

CASE 2085: Application of GULF OIL
for permission to commingle from all
wells on its Eunice King Lease.

of Gulf Oil Co.
2-2-53

~~Hold all
Lapra
W. H. H. H.
2-2-53
app~~

Case No.

2085

Application, Transcript,
and Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 7, 1968

Case 2088

**Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240**

Attention: Mr. C. D. Borland

Administrative Order PC-359

Gentlemen:

Reference is made to your application dated June 4, 1968, for an amendment to Commission Order No. R-1813 which authorized the commingling of Brunson and Bare production from your Harry Leonard (HCT-F) Lease in Section 2, Township 21 South, Range 37 East, Lea County, New Mexico, after separately metering the production from each pool. We are now in receipt of the 60-day production record supporting your request to delete the metering requirement of the subject order inasmuch as all production going into this battery is of marginal nature.

An R- order of the Commission cannot be amended without a hearing. However, this installation is eligible for administrative approval and you are hereby authorized to commingle the aforesaid production as before except that the allocation to each well and to each pool shall be on the basis of periodic well tests. Please notify the Commission at such time as any well connected to the subject battery is capable of top allowable production.

That portion of Commission Order No. R-1813, dated October 24, 1960, relating to commingling is hereby put in abeyance.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSM/esr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs

**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. 2005
Order No. R-1787**

**APPLICATION OF GULF OIL CORPORATION
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM SEVERAL SEPARATE
POOLS AND FOR PERMISSION TO INSTALL
THREE AUTOMATIC CUSTODY TRANSFER
SYSTEMS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 21, 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 3rd day of October, 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, Gulf Oil Corporation, is the owner and operator of the Eunice King Lease, comprising the N/2 of Section 28, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool on the above-described lease after separately measuring the production from each of said pools and to install an automatic custody transfer system to handle said commingled production.
- (4) That the applicant further proposes to commingle the production from the Wantz-Abo Pool, Paddock Pool, Penrose-Skelly Pool and Drinkard Pool on the above-described lease after separately measuring the production from each of said pools and to install an automatic custody transfer system to handle said commingled production.

CASE No. 2085
Order No. R-1787

(5) That the applicant further proposes to commingle the gas condensate production from the Tubb Gas Pool and the Blinbry Gas Pool on the above-described lease and to install an automatic custody transfer system to handle said commingled production.

(6) That the ownership of the Eunice King Lease is common at all depths.

(7) 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 that adequate safety features are incorporated therein.

(8) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool after separately measuring the production from each of said pools, to commingle the production from the Wanta-Abo Pool, Paddock Pool, Penrose-Shelly Pool and Drinkard Pool after separately measuring the production from each of said pools, and to commingle the gas condensate production from the Tubb Gas Pool and the Blinbry Gas Pool, from all wells on its Eunice King Lease, comprising the N/2 of Section 28, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.

(2) That the applicant be and the same is hereby authorized to install three automatic custody transfer systems to handle the said commingled production, one for the Brunson-Hare production, one for the Wanta-Abo, Paddock, Penrose-Shelly and Drinkard production, and one for the Blinbry-Tubb production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Eunice King Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer systems malfunction, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut down the lease production in the event the storage facilities become full.

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CASE No. 2005
Order No. R-1787

IT IS FURTHER ORDERED:

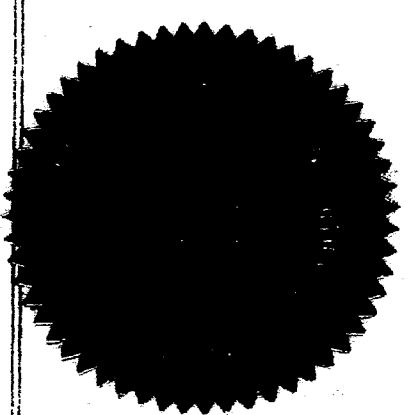
That all meters used in the above-described automatic custody transfer systems shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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 H. Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

ESR/

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 671
SANTA FE

Mr. Bill Eastler
Gulf Oil Corporation
Box 686
Roswell, New Mexico

Re: Case No. 2085
Order No. R-1787
Applicant:
Gulf Oil Corporation

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

DOCKET: EXAMINER HEARING, WEDNESDAY, SEPTEMBER 21, 1960

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

* Case Nos. 2083 through 2089 will not be heard before 1 p.m.

CASE 2055: (Continued)

Application of Aztec Oil & Gas Company for a gas-gas dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 12-D, located in Unit H, Section 7, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant proposes to install 2 3/8-inch tubing to produce the Dakota gas.

NEW CASES

CASE 2073: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 18-D, located in Unit B, Section 5, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2074: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 16-D, located in Unit K, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

Docket No. 27-60

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CASE 2075: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 15-D, located in Unit B, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2076: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hare Well No. 15-D located in Unit D, Section 10, Township 29 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Aztec-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2077: Application of El Paso Natural Gas Company and Sinclair Oil & Gas Company for two non-standard gas proration units. Applicants, in the above-styled cause, seek an order establishing two 191-acre non-standard gas proration units in the South Blanco-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, one comprising the NE/4 and lots 1 and 2 of Section 18, the other comprising the SE/4 and lots 3 and 4 of said Section 18, both in Township 24 North, Range 3 West. Said units are to be dedicated respectively to the Tonkin Federal Well No. 3, located 1470 feet from the North line and 1750 feet from the East line of said Section 18 and to the Tonkin Federal Well No. 4, located 1500 feet from the South line and 990 feet from the East line of said Section 18.

CASE 2078: Application of Chambers & Kennedy for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monterey State Well No. 2, Unit D, Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Yates oil pool and the production of oil from the North Shugard Queen-Grayburg Pool through parallel strings of 1½-inch and 2 3/8-inch tubing respectively.

CASE 2079: Application of Socony Mobil Oil Company for a "slim-hole" oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its E. O. Carson Well No. 23, located 760 feet from the South line and

860 feet from the West 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 Paddock Pool and the production of oil from the Wantz-Abo Pool using parallel stings of 2 7/8-inch tubing cemented in a common well bore.

CASE 2080:

Application of W. H. Swearingen for an amendment of Order No. R-1748. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1748 to include the SE/4 NW/4 of Section 21 with the remainder of the N/2 of said Section 21, both in Township 18 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas unit in the Atoka-Pennsylvanian Gas Pool. Applicant further seeks a determination of the well costs which are to be paid by the parties.

CASE 2081:

Application of Phillips Petroleum Company and Phillips Chemical Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum Pool from all wells on the following-described portions of three State leases:

State Lease No. B-2073, SE/4 NE/4 of Section 19

State Lease No. B-2388, NW/4 SE/4 of Section 20

State Lease No. B-1501, NE/4 NW/4 of Section 29

all in Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 2082:

Application of Pan American Petroleum Corporation for off-lease storage of oil. Applicant, in the above-styled cause, seeks an order authorizing it to store the Empire-Abo Pool production from its Malco "N" Lease (NW/4 and N/2 SW/4 of Section 15) in a separate tank battery to be located on its State "BR" Lease (NE/4 NE/4 of Section 16), both in Township 18 South, Range 27 East, Eddy County, New Mexico.

The following cases will not be heard before 1 p.m. on September 21, 1960.

CASE 2083:

Application of Gulf Oil Corporation for a 160-acre non-standard gas proration unit and for an order force-pooling the mineral interests therein. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests within the vertical limits of the Tubb Gas Pool in a 160-acre

non-standard gas proration unit consisting of the W/2 E/2 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, including the following non-consenting interest owners: J. M. Newton, Ronald J. Byers, Robert E. Byers, and Constance E. Byers. Said unit is to be dedicated to the Naomi Keenum Well No. 2, located 660 feet from the South line and 1980 feet from the East line of said Section 14.

CASE 2084:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Terry-Bliebry Pool with the production from the North Paddock of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

CASE 2085:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Wantz-Abo Pool, Paddock Pool, Penrose-Skelly Pool and Drinkard Pool with the gas condensate production from the Tubb Gas Pool and the Bliebry Gas Pool from all wells on its Eunice King Lease consisting of the N/2 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

CASE 2086:

Application of Gulf Oil Corporation for 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 Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled on the M. M. Harris Lease comprising the NW/4 of Section 8, Township 12 South, Range 38 East, Lea County, New Mexico.

CASE 2087:

Application of Gulf Oil Corporation for 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 Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled

Docket No. 27-60

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on the Lea-State "AV" Lease comprising the NW/4 of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico.

CASE 2088:

Application of Tennessee Gas Transmission Company for an amendment of Order No. R-1755. Applicant, in the above-styled cause, seeks an order amending Order No. R-1755 to expressly designate the applicant as operator of the unit pooled in said order with all powers incidental to the proper operation of the unit including the power and authority to market the production from the unit well.

CASE 2089:

Application of Val R. Reese & Associates, Inc. for the promulgation of special rules and regulations governing the Escrito-Gallup Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing and production of oil and gas wells in the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico and further, to extend said pool to include all of Section 25, Township 25 North, Range 7 West.

MAIN OFFICE **Gulf Oil Corporation**

ROSWELL PRODUCTION DISTRICT

1960 SEP 27 AM 8:08
W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
G. A. Price
DISTRICT SERVICES MANAGER

September 26, 1960

P. O. Drawer 669
Roswell, New Mexico

Re: Case No. 2085
Examiner Hearing
September 21, 1960

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

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

Gentlemen:

Reference is made to the testimony presented in the above case heard before Mr. Dan Nutter at the Examiner Hearing on September 21, 1960.

As you know, Gulf stated that the purchaser of production from the Eunice-King Lease had not approved the commingling of Tubb and Blinebry gas condensate in the sour crude battery, as a result of this two flow diagrams namely Exhibits No. 2 and No. 2A were presented. It was also stated that we would inform you which installation would be used depending on the purchaser's decision.

Please be advised that the purchaser does not want the Tubb and Blinebry gas condensate commingled in the sour battery, therefore, the installation will be as described in Exhibit No. 2A. This provides for separate storage and ACT equipment for handling Tubb and Blinebry gas condensate.

We wish to take this opportunity to thank you and your staff for the kind consideration in the method of handling this matter, and should you desire additional information, please advise.

Yours very truly,

W. A. Shellshear

W. A. Shellshear

JHH:dd



2085

Gulf Oil Corporation

MAIN OFFICE OCC
ROSWELL PRODUCTION DISTRICT

W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
G. A. Price
DISTRICT SERVICES MANAGER

1960 SEP 2 AM 8:41

P. O. Drawer 669
Roswell, New Mexico

August 31, 1960

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Application for Approval of ACT System
and Request for Permission to Commingle
Oil and Condensate Produced from
Several Reservoirs Underlying Gulf's
Eunice King Lease, N/2 Section 28,
T-21-S, R-37-E, Lea County, New Mexico

Gulf Oil Corporation herewith makes application for exception to the applicable rules and regulations of the New Mexico Oil Conservation Commission to install and operate automatic custody transfer equipment on the subject lease. Applicant further requests authority to commingle all sweet crude production on the lease into a separate ACT battery and to commingle all sour crude and condensate produced from the lease into another ACT battery.

In order to fully utilize these ACT systems, Gulf Oil Corporation will request exceptions to:

- (1) NMOCC's Rule 309 (a) which requires measurement of oil in tanks before such oil is transported from the lease.
- (2) NMOCC's Rule 303 which prohibits the commingling of oil between pools.

In support of this application Gulf Oil Corporation states the following:

- (A) Applicant is the owner and operator of the Eunice King Lease which consists of the N/2 of Section 28, T-21-S, R-37-E, Lea County, New Mexico.
- (B) There is no diversity of royalty ownership underlying the above described lease.
- (C) Applicant proposes to commingle Brunson and Hare production into the sweet crude ACT battery and commingle Wantz Abo, Paddock, Penrose Skelly, and Drinkard crude production and Tubb gas and Blinebry gas condensate production into the sour crude ACT battery.



Handwritten:
9-9-60
[Signature]

- (D) Applicant proposes to meter production from each of the above pools prior to commingling.
- (E) The proposed installation will have adequate facilities for all required tests and will result in efficient accounting of crude oil transferred to the pipe line gathering system.
- (F) The granting of this application is in the interest of conservation and will protect correlative rights.
- (G) By copy of this letter all offset operators and the pipe line concerned are notified of this application.

Gulf Oil Corporation respectfully requests that this matter be set for hearing at any early date.

Respectfully submitted,

GULF OIL CORPORATION

By: W. A. Shellshear
W. A. Shellshear

FWM:hs

cc: Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Atlantic Refining Company
Post Office Box 1610
Midland, Texas

Socony-Mobil Oil Company
Post Office Box 3115
Midland, Texas

Ohio Oil Company
Post Office Box 552
Midland, Texas

Sunray Mid-Continent Oil Company
1101 Wilco Building
Midland, Texas

Tidewater Oil Corporation
Post Office Box 547
Hobbs, New Mexico

Oil Conservation Commission

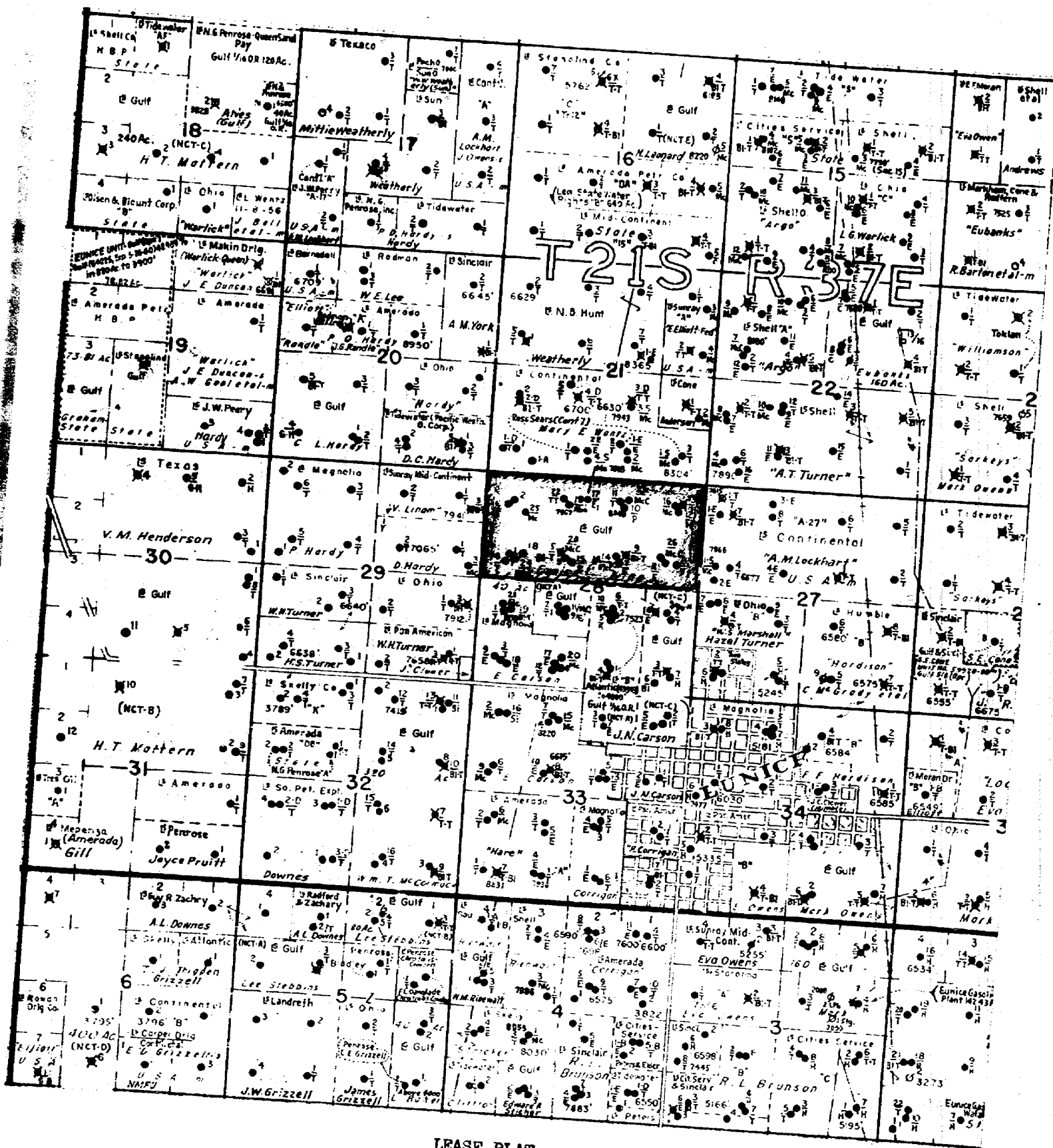
August 31, 1960

Page 3.

cc: Continental Oil Company
825 Petroleum Building
Roswell, New Mexico

Shell Oil Company
Post Office Box 1957
Hobbs, New Mexico

Shell Pipe Line Corporation
Post Office Box 1509
Midland, Texas



LEASE PLAT
EUNICE KING
Lea County, New Mexico

- LEGEND -

Pertinent Gulf Lease

Gulf Oil Corporation

BEFORE THE
OIL CONSERVATION COMMISSION
September 21, 1960

Examiner Hearing

IN THE MATTER OF:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Wantz-Abo Pool, Paddock Pool, Penrose-Skelly Pool and Drinkard and the Blinebry Gas Pool, from all wells on its Eunice King Lease consisting of the N/2 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

CASE NO.
2085

BEFORE:

Daniel S. Nutter, Examiner
Oliver E. Payne

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Case Number 2085.

MR. PAYNE: Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. SMITH

having been previously duly sworn, was recalled and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Smith, you are the same Mr. Smith who testified in the last case?

A Yes, sir.

MR. KASTLER: Let the record show Mr. Smith is qualified and competent to give further testimony in Case 2085.

MR. NUTTER: The record will so show.

Q (By Mr. Kastler) What is Gulf seeking in application of Case 2085?

A In this case we wish to install and operate automatic custody transfer equipment to commingle all sweet crude into a separate ATC Battery and to commingle all crude from the lease into ATC Battery.

Q Have you prepared a lease plat for introduction into evidence here as Exhibit Number 1?

A Yes, sir.

Q Referring to the lease plat, which is Exhibit Number 1, will you locate Gulf's lease that is pertinent to this lease?

(Whereupon, Applicant's Exhibit 1 was marked for identification.)

A Gulf's lease pertinent to this case is outlined in red



on this plat. It consists of the N/2 of Section 28, Range 21 South, Township 37 East, Lea County, New Mexico.

Q I would like to have that Township 21 South, Range 37 East.

A What did I say?

Q You transposed Township and Range.

A I am sorry. It is Section 28, Township 21 South, Range 37 East, Lea County, New Mexico.

Q Does Exhibit 1 also show all of Gulf's producing wells on its Eunice King lease?

A Yes, sir.

Q Does it as well show the identical of the offset operators?

A Yes, sir.

Q What production does Gulf have on the Eunice King lease?

A We have production from, condensate production from the Tubb Gas and Blinbry Gas, 2 wells each. We have Drinkard production 7 wells, Penrose-Skelly production 4 wells, Paddock production 4 wells, Wantz-Abo production 4 wells.

Q What are all of these wells?

A That consists, that is all sour production, consists of 2 Brunson wells and 5 Hare Pool wells.

Q What present production facilities are installed for handling this production?

A We have a tank battery for each one of these oil pays,



and one for the condensate pay, one for all of the condensate pay.

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.)

Q I now call your attention to Exhibit Number 2 in Case 2085, which is a diagram of the Eunice King Tank Batteries and Lact. Would you state what this schematic diagram shows?

A This is production flow diagram we propose on our 2 automatic batteries. The sour battery is the top battery. The top part of the page we have a common test facility and the sweet battery for the Brunson and Hare on the lower part of the page.

Q Would you please trace the direction of flow from the Drinkard, Penrose-Skelly and then Paddock and Wantz-Abo wells, all of which are flowing into the sour battery or are proposed to flow?

A I think they are identical so I will start at the Drinkard Header to the right and go through from there. You can put the gas that comes there from that Drinkard Header, any one to the test leg or you can go straight across to the left to the production phase. Going across to the left, three phase metering separator where the gas is separated and goes to the gas sales system, the water is separated and measured and goes to the salt water disposal unit and the oil is separated and measured and sampled and joins, commingled with the other sour oil pays and goes into the heater from the heater it goes into the Settling Tank and will remain until the BS&W is separated and we have a BS&W monitor, continuous circulating type arrangement that takes a sample just



below the spill off, just below the level of the spill over line of the Surge Tank. Any oil that gets to the spill over line will be good oil. Upon indication of bad oil, high BW&S oil, the shut-in valve to the left of the Settling Tank is shut, closed, and production builds up and spills over into the suction of the circulating pump and the circulating pump starts recirculating this production back upstream of the heater and you still have other production coming in. If the BS&W Monitor couldn't do it before you reach good oil in the settling tank, the oil of the production from these four oil zones are shut-in at the headers, which consequently shut them in at the wells. If the oil is good, it goes. If it cleans itself, the shut-in valve will open and go into the total four pay zones. It will be metered with the dump meter and there is a set stop counter for the total allowable, monthly allowable for those four pays on these dump meters. That is the purpose of these dump meters at this point. Then the production would go to the surge tank and be joined by condensate at that point and on to the pipe line.

Q Would you trace the production in the event a test is desired, a flow diagram?

A If the test is desired, coming from the same Drinkard Header we would take, come out of the Header going downward on that line to the test line and then back to the left into the pressure test heater, gas is separated and measured, goes to the gas sales system, water is separated and measured and joins the



water system, totaling system. Oil is separated and measured and goes back through a respective diverter valve which would be open, this would close and open valves, the second from the header. It is the first one on the end. It would lead it back to its respective pay stream, production stream would be the Drinkard production stream, where it will be joined and go through the 3 phase metering and there is a high level float control in this test heater treater that should one of the meters fail for some reason and the level is reached in the tank, the fluid of the vessel, it would automatically at the Header kick this well off the test and back into production.

Q Now, would you trace the flow of the condensate?

A The condensate production comes into the header, 2 Tubbs and 2 Blinbry gas wells that all make condensate. This is not an automatic header valve arrangement, it is a normal manual header and we come on in there to your master lease shut-in valve and then into a separator where the gas is separated and goes to the gas sales and in through a Dump Meter where the total condensate is measured before it joins the rest, the sour oil production just upstream of the Surge Tank.

MR. NUTTER: This condensate, I presume, is the high pressure separators?

A The high pressure separators are located at the well and is simply the low pressure separator.

Q (By Mr. Kastler) What company takes the high pressure gas?



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A Permian Gas and Pipeline takes the high pressure gas and Warren takes the low pressure gas.

Q Mr. Smith, in this proposal, does every vessel have failure features?

A All the three phase metering as well as the condensate separator, the test heater treater, the two settling tanks, and the two suction tanks both have Varec fluid level controls and any one of these three phase meters, if there should be failure or for some reason the oil wasn't going through, it would shut in the appropriate wells on that pay zone. It would shut in all the wells on that header.

Q What pipe line is taking the oil and condensate?

A Shell Pipe Line is taking the oil and condensate.

Q Has Shell Pipe Line okayed this proposal?

A Yes, sir, from the standpoint of taking it as we plan, with the exception of commingling the condensate with the sour crude production. And due to the illness of the man that is to make this decision, he is out of town, we have not been able to receive a decision on this before the hearing, so we therefore prepared and do now submit this flow diagram. It is supposed to be labeled 2A, I forgot to put it on there, I will afterwards. It should be 2A, Exhibit 2A.

Q Now, Mr. Smith, in this alternate proposal, what is different from the original proposal which is shown on Exhibit 2?

A If you will hold them side by side so you can see the



difference, coming from the condensate separator we have taken out the Dump Meter and it will go into a Surge Tank and through a BS&W monitor, the Surge Tank, of course, is a V_grec fluid control level and the BS&W monitor will prevent running any excess BS&W to the pipe line and separate Lact units. So in a sense we are asking here for, we are submitting two proposals and as soon as we can find out, which would be a day or two we think, we would let you know which to act on. Also you put a separate unit in for the condensate, it allows to take the dump meter from between the settling tank and Surge Tank and move our set stop counter down to the PD meter on the ACT unit.

Q And Gulf proposes to notify the Oil Conservation Commission within a very short time of which proposal it will follow?

A Yes, sir.

Q I now call your attention to Exhibit Number 3, this is the Central Battery Lact Unit, and Mr. Smith, does this differ in any particular way from the proposed Lact unit in the previous case which is Case 2084?

(Whereupon, Applicant's Exhibit Number 3 was marked for identification.)

A No, sir, it does not. Everything that I said for the previous case stands for this one.

Q If the Commission please, I would like to request that the portion of our case 2084 applying to the lease automatic



custody transfer system be incorporated into this record to save duplication.

MR. NUTTER: We will take note of that.

A The only difference that can be is which system we go on. If we go on Exhibit 2A, both Lact units will be identical, in fact, all flow we put in will be identical.

Q You will put in three Lact units?

A With a set stop counter on the Sweet Battery on the PD Meter but not one on the sour PD. The set stop will then be on the Dump Meter too.

Q Would they realize a saving on installing this automatic proposal over the present operating facilities?

A Yes, sir, both in labor saving and employment. We are at the point we need to add some additional treating facilities; at this time we will also be able to salvage a great deal of equipment that is now on the lease.

Q Salvage for use in this set up or on other leases?

A Yes.

Q Which would you be salvaging it for, for other leases?

A Salvage for other leases, mostly tankage and several heaters, treaters as well and separators also, be used on new leases where additional equipment is needed.

Q In the application, in the interest of protection of correlative rights, is it true it does not impair correlative rights?



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A That is true.

Q Does it incur and involve any waste in your opinion?

A No, sir.

Q Have the offset operators been given notice of this application?

A Yes, sir.

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

A Yes, sir.

MR. KASTLER: This concludes the questions in Case 2085 on direct examination.

MR. NUTTER: Any questions of Mr. Smith? Mr. Payne?

BY MR. PAYNE:

Q Mr. Smith, I notice in both, Case 2084 and 2085, you didn't have any exhibits relative to gravities of the production from the various pools and whether the commingled value of the production has been good, been greater, less or the same as it was not commingled. Now, what affect does the commingling have in 2084 between the Brunson and Hare Pool on the value of commingled production?

A Approximately the same or slight gain according to the time of year you do your calculations. On all my calculations it indicates a slight gain.

Q What about in the Case 2085?

A The same.



Q It is either the same or slight gain?

A It would be if we could put in the condensate the way we can, like a gain, the relative volume. The condensate averages for the year are about 20 barrels per day, which isn't great, it is enough to up-grade the sour to some extent.

MR. PAYNE: Thank you.

BY MR. NUTTER:

Q Does Gulf already have permission to commingle the distillates from the Tubb and Blinebry?

A I cannot recall the order number, it is a previous order in, whereby it is a general condensate from Tubb gas and Blinebry gas and maybe commingled in the same Tank Battery, it is now being done.

Q You are presently doing that?

A Yes, sir.

Q Do the same answers apply in this case that applied in the previous case as to the Varec Valves and the shut-in switches?

A Yes, sir.

Q Do you have any high pressure wells into, in the header?

A Not that I call high pressure, were all flowing wells to have shut-in devices and shut down the pumping wells with electricity.

MR. NUTTER: Any further questions of Mr. Smith? You may be excused.

(Witness excused.)

MR. NUTTER: Do you wish to offer your exhibits at this

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time?

MR. KASTLER: Yes, sir.

MR. NUTTER: Gulf's 1 through 3 will be admitted. Do you have anything further?

MR. KASTLER: No.

MR. NUTTER: Does anyone have anything for Case 2085? We will take the case under advisement and take Case 2086.

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, LEW NELSON, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or 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 the 7th day of October, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Lew Nelson
NOTARY PUBLIC

My Commission Expires:
June 14, 1964

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner Hearing of Case No. 2085
heard by me on 9/21, 1960.
[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6591

ALBUQUERQUE, NEW MEXICO



I N D E X

WITNESS

DIRECT

CROSS

MR. SMITH
By Mr. Kastler
By Mr. Payne
By Mr. Nutter

2

10
11

EXHIBITS

FOR
IDENTIFICATION

OFFERED

Applicant's No. 1
Applicant's No. 2
Applicant's No. 3

2
4
8

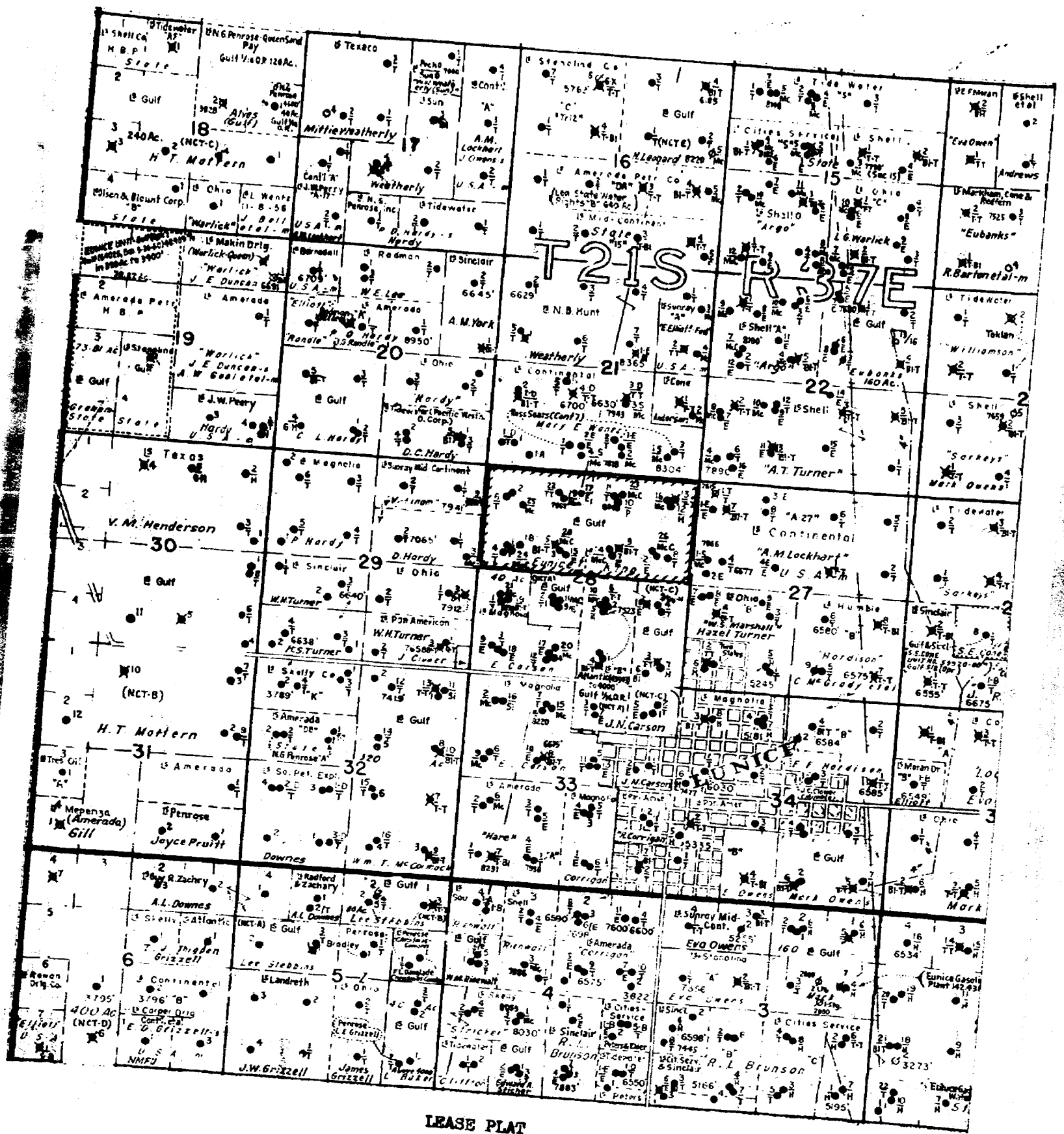
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ALBUQUERQUE, NEW MEXICO





LEASE PLAT
EUNICE KING
Lea County, New Mexico

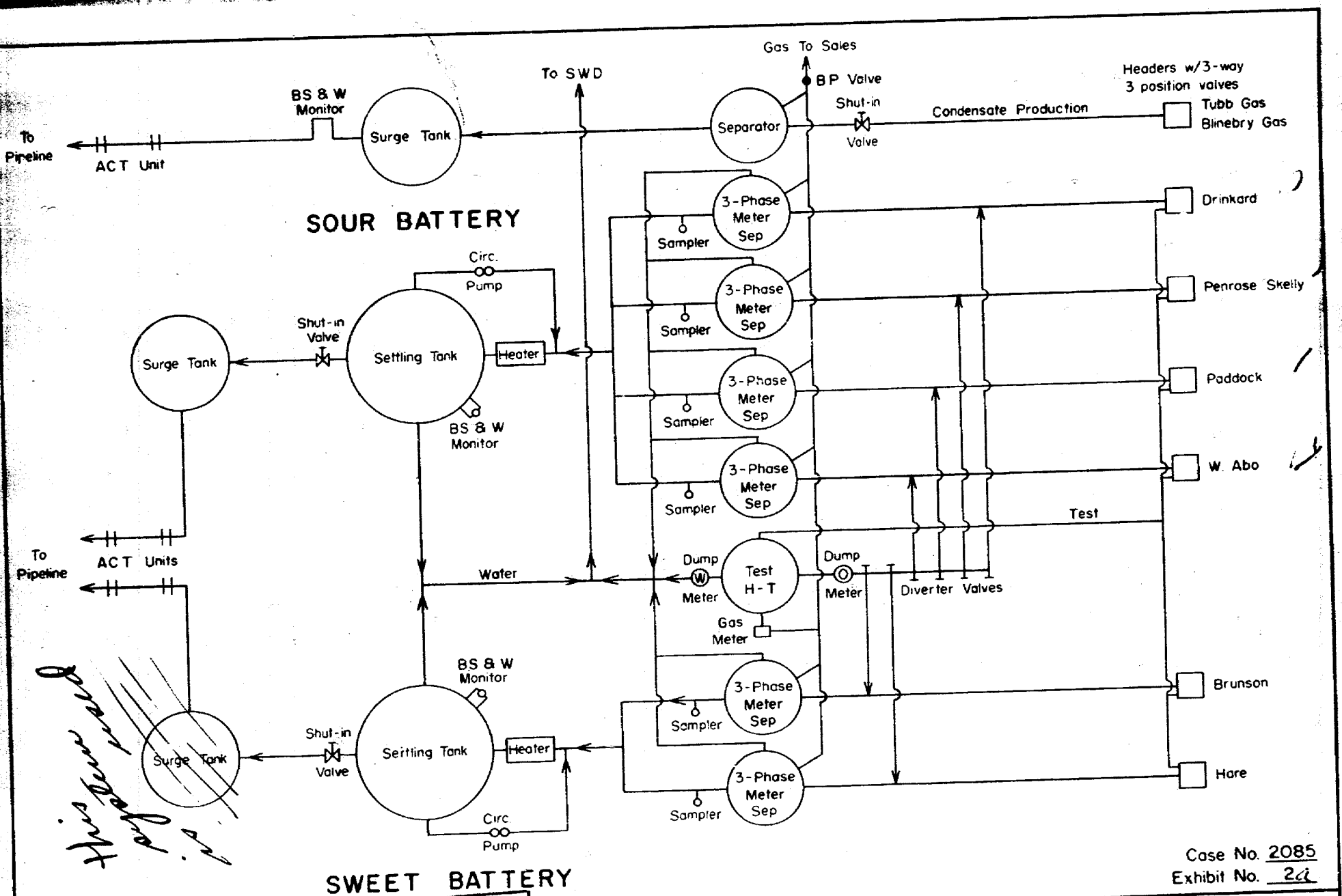
- LEGEND -

Gulf Oil Corporation

Pertinent Gulf Lease

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
Case No. 2085
Exhibit No. 1

September 25, 1960

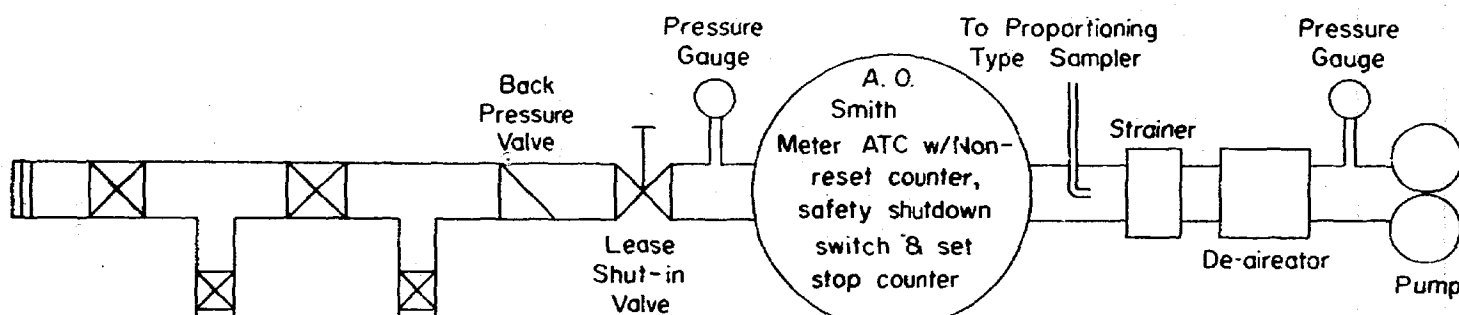


BEFORE EXAMINER NUTTER
U.S. CONSERVATION COMMISSION
App. EXHIBIT NO. 2-a
CASE NO. 2085

PRODUCTION FLOW DIAGRAM OF EUNICE KING
SWEET AND SOUR TANK BATTERIES AND LACT
Gulf Oil Corporation
September 21, 1960

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 2085
~~CENTRAL~~ BATTERY LACT UNIT

Surge Tank



Master Meter Prover
Connections with
Pipeline Seals and
Evertite quick change
couplings w/dust caps

Case No. 2085
Exhibit No. 3

**PROPOSED AUTOMATIC CUSTODY
TRANSFER SYSTEM**

Emice King Lease
Gulf Oil Corporation September 21, 1960

NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2038
SANTA FE, NEW MEXICO 87501

AMENDMENT
COMMINGLING ORDER PC- 358

Company Gulf Oil Company - U. S.
Address P. O. Box 670
City, State, Zip Hobbs, New Mexico 88240
Attention: Mr. C. D. Borland
Lease Name: Eunice King
Description: N/2 Sec. 28, Twp. 21S, Rge. 37E, Lea County.

The above-named company is hereby authorized to commingle production from the following pools

Blinebry and Tubb condensate and Blinebry, Paddock, and Penrose-Skelly Oil.

in a common tank battery, and to determine the production from each pool by

 separately metering the production from each pool prior to commingling

 separately metering the production from
and determining the
production by the subtraction method

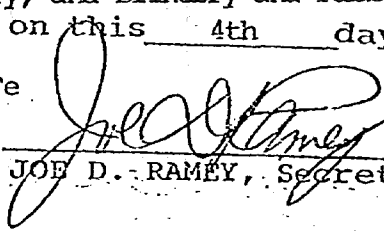
 x well tests (if this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Commission in the event any well producing into the commingled battery becomes capable of top allowable production, at which time the Commission will amend this order or take such other action as may be appropriate)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Commission Rules and Regulations and the Commission "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: Prior to this amendment, PC-358 authorized commingling of Blinebry, Paddock, and Penrose-Skelly production and Drinkard (now unitized) and Wantz Abo (now abandoned) production in one battery, Brunson Ellenburger and Hare production in one battery, and Blinebry and Tubb condensate in another battery.

DONE at Santa Fe, New Mexico, on this 4th day of June 19 75.

cc: OCC Machine Accounting, Santa Fe
MOCC, Hobbs
NFO & GEC, Hobbs
PC 41 File
PC 358 File
Case No. 2085


JOE D. RAMEY, Secretary-Director