

CASE 2129: Application of SINCLAIR
for permission to commingle from 2
pools & 2 separate leases and for
automatic custody transfer system.

Case No.

2129

Application, Transcript,
Small Exhibits, Etc.

DRAFT

RSM/esr
December 2

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

psm
12/2
gcf
12/2
dm
12-2-60
AKP
1/13

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2129
Order No. R-1832

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE
POOLS FROM TWO SEPARATE LEASES,
AND FOR PERMISSION TO INSTALL AN
AUTOMATIC CUSTODY TRANSFER SYSTEM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
November 30, 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 _____ day of December, 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, Sinclair Oil & Gas Company, is the
owner and operator of the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23.

both in Township 14 South, Range 37 East, NMPM, Lea County, New
Mexico.

(3) That the applicant seeks permission to commingle, after
separate measurement, the production from the Denton-Devonian Pool
and the production from the Denton-Wolfcamp Pool from all wells
presently completed or hereafter drilled on the above-described
leases.

(4) That the applicant further proposes to install an
automatic custody transfer system to handle said commingled
production.

(5) 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.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, be and the same is hereby authorized to commingle, after separate measurement ^{of the production from each pool underlying each lease,} the production from the Denton-Devonian Pool and the production from the Denton-Wolfcamp Pool from all wells presently completed or hereafter drilled on ~~the~~ the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23

both in Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, ~~and further to commingle the production~~

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described leases 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 system fails to transfer oil to the pipeline, 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 ^{either} so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, ^{or test the flow-lines to a pressure of at least ~~one~~ 12 times the shut-in pressure of the wells.}

-3-
CASE No. 2129

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 herein-
above designated.

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
AND THE COMMINGLING OF OIL PRODUCED
FROM THE DENTON DEVONIAN POOL AND THE
DENTON WOLFCAMP POOL ON ITS LEE WHITMAN
"A" LEASE, CONSISTING OF NE/4 SECTION
26, AND ITS LEE WHITMAN "B" LEASE, CON-
SISTING OF E/2 SECTION 23, T-14-S,
R-37-E, IN LEA COUNTY, NEW MEXICO

CASE NO. 2129

ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files its application herein, in triplicate, and represents:

1.

That the applicant, Sinclair Oil & Gas Company, is the owner and operator of an oil and gas lease dated July 14, 1943, executed by Lee Whitman and wife, Alice Whitman, as lessor, to Erle Payne, as lessee, covering the E/2 of Section 23 and NE/4 of Section 26, Township 14-South, Range 37-East, in Lea County, New Mexico, the ownership of which was common as to both the interest of lessor and lessee at the time the lease was executed. Sometime after the date of the lease, partial transfers of the lessor's interest occurred and resulted in a differing ownership of the lessor's interest in the tracts hereinafter described, and for convenience the tracts have been operated and developed under separate lease designations as follows:

Lee Whitman "A" lease, comprising NE/4 of Section 26, Township 14-South, Range 37-East;

Lee Whitman "B" lease, comprising E/2 of Section 23, Township 14-South, Range 37-East.

2.

That said leases are productive of oil from the Denton Devonian Pool and the Denton Wolfcamp Pool, and the Lee Whitman "A" lease presently has four Devonian wells and two Wolfcamp wells, and the Lee Whitman "B" lease has two Devonian wells and one Wolfcamp well.

*Books
Mailed
11-17-60
OK*

3.

Applicant proposes to install an automatic custody transfer system to handle the Denton Devonian production and the Denton Wolfcamp production from all wells presently drilled or hereafter completed on said leases. Applicant proposes to measure each zone and each lease by metering devices before commingling the production in the automatic custody transfer system. Said meters will be checked for accuracy at reasonable intervals and the results of such tests furnished to the Commission as may be required by the Commission. All equipment used in the system will be operated and maintained in such a manner as to insure an accurate and separate measurement of the oil produced from each pool and each lease.

4.

Applicant represents that the automatic custody transfer system which it proposes to install is a reliable and economic means of transferring the custody of oil and that the installation of the system and the commingling of the oil after separate measurement is in the interest of prevention of waste and will not impair correlative rights.

WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon, and that upon such hearing the Commission grant its approval of an automatic custody transfer system and the commingling of oil produced from the Denton Devonian Pool and the Denton Wolfcamp Pool on its Lee Whitman "A" and "B" leases, as hereinabove set forth.

HORACE N. BURTON
P. O. Box 1470
Midland, Texas

GILBERT, WHITE AND GILBERT

By *L. White*
Bishop Building
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY

SINCLAIR OIL & GAS COMPANY
 DETAIL OF LEASE AUTOMATIC CUSTODY CONTROL UNIT
 LEE WHITMAN "A" & "B"
 DENTON DEVONIAN & DENTON WOLF CAMP POOLS
 LEA COUNTY, NEW MEXICO

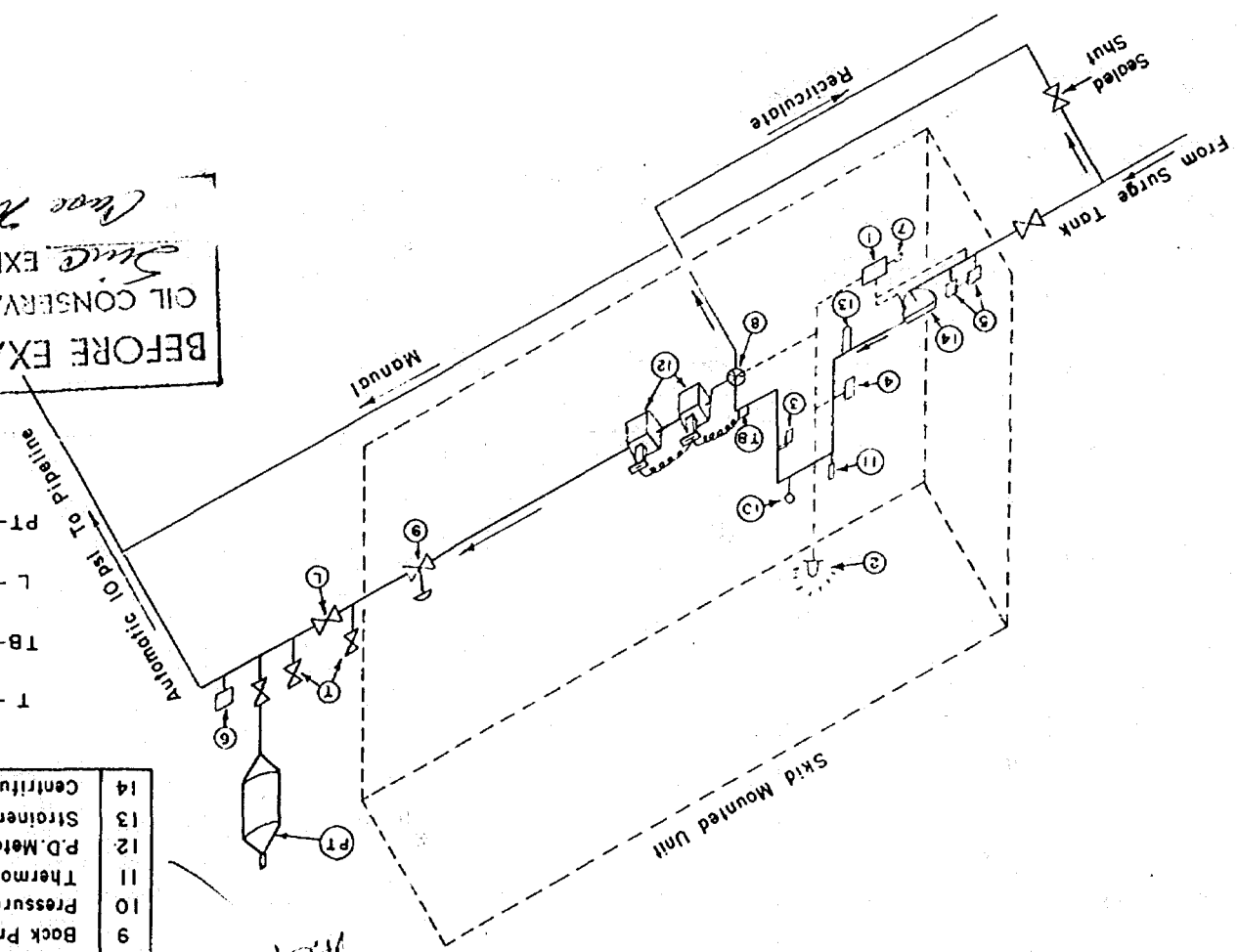
LEGEND FOR SKID MOUNTED UNIT	
ITEM	DESCRIPTION
1	Starter
2	Beacon Light
3	Sampler
4	Monitor B.S. & W.
5	Low Pressure "Stop" Switch
6	High Pressure "Stop" Switch
7	Timer "Start" Switch
8	Electric Valve, 3 way, 2 position
9	Back Pressure Regulator (to maintain 10 psi)
10	Pressure Gauge
11	Thermometer
12	P.D. Meters (Temperature Compensated)
13	Strainer
14	Centrifugal Pump with Electric Motor

- NOTES
- T - Connection For Meter Proving By Master Meter
 - TB - Temperature Bulb For Meter Externally Mounted
 - L - Plug Valve with Leak Test Drain-cock Assembly For Meter Proving
 - PT - Pipe Line Proving Tank

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 3
 Case No 2129

MODEL 301
 700 - 2500 BPD

EX 3



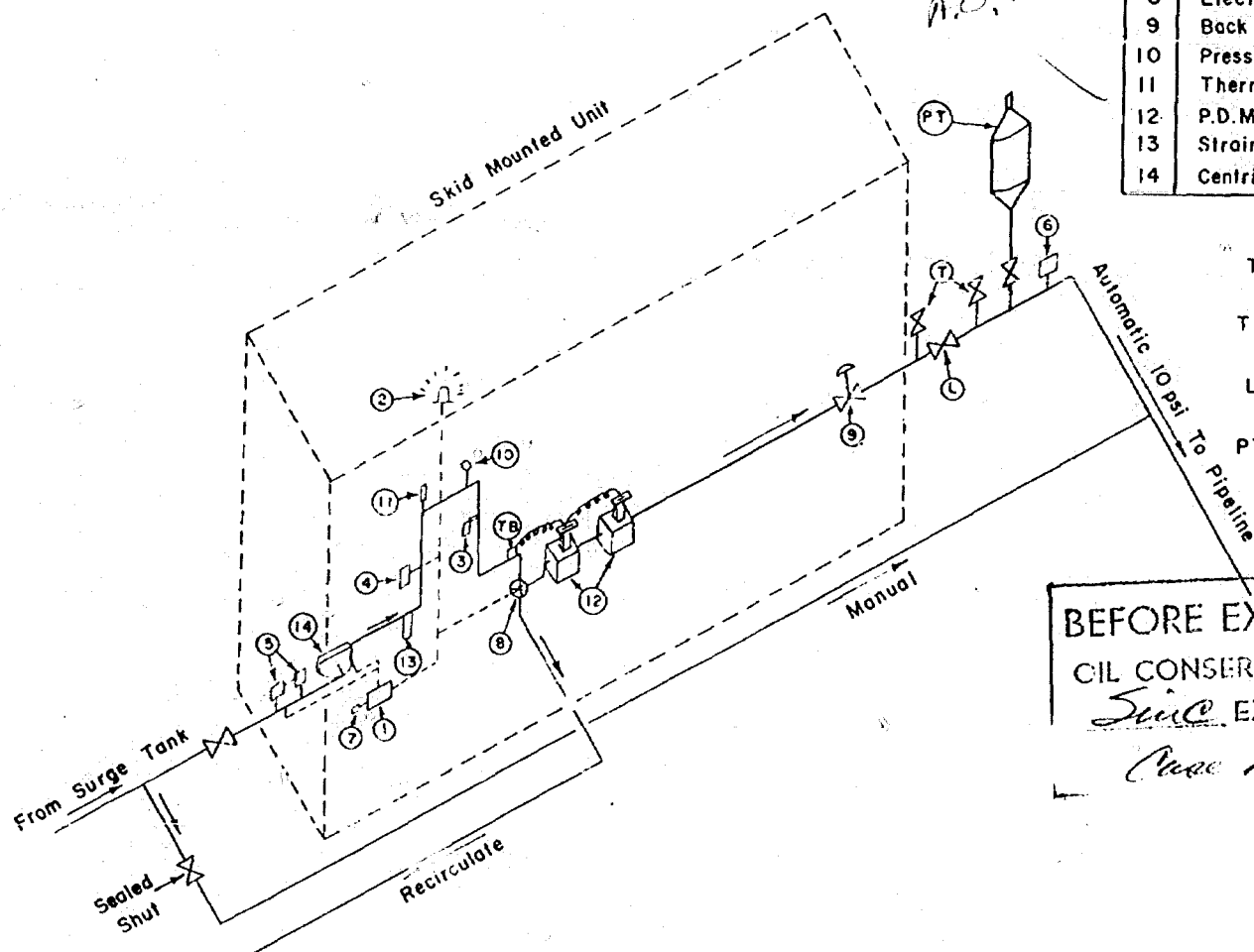
SINCLAIR OIL & GAS COMPANY
 DETAIL OF LEASE AUTOMATIC CUSTODY CONTROL UNIT
 LEE WHITMAN "A" & "B"
 DENTON DEVONIAN & DENTON WOLFCAMP POOLS
 LEA COUNTY, NEW MEXICO

LEGEND FOR SKID MOUNTED UNIT

ITEM	DESCRIPTION
1	Starter
2	Beacon Light
3	Sampler
4	Monitor B.S. & W.
5	Low Pressure "Stop" Switch
6	High Pressure "Stop" Switch
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8	Electric Valve, 3 way, 2 position
9	Back Pressure Regulator (to maintain 10 psi)
10	Pressure Gauge
11	Thermometer
12	P.D. Meters (Temperature Compensated)
13	Strainer <i>capac</i>
14	Centrifugal Pump with Electric Motor

NOTES

- T - Connection For Meter Proving By Master Meter
- TB - Temperature Bulb For Meter Externally Mounted
- L - Plug Valve with Leak Test Drain-cock Assembly For Meter Proving
- PT - Pipe Line Proving Tank



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
Sine EXHIBIT NO. 3
Case No 2129

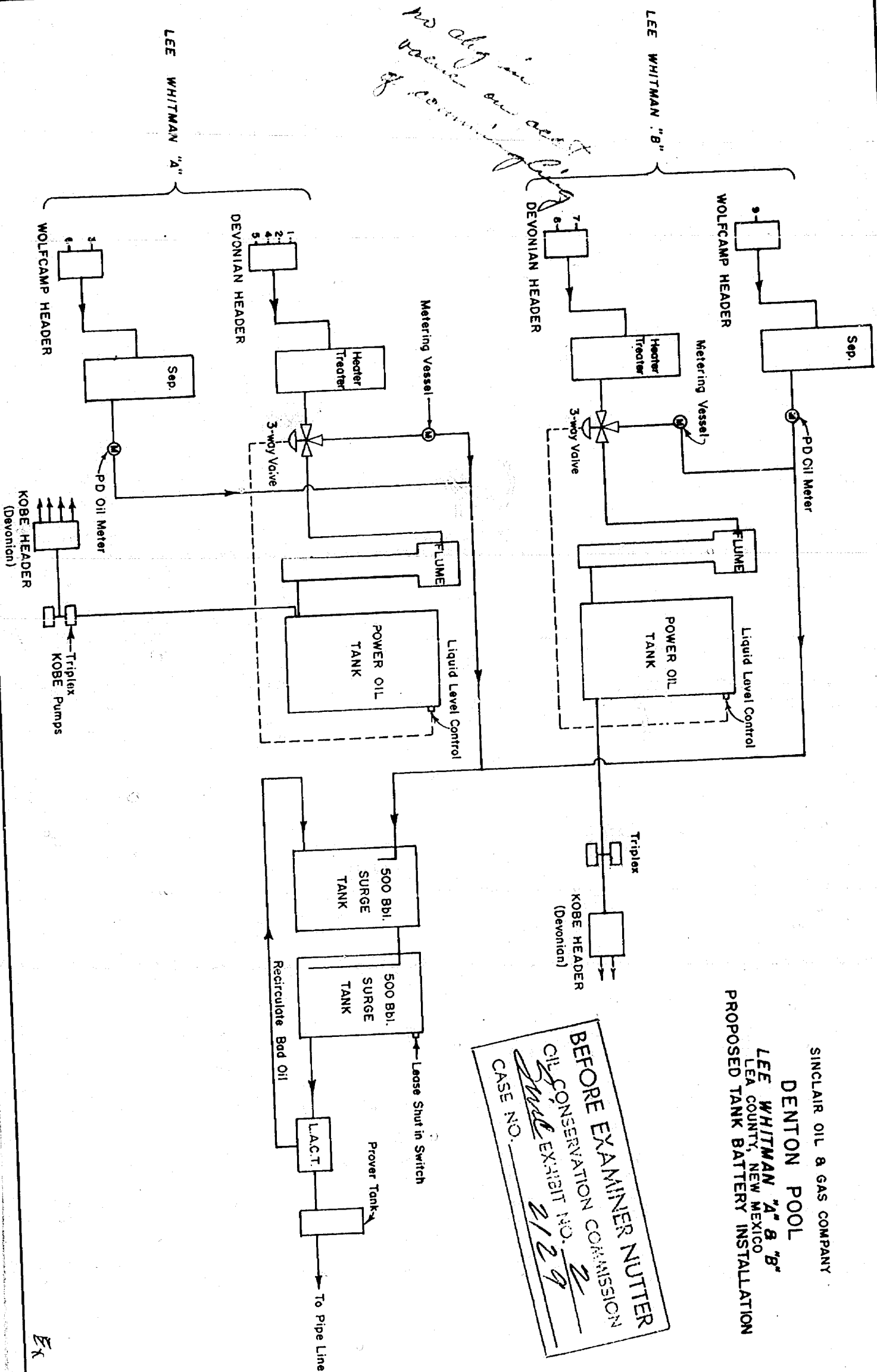
MODEL 301
 700 - 2500 BPD

Ex 3

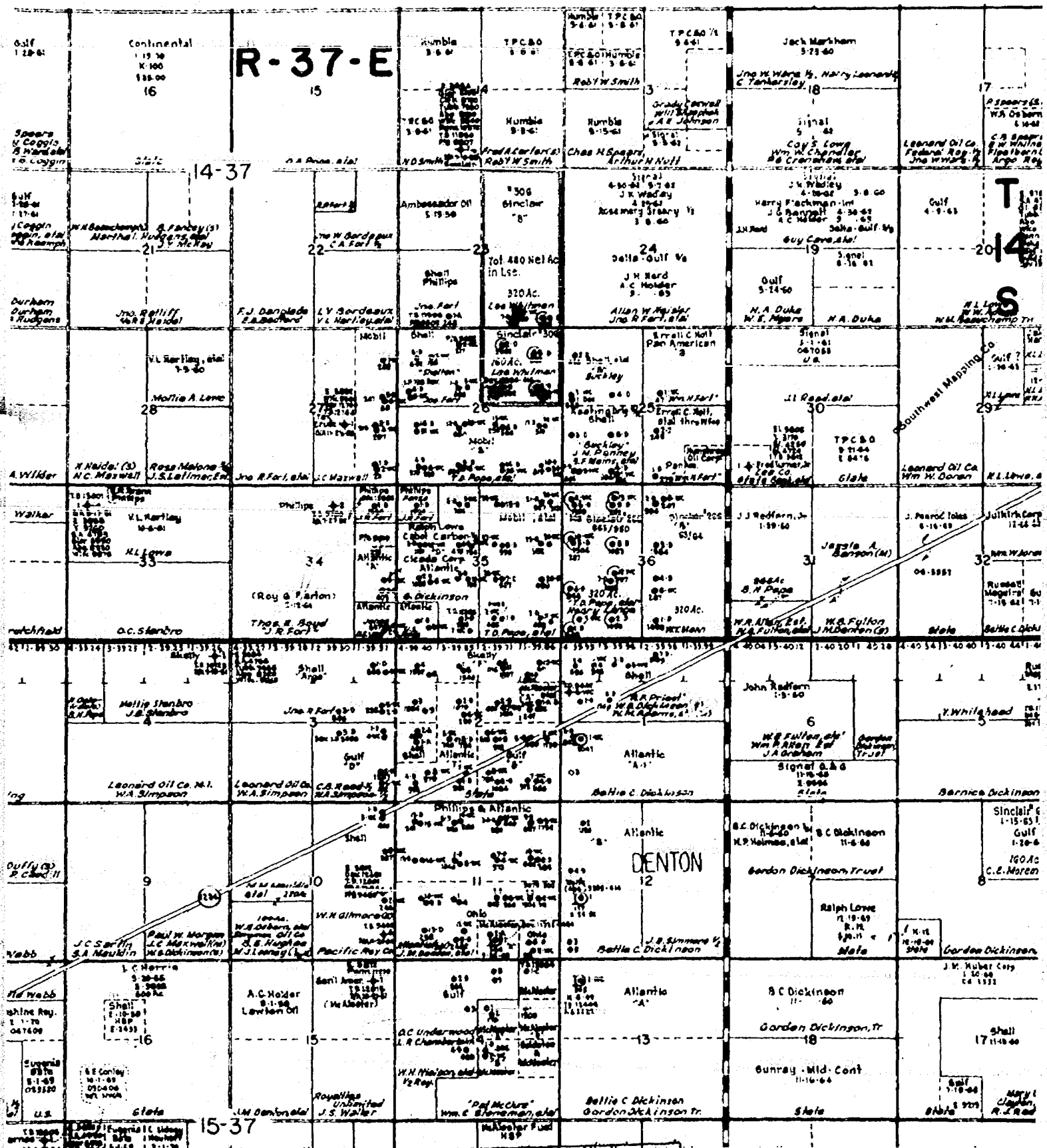
120
 gal
 per
 mo.

SINCLAIR OIL & GAS COMPANY
DENTON POOL
LEE WHITMAN "A" & "B"
LEA COUNTY, NEW MEXICO
PROPOSED TANK BATTERY INSTALLATION

BEFORE EXAMINER NUTTER
CIT. CONSERVATION COMMISSION
CIT. EXHIBIT NO. 2
Wade
CASE NO. 2129



卷二



BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

DEVONIAN
WOLFCAMP

EXHIBIT NO. 1
CASE NO. 2129

PART OF
LEA COUNTY, NEW MEXICO

E4 1

CASE 2129: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools from two separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the production from the Denton-Devonian and Denton-Wolfcamp Pools from all wells presently completed or hereafter drilled on the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23,

both in Township 14 South, Range 37 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

CASE 2130: Application of Redfern and Herd, Inc., for an order force-pooling a standard 320-acre gas proration unit in the Basin-Dakota Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Dakota Producing Interval in the W/2 of Section 29, Township 29 North, Range 11 West, Basin-Dakota Pool, San Juan County, New Mexico. The following are among the interested parties:

Aztec Oil & Gas Company, Summit Oil Company, Ruth Schrecht, Edwin A. Schrecht, Ella Blaise, and Sam Carson.

CASE 2131: Application of Robinson Brothers Oil Producers for the creation of a new gas pool and for the promulgation of special rules and regulations therefor. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Pennsylvanian production consisting of the N/2 of Section 22, Township 11 South, Range 31 East, Chaves County, New Mexico. Applicant further seeks the promulgation of special rules and regulations governing said pool including a provision for 320-acre gas proration units.

CASE 2132: Application of Humble Oil & Refining Company for permission to commingle the production from several pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the following pools underlying the State "V" Lease consisting of the SW/4, W/2 SE/4, and NE/4 SE/4 of Section 10, Township 21 South, Range 37 East, Lea County, New Mexico: Blinebry Oil Pool, Brunson Pool, Drinkard Pool, Hare Pool, Tubb Oil Pool, Wantz Abo Pool, Blinebry Gas Pool and Tubb Gas Pool, with allocation to the various pools being based on monthly well tests except that separate metering and separation facilities would be used for oil well and gas well completions.

DOCKET: EXAMINER HEARING, WEDNESDAY, NOVEMBER 30, 1960

Oil Conservation Commission - 9 a.m., STATE LAND OFFICE BUILDING, Santa Fe, N.M.

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

- CASE 2125: Application of El Paso Natural Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lusk Deep Unit Well No. 1, located in Unit A, Section 19, Township 19 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Bone Springs pool and the production of oil from an undesignated Pennsylvanian pool through parallel strings of tubing.
- CASE 2126: Application of Tidal Oil Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in an undesignated Pictured Cliffs pool at a point 1150 feet from the South line and 2040 feet from the West line of Section 21, Township 24 North, Range 1 West, Rio Arriba County, New Mexico.
- CASE 2127: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Dean Devonian and Dean Permo-Pennsylvanian Pools from all wells presently completed or hereafter drilled on its State Lea 396 Lease consisting of the NE/4, S/2 NW/4, and N/2 SW/4 of Section 35, Township 15 South, Range 36 East, Lea County, New Mexico, after separately metering only the production from the Dean Permo-Pennsylvanian Pool. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.
- CASE 2128: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Denton-Devonian and Denton-Wolfcamp Pools from all wells presently completed or hereafter drilled on its T. D. Pope Lease, consisting of the W/2 of Section 36, Township 14 South, Range 37 East, Lea County, New Mexico after separately metering only the Denton-Wolfcamp production. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

- CASE 2133: Application of Humble Oil & Refining Company for an automatic custody transfer system and for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Gallup production from an undesignated Gallup pool from all wells presently completed or hereafter drilled on its Navajo "L" Lease consisting of all or portions of Sections 25, 26, 35 and 36; Township 29 North, Range 14 West, San Juan County, New Mexico.
- CASE 2134: Application of Nearburg & Ingram for a dual completion, for permission to commingle the production from two separate pools, and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Midhurst Well No. 1, located in the NW/4 NW/4 of Section 35, Township 12 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Pennsylvanian Pool and the production of oil from the Southwest Gladiola-Devonian Pool through parallel strings of tubing. Applicant further seeks permission to commingle the production from said two common sources of supply from all wells on its Midhurst Lease consisting of the NW/4 of said Section 35 and for permission to install an automatic custody transfer system to handle said commingled production.
- CASE 2135: Application of Nearburg & Ingram for an order creating a new oil pool and for the promulgation of temporary special rules and regulations therefor. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Pennsylvanian production consisting of the NW/4 of Section 35, Township 12 South, Range 37 East, Lea County, New Mexico. Applicant further seeks the promulgation of temporary special rules and regulations governing said pool including a provision for 80-acre proration units.

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

December 8, 1960

Mr. Charles White
Box 787
Santa Fe, New Mexico

Re: Case No. 2129

Order No. R-1832

Applicant:

Sinclair Oil & Gas 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 _____

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. 2129
Order No. R-1832

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE
POOLS FROM TWO SEPARATE LEASES,
AND FOR PERMISSION TO INSTALL AN
AUTOMATIC CUSTODY TRANSFER SYSTEM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
November 30, 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 8th day of December, 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, Sinclair Oil & Gas Company, is the
owner and operator of the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23

both in Township 14 South, Range 37 East, NMPM, Lea County, New
Mexico.

(3) That the applicant seeks permission to commingle, after
separate measurement, the production from the Denton-Devonian Pool
and the production from the Denton-Wolfcamp Pool from all wells
presently completed or hereafter drilled on the above-described
leases.

(4) That the applicant further proposes to install an
automatic custody transfer system to handle said commingled
production.

-2-

CASE No. 2129
Order No. R-1632

(5) 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.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, be and the same is hereby authorized to commingle, after separate measurement of the production from each pool underlying each lease, the production from the Denton-Devonian Pool and the production from the Denton-Wolfcamp Pool from all wells presently completed or hereafter drilled on the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23

both in Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described leases 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 system fails to transfer oil to the pipeline, 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 either so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, or test the flow-lines to a pressure of at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

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.

-3-

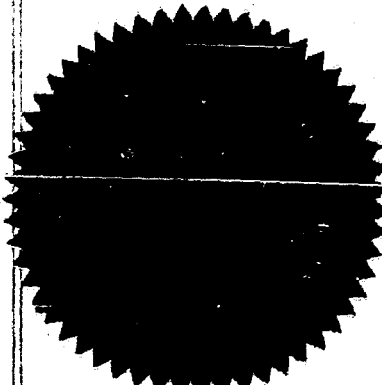
CASE No. 2129
Order No. R-1832

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 Burroughes
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

ESR/



SINCLAIR OIL & GAS COMPANY

Box 1920
Hobbs, New Mexico

MAIN OFFICE OCC

JAN 31 AM 8:02

*Manual
then file
Case 2129*

January 28, 1966

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Sir:

The following is furnished in accordance and compliance with the Oil Conservation Commission's Memo No. 10-61.

Effective January 1, 1966, commingling production from the Lee Whitman "A" Lease, Denton Wolfcamp Pool, Section 26, Township 14 South, Range 37 East, Lea County, New Mexico, was discontinued. Commingling production from the Lee Whitman "B" Lease, Denton Wolfcamp Pool, Section 23, Township 14 South, Range 37 East, Lea County, New Mexico, was also discontinued.

The production from the Lee Whitman "A" Lease, Denton Devonian Pool, Section 26, Township 14 South, Range 37 East, Lea County, New Mexico, will continue to be commingled with the production from the Lee Whitman "B" Lease, Denton Devonian Pool, Section 23, Township 14 South, Range 37 East, Lea County, New Mexico.

This commingling is authorized by the New Mexico Oil Conservation Commission's Case No. 2129, Order No. R-1832.

Yours truly,

W. F. Burns
W. F. Burns
Superintendent

WFB:BJ:jl

cc: w/orig.
OCC-Hobbs
RAW-Tulsa (Systems & Computing Dept.)
REC, WTS (2)
Service Pipe Line Co.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
State Land Office Building
Santa Fe, New Mexico
November 30, 1960
EXAMINER HEARING

IN THE MATTER OF:

Application of Sinclair Oil & Gas Company
for permission to commingle the production
from two separate pools from two separate
leases and for an automatic custody transfer
system. Applicant, in the above-styled
cause, seeks permission to commingle, after
separate measurement, the production from
the Denton-Devonian and Denton-Wolfcamp Pools
from all wells presently completed or hereafter
drilled on the following-described leases:

Case 2129

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23,

both in Township 14 South, Range 37 East, Lea
County, New Mexico, and for permission to
install an automatic custody transfer system
to handle said commingled production.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Application of Sinclair Oil and Gas Company
for permission to commingle the production from two separate pools
from two separate leases and for an automatic custody transfer
system.

MR. WHITE: We will have the same appearances in this
case as in Case 2127 and 2128.

MR. MORRIS: Let the record show the witness has been

sworn.



DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO

PHONE CN 3-6691

R. M. ANDERSON

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

DIRECT EXAMINATION

BY MR. BURTON:

Q State your name and employment.

A R. M. Anderson, Petroleum Engineer for Sinclair Oil and Gas Company, Midland Division Office.

Q Are your qualifications as an engineer a matter of record before the Commission?

A They are.

Q And have you made a study of the matter now being heard?

A I have.

Q Would you produce your Exhibits that you prepared in connection with this application?

A Yes, I have three Exhibits in this application.

(Whereupon, Applicant's Exhibit No. 1, marked for identification.)

Q What is shown by Exhibit No. 1?

A Exhibit No. 1 shows our Whitman "A" and "B" Leases outlined in red. These leases are in the Denton-Devonian and Denton-Wolfcamp Pools and I have colored the Devonian completion green, the Wolfcamp completion is in red. This was at the time this lease was acquired -- our records reflect that it was one common basic lease. However, for accounting purposes and to accommodate



subsequent -- a subsequent division of royalty, we have arbitrarily split the lease in two and have an "A" and "B" Tract.

Q What is the description of those tracts, is it shown there?

A Yes, it's outlined on the plat; the "A" Lease is the Northeast Quarter of Section 26, Township 14 South, Range 37 East, and the "B" Tract is the East Half of Section 23, Township 14 South, Range 37 East. The royalty under the "B" Tract and the "A" Tract -- the royalty is common vertically under both of these leases, but it is not, they are not identical to each other.

(Whereupon, Applicant's Exhibit No. 2 & 3 marked for identification.)

Q Now, with reference to your Exhibits 2 and 3, explain the lease automatic custody transfer system which you propose?

A Exhibit 2 is a schematic diagram of the proposed tank battery installation; it shows the Lea Whitman "B" Installation at the top of the page, and at the bottom of the page is the Lea Whitman "A" Installation. Going through the "B" Installation, the Wolfcamp, we will go through a separator and then through a PD oil meter and thence to the surge tank which will deliver to the LACT system. The Devonian wells on the "B" Lease, two wells, will go through a heater treater, they will go through a three way directing valve, thence into a flume and thence into a power oil tank and then to the Kobe Installation. When the power oil tank is full, the electrically operated directing valve will direct the



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

Devonian production through a metering vessel and thence commingle it with the all ready Wolfcamp oil, and thence into the surge tank. When the power oil tank is lowered to a certain point, the liquid level control switch will turn the three way valve again to the power oil tank and replenish the power oil tank back to full position. We have an intermittent production of the Devonian stream, it enters into the power oil tank and then through the metering vessel into the LACT system. Of course, with the Kobe triplex pumping, it will be drawing on the power oil tank constantly.

On the "A" Lease is an identical setup as the "B", except we have a few more wells. We will individually meter the Wolfcamp oil prior to commingling, and individually meter the Devonian oil prior to commingling into the surge tank. And of course, in the surge tank the "A" Lease will be commingled, and the "B" Lease will be commingled into the surge tank also. The production from each zone on each lease will be individually measured prior to commingling on this particular installation. We have the same Fail-Safe feature we had on the previous installations, and all of the wells are pumping wells on the lease.

Q Here you have a meter on each stream; then you have four meters in all?

A Yes, sir.

Q You use a positive displacement meter on one zone and a meter vessel on the other zone, why do you have a difference?

A The Devonian zone will be produced into the LACT system



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and tanks intermittently in both sizes; but to the actions of this directing valve, we felt for that type of delivery a meter vessel would work better and be more accurate than an oil meter would.

MR. NUTTER: What is this, a dump type counter or something?

A A one barrel vessel; when it filled it, it would count each dump when it filled up one barrel.

Q (By Mr. Burton) Would the commingling in this case affect the value of the oil or price received for it?

A Here again, both crudes or the selling price will not be affected adversely or otherwise by the commingling.

Q Your next Exhibit is a detail of the Lact Unit?

A Yes, identical detail as presented in the previous case on the Pope Lease.

Q Case 2128, and is your testimony with respect to this unit, the same as in the previous case?

A Yes, sir.

Q Is this system in your opinion an economic and reliable means of measuring the production and transferring custody of the oil?

A Yes, it is.

Q Is it in the interest of prevention of waste?

A Yes, sir.

Q And will there be any impairment of correlative rights?

A No, sir.



MR. BURTON: We offer the Exhibits in the record.

MR. NUTTER: Sinclair's Exhibits 1 through 3 will be admitted. Anyone have any questions of Mr. Anderson?

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Anderson, do you have any corrosion problems with either the Devonian or Wolfcamp?

A Yes, the Devonian is corrosive, and we have been producing it for a long time and it is not a problem. It is something we have worked out, and corrosion preventive measures have been taken on the lease, and we have it under control, and the proposed system that we are putting in has got corrosion preventive materials and is of a nature we anticipate will work.

Q Then your meters will be corrosion resistant?

A Yes, sir.

MR. PAYNE: Thank you.

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Anderson, what is the capacity of the PD meters in this Last Unit on Exhibit 3 in this case?

A Both meters will be the same, an A.O. Smith two inch meters, temperature compensated, maximum rate of one hundred and twenty gallons per minute.

Q I think in the previous case you had a similar installation, you said the capacity of the system was from seven hundred

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to twenty-five barrels a day?

A Yes, sir.

Q Is this similar in this one?

A Yes, sir.

Q Now, the Wolfcamp production in either one of these leases is not passed into the power oil system in any way, is it?

A No.

Q After it has been metered it is kept separate from the Devonian until after the Devonian has been metered?

A Right, yes, sir.

Q In each case we have the Wolfcamp being separately measured, the Devonian being separately measured, and then the amount of oil that comes from each lease is determined by adding the sums of the two formations under each lease?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Anderson? You may be excused. Do you have anything further, Mr. Burton?

MR. BURTON: That is all, thank you.

MR. NUTTER: Does anyone have anything further for Case 2129? We will take the case under advisement and take Case 2130.

(Whereupon, the hearing was adjourned.)



I N D E XWITNESS:PAGE

R. M. ANDERSON

Direct Examination by Mr. Burton

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Cross-Examination by Mr. Payne

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Cross-Examination by Mr. Nutter

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E X H I B I T S

<u>Number</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
Applicant 1	2	6	6
Applicant 2	3	6	6
Applicant 3	3	6	6

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STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, LEWELLYN NELSON, 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 16 day of December, 1960.

Lewellyn J. Nelson
 Notary Public-Court Reporter

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. 2129, heard by me on 11/30, 1960.

[Signature], Examiner
 New Mexico Oil Conservation Commission

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