

CASE 2149: Application of EL PASO
PRODUCTS for an automatic custody
transfer system to handle CMA CMA-
GALLUP POOL -(Ojo Amarillo Lease)

Casa No.

2149

Application, Transcript,
Small Exhibits, Etc.

1/4
DRAFT

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. 2149
Order No. R- 1851

1/6/61
APPLICATION OF EL PASO NATURAL GAS PRODUCTS COMPANY
FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER
SYSTEM IN THE CHA CHA - GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1961, 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 January, 1961, 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, El Paso Natural Gas Products Company, is the owner and operator of the Ojo Amarillo Lease, comprising ~~the~~ all of Sections 27, 28, 33 and 34, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Cha Cha - Gallup Oil Pool production from all wells presently completed or hereafter drilled on the above-described Ojo Amarillo 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. 2149
Order No. R-_____

IT IS THEREFORE ORDERED:

That the applicant, El Paso Natural Gas Products Company,
be and the same is hereby authorized to install an automatic custody
transfer system to handle the Chico Chico - Gallup Oil
Pool production from all wells presently completed or hereafter
drilled on the Ojo Amarillo Lease,
comprising ~~the~~ all of Sections 27, 28, 33 and
34,
~~of~~ Township 29 North, Range 14 West, NMPM,
San Juan County, New Mexico.

Leave in → PROVIDED HOWEVER, That the applicant shall install adequate
facilities to permit the testing of all wells located on the above-
described Ojo Amarillo 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 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
so equip the existing facilities as to automatically shut-in the
lease production at the wellhead in the event the storage facili-
ties become full.

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.

Case 2149

EL PASO NATURAL GAS PRODUCTS COMPANY

EL PASO, TEXAS

December 14, 1960

1960 DEC 15 AM 9:26

ADDRESS REPLY TO
P. O. BOX 1560
FARMINGTON, NEW MEXICO

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Re: Application For Lease Automatic
Custody Transfer System

Dear Mr. Porter:

El Paso Natural Gas Products Company as applicant hereby makes application for permission to install an Automatic Custody Transfer System to handle production from the Cha-Cha Gallup Oil Pool from all wells presently completed or hereafter drilled on its Ojo Amarillo Lease consisting of all of Sections 27, 28, 33, and 34, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

A diagrammatic sketch of the proposed installation will be presented for your consideration at the time of hearing on this application.

The proposed installation and exception to Rule 309 (a) is in the interest of conservation and prevention of waste.

A copy of this application has been sent by registered mail to each known offset operator.

Applicant respectfully requests that this application be set down for hearing before a duly qualified examiner.

Very truly yours,

EL PASO NATURAL GAS PRODUCTS COMPANY

BY *James C. Vandiver*
James C. Vandiver, Division Landman

Want to see our well approval

JCV/EN/jt

*Docket
Mailed
12-27-60*

DOCKET: EXAMINER HEARING, WEDNESDAY, JANUARY 4, 1961

OIL CONSERVATION COMMISSION CONFERENCE ROOM - 9 a. m. - STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

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

CASE 2147: Application of Socony Mobil Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Pennsylvanian formation through its Capps Federal Well No. 1, located 1980 feet from the South and East lines of Section 13, Township 9 South, Range 35 East, Bough (Pennsylvanian) Pool, Lea County, New Mexico.

CASE 2148: Application of Pan American Petroleum Corporation for a force-pooling order. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in a 320-acre standard gas unit consisting of the N/2 of Section 22, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include:

Mobil Oil Company, Sinclair Oil & Gas Company, Mr. J. R. Lee, Mr. Clyde R. Jenkins and wife and The New Mexico Veterans Service Commission as guardian for Mr. Thomas Franklin Egger.

CASE 2149: Application of El Paso Natural Gas Products Company 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 Cha Cha-Gallup Pool production from all wells presently completed or hereafter drilled on the Ojo Amarillo Lease comprising all of Sections 27, 28, 33, and 34, Township 29 North, Range 14 West, San Juan County, New Mexico.

CASE 2150: Application of Continental Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its Northeast Haynes-Apache 9 No. 1 Well, 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 hydrocarbons from the Blanco-Mesaverde Pool, the production of hydrocarbons from the Greenhorn formation and the production of hydrocarbons from the Dakota Producing Interval through the casing-

CASE 2150:

(Continued)

tubing annulus, 2 7/8-inch tubing and 2 3/8-inch tubing respectively.

CASE 2151:

Application of Continental Oil Company 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 Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Reed A-3 Lease, comprising the W/2, SE/4 S/2 NE/4, and NE/4 NE/4 of Section 3, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2152:

Application of Continental Oil Company 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 Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Sanderson B-10 and Sanderson B-15 leases, comprising the N/2 N/2, SE/4 NE/4, NE/4 SE/4, and S/2 S/2 of Section 10 and the N/2 N/2 and S/2 of Section 15, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2153:

Application of Continental Oil Company 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 Monument Pool production from all wells presently completed or hereafter drilled on the Sanderson A-11, Sanderson A-14 and Sanderson AB-14 Leases, comprising the SE/4 and S/2 SW/4 of Section 11 and the NE/4, E/2 NW/4, N/2 SE/4, SE/4 SE/4, and NW/4 NW/4 of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2154:

Application of Continental Oil Company 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 Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Sanderson B-14 Lease, comprising the SW/4 SW/4 SE/4, and the SW/4 NW/4 of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2155:

Application of Continental Oil Company 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 Eunice Pool, Monument Pool, and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 South, Range 36 East, Lea County, New Mexico.



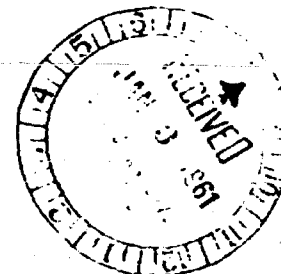
FOUR CORNERS PIPE LINE COMPANY

1937 EAST DEL AMO BLVD.

P. O. BOX 1095

COMPTON, CALIFORNIA

December 29, 1960



El Paso Natural Gas
Products Company
P. O. Box 1560
Farmington, New Mexico

Attention Mr. E. N. Walsh

Gentlemen:

The lease automatic custody transfer system being developed for use at your Ojo Amarillo Lease in Section 27, R14W, T29N, NMPM, San Juan County, New Mexico, is generally satisfactory for receiving lease production into the Four Corners Pipe Line gathering system subject to the approval of the proper regulatory agencies and with the following minor revisions:

1. The prover connections should be located downstream of the back pressure valve to maintain the positive pressure on the meter.
2. The sampler connection should be located between the BSGW monitor probe and the deaerator and downstream of the three-way diverting valve.
3. Final acceptance of the skid is reserved subject to our review and approval and the detailed piping and electrical drawings which were not attached with your proposal but which were promised at a later date prior to connection of the LACT skid.

Four Corners would prefer a daily set-stop counter rather than the monthly set-stop counter as proposed to permit a better scheduling of deliveries into our system.

Yours very truly,

J. K. Alfred

COPIES EXAMINED	
CONSERVATION C.	
EXHIBIT NO.	4
NO.	2149

ECONOMICS OF LACT INSTALLATION

To Install LACT:

1. LACT Unit (Labor and Materials)	\$ 9,600.00
2. Power Line and Accessories	3,400.00
3. Addition of Meter to Separator	600.00
4. Miscellaneous Labor for Installing Wellhead Shut-In Controls	<u>300.00</u>
	\$13,900.00
Salvage of one - 400 Bbl. Tank	\$ 1,000.00
Savings from better utilized labor per year	<u>2,784.00</u>
	\$ 3,784.00
	<u> </u>
Total Cost	\$10,116.00

To Enlarge Existing Battery:

1. Install five additional 400 Bbl. Welded Tanks (Labor and Materials)	\$11,500.00
	<u> </u>
Total Savings	\$ 1,384.00

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Appl</i>	EXHIBIT NO. <u>3</u>
CASE NO. <u>2149</u>	

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

January 10, 1961

Mr. Charles C. Spann
Box 1631
Sims Building
Albuquerque, New Mexico

Re: Case No. 2149
Order No. R-1851
Applicant:
El Paso Natural Gas Products 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 x

Other

Memo

From
Daniel S. Nutter
Chief Engineer

To Case 2149 DSN SE
9am 1/4/61

Recommend approval of
S.P.'s LACT in Chalka GP
Pool.

Provide std requirement to
provide adequate sty or
case shut-in facilities

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. 2149
Order No. R-1851

APPLICATION OF EL PASO NATURAL GAS
PRODUCTS COMPANY FOR APPROVAL OF AN
AUTOMATIC CUSTODY TRANSFER SYSTEM
IN THE CHA CHA-GALLUP OIL POOL, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1961, at Santa Fe, New Mexico, before Daniel S. Hutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

Now, on this 10th day of January, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Hutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, El Paso Natural Gas Products Company, is the owner and operator of the Ojo Amarillo Lease, comprising all of Sections 27, 28, 33 and 34, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Cha Cha-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the above-described Ojo Amarillo 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. 2149
Order No. R-1851

IT IS THEREFORE ORDERED:

That the applicant, El Paso Natural Gas Products Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Cha Cha-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the Ojo Amarillo Lease, comprising all of Sections 27, 28, 33 and 34, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Ojo Amarillo 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 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 so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

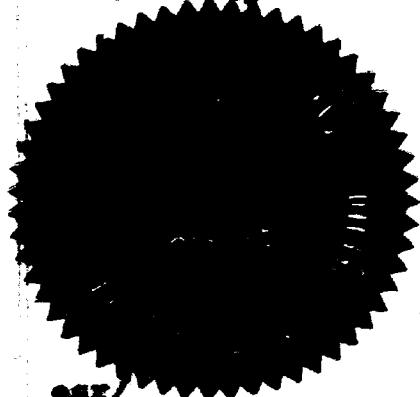
IT IS FURTHER ORDERED:

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

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

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

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 4, 1961

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

IN THE MATTER OF:

Application of El Paso Natural Gas Products Company
for an automatic custody transfer system. Appli-
cant, in the above-styled cause, seeks an order
authorizing the installation of an automatic custody
transfer system to handle the Cha Cha-Gallup Pool
production from all wells presently completed or
hereafter drilled on the Ojo Amarillo Lease compris-
ing all of Sections 27, 28, 33, and 34, Township 29
North, Range 14 West, San Juan County, New Mexico.

Case
No. 2149

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Application of El Paso Natural Gas Products
Company for an automatic custody transfer system.

MR. SPANN: Spann, 904 Simms Building, Albuquerque, for
the applicant. We have one witness, Mr. John Strojek.
(Witness sworn.)

JOHN J. STROJEK

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

DIRECT EXAMINATION

BY MR. SPANN:

Q Would you state your name, please?

A John J. Strojek.

Q By whom are you employed, and in what capacity?

A Petroleum Engineer, El Paso Gas Products Company, Farm-



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ALBUQUERQUE, NEW MEXICO

ington, New Mexico.

Q How long have you been employed by that company?

A Four years.

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

A Yes, sir.

Q Mr. Strojek, are you familiar with El Paso's application for this automatic custody transfer system in this case?

A Yes, sir.

Q Generally, what are you seeking?

A We are seeking authorization to install an automatic custody transfer system to handle production from the Cha-Cha-Gallup gas pool on the Ojo Amarillo lease.

Q Do you have a map or plat showing the area involved and the wells?

A I do.

Q What does Exhibit 1 show, Mr. Strojek?

A Exhibit 1 is a map; the red outline shows the El Paso Natural Gas Products leases with their respective wells, and the location of the tank battery and flow lines.

Q Now, how many wells; six wells involved?

A Presently six wells.

Q Do you contemplate additional wells?

A Not at the present time. We are awaiting the outcome of the proposed unit under study now.



Q Will you describe briefly the ownership of the various interests in these wells?

A The Navajos have 12 $\frac{1}{2}$ %; El Paso Natural Gas, 6 $\frac{1}{4}$ % production pooling, and retain the rest of the interests, 81.25%.

Q Have all those interests concurred?

A Yes.

Q What is the allowable?

A 164 barrels per day per well, presently.

Q Do you have a description or diagram showing your proposed installation?

A Yes, sir.

Q What does Exhibit 2 show?

A Exhibit 2 shows a schematic diagram of our tank battery and our proposed LACT unit.

Q Would you just describe briefly how that operates?

A If you follow me from your left-hand side there, where your oil will come from each individual well, which could be turned either to production separator or test separator; from there it would go to our surge tank, to the LACT unit, and through our LACT unit to the various facilities incorporated in our LACT unit. It will then be metered and samples taken, and it has connections for pipeline calibration of our meters and is condensed for the pipeline. It also entails a circulating pump to circulate tank bottoms to prevent accumulation of paraffin and other deposits on the tank bottoms. We only have one bad oil tank and no treater at this time.

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We don't contemplate excessive BSW, and plan to divert bad oil from the LACT unit to the bad oil tank, and circulate it with hot oil or treat with chemicals; should we incur any amount of bad oil we will set a treater between the separators and the surge tank.

Also on this LACT unit, it incorporates a sizeable list of various safety shut-down switches to prevent overflow of tankage to compensate for any broken flow lines or for the pipeline not taking any oil. I might add that on the left-hand side there you have your shut-in valves and I would like to explain how we propose to use lease shut-in valves. They are operated in conjunction with high level shut-down switches on the bad oil and surge tank, also on a pressure switch on the LACT unit. If your oil level in the surge tank reaches the high level shut-down switch it will turn down, build up pressure in the flow line and actuate wellhead shut-in valves at wellhead and that will take care of shutting in at the wellhead should we desire to shut the whole system down; and the meters, they have incorporated counterfailure. If they fail to register they will shut the unit down until the meters can be repaired and the unit reactivated again. Should you have power failure the valves would automatically shut in. In case of power failure we are fully protected to have the wells shut in and the unit shut down.

Q How often do you contemplate checking this installation for accuracy?

A The pipeline, Four Corners Pipeline will calibrate once



a month, do the calibrating and repairing.

Q Do you contemplate testing your wells at any regular intervals?

A We would test each well once a week. We have a test separator with meter and flowline header. All it takes is one man to turn a handle to each numbered outlet on the wellhead header there, and that will test each well as often as we desire.

Q If the Commission required, you could furnish those tests to them?

A Yes, sir.

Q As often as you made it?

A Yes.

Q Would you generally describe the advantages of this particular system?

A Would you want the economics?

Q We will get that.

A Just to go to the advantages of the lease automatic custody transfer, we have a reduction of lease storage. Then, we have a prevention of evaporation losses, and an increase of gravity, and also, one of our prime reasons, better utilization of personnel time. The pipeline is wholly in favor of such installation as they have increased accuracy on sale oil, improvement in pipeline load factor, better utilization of personnel in regard to gauges and clerical time. Another advantage, we are going to put in a power line to serve the LACT unit, and it will be there to use for future

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pumping well. It is conducive to centralized operation for the unit and present operators.

Q You mentioned the economics of this type of installation; you mean by that, I take it, there will be savings that will result to the operator if this installation is approved; is that correct?

A Yes, sir.

Q Do you have some figures on what amounts will be involved by way of savings?

A To install the complete LACT unit, including unit, labor, power line, accessories, metering, separator, and miscellaneous labor for installing wellhead shut-in controls, would cost \$13,900. If we go ahead and enlarge the existing battery which we would want five additional 500-gallon tanks, it would cost \$11,500, but presently we have three tanks there, and intend to salvage one, which gives us a salvage value of \$1,000, but the main savings would be from better utilization of labor. We have figured a savings of \$2,784 a year by better utilization of personnel.

Q Do you have those figures set down on an exhibit here; is that correct?

A Yes, sir.

Q Exhibit 3 shows the economics of this installation as you have just testified?

A Yes, sir.

Q And as I understand from your testimony, although the original cost would be a little more than to install batteries on



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each well, you would have a savings in operating costs over the years; is that correct?

A Yes, sir.

Q From \$2,784 a year?

A Yes, sir.

Q Do you have any estimates as to the life of the field at this time?

A Presently they are conducting some unitization meetings, and from what little I know they estimate ten or fifteen years at least.

Q We are talking about a saving of some \$20,000, \$30,000?

A Yes, sir.

Q You mentioned the Four Corners Pipeline Company had approved this installation; is that right?

A Yes, sir. They have been provided with copies of this installation.

Q Have they notified you by letter to that effect?

A Yes, sir.

Q Exhibit 4, what is that; what does it show?

A That is a letter from Four Corners Pipeline with regard to approval of our proposed lease automatic custody transfer for the Ojo Amarillo lease. I might add, they have a few notes, where they wish to revise, and we have not yet let the bid out, so it would be a very little problem to incorporate those features.

Q You would do so?



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A We will.

Q Are you familiar with any other similar installations, or does El Paso have any similar installations now in operation?

A El Paso Products does not have any similar installations.

Q Are you familiar with any in the area?

A I am familiar with Humble's proposed unit. I have a copy of their drawing, and have discussed their unit for quite some time now.

Q Humble's installation where?

A Humble's installation would be to the east of our unit there, in Sections 25 and 26, directly east of Ojo Amarillo.

Q Was that the installation approved in Order R1835 in Case 1833?

A Yes, sir.

Q You are familiar with that order and the installation?

A Yes, sir.

Q Generally, I take it the proposed installation of El Paso Products is basically the same as the one approved for them?

A Yes, sir. I might add, Four Corners have set up various standards which they have wanted everyone to comply with in that area, and Humble has to comply as well as we do, and any other operators must comply with the same standards.

Q Is there any urgency from El Paso Product's standpoint in the granting of this application, or approval of the unit?

A Yes, sir. If possible we would like to have a collect



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telegram notifying us of approval or non-approval so we could go ahead and order the unit. Four Corners is contemplating a pipeline to the battery by February 1st, and it would take approximately two to three weeks for delivery plus a week to ten days for installation so they are desirous of early approval.

Q Do you have anything else further, Mr. Strojek, which is material in connection with this application?

A No, sir.

MR. SPANN: At this time I would like to offer in evidence El Paso Products Exhibits 1 through 4.

MR. NUTTER: El Paso's 1 through 4 will be admitted.

MR. SPANN: That is all we have.

CROSS EXAMINATION

BY MR. PAYNE:

Q Did you say if you have a malfunction and these lease shut-in valves go into operation, that if the pressure built up in the flow line you have another valve that shuts in at the wellhead?

A Yes, sir. The flow lines have a screw-in thread pipe designed for 800-pound working pressure, the built-up pressure would be 12 to 1400 pounds, and we cannot put that much on the line between the well and the lease shut-in valves.

BY MR. NUTTER:

Q Are all the wells flowing at this time?

A Yes, sir.

Q So these shut-in valves are pressure-operated by pressure



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in the flow line and operate at the wellhead?

A Operate at the wellhead, but are actuated by gas pressure from the casing annulus, not actuated by flow line hydrocarbons.

Q Not from the build-up from the flow lines?

A The power supply for the valve is from the casing annulus.

Q If one well went on pump you would devise a valve to shut the pumping unit down?

A Yes, sir.

Q Normal flow is from the header through the production separator, up to the top of the surge tank, which would be open, and the bad oil tank would be closed?

A Yes.

Q The working level in the surge tank between the high level valve shown there, or the high level switch and low working level switch?

A Yes, sir.

Q So that production then comes out of the surge tank, through the valve at the bottom of the tank on the drawing; is that correct?

A The angle of the valve to the well is the recirculating valve for tank bottoms.

Q At the present time you don't have any treating facilities?

A No, sir.

Q Just a matter of recirculation, maybe adding chemicals to the tank?



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A Yes, sir.

Q In the event that the transfer pump is shut down on account of the monitor detecting bad oil, then the oil either recirculates or overflows through the line, equalizing line between the two tanks, into the bad oil tank?

A In the event of bad oil the transfer pump remains in operation. There is a three-way valve which would divert oil back to the top of the bad oil tank and that will continue to go in there until the oil clears up or the oil in the bad oil tank reaches the shut-down switch.

Q What is the purpose of the equalizing valve?

A It is in existence now and we chose not to take it out for the time being.

Q But the flow of the oil is from the right?

A Yes, sir.

Q From the three-way valve?

A Right.

Q As I understand it, this LACT unit will be modified slightly to conform with changes requested by Four Corners?

A Four Corners has come out with recent revisions which we didn't have in our hands at the time this proposal went through, and we have just been notified of the revisions.

Q What you propose is to install a unit, shown by Exhibit 2, with the modifications on Exhibit No. 4?

A Yes, sir.



A MR. NUTTER: Any further questions of Mr. Strojek? He may be excused.

Do you have anything further, Mr. Spann?

MR. SPANN: No, sir.

MR. NUTTER: Does anybody have anything they wish to offer? Take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JUNE PAIGE, 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 5th day of January, 1961.

June Paige
NOTARY PUBLIC - COURT REPORTER

My Commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2149, heard by me on 1/4, 1961.

[Signature], Examiner
New Mexico Oil Conservation Commission

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E X H I B I T S

<u>Number</u>	<u>Marked for Identification</u>	<u>Received In Evidence</u>
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El Paso's 2	3	9
El Paso's 3	6	9
El Paso's 4	7	9

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