

CASE 2221: Application of SHELL to
commingle (Shell State "T" Lease).

*Values to be deducted
with price*

1952/10.

2221

Application, Transcript,
and Exhibits, Etc.

CLASS OF SERVICE

This is a fast message unless the deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, President

SYMBOLS

DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA015 DC009

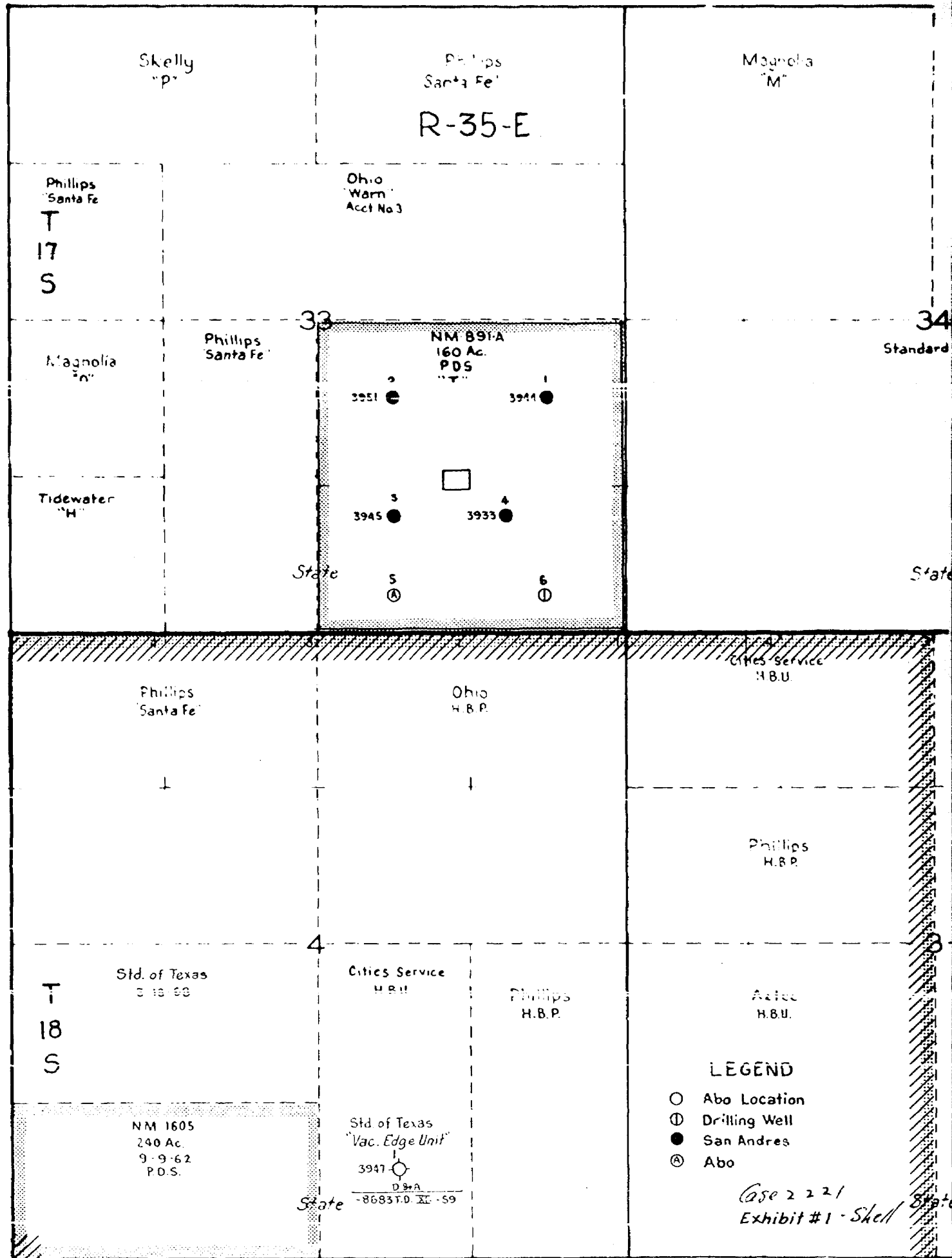
1961 MAR 21

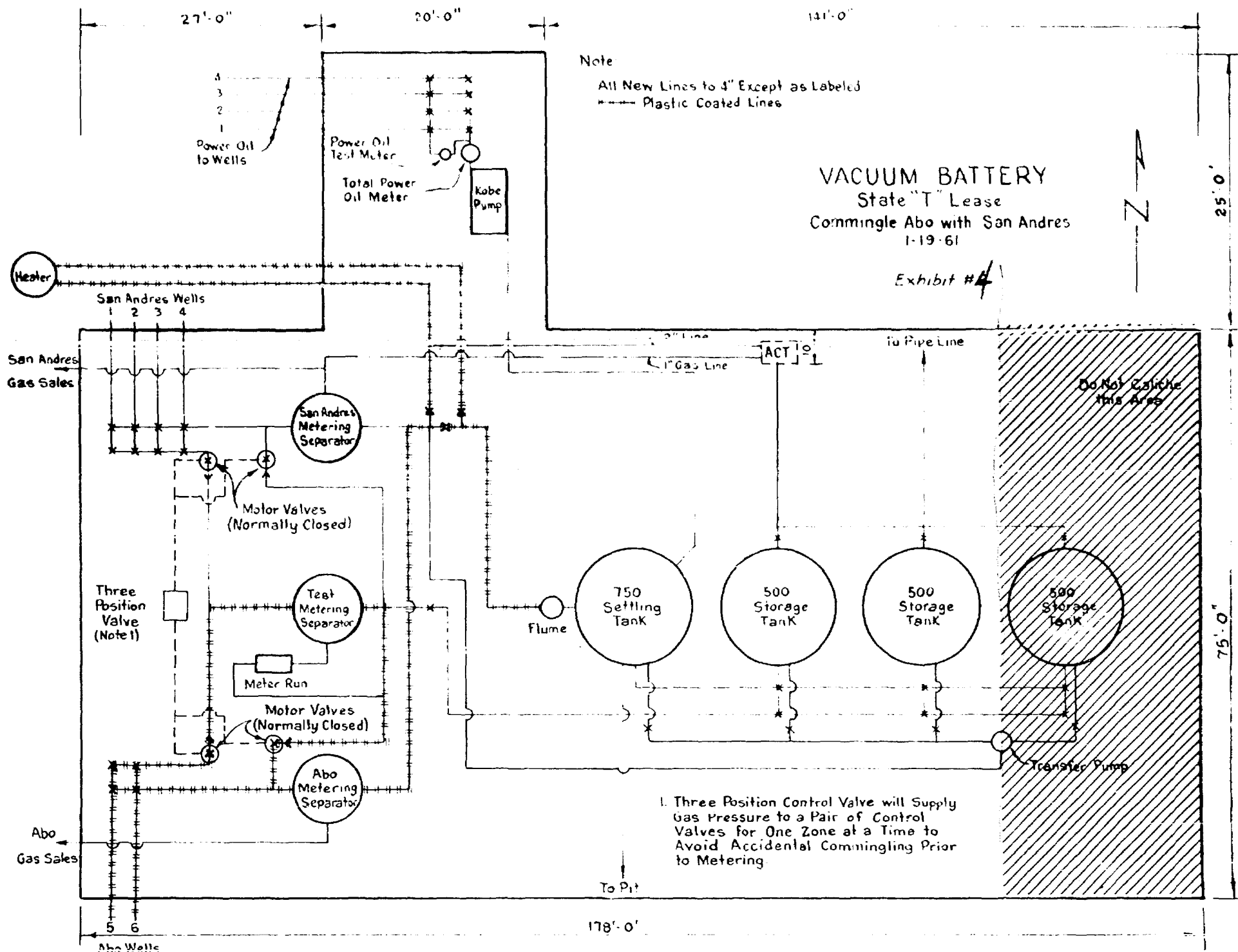
D NDA027 RX PD MIDLAND TEX 21 900A CST=
R L RANKIN, DIV PROD MGR=
SHELL OIL CO ROSWELL NMEX=
WE WILL BE AGREEABLE TO ACCEPTING CUSTODY TRANSFER FROM
YOUR PROPOSED UNIT LOCATED STATE T LEASE SOUTHEAST
QUARTER OF SECTION 33 - 17 - 35 LEA COUNTY VACUUM FIELD
F B WHITAKER JR DIV MGR TEXAS NEW MEX PIPE LINE CO

T 33 17 35.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Shell Exhibit 2
Case 3221





CASE 2220: (Continued)

of continuous metering of the Blinebry production and periodic well tests of the Wantz-Abo and Drinkard production. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2221:

Application of Shell Oil Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" Lease comprising the SE/4 of Section 33, Township 17 South, Range 35 East, Lea County, New Mexico. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2222:

Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 2223:

Application of Sinclair Oil & Gas Company for a 240-acre non-standard gas proration unit, and for an order force-pooling all mineral interests therein, and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 NE/4 of Section 33 and the NW/4 and NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, and for an order force-pooling all mineral interests therein including those of Robert Roy Taylor, a minor, whose guardian is Johnnie S. Taylor, Jal, New Mexico. Applicant proposes to dedicate said unit to the J. H. Williams Well No. 3, located on an unorthodox location 1980 feet from the North line and 660 feet from the West line of said Section 34.

CASE 2224:

Application of Len Mayer for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location in the Atoka-Pennsylvanian Gas Pool at a point 1650 feet from the South line and 990 feet from the West line of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico.

Case 2020

Heard 3-22-61

Res. 3-29-61

1. Grant shall request for permission to Coomingle ^{Wacusa} 4 San Andres wells and 2 Wacusa Abo wells on their 1/4 "T" lease consisting of the SE 1/4 sec. 3, 17S, 35E. The coomingle shall be after metering each Pool separately.
2. Grant permission to install ACT for the above production.
3. The Installation shall be made in accordance with Exhibits No's 3 & 4 of this Case except for the following:
 - (a) The totalizers on the metering separators shall be of the non-reset type. The ACT meter shall be of the non-reset type and the power oil meter to the San Andres wells shall also be of the non-reset type.
 - (b) The Automatic valves on the Abo and San Andres Pool headers as ~~well~~ as the shut-off valves between the Test metering separator and the Pool metering separators shall be of the type not incorporating the manual override feature. The test valves shall be wired so that they are open only when a well is on test in the ~~pool~~ appropriate pool.

W. H. M.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 571
SANTA FE

April 10, 1961

Mr. Oliver Seth
Seth, Montgomery, Federici &
Andrews
Box 828
Santa Fe, New Mexico

Re: Case No. 2221
Order No. R-1935
Applicant:
Shell Oil Company

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.
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. 2221
Order No. R-1935

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a)
AND RULE 309 (a), LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Shell Oil Company, is the owner and operator of the Shell State "T" lease, comprising the SE/4 of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks permission to commingle the production from the Vacuum (Grayburg-San Andres) and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the above-described Shell State "T" lease, after separately metering the production from each pool.
- (4) That the exception to Rule 303 (a) granted by Administrative Order No. PC-19 should be superseded by this order.
- (5) That the proposed installation as shown on Exhibit Nos. 3 and 4 in this case should be authorized, provided, however, that all production and test meters should be of a type utilizing a non-reset totalizer, and, provided further that the automatic valves should be incapable of manual actuation.

CASE No. 2221
Order No. R-1935

(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

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

(8) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle the production from the Vacuum (Grayburg-San Andres) and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" lease, comprising the SE/4 of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, after separately metering the production from each pool.

PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. 3 and 4 in this case except that (a) all production and test meters shall be of a type utilizing a non-reset totalizer, and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system 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 Shell State "T" 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.

-3-
CASE No. 2221
Order No. R-1935

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 all 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."

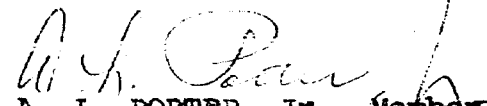
(3) That Administrative Order No. PC-19 is hereby superseded.

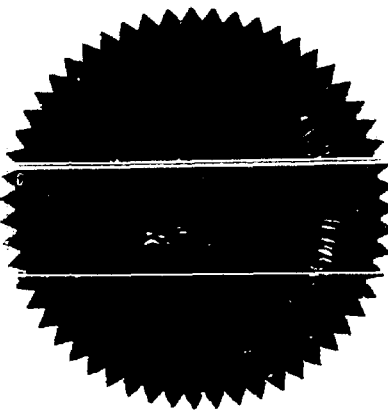
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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



esr/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 15, 1961

C
O
P
Y

Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

Attention: Mr. R. L. Rankin

Gentlemen:

Reference is made to your letter of April 18, 1961, wherein you request administrative approval of certain changes to the commingling and ACT system authorized by the Commission in Order No. R-1935 for Vacuum (San Andres-Grayburg) and Vacuum-Abo production on your State T Lease, Lea County, New Mexico.

It is our understanding that you propose to discontinue commingling of the Grayburg-San Andres and the Abo production, to use tanks for handling the Grayburg-San Andres oil, and to utilize the ACT system for Abo oil only. Also that you would continue to use common testing facilities for both of the pools.

Inasmuch as you are seeking to narrow, rather than broaden, the scope of the authority previously granted and inasmuch as the schematic diagrams submitted with your letter indicate that you will have at least as reliable means of separation of the two zones as previously approved, the Commission has no objection to your proposal.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Shell Oil Company is, therefore, authorized to alter its State T Lease Vacuum (Grayburg-San Andres) - Abo installation in accordance with your letter of April 18, 1961. Should you desire to revert back to the previously authorized commingling system, please contact this office.

You are also requested to notify Mr. J. D. Ramsey of the Commission's Hobbs Office upon completion of the proposed alterations.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSH/ir

cc: Mr. J. D. Ramsey
Oil Conservation Commission
Hobbs, New Mexico

Case File 2221

C
O
P
Y



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

April 18, 1961

Subject: Order No. R-1935
Shell State T Lease
Vacuum Field
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention Mr. A. L. Porter, Jr.

Gentlemen:

The subject order granted Shell permission to commingle the Vacuum (San Andres-Grayburg) and Vacuum-Abo pools from all wells presently completed or hereafter drilled on the subject lease after separately metering the production from each pool.

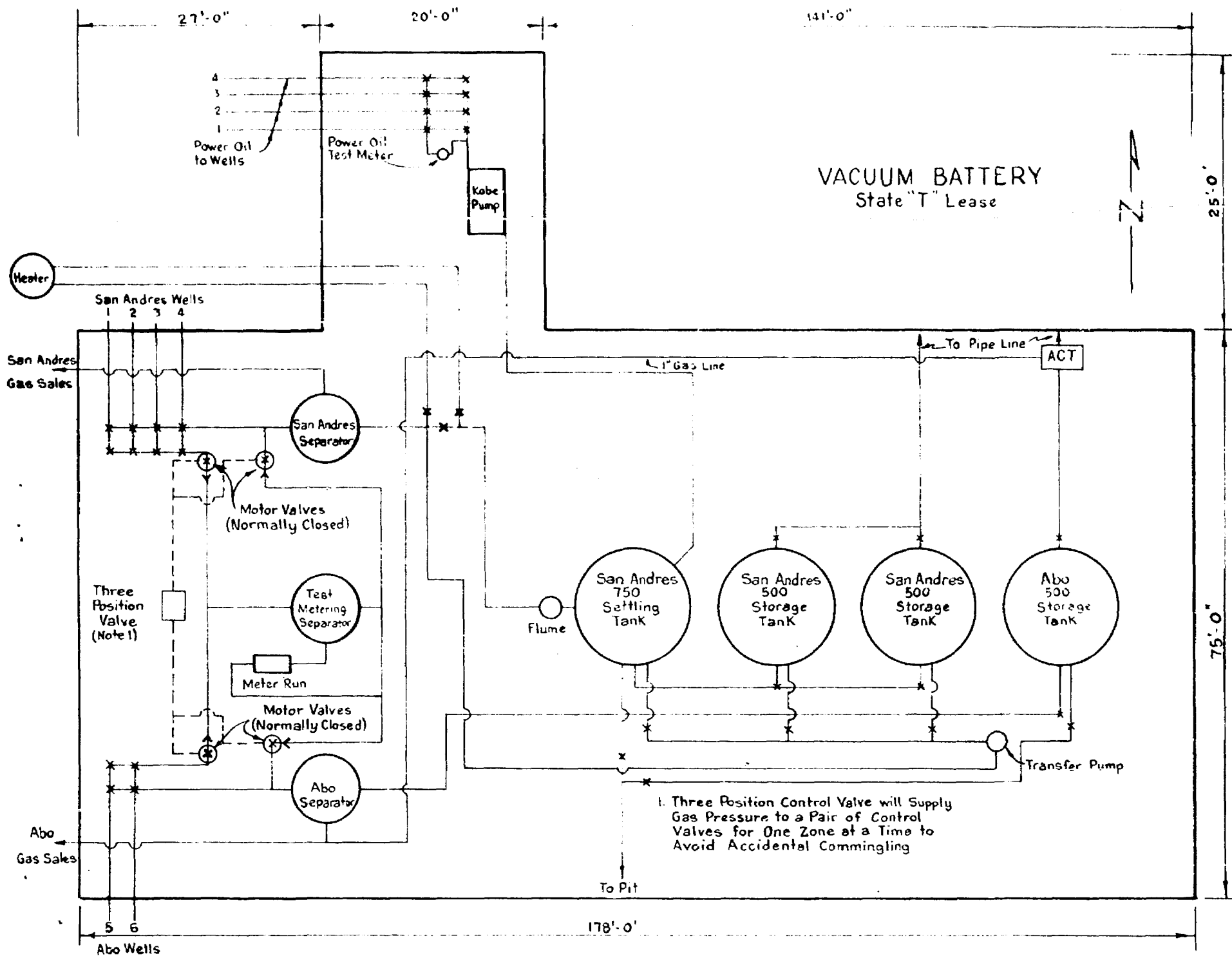
This order also authorized the installation of an ACT unit to handle commingled production. We have recently learned that Texas-New Mex Pipe Line Corporation is building and will complete on or about May 1, 1961, a new pipeline to purchase segregated Vacuum-Abo production at an intermediate crude price of \$3.01 per barrel in the gravity range 40 to 44.9. Therefore we are proposing to provide separate tankage facilities for the Grayburg-San Andres and Abo pools on this lease.

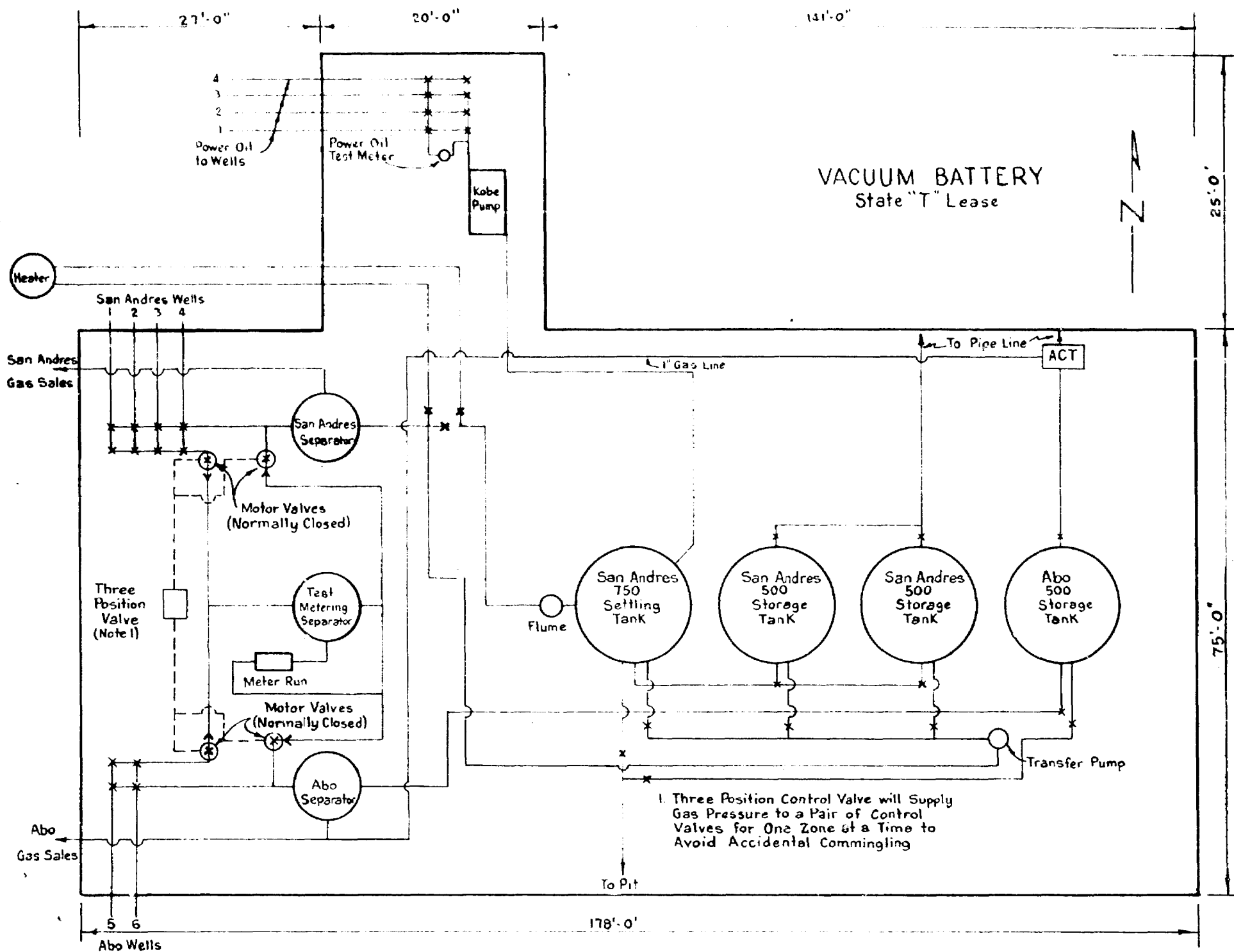
We ask your permission to use a common test separator as shown in the attached drawing. By using the equipment arrangement shown in the attached drawing, we will be able to commingle production on this lease by rearranging the piping should these crudes ever sell for the same price and thereby realize the economic advantages of a commingled battery. We are planning on installing an ACT unit as authorized by this order for the Vacuum-Abo production only.

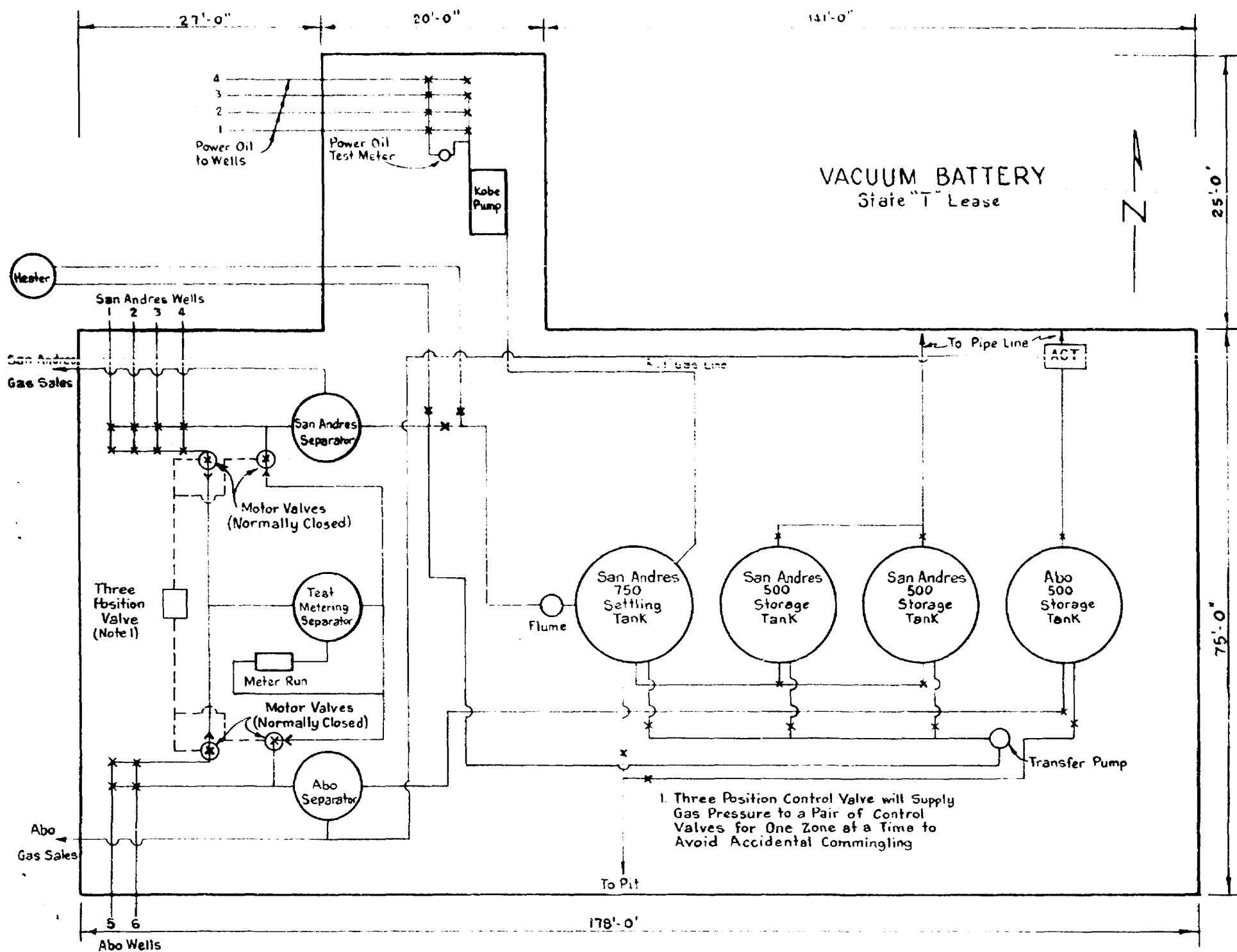
Very truly yours,

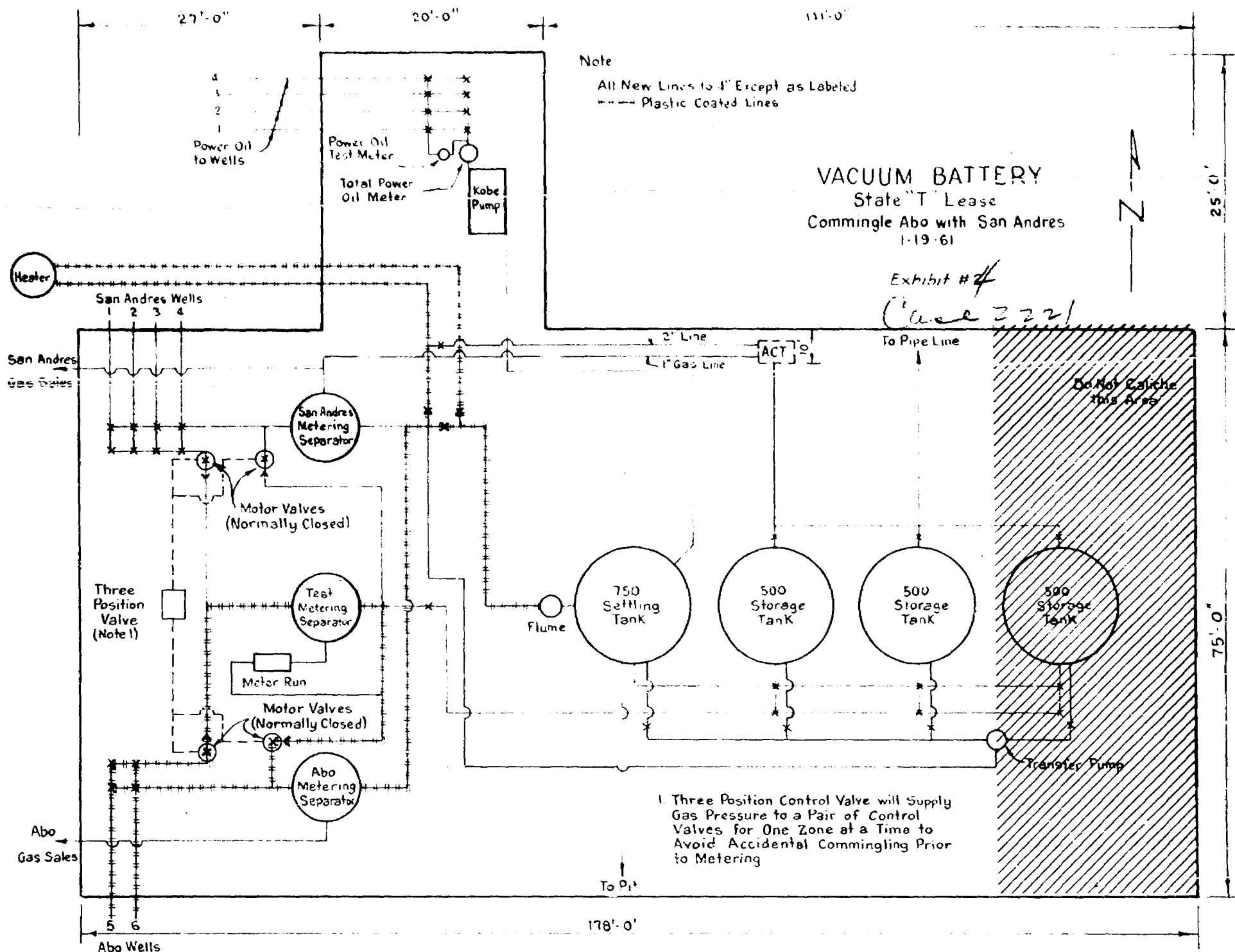
R. L. Rankin
Division Production Manager

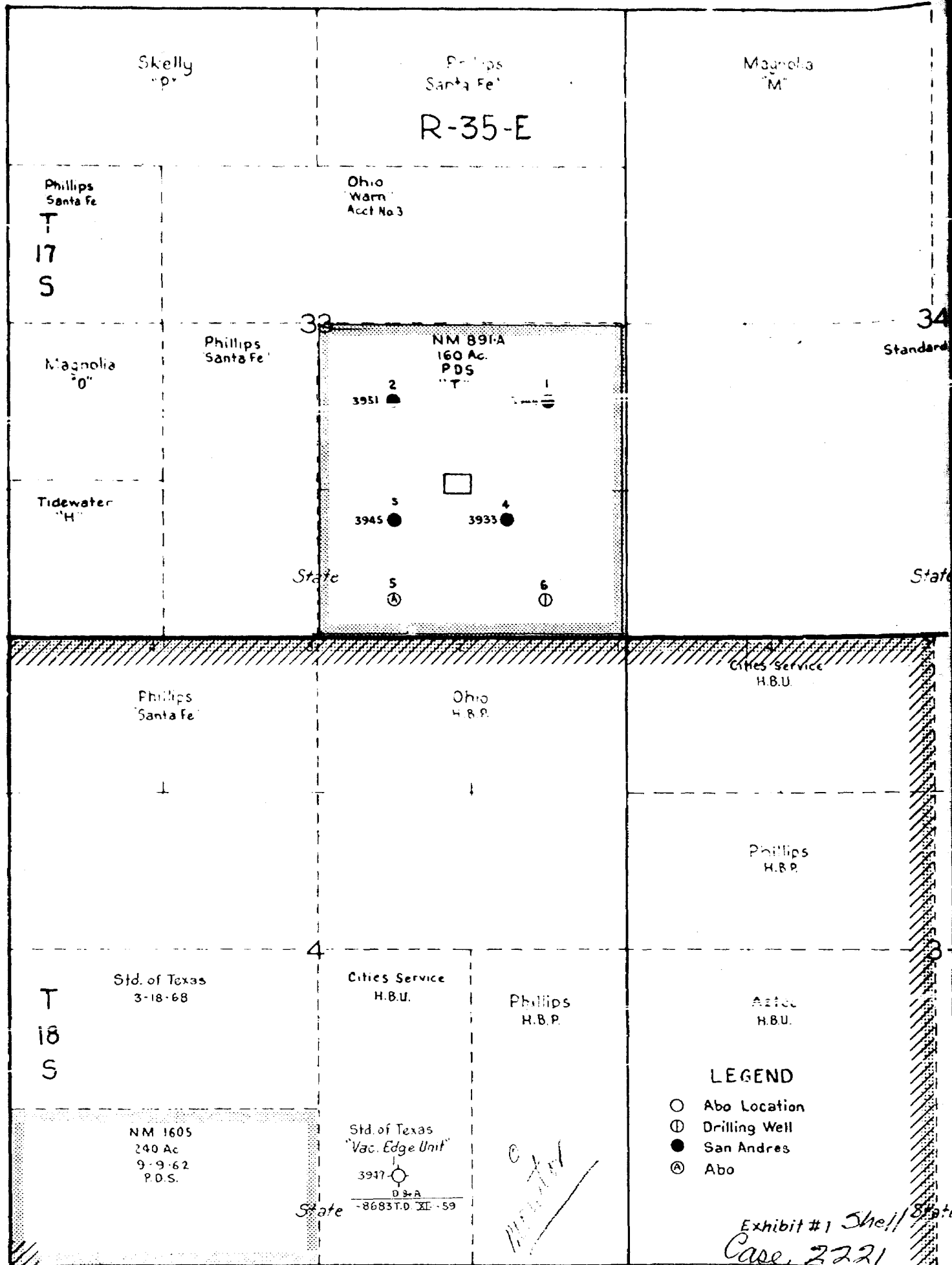
Attachments











CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

SYMBOLS
FD = Day Letter
NL = Night Letter
LT = International
Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA015 DC009

1961

D MDA027 RX PD MIDLAND TEX 21 900A CST

R L RANKIN, DIV PROD MGR

SHELL OIL CO ROSWELL NMEX

WE WILL BE APPEALABLE TO ACCEPTING CUSTODY TRANSFER FROM

YOUR PROPOSED UNIT LOCATED STATE T LEASE SOUTHEAST

QUARTER OF SECTION 33 - 17 - 35 LEA COUNTY VACUUM FIELD

F B WHITAKER JR DIV MGR TEXAS NEW MEX PIPE LINE CO

T 33 17 35

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Case 2221
Exhibit 2. Still

Rom
3/31
4-9-61
ACF
H/2
4/3

DRAFT

RSM/esr
March 31, 1961

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:

2074
CASE No. 2221

Order No. R- *1935*

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a)
AND RULE 309 (a), LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of April, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Shell Oil Company, is the owner and
operator of the Shell State "T" lease, comprising the SE/4 of Sec-
tion 33, Township 17 South, Range 35 East, NMPM, Lea County, New
Mexico.

(3) That the applicant seeks permission to commingle the
(Gradyburg - San Andres)
production from the Vacuum and Vacuum-Abo Pools from all wells
presently completed or hereafter drilled on the above-described
Shell State "T" lease, after separately metering the production
from each pool.

(4) That the exception to Rule 303 (a) granted by Admin-
istrative Order No. PC-19 should be ~~subject to the provisions~~ *superseded by*
~~of~~ this order.

3 and in this case
Nos. 4 herein should be authorized, provided, however, that all

production and test meters should be of a type utilizing a non-reset totalizer, and, provided further that the automatic valves should be incapable of manual actuation.

(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

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

(8) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle the production from the Vacuum and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" Lease, comprising the SE/4 of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, after separately metering the production from each pool.

PROVIDED HOWEVER, That this installation shall conform to Exhibit No. 14 ^{3 and in this case} ~~herein~~ except that (a) all production and test meters shall be of a type utilizing a non-reset totalizer, and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system 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 Shell State "T" 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.

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} ~~order~~ by the Secretary-Director.

That ^{all} 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.

(3) That Administrative Order No. PC-19
~~shall be subject to the provisions of~~
~~this order.~~ ~~Whereas the same is~~
hereby superseded.

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW
301 DON GASPAR AVENUE
SANTA FE, NEW MEXICO

POST OFFICE BOX 828
TELEPHONE YU 3-7315

February 20, 1961

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Shell Oil Company
Application for Hearing
Rule 309 and 303
SE $\frac{1}{4}$ Section 33, Twp. 17 S.,
Rge. 35 E., Lea County,
New Mexico

Gentlemen:

We would like by this letter to make an application for an Examiner Hearing in the following manner:

The applicant, Shell Oil Company, for its State "T" Lease, which consists of 160 acres and which is the SE $\frac{1}{4}$ Section 33, Twp. 17 S., Rge. 35 E., N.M.P.M., in Lea County, New Mexico, requests an exception to Rule 309 of the Commission to permit the transportation of oil from the said lease before it has been received and measured in tanks located on the lease as provided in the rule.

The applicant desires to install automatic custody transfer equipment to transfer the production from the described quarter section to the pipe line through a positive displacement meter.

In connection with the installation and operation of the automatic custody transfer equipment, the applicant intends to handle from the above described quarter section, production from the four Grayburg-San Andres wells and the production from the two Abo wells which are completed on this quarter section. The plat attached to this letter and marked Exhibit A shows the location of these wells.

*Noted
7/1/61
3-10-61*

*Vacuum
Vacuum - Abo*

Page 2

New Mexico Oil Conservation Commission February 20, 1961

To accomplish this commingling of production the applicant requests an exception to Rule 303 of the Commission.

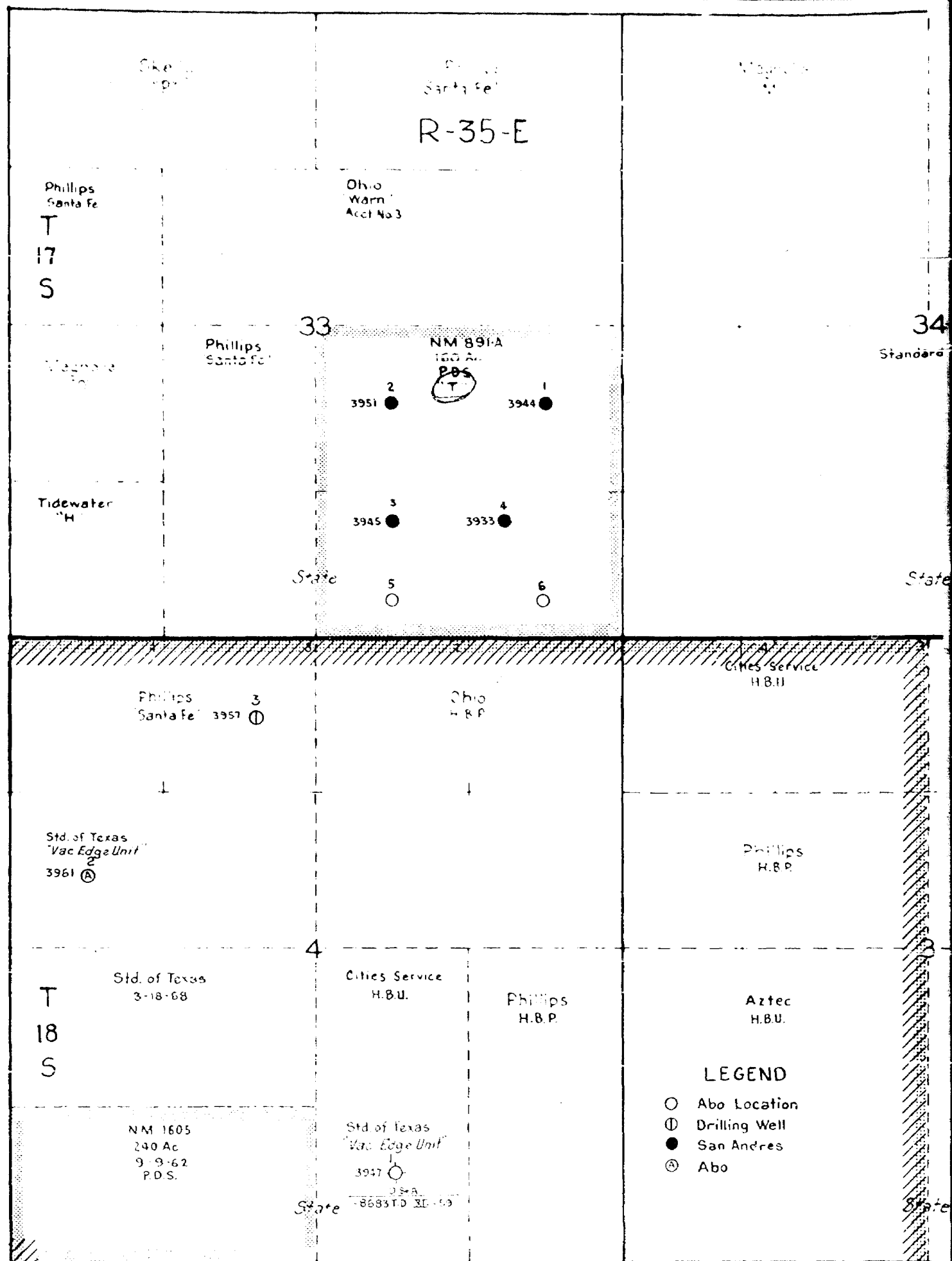
Your consideration of this matter will be appreciated.

Very truly yours,

SHELL OIL COMPANY

By 
Its Attorney

OS:mc



Case 2721

EXHIBIT A. (to/m.)

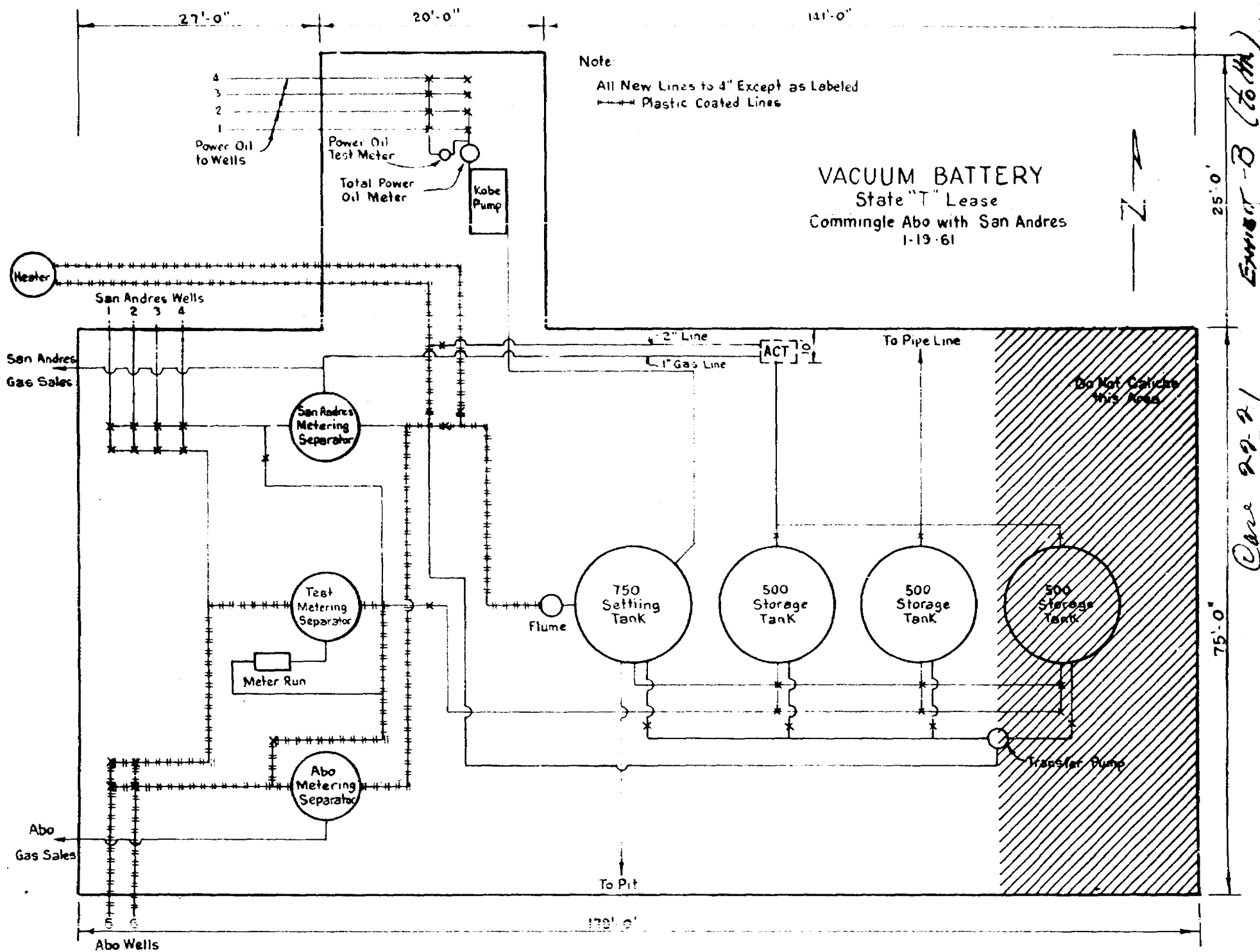


Exhibit B (to H)
 Case 22-21

February 20, 1961

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Shell Oil Company
Application for Hearing
Rule 309 and 303
SE $\frac{1}{4}$ Section 33, Twp. 17 S.,
Rge. 35 E., Lea County,
New Mexico

Gentlemen:

We would like by this letter to make an application
for an Examiner Hearing in the following manner:

The applicant, Shell Oil Company, for its State "T"
Lease, which consists of 160 acres and which is the SE $\frac{1}{4}$
Section 33, Twp. 17 S., Rge. 35 E., N.M.P.M., in Lea County,
New Mexico, requests an exception to Rule 309 of the Com-
mission to permit the transportation of oil from the said
lease before it has been received and measured in tanks
located on the lease as provided in the rule.

The applicant desires to install automatic custody
transfer equipment to transfer the production from the
described quarter section to the pipe line through a
positive displacement meter.

In connection with the installation and operation of
the automatic custody transfer equipment, the applicant
intends to handle from the above described quarter section,
production from the four Grayburg-San Andres wells and the
production from the two Abo wells which are completed on
this quarter section. The plat attached to this letter
and marked Exhibit A shows the location of these wells.

C
O
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Y

Page 2

New Mexico Oil Conservation Commission February 20, 1961

To accomplish this comingling of production the applicant requests an exception to Rule 303 of the Commission.

Your consideration of this matter will be appreciated.

Very truly yours,

SHELL OIL COMPANY

By


its Attorney

OS:es

C
O
P
Y

Memo

From

Shill

To 23-11-35.

#1-I Vacuum

#2-J Vacuum

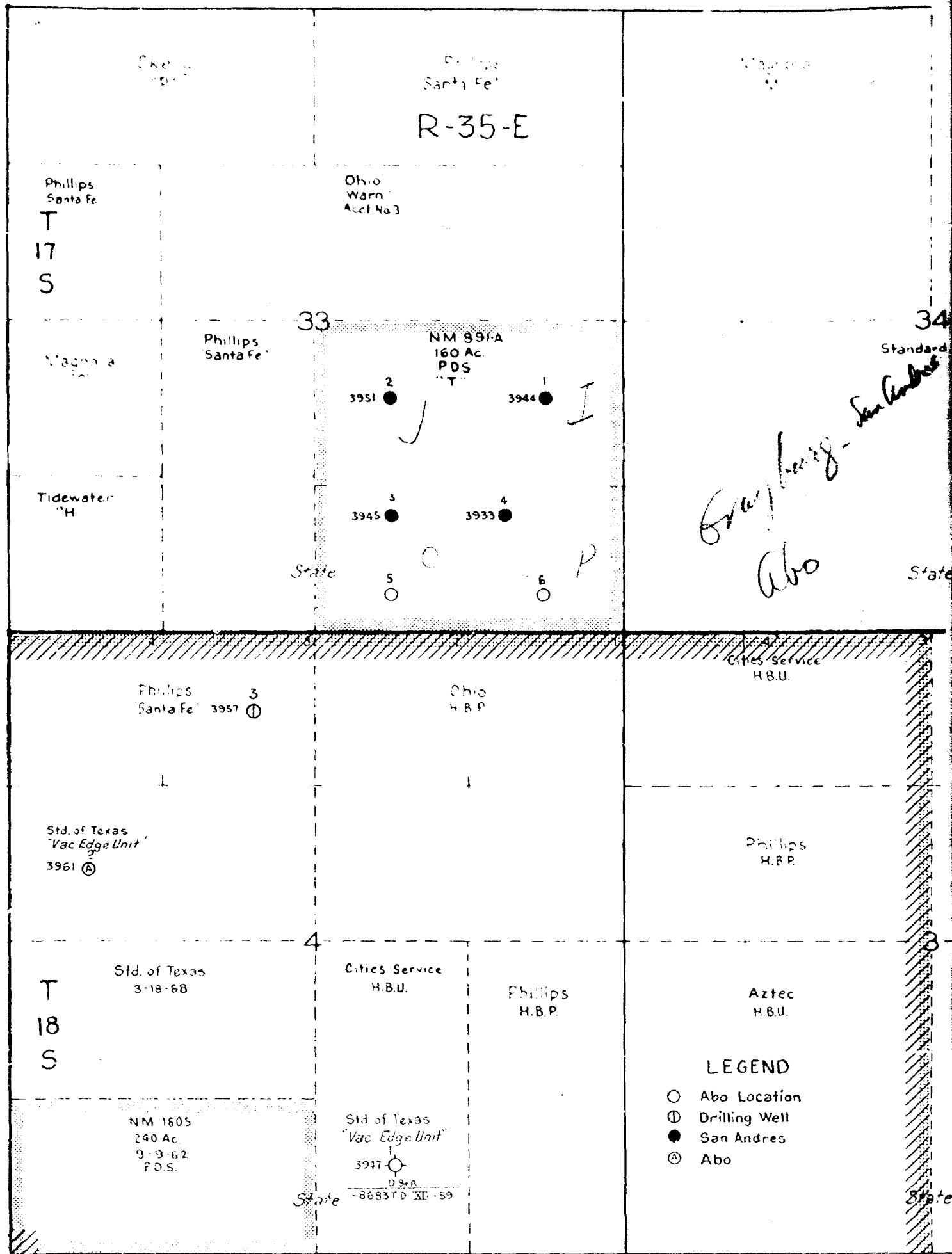
#3-O Vacuum

#4-P Vacuum

#5-B Building

#5 - Vacuum - No

#6 - " "



Case 2221

EXHIBIT A-(to 11r.)

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MARCH 22, 1961

EXAMINER HEARING

PHONE CM 3-6191

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF

CASE 2221: Application of Shell Oil Company for an excep-
tion to Rule 303 (a) and Rule 309 (a). Appli-
cant, in the above-styled cause, seeks permis-
sion to commingle the production from the Vac-
uum and Vacuum-Abo Pools from all wells pres-
ently completed or hereafter drilled on the
Shell State "T" Lease comprising the SE 1/4 of
Section 33, Township 17 South, Range 35 East,
Lea County, New Mexico. Applicant also seeks
permission to install an automatic custody
transfer system to handle said commingled pro-
duction.

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Case 2221.

MR. MORRIS: Case 2221. Application of Shell Oil Company
for an exception to Rule 303 (a) and Rule 309 (a).

MR. SETH: Same appearance and same witness as 2218.

MR. UTZ: Any other appearances?

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



MR. SETH: If the Commission please, at the onset we would like to point out we have already received administrative approval for an exception to Rule 303 (a) that was inadvertently included in this application, so there will be just Rule 309 (a).

R. L. SOMERWELL,

recalled as a witness, having been previously sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q State your name.

A R. L. Somerwell.

Q Are you employed by Shell?

A Yes, sir.

Q In what capacity?

A Mechanical Engineer, Roswell Division.

Q Are you familiar with the application in 2221?

A Yes, sir, I sure am.

Q State what it proposes.

A We have received administrative approval to commingle the production from the Vacuum and Vacuum-Abo Pools, which is our basis for seeking approval to install an ACT system for both zones.

Q Do you have a plat showing the lease location?

A Yes.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6651

ALBUQUERQUE, NEW MEXICO



Q This has been marked as Exhibit 1, and would you tell the Examiner what it shows?

A Exhibit 1. These solid dots are the four San Andres Wells. The circle with an "A" in the middle is an Abo well, and the circle with a vertical line, the applicant is drilling an Abo well right now and we anticipate and hope to complete two additional Abo wells on other leases.

Q What type of lease is this, fee lease or State lease?

A State lease.

Q Do you have a diagram of the unit that you propose to install?

A Yes, sir, I sure do.

(Whereupon, Shell's Exhibit No. 3 was marked for identification)

Q I hand you Shell's Exhibit No. 3 and ask you to state what it shows?

A It is a diagram of the ACT unit which we are proposing and have received approval from the pipeline carrier to install. It is somewhat different from the other ACT units.

Q Could you outline the difference?

A Starting right down at the bottom of the page is the side view. We have the charging pump, and immediately above that is a three-way two-position manual valve, the horizontal lock returned to the treating system, and would normally be open and in vertical position to produce from the ACT unit after raising their P valve.

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We might refer to the top picture, gas goes through the combination air-eliminator or an SF₆ PD meter and proceeds down. The meter proving loop and back pressure valve monitor has been deleted from this installation. Actually, that is the only difference, the main difference.

Q Now, are the mechanical items the same as they are in 2218?

A Yes, sir. This is a centrifugal pump. The air-eliminators are A. O. Smith, and the A.O.Smith and sampler is identical to the others installed.

Q Is this a reliable mechanical arrangement?

A Yes, sir. We have two such units very similar to this. One is Vacuum State, and State "B" Monument.

Q You have had experience in this facility?

A Yes, sir, we sure have.

Q Do you have a pumper that will attend to this daily?

A Yes, sir. He is on the lease daily.

Q Do you have some reserve capacity in this facility?

A The San Andres Wells are top allowable and will produce approximately 145 barrels or 140 barrels a day. And the Abo Wells, at maximum, will produce 420 barrels a day. The peak production from this lease should be 560 barrels per day. We have provided for two 500-barrel surge tanks. One will be evacuated in an emergency arising from something less than two-day storage.

Q As to that Exhibit, this ACT unit, other than you have

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indicated, it will all be the same as in Case 2218, is that correct?

A Yes, sir. We have deleted the monitor at the wishes of Texas-New Mexico Pipeline carrier. We have generally agreed with them, should bad oil be a problem and exceed the limit, we would immediately install a BSW monitor at their request. We will try to maintain our treating system in such a manner.

MR. SETH: We would like to incorporate the testimony in Case 2218 for those modifications in this case, Mr. Utz.

MR. UTZ: The only modifications are those stated in the records as far as this system is concerned?

MR. SETH: Referring to mechanical.

A Yes, mechanically they will be the same, except on the deletion of the monitor.

MR. UTZ: On the point of the 2218 record, you want to incorporate in this case only that part referring to the mechanical description, and will be the first sheets of this Exhibit? Let the record show that the mechanical description of the ACT system of Case 2218 will apply to this.

Q (By Mr. Seth) Will the Texas-New Mexico Pipeline accept production through these facilities?

A Yes, sir.

Q Have you been advised of this?

A Yes, sir.

MR. MUTTER: Do you know what administrative order that

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was that authorized that:

A No, sir.

(Whereupon, Shell's Exhibit No. 2
was marked for identification)

Q (By Mr. Seth) Referring to Exhibit No. 2, will you state
what that is, please?

A That is a private approval from Texas-New Mexico Pipeline
Company in the form of a telegram that this proposed lease be ac-
cepted. We would like to refer to a letter, in addition to this,
in which they did agree to asking your permission for us to install
a monitor.

Q And the facilities referred to in Exhibit No. 2 is or are
they those described in Exhibit No. 3?

A They were submitted to the Pipeline carriers.

Q Do you have any other statements or comments you would
like to make to the Commission in this case?

A No, sir, except this will eliminate any handling and
hazards to persons and create a closed system for production.

Q And you expect the usual savings on volume and gravity?

A Yes, sir, we sure do.

MR. SETH: We would like to move the Commission have Ex-
hibits 1 through 3 entered into the record.

MR. UTZ: Exhibits 1, 2 and 3 will be entered into the
record of this case.

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(Whereupon, Shell's Exhibits 1, 2 and 3 were received in evidence)

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Somerwell, the commingling of the Abo and San Andres on the State "T" lease, which is the diagrammatic sketch which was submitted on the application, in that, the commingling did not go into the oil treating and storage facilities that are available. I think the storage and testing facilities, however, might be permanent. Now, with the installation of the ACT system, where will the treater be installed in this?

A Downstream of both the metering separators.

Q But you recall there is another schematic, I mean, I believe we submitted a corrected schematic with motor valves shown on it.

A I have a copy that we haven't submitted as an exhibit but

Q In the event that this oil becomes such that the sampler finds out it is not pipeline quality, then you are going to have to reroute the oil back to the treater by operation of manual three-way valve in ACT system?

A Yes, sir.

Q Valve No. 2?

A Yes, sir.

Q For the period of time, there is a possibility that pipeline, that oil which does not meet pipeline quality, will go into

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the pipeline, though, if you don't have a meter installed?

A Yes, sir.

Q Until the next time you take out a sample?

A Yes, sir, that is true.

Q Where will the oil go when it's routed by hand through the valve No. 2, back through the treating facilities?

A That will be going back to the inlet of the heater shown in the upper left-hand portion. A two-inch valve runs over the inlet to the heater. Do you follow that?

MR. SETH: Let me mark that as an Exhibit so that the record will follow the testimony, and call this No. 4.

(Whereupon, Shell's Exhibit No. 4 was marked for identification)

Q (By Mr. Nutter) This is the line labeled "2-inch line" coming off the ACT units?

A Yes, sir.

Q That comes off the left and is plastic coated?

A Yes, sir.

Q What does it normally carry?

A Carries produced oil from both zones into the heater and heated and returned to the tank.

Q Do you have samplers downstream from the metering separators as you did in the previous ones this morning?

A That was not prepared by me. I believe they do not have any water production on these leases other than a small two-tenths

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water. I don't believe they are producing any water. I am not positive.

Q The purpose of the meter is to maintain a high quality of oil?

A Yes, sir. I am not saying we don't have any water, but in very small amounts. I don't know the magnitude. I sure don't.

Q So what water is producing from either the San Andres or Abo is metered by but not sampled, and then passed into the heater water knocked out in the heater?

A I don't know, samples aren't shown. I presume they are not intended to be installed. Should there be enough water to produce water, I am sure they will be installed.

Q Then the same oil kicked back by the ACT goes into a line which carries commingled production from the separators, which has not been treated?

A Yes, sir.

MR. NUTTER: Thank you.

BY MR. PAYNE:

Q But in any event that bad oil which is routed back never goes through a production meter to any other zone?

A No, sir, certainly doesn't.

MR. NUTTER: You are going to maintain these three 500 barrel storage tanks and a 750-barrel settling tank?

A No, the shaded area will be deleted from the lease.

MR. NUTTER: So you will have two 500-barrel storage tanks

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and the 750-barrel settling tank?

A Yes, sir.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused)

MR. UTZ: Any statements in this case?

MR. SETH: We have nothing further.

MR. UTZ: The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, PAT GOMIA, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript 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 27 day of April, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Patricia Gomia
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 2221, heard by me on March 22, 1961.
Charles G. [Signature], Examiner
 New Mexico Oil Conservation Commission

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