit into the pipeline. At present no water is produced from the presently producing well. Therefore, no treating facilities are required on this lease.

Q In the event there is water production, will a treater

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be installed?

A Yes, sir. We can install a heater treater between the 500-barrel run tank and the three-phase metering separators.

Q How will the movement of fluid through the transfer unit be governed?

A It will be governed by two things. One thing, if at any time there is no oil coming through it will automatically shut down by low pressure switch, and also, at any time that the pipeline is unable to take the oil, a pressure switch will also accutate the unit and shut it in so the oil will run from the 500-barrel tank through the automatic custody transfer unit and on to the pipeline. There's a high level and low level production run switch in this 500-barrel tank which will shut it down.

Q I notice from the exhibit that you have a three-phase metering separator for each of the wells, is that correct?

A Yes, sir. We will have one for each well.

Q And that means that each well will be individually metered before going into the run tank?

A Yes, sir.

Q Will that provide an accurate test of the production from each of the individual wells?

A It will provide as accurate a test as possible to be made at this time.

Q What type of meters do you propose to use there?



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A Those will be three-phase dump type meters. I mean they're volume dump type meters and they will have an intermittent sampler on the oil leg and these three-phase will meter the gas, the oil, the water and then check out on the sampler. So, actually, we will end up with a net oil as near as possible reading.

Q Now, referring to what has been marked as Exhibit No, 3, would you discuss that exhibit?

A Exhibit No. 3 is actually a schematic drawing showing the automatic custody transfer unit. As shown on the drawing, the connections will be available for testing for the metering facilities, and by that we must have at least, according to most pipeline requirements, a test approximately once every month. They vary after so long a time, but we will be able to prove that P.D. meter and we will try to keep as accurate oil measurements as possible by being able to prove that meter.

Q Who is the purchaser of the oil on this lease?

A At the present time it will be New Mexico Pipeline.

Q Has this proposal been submitted to the New Mexico Pipeline?

A Yes, it has been submitted to them and approved.

Q And they have agreed to this type of installation and will take the oil?

A Yes, sir. Excuse me, that was Texas-New Mexico Pipeline.

Q Will this type of installation enable Continental Oil



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Company to make all the tests that are required by the Oil Conservation Commission?

A Yes, sir.

Q In your opinion is it in the interest of conservation?

A Yes, sir.

Q Will all of the rights of the property owners involved in this lease be protected by this type of installation?

A Yes, sir.

Q Were Exhibits 1, 2 and 3 prepared by you or under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: I would like to offer in evidence Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1, 2 and 3 will be accepted.

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

MR. NUTTER: Any questions of Mr. Coltharp?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q How many wells are on this lease at present?

A Right at the present time, two wells, one producing and



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one recovering oil.

Q You plan six more?

A Yes, sir, approximately six more.

Q Do you feel that your 500-barrel storage is sufficient when you have the lease drilled up, in view of the fact that it will shut in if your storage is full?

A Yes, sir.

Q It does do that, doesn't it?

A Yes, sir. Naturally on this automatic custody transfer we'll be able to have about 400-barrel storage. You will keep 100 barrel above or below your high and low level switch. So, 400 barrels of production on an average day right now take care of ten wells for one day, and that's what we were thinking about.

Q Is this sour crude or sweet crude?

A Its' sour crude, yes, sir.

Q Are these metering separators, are you going to have any problem with corrosion or paraffin?

A We haven't in the past and we don't expect it in the future.

MR. PAYNE: Thank you.

MR. NUTTER: Any further questions?

BY MR. NUTTER:

Q What kind of a meter will be used in the automatic custody transfer unit?

A It will be a Brodie P.D. meter. It has the quadra-control



on it, it will actually shut in as soon as it has made its lease allowable.

Q Is this the kind of meter that will print a ticket to show the true print?

A Yes.

Q Will this be a corrosion resistant meter?

A Yes.

Q What kind of prover will you use, tank or master meter?

A We'll use a tank on that.

MR. NUTTER: Any further questions of Mr. Coltharp?

He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all.

MR. NUTTER: Does anyone have anything for Case 2017?

If not, we will take the case under advisement and take Case 2018.

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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 29th day of July, 1960.

*Ada Dearnley*  
 Notary Public-Court Reporter

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. 2017, heard by me on 7/27, 1960.

*[Signature]*, Examiner  
 New Mexico Oil Conservation Commission

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