

EXAMINER HEARING
OIL CONSERVATION COMMISSION
May 6, 1959

IN THE MATTER OF: Case 1656

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
EXAMINER HEARING
May 6, 1959

IN THE MATTER OF:)

Application of Skelly Oil Company for per-)

mission to commingle the production from)

five separate pools. Applicant, in the)

above-styled cause, seeks authority to)

commingle the production from the Ellen-) Case 1656

burger, McKee, Fusselman, Montoya and)

Blinebry formations underlying its Hobbs)

"A" Lease comprising the NW/4 of Section)

30, Township 25 South, Range 38 East, in)

the Justis Field, Lea County, New Mexico.)

Applicant proposes to separately meter the)

production from each pool prior to comming-)

ling..)

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case will be Case 1656.

MR. PAYNE: Case 1656: Application of Skelly Oil Company for permission to commingle the production from five separate pools.

MR. WHITE: If the Commission please, may the record show the same appearances as in the preceding case.

MR. UTZ: Yes.

MR. WHITE: We have the same witness, and I believe he understands he is still under oath.

MR. PAYNE: Very good.

JOE D. RAMEY

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Are you the same witness that testified in the previous case, Mr. Ramey?

A Yes, I am.

Q Are you familiar with the application of Skelly in Case No. 1656?

A Yes, I am.

(Skelly Oil Company's Exhibits
Nos. 1, 2, marked for identification.)

Q Will you refer to your ownership map, I believe it's marked Exhibit 1, and explain that to the Commission, please?

A Exhibit 1 is a plat showing the location of the Skelly Hobbs "A" Lease outlined in red, and also shows the present existing tank battery and the proposed commingling facilities, which are outlined in a green rectangle.

Q Does it also show the offset operators?

A Yes, it does.

Q And the location of the wells on your Lease?

A Yes.

Q And the present gathering system?

A That's correct.

Q Have you completed the drilling of your Hobbs "A" Well No. 5?

A No, that well is presently being drilled.

Q In what pool or pools do you expect to complete the well?

A We have obtained a dual completion order for that well to be completed in the Justis-McKee and Justis-Ellenburger Pools as an oil-oil dual completion.

Q Will you state in what zones your Hobbs "A" Wells 1, 2, 3, and 4 are producing?

A Those are producing from the Queen, and they are Langley-Mattix Pool producers.

Q What are the characteristics of the crudes that you intend to commingle?

A I believe those are all classified as sweet crudes, the characteristics are very similar. I think the gravity is different.

Q Would that be a corrosive crude?

A No, it would not.

Q Are other operators in the same area commingling these crudes?

A Yes.

Q Will you refer to what has been marked as Exhibit No. 2 and explain that, please?

A Exhibit No. 2 is a flow diagram of the proposed

commingling facilities. Flow from each zone will be as follows -- well, if the Commission please, we will go through the Blinebry zone. The well fluids will enter individual well manifolds where they can be, they will either be diverted through the test system which I have outlined at the bottom, or they will go directly to the zone separator; from the separator, they will pass through what we have marked as positive displacement meters.

Q Would you like the order to give you the right to use the dump type meter if need be?

A Yes, we would. Then from the meters they go into stock tanks which in this case will be thousand barrel stock tanks.

Q You designated a heater treater that is marked in brown marks, will you explain that, please?

A Well, in the event that any of the zones produce water, why, the fluid from the separator will go through the heater treaters where the water will be separated from the oil.

Q In other words, your installation will be such that you can install heater treaters if need be?

A Yes.

Q Is this similar to the proposal to which you have previously testified in the last case?

A Yes, it is.

Q Is the ownership interest common as to all zones?

A Yes, it is.

Q Will this installation be so that you can efficiently

test the meters?

A Yes, we will set up a definite testing program and test the meters at least once a month.

Q Will you state what economic advantages, if any, Skelly might obtain through this installation?

A If all five pays are present on the Hobbs "A" Lease, the five pays that we propose to commingle, there will be an equipment saving in the neighborhood of \$15,000.00, and also with this hookup we can, it will be possible to determine in an optimum time when and if well workovers are necessary; and also with commingling, the retention time of the oil in tanks will be considerably reduced and thus evaporation will be less.

Q Then this will be not only an economic measure, but conservation as well?

A Yes.

Q Were these exhibits prepared under your direction and supervision?

A Yes, they were.

MR. WHITE: We move into evidence the exhibits.

MR. UTZ: They will be admitted.

MR. WHITE: We have no further questions.

CROSS EXAMINATION

BY MR. UTZ:

Q Did I understand you to say that the No. 1, 2, 3, and 4 wells are being produced from the Queen?

A Yes, they are.

Q They are being commingled?

A No, they are from the same pay. They will not be affected by the commingling order.

Q You are not requesting that they be commingled?

A No, we are not.

Q They are all single completions?

A Yes.

Q Then the only well at the present time is No. 5?

A Yes, that's right.

Q That's not completed yet?

A No, it isn't.

Q You intend to complete that well in what zones now?

A The Justis-McKee and Justis-Ellenburger. We have had favorable drill stem tests to date in that in the Blinebry, the well flowed at the rate of twenty-seven barrels an hour, and in the Montoya-Fusselman it was not present in this well. In the Montoya we recovered free oil with drill stem tests.

Q You had a D.S.T. on the Blinebry?

A Yes.

Q So there may be some question as to whether you will need this authority for the Fusselman then?

A Yes, that is true. However, the Fusselman could be present in other wells.

Q Do I understand you to say that you had D.S.T.'s on

the Ellenburger and McKee?

A No, we have in the Simpson, but we haven't reached the McKee or the Ellenburger.

Q Do you have any idea as to the probability of whether these crudes will be sour or not?

A I think they are all being, at least part of them are being commingled by Atlantic, Tidewater, and Gulf, and they have been classified by the pipeline as sweet crude, or semi-sweet.

Q All five zones?

A Yes. The Drinkard is also present in this area, and it is a sour crude. However, we appear to be below the water-oil contact in the Drinkard. We do not anticipate any Drinkard production.

MR. UTZ: Any other questions of the witness?

MR. PAYNE: Yes.

MR. UTZ: Mr. Payne.

BY MR. PAYNE:

Q If the Blinebry proves to be sour, which it sometimes does in this area, do you still propose to commingle it with the others?

A No, we do not.

Q Now, on the Coates "C" Lease to the north, and the MacBuffington Leases, I believe they are in the Justis Field, all five of these pools have been encountered, have they not?

A Yes, they have.

MR. PAYNE: That's all. Thank you.

MR. UTZ: Are there other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case? If there are none, the case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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 was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision, and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 8th day of May, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley

NOTARY PUBLIC

My Commission Expires:
June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 16576, heard by me on *May 19 1959*.
James H. Meier, Examiner
New Mexico Oil Conservation Commission