

CASE 2728: Appli. of CONTINENTAL
to commingle production on its
J. H. NOLAN LEASE.

OK Jan

Case No. 2528

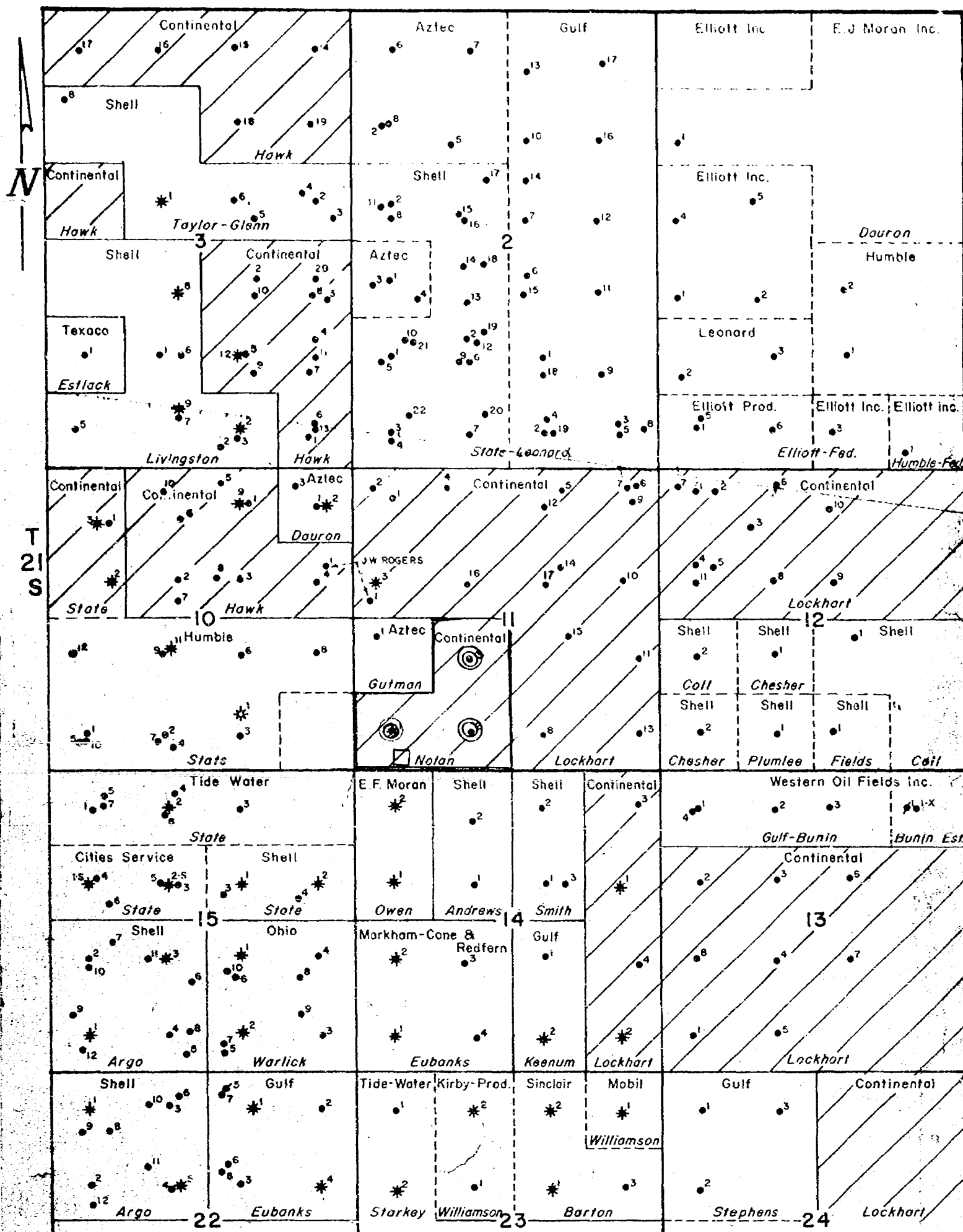
petition, Transcript,
and Exhibits, Etc.

<u>Well No.</u>	<u>Pool</u>	<u>Latest Test (Daily Rates)</u>				<u>9-1-62/10-1-62 Daily Average</u>
		<u>Date</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	
Holan Unit No. 1	Blinebry Gas	Avg. for last 12 months	3.7	0	653	3.7
1	Drinkard	10-23-62	10	2	TSTM	8.3
2	Drinkard	Shot-In				
3	Drinkard	9-16-62	5	3	16.1	5.9
2	Tubb	11-24-62	11	3	31.9	11.6
3	Wantz Abo	9-15-62	4	16	TSTM	6.8

Pool Total

<u>Pool</u>	<u>Daily Avg. Oil Prod.</u>	<u>Gravity</u>	<u>Value</u>
Blinebry Gas	3.7	65.1	\$2.73
Drinkard	11.2	37.8	2.86
Tubb	11.6	38.8	2.89
Wantz Abo	6.8	39.7	2.92

+ \$3.00 commingled



R-37-E

— Lease Line

□ Tank Battery

- Drinkard Oil Pool
- Tubb Oil Pool
- Hlinebry Gas Pool
- Wantz Abo Oil Pool

Contl
Exhibit No. 1

As. 2728

CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT

EUNICE, NEW MEXICO

LOCATION PLAT

Nolan - Lockhart B-11 Leases

DATE 2-5-62

SCALE 1" = 2000'

DRAWN BY: R.P.G.



CONTINENTAL OIL COMPANY

P. O. BOX 1377

ROSWELL, NEW MEXICO

December 11, 1962

PRODUCTION DEPARTMENT
NEW MEXICO DIVISION

WM. A. MEAD
DIVISION SUPERINTENDENT

A. B. SLAYBAUGH
ASSISTANT DIVISION SUPERINTENDENT

825 PETROLEUM BUILDING
TELEPHONE: MAIN 2-4202

Case 2728

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

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

Gentlemen:

Re: APPLICATION TO COMMINGLE
LIQUIDS ON J. H. NOLAN AND
NOLAN UNIT

We forward herewith application in triplicate for permission to commingle various crudes on J. H. Nolan lease and distillate on J. H. Nolan Unit located in Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

We recently filed application for field rules in the Oil Center-Blinbry pool. It would be appreciated if both matters were placed on the same docket.

Yours very truly,

W. A. Mead

VTL-bm
Enclosure
cc: RGP HGD JRP JWK

DOCKET MAILED

Date 12/21/62

Royalty Interest J. H. Nolan

George J. Lerner Jr
7202 N 23rd
Phoenix 21, Arizona

M. A. Fritz
1129 W. Lawrence St.
Appleton, Wisconsin

Ray M. Sunnett
Address Unknown
(Unheard interest)

Southwest Baptist Theological Seminary
Seminary Hill
Fort Worth, Texas

John C. Hinkson
Samuel E. Turner
E. Leroy Cooper
Address Unknown
(Unheard interest)

Charles Pfele
439 N. W. 23rd
Oklahoma City, Okla.

M. J. Moran
2300 Farmington
Wichita Falls, Texas
(recently deceased - no
estate papers received yet
by Continental)

Lucky Wright Royalty Syndicate - Common
Law Trust
P. O. Box 505
Farmington, N. Mex.

Percy W. Busby Estate
215 E. 5th
Nixon, Illinois

Bruce Griffith
Greentree, N. M.

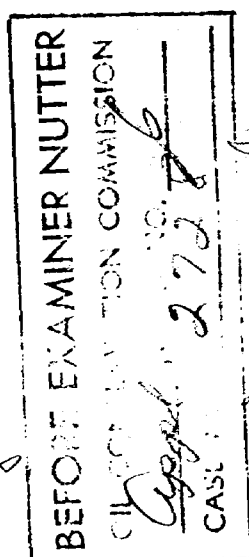
Frances B Swarts
215 E. 5th
Nixon, Illinois

Fredrick L. Ercole
61 Summit Rd.
Medford 35, Mass.

Louise Venischek
1216 Morningside Dr. N. E.
Albuquerque, N. Mex.

Harley L. Swarts &
Frances B. Swarts (wife)
215 E. 5th St.
Nixon, Illinois

A. E. Smith
1205 Harris St.
Odessa, Texas



Mary Ellen Todd
2032 Rose Lane
Las Cruces, N.M.

Marie O'Connor, Individually and
as executrix of Estate of J. O.
O'Connor Sr.

800 $\frac{1}{3}$ Main St.
Quincy, Illinois

Paul W. Godfrey
610 W. Maywood St.
Peoria, Illinois

Lyndean Smith Henson
Box 2883
Odessa, Texas

Jean M. Nolan
Box 1072
Carlsbad, N. Mex.

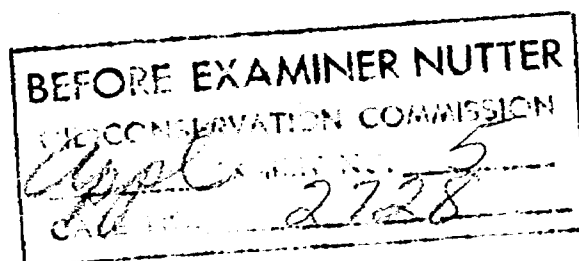
Howell Spear
Box 96
Hobbs, New Mex.

ROYALTY OWNERS - GUTMAN LEASE AZTEC

Louis Gutman and Benjamin Gutman Trustees of estate - Max Gutman Republic National Bank, Dallas	% Int 3.9713541
Louis Gutman Trustee - Guarantee Trust Company 654 Madison Avenue, New York 21, New York	3.9713541
Chedbe Company 1/2 First National City Bank 72nd and Broadway New York 23, New York	3.9713541
Ft. Worth National Bank in Trust for Helen Magruder for life P. O. Box 2050, Ft. Worth	.0976563
Helen Magruder Kolliker 3812 Hillcrest Drive El Paso, Texas	.0976563
Tina Levine 618 North 25th Street Corsicana, Texas	0.3906250

Overrides

Louis and Benjamin Gutman Trustees Estate of Max Gutman	4.1666667%
Louis Gutman Trustee	4.1666667%
Chedbe Co	4.1666667





CONTINENTAL OIL COMPANY

P. O. BOX 1377
ROSWELL, NEW MEXICO

WM. A. MEAD
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

December 19, 1961

615 PETROLEUM BUILDING
TELEPHONE: MAIN 2-4202

Aztec Oil and Gas Company
Hobbs, New Mexico

Gentlemen:

Re: Application of Continental
Oil Company to Commingle
Production on Its J. H.
Nolan Lease, Section 11,
T-21S, R-37E, Lea County,
New Mexico

Attached are two copies of subject application that
Continental Oil Company plans to file with the New Mexico Oil
Conservation Commission. We are requesting your approval of
this application prior to filing it with the NMOCC.

The Blinebry zone on this lease is communitized with
the NW/4 SW/4 of Section 11 which is leased by your Company.

If you approve of the attached application will you
please indicate by signing where indicated and return one copy
to Continental Oil Company at your earliest convenience.

We would also appreciate receiving the names and
addresses of the royalty owners for your tract to be used when
the application is filed with the NMOCC.

Yours very truly

JAQ-DM
Enc

APPROVED: *Aztec Oil & Gas Co.*

BY: *Continental Oil Co.*

DATE: *12-27-61*

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Cont</i>	EXHIBIT NO. <i>4</i>
CASE NO. <i>2728</i>	

1 That app seeks authority to commingle
an exception to Rules 303(A) and 309(A)
of the Commission Rules & Regs in order to
commingle the oil produced from the
Shinkard, Jubb and Warty Also Oil Pools
on its J. H. Nolan Lease comprising the
NE/4 SW/4 and S/2 SW/4 of Sec. 11
T 21 S R 37 E with Blinbury Gas Pool
liquids produced on the J. H. Nolan Unit.

(2) That the App, ———, is the operator
of the J. H. Nolan Unit comprising the SW/4
of sec 11, T 21 S R 37 E, NMPM, Lea Cty,
N. M. ~~and~~ and co-owner of the J. H. Nolan
lease comprising the NE/4 SW/4 and S/2 SW/4
of said Sec. 11.

~~approval of the subject app will~~
(3) That the ~~is established that approval~~
~~approval of the subject app will not cause impairment~~
impair ~~of conservation~~ ^{correlative rights} of the Blinbury Gas Pool
liquids produced on the J. H. Nolan Unit
and the oil produced from the J. H. Nolan
lease are metered prior to commingling.

~~prevent waste by decreasing~~
4 That approval of the sub app will ~~prevent waste by decreasing~~
the loss of hydrocarbons by evaporation ~~thereby~~
~~preventing~~

(6) Approval of app will ~~prevent economic~~
~~loss~~ result in more economical operation of the
unit area.

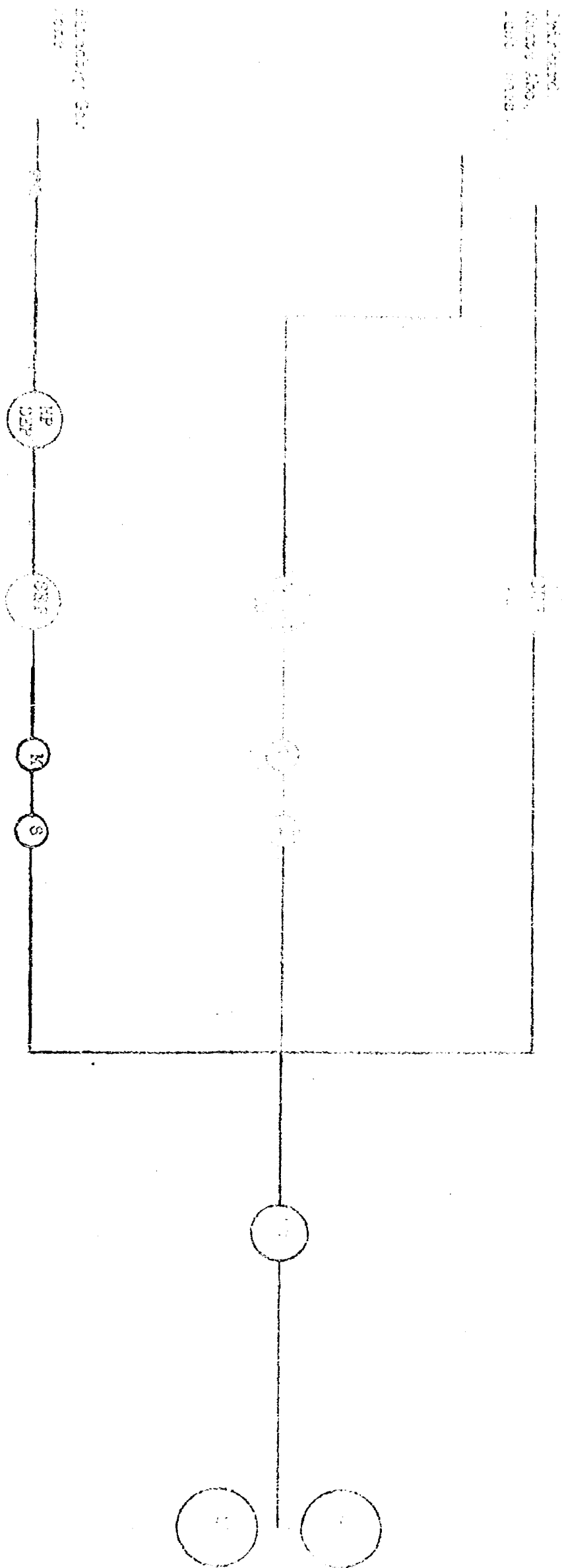


EXHIBIT NO. 2

EXHIBIT NO. 2

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR EXCEPTION TO RULES 303(A) AND
309(A) IN ORDER TO COMMINGLE THE OIL PRODUCED
FROM THE DRINKARD, TUBB AND WANTZ ABO OIL POOLS
ON ITS J. H. NOLAN LEASE WITH THE DISTILLATE
PRODUCED FROM THE BLINEBRY GAS POOL ON ITS
J. H. NOLAN UNIT, LOCATED IN SECTION 11,
T21S, R37E, NMPM, LEA COUNTY, NEW MEXICO

Case 2738

A P P L I C A T I O N

Comes now Applicant, Continental Oil Company, and respectfully requests exception to Rules 303(A) and 309(A) in order to commingle the liquids produced from the Drinkard, Tubb and Wantz Abo Oil Pools on its J. H. Nolan Lease with the liquids produced from the Blinebry Gas Pool on its J. H. Nolan Unit, both located in Section 11, T21S, R37E, NMPM, Lea County, New Mexico; and in support thereof would show:

1. That Applicant is the operator and co-owner of the J. H. Nolan Lease comprised of the NE/4 SW/4 and S/2 SW/4 of Section 11, T21S, R37E, Lea County, New Mexico and the J. H. Nolan Unit comprised of SW/4 of said Section 11.
2. That Applicant has two wells producing from the Drinkard Oil Pool on the J. H. Nolan Lease at a rate below top allowable.
3. That Applicant has one well producing from the Tubb Oil Pool on the J. H. Nolan Lease at a rate below top allowable.
4. That Applicant has one well producing from the Wantz Abo Oil Pool at a rate below top allowable.
5. That Applicant produces one Blinebry Gas well on the J. H. Nolan Unit at varying rates which also produces distillate with the gas.
6. That Applicant proposes to commingle the production from the above mentioned wells in a common tank battery and to meter

the distillate production from the J. H. Nolan Unit and the oil production from formations containing top allowable wells (if there be any) on the J. H. Nolan Lease prior to such commingling.

7. The commingling of the said liquids will result in greater efficiency and less waste due to the loss of hydrocarbons by weathering. Applicant proposes to install accurate test facilities so that production from each individual well can be accurately determined for allocation purposes.

8. That the proposed procedure is in the interest of conservation and the prevention of waste.

Wherefore, Applicant respectfully prays that this application be set for hearing before the Commission's duly appointed examiner and that upon hearing, an order be entered granting Applicant permission to commingle the oil produced from the several formations on the J. H. Nolan lease and the distillate produced from the J. H. Nolan Unit as described herein above.

Respectfully submitted,
CONTINENTAL OIL COMPANY

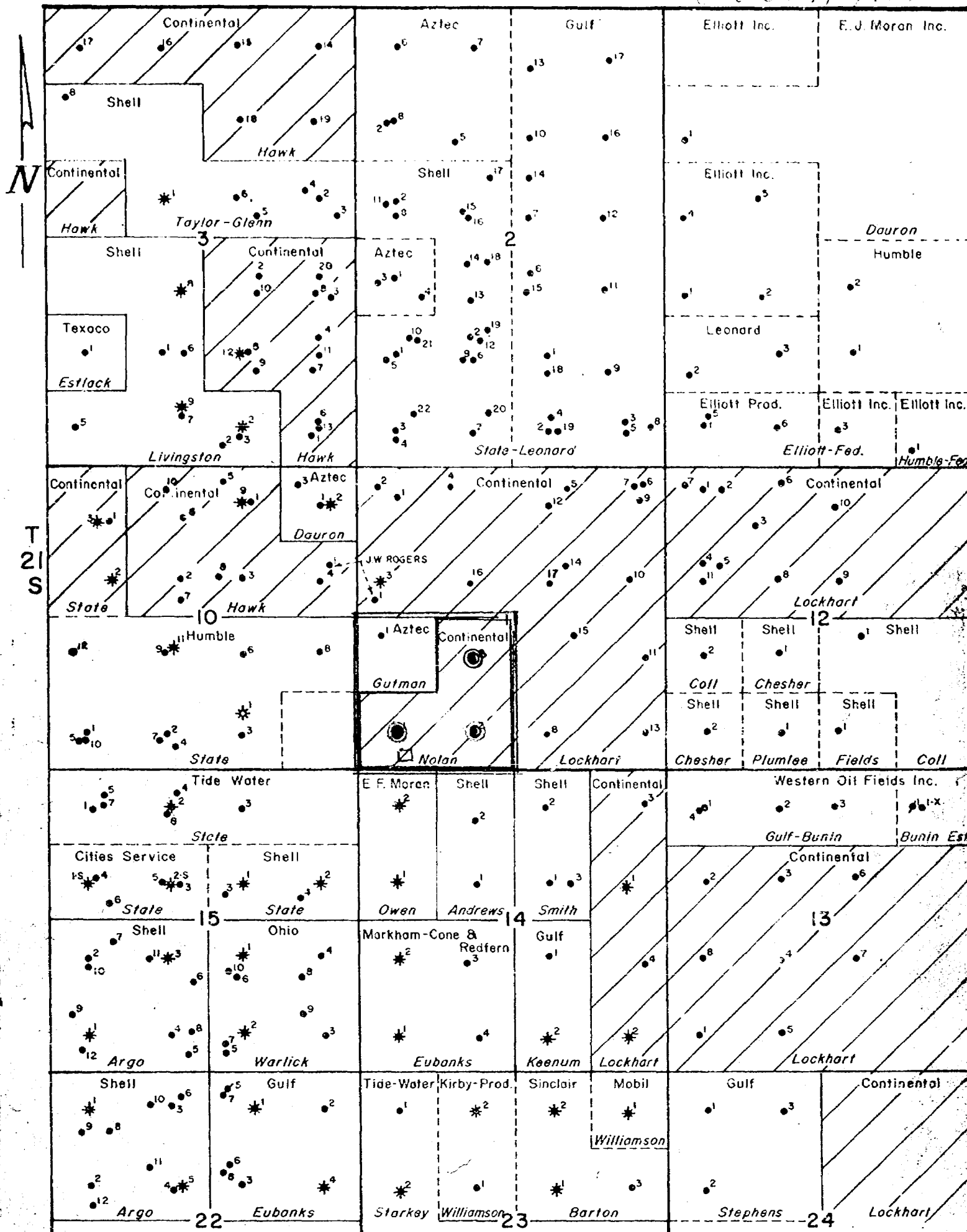
W. A. Mead

W. A. MEAD
Division Superintendent
of Production
New Mexico Division

VTL-zw

[Handwritten signature]

Sheet 3728



— Nolan Unit Boundary

— Lease Line

☐ Tank Battery

- Drinkard Oil Pool
- Tubb Oil Pool
- Hlinebry Gas Pool
- Wantz Abo Oil Pool

Exhibit No. 1

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT	EUNICE, NEW MEXICO
LOCATION PLAT	
Nolan - Lockhart B-11 Leases	
DATE 2-5-62	SCALE 1" = 2000'
	DRAWN BY: R.P.G.

1 Jurisdiction

Mr. J. H.

2 That the applicant, Continental Oil Company, is the co-owner and the operator of the J. H. Nolan Lease comprising the NE/4 SW/4 and S/2 SW/4 of Section 11, Township 21 South, Range 37 East Lea County, New Mexico, and the J. H. Nolan Gas Unit comprising the SW/4 of said Section 11.

3. That the applicant ^{is the operator of} ~~has completed and~~ ~~is presently producing~~ three Drinkard oil wells, one Tubbs oil well, and one Huntz No. 1 oil well, all of marginal nature, on the ^{apart and} J. H. Nolan Lease, and seeks authority to commingle ^{the production from} all of said wells, allocating the production to each on the basis of periodic well tests.

4. That the applicant is the operator of one Shimmy gas well on the aforesaid J. H. Nolan Gas Unit, which well produces approximately 4 barrels of distillate per day. That the operator applicant seeks authority to commingle this distillate production with the ^{commingled} oil production from the ~~apart~~ above-described oil wells after separately measuring said distillate production.

5. That approval of the subject application will neither cause waste nor impair correlative rights.



It is therefore ordered

1. That the applicant, Continental Oil Company, ~~be and the same~~ is hereby authorized to commingle the Drinkard, Tubo and Abco oil production from all wells in its J. H. Nolan Lease comprising the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 11, Township 21 South, Range 37 East, Lea County, New Mexico, ~~to and to commingle the production to~~ and to commingle said commingled production with the ^{Blindery} gas liquids produced from its J. H. Nolan Gas Unit comprising the SW $\frac{1}{4}$ of said Section 11.
2. That the applicant shall separately meter the said Blindery gas liquids ~~and shall determine~~ ~~the commingled~~ prior to commingling the same with the aforesaid commingled oil production and shall determine the total volume of said oil production by means of the subtraction method as outlined in the Commission's "Manual for the Installation and Operation of Commingling Facilities." Further that the ~~production~~ portion of the commingled oil production to be allocated to each well ~~and to~~ each ~~oil~~ ^{gas} pool shall be determined on the basis of quarterly well tests.

3. That the installation and operation of the facility herein authorized shall at all times be in accordance with the aforesaid commingling manual

It is Further Ordered

(1) That the applicant shall notify the Commission at any time any of ~~the~~ wells producing into the commingling facility ^{herein} authorized becomes capable of producing top unit allowance for the pool in which it is completed

(2) Jurisdiction

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

February 27, 1963

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1713
Santa Fe, New Mexico

Re: Case No. 2728
Order No. R-2432
Applicant:
Continental 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.
Secretary-Director

lr/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 3, 1963

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, as alternate examiner:

- CASE 2724: Application of Skelly Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization for the dual completion (conventional) of its Dow "B" Well No. 21, located in Unit I of Section 21, Township 17 South, Range 31 East, Eddy County, New Mexico, to produce oil from the Fren and Grayburg-Jackson Pools through parallel strings of tubing.
- CASE 2725 Application of Standard Oil Company of Texas for allowable transfer, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to conduct pressure interference tests on its Jicarilla 4-26 lease, Section 26, Township 28 North, Range 1 West, Boulder-Mancos Pool, Rio Arriba County, New Mexico. Applicant proposes to shut-in Well No. 4 and produce its allowable equally from Wells Nos. 2 and 3.
- CASE 2726: Application of Continental Oil Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization for the dual completion (conventional) of its Rattlesnake Well No. 144, located in Unit N, Section 2, Township 29 North, Range 19 West, as a dual completion (conventional) to produce gas from the Upper Pennsylvanian formation and oil from the Lower Pennsylvanian formation, Rattlesnake Pennsylvanian Field, San Juan County, New Mexico.
- CASE 2727: Application of Continental Oil Company to establish special rules and regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules and regulations for the Oil Center-Blinbry Pool in Township 21 South, Range 36 East, Lea County, New Mexico, including a provision for 80-acre spacing units.
- CASE 2728: Application of Continental Oil Company for commingling authority, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle the production from the Drinkard, Tubb and Wantz Abo Oil Pools on its J. H. Nolan lease with Blinbry Gas Pool liquids pro-
- R-2432*

-2-

Docket No. 1-63

duced on its J. H. Nolan Unit, Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2729:

Application of Scanlon-Shepard for a waterflood project, Chaco Wash Oil Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Mesaverde formation through certain wells in Sections 21, 22, 27 and 28, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 2716:

(Continued)

Application of Markham, Cone & Redfern for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Eubanks Well No. 3, located in Unit K, Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce a limited amount of gas from the Blinebry Gas Pool, oil from the Blinebry Oil Pool and oil from each of two pays in the Drinkard Pool. Separation of the four zones would be achieved by means of three packers.

iqg/

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. 2728
Order No. R-2432

APPLICATION OF CONTINENTAL OIL
COMPANY FOR COMMINGLING AUTHORITY,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 3, 1963, 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 27th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Continental Oil Company, is the co-owner and the operator of the J. H. Nolan Lease comprising the NE/4 SW/4 and S/2 SW/4 of Section 11, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and the J. H. Nolan Gas Unit comprising the SW/4 of said Section 11.
- (3) That the applicant is the operator of three Drinkard oil wells, one Tubb oil well, and one Wantz-Abo oil well, all of marginal nature, on the aforesaid J. H. Nolan Lease, and seeks authority to commingle the production from all of said wells, allocating the production to each on the basis of periodic well tests.
- (4) That the applicant is the operator of one Blinebry gas well on the aforesaid J. H. Nolan Gas Unit, which well produces approximately four barrels of distillate per day.

-2-

CASE No. 2728
Order No. R-2432

That the applicant seeks authority to commingle this distillate production with the commingled oil production from the above-described oil wells after separately metering said distillate production.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle the Drinkard, Tubb and Abo oil production from all wells on its J. H. Nolan Lease comprising the NE/4 SW/4 and S/2 SW/4 of Section 11, Township 21 South, Range 37 East, NMPL, Lea County, New Mexico, and to commingle said commingled production with the Blinebry gas liquids produced from its J. H. Nolan Gas Unit comprising the SW/4 of said Section 11.

(2) That the applicant shall separately meter the said Blinebry gas liquids prior to commingling the same with the aforesaid commingled oil production and shall determine the total volumes of said oil production by means of the subtraction method as outlined in the Commission's "Manual for the Installation and Operation of Commingling Facilities." Further, that the portion of the commingled oil production to be allocated to each well and to each pool shall be determined on the basis of quarterly well tests.

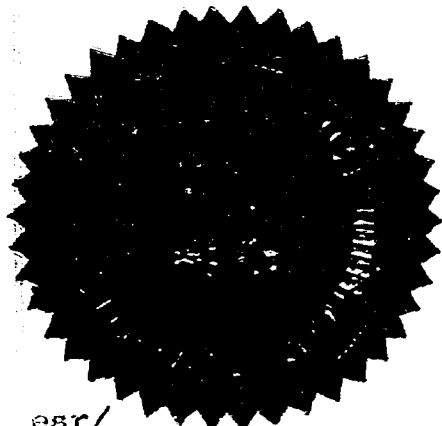
(3) That the installation and operation of the facility herein authorized shall at all times be in accordance with the aforesaid commingling manual.

IT IS FURTHER ORDERED:

(1) That the applicant shall notify the Commission at any time any well producing into the commingling facility herein authorized becomes capable of producing top unit allowable for the pool in which it is completed.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

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

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

esr/

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243 6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 3, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for
commingling authority, Lea County, New Mexico.
Applicant, in the above-styled cause, seeks
authority to commingle the production from the
Drinkard, Tubb and Wantz Abo Oil Pools on its
J. H. Nolan lease with Blinebry Gas Pool
liquids produced on its J. H. Nolan Unit,
Section 11, Township 21 South, Range 37 East,
Lea County, New Mexico.

CASE 2728

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The next case will be 2728.

MR. DURRETT: Application of Continental Oil Company
for commingling authority, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa
Fe, representing the Applicant. We have one witness. He was sworn
in the prior case.

MR. DURRETT: You are still under oath, Mr. Wolfe. The
record will so show.

JOHN W. WOLFE

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q You are the same Mr. Wolfe who testified in Case 2727?

A Yes, sir.

Q Mr. Wolfe, are you familiar with the application of the Continental Oil Company in Case 2728?

A Yes, sir.

Q Would you state briefly what Continental proposes in this case?

A This is the application of Continental Oil Company for an exception to Rule 303-A to commingle oil produced from the Drinkard, Tubb and Wantz Abo Pools on its J. H. Nolan lease with the distillate produced from the Blinebry Gas Pool on its J. H. Nolan Unit well.

(Whereupon, Applicant's Exhibits Nos. 1 through 4 marked for identification.)

Q Referring to Exhibit No. 1, would you discuss the information that's shown on that exhibit, please?

A Exhibit No. 1 is the location ownership plat showing the Nolan lease and surrounding area. J. H. Nolan lease, shown outlined in red, consists of the Northeast Quarter, Southwest Quarter, and South Half of the Southwest Quarter of Section 11, Township 21 South, Range 37 East, Lea County, New Mexico. Also shown in red is the present tank battery site. Each well is circled in the color as designated by the legend for the pool from



which it is producing.

Q Directing your attention to what has been marked as Exhibit No. 2, would you identify that exhibit and discuss the information shown on it?

A Exhibit No. 2 is a schematic diagram of the proposed installation which will be located at the present battery site. As shown, this facility conforms to the requirement of the manual for the installation dated September 30, 1961. At the present time there are no top allowable wells in any of the pools on the J. H. Nolan lease. In the event that any wells become top allowable or may be recompleted as top allowable, the production from any such pool or pools will be measured by a suitable meter for non-reset counter and sampler prior to its commingling, until such time production from the Drinkard, Tubb and Wantz Abo Pools will be allocated on the basis of periodic gas-oil ratio tests.

Q Is the royalty interest common under these pools?

A The royalty paid on the Drinkard, Tubb and Wantz Abo is common. The Blinebry gas well is in a unit and its distillate production will be measured separately by suitable meter with non-reset counter and sampler prior to commingling.

Q Is there a large volume of distillate produced?

A 3.7 barrels per day.

Q How many test facilities and separators will be utilized in this installation?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691

SANTA FE, N. M.
PHONE 983-3971

FARMINGTON, N. M.
PHONE 325-1182



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

PAGE 5

A There will be one test facility through which all oil wells on the lease will be periodically tested. This will provide accurate measurement for the performance of each individual well.

Q Referring to what has been marked as Exhibit 3, will you identify that exhibit and discuss it?

A Exhibit No. 3 is a tabulation showing the latest test on each well and the average daily production and gravity by pools from the period September 1st to November 1st, 1962. The estimated gravity of the commingled production is calculated to be 40.8 degrees API. The actual value of the commingled production will be approximately \$3.00 a day more than at the present time. Production from the several pools under the Nolan lease is presently being produced into separate tank battery facilities at one battery site. By commingling production to one battery there will be less investment for the equipment, and it is anticipated there will be a reduction in operating cost.

Q Is this proposal, in your opinion, in the interest of conservation and the prevention of waste?

A Yes, it is.

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

A Yes, sir.

Q Directing your attention to what has been marked as Exhibit No. 4, would you identify that exhibit and discuss the



information shown on it?

A Exhibit No. 4 is a letter countersigned by Mr. Prentice Watts of Aztec Oil and Gas Company granting their permission for the commingling of the Unit Blinebry distillate with the other oil pools on the lease.

Q Are they owners in the J. H. Nolan Unit --

A Yes, sir.

Q -- from which the distillate is being produced?

A That is correct.

Q Other than Aztec, are there any other working interest owners involved in this application?

A No.

Q The letter that has been submitted, is there a copy of it in the files of the Aztec Oil Company?

A Yes, sir.

MR. KELLAHIN: At this time we would like to introduce the exhibits in evidence.

MR. NUTTER: The exhibits will be admitted in evidence.

(Whereupon, Applicant's Exhibits
1 through 4 admitted in evidence.)

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

MR. NUTTER: Does anyone have any questions of Mr. Wolfe?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Wolfe, you stated that this schematic diagram, being Exhibit No. 2, illustrated an installation which was in



conformance with the Commission manual for the installation and operation of commingling facilities. It is in some regard, but isn't it true that it's not in compliance with that manual, inasmuch as you have two different interests being commingled without separate measurement here?

A We have separate measurement, Mr. Nutter. As you noted there, the Blinebry distillate will be continually measured and it's the only one that has a different royalty interest or different working interest.

Q The ownership of the Blinebry gas distillate is different from the ownership of the distillate of the Drinkard, Wantz Abo and Tubb?

A Yes, but the Drinkard, Wantz Abo and Tubb are common.

Q However, they are not continuously measured?

A That is correct.

MR. NUTTER: Any other questions of Mr. Wolfe?

Q (By Mr. Nutter) Incidentally, I see in your letter to Aztec Oil and Gas Company that you requested the names of the royalty owners for that tract?

A Yes, sir.

Q Did they furnish you with that list?

A Yes.

Q Who are the royalty interests under the Aztec tract?

(Whereupon, Applicant's Exhibit No. 5 marked for identification.)

Q Who are the royalty interests under the Continental



lease?

A We have only one copy of this, and it has not been typed.

MR. NUTTER: We'll accept that as an exhibit.

(Whereupon, Applicant's Exhibit No. 6 marked for identification.)

MR. NUTTER: Are there any other questions, Mr. Wolfe?

MR. KELLAHIN: Shall we identify the exhibits and offer them?

REDIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Wolfe, referring to what has been marked as Exhibits 5 and 6, will you state what those are?

A Those are the lists of royalty owners under the Aztec tract on their Continental J. H. Nolan lease.

MR. KELLAHIN: We offer in evidence Exhibits 5 and 6.

MR. NUTTER: Continental's Exhibits 5 and 6 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 5 & 6 admitted in evidence.)

MR. NUTTER: Mr. Wolfe will be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further?

MR. KELLAHIN: That's all.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 2728? We will take the case under advisement.



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 21st day of January, 1963.

Ada Dearnley
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. 2728, heard by me on 1/3, 19 63.

[Signature] Examiner
New Mexico Oil Conservation Commission

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